

by the 1989 model year. The Canadian export-based duty remission programs were eliminated for exports to the U.S. on January 1, 1989, and are to be terminated by January 1, 1998 for exports to third countries. The production-based duty remission programs are to be eliminated by January 1, 1996. Canada has provided the U.S. with the final list of manufacturers in Canada which qualify for duty waivers under the Auto Pact and other duty remission programs.

The FTA also required that a Select Auto Panel be established (Article 1004) with the mandate to propose public policy and private-sector initiatives to improve the competitiveness of the North American automobile industry. The panel co-chairpersons and membership were announced on April 6. The binational, private-sector panel held its first meeting on August 8, 1989 and issued a preliminary progress report September 29. Its report recommended immediate action with respect to automotive customs procedures, standards/regulations and statistics. It also announced its intention to proceed with studies on global competitiveness as well as on the appropriateness of raising the FTA's existing rules-of-origin requirements from 50 per cent to 60 per cent Canada - U.S. content for automotive products.

Canada is required to phase out its import restriction on used cars from the U.S. in five equal stages. Amendments to standards regulations have been passed to allow the required imports for 1989 and 1990. Transport Canada is now in the process of developing a system to accommodate imports in future years.

### **1.8 Chapter 13: Government Procurement**

The main provision of this chapter increases the amount of procurement open for competition between Canadian and U.S. suppliers in each others' market. It essentially applies the GATT provisions with a lower threshold of U.S. \$25,000. All purchases by covered entities above this new threshold are open to competition unless covered by exceptions allowed for by both the GATT code and the FTA.

The exchange of procurement statistics between Canada and the U.S. on the first year of operation is expected to be available in the fall of 1990.

The Procurement Review Board came into existence on January 1, 1989 as a result of the FTA. A similar mechanism already exists in the U.S. To date, seven complaint files have been opened with the Board. Three were closed because the objects of complaint did not meet the admissibility criteria as set forth in the legislation. Two files are presently under review and two were resolved to the satisfaction of the complainants. These complaints nevertheless dealt with two important procurement issues: