

maintained the right to use domestic regulation to implement cultural policy because it did not take National Treatment and Market Access obligations. It also listed an MFN exemption for its co-productions. In fact, the audiovisual sector was excluded from the agreement altogether. This sector will likely be the subject of negotiation during the next round of services negotiations.

The United States concerns in the cultural area are about all countries, not just Canada. During the Uruguay Round, European Union (EU) policy required 50 per cent European content on domestic television. It was France, in particular, that was inflexible about removing these perceived trade barriers. Hollywood argued that the *Europe Without Frontiers* policy was contrary to the spirit of liberalization in international trade in services and should be eliminated or phased out. Negotiations collapsed when the EU made no National Treatment or Market Access commitments for the audiovisual sector. The EU also listed eight MFN exemptions for audiovisual trade for indefinite time periods in its schedule of commitments.¹⁸

The GATS has a built-in commitment to continue to liberalize through further negotiations. There was also a commitment to launch new negotiations by January 1, 2000. These services negotiations do not with certainty include the audiovisual sector, but given the American interest in liberalizing trade in this major American export, it seems unlikely that the audiovisual sector will continue to remain off the agenda. The Motion Picture Association of America (MPAA) wants it on the agenda and will push the United States government to press, on their behalf, for further liberalization. Canada will need to assess its intent, both economic and cultural, in such a negotiation.

Beyond this political reality and institutional framework, technology has changed the global market. It has created new industrial opportunities, but along with these exciting industrial developments has come regulatory questions. For example, Direct Broadcast Satellites (DBS) and digital broadcasting have increased the demand for product, and this increase may result in different domestic agendas among the industrial interests that have long pushed for protection. Not only does technology change domestic interests, but also it makes regulation more difficult. The GATS Annex on Basic Telecommunications covers international and domestic telephone operations, fax and data transmission, private leased circuits services, satellite communications, mobile telephones and paging. While it does not include broadcasting services, the ability of governments to monitor and/or regulate services provided over such networks is questionable. Technology results in the need to rethink definitions of broadcasting and telecommunications.¹⁹

¹⁸ Bedore, 25.

¹⁹ Bedore, 26.