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TRADE POLICY REVIEW

Report by

CANADA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Canada is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Canada.

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I. TRADE AND ECONOMIC POLICY ENVIRONMENT¹

(1) ECONOMIC OVERVIEW

Strong Policies Support Performance

1. Canada's 2007 Report to the Trade Policy Review Mechanism, which covered the period 2003 to February 2007, told a story of an expanding and energized economy in a relatively stable global economic environment. In the current period under the review (2007-2010), the global financial and economic crisis of late 2007 to 2009 posed significant challenges to the Canadian economy, although it has generally proven to be robust and has rebounded solidly. This global crisis led to a sharp decline in global trade, reduced Canadian exports and weakened business and consumer confidence, significantly lowering employment and output. Employment in Canada fell by 427,900 during that period, the unemployment rate rose to 8.7 percent, and real gross domestic product (GDP) declined by 3.4 percent before recovery gained a foothold in the second half of 2009. Canada has more than recouped all of the loss in output experienced during the recession – the best performance in the G-7. Furthermore, Canada has more than recovered all of the jobs lost during the recession, with some 467,300 jobs having been created between July 2009 and January 2011.

2. Canada weathered the global recession better than most other industrialized countries and has experienced a solid recovery. This relatively strong performance both during the recession and over the recovery reflects continued financial, economic and fiscal strengths together with substantial support provided by monetary policy, Canada's Economic Action Plan and similar actions undertaken by provincial and territorial governments. Canada had the strongest fiscal position in the G-7 going into the crisis, which allowed it to respond quickly and forcefully to stimulate the economy and support Canadian jobs. Canada's Economic Action Plan was introduced on January 27, 2009 and includes a diversified set of initiatives designed to deliver timely stimulus. The Plan includes personal and corporate tax reductions, enhancements to Employment Insurance benefits, support for highly-affected communities and industries, and significant investments in infrastructure – including contributions leveraged from other levels of government. The stimulus is equivalent to about 2 percent of GDP on average over the past two years. As interruptions in market liquidity due to the crisis made it difficult for Canadian banks and other lenders to obtain funds at reasonable costs, Canada's Economic Action Plan also included measures to support lending to Canadian households and businesses through the Extraordinary Financing Framework. The measures, most of which have ended or are being wound down, were offered on a commercial basis to protect taxpayers.

3. Reflecting the impact of the global economic recession and the stimulus measures introduced to help mitigate its impact, Canada posted a budgetary deficit equal to 3.6 percent of GDP in 2009-10. As reported in the October 2010 Update of Economic and Fiscal Projections², the deficit is projected to decline by half next year to 1.8 percent of GDP and by two-thirds to 1.2 percent of GDP in 2012-13. This decline is a result of the expiration of the Economic Action Plan, which for the most part ends in March 2011, as well as the restraint measures announced in the 2010 federal budget. In 2015-16, a small surplus of 0.1 percent of GDP is projected. The federal debt-to-GDP ratio (accumulated deficit) stood at 29.0 percent in 2008-09, down significantly from its peak of 68.4 percent in 1995-96. The debt ratio is expected to increase to 35.3 percent in 2011-12, before declining steadily to 30.8 percent in 2015-16.

¹ Unless otherwise indicated, all figures are in Canadian Dollars.

² The full document is available at: <http://www.fin.gc.ca/ec2010/pdf/efp-pef-eng.pdf>.

4. The central element of Canadian monetary policy is its inflation-targeting framework, the goal of which is to keep inflation near 2 percent – the mid-point of a 1 to 3 percent target range. The goal of 2 percent has been extended three times since it was established in 1993. The present target range was established jointly by the Bank of Canada and the federal government in November 2006 for a five-year period.

5. During the crisis, between December 2007 and April 2009, the Bank of Canada lowered the target for the overnight rate, the interest rate at which major financial institutions borrow and lend one-day funds among themselves, by 425 basis points to its effective lower bound of 25 basis points. In addition, in the April 2009 Monetary Policy Report the Bank supplemented its normal operating framework for monetary policy by introducing a commitment to keep the overnight rate target at its effective lower bound until the second quarter of 2010, conditional on the inflation outlook. At that time, the Bank also identified other unconventional policy instruments, including quantitative and credit easing, that could be employed should conditions warrant. However, the latter measures were never used in Canada, unlike in other major economies. On June 1, 2010, the Bank re-established its normal operating framework for the implementation of monetary policy and raised its target rate to 0.5 percent. The overnight rate was subsequently raised two more times and reached 1 percent on September 8, 2010, where it has remained.

A Trading Nation

6. International trade is very important to a medium-sized open economy like Canada's. Canada is the world's twelfth largest merchandise exporter and eleventh largest merchandise importer. Weaknesses in our major trading markets deeply affected exports in 2009 as Canadian exports of goods and services fell to 28.6 percent of GDP, down from over 35.1 percent a year earlier and have rebounded only modestly to 29.3 percent in 2010. Imports were somewhat less affected, declining to 30.4 percent of GDP in 2009 compared to 33.6 percent in 2008 and have returned to 31.2 percent in 2010.

7. Canadian trade suffered huge losses in 2009. For exports, softness began to show up in the second half of 2007, as volumes fell more-or-less for the next 8 quarters for a cumulative decline of more than 20 percent. As of the fourth quarter of 2010, real exports were 13.2 percent above the lows recorded in the second quarter of 2009. Imports held up until the onset of the recession before they began to fall. At the end of 2010, real imports were 20.5 percent above the trough recorded in the second quarter of 2009 but were still below pre-recession levels.

8. Exchange rate volatility also created uncertainty for trade-intensive sectors and regions. In 2007, the Canadian dollar reached parity with the United States (U.S.) dollar for the first time since November 25, 1976, then broke through parity peaking at US\$1.09 before retreating. Along with elevated commodity prices, the Canadian dollar traded close to parity until late 2008. As the financial crisis intensified, the Canadian dollar depreciated to a low of U.S.76.92¢ on March 9, 2009, reflecting the flight-to-quality towards the U.S. dollar, which is considered a reserve currency, and the sharp decline in prices for commodities that Canada produces. With the global recovery gaining momentum, increased optimism over the global outlook translated into an increased appetite for risk in financial markets and movement away from the U.S. dollar which depreciated sharply against most major currencies, including the Canadian dollar. This, together with higher commodity prices, has contributed to the comeback of the Canadian dollar. Over recent months, Canada's sound fundamentals have further boosted the attractiveness of Canadian financial assets among international investors, with the Canadian dollar reaching U.S. dollar parity to close out 2010.

9. With currency appreciation and a severe and prolonged recession in the U.S., two-way trade in goods and services with the U.S. decreased by a fifth from 2008 levels, to account for three quarters of the overall decline in trade in 2009. Nonetheless, the U.S. overwhelmingly remains Canada's principal trading partner, accounting for over 70 percent of Canadian exports and nearly 62 percent of all imports in 2010 (though these figures may be overstated due to transshipments).

10. Canadian real exports of goods and services were up by 6.4 percent in 2010 compared to 2009 levels. The rebound in exports in 2010 suggests that foreign demand is strengthening following significant declines during the recession. However, over the same period, real imports (+13.4 percent) have risen by even more, reflecting strong domestic demand growth in 2010.

Investment

11. With the onslaught of the global recession, two-way direct investment flows³ with the world more than halved in 2009 to \$65.7 billion, and has not recovered in 2010. The flow of Canadian outward investment declined by another \$6.4 billion (14.4 percent) in 2010 compared to the previous year, as investors have repatriated funds from their foreign affiliates. On the other hand, foreign direct investment into Canada increased by \$1.2 billion in 2010 over 2009 flows.

12. Canada's federal net foreign debt in 2010 rose to \$223.8 billion by the end of the third quarter⁴, or 13.8 percent of Canada's GDP. However, this was substantially below the 40 percent range of the mid-1990s. International assets continue to be affected by exchange rate fluctuations. In particular, the large portion of Canadian foreign investments denominated in U.S. dollars has led to a downward revaluation effect on international assets which has more than offset the upward revaluation effect of the depreciation of the Canadian dollar against other currencies over the third quarter of 2010.

(2) GLOBAL COMMERCE STRATEGY

13. The Global Commerce Strategy (GCS) is a sustained five-year action plan for helping Canadian companies meet the demands of an increasingly complex and competitive global economy⁵. It was launched in 2007 to contribute to Canada's long-term prosperity by increasing foreign direct investment in Canada and Canadian investment abroad; securing competitive terms of access to global markets; and forging stronger linkages between Canada's science and technology community and global innovation networks. It builds on Advantage Canada, the Government's national strategy for building fiscal, tax, education, infrastructure and entrepreneurial advantages at home. The GCS has three main objectives: i) boosting Canada's share of global investment and innovation; ii) expanding Canadian access to global markets and networks; and iii) strengthening Canada's international commercial network. The GCS has played a key role in Canada's response to the global recession, by obtaining greater opportunities for Canadian business.

³ Investment flows are reported on a net basis, as per international standards.

⁴ The difference between foreign liabilities and assets, measured at book value, and converted into Canadian dollars at the end of the period.

⁵ The full document is available at: <http://www.international.gc.ca/commerce/strategy-strategie/index.aspx>.

II. TRADE POLICY DEVELOPMENTS 2007-2010

(1) MULTILATERAL LIBERALISATION

14. The World Trade Organization (WTO) is the cornerstone of Canada's trade policy agenda, and the principal forum for engaging with its trading partners, including emerging and developing countries. In the WTO, Canada works toward the expansion and modernization of the multilateral trading system, which is vital for Canada as an open, trade-dependent economy.

(a) Commitment to the Doha Development Agenda

15. Canada is committed to the successful conclusion of the Doha Development Agenda (DDA) negotiations. It is Canada's view that achieving an ambitious and balanced agreement is in the interest of all Members, and that a positive outcome for Doha is especially necessary in these difficult economic times. On the other hand, failure to conclude the Doha Round could undermine the rules-based international trading system. As such, Canada sees its participation in the Doha negotiations as essential.

16. The Doha Round of negotiations offers an opportunity to increase economic prosperity for all WTO Members by enhancing predictability in the multilateral trading system through the strengthening of international rules. The needs of developing countries deserve special mention, as advancing the cause of development through these negotiations is a key objective in the DDA and the WTO. To this end, Canada is working with fellow Members to address developing countries' concerns about taking on new commitments and in implementing new WTO agreements.

17. In the agricultural negotiations under the DDA, Canada is seeking a more level international playing field through the elimination of all forms of export subsidies, the substantial reduction of trade-distorting domestic support, and real and significant improvements in market access for agriculture and agri-food producers and processors. Canada's pursuit of agricultural trade reform in the world trading system also demonstrates its commitment to supporting the development objectives of the Doha Round. As part of the DDA's agriculture negotiations, many developing countries are seeking a fairer international trading environment through real and meaningful agricultural trade reform. Canada is working closely with all WTO member countries, both developed and developing, to maintain the momentum toward achieving this shared objective.

18. As an export-oriented economy, Canada also attaches great importance to improving market access for services and non-agricultural goods. All Members stand to gain substantially from the reduction and elimination of barriers to trade, and Canada seeks an outcome that results in commercially significant liberalization. Canada is also seeking improved transparency in domestic regulatory regimes.

