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**North American Free Trade Negotiations**

**A Situation Report**

On February 5, 1991 the Prime Minister of Canada and the Presidents of the United States and Mexico announced their intention to pursue a North American Free Trade Agreement (NAFTA). The three national leaders charged their respective trade ministers with the goal of negotiating a comprehensive, trade-liberalizing agreement. The Canadian approach to the NAFTA negotiations builds on the Canada-U.S. FTA implemented two-and-a-half years ago. It is being closely coordinated with our positions in the as yet incompleted Uruguay Round of Multilateral Trade Negotiations (MTN). For a number of areas such as subsidy/countervail and intellectual property issues, the Canadian view is that the best forum at present for seeking progress lies in a successful conclusion to the Uruguay Round.

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Canada's broad objectives in the NAFTA negotiations are:

- a) barrier-free access to Mexico for Canadian goods and services, while developing tariff phase-out provisions and safeguard mechanisms which reflect Canadian import sensitivities;
- b) improved access to the U.S. market in such areas as financial services and government procurement;
- c) improved conditions under which Canadian businesses can make strategic alliances within North America to better compete with the Pacific Rim and the European Community, as well as other parts of the world;
- d) ensuring that Canada remains an attractive site for foreign and domestic investment; and
- e) the establishment of a fair and expeditious dispute settlement mechanism.

**Fast-track negotiating authority.**

Before the negotiation could begin, the U.S. required special legislative action because of its particular constitutional arrangements. In March of this year, President