

competition. The process of liberalizing cross-border trade may well require adjustment in domestic legislation and programs on both sides. For example, as noted above, legislative changes would no doubt be needed if trade barriers were to be removed or reduced in sectors of agriculture where support programs exist. This does not in itself imply any erosion of sovereignty and could have positive effects by opening the way for reform of subsidy and other programs in both countries that have long been the subject of criticism for a variety of reasons. Benefits on both sides could also emerge from the removal or reduction of internal barriers to trade and economic activity in both countries in order to implement a new comprehensive Canada-U.S. trade agreement. Again, changes of this kind would not represent an erosion of sovereignty but rather could lead to the more efficient functioning of the economies of both countries, to the benefit of each.

The possibility of threats to Canadian sovereignty would also be reduced by the operations of a Joint Trade Commission, as proposed below. It is a common view that over the years the long established International Joint Commission has served to adjust the imbalance in the size of the two countries in managing the boundary waters and environmental issues. A new Joint Trade Commission could be expected similarly to help adjust the bilateral imbalance in efforts to deal with bilateral trade issues.

#### **Proposed Joint Institutions**

It is proposed here that the agreement should contain provisions which would create two kinds of joint institutional arrangements. One would consist of representatives of the two governments and be designed to facilitate consultations and negotiations between them regarding the implementation of the agreement, the interpretation of its provisions, and ways of improving it in response to new circumstances. The other would be the proposed Joint Trade Commission--a permanent, independent body modelled on the long-established International Joint Commission--designed to investigate bilateral trade problems and issues, to provide objective advice to the parties on how to deal with them, to help resolve particular trade disputes and to play a key role in the operation of "trade remedy" systems as these affect bilateral trade.

#### **Intergovernmental Arrangements**

The Macdonald Commission has suggested the creation of a joint "Committee of Ministers" to interpret the agreement and generally oversee its implementation, assisted by a panel drawn from the private sector to help resolve disputes. This Committee, it is suggested, might be composed on the Canadian side of the Ministers of External Affairs, Finance, International Trade and Regional and Industrial Expansion and, on the U.S. side, of the Trade Representative and the Secretaries of Commerce, State and the Treasury.<sup>15</sup>

An arrangement of this kind should be approached with caution, in light of past experience. It would represent, in effect, a reactivation of the long-dormant Joint Ministerial Committee on Trade and Economic Affairs which was created in 1953. This body met almost annually for many years but has not