Creating a free trade area eliminates both tariff and non-tariff barriers. Eliminating non-tariff barriers is more complex than eliminating tariff barriers because their diverse formats and justifications make them difficult to compare and negotiate. This negotiating complexity implies the need for a concurrent bilateral agreement to establish principles and procedures for their elimination. Thus, choosing the free trade area option requires a bilateral agreement governing negotiations to remove non-tariff barriers.

Public policy on foreign investment screening could also require changes within a free trade area environment. The causal factors responsible for technically advanced foreign direct investment differ markedly from those responsible for branch plant foreign investment. The impacts on productivity differ because technical advancement raises productivity, while branch plants often diminish productivity owing to their relatively inefficient scale of operations. Hence, within a free trade area public policy on foreign investment screening could be altered to specify changes in productivity performance as a major criteria for suitable foreign investment.

Tariffs are an instrument of tax policy as well as trade policy. Hence, tariff elimination in a free trade area requires a thorough investigation of tax policy to determine if other taxes have the same impact on foreign ownership as tariffs. This might imply the need for modifications to tax policies that discourage imports. Tax policy would also require modification to recoup tax losses resulting from elimination of tariffs.