



CANADA - UNITED STATES

Free Trade Agreement

Managing the Relationship

The Free Trade Agreement between Canada and the United States is a framework for the management of the world's largest and most complex two-way trade, one which totalled over (U.S.)\$ 161 billion in goods and services in 1987.

The agreement sets out rules for trade in manufactured goods, agricultural products, energy and services. It gives special attention to financial services and investment flows.

The agreement provides for the continued involvement of both governments in its administration, implementation and elaboration as well as in the resolution of disputes.

The Canada-United States Trade Commission

The Canada-United States Trade Commission, jointly chaired by the cabinet-level American and Canadian international trade officials, will have primary responsibility for implementing and elaborating the agreement and for avoiding and resolving any disputes connected with it.

Under its authority four working groups will oversee the carrying out of the agreement's provisions, ranging from the setting of technical standards to facilitating temporary business travel. Eleven other groups will work out specific applications in such areas as agriculture, automotive trade and subsidies, and other unfair pricing practices.

The Commission will meet at least once a year, alternating between Washington, D.C., and the Ottawa region, and it may be convened by either government, at any time, to consider any matter relating to the operation of the agreement. It may also seek the advice of the private sector and of other experts as appropriate.

Dispute-Settlement

If the Commission is unable to resolve a dispute, either government may request that a binational panel be created to consider the matter. The panel members, chosen from rosters drawn up by the two countries, would report within a specified time on the facts and on the obligations involved under the agreement and would recommend appropriate solutions. The Commission would be expected to implement the recommendations.

The two governments may also, by agreement, refer the dispute to a binational arbitration tribunal for a ruling that would be binding on both.

Antidumping and Countervailing Duties

Special provisions are made for the settlement of disputes on the application of antidumping and countervailing duty laws by either country to imports from the other. The laws of each country in these areas (based on the General Agreement on Tariffs and Trade, GATT) remain in place, and private parties may continue to seek relief before domestic agencies. Final decisions by such agencies, under the terms of the agreement, will be subject to review by binational panels, instead of by domestic courts.

Either government may request a panel, made up of persons chosen from rosters drawn up by both. Its rulings will be binding on questions concerning the proper application of such laws in such cases.

In exceptional circumstances, where fraud or a fundamental miscarriage of justice is suspected, a special binational panel of present and former judges may be convened to review decisions by other panels.

If either country wishes to change its antidumping or countervailing duty laws and apply the changes to the other, the other country must be specifically named and notified. A binational panel may review any such proposed change and issue a declaratory judgment on whether the change is consistent with the provisions of the GATT, the Free Trade Agreement, and with prior decisions by binational panels.

A working group will be responsible for developing new procedures for dealing with subsidies and dumping practices of both countries, within five to seven years.

Financial Services

The Free Trade Agreement covers financial services, including banking, underwriting and the marketing of certain securities. Because of the highly technical nature of government regulation in these fields, differences in these areas would be handled directly through consultations between the Canadian Department of Finance and the U.S. Department of the Treasury.

Canada

Canadian Embassy/Ambassade du Canada