



4. OPENING DOORS TO THE AMERICAS

THE NAFTA

The North American Free Trade Agreement entered into force for Canada, the United States and Mexico on January 1, 1994.

Designed to foster increased trade and investment among the partners, the NAFTA contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area. These include disciplines on the regulation of investment, services, intellectual property, competition and the temporary entry of business persons.

The NAFTA did not affect the tariff phase-out of the Canada-U.S. FTA, which was completed on January 1, 1998. As of that date, virtually all tariffs on Canada-U.S. trade in originating goods were eliminated. Some tariffs remain in place for certain products in Canada's supply-managed sectors (e.g. dairy and poultry), as well as sugar, dairy, peanuts and cotton in the United States. The NAFTA provides for virtually all tariffs to be eliminated on trade in originating goods between Canada and Mexico by January 1, 2003.

A first round of accelerated tariff reductions on an agreed number of goods was completed in 1997 and announced by Ministers at the NAFTA Commission meeting held in March 1997. A second round of tariff cuts, currently under discussion, is expected to be completed in mid-1998. Also at the March 1997 Commission meeting, Ministers committed to the establishment of a NAFTA Co-ordinating Secretariat to strengthen NAFTA implementation and improve coherence across the NAFTA work program. They also received and adopted reports regarding the work of the over 30 trilateral committees and working groups. These bodies were established under the Agreement to further facilitate trade and investment, and to ensure effective implementation and administration of the NAFTA's rules. Canada is pursuing work on, in particular, rules of origin, customs, agricultural trade and subsidies, standards, government procurement, investment, services and temporary entry of business people.

Total trade and investment among Canada, Mexico and the United States has increased substantially since the NAFTA was implemented in 1994 as has Canada's merchandise trade with both the United States and Mexico. Two-way merchandise trade