

## Issues for Negotiation

Bilateral trade negotiations provide Canada with a unique opportunity to discuss and recommend changes to U.S. unfair trade laws. Given their importance as a trade irritant between the two countries, U.S. countervailing duty practices and other trade remedies undoubtedly will be high on the list of topics to be negotiated.

One option in the negotiation of a bilateral free-trade agreement would be for each country to exempt the other from the application of its countervailing duty and antidumping procedures. The two countries could follow the precedent set by the European Community (EC) and create a bilateral agency that makes rulings on countervailing duty or antidumping complaints against imports from outside countries, regulates domestic subsidy policies, and administers price-discrimination laws within the Community. The EC also has an internal regulation that lists the types and amounts of subsidies permitted within the Community, and there are EC-administered competition laws. Within the Community, there is free movement of labor, goods, and capital unencumbered by domestic countervailing duty or antidumping countermeasures.

It is very unlikely, however, that the United States would accept a blanket exemption for Canada from its countervailing duty and antidumping processes. The United States refused to consider exemption as an option in its recent negotiations with Israel. Section 406 of the Trade and Tariff Act of 1984, authorizing the president to negotiate a free-trade agreement with Israel, states explicitly that the agreement may not affect existing U.S. laws under which relief from injury caused by import competition or by any unfair import trade practices may be sought. Since 1979 at least, the U.S.