



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## Canada Requests Consultations Over U.S. Trade Remedy Measures

Canada filed a complaint over U.S.'s "certain systemic trade remedies measures" and by doing so formally initiates a dispute with the World Trade Organization (WTO). The request for consultations, which was circulated to the full Membership on January 10, 2018, was in fact communicated to the U.S. and the WTO's Dispute Settlement Body on December 20, 2017.

In the 32-page long document, Canada claimed that the U.S. maintains "measures relating to anti-dumping or countervailing duty investigations, reviews or other proceedings, which are inconsistent with its WTO obligations."

Sources familiar with the case said Canada has grown frustrated with the U.S.'s approach to trade remedies, including the methodology used in several cases against Canada including recent investigations on super calendar paper or cases such as softwood lumber, aircraft, and uncoated ground wood.

A Canadian source said Ottawa launched the case against several U.S.'s trade remedy practices because it believes they are not WTO-compliant and artificially inflate duties applied to Canadian products.

Trade remedy measures are considered by many as one of the Trump Administration's top priorities. Canada's decision to challenge U.S. practices has therefore surprised many observers who considered the move as either "very courageous" or as stated by U.S. Trade Representative Robert Lighthizer, "ill-advised". Lighthizer reacted very strongly to the complaint placed by Canada. In a statement issued on January 10, the USTR described Canada's latest request for consultation as "a broad and ill-advised attack on the U.S. trade remedies system."

"U.S. trade remedies ensure that trade is fair by counteracting dumping or subsidies that are injuring U.S. workers, farmers, and manufacturers. Canada's claims are unfounded and could only lower U.S. confidence that Canada is committed to mutually beneficial trade," Lighthizer stressed, adding that by doing so, Canada was "acting against its own workers' and businesses' interests" as other countries such as China would be the primary beneficiaries of the case."

"For example, if the U.S. removed the orders listed in Canada's complaint, the flood of imports from China and other countries would negatively impact billions of dollars in Canadian exports to the United States, including nearly \$9 billion in exports of steel and aluminum products and more than \$2.5 billion in exports of wood and paper products," Lighthizer illustrated, adding that "Canada's claims threaten the ability of all countries to defend their workers against unfair trade. Canada's complaint is bad for Canada."

The request for consultations officially launch a 60-day consultations between the U.S. and Canada to discuss the matter and hopefully reach a mutually satisfactory outcome. Past this period, Canada may request a panel to resolve the issue.

### CTPP Process – Chief Negotiators to Meet in Japan in January

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) chief negotiators are expected to hold their first meeting at the end of January in Japan. The agenda has not yet been determined, but the plan, according to one informed source, is to try to persuade Canada to agree early on the remaining four issues.

The Abe government in Japan, and other CPTPP countries like Australia and Chile, want to sign the agreement before Mexico holds its presidential election and the new Chilean administration comes to power in March. Chile has offered to host a CPTPP signing ceremony late February/early March, the source said.

Early this year, Japanese Economy Minister, Toshimitsu Motegi, met with his Vietnamese counterpart Minister of Finance, Dinh Tien Dung, to discuss the latter's concern on labour provisions, which Vietnam wants to suspend (and Mexico wants to see implemented). Motegi is trying to bridge the differences between those two nations and traveled to Mexico last week to meet his counterpart there, the source added.

The source added that Japan is ready to accept suspending the provisions requested by both Malaysia and Brunei, which would leave Canada as the only remaining question mark. If Ottawa refuses to sign the deal by March, Tokyo and others will consider signing the CPTPP deal without Canada, the source added.

After the signing ceremony, each country's parliament will then have to ratify the agreement and the accord will take effect 60 days after six of the participating countries complete their domestic procedure. Japan, the source added, intends to submit a draft agreement to the Diet (Japanese parliament) in 2018, with the objective to see the accord entering into force as early as 2019.

**Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.**

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Legal Deposit: National Library of Canada, ISSN 1496-9254

