73. Examination of a comprehensive approach would require consideration of the scope for the removal of tariff and non-tariff barriers according to a multiyear schedule on substantially all the trade between Canada and the U.S.. Among the approaches for Canada-U.S. arrangements discussed in this paper, only the comprehensive approach would induce substantial structural adjustment in the Canadian economy. This process would be undertaken as firms adapted to economies of scale and specialization, to increased production and to more intense competition from imports.

74. If Canadians decide that both governments should initiate negotiations for a comprehensive agreement, there would exist considerable flexibility on several issues. These would include the nature and the duration of the transitional period for the removal of trade barriers; the exclusion of certain product categories; contingency protection; inclusion of non-tariff barriers such as government procurement; the question of domestic subsidization; the treatment of trade restrictions maintained by provinces and states; export controls and taxes; and rules of origin under which goods would qualify for "area" treatment. In addition, it would be open to Canada and the U.S. to negotiate provisions on matters which do not themselves fall under the GATT, for example, trade in services or rules relating to investment.

75. An important question would be the manner in which the agreement would be managed. In particular, the principles and procedures for the resolution of disputes on matters covered by the agreement would need to be carefully stipulated, bearing in mind the disparity in the relative bargaining weights of Canada and the U.S.

76. A comprehensive approach would only affect the barriers maintained on Canada-U.S. trade. It would leave untouched trade barriers maintained against third countries. It would not provide for the free flow of capital and labour as in a common market. It would not prescribe the establishment of a common currency and monetary regime. Nor would an arrangement necessarily entail changes in other policies which affect trade, such as monetary, taxation, labour, regional development, investment or competition. It could, however, accentuate the pressure in Canada that is inherent in the close Canada-U.S. economic relationship to ensure that Canadian policies in these and other areas did not place Canadian manufacturers, resource and service producers, farmers and fishermen, at a competitive disadvantage vis-à-vis the U.S..