19. Canada aims to clarify and improve rules governing anti-dumping and countervailing measures in order to achieve greater international convergence and predictability in their application and to prevent unnecessary restrictions to trade. At the same time, Canada is seeking to strengthen and clarify disciplines on the provision of government subsidies (including fisheries subsidies). Canada also supports improved transparency with respect to regional trade agreements (RTAs) and welcomes the review launched by the Negotiating Group on Rules in December 2010 towards the permanent establishment of the transparency mechanism for RTAs.

20. Canada supports the negotiations to secure strong and effective rules on trade facilitation. Canada views trade facilitation as positive for all countries and as a natural complement to market access negotiations on goods. Progress on these issues would especially benefit small and medium-sized companies, for whom transaction costs can be particularly burdensome.

21. Canada is also seeking a number of improvements to the dispute settlement system. These would improve access to dispute settlement generally, and make dispute settlement more effective and efficient for all Members, while being sensitive to the needs of developing country Members. As such, Canada, together with other Members, has proposed a number of procedural improvements, including proposals on sequencing, remand, post-retaliation, enhanced third party rights and the protection of confidential information. Canada also supports proposals to increase transparency and shorten the duration of disputes, where possible.

Participation in Negotiations

22. Since the last Trade Policy Review (TPR) of Canada in 2007, Canada has remained fully engaged in the DDA. In addition to its active participation in discussions at all levels, Canada has submitted formal papers in most negotiating areas, with a view to proposing practical and specific ideas to move forward (see Annex 1 for a full list of Canada's submissions).

23. In July 2008, Canada participated in the informal WTO Ministerial in Geneva at which Members were unable to bridge their differences. Despite this setback, Canada has continued to work actively towards the conclusion of the Doha round, and fully supports the intensified process of negotiations that Members have established in 2011.

(b) Supporting Development

24. In Canada's view, achieving a WTO trade deal that will stimulate economic growth and secure real development gains for developing countries is central to the Round's objectives. In this respect, achieving a successful outcome to the Round (i.e., one that is ambitious and balanced in that it takes into account developing countries' concerns) will be essential. Developing countries stand to gain from fundamental agricultural reform of world agricultural trade, commercially significant market access increases for goods and services, and binding rules for trade facilitation that will reduce red tape at borders. Growth and prosperity opportunities that will arise from such outcomes will be further enhanced by the strengthening of trade rules, which will increase transparency, predictability and stability in the trading system. In line with this, Canada is actively engaged in discussions in various work programs on issues of importance to developing countries. These are highlighted here.

Special Differential Treatment

25. The objectives of Special and Differential Treatment (S&DT) provisions are to foster the ability of developing countries to become full participants in the multilateral trading system and to help them reap the benefits of WTO Membership. Canada is committed to the principle of S&DT in the WTO and has been willing to examine S&DT proposals that make a constructive contribution to integrating developing countries into the multilateral trading system. Canada has continuously sought to address underlying issues to ensure that resulting measures are geared toward the problems they seek to address. Canada also recognizes the need for flexibility and calibrations of S&DT measures, as developing country Members have different needs and capacities.

Trade-Related Technical Assistance and Capacity Building

26. The Doha Ministerial Declaration confirmed that Trade-Related Technical Assistance and Capacity Building (TRTA/CB) is a core element of the development dimension of the multilateral trading system and established a number of undertakings on TRTA/CB. It also recognized the need for secure and predictable WTO technical assistance funding and called for the development of a plan that would ensure such long-term funding. The establishment of the Doha Development Agenda Global Trust Fund (DDAGTF) has been instrumental in meeting this objective. Since then, Canada has worked with other WTO Members to fulfil these undertakings and has been a regular donor to both the DDAGTF as well as to the Standards and Trade Development Facility (STDF).

27. More recently, Canada made a new commitment to both the DDAGTF and the STDF with total funding of \$7.5 million over five years (2010-2014). Canada advocates that the activities and outputs of the STDF and DDAGTF are focused on results and impact through robust results-based management systems, and is supporting both gender and environment as cross-cutting issues.

Aid for Trade

28. The 2005 Hong Kong Declaration confirmed that Aid for Trade (AfT) is also a core element of the development dimension of the multilateral trading system and established a number of commitments on Aid for Trade. Canada has worked to meet these undertakings in many ways, including by significantly increasing its AfT programming. Canada's AfT is also guided by international undertakings, particularly those flowing from WTO Ministerial meetings and G-8 and G-20 commitments.

29. Since the beginning of the Doha Round, Canada's annual commitment to AfT has risen from around \$350 million in 2001/2002 to more than \$500 million annually with Canada's AfT reaching \$513 million in 2008-2009. Canada's AfT is most heavily focused in the category of 'building productive capacity' but also includes investments in economic infrastructure and trade policy and regulations. Canada's commitments include those at the multilateral level (to institutions such as the International Trade Centre and the World Bank); at the regional level (e.g., through the Program for Building African Capacity to Trade and the Canada-Americas Trade Related Technical Assistance Program); at the bilateral country level (through individualized programming activities); and at the level of civil society (through partnerships).

30. In October 2010, the Canadian International Development Agency (CIDA) launched its Strategy for Sustainable Economic Growth (SEG). The strategy focuses CIDA's efforts in economic growth on three areas: building economic foundations, growing businesses, and investing in people. AfT programming is a key part of the SEG. In addition, the SEG is accompanied by two new strategies: securing the future of children and youth, and increasing food security. In support of the SEG, CIDA allocated \$40 million over five years (2009/10 - 2013/14) to enhance developing countries' participation in the global economy. This support will focus, in particular, on the areas of Trade Facilitation and Agricultural Standards.

31. The Report of the Aid for Trade Task Force noted, "*Aid for Trade should be rendered in a coherent manner taking full account, inter alia, of the gender perspective and of the overall goal of sustainable development . . . donors and partner countries jointly commit to the harmonization of efforts on cross-cutting issues, such as gender*". Canada maintains that AfT is relevant to the discussion of women's economic empowerment and gender equality because of its wide scope. Canada believes that it is important to respond to the Report of the AfT Task Force by paying

attention to gender equality issues through opportunities provided by AfT programming. Recently, Canada was active in promoting a focus on gender at the Committee on Trade and Development's October 2010 Session on gender and AfT. This is in line with Canada's Gender Equality Action Plan, which seeks to explicitly integrate gender equality in all policies, programs and projects and by using programming that specifically targets the reduction of gender inequality. In Canada, all AfT programming is subject to the cross-cutting requirements of Canada's gender policy with the aim to incorporate gender equality implications into AfT programming and initiatives in order to improve overall effectiveness and efficiency to the ultimate benefit of women and men equally.

32. Canada also supports the Advisory Centre on WTO Law (ACWL), an organization that provides advice, training and litigation assistance to developing country Members of the WTO. Canada has recently announced a contribution of \$2.5 million over five years to help the ACWL continue its work.

Small, Vulnerable Economies

33. Specific challenges confront small and vulnerable economies (SVEs) seeking to participate in world trade. Examples are the volatility of international prices for products exported by SVEs, and difficulties in achieving economies of scale. Canada is striving to see that their concerns are taken into account by working with other WTO Members to achieve full implementation of the WTO SVE Work Program and to put in place the foundation for further advances.

Least-Developed Countries

34. The Doha Ministerial Declaration explicitly recognized the needs, interests and concerns of least-developed countries (LDCs) in more than twenty different paragraphs. Canada is working on many fronts to address these issues. Several of these are highlighted here.

35. The DDA established the objective of duty-free, quota-free (DFQF) market access for products originating from LDCs. In Canada's case, a preferential tariff for LDCs has been in place since 1983. This program was substantially expanded in January 2003 to now cover approximately 99 percent of all tariff lines for 49 of the world's least-developed countries. Canada's initiative, which was renewed in 2004 for a further ten-year period, is among the most far-reaching in terms of eligible countries, product coverage, rules of origin and ease of administration. Canada's preferential tariff provides DFQF access for all LDC products, with the exception of over-quota access for supply-managed products in the dairy, poultry and eggs sectors. Beyond DFQF access, the rules of origin that Canada applies to LDCs imports are among the most liberal in the world.

36. The DDA also established a firm understanding of the important role of TRTA/CB through its support of the Integrated Framework for TRTA to Least-Developed Countries (IF). Canada played an active role in the work program to enhance the IF and urged development partners to significantly increase contributions to this initiative and to explore the extension of the model to all LDCs. Most recently, Canada has disbursed \$7.68 million towards an overall commitment of \$19.2 million over five years to the Enhanced Integrated Framework (EIF) and is actively involved in governance activities of the EIF.

37. The Doha Ministerial Declaration also reflected a commitment to work to facilitate and accelerate negotiations with acceding LDCs. Recognising that WTO accession will help least-developed countries in their development and transition efforts, Canada is active in the negotiations of all applicants. Canada's approach to least-developed countries has been to reduce requests to a minimum and show considerable flexibility on, for example, the number of tariff lines, request rates, and transition periods. Canada remains a strong supporter of the Decision approved by the WTO General Council in December 2002 to facilitate least-developed countries accessions to the WTO.

Official Development Assistance

38. Since Canada's last Trade Policy Review in 2007, Canada has now met several major development goals that were first set out early in the last decade. These include the Government's commitment to double international assistance by the end of the first decade of the new millennium, with a planned budget of \$5 billion dollars annually by 2010-2011. Separately, Canada has also met its G-8 commitment of doubling aid to Africa, bringing the total to \$2.1 billion in 2010.

39. The Government of Canada has committed to making Canada's international assistance more efficient, focused, and accountable. In view of this approach, CIDA has undertaken steps to make its work more effective, in line with international agreements and recognized best practices. The effectiveness of Canada's international assistance will be measured by the progress made in reducing poverty and improving the lives of those living in poverty.

40. Canada's commitment to increased aid effectiveness is visible in its actions towards untying its aid. Changes to Canada's food aid policy in 2005 meant that up to 50 percent of Canada's food aid could be purchased in developing countries. In 2008, all food aid was untied, and more recently, Canada announced that it will fully untie all of its aid, including all goods and services used in aid work, by 2012-2013. Already, levels of untied aid rose from 75 percent in 2007 to 91 percent in 2008.

41. To achieve effectiveness in delivering its international aid, Canada is focusing its efforts geographically and thematically. Canada has recently adopted five major priority themes on which to concentrate its development efforts. These are areas where Canada has proven its leadership, namely: (i) increasing food security; (ii) securing the future of children and youth; (iii) stimulating sustainable economic growth; (iv) security and stability; and (v) democratic governance. In addition to these priority themes, Canada's development program continues to integrate three crosscutting themes in all of its programs and policies: (i) increasing environmental sustainability; (ii) promoting equality between women and men; and (iii) helping to strengthen governance institutions and practices. These changes were made so that Canada can focus on key development challenges, and ensure that its aid investments lead to concrete results for the world's poorest.

42. Canada announced in 2009 that it would be focusing 80 percent of bilateral resources on twenty countries. By concentrating resources, focusing programming and improving coordination, the intention is to make Canada's international assistance more effective and accountable. This new bilateral focus is in addition to Canada's focus on multilateral programs where Canada will continue to support international efforts such as the Global Fund to Fight AIDS, Tuberculosis and Malaria; the Canadian-led Initiatives to Save a Million Lives; the UN's World Food Programme; the Global Strategy for Women's and Children's Health; and others. These and other programs will not be affected by the changes to bilateral aid and Canada will continue to work towards even greater focus and effectiveness of its aid agenda.

