

sectors. The implications for domestic regulatory policies of agreements intended to promote freer trade in services are worthy of further analysis, but this would require careful consideration of the regulatory policies in particular service sectors.

Cultural Support Policies

Many of the negotiating issues in cultural support policies are novel because current international agreements do not deal with trade in services or investment issues. These issues are, however, likely to be on the agenda for bilateral negotiations and the next GATT round.

Pressures can be anticipated from the Canadian side to request blanket exemption in FTA or GATT negotiations for all policies falling under the generic title of "cultural support". It seems unlikely that any country bargaining for an FTA would agree to such blanket exemption for its partner country, for two reasons. First, no one can be sure just what constitutes a cultural support policy. Second, considering the broad and uncertain scope of the concept of cultural support, the exemption would be open to abuse by attempts to slip noncultural policies into the cultural category.

If this is the case, exemptions for specific cultural support policies will have to be negotiated piecemeal. Nonetheless, there would probably be value in reaching some agreement on broadly based principles. One might be that cultural support policies are a legitimate aim of policy and where local markets are not large enough to support them, conflicts between the principles of free trade and the need for support policies could be resolved in favor of the latter.

Some guidance on these issues can be obtained from GATT rules regarding trade in goods. Canada would contravene GATT rules if it prohibited