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*Will Research and Development contracts, or advertising contracts, be covered?*

Contracts for both advertising and research and development are generally considered as service contracts and thus are excluded in most cases from the GATT Code. The same situation will apply under the Government Procurement Chapter. In addition, when a goods contract relates to the procurement of a prototype or a first product in the course of an experiment, the GATT Code provides for the use of single tendering. Again the same provision will apply under the chapter

*What will be the effect on the Defence Production Sharing Agreement?*

Canada's access to U.S. defence procurement of military goods under the Defence Production Sharing Arrangements is not affected by the Free Trade Agreement.

*How does the Agreement relate to the use of standards and specifications in the procurement process?*

It is recognized that the way in which purchasing specifications are developed and applied can sometimes impede trade by creating unnecessary obstacles. The GATT Code contains specific provisions

on the development and use of technical specifications so as to avoid situations where they would constitute arbitrary or unjustifiable discrimination between countries. Standards and regulations that may appear restrictive are allowed, however, where their demonstrable purpose is to protect health and safety, environmental, national security and consumer interests.

The Canadian and U.S. governments have also agreed in Chapter Six of the Agreement to harmonize federal standards-related measures to the greatest extent possible, to promote harmonization of private standards and to set up a process for mutual recognition and accreditation of testing facilities. It is expected that the Canadian General Standards Board of Supply and Services Canada, an accredited standards-writing organization supporting the national standard system, will play an important role in ensuring that these obligations and commitments are met.