(2) CANADA-UNITED STATES TRADE RELATIONSHIP

43. Geographic proximity and a similar business environment have long made the U.S. the most important international market for Canada. The two-way trade relationship between Canada and the U.S. is the largest between any two countries in the world. In 2010, Canada exported \$333.6 billion in goods and services to the U.S. and imported \$312.1 billion. For 2010, Canada posted a goods surplus of \$36.9 billion, driven in large part by a surplus in energy exports and oil in particular, but a deficit of \$15.3 billion in services, two-thirds of which was due to a deficit in the travel account. In 2009, the stock of foreign direct investment from the U.S. in Canada amounted to \$288.3 billion, representing 52.5 percent of total foreign direct investment in Canada. Canada ranked second as a destination for U.S. direct investment abroad. Total Canadian direct investment in the U.S. amounted to \$261.3 billion in 2009, accounting for some 44.0 percent of Canadian foreign direct investment abroad. At the end of 2009, Canada was the fourth largest source of FDI in the U.S.

44. These data reflect the high degree of integration of the Canadian economy with that of the U.S. and the extensive supply chains developed in the North American region. According to the most current estimates available, over one half of manufactured products imported from Canada by the U.S. are intermediate inputs used by U.S. companies to produce other goods and provide services. Nearly one fifth of the value of total Canadian exports to the U.S. was actually produced in the U.S. Almost one third of U.S. manufacturing imports from Canada come from U.S. companies operating in Canada.

45. Trade relations between Canada and the U.S. are supported by the disciplines of the WTO and the North American Free Trade Agreement (NAFTA). The NAFTA is now in its 18th year and the elimination of tariffs as set out in this agreement was completed in 2008. Trade between Canada and the U.S. has nearly doubled since the Agreement entered into force in 1994. Canadian Provinces and Territories, and U.S. States, also play an important role in strengthening Canada-U.S. relations through a variety of mechanisms.

46. An Agreement on Softwood Lumber was signed in 2006 to end years of trade action affecting Canadian exports of softwood products to the U.S. Managed by a bilateral committee and supported by a bi-national industry council, the Agreement ends in 2013 unless extended for two years by mutual agreement. Softwood lumber trade with third countries is not affected by this bilateral agreement.

47. The NAFTA's Chapter 11 on investment includes dispute settlement provisions. The chapter focuses on investors' rights and protections when investing in the territory of one of the NAFTA parties. There are currently 15 cases in which Canada is the respondent, but arbitration proceedings have begun in only 7 cases. Out of the 15 cases, 8 cases are actually inactive. In all cases brought forward against Canada, the investors are allegedly American citizens or incorporated in the U.S. Canadian investors have also brought forward cases under the NAFTA Chapter 11 dispute settlement mechanism. Thus far there have been 3 active cases involving Canadian investors and the U.S.

48. In agriculture products, Canada and the U.S. have remained each other's most important trading partners. Some new areas of concern have emerged since 2007. Notably, Canada is challenging certain country-of-origin labelling requirements, which originated in the 2002 *Farm Bill*, under the dispute settlement procedures of the WTO.

49. Under NAFTA, tariffs have mostly been eliminated, remaining only where no such agreement was made. However, differences in regulations still present obstacles to trade, competitiveness and innovation. Accordingly, Canada's trade policy agenda over the period under review has shifted to place a greater emphasis on reduction of barriers behind the border, and in particular to cooperation with a view to reducing unnecessary regulatory barriers, while maintaining high standards of health, safety and environmental protection. Identification of priority areas that would benefit from increased regulatory collaboration – for example through streamlining regulations and regulatory processes; ensuring the compatibility of regulations as they are being developed; and strengthening the use of international standards – is an ongoing process.

50. The NAFTA provisions on rules of origin are subject to periodic update and revision to reflect changing conditions in supply chain relationships and other developments, as well as Harmonized System tariff classifications adjustments. Preliminary agreement was reached on the fourth set of amendments in conjunction with the 2010 meeting of the NAFTA Free Trade Commission.

51. Canada and the U.S. share common goals of ensuring the security and safety of North America, as well as facilitating the free flow of legitimate people, goods and services between the two countries. The highly integrated and interdependent economies of both countries depend on smart and efficient border management which, in turn, relies on close collaboration. The announcement on February 4, 2011 of *Beyond the Border: A Shared Vision for Perimeter Security and Competitiveness* represents an important step forward, establishing a new, long-term partnership between Canada and the U.S. that is designed to accelerate the movement of people and goods, improve economic competitiveness, and strengthen security. In addition, the announcement on the same day of the Canada-U.S. Regulatory Cooperation Council will provide further opportunity for both countries to promote economic growth through increased regulatory transparency and coordination.

(3) REGIONAL AND BILATERAL INITIATIVES

52. Canada's economic well-being depends upon having access to global markets for its manufactured and agricultural goods, its natural resources, and the products and services of its knowledge-based economy. Canada also relies on globally sourced inputs, technology and expertise to improve the productivity and competitiveness of Canadian companies in both domestic and global markets.

53. Guided by the Global Commerce Strategy and its deepened engagement in the Americas, Canada is pursuing an ambitious free trade agenda to enhance its economic prosperity and help provide the foundation for sustainable economic and social development. Canada's regional and bilateral free trade agreements complement Canada's commitment to the multilateral trading system. Canada is working to further improve Canada's competitiveness and support Canadian firms as they pursue opportunities in the global marketplace, by securing competitive terms of access to additional markets, and increasing foreign direct investment in Canada and Canadian direct investment around the world.

54. Before Canada's last Trade Policy Review in 2007, Canada already had free trade agreements in force with the U.S. and Mexico (NAFTA, 1994), Israel (1997), Chile (1997) and Costa Rica (2002). Since Canada's last Trade Policy Review, Canada has concluded five new free trade agreements, of which two are in force (European Free Trade Association, Peru) and the remaining three are in the process of being ratified (Colombia, Panama, Jordan). In addition, Canada is pursuing free trade negotiations with more than 40 countries. Canada also has a series of Foreign Investment Promotion and Protection Agreements (FIPAs) and bilateral Science and Technology (S&T) agreements and arrangements – all of which help to make Canada more attractive to investors.

(a) New and Updated Regional and Bilateral Free Trade Agreements

Canada-European Free Trade Association

55. The free trade agreement between Canada and the European Free Trade Association (EFTA) countries of Iceland, Norway, Switzerland and Liechtenstein, and related bilateral Agreements on Agriculture entered into force on July 1, 2009. The EFTA countries are significant economic partners for Canada. Together, they were Canada's 6th largest merchandise export destination in 2010, and two-way merchandise trade was valued at \$10.0 billion (\$4.3 billion in Canadian exports and \$5.7 billion in imports). In addition, two-way direct investment stocks reached \$31.0 billion at the end of 2009.⁶

Canada-Peru Free Trade Agreement

56. The Canada-Peru Free Trade Agreement, Labour Cooperation Agreement and Agreement on the Environment entered into force on August 1, 2009. Canada and Peru enjoy a robust trade relationship with two-way merchandise trade in 2010 reaching more than \$4.1 billion. Canadian merchandise exports to Peru in 2010 were \$478.4 million, an increase of 11.6 percent from 2008. Major Canadian exports to Peru are cereals, machinery, paper and paperboard, electrical and electronic equipment, and pulses (e.g., lentils, peas and beans). The stock of Canadian direct investment in Peru totalled \$2.8 billion at the end of 2009.

Canada-Colombia Free Trade Agreement

57. The Canada-Colombia Free Trade Agreement, as well as parallel Agreements on Labour Cooperation and the Environment, received Royal Assent on June 29, 2010. Once the Colombian government has completed its domestic approval processes, both countries can determine a date for their entry into force. Colombia is an established and growing market for Canadian exporters (e.g., cereals, machinery, pulses (e.g., lentils, peas), paper and paperboard, fertilizers, electrical and electronic equipment, and copper) and services providers, as well as a strategic destination for Canadian direct investment. In 2010, total merchandise trade between Canada and Colombia was valued at \$1.4 billion, and Canada's cumulative direct investment in Colombia stood at \$773 million at the end of 2009.

⁶ Inward FDI stock in Canada from Iceland is not available (excluded for confidentiality reasons).

Canada-Panama Free Trade Agreement

58. The Canada-Panama Free Trade, Environment and Labour Cooperation Agreements are currently proceeding through Canada's domestic approval process. Once approved by Parliament, Canada and Panama can work together to determine a date for their entry into force. Panama is an established and growing market for Canadian exporters, as well as a strategic destination for Canadian direct investment. In 2010, Canada exported \$129.5 million worth of merchandise to Panama in both the agricultural and non-agricultural sectors.

Canada-Jordan Free Trade Agreement

59. The Canada-Jordan free trade negotiations were formally launched in February 2008 and concluded in August 2008 after three rounds. The goods-only free trade agreement, along with the related agreements on labour cooperation and the environment, was signed in June 2009, and legislation to implement the three agreements was introduced into the Canadian Parliament in March 2010. Jordan has already completed its domestic procedures to implement the three agreements. Canada and Jordan will work toward implementing the agreements as soon as implementing legislation is passed by the Canadian Parliament and the agreements are ratified.

Canada-Israel Free Trade Agreement

60. The Canada-Israel Free Trade Agreement came into force on January 1, 1997. The goods-only agreement eliminated tariffs on all industrial products manufactured in Canada and Israel. In November 2003, Canada and Israel expanded the coverage of the agreement to provide preferences to a large number of agricultural and agri-food products. In October 2010, the Canadian and Israeli Ministers responsible for trade discussed expanding the agreement and agreed that officials would start exploratory talks in order to work on moving beyond the agreement currently in place by expanding its application.

Canada-Chile Free Trade Agreement

61. The Canada-Chile Free Trade Agreement entered into force on July 5, 1997. It is a comprehensive agreement that covers trade in goods and services, government procurement and the bilateral investment relationship, and is complemented by cooperation agreements on labour and the environment. Negotiations for a Financial Services Chapter were concluded in July 2008. Legal review of the text is currently underway, after which it will proceed through Canada's domestic approval process for formal implementation.

(b) Regional and Bilateral Free Trade Agreements under Negotiation

Canada-European Union Comprehensive Economic and Trade Agreement Negotiations

62. At the May 2009 Canada-European Union (EU) Summit in Prague, Czech Republic, Leaders agreed to launch negotiations toward a Comprehensive Economic and Trade Agreement. Canadian and EU Leaders asked negotiators to conclude the negotiations within two years, and a fast pace of negotiations is being maintained with six rounds of negotiations having been held as of January 2011. Canada's provinces and territories are closely engaged in the negotiations, attending sessions in areas wholly or partially under their jurisdiction. On December 15, 2010, Minister of International Trade Peter Van Loan met with the European Union's Trade Commissioner Karel De Gucht to take stock of progress in the negotiations. Both were pleased with the progress thus far and agreed that the negotiations are on track to conclude in 2011.

