

The Agreed Elements

The elements agreed build on the past and set the stage for a new beginning. The Agreement builds on the provision of the General Agreement on Tariffs and Trade (GATT) allowing two or more countries to negotiate a free-trade area agreement. The elements agreed, however, go beyond the scope of the GATT. The accord recognizes that a free-trade Agreement today must cover not only tariffs and other restrictive regulations of commerce applied at the border, as required by GATT Article XXIV, but must also address the types of trade and economic issues that have become increasingly important in the last few decades.

As a result of seven rounds of GATT negotiations, many barriers to trade have already been lowered. But lowering tariffs and eliminating quotas have exposed other means of discrimination which can impede secure access to foreign markets. The accord reached on October 3, 1987 thus tackles a range of new issues, such as internal regulatory measures, investment rules, the regulation of services and the movement of people for business purposes. Additionally, the accord provides the basis for resolving a number of longstanding disputes between the two countries in an amicable and mutually beneficial way.

Scope and Coverage

The Agreement will provide a regime which will ensure that "Canadians and Americans alike can plan, invest, grow and compete more effectively with one another and in the global market." The wide scope of the Agreement is indicated from the outset in the agreed objectives. The Agreement will:

- eliminate barriers to trade in goods and services between the two countries;
- facilitate conditions of fair competition within the free-trade area;
- significantly expand liberalization of conditions for cross-border investment;