

- The use of import quotas to limit access to Canada for dairy products, poultry and eggs is the linch-pin sustaining our domestic supply management regime. Pressures for reform from competitors abroad and food processors and consumers at home will continue to ensure that this area of trade policy will continue to require careful attention into the foreseeable future.
- Even in a free trade agreement eliminating import duties, the tariff remains a central concern: negotiators dedicate considerable attention to developing rules of origin that are clear (of particular importance to the smaller trading partners), and that protect margins of tariff preference against non-parties to the agreement. Whether or not products originating in the free trade area have undergone the substantial transformation required to benefit from tariff preferences becomes a major element in the on-going management of a free trade agreement. A company that fails to meet the substantial transformation test faces not only the added expense of paying the import duty, but also risks damaging its "local" image in the regional market-place with negative consequences for its sales. Both these issues underlay Honda Canada's concern about the U.S. Customs audit of its production of Civics in North America.
- The GATT has dealt not only with tariffs and quantitative restrictions, but also myriad domestic measures that discriminate against imported goods after they have cleared Customs, including taxation policy and sourcing requirements related to foreign investment. GATT jurisprudence has focussed heavily on such domestic measures, beginning in 1949 with Brazilian internal taxes and Australia's subsidization of ammonium sulphate production, through the distribution and pricing policies of Canada's provincial liquor boards since the 1980s.
- The GATT exception for government procurement is gradually coming under greater discipline, but much remains to be done. For example, even after entry into force of the NAFTA, which registers important new gains in a regional context, the U.S. will still deny competitive access to Canadian suppliers for over 90% of U.S. government procurement at all levels (the "residual" is worth an estimated US \$760 billion annually).
- Governments address issues related to domestic subsidy and dumping practices by using duties at the border to provide relief against injurious imports. These regimes when combined with a broader variety of other