

The NAFTA took effect in January 1994. This agreement was the result of intensive negotiations that began formally in June 1991 and really only ended in late 1993 with the decision of the new Liberal government to proclaim the implementing legislation in Canada. In between came a tortuous path that included agreement on the negotiators' text in August 1992, the legal rectification or fine-tuning of the text that autumn, the negotiation of the side agreements on environmental and labour cooperation during the spring and summer of 1993 and the sometimes difficult process later that year of monitoring the drafting and Congressional approval of the U.S. implementing legislation.¹⁰ The NAFTA drew its inspiration from diverse sources, including the FTA and key draft agreements that countries were labouring on multilaterally in the Uruguay Round (path-breaking work on intellectual property rights is perhaps the clearest example of the influence of the Round on the NAFTA negotiations).

The NAFTA is central to any discussion of western hemisphere economic integration for several reasons. First, it is the most comprehensive economic agreement in force in the Americas. It covers not only traditional tariff and non-tariff issues, but also important obligations on other matters related to trade in goods (e.g., detailed customs procedures; government procurement practices). Moreover, the NAFTA contains extensive provisions on trade in services (using the principle that everything is covered unless explicitly exempted) and intellectual property rights (that go beyond the Uruguay Round results in certain respects), as well as path-breaking provisions on investment and high quality dispute settlement procedures, including a unique binational panel system that replaces domestic courts in the review of national anti-dumping and countervailing duty determinations.

Second, the NAFTA package includes the two side agreements on environmental and labour cooperation, which contain provisions aimed at strengthening the enforcement of domestic standards in areas that are as close (if not closer) to social policy as they are to trade policy. Third, the NAFTA is evidence of the ability of countries at different levels of development but with the same underlying policy commitment to craft an ambitious, legally binding framework that promotes very close economic relations. The NAFTA provides for limited exceptions for each

¹⁰ The new Canadian government accepted proclamation only when its NAFTA partners agreed to establish two working groups (on dumping and anti-dumping duties, and on subsidies and countervailing duties) with a mandate to seek solutions that reduce the possibility of disputes on these matters. This arrangement commits the Parties to develop concrete recommendations by the end of 1995. Underlying this process is a long-standing Canadian interest in achieving agreement on reciprocal exemption from trade remedy law within the free trade area.