

**CANADA – EXPORT CREDITS AND LOAN GUARANTEES
FOR REGIONAL AIRCRAFT**

Recourse by Brazil to Article 4.10 of the Agreement on Subsidies
and Countervailing Measures and Article 22.2 of the Understanding
on Rules and Procedures Governing the Settlement of Disputes

The following communication, dated 23 May 2002, from the Permanent Mission of Brazil to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 4.10 of the SCM Agreement and Article 22.2 of the DSU.

The Panel in the dispute *Canada – Export Credits and Loan Guarantees for Regional Aircraft* found that a number of transactions concerning Canadian exports of regional aircraft were inconsistent with Article 3.1(a) of the Agreement on Subsidies and Countervailing Measures (the "SCM Agreement"). The report of that Panel (WT/DS222/R) was adopted by the Dispute Settlement Body (the "DSB") on 19 February 2002. The corresponding DSB recommendations established that Canada had to withdraw the identified prohibited subsidies "without delay". The DSB also determined that such withdrawal had to take place within 90 days.

In the DSB meeting held on 8 March 2002, in the agenda item "Canada - Export Credits and Loan Guarantees for Regional Aircraft, (a) Implementation of the recommendations of the DSB", the Canadian delegation merely indicated that Canada was "considering its options on how best to proceed with respect to this matter".

The 90-day period granted by the DSB for the withdrawal of the subsidies expired on 20 May 2002. In the DSB meeting held on 22 May 2002, Canada informed WTO Members that it had not taken action and would not be taking action with regard to any of the transactions found to be inconsistent with its obligations under the SCM Agreement.

Brazil therefore concludes that Canada has not followed the recommendation of the DSB within the time-period specified by the panel, as required by Article 4.10 of the SCM Agreement.

Accordingly, pursuant to Article 22.2(a) of the Understanding on Rules and Procedures Governing the Settlement of Disputes (the "DSU") and Article 4.10 of the SCM Agreement, Brazil hereby requests that the DSB, in its special meeting of 3 June 2002, grant Brazil authorization to take appropriate countermeasures in the amount of US\$ 3.36 billion.

Brazil intends to implement this authorization to take appropriate countermeasures in the form of some or all of the following:

- (1) suspension of the application of the obligation under paragraph 6(a) of Article VI of GATT 1994 to determine that the effect of subsidization under EDC Canada Account and EDC Corporate Account programmes is to cause or threaten material injury to an established domestic industry, or is to retard materially the establishment of a domestic industry;
- (2) suspension of the application of obligations under the Agreement on Import Licensing Procedures relative to licensing requirements on imports from Canada; and
- (3) suspension of tariff concessions and related obligations under the GATT 1994 concerning a list of products to be drawn from the list attached to this request.

HS Code	Description
010210	Pure bred breeding animals
020622	Livers
030541	Pacific salmon (<i>Oncorhynchus nerka</i> , <i>Oncorhynchus gorbuscha</i> , <i>Oncorhynchus keta</i> , <i>Oncorhynchus tshawytscha</i> , <i>Oncorhynchus kisutch</i> , <i>Oncorhynchus masou</i> and <i>Oncorhynchus rhodurus</i>), Atlantic salmon (<i>Salmo salar</i>) and Danube salmon (<i>Hucho hucho</i>)
030551	Cod (<i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i>)
030559	Shark fins
040110	Of a fat content, by weight, not exceeding 1 percent
040410	Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter:
040700	Birds' eggs, in shell, fresh, preserved or cooked
051110	Bovine semen
051199	Other:
070110	Seed
071021	Leguminous vegetables, shelled or unshelled: Peas (<i>Pisum sativum</i>):
071310	Dried leguminous vegetables, shelled, whether or not skinned or split: Peas (<i>Pisum sativum</i>):
071320	Chickpeas (<i>garbanzos</i>):
071333	Kidney beans, including white pea beans (<i>Phaseolus vulgaris</i>):
071340	Lentils:
100190	Other than durum wheat
100830	Canary seed
100890	Other cereals (including wild rice)
110710	Malt, not roasted
120750	Mustard seeds
121110	Licorice roots
130110	Lac
130219	Other:
130239	Other
151411	Crude oil
151419	Other
151590	Other:
151620	Vegetable fats and oils and their fractions:
160411	Salmon:
170219	Other
170220	Maple sugar and maple syrup:
170390	Other:
170410	Cane molasses:
170490	Other:
180631	Other, in blocks, slabs or bars: Filled
180690	Other:
190120	Mixes and doughs for the preparation of bakers' wares of heading 1905:
190531	Sweet biscuits
190532	Waffles and wafers
190540	Rusks, toasted bread and similar toasted products
190590	Other:
200410	Potatoes:

HS Code	Description
200490	Other vegetables and mixtures of vegetables:
200520	Potatoes
200799	Other:
200811	Peanuts (ground-nuts):
200819	Nuts, peanuts (ground-nuts) and other seeds, whether or not mixed together (con.): Other, including mixtures:
210210	Active yeasts
210310	Soy sauce
210330	Mustard flour and meal and prepared mustard:
210690	Other:
220210	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured
220300	Beer made from malt
220830	Whiskies:
230910	Dog or cat food, put up for retail sale
230990	Other:
250300	Sulfur of all kinds, other than sublimed sulfur, precipitated sulfur and colloidal sulfur
250510	Silica sands and quartz sands:
250700	Kaolin and other kaolinic clays, whether or not calcined
250810	Bentonite
250840	Other clays
251010	Natural calcium phosphates, natural aluminum calcium phosphates and phosphatic chalk: Unground
251110	Natural barium sulfate (barytes):
251990	Other:
252390	Other hydraulic cements
252400	Asbestos
252910	Feldspar
252930	Mineral substances not elsewhere specified or included:
253090	Other:
260300	Copper ores and concentrates
261690	Other
261790	Other
270112	Bituminous coal
270119	Other coal
270300	Peat (including peat litter), whether or not agglomerated
271129	Other
271290	Other:
280120	Iodine
280300	Carbon (carbon blacks and other forms of carbon not elsewhere specified or included)
280429	Other
280469	Other:
280511	Sodium
280512	Calcium
280519	Other:
281119	Other:
281121	Carbon dioxide
281122	Silicon dioxide:
281520	Potassium hydroxide (Caustic potash)

HS Code	Description
281700	Zinc oxide; zinc peroxide
281810	Artificial corundum, whether or not chemically defined:
281820	Aluminum oxide, other than artificial corundum
282200	Cobalt oxides and hydroxides; commercial cobalt oxides
282540	Nickel oxides and hydroxides
282612	Of aluminum
282630	Sodium hexafluoroaluminate (Synthetic cryolite)
282735	Of nickel
282751	Bromides of sodium or of potassium
282760	Iodides and iodide oxides:
282911	Of sodium
283220	Other sulfites
283324	Of nickel
283327	Of barium
283329	Other:
283429	Other:
283640	Potassium carbonates:
283650	Calcium carbonate
284019	Other
284020	Other borates
284290	Other
284329	Other
284440	Radioactive elements and isotopes and com-pounds other than those of subheadings 2844.10, 2844.20, and 2844.30; alloys, dispersions (including cermets), ceramic products and mixtures containing these elements, isotopes or compounds; radioactive residues
285100	Other inorganic compounds (including distilled or conductivity water and water of similar purity); liquid air (whether or not rare gases have been removed); compressed air; amalgams, other than amalgams of precious metals
290512	Propan-1-ol (Propyl alcohol) and propan-2-ol (Isopropyl alcohol)
292310	Choline and its salts
300220	Vaccines for human medicine
300410	Containing penicillin G salts
300450	Other medicaments containing vitamins or other products of heading 2936:
300450	Other medicaments containing vitamins or other products of heading 2936:
300490	Other:
310420	Potassium chloride
321519	Other
370239	Other
370790	Other:
390110	Polyethylene having a specific gravity of less than 0.94
400231	Isobutene-isoprene (butyl) rubber (IIR)
470200	Chemical wood pulp, dissolving grades
470321	Coniferous
470421	Coniferous
480100	Newsprint, in rolls or sheets
481021	Newsprint, in rolls or sheets
810820	Unwrought titanium; powders:
810830	Waste and scrap
841121	Turbopropellers: Of a power not exceeding 1,100 kW:

HS Code	Description
841122	Turbopropellers:Of a power exceeding 1,100 kW:
841191	Parts: Of turbojets or turbopropellers:
841950	Heat exchange units:
846599	Other:
847710	Injection-molding machines:
848071	Injection or compression types:
848079	Other types:
848350	Flywheels and pulleys, including pulley blocks:
850440	Static converters:
851730	Telephonic or telegraphic switching apparatus: Telephonic switching apparatus (including private branch exchange and key system switching apparatus):
851750	Other apparatus, for carrier-current line systems or for digital line systems:
851790	Parts:
852610	Radar apparatus
852691	Radio navigational aid apparatus
852990	Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528 (con.): Other:
854210	Cards incorporating an electronic integrated circuit ("smart" cards)
854470	Optical fibre cables
870839	Other:
870899	Other:
880220	Airplanes and other aircraft, of an unladen weight not exceeding 2,000 kg
880230	Airplanes and other aircraft, of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg
880240	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg
900991	Parts and accessories: Automatic document feeders
900992	Parts and accessories: Paper feeders
900993	Parts and accessories: Sorters
900999	Parts and accessories: Other:
901580	Other instruments and appliances: