

*deduct their expenses for advertising space in that magazine will be eliminated (Article 2007).*

*In Article 2008 and an agreed exchange of letters, the two governments address a long-standing irritant involving plywood standards. The Canada Mortgage and Housing Corporation will decide by March 15, 1988 whether to allow the use of C-D grade plywood (a U.S. standard) for use in housing it finances. If it agrees, a series of tariff concessions will begin to be implemented on January 1, 1989. If not, the issue will be placed before a panel of experts. Once the panel has completed its work, the two governments will determine how to implement the tariff concessions specified in Article 2008.*

*In Article 2009, the two governments agree to grandfather the 1986 Memorandum of Understanding on Softwood Lumber. That Memorandum provided that Canada would apply a tax on the export of softwood lumber to the United States until such time as the producing provinces had adjusted certain stumpage practices.*

*Most trade agreements contain provisions to deal with policy measures which either government may adopt which, while technically not inconsistent with the obligations of the agreement, have the effect of nullifying or impairing benefits that could have been reasonably expected under the agreement. The most obvious such measure is the establishment of a monopoly or state enterprise. A government can, for example, instead of regulating an industry, establish a state enterprise and give it monopoly powers. If the sole purpose of the establishment of such an enterprise is to evade an obligation under the agreement, the other party can legitimately cry foul. Article 2010 establishes rules governing the establishment of monopolies (based on similar provisions in Article XVII of the GATT) while Article 2011 (based on Article XXIII of the GATT) provides a framework to address any claim of nullification and impairment.*