

constitute subsidies to Canadian producers is mistaken, just as is the view that Canada will need to have an identical tax system to that prevailing in the United States if Canadian firms are to be able to compete.

Where Pressures May Increase

Added pressures to harmonize policies could be expected in intellectual property regimes, in agriculture, and in certain areas of cultural and commercial policy. Although Canada might alter such policies as the compulsory licensing of pharmaceuticals quite independently of bilateral trade negotiations, the United States might seek to have Canada harmonize remaining differences in intellectual property systems with current U.S. practices as a quid pro quo for negotiation. Pressures in agriculture could increase because both countries would be required to curtail the powers of marketing boards for those commodities brought under a free-trade agreement. Achieving free trade in goods might require Canada to harmonize export controls that currently take the form of different prices for oil and logs destined for domestic and export uses. In cultural policy, Canada likely would be asked to alter some of its more discriminatory policies, such as commercial substitution regulations for cable television and special tax provisions pertaining to advertising deductions. Although Canada would need to develop a carefully articulated negotiating strategy, Canadians could expect, however, to retain the essential elements of policies necessary to promote Canada's cultural identity and autonomy.

During the negotiations, the United States might press its objections to Canadian regulation of foreign acquisitions under Investment Canada. At a minimum, Canada might have to agree to refrain from seeking undertakings from foreign firms about import and export performance. If Canada were to agree to