

Trade in Services

The Agreement will provide, for the first time, a set of disciplines covering a large number of service sectors. The Agreement will provide that the two Governments in future will extend the principles of national treatment, right of commercial presence and right of establishment to each other's providers of services. Additional sectoral annexes will clarify this general obligation with respect to transportation, enhanced telecommunications and computer services, tourism and architecture.

Technical Standards

The two Governments have agreed to build on the GATT Standards Code. They will seek to harmonize federal standards and encourage harmonization at the state, provincial and private levels.

Tariffs and Rules of Origin

The two Governments have agreed to remove all tariffs by January 1, 1998. Tariffs will be eliminated on the basis of three formulas:

- some will be eliminated on the agreement entering into force on January 1, 1989;
- some will be eliminated in five equal steps, most starting on January 1, 1989; and
- some will be eliminated in 10 steps, most starting on January 1, 1989.

Goods which originate in Canada and the United States will qualify for the new tariff treatment. For goods incorporating offshore raw materials or components, it has been agreed that goods qualify for treatment as either of U.S. or Canadian origin if they have been sufficiently changed either in Canada or the United States to be classified differently than the raw materials or components from which they are made. The Governments will use the tariff classification of the Harmonized System now being implemented by both Governments. In certain cases, goods will need to incur a certain percentage of manufacturing cost in the country of origin.