

NAFTA - REMOVAL OF TARIFFS AND TRADE BARRIERS

WHAT'S IN THE AGREEMENT

- ◆ Virtually all Mexican tariffs eliminated within 10 years;
- ◆ Immediate elimination of many Mexican import licences that restrict Canadian exports;
- ◆ Gradual removal of Canadian duties on Mexican imports that compete with sensitive Canadian products. This will occur over 10 years to give Canadian producers time to make adjustments. No tariff reductions in poultry, eggs, dairy products or sugar.
- ◆ Safeguards that allow Canada to reimpose duties to protect Canadian producers from surges of imports;
- ◆ Extension for two years of duty drawback beyond the FTA expiry in 1994. This will be replaced in 1996 by a permanent duty refund system that will reduce input costs for Canadian manufacturers who still pay duties on goods shipped into other NAFTA countries;
- ◆ Simplified customs procedures;
- ◆ Easier temporary entry to NAFTA countries for business people and duty exemptions for their accompanying equipment;
- ◆ Permission for rail equipment and trucks to enter through and exit from different ports;
- ◆ Disciplines on how goods are marked to indicate their country of origin; and
- ◆ Duty requirements eased for repairs on all goods, along with clarification of U.S. procedures on ship repairs.

BENEFITS FOR CANADA

- ◆ Opportunity to correct the trade imbalance between Canada and Mexico, which is now weighted in Mexico's favour;
- ◆ Immediate elimination of Mexican tariffs and import licences on a range of fish products exported from Canada;
- ◆ Immediate access to Mexican markets for Canadian fertilizers and sulphur; early access for some aluminum, agricultural, construction and resource machinery, rail and industrial equipment, selected wood and paper items, telecommunications equipment, pre-fabricated houses, printed circuit boards, medical equipment and most auto parts;
- ◆ Creates new opportunities for such sectors as environmental products, lumber products, consumer and leisure goods; and
- ◆ Duty drawback extension avoids rising input costs for Canadian exporters.