up to its own agenda, complete the Free Trade Agreement and deliver to Canada the benefits it has so vocally advertised.

Honourable senators, the Free Trade Agreement provides for no less than 18 new sets of negotiations to be carried out between Canada and the United States. In addition, consultations leading to possible negotiated revisions of the agreement and to harmonization are foreseen in seven different fields. Some of these involve provincial interests and jurisdictions and would, presumably, call for negotiations with provincial governments. In view of the length of time I have taken today, for which I apologize, I shall not go over the full list of these, which any reader of the agreement can easily put together for himself or herself.

Honourable senators, that is Canada's side of the matter. Also of interest is the range of subjects over which the American administration intends to draw Canada into negotiations, over and above the negotiations already provided for in the Free Trade Agreement. Here again I shall only give illustrations drawn from the U.S. Statement of Administrative Action which was tabled in Congress by President Reagan on July 25, 1988.

First are the negotiations on changes to rules of origin, in response to changes in the Canadian MFN tariff. Second are the negotations of plywood standards. Third are the negotiations for the elimination on a global basis of all subsidies which distort agricultural trade. Fourth are the negotiations for the exclusion of the United States from transportation rates established under the Western Grains Transportation Act. Fifth are the negotiations for quantitative limits on Canadian potato trade. Sixth are the negotiations on automobiles to increase Canadian content to at least 60 per cent to qualify for FTA treatment. Seventh are the negotiations on the liberalization of investment rules, including the elimination of direct investment screening, the extension of the agreement provisions to energy and cultural industries and the elimination of technology transfer requirements and performance requirements, *et cetera*. Eighth are the negotiations to bring financial services disputes under the dispute- settlement provisions of the Free Trade Agreement.

These illustrations, which are by no means exhaustive, give us a clear view of the American agenda. Without anticipating the outcome of all of these negotiations, we have to assume that, in order to launch the Free Trade Agreement on a cooperative course, this agenda will also have to become the Canadian agenda.

The stand taken by the American administration in these follow-up negotiations should be of greater concern to us than vague statements on the overall level of protectionism in the United States. The American list constitutes a request list, and how to deal with it should be uppermost in our minds and on our government's agenda.

Of all these follow-up negotiations, none will be more important than the one on the definition of subsidies and unfair practices under Articles 1906 and 1907 of the agreement. In committee we hope that we will obtain some good, hard information on how these negotiations will be conducted. What is the time frame? How do these negotiations relate to the GATT negotiations? Will one sort come before the other? What is our definition of an appropriate subsidy? Have we prepared ourselves in this regard?

The Americans have high expectations surrounding this set of negotiations. The Americans interpret Articles 1906 and 1907 as contemplating the replacement of the provisions of chapter 19 of the agreement by a new system of rules dealing with subsidies and unfair pricing practices. Bear in mind that the binational panel provisions are part of chapter 19, which is to be replaced. The meaning of this is made crystal clear in the American Statement of Administrative Action. The President maintains that:

> the binational panel review system is intended to be an interim procedure.

He wants to remove Senator Murray's shield.

This vital piece in the Canadian government's case is regarded by the Americans as a transitional measure. The new system of rules that our negotiators failed to negotiate in the first round must now be put together in the second round. The Americans have had the courtesy to give to us their position, their wishes and their objectives. I quote from the same document:

> The Administration has no higher priority than the elimination of Canadian subsidies.

They also describe their negotiating objective as:

> . . . obtaining increased and more effective discipline on Canadian government subsidies, including subsidies provided by Canadian provincial governments.

What is at stake, honourable senators, is clearly the fate of the agreement. If these negotiations do not succeed, we are back to square one with respect to the American trade remedy laws.

Honourable senators, I do not know what the government's negotiating stance will be. I do know that it has given up a lot to get a half-way house. Determining what its stance is will be a task for the future. Suffice it to say that in a transitional period calling for a lot of difficult adjustments the government has left to be negotiated the most critical part of the free trade arrangement—the application of American trade remedy laws to Canadian exports. It has left a large gaping hole—the absence of any set of rules for determining whether or not adjustment programs are countervailable.

● (1610)

In order to make a judgment on the overall balance we shall therefore have to monitor in the future both the way in which the interim arrangements work and progress made in negotiating a definitive system. That monitoring job can effectively be done by a committee. Certainly the Senate should participate by means of a committee.

We want to ask questions in the committee of Mr. de Grandpré, if possible, who has been singled out and appointed by the government to head up a commission on the question of