

two countries with the United Kingdom concerning preferences in Canada-U.K. trade that the United States wished to have reduced or eliminated. This process of pre-war bilateral negotiations thus presents some interesting parallels with the current process of Canada-U.S. negotiations which has been launched. Neither agreement, however, established anything in the way of joint institutions to oversee or assist their operation.²

Following the second world war, the 1938 Canada-U.S. trade agreement was, in effect, suspended when the General Agreement on Tariffs and Trade (GATT) was established as an outcome of the failure of efforts to adopt the Havana Charter and to create the International Trade Organization.

The Multilateral Framework

Since 1948, the GATT has served as the main Canada-U.S. trade agreement, as well as the two countries' main trade agreement with all other GATT member countries. In addition to performing its central function as an evolving body of trade rules and a framework for trade liberalization, the GATT system contains quite well developed but uneven institutional elements for continuing consultations among member countries, for the resolution of disputes, and for carrying out analysis of international trade and trade policy. A very large part of Canada-U.S. trade relations has been managed, relatively successfully, within the GATT. Other multilateral institutions such as the OECD, the IMF and the World Bank have similarly served as frameworks within which Canada and the United States deal with a variety of economic issues of bilateral interest, as well as those of broader international interest.³ By contrast, the strictly bilateral agreements and institutional arrangements in trade and economic areas are not only few in number, but provide for almost no mechanisms of any formal kind for the ongoing management of Canada-U.S. relations in these areas.

The GATT rules, supplemented by other less binding understandings and guidelines developed in the OECD and other international bodies, have served to govern the conduct of most Canada-U.S. cross-border trade. The tariffs of both countries on cross-border trade have been progressively lowered or eliminated as a result of seven successive rounds of GATT negotiations, in which Canada-U.S. negotiations usually played a large part. The almost non-stop series of GATT meetings in Geneva provide continuing opportunities for consultation between trade policy officials from Ottawa and Washington, and periodically at the ministerial level, on bilateral as well as global trade issues. To a lesser extent OECD meetings have provided parallel opportunities. Over the past decade, summit meetings have provided annual opportunities for consultations on trade issues, including bilateral issues, at the head-of-government level. More recently, quarterly "quadrilateral" meetings of trade ministers from the United States, Canada, the European Community and Japan have provided more frequent opportunities for consultations on trade issues of common concern, including bilateral trade issues.

Traditionally, bilateral disputes over trade and trade-related issues have tended to be dealt with by a process of negotiation directly between the two governments. But over the last few years, the two countries have agreed to