

members of the General Agreement on Tariffs and Trade ("GATT") rely upon the GATT countervailing duty provisions that permit member countries to protect themselves from subsidies practices of other countries. It would be a logical next step for Canada and the United States to agree to exercise self-restraint over subsidy programs in exchange for new restrictions on the use of countervailing duty actions.³³

Evaluation: One possible drawback to this proposal is that some U.S. industries (see section III.E.1. above) may insist on participating in any review of Canadian subsidies practices, just as they would in a typical countervailing duty case. However, if the review is limited to types of subsidies, rather than specific subsidy programs, that problem might be avoidable.

c. Canada-U.S. Joint Committee

The FTA could establish a Canada-U.S. Joint Committee to apply the general principles on subsidies established by the FTA in answering questions and resolving disputes over subsidy and countervailing practices. The Committee, which could have both consultative and adjudicative functions, could take

³³ In the case of the U.S.-Israel FTA, the Israeli Government committed to eliminate certain subsidy programs without obtaining any limitations on the application of the U.S. countervailing duty law.