

HIGHLIGHTS

The FTA is working well and contributing to a more positive trading relationship with the United States. Its implementation in 1990 proceeded in a smooth and effective manner and no significant difficulties have been encountered.

- Regulations required to implement the FTA have been passed according to schedule and the tariff reductions that are required each year under the Agreement have been made.
- The accelerated tariff reductions on 400 items representing \$6 billion in two-way trade became effective April 1, 1990. A new round of tariff acceleration consultations has been initiated and implementation is expected by July 1, 1991.
- The Working Group on Rules of Origin and Other Customs Matters has made progress on a number of proposed clarifications and revisions to the FTA rules of origin.
- The Agreement's provisions on temporary entry for business persons continued to be expanded and refined. Temporary entry has operated smoothly under the direction of the two immigration services.
- The Canada-United States Trade Commission met on May 18 and October 11, 1990 to oversee the Agreement's implementation and to take actions to resolve possible differences.
- Irritants in agricultural trade were reduced, in part through the operations of FTA working groups. An experimental open-border inspection system for meat and poultry trade was agreed to.
- The Co-Chairmen of the Auto Select Panel recommended that the FTA North American value-added requirement be raised from 50 to 60%, but Canada indicated that it would not consider increasing the content rule unless it clearly benefited Canadian industry and improved its competitiveness.
- A Services Working Group was established to identify opportunities for increased liberalization in trade in the service industries.