

Introduction and Overview

The Canada-U.S. Free Trade Agreement is a historic and precedent-setting accord governing the largest bilateral trade in the world. The Agreement, which came into force on January 1, 1989, achieves major objectives for both countries. It eliminates barriers to trade in goods and services between the two countries, facilitates fair competition within the free trade area, significantly expands liberalization of conditions for cross-border investment, and establishes effective procedures for the joint administration of its provisions and the resolution of disputes. It meets the test of fairness and of mutual advantage to both Canada and the United States and sets the foundation for further bilateral and multilateral co-operation to expand and enhance the benefits of the Agreement.

The Agreement is an important contribution to Canada's sustained economic growth, development and prosperity. It is consistent with Canada's obligations to its trading partners under the General Agreement on Tariffs and Trade (GATT), building upon GATT principles and going beyond them in new areas such as services and trade-related investment measures. The Agreement, together with the Uruguay Round of multilateral negotiations under the GATT, shows Canada's commitment to reducing trade barriers around the world. Trade liberalization, a cornerstone in the government's overall economic strategy, offers Canadians a chance to grow and prosper in a competitive and dynamic economy.

From the beginning of the bilateral trade negotiations, close consultations were undertaken with a wide variety of sources. Advice was sought from the business community through the International Trade Advisory Committee and the 15 Sectoral Advisory Groups on International Trade. First ministers held nine special meetings to discuss the negotiations, in addition to discussions at their annual First Ministers' Conference. Provincial trade representatives participated in regular meetings of the federal-provincial Continuing Committee on Trade Negotiations, in addition to individual working groups on each of the elements of the Agreement. Government expertise in each sector of the negotiations was drawn from all relevant departments, ensuring the closest inter-departmental co-operation. This level of consultation, unprecedented for Canada in international trade negotiations, ensured that all interests and advice were taken into account to the greatest extent possible in every element of the Canada-U.S. Free Trade Agreement.