

Concurrently, the two governments will work towards establishing a new regime to address problems of dumping and subsidization to come into effect no later than at the end of the seventh year. During the course of the current negotiations, the two sides recognized that developing a new regime was a complex task and would require more time as well as the confidence in each other that would develop as a result of the new agreement. The goal of any new regime, however, will be to obviate the need for border remedies, as are now sanctioned by the GATT Codes, by developing new rules on subsidy practices and relying on domestic competition law.

The combined effect of bilateral review of existing law and the development of a new set of rules will be to ensure that by the time all tariffs are removed and other aspects of the agreement phased in, Ontario firms will have not only more open access, but also more secure and more predictable access. At the same time, Canada's capacity to pursue regional development and social welfare programs remains unimpaired. Indeed, they have been strengthened. Any U.S. attempts to countervail such programs will be tempered by the knowledge that any decisions will be subject to bilateral review.

The two governments have also agreed to more stringent standards for the application of emergency safeguards (quotas or surcharges on imports causing serious injury) to bilateral trade. Except where the other party is contributing importantly to the injury, they agree to exempt each other from safeguard measures. This will mean that Canadian companies will no longer need to fear being sideswiped by an emergency action aimed at other suppliers, such as has happened in the case of specialty steel. Should either government take global emergency action, however, companies in the other country will not be allowed to rush in and take advantage of the situation. Any surge in exports in those circumstances will lead to their inclusion in the global action. Should the other party be included in a global action, its exports will be protected against reductions below the trend line of previous bilateral trade. Any emergency measures applied between the two countries will be subject to compensation.

For the transition period only, the two countries agreed that either may respond to serious injury resulting from the reduction of barriers under the agreement with the temporary suspension of the duty reductions or a return to the MFN tariff level. This will help to ensure that the pressure for Ontario industry to adapt to changes arising from the FTA will be manageable.