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On March 22, 1988, the Minister of Finance announced measures to strengthen the competitive position of the Canadian textile and clothing industries, two manufacturing industries in which women account for a high proportion of employees. At present, Canadian clothing manufacturers generally pay much higher tariffs on fabrics imported from third countries than do their U.S. competitors. To address this situation, the government will reduce or eliminate tariffs on 13 fabrics and yarns and introduce new duty remission programs, as well as continue some existing programs. In addition, the government announced its intention to reduce Canadian textile tariffs over the next 10 years to levels comparable with those of other industrialized countries. In the trade negotiations with the United States, Canada retained the right to introduce duty remission programs such as those announced for the textile and clothing industries. At the same time, both Canada and the United States are free to change their tariffs on imports from third countries in a manner consistent with GATT (General Agreement on Tariffs and Trade) rules and obligations. Therefore, the measures included in the March 22, 1988 package follow the letter and the spirit of the Canada-U.S. Free Trade Agreement and will enable Canada's clothing and textile manufacturers to take full advantage of the opportunities presented by the Agreement.

#### **Technical Standards**

As signatories to the GATT Agreement on Technical Barriers to Trade (known as the GATT Standards Code), Canada and

the United States recognize that the misuse of technical standards can hamper international trade. Under the Canada-U.S. Free Trade Agreement, both countries agree to refrain from using technical standards and regulations as barriers to trade in goods. Standards and regulations will, nevertheless, continue to be allowed where their demonstrable purpose is to protect health and safety, environmental, national security and consumer interests. Canada and the United States will work towards making national technical standards more compatible, and will encourage harmonization at the state, provincial and private levels. In fact, a great deal of compatibility in standards already exists.

#### **Import and Export Restrictions**

Both countries have agreed not to prohibit or restrict imports or exports of goods which are traded bilaterally, except under specifically defined circumstances. Canada and the United States have agreed to build on the provisions of the GATT which justify import and export control measures for certain reasons. Thus, for example, Canada will continue to apply appropriate measures to prohibit the import of pornographic materials.

#### **Services**

The Agreement provides, for the first time, a general framework of rules for bilateral trade in services, which Canada and the United States agree to adopt in future laws and regulations. In effect,