Canada-India Comprehensive Economic Partnership Agreement Negotiations

63. On November 16, 2010, Canada and India launched the first round of free trade negotiations. Further negotiations will be held in 2011. Negotiations are informed by the results of a Joint Study on the potential benefits of a comprehensive economic partnership agreement between Canada and India. The Joint Study Group, comprised of Canadian and Indian officials, concluded in the report that there was sufficient common ground to recommend moving ahead with next steps towards negotiation of a comprehensive agreement covering substantially all trade in goods and services; investment; trade facilitation; and other areas of economic cooperation, as a 'single undertaking', leading to additional trade flows and economic gains.

Canada-Central America Four Free Trade Agreement Negotiations

64. Canada and the Central America Four countries of Honduras, Guatemala, Nicaragua and El Salvador launched free trade negotiations in 2001. After almost nine years of talks, Canada and Honduras agreed to pursue bilateral negotiations in October 2010. Canada and Honduras held two productive rounds in December 2010 and February 2011. Canada remains open to re-engaging in negotiations with Guatemala, El Salvador and Nicaragua after negotiations with Honduras are complete.

Canada-Caribbean Community Free Trade Agreement Negotiations

65. Canada and Caribbean Community (CARICOM) member countries announced the launch of negotiations toward a trade agreement in 2007. Building on the productive November 2009 first round, a successful second round of negotiations was held in March 2010. Canadian and CARICOM officials are exploring possible dates for the next round.

Canada-Dominican Republic Free Trade Agreement Negotiations

66. Canada and the Dominican Republic launched free trade negotiations in June 2007. Significant progress was made during the first negotiating round in December 2007, but progress has been limited since then. Officials met on December 10, 2009 and agreed to continue to exchange information.

Canada-Ukraine Free Trade Agreement Negotiations

67. Canada and Ukraine launched negotiations toward a comprehensive free trade agreement on June 15, 2010, following exploratory discussions in November 2009. A successful first round of negotiations took place during the week of May 17-21, 2010 in Kyiv. A second round of negotiations is being rescheduled for the first half of 2011.

Canada-Morocco Free Trade Agreement Negotiations

68. On January 27, 2011, Prime Minister Stephen Harper and the Prime Minister of Morocco, Abbas El Fassi, announced the launch of negotiations toward a Canada-Morocco Free Trade Agreement.

Canada-Turkey Exploratory Discussions

69. In October 2010, Canada and Turkey conducted formal exploratory discussions regarding the possibility of launching negotiations towards a comprehensive free trade agreement. Exploratory discussions are ongoing.

Canada-Korea Free Trade Agreement Negotiations

70. Canada and the Republic of Korea launched free trade negotiations in July 2005. Negotiations have included discussions on tariff elimination, trade facilitation, non-tariff measures, cross border trade in services, temporary entry, investment, competition policy, government procurement, and intellectual property rights. Canada and Korea met for a thirteenth round of negotiations in Ottawa, March 25-28, 2008, with progress achieved in several areas, and in particular on goods market access issues. Negotiations are now well advanced, but at this point, no new negotiating rounds have been scheduled.

(c) Other Bilateral Initiatives

(i) **Foreign Investment Promotion and Protection Agreements**

71. Canada has 24 Foreign Investment Promotion and Protection Agreements (FIPAs) in force with: Poland (1990), Russia (1991), Czech Republic, Slovakia (1992), Argentina, Hungary (1993), Ukraine, Latvia (1995), Philippines, Trinidad and Tobago (1996), Barbados, Ecuador, Egypt, Romania (1997), Panama, Thailand, Venezuela (1998), Armenia, Uruguay, Lebanon, Costa Rica (1999), Croatia (2001), Peru (2007) and Jordan (2009). The majority of these treaties are based on the investment chapter of the NAFTA and share the following features: a broad definition of investment, obligations for national treatment and most-favoured nation treatment applied at both the pre- and post-establishment phase, minimum standard of treatment in accordance with international law, protection against expropriation without compensation, free transfers of investment related funds, and access to investor-state arbitration and state-state dispute settlement mechanisms to resolve disputes.

72. Since its last TPR, Canada amended the existing treaties with Czech Republic, Latvia, Romania (signed 2009) and Slovak Republic (signed 2010), following their accession to the European Union. Additionally, FIPAs were concluded with Madagascar, Kuwait and Bahrain in 2008, 2009, and 2010, respectively, but are not yet in force. Agreements with South Africa and El Salvador, signed in 1995 and 1999, respectively, have never been ratified. Canada has an active negotiating agenda with the following FIPA negotiations currently underway: China, India, Indonesia, Mali, Mongolia, Poland (re-negotiation), Tanzania, Tunisia, and Vietnam. As well, there are investment chapters in a number of the preferential trade agreements that Canada has signed, including: NAFTA (Chapter 11), Chile, Peru, Colombia, and Panama. The Investment Chapters of the Peru and Panama FTAs supersede the existing FIPAs with those two countries.

(ii) **Science and Technology Agreements**

73. Over the years, Canada has entered into 8 bilateral Science and Technology (S&T) agreements (treaty-level) with France, Germany, Japan, EU, Israel, India, China and Brazil. In addition, there are 3 bilateral Science and Technology arrangements (MOU type) with South Korea, Chile and Sweden. The older ones date back to the late 1960s and early 1970s (France and Germany) through 1996 (with the European Union). These agreements are general in nature seeking mainly to foster linkages in science and technology in areas of mutual benefit and on a self-funded basis.

74. Starting in 2005, Foreign Affairs and International Trade Canada (DFAIT) has entered into a series of new generation treaty level agreements (China and Brazil; since 2007). These agreements are with priority countries and focus on the involvement of the private sector and the commercialization of technology. Additionally the agreements are funded under the International Science and Technology Partnerships Program and so meet the added criteria that the agreements provide a mechanism to administer dedicated funding. Consistent with the older generation S&T agreements, the establishment of joint committees and meetings to administer the agreement are required. Joint committees for more recent treaty level agreements include representatives from academia and industry in addition to those from government in order to focus the activities under the agreements on private-public-academic partnerships and collaboration for economic benefit.

(4) UNILATERAL TRADE LIBERALIZATION INITIATIVES

75. The Government of Canada has taken several unilateral tariff relief measures since the last WTO Trade Policy Review. These measures will not only enhance the competitiveness and productivity of Canadian manufacturers, they also demonstrate an ongoing commitment to WTO principles of trade liberalization and open global markets.

76. In its 2010 federal budget, the Government of Canada announced unilateral tariff liberalization measures that eliminate the MFN applied rates of customs duty on 1,541 tariff items. The majority of these items, with a simple average MFN applied rate of 7.2 percent, became duty-free effective as of March 5, 2010, with the remainder scheduled to be gradually eliminated, starting on March 5, 2010, by no later than January 1, 2015.⁷ As a result of this action, Canada will have eliminated all remaining MFN applied rates of customs duty on manufacturing inputs and machinery and equipment and liberalized an additional \$5 billion in annual dutiable imports. This will position Canada as a tariff-free zone for industrial manufacturers, a first among the G-20.

77. During the past two years, the Government of Canada has also taken steps to liberalize trade in ships where MFN applied rates of customs duty can be up to 25 percent. First, the Government extended the moratorium on customs duties on temporarily imported Mobile Offshore Drilling Units (MODUs). In May 2009, the Government extended for a further five years an existing remission order on these items⁸. By continuing to remit duties paid on temporarily imported MODUs, the Government provides a stimulus to offshore oil and gas exploration that will lead to further economic benefits downstream. Secondly, the Government announced on October 1, 2010, the implementation of a new duty remission framework for imported cargo vessels, tankers and large-sized ferry-boats. The Government estimates the new remission framework for ships will lead to annual customs duties savings of \$25 million over 10 years for Canadian ship-owners, leading to lower overall transportation costs for downstream users in a variety of agricultural and industrial sectors⁹.

⁷ Government of Canada Budget, "Chapter 3.3", 2010: <http://www.budget.gc.ca/2010/plan/chap3c-eng.html#a42>. Canada Border Services Agency, "Tariff Notice TN-49", 2010: <http://www.cbsa.gc.ca/trade-commerce/tariff-tarif/2010/tn49-eng.html>.

⁸ Canada Gazette, "Order Amending the Mobile Offshore Drilling Units Remission Order, 2004", 2009: <http://www.gazette.gc.ca/rp-pr/p2/2009/2009-05-13/html/sor-dors129-eng.html>.

⁹ Canada Gazette, "Ferry-Boats, Tankers and Cargo Vessels Remission Order, 2010", 2010: <http://www.gazette.gc.ca/rp-pr/p2/2010/2010-10-13/html/sor-dors202-eng.html>.

78. Finally, Canada has also undertaken a number of trade facilitative measures since the last TPR. In 2009, the Government of Canada took a measure liberalising the conditions under which shipping containers can be temporarily imported into Canada on a duty-free basis¹⁰. In 2010, following the earthquake in Haiti, Canada announced a specific trade facilitating measure for Haitian exports. The measure allows Haitian exports to Canada to be transhipped through the Dominican Republic without losing duty-free treatment under Canada's preferential tariff treatments for developing and least-developed countries¹¹.

(5) CANADA IN OTHER MULTILATERAL FORUMS

(a) Group of Twenty

79. The Group of Twenty (G-20) has taken an increasingly active role in pushing for the conclusion of the Doha Round of negotiations. At the various summits from 2008 to 2010, Canada, among other leaders, expressed its commitment to the conclusion of an ambitious and balanced Doha agreement, and ultimately directed negotiators to engage in across-the board negotiations to bring the Doha negotiations to a successful conclusion. Canada was pleased to host the G-20 Summit in Toronto in June 2010, where Leaders discussed and reaffirmed their commitment to the Doha negotiations in the context of fighting protectionism and promoting trade and investment.

80. At the G-20 Summit in Seoul in November 2008, G-20 Leaders pledged to band together against protectionism in order to encourage a quicker global recovery. This commitment was renewed by G-20 Leaders in 2009 and in June 2010, when Leaders renewed this commitment until the end of 2013. Canada continues to be very supportive of the monitoring work that the WTO and other international organizations have undertaken during the course of the economic crisis. The WTO overview reports on developments in the international trading environment have helped discourage the slide towards protectionism by affording greater transparency and understanding of the trade policies and practices of Members. Securing recovery from the economic crisis requires that Canadian markets be kept open and that concrete measures are taken to actively promote the opening of trade and investment through the national reduction of barriers.

(b) Asia-Pacific Economic Cooperation

81. Since Canada's last Trade Policy Review, Canada has used its participation in Asia-Pacific Economic Cooperation (APEC) to advance key Canadian trade policy interests including support for the WTO Doha Development Agenda, support for its regional trade and investment promotion and policy objectives, and making the Asia-Pacific region more accessible to Canadian businesses.

82. Canada's engagement at APEC for the review period also included capacity building for trade and investment facilitation, human security, food security, as well as areas that complement parallel work at the WTO, the G-20, and other multilateral fora. For instance, Canada has been collaborating with other APEC economies to share information on environmental goods and services. These discussions and related activities contribute to ongoing negotiations at the WTO.

¹⁰ Canada's Economic Action Plan, "Facilitating the Movement of Goods in International Shipping Containers": <http://www.actionplan.gc.ca/initiatives/eng/index.asp?mode=7&initiativeID=43>.

