

U.S. will be able to tell whether a product qualifies as being of U.S. origin by the marking on the product.

Services and Investment

For services covered by the Agreement, new provisions governing access ensuring that no new discriminatory barriers are erected against service providers from the other country go into effect on the date of entry into force. The phasing-in of higher thresholds for review of acquisitions of Canada-based companies by U.S. investors also begins on that date, as do various provisions governing Canadian investments in the U.S. and U.S. investments in Canada. Canada retains existing foreign investment restrictions including, for example, those in the energy sector.

Free Trade Institutions

The entry into force of the Agreement will bring into existence the Canada-United States Trade Commission to supervise its implementation, to resolve any disputes that may arise over its interpretation, to oversee its further elaboration and to consider any other matters that may affect its operation. The principal representative for Canada is the Minister for International Trade.

The two countries will also be establishing a permanent secretariat, with offices in both Washington and Ottawa, to facilitate the work of dispute settlement panels.

In addition to these two structures, a number of *ad hoc* working groups and consultative groups will be established to develop further rules or to review operations of specific areas of the Agreement. For example, there will be eight working groups dealing with agricultural technical standards, a select panel to examine the auto industry and to propose measures to improve its competitiveness, regular consultations on rules of origin, semi-annual consultations on agricultural issues, periodic review and consultations on services, yearly consultations on temporary entry, etc.

One of the most important of the working groups deals with the issue of subsidies in the two countries. We will attempt in the next five to seven years to reach an agreement on new rules to govern antidumping and countervailing duties and trade-related subsidies. With respect to the subsidy issue, Canadian objectives in these negotiations will be to define what kinds of subsidy practices are trade-distorting and to develop rules in relation to those subsidy practices and to the use of trade remedy measures, such as countervail. In the absence of any agreement on this matter, Canada and the U.S. will continue to rely on the GATT rules and the special bilateral dispute settlement mechanism in the FTA for trade remedy cases.

Binational Dispute Settlement

Effective on the entry into force of the Agreement, there will be a new system under which the application of each country's antidumping and countervailing duty laws to goods of the other country can be reviewed, in specific cases, by a binational panel rather than by the domestic courts. Each government will choose two members of a review panel, with a fifth member to be chosen jointly. Panel decisions will be binding and will have to be rendered within strict time limits set out in the Agreement. The result will be fair, rapid, effective and objective resolution of disputes.