

## 2. Competition

Three points emerged under this heading:

- a) It is important in judging the competitive situation in Canada to regard the Canadian market as part of the larger world market, and in the context of a Canada-U.S. agreement, as part of a North American market and not to consider competition solely within the Canadian market itself. A comprehensive agreement with the United States will probably lead to increased pressure for mergers, etc., as small and medium-sized Canadian firms position themselves to compete effectively. Competition policy should promote this kind of activity.
- b) The possibility of rationalizing product lines among Canadian firms in the same industry should be encouraged to promote the more rapid attainment of internationally competitive economies of scale.
- c) Some of those consulted expressed interest in modifications to competition policy or anti-dumping to deal with potential predatory pricing by large U.S. corporations.

## 3. Taxation Policy

While the need to ensure overall competitiveness with the U.S. on total corporate tax burdens was underlined generally, some made further specific points:

- a) The U.S. export tax incentive (FISC) would give U.S. exporters greater incentive to exploit a Canada-U.S. trade agreement than was available to Canadian exporters.
- b) Investment incentives should be designed to encourage those (particularly the traditional style Canadian subsidiaries) who fear new investment in a freer Canada-U.S. trade environment taking place in the United States.

## MULTILATERAL TRADE NEGOTIATIONS

Not surprisingly, the predominant focus of the consultations was on a possible Canada-U.S. initiative. Few, therefore, brought forward specific MTN interests to be discussed at this time but most indicated they would come back subsequently. There was broad support expressed for Canada's participation in the upcoming Multilateral Trade Negotiations (MTN), but some skepticism