

5.7 TAXATION POLICY

Some critics of the FTA also suggest that changes to Canada's income tax system is a form of policy harmonization that can be linked to the FTA. In fact, it was the present government's intention prior to the negotiation of the FTA to bring the levels of taxation more into line with those in the United States where possible in order to maintain a competitive position and to create "a level playing field" for new investment opportunities.¹³³ While tax harmonization may therefore not be a product of the FTA, the increased integration of the Canada-United States market under the FTA will increase the pressures to bring taxation policies and practices into line or to make the effects equivalent.

¹³³ As discussed in 4.1 and 4.2.5 above.