

further negotiation of the government procurement agreement, the United States has already indicated its interest in provincial electricity and telephone entities. When a new MTN round begins, it is expected that agriculture will feature prominently in these discussions, with potential implications for agricultural policies. Various federal and provincial subsidies and practices are already an issue in countervailing cases in the United States. Therefore, Canada's domestic preparations for international trade negotiations must include a discussion of barriers to internal trade as they affect international trade, the willingness of the provinces to reduce such barriers and ways of arriving at a commitment that will satisfy the provinces as well as Canada's trading partners and be sufficiently binding to ensure compliance. In the context of Canada's international competitiveness, consideration must also be given to the degree to which federal and provincial development policies encourage fragmentation of Canadian industry, reducing its international competitiveness, and the potential for counteracting such tendencies.

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