

Trade has boomed since the signing of the FTA. From 1989 to 1994, total trade between the two countries grew by an exceptional 66 percent to reach \$331 billion. Growth in sectors such as office, telecommunications and precision equipment; chemical products; and textile materials was even higher.

The NAFTA came into effect January 1, 1994. It improved on the FTA and added Mexico to this free trade zone. Under the NAFTA, products continue to trade between Canada and the U.S. under the schedule negotiated in the FTA.

The NAFTA is consistent with the World Trade Organization's goal of trade liberalization. The Uruguay Round of trade negotiations, which led to the creation of the WTO on January 1, 1995, has similar provisions to those of the FTA and NAFTA. In some cases — agricultural trade, subsidies, as well as dumping and countervailing duties — the Uruguay Round addressed some of the unfinished business of the FTA and NAFTA.

As a NAFTA signatory, Mexico now provides duty-free access in a number of sectors where Canada has export strengths, including telecommunications equipment, agricultural and fish products, minerals and metals, certain wood and paper products, and various types of machinery. Remaining Mexican tariffs and other non-tariff barriers such as import licences will be phased out over a period of ten years.

TABLE 1.5
NAFTA Tariff Elimination Schedule*

Eliminated January 1, 1994	Phased out by 1998	Phased out by 2003
Locomotive and rail cars	Hydraulic turbines	Other railway cars and coaches
Construction equipment	Air conditioners	Boats and drilling platforms
Telecommunications equipment	Many resins	Bicycles
Fertilizers	Most copper wire	Most flat-rolled stainless steel
Health and medical equipment	Laundry soaps	Automatic dishwashers
Many chemicals and plastics	Wood and paper	Furniture
		Pharmaceuticals

* Examples only. For further details, consult the *NAFTA Tariff Schedule of Canada*.

The NAFTA accomplished much more by:

- providing a standard of “national treatment” for foreign investors in other signatory countries;
- ensuring secure market access;
- improving the dispute settlement mechanism;
- opening up government procurement markets to companies located in other member countries;
- facilitating cross-border movement of business people and professionals among the signatory countries; and
- affording stronger protection to intellectual property rights.

