

D) Is a framework agreement necessary?

77. The Business Council on National Issues (BCNI) has advanced such an approach in its proposal for a Trade Enhancement Agreement (TEA). By such an agreement the two governments would establish objectives for the improvement and expansion of Canada-U.S. commercial and economic relations and the reduction and removal of bilateral trade barriers. The TEA proposal, or any approach of this type, would create an institutional mechanism, for example, a Canada-U.S. Trade Consultative Committee to address the issues under discussion and negotiation. The Committee could develop a detailed work program on issues such as: the lowering of trade barriers in mutually agreed sectors; the development of new rules to govern services trade; the reduction and removal of restrictive or distorting government procurement practices; the use of contingency protection measures; the reduction of conflicts arising from technical standards, certification and testing; customs procedures and labelling; and any other matters which the two governments agree should be negotiated. In addition, a specific mechanism could be set up for the discussion and possible resolution of trade conflicts.

78. The dimensions of the Canada-U.S. trade relationship and the need at all times to manage the relationship carefully, suggest this approach warrants attention irrespective of whether substantive negotiations to secure and enhance market access are engaged. The benefits of such an agreement would be the demonstration it would provide of the political importance attached by both governments to the trade relationship, through the establishment of principles, procedures and mechanisms for the management of the relationship. Since there would be no immediate changes to current legislation, a TEA could be entered into quickly without reference to Congress. Being essentially declaratory and non-contractual in nature, a TEA would not in itself provide more secure and enhanced access for Canadian exporters. It could, however, give rise to expectations which could only be realized through substantive negotiations involving reciprocal commitments on market access, through either sectoral or functional approaches, or a comprehensive approach as discussed above. The risk is that negotiation of a framework agreement by itself could be time-consuming without yielding concrete measures to secure and enhance our market access to the U.S..

The Focus for Consultation

79. The question of the direction of future Canada-U.S. trade arrangements and the determination of the