

and Canada continues to require undertakings by foreign firms with respect to trade in services and the export of goods. The United States likely will seek Canadian commitments to refrain from imposing import and export performance requirements on foreign firms.

In addition, the United States is likely to pressure Canada to allow foreign firms the right of establishment in some sectors of the economy and to apply national treatment to foreign-owned firms.<sup>10</sup> At the same time, key sectors might be designated where foreign investment is restricted or precluded. If Canada were to agree to such commitments, then it would have to cease screening only foreign acquisitions of firms in those industries not designated as key industries. Instead, it would have to choose between screening all acquisitions of firms under a revamped merger policy and allowing mergers and acquisitions to be unregulated. The result might be a tendency to harmonize merger policies in the two countries; the choice, however, would be up to Canada.

Other than the possible harmonization of policies towards acquisitions and mergers, the degree of further harmonization of competition policies that an FTA would require appears to be limited. This is especially so if antidumping systems are retained for trade between the two countries. Retention of these systems will mean that there is no need to harmonize antiprice-discrimination laws between the two countries. However, if antidumping laws were to be eliminated or drastically curtailed between the two, policy harmonization of antiprice-discrimination laws could become a much more important issue.

#### Regulation of Services

Trade in services is a relatively unexplored area in international trade agreements. At present, the GATT does not cover services, although the