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# News Release

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## CANADA WILL STRONGLY DEFEND POSITION IN NAFTA CHAPTER 20 PANEL ON FARM PRODUCTS

Minister for International Trade Roy MacLaren and Agriculture and Agri-Food Minister Ralph Goodale said today the government will strongly defend Canadian measures on certain agricultural products that are being challenged before a panel by the United States.

The Ministers were responding to today's U.S. request for a North American Free Trade Agreement (NAFTA) Chapter 20 panel to rule on the dispute over Canadian application of tariff equivalents to U.S.-origin products, including dairy, poultry and egg products subject to Canada's supply management system. Chapter 20 of the NAFTA deals with disputes arising out of interpretation of the Agreement. As required under the World Trade Organization (WTO) Agreement on Agriculture, Canada has moved to replace quotas and import licensing requirements with equivalent tariffs, a process known as "tariffication."

"Canada's approach to tariffication is fully consistent with our international trade obligations under both the NAFTA and the WTO," said Mr. MacLaren. "We are confident of our legal case in this matter and will argue it forcefully before the NAFTA panel."

"We will consult closely with industry and provincial governments throughout the panel process to ensure that Canadian agriculture interests are defended," said Mr. Goodale.

The United States requested a NAFTA panel after consultations and a meeting of the ministerial-level Free Trade Commission failed to resolve the issue.

- 30 -

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## Backgrounder

### THE NAFTA PANEL PROCESS

- Before a NAFTA panel is requested and set up, there must be consultations between the parties and a meeting of the NAFTA Free Trade Commission. If the matter is not resolved within 30 days of the Commission meeting, any disputing party may request a panel.
- Following the request for a panel, a panel chairperson is selected jointly by the disputing parties.
- If the disputing parties cannot agree on a chairperson, one of the disputing parties, chosen by lot, selects a chairperson who is not a citizen of that country.
- Once the chairperson is chosen, each party to the dispute selects two panelists who are citizens of the other disputing country.
- The panel holds a hearing for oral arguments. The parties are allowed to submit initial and rebuttal written submissions.
- Once hearings are completed and written submissions considered, the panel presents its initial report to the disputing parties.
- A disputing party may then submit written comments to the panel on the initial report.
- The panel presents its final report to the disputing parties within 30 days of the presentation of its initial report, unless the parties agree otherwise.
- Unless the NAFTA Free Trade Commission decides otherwise, the final report of the panel is published 15 days following its transmittal to the Commission.
- The panel process normally takes at least five months from the date of a request for the establishment of a panel.