

Another concern was the federal government's international obligation "to take reasonable measures" to ensure compliance by sub-national governments with GATS obligations. Participants wondered what this would mean for local governments and for Canadian federalism. Some expressed the view that the regulations and services of municipal governments across Canada in the areas of distribution, planning, zoning, advertising, licensing and transportation might be affected by the GATS, either directly by limiting jurisdiction or indirectly by imposing administrative costs associated with MFN and transparency rules.

*"Local planners and councillors have a hard enough job, without having to worry about the 'trade filter' . . . if every service decision were subject to review by foreign governments, it would impair accountability and cause local government to grind to a halt."*

Participants were concerned about the impact of the work on the design of a "necessity test" for domestic regulations (e.g., qualification and licensing requirements and procedures, and technical standards) — a methodology for assessing whether regulations are not more trade-restrictive than necessary to fulfil stated domestic policy objectives. Other issues, such as licensing and restrictions, were also raised. Participants feared that policies favouring local hiring, or encouraging cultural sensitivity in the delivery of services, might be compromised.

Business and public interest group representatives both agreed that greater transparency in trade negotiations and trade agreement management is necessary.

*"Canada's ability to negotiate depends upon people's understanding of trade rules and their vision of the country's place within a globalized economy."*

*"Will we be briefed on requests and offers as they are made? Will we be consulted before Canada tables its final negotiating position?"*