¹¹ Canada Gazette, "Haiti Deemed Direct Shipment (General Preferential Tariff and Least Developed Country Tariff) Regulations", 2010: <http://www.gazette.gc.ca/rp-pr/p2/2010/2010-03-31/html/sor-dors58-eng.html>.

(c) Organisation for Economic Co-operation and Development

83. Over the course of the period under review, Canada participated actively and constructively in efforts to reorient the Organisation for Economic Co-operation and Development (OECD) trade agenda toward “next generation” trade policy issues. For part of this period, Canada chaired the Working Party of the OECD Trade Committee, and in that capacity was instrumental in the implementation of the new orientation, as well as some unplanned for, but ultimately valuable, analyses of the effects on trade of measures taken during the recent financial and economic crisis.

84. Of the activities pursued under the new priorities (i.e., non-tariff measures, understanding services trade, and communicating the benefits of trade liberalisation and the cost of protectionism), Canada has been particularly active in ensuring that the work on measuring services trade restrictiveness is robust and methodical, and that its utility to trade policy and future negotiations is maximized. Canada has also pursued an active engagement in other issues such as trade and development, aid for trade, trade facilitation, and some innovative analyses of the changing nature of comparative advantage and the role of global value chains.

85. Canada was among the OECD members to advocate the “enhanced engagement” in the OECD of the advanced emerging economies (i.e., Brazil, India, Indonesia, China and South Africa). In pursuit of this enhanced engagement, Canada has been a vocal advocate of regularising greater involvement of these five countries in the work of the OECD Trade Committee to increase its global relevance and impact. Canada was involved in – and in fact proposed the establishment of – an informal group tasked with updating the Trade Committee's Global Relations Strategy, the results of which has been an even greater opening of its activity to emerging economies.

86. Finally, Canada has been actively engaged in the OECD Working Party on Export Credits and Credit Guarantees, which is responsible for the development and maintenance of disciplines on officially supported export credits. As one of the Participants to the Arrangement on Officially Supported Export Credits, Canada has been a key player in discussions of a variety of sectoral understandings, and in modernizing the terms and conditions of official export credits more generally.

(6) RESOLUTION OF DISPUTES

87. Since the last review, Canada has been involved in several disputes litigated at the WTO. As both a complainant and a third party, Canada utilized the WTO dispute settlement mechanism to address trade barriers that are inconsistent with the WTO Agreement (including the covered agreements). Canada has also participated in dispute settlement proceedings to respond to complaints from Members alleging the inconsistency of Canadian measures under the WTO Agreement.

88. Canada has continued to seek improvements to the Dispute Settlement Understanding (DSU) that will serve Members' shared interests in enhancing compliance with trade rules and ensuring the integrity and credibility of the rules-based system with both Members and the wider public. To this end, Canada places great importance on achieving a successful outcome to the DSU negotiations and has been an active participant in the discussions to date.

(7) TRADE PROMOTION

89. Canada manages 156 trade offices in Canadian Embassies and Consulates located in 105 countries around the world, as well as 18 regional and satellite offices across Canada. The trade staff in these offices, along with those at headquarters, deliver services to the Canadian business community to support and enhance its participation in international markets and increase companies'

interaction with global business partners. They promote Canada as a partner of choice for international business by facilitating the exchange of two-way trade and investment, innovation and talent between Canada and the rest of the world. The specific services offered are: preparation for international markets, market potential assessment, qualified contacts, and problem solving.

90. Canada has strengthened its international and domestic network by opening new offices and adding personnel abroad in key emerging markets. It has enhanced the service offering to Canadian business clients by offering expertise in selected priority sectors to enable Canadian companies to integrate successfully into the global economy, commercialize world-class technologies, build on strengths in strategic sectors, and capitalize on negotiated market access to fast-emerging markets and regional powers. Similar trade and investment promotion activities are undertaken by certain provincial governments in Canada.

(8) OTHER KEY INITIATIVES

(a) Environmental Assessments

Sustainable Development

91. Canada is committed to ensuring the environmental sustainability of its trade negotiations by ensuring mutually supportive trade and environmental outcomes. The reduction of trade barriers plays a key role in facilitating the exchange of environmentally friendly technologies and the establishment of investment rules that help create conditions for technology transfers.

92. At the same time, an increase in global economic integration and investment may have an impact on Canada's domestic Federal Sustainable Development Strategy (FSDS) goals and targets. Through the Strategic Environmental Assessment (EA) of trade negotiations, important impacts on the FSDS goals and targets will be assessed.¹² This enables negotiators to consider whether existing regulations are sufficient to mitigate any identified impact and to examine the need for additional mitigation.

93. The Framework for the Environmental Assessment of Trade Negotiations¹³ outlines the assessment process. It provides for a three phased assessment: (i) Initial EA (a preliminary examination to identify potential key issues); (ii) Draft EA (builds on the findings of the Initial EA and provides detailed analysis of those issues); and (iii) Final EA (takes place at the conclusion of the negotiations).

94. The Secretariat's Report for Canada's 2007 TPR referred to the then ongoing development of Canada's Environmental Assessment of the Doha Round. This work has been suspended pending further developments in the negotiations.

¹² Environment Canada, "Planning for a Sustainable Future: A Federal Sustainable Development Strategy for Canada", 2010, page 8: http://www.ec.gc.ca/dd-sd/9E362EF7-74F6-4189-8AAF-B966EB2F9157/FSDS_v4_EN.pdf.

¹³ The full document is available at: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/ds/Environment.aspx?lang=en>.

(b) Inter-Provincial Trade Initiatives

95. The Agreement on Internal Trade (AIT) came into effect in 1995. Recognising the existence of significant differences in trade and investment policies and practices between the federal and provincial governments, and across provinces, the AIT aims to “reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investment within Canada, and to establish an open, efficient and stable domestic market”.¹⁴ All provinces and territories except Nunavut are signatories. Under the AIT, the federal, provincial, and territorial governments agreed to focus on 11 sectors or policy instruments that offer the greatest potential for the reduction of barriers. These are: government procurement; environmental protection; consumer-related measures and standards; labour mobility; investment; agricultural and food products; alcoholic beverages; communications; transportation; natural resources processing; and energy.

96. The AIT is an evolving agreement that federal-provincial-territorial member Ministers of the Committee on Internal Trade (CIT) aim to improve. Since 2007, federal, provincial, and territorial governments have made additional progress in strengthening the AIT to further remove barriers to labour mobility and agricultural trade. A more enforceable government-to-government dispute resolution process was also finalized.

97. In August 2009, a revised Labour Mobility Chapter came into effect. The new AIT provisions ensure that a worker certified for an occupation by a regulatory authority of one province or territory is recognized as qualified to practice in that occupation by all other provinces and territories. Certified workers are no longer required to undergo additional material training, testing or re-assessment, resulting in seamless recognition across Canada. In June 2010, CIT Ministers agreed to expand the scope of the Labour Mobility Chapter to include coverage of regulated financial services occupations, which was not previously covered in the list of occupations. Once the necessary amendments are completed, the revised Labour Mobility Chapter will apply to all regulated occupations across Canada. There are few exceptions that may be made on the basis of achieving a legitimate objective, such as public health, security and consumer protection, but a province or territory imposing an additional requirement on a worker must demonstrate its necessity to achieve such an objective. To ensure transparency, any additional requirements required by a province or territory are posted publicly at the AIT's website.¹⁵

98. In November 2010, a revised Agricultural and Food Goods' Chapter, covering the trade of agricultural and food products, came into effect. Specifically, revisions were made to extend the scope of non-discriminatory commitments that provide for free trade of agricultural and food goods across provincial and territorial boundaries beyond the modest number of “technical” measures previously covered. A “technical” measure includes a technical regulation, a standard, a sanitary or phytosanitary measure, or a conformity assessment procedure that is applied to an agricultural or agri-food good. Further, the Chapter excludes the core functions of supply management systems (e.g., provincial marketing boards and production quotas).

99. The revised Chapter is intended to foster good regulatory practices among governments when they introduce regulations for agricultural and food goods. It aims to liberalize trade in agricultural and food goods. If challenged, a jurisdiction would need to prove that its regulation did not restrict trade more than necessary in pursuit of a legitimate objective (e.g., health and safety of the public, consumer protection).

¹⁴ "Agreement on Internal Trade – Consolidated Version", 2010, Article 100: http://www.ait-aci.ca/index_en/ait.htm.

¹⁵ Agreement on Internal Trade Website: <http://www.ait-aci.ca/>.

100. In addition to the strengthened trade provisions, CIT Ministers implemented a stronger dispute resolution mechanism for government-to-government disputes under the AIT in October 2009. As part of the new enforcement provisions, monetary penalties may be imposed on Canadian governments for continued failure to comply with AIT obligations. Penalties vary by jurisdictions with a maximum of \$5 million against the Governments of the larger provinces and the Government of Canada. Federal, provincial and territorial governments are also required to have mechanisms for ensuring payment. Other improvements include the establishment of an appeal process and new qualification standards for roster members. In 2009, Canada's Premiers also directed CIT Ministers to develop options to improve the person-to-government dispute resolution mechanism.

101. In addition to the AIT, some provinces have advanced their own complementary agreements to liberalize internal trade further in their regions. British Columbia and Alberta signed a Trade, Investment, and Labour Mobility Agreement in April 2006, which was fully implemented in April 2009. Subsequently, British Columbia, Alberta, and Saskatchewan entered into the New West Partnership Trade Agreement which will come into full effect in 2013. The scope of these agreements goes beyond the AIT and includes enforceable dispute mechanisms for both government-to-governments and person-to-government internal trade disputes. They are widely seen as models for further liberalization of internal trade in the rest of Canada.

102. Other provincial governments have also concluded regional co-operation agreements. On February 24, 2009, New Brunswick and Nova Scotia's Partnership Agreement on Regulation and the Economy came into force. It is designed to streamline regulatory procedures in these provinces. On October 1, 2009, the Trade and Co-operation Agreement between Quebec and Ontario came into effect. It aims to increase investment and trade between the two provinces and reduce barriers to business and endorses a cooperative approach to addressing these challenges.

(c) Government Procurement Initiatives

103. Since 2007, major changes to statutes affecting government procurement were put in place under the authority of the *Federal Accountability Act*. The intended effect of the changes was to promote transparency, to ensure accountability and to prevent corruption. This included a legislative commitment to fairness, openness and transparency in the bidding process under the *Financial Administration Act* (FAA). Amendments to the FAA also authorise the creation of regulations to establish integrity provisions in Federal Government contracts, including, for example, the prohibition of the payment of contingency fees to persons to whom the *Lobbying Act* applies. New legislation also called for the appointment of a Procurement Ombudsman by amending the *Department of Public Works and Government Services Act*. Under this Act and its applicable regulations prescribing duties and functions, the Procurement Ombudsman has the authority to review the procurement practices of federal departments and agencies on an ongoing basis for the purposes of verifying fairness and transparency. The Ombudsman can recommend improvements and review complaints from suppliers for transactions that fall outside the scope of the trade agreements. Further, under the Treasury Board's Contracting Policy, the federal government implemented a proactive disclosure policy requiring the public disclosure of basic information regarding contracts exceeding ten thousand Canadian dollars.

