

BACKGROUND

The Free Trade Agreement: Implementation

*** The Canadian economy performed strongly during the first year of FTA implementation.**

- Canada is second only to Japan in overall economic performance among OECD countries and has had the fastest rate of new job creation among all the OECD countries for the past 18 months. Net job creation for 1989 was up by 193,000 jobs (seasonally adjusted).
- The recent December 1989 OECD economic survey on Canada lauds Canada's impressive output growth and employment creation in 1989.
- Business investment in non-residential construction, machinery and equipment for the first three quarters of 1989 was up 12 per cent over the same period in 1988.
- Preliminary trade figures for 1989 show a 2.6 per cent growth in Canadian exports to the U.S. and a 6.4 per cent increase in U.S. exports to Canada. Significantly, a large portion of imports are machinery and equipment being purchased by Canadian industry to modernize production to meet the challenge of global competition.

*** The implementation of the FTA is on track.**

- All regulations required by both Canada and the U.S. to implement the FTA are now in place.
- The first and second rounds of tariff cuts have been completed.
- In response to requests from the business community, tariff elimination has also been accelerated on 400 items covering approximately \$3 billion in Canadian exports to the United States and approximately the same amount of imports from the United States.
- The FTA provisions for temporary entry for business persons have been expanded and refined. These changes will allow Canadian business travellers easier access to the U.S.
- The private sector Automotive Select Panel has been established and is working towards solutions for the North American auto industry to enable it to compete more effectively in a rapidly changing global economy.