The FTA is also a **legal** document, drafted in contractual language so that disputes about its implementation can be tested in domestic and international courts of law and other dispute-settlement forums, some of which are established by the Agreement. The articles of the FTA will cause auditable changes in government legislation, regulations, and taxes and expenditures with effect on economic performance. They may also alter the behavior of private persons, and both private and public organizations with effects on economic performance. Changes of this kind are unlikely to be directly auditable, but must be inferred from, always disputable, analytical procedures. In short, because the FTA is a legal document, translating its effect into measurable economic terms will be a non-trivial task.

It also has to be recognized that the FTA is an agreement that will be **contextually bound**. (In this sense, it is an expression of a philosophy.) Important to that is Canada's current and future participation in such international agreements as the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the Agreement on an International Energy Program (IEP). The GATT binds Canada to a wide variety of provisions affecting trade, dispute settlement, treatment of foreign investors and government procurement rules. The IMF binds Canada to particular rules affecting the flows of funds between countries, including those of foreign investors. The IEP binds Canada to particular rules about trade in energy in the event of international shortages.

The Agreement also has been reached against a context of domestic policies in the two countries. Recently, but prior to signing the Agreement, Canada had "deregulated" its energy, transportation and financial sectors for a variety of domestic and international reasons. Current national rules for operating the economy are "grandfathered" throughout the Agreement. Indeed, the capacity to extend the general philosophy of operating a mixed, public and private, ownership of the economy is explicitly recognized in the FTA in the form of a right to develop new crown corporations. There are also rules that restrain the right of the state to intervene in markets.

Impact measures must recognize both the international and domestic policy context, making explicit, in impact jargon, the Base Case against which an FTA future is compared.

Finally, it should be recognized that in many respects the FTA, at the margin, is a **sectoral agreement**. Elements of the agreement will have general sectoral implications, and effects on any sector have implications for other sectors and, overall, on macroeconomic performance. There are, however, chapters covering, specifically, agriculture, energy, automotive products, and a number of services. Further, changes in tariffs, and non-tariff barriers (NTBs) will have highly concentrated sectoral effects.

Each of these attributes of the FTA - that it is a legal document, agreed to contextually, with significant sectoral impact, and it explicitly alters rules for trading and movement of factors of production - poses a challenge to the development of any monitoring system. They suggest a system that draws on a wide variety of approaches, and significant information and analytical resources.