104. Canada is an active participant in the WTO Agreement on Government Procurement (GPA) negotiations and strives for an ambitious outcome in terms of both market access and transparency. Going forward, Canada is hopeful for a successful conclusion to the GPA negotiations. In 2008, the Government of Canada procured approximately \$16 billion Canadian dollars in goods, services and construction services.

105. Since 2007, Canada has negotiated a number of Government Procurement Chapters in new Free Trade Agreements, including those with Peru, Panama and Columbia. The Government Procurement Chapter negotiated with Chile concluded in 2006 and came into force in 2008. In February 2010, Canada concluded the Canada-U.S. Agreement on Government Procurement, which for the first time includes commitments at the sub-federal level. Specifically, Canada now includes entities from two territories and all ten provinces under its GPA commitments with respect to goods, services and suppliers from the U.S. This coverage has been offered to other GPA parties subject to negotiation of mutually acceptable commitments.

(d) Cabinet Directive on Streamlining Regulation

106. Regulation is an important tool for protecting the health and safety of Canadians, preserving the environment and securing the conditions for an innovative and prosperous economy. The Government of Canada's key policy governing regulation is the Cabinet Directive on Streamlining Regulation (CDSR) that came into effect on April 1, 2007. The CDSR introduces several key improvements, including a more comprehensive management approach with specific requirements for the development, implementation, evaluation and review of regulations. The CDSR applies to federal departments and agencies with regulatory authority, and includes principles and processes for the adoption and recognition of international standards.

107. The objective of the Cabinet Directive is to ensure the greatest net benefit for Canadians and is advanced largely through the development and publication of the Regulatory Impact Analysis Statement (RIAS) and through consultations with stakeholders. The RIAS fosters a more effective and efficient regulatory system by clearly demonstrating the impacts of regulation on the environment, and the health, safety, security, and social and economic well-being of Canadians. Furthermore, the RIAS considers issues relating to the impacts of a regulation on competitiveness, consumers, administrative burden and trade.

(e) Science-based Approach in Agriculture

108. As an importer and exporter of agricultural products, Canada is an advocate for a transparent, science-based approach to international rules and standards. This is the basis for Canadian participation in multilateral fora, such as the WTO, and the cornerstone of the Canadian domestic regulatory approach.

109. Canada supports the development and use of science-based measures to help protect human, animal or plant life or health, to advance global food security objectives and to increase predictability in international trade flows. Ensuring consumer protection and avoiding unnecessary barriers to international trade through science-based approaches promotes continued advancement in innovative agricultural technologies.

(f) Growing Forward Agricultural Policy Framework

110. In 2003, the federal, provincial, and territorial governments implemented the Agricultural Policy Framework (APF) to position Canada as the world leader in food safety and quality, innovation and environmentally responsible agriculture production. In 2008, the Growing Forward (GF) policy framework replaced the APF, building on APF successes with a vision for a profitable, innovative, competitive, market-oriented agriculture, agri-food and agri-based products industry.

111. GF is funded by the federal and provincial/territorial governments on a 60:40 basis. The framework provides significant flexibility for provinces and territories to design and deliver programs that address local priorities while supporting shared national outcomes.

112. As most GF programming expires on March 31, 2013, work is currently underway to develop Growing Forward 2 (GF2). GF2 will continue to focus on policy areas which will provide the sector the greatest opportunity to derive more of its income from the market while being resilient and able to adapt to challenges.

(g) Canada's Intellectual Property Regime – Notifications since 2007

Amendments to Canada's "Proceeds of Crime" Regime

113. On March 25, 2010, amendments were made to the Criminal Code's confiscation of "proceeds of crime" regime to allow Canadian enforcement authorities to seize assets obtained through large scale copyright infringement, in order to improve the enforcement of copyright and to contribute to deterring large scale copyright piracy in Canada. Offences under the *Copyright Act* were previously excluded by regulation from the ambit of this regime.

Bill C-59: Amendments to the Criminal Code

114. In June 2007, Bill C-59 was enacted whereby the Criminal Code was amended to outlaw the unauthorized recording of movies in movie theatres. These amendments are intended to deter the supply of pirated movies available for distribution as the illicit copying of movies is an activity that contributes to the illegal dissemination of films around the world. They ensure that any police force in Canada has the jurisdiction to enforce it in order to respond quickly and efficiently to the unauthorized recording of films.

Bill C-47: the Olympic and Paralympic Marks Act

115. This legislation provided special, time-limited intellectual property protection for Olympic and Paralympic words and symbols in the lead up to and during the Vancouver 2010 Winter Games. The *Olympic and Paralympic Marks Act* strengthened the exclusive rights of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) over these words and symbols and improved its ability to negotiate sponsorship agreements with businesses interested in associating themselves with the 2010 Winter Games.

Patented Medicines (Notice of Compliance) Regulations: June 2008 and November 2010 Amendments

116. The *Patented Medicines (Notice of Compliance) (PM(NOC)) Regulations* help to balance the effective patent enforcement over new and innovative drugs with the timely entry of their lower priced generic competitors. The *PM(NOC) Regulations* came into force in March 1993 and were subsequently amended in 1998, 1999, 2006, 2008 and 2010.

117. The purpose of the June 2008 amendments was to reinforce the predictability, stability and competitiveness of Canada's intellectual property regime for pharmaceuticals by reaffirming and clarifying that patents eligible for protection under the *PM(NOC) Regulations* as they were prior to October 5, 2006 ("grandfathered" patents) remain so until expiry. Further amendments to the *PM(NOC) Regulations* were made in November 2010 to better align the French and English versions of certain provisions, and also to clarify the language of the "consent" time extension provisions.

Canada's Access to Medicines Regime: 2007 Statutory Review

118. Canada's Access to Medicines Regime (CAMR) implements the August 30, 2003 decision of the General Council of the WTO. CAMR's implementing legislation amended the *Patent Act* to enable a Canadian pharmaceutical manufacturer to apply to Canada's Commissioner of Patents for a compulsory license to export a lower cost, generic version of a patented pharmaceutical product to a developing or least-developed country unable to manufacture its own. It also amended the *Food and Drugs Act* to require that pharmaceutical products exported under CAMR be reviewed by Health Canada according to the same safety, efficacy and quality standards as those destined for the Canadian market.

119. In November 2006, the Government initiated a statutorily-mandated review of the amending legislation establishing CAMR, with the release of a consultation paper seeking public input on key aspects of CAMR. In April 2007, the House of Commons Standing Committee on Industry, Science and Technology undertook a parallel study of CAMR's operational provisions. That same month, a developing countries workshop on CAMR was organized by non-governmental organizations. The Government completed its review of all of the information which came to light through these multiple sources in May 2007, the results of which are set forth in a report titled "Report on the Statutory Review of Sections 21.01 to 21.09 of the *Patent Act*."

120. At the time of the Governmental review in 2007, CAMR had not yet been used. The review concluded that insufficient time had passed and insufficient evidence had accumulated since the coming into force of CAMR to warrant legislative changes to the regime, and that the Government should focus on non-legislative measures to improve access to medicines in the developing world, until a more definitive assessment could be made. CAMR has since been used once: in 2008-2009, Apotex, Inc. used the regime to manufacture and export two shipments of a patented antiretroviral medication to Rwanda.

Bill C-32: Copyright Modernization Act - 2010-11

121. On June 2, 2010, the Government of Canada introduced Bill C-32, the *Copyright Modernization Act*. This legislation: provides legal protection for businesses that choose to use technological protection measures or "digital locks", to protect their intellectual property as part of their business models; implements the rights and protections of the World Intellectual Property Organization Internet Treaties, which brings Canada in line with international standards; gives copyright owners the tools they need to combat piracy; clarifies the roles and responsibilities of ISPs and search engines; promotes creativity and new methods of teaching in the classroom by providing greatly expanded exceptions for education; encourages innovation in the private sector through exceptions for technical computer processes; and gives consumers the ability to, among other things, record their favourite TV shows to watch at a convenient time using the technology of their choice, put music from a CD on their MP3 player, or create a mash-up and post it on a social media website.

122. Bill C-32 passed Second Reading in the House of Commons on November 5, 2010 and at the time of writing it was being reviewed by a legislative committee.

III. CONSULTATIONS AND TRANSPARENCY

123. Canada values highly the involvement of its diverse citizenry in the development, design, and evaluation of public policies and services as they relate to international commerce. This involvement is facilitated through formal and informal consultation and citizen outreach processes and mechanisms that are transparent, accessible and accountable. More precisely, Canadians play an important role in

identifying options and priorities in the development and review of Canada's international commerce policies, programs and services. Working within and across all levels of government, Canada continues its broad based approach to eliciting the views of the general public and stakeholders from the business, industry and academic research communities, as well as interested citizen-based organizations and public interest groups.

124. Canada has a long-standing practice of federal-provincial consultation with regard to international trade. The Government of Canada remains committed to an open and collaborative approach to international trade negotiations. DFAIT manages a series of formal consultation mechanisms with provinces and territories on international trade issues at the senior official, deputy ministerial, and ministerial levels. This approach promotes information-sharing and open dialogue and ensures that Canadian positions are informed by provincial and territorial views regarding trade in goods, services, investment, government procurement and intellectual property. Provincial and territorial officials were invited to join as members of official governmental delegations to successive WTO meetings of ministers in 2008-2009. An extensive program of briefings was developed by DFAIT for provincial and territorial officials on-site to keep them informed and engaged in the negotiations. The Canadian federal government closely consults provincial and territorial governments on negotiations in certain areas wholly or partially under their jurisdiction.

125. On the management of WTO trade disputes, the federal government seeks the participation of appropriate provinces and territories when Canada must respond to a dispute involving provincial programs or measures. Representatives of provinces and territories are then invited to participate in proceedings as subject matter experts on the Canadian delegation, which is headed by an official of the Government of Canada. When Canada challenges another country's measure or program, provinces and territories are kept closely informed.

126. Canada works with provinces and territories to address municipal and community-based questions regarding Canada's trade agreements and negotiations (e.g., services, government procurement and investment). DFAIT co-chairs a Joint Working Group with the Federation of Canadian Municipalities which provides a useful forum for exchange and dialogue with federal negotiators and allows for municipal perspectives and concerns to be factored into the international trade policy formulation process.

127. Canada also attaches great importance to the role of parliamentarians in developing Canada's trade agenda. The work of parliamentary committees serves as the key instrument for parliamentarians to contribute to the development of Canada's trade strategy. Further, the Government tables international treaties, including free trade agreements, in the House of Commons for a period of 21 sitting days before taking steps to bring these treaties into force. This new process allows further parliamentary debate and review of Canada's international agreements. DFAIT supported specific initiatives to enhance parliamentary engagement in international trade. It has also collaborated with international parliamentary organizations and the WTO to help organize a number of trade workshops and outreach events for parliamentarians on the WTO, the Doha Round and regional and bilateral trade agreements.

128. Canada is committed to a consultative framework that engages non-governmental stakeholders. At the forefront is the Minister of International Trade's Small and Medium-sized Enterprises (SME) Advisory Board which meets with the Minister semi annually to provide strategic private sector advice on key international commerce questions and issues affecting SMEs. These meetings provide an opportunity to hear about the challenges that affect the ability of Canadian companies to do international business as well as to provide input on international business development strategies. Ad-hoc consultations are also held to address specific issues that arise.

