

There are also provisions for the effective and fair resolution of disputes between Canada and the United States over the interpretation and application of the Agreement, including compulsory binding arbitration for disputes over the interpretation and application of the safeguards provisions, and binding arbitration in all other disputes, where both countries agree.

Relationship to GATT

The General Agreement on Tariffs and Trade (GATT) has for 40 years been the principal international trade law instrument governing commercial relations between Canada and the United States. The FTA was negotiated in conformity with GATT Article XXIV which permits the establishment of free trade area arrangements. The FTA has not diminished our GATT rights or obligations. Most importantly, Canada may avail itself of either the FTA or GATT dispute settlement procedures in relation to trade disputes with the United States.

Many articles in the FTA are based on the GATT (e.g. the provisions on national treatment, on import and export restrictions, on technical standards, on procurement and on exceptions). The FTA builds on and extends these GATT provisions in a manner that better reflects our specific bilateral trading interests. In other areas, such as dispute settlement, services and investment, the FTA goes significantly beyond existing GATT agreements and establishes useful models for the negotiation of these issues in the current Uruguay Round.

The FTA also permits Canada to focus its attention in the Uruguay Round on the trade barriers of our other trading partners. This will mean, for example, that third countries will need to make meaningful tariff concessions to Canada in return for Canadian concessions rather than as in past rounds merely piggybacking as "free riders" on the Canada-U.S. tariff arrangements.

The FTA has been widely supported by Canada's GATT partners and was "strongly welcomed" by the leaders of the Economic Summit. It provides a strong signal to the multilateral trade negotiations under the GATT that it is still possible to reach major trade liberalizing agreements between trading partners.