129. Senior Government of Canada officials also meet with the public on a regular basis. Through various sector advisory boards, senior business leaders provide tactical input on policy and program developments, and provide strategic advice on aligning government programs and services to industry needs. Non-governmental organizations and academics are consulted on specific issues.

130. While DFAIT plays a key role in managing domestic consultations on Canada's overall trade policy agenda and objectives at the WTO, other federal departments also play an important role in leading consultations in specific areas. The Department of Agriculture and Agri-Food Canada (AAFC) is committed to close intergovernmental collaboration and broad stakeholder engagement on issues impacting the agricultural and agri-food sector. The involvement of provincial and territorial governments, at both the political and official level, ensures the policy development process is transparent and open. Regular engagement with industry representatives provides an opportunity for sectoral interests to have their views heard, thereby actively contributing to the process.

131. AAFC also manages a series of formal consultation mechanisms with provinces and territories on agriculture and agri-food issues at the senior official, deputy, and ministerial levels. These federal-provincial-territorial meetings provide a venue for dialogue on concurrent issues, promote consistency and support for national and international programming initiatives, and demonstrate the unique nature of regional agri-economies.

132. In 2008, federal, provincial and territorial governments implemented the Growing Forward Agreement (GF) to better position the sector to achieve long-term profitability. The development of the next framework, GF2, reflects the collaboration between Canada and its provincial and territorial partners. The consultative framework for GF2 is also designed to promote inclusion and transparency by providing opportunities for a broad range of public and industry participation in the policy development process. This approach will contribute to clear and consistent communications across federal, provincial and territorial governments on the development of GF2 and will provide Canadians and value chain stakeholders with the opportunity to provide input into the GF2 development process.

133. In the spring of 2010, federal, provincial and territorial governments held a series of national and regional engagement sessions with industry stakeholders. Over 400 farm leaders and other key value chain stakeholders engaged with federal, provincial and territorial governments on the long-term challenges and opportunities facing the sector. Following these meetings, federal, provincial and territorial governments had further discussions on the parameters for an analytical policy framework which would encompass both national and provincial areas of policy concern, leading to the development of the GF2 framework.

134. Building on this momentum, federal, provincial and territorial governments will host a series of cross country meetings in the spring of 2011, with national organizations; young farmers and innovative producers and processors; and regional associations. Online submissions will also be accepted to ensure all Canadians have an opportunity to contribute to the policy development process. The final phase of industry engagement on program options is tentatively scheduled for winter 2012.

IV. TRADE AND DEVELOPMENT

135. At a time when as many as 2.6 billion people worldwide are living on less than \$2 a day, available evidence demonstrates that sustainable economic growth is critical to reducing poverty. For developing countries to reduce significantly the number of people living in poverty, they must stimulate long-term, sustainable economic growth. Canada's approach to trade and development rests on the fundamental economic principle that open trade and liberalisation contribute positively to economic growth and development.

136. Canada also recognizes that the achievement of significant political, economic, social, and environmental progress in the developing world will have a positive impact on prosperity and long-term security, sustain a reduction in poverty for billions of people and contribute to a better and safer world. This is because dynamic, growing economies create jobs and higher incomes, and become markets for Canadian goods and services. To date countries in Asia, Africa, and Latin America have shown repeatedly that growing the economy is the best way to help people permanently lift themselves out of poverty.

137. Economic growth, in turn, generates the financial resources that governments of developing countries need to invest in the well-being of their citizens. When governments create the right economic conditions, they can spur investment and innovation, and stimulate trade. They can produce a fair, open and equitable marketplace in which the enterprises that drive the economy can grow and succeed and in which the people behind these governments can prosper.

138. Canada's own experience of sustainable economic growth underscores the importance of open trade and free markets governed by prudent policy and sound regulation. The Government of Canada's Sustainable Economic Growth Strategy, with its emphasis on building economic foundations, growing businesses, and investing in people, aims for concrete results that will make a significant and sustainable difference in reducing global poverty.

V. TRADE AND ENVIRONMENT

139. Canada is committed to work towards ensuring that trade and environmental protection objectives and policies are mutually supportive, including in the context of multilateral, regional and bilateral dialogue, cooperation, engagement, negotiations and agreements. The Government continues to believe that liberalized trade and environmental protection are important components of sustainable development and that they should be fully integrated into the policy-making process.

140. In the current round of trade negotiations at the WTO, Canada continues to work with other members towards the reduction and, as appropriate, elimination of tariff and non-tariff barriers on trade in environmental goods, as well as the liberalisation of environmental services. Canada also supports policy coherence in the area of trade and environment through the promotion of domestic coordination among trade and environmental experts, and regular information exchange between the WTO Committees and multilateral environmental agreements Secretariats.

141. Canada's approach for the incorporation of environmental considerations in bilateral and regional free trade negotiations continues to evolve. Canada's focus is to ensure that the parties will maintain high levels of environmental protection and effectively enforce their environment laws. Canada's model also aims at strengthening the capacity, the integrity and the transparency of national environmental systems, promoting sustainable development and the protection of a party's right to regulate in the public interest, and providing opportunity to engage strategically on key environmental issues.

VI. TRADE AND LABOUR

142. Canada addresses the labour dimensions of economic integration and the promotion of respect for fundamental labour principles and rights through the negotiation and implementation of Labour Cooperation Agreements (LCAs) with its free trade partners. To date, Canada is signatory to the North American Agreement on Labour Cooperation with the U.S. and Mexico, the Canada-Chile Agreement on Labour Cooperation, the Canada-Costa Rica Agreement on Labour Cooperation and the Canada-Peru Agreement on Labour Cooperation. In addition, similar agreements have been signed with Panama, Jordan and Colombia, but are not yet in force. LCAs negotiated in tandem with Free Trade Agreements, seek to improve working conditions and living standards in the signatory countries, and to protect and enhance basic workers' rights. The negotiation of labour cooperation agreements is an element of negotiations underway.

143. Canada's perspective on policy coherence in the area of trade, employment and labour is also demonstrated through support for multilateral processes. Since the 2001 Summit of the Americas, Canada has championed the promotion of core labour standards and better working conditions, as well as improvement of the institutional capacity of labour ministries in the hemisphere through the Inter-American Conference of Ministers of Labour which operates under the Organization of American States. Canada also supports the work of the International Labour Organization, including the promotion and realization of the Decent Work Agenda.

144. The Government of Canada's International Trade and Labour Program provides the Labour Program with the flexibility to support labour capacity-building activities in countries that usually, but not necessarily, have negotiated or are negotiating labour cooperation agreements with Canada. The yearly budget for this program is \$1.9 million. In addition, the Labour Program manages the International Program for Professional Labour Administration (IPPLA) which is a three-year, \$9 million project, jointly financed by CIDA and the Labour Program. Since 2009, under IPPLA, the Labour Program draws upon its network of partners in Canada and overseas to develop and implement projects for building capacity and strengthening governance in the labour area, mainly in countries in the Andean, Central American and Caribbean regions. Under IPPLA, the Labour Program also manages a \$675,000 Responsive Fund that builds upon the Labour Program's lengthy history of sharing best practices and expertise and that responds to modest proposals from Labour Ministries, other government agencies, and social partners involved in labour administration.

VII. CONCLUSION

145. Canada is a trading country, and international commerce is the lifeblood of its economy. Increased exposure to international competition has energized the Canadian economy, spurred innovation, attracted foreign investment and created hundreds of thousands of jobs for Canadians. Canada's current and future prosperity depends on an international framework of rules that provides access to growing world markets and keeps pace with changes in technology and business practices. Such rules also contribute to maintaining Canada's high standard of living.

146. When faced with the global economic downturn that originated beyond Canadian borders, Canada was well positioned to weather the economic storm. As the global recovery remains very fragile, Canada recognizes the need to continue keeping its markets open and to take concrete measures to actively promote the liberalization of trade and investment by reducing national barriers and preventing new protectionist measures.

147. Canada is a great beneficiary of an open, transparent and rules-based multilateral trading system. Freer trade is a fundamental contributor to Canada's productivity, growth and prosperity, and ensures Canada's competitiveness in global markets. Canada's openness to trade and commitment to reducing barriers, evidenced through unilateral tariff reduction as well as the negotiation of bilateral, regional, and multilateral trade agreements, remains the strong foundation upon which Canadian trade policy is developed and implemented.

ANNEX 1**CANADA'S
SUBMISSIONS TO THE WTO IN SUPPORT
OF THE DOHA DEVELOPMENT AGENDA
2007-February 2011
(WTO Document Symbol in Parentheses)****Committee on Agriculture, Special Session**

- Elements of Special Product Modalities – Communication from Australia, Canada, Costa Rica, Malaysia, New Zealand, Paraguay, Thailand, United States and Uruguay (JOB(08)/24)
- A Potential Methodology to Determine In-Quota Ad Valorem Tariff Equivalents (AVEs) – Communication from Canada (JOB(09)/141)
- Analysis of the Volume-Based Special Safeguard Mechanism (SSM) – Implications for the Architecture of the SSM – Communication by Australia and Canada (JOB/AG/10)

Council on Trade in Services, Special Session

- Understanding on the scope of coverage of CPC 84 – Computer and Related Services – Committee on Specific Commitments – Communication from Albania, Australia, Canada, Chile, Colombia, Croatia, the European Communities, Hong Kong, China, Japan, Mexico, Norway, Peru, The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Turkey and the United States (S/CSC/W/51; TN/S/W/60)
- Review of Progress in Financial Services – Communication from Canada (JOB(07)/203)
- Review of Progress in Architectural, Engineering and Integrated Engineering Services – Communication from Canada (JOB(07)/204)

Negotiating Group on Market Access

- Reducing Non-Tariff Barriers to Trade related to Labelling of Textiles, Apparel, Footwear, and Travel Goods – Canada Responses to US Questionnaire (JOB/07/36)
- Trade Liberalization of Fish and Fish Products – Communication from Canada, Iceland, Norway, New Zealand, Panama, Singapore and Thailand – Addendum (TN/MA/W/63 Add.2)
- Non Tariff Barriers - Proposal on Procedures for the Facilitation of Solutions to NTBs – Communication from the African Group, Canada, European Communities, LDC Group, NAMA-11 Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland (TN/MA/W/88)
- Ministerial Decision on Procedures for the Facilitation of Solutions to Non-Tariff Barriers – Communication from the European Communities on behalf of the African Group, Canada, European Communities, LDC Group, NAMA-11 Group of Developing Countries¹, New Zealand, Norway, Pakistan and Switzerland (JOB(07)/194)
- Joint paper on Revised Draft Modalities for Non Agricultural Market Access (NAMA) – Communication from Canada, the European Communities, New Zealand, Norway, Switzerland and the United States (TN/MA/W/95)
- Sectoral Negotiations in Non-Agricultural Market Access (NAMA) – Communication from Canada; European Communities; Hong Kong, China; Iceland; Japan; Korea; New Zealand; Norway; Oman; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand; the United Arab Emirates; and the United States (TN/MA/W/97)

- Sectoral Negotiations in Non-Agricultural Market Access (NAMA) – Communication from Canada; European Communities; Hong Kong, China; Iceland; Japan; Korea; New Zealand; Norway; Oman; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand; the United Arab Emirates; and the United States - Revision (TN/MA/W/97 Rev.1)
- Tariff Elimination in the Gems and Jewellery Sector – Communication from Hong Kong, China; Japan, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand and the United States – Addendum (TN/MA/W/61 Add.3)
- Negotiating Proposal on Tariff Liberalisation in the Forest Products Sector – Communication from Canada; Hong Kong, China; New Zealand; Singapore; Switzerland; Thailand and the United States – Addendum (TN/MA/W/75 Add.1); (previously circulated as JOB(06)128)
- Negotiating Proposal on Tariff Liberalisation in the Forest Products Sector – Communication from Canada; Hong Kong, China; New Zealand; Singapore; Switzerland; Thailand and the United States – Revision (TN/MA/W/75 Add.1 Rev.1); (previously circulated as JOB(06)128)
- Liberalisation of Trade in Fish and Fish Products – Communication from Canada; Hong Kong, China; Iceland; New Zealand; Norway; Oman; Singapore; Thailand and Uruguay – Addendum (TN/MA/W/63 Add.3)
- Ministerial Decision on Procedures for the facilitation of solutions to Non-Tariff Barriers – Communication from the African Group, Canada, European Union, LDC Group, NAMA-11, Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland (TN/MA/W/106)
- A proposal to amend language in the NAMA text related to sectoral initiatives – Communication from Canada, Chinese Taipei, the European Communities, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Thailand, and the United States (JOB(08)/70)
- Proposed language to replace paragraphs 7(g) and (h) of document TN/MA/W/103/Rev.1 – Communication from Canada, the European Communities, Japan, Switzerland and the United States (JOB(08)/68)
- DRAFT Modalities for the Liberalisation of Tariffs in the Gems and Jewellery Sector – Communication from Canada; Chinese Taipei; the European Communities; Hong Kong, China; Japan; Norway; Singapore; Switzerland; Thailand and the United States (JOB(08)/64)
- DRAFT Modalities for the Liberalisation of Tariffs in the Forest Products Sector – Communication from Canada; Hong Kong, China; New Zealand; Singapore; Switzerland; Thailand; and the United States (JOB(08)/63)
- DRAFT Modalities for the Liberalisation of Tariffs on Fish and Fish Products – Communication from Canada; Hong Kong, China; Iceland; New Zealand; Norway; Oman; Singapore; Thailand; and Uruguay (JOB(08)/62)
- DRAFT Modalities for the Liberalization of Tariffs in the Chemicals Sector – Communication from Canada, Chinese Taipei, the European Communities, Japan, Norway, Singapore, Switzerland and the United States (JOB(08)/61)
- DRAFT Modalities for the Liberalisation of Tariffs in the Industrial Machinery Sector – Communication from Canada, Chinese Taipei, the European Communities, Japan, Norway, Singapore, Switzerland and the United States (JOB(08)/60)
- Questions on the Non-Tariff Barrier (NTB) Proposals – Communication from Canada (JOB(09)/31)
- Questions on the Non-Tariff Barrier (NTB) Proposals - Communication from Canada – Corrigendum (JOB(09)/31 Corr.1)

- Answers by the co-sponsors to Questions raised during Chair's NTB session of 19.03.2009 regarding the proposed "Ministerial Decision on procedures for the facilitation of solutions to non-tariff barriers" – Communication from the co-sponsors (African Group, Canada, European Communities, LDC Group, NAMA-11, Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland) – Revision (TN/MA/W/110 Rev.1)
- Answers by the co-sponsors to Questions raised during Chair's NTB session of 19.03.2009 regarding the proposed "Ministerial Decision on procedures for the facilitation of solutions to non-tariff barriers" – Communication from the co-sponsors (African Group, Canada, European Communities, LDC Group, NAMA-11, Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland) (TN/MA/W/110)
- Answers by the co-sponsors to Questions raised during Chair's NTB session of 19.03.2009 regarding the proposed "Ministerial Decision on procedures for the facilitation of solutions to non-tariff barriers" – Communication from the co-sponsors (African Group, Canada, European Communities, LDC Group, NAMA-11, Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland) – Corrigendum (TN/MA/W/110 Corr.1)
- DRAFT Modalities for the Liberalisation of Tariffs in the Gems and Jewellery Sector – Communication from Canada; Chinese Taipei; the European Communities; Hong Kong, China; Japan; Norway; Singapore; Switzerland; Thailand and the United States – Addendum (JOB(08)/64 Add.1)
- DRAFT Modalities for the Liberalisation of Tariffs in the Forest Products Sector - Communication from Canada; Hong Kong, China; New Zealand; Singapore; Switzerland; Thailand; Ukraine and the United States – Addendum (JOB(08)/63 Add.1)
- Ministerial Decision on Procedures for the facilitation of solutions to Non-Tariff Barriers
- Communication from the African Group, Canada, European Union, LDC Group, NAMA-11, Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland – Revision (TN/MA/W/106 Rev.1)
- Canada's Questions on the Chemical Proposal from the EU – Communication from Canada (JOB/MA/21)
- Canada's Questions on the Chemical Proposal from Argentina and Brazil - Communication from Canada (JOB/MA/20)
- Understanding on Non-Tariff Barriers Pertaining to Standards, Technical Regulations, and Conformity Assessment Procedures for Automotive Products - Communication from Canada and the United States (TN/MA/W/139)
- Co-Sponsors' Answers to questions from Japan on U.S.-Canada "Understanding on Non-Tariff Barriers Pertaining to Standards, Technical Regulations, and Conformity Assessment Procedures for Automotive Products Proposed by Canada and the United States" – Communication from the co-sponsors (Canada and United States) (JOB/MA/64)
- Co-Sponsors' Answers to African Group Questions on the "Agreement on non-tariff barriers pertaining to standards, technical regulations, and conformity assessment procedures for automotive products" (United States-JOB(08)/46) – Communication from the co-sponsors (Canada and United States) (JOB/MA/63)
- Responses by the Co-Sponsors to the Questions raised by the United States on the "Ministerial Decision on Procedures for the Facilitation of Solutions to Non-Tariff Barriers (TN/MA/W/106/Rev.1)" – Communication from the African Group, Canada, European Union, LDC Group, NAMA-11 Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland (JOB/MA/67)
- Responses by the Co-Sponsors to the Questions raised by the Kingdom of Saudi Arabia on the "Ministerial Decision on Procedures for the Facilitation of Solutions to Non-Tariff Barriers (TN/MA/W/106/Rev.1)" – Communication from the African Group, Canada,

- European Union, LDC Group, NAMA-11 Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland (JOB/MA/66)
- Responses by the Co-Sponsors to the Questions/Comments by Israel on the "Ministerial Decision on Procedures for the Facilitation of Solutions to Non-Tariff Barriers (TN/MA/W/106/Rev.1)" – Communication from the African Group, Canada, European Union, LDC Group, NAMA-11 Group of Developing Countries, New Zealand, Norway, Pakistan and Switzerland (JOB/MA/69)
- DRAFT Modalities for the Liberalization of Tariffs in the Chemicals Sector – Communication from Canada, the European Communities, Japan, Norway, Singapore, Switzerland, Chinese Taipei and the United States – Addendum (JOB(08)/61 Add.1)

Negotiating Group on Rules

- Fisheries Subsidies Article II *De Minimis* Exemption – Communication from Canada (TN/RL/GEN/156)
- Fisheries Subsidies Article II *De Minimis* Exemption – Communication from Canada – Revision (TN/RL/GEN/156 Rev.1)

Dispute Settlement Body, Special Session

- Textual Contribution to the Negotiations on Improvements and Clarifications of The Dispute Settlement Understanding – Non-Paper presented by Argentina, Brazil, Canada, India, New Zealand and Norway – Revision (JOB(04)/52 Rev.1)

Trade Facilitation

- Draft Text on Separation of Release from Clearance - Communication from Canada and Switzerland – Revision (TN/TF/W/136 Rev.1)
- Customs Co-operation – Communication from Canada (TN/TF/W/154)
- Draft Text on Advance Rulings – Communication from Australia, Canada, Turkey and the United States (TN/TF/W/153)
- Draft Text on Border Agency Coordination – Communication from Canada and Norway – Revision (TN/TF/W/128 Rev.1)
- Draft Text on Separation of Release from Clearance – Communication from Canada and Switzerland – Revision (TN/TF/W/136 Rev.2)
- Draft Text on Border Agency Coordination – Communication from Canada and Norway – Revision (TN/TF/W/128 Rev.2)
- Draft Text on Advance Rulings – Communication from Australia, Canada, Turkey and the United States - Revision (TN/TF/W/153 Rev.1)

Committee on Trade and Environment, Regular and Special Session

- Continued Work under Paragraph 31(ii) of the Doha Ministerial Declaration - Non-Paper by Canada (JOB(07)/38)
- Continued Work under Paragraph 31 (iii) of the Doha Ministerial Declaration - Non-Paper by Canada, the European Communities, Japan, Korea, New Zealand, Norway, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Switzerland, and the United States of America (JOB(07)/54)
- Continued Work under Paragraph 31(ii) of the Doha Ministerial Declaration - Submission from Canada and New Zealand (TN/TE/W/71)

- Communication under Paragraph 31 (iii) of the Doha Ministerial Declaration – Non-Paper by Canada, the European Communities, Japan, Korea, New Zealand, Norway, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Switzerland, and the United States (JOB(09)/132)

Council on TRIPS, Regular & Special Session

- Notification under Paragraph 2(c) of the Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health – Canada (IP/N/10/CAN/1)
- Report on the Implementation of Article 66.2 of the TRIPS Agreement – Canada – Addendum (IP/C/W/497 Add.6)
- Technical Co-operation Activities: Information from Members – Canada – Addendum (IP/C/W/496 Add.6)
- Council for Trade-Related Aspects of Intellectual Property Rights - Review of Legislation – Questions posed by Canada (IP/C/W/512)
- Proposed Draft TRIPS Council Decision on the Establishment of a Multilateral System of Notification and Registration of Geographical Indication for Wines and Spirits – Submission by Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Korea, Mexico, New Zealand, Nicaragua, Paraguay, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu and the United States – Revision (TN/IP/W/10 Rev.1)
- Proposed Draft TRIPS Council Decision on the Establishment of a Multilateral System of Notification and Registration of Geographical Indications for Wines and Spirits – Revision (TN/IP/W/10 Rev.2)
- Transitional Review Mechanism of China – Communication from Canada (IP/C/W/524)
- Review under Paragraph 8 of the Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health – Canada (IP/C/W/526)
- Report on the Implementation of Article 66.2 of the TRIPS Agreement – Canada – Addendum (IP/C/W/519 Add.5)
- Technical Cooperation Activities: Information from Members – Canada – Addendum (IP/C/W/517 Add.5)
- Review of Legislation – Questions posed by Canada (IP/C/W/527)
- Technical Cooperation Activities: Information from Members – Canada – Addendum (IP/C/W/539 Add.5)
- Report on the Implementation of Article 66.2 of the TRIPS Agreement – Canada – Addendum (IP/C/W/551 Add.6)
- Technical cooperation activities – Information from Members – Canada – Addendum (IP/C/W/550 Add.6)