

The wine sector was included in the FTA because it has been a long-standing trade irritant with the United States. The status quo was not an option. If Canada had not negotiated an agreement within the context of the Free Trade Agreement, we would have faced heavy retaliation from the U.S. industry. As well as a GATT panel action Canada was facing a 301 action on wine which targeted beer and distilled spirits areas of clear export interest for Canada.

TRANSPORTATION

Ontario truckers were concerned about the impact of the free trade agreement upon their sector. In essence, however, they have been opposed to federal initiatives to deregulate the trucking industry and see the free trade agreement services code as furthering that process against their interest.

The transportation sector is not covered by the services code and consequently is effectively excluded from the FTA. This result came about because the U.S. was unable to bring the shipping industry under the disciplines of the services code.

AUTOMOTIVE TRADE

Talking Points

We said we felt the Auto Pact had been working well, and that Canada would not raise it at the bargaining table during the negotiations. We didn't.

The government also said that if the Americans made proposals which offered the potential of improvements in terms of opportunities for more production and employment in Canada, we would listen to them. They did have some ideas which we found to be a sound basis for discussion.

The result is what can be described as "Auto Pact plus", because the Auto Pact is very much part of the Free Trade Agreement.

For the Auto Pact producers, not very much has changed. They can continue to operate as they have been doing, and in the bargain retain their 3rd country privileges, which will now be denied to the newcomers. I think they should be pretty pleased with what we've done. The Canadian Motor Vehicles Manufacturers Association endorsed the automotive deal.

For Canadian parts producers, this is a good package. For trade with the Auto Pact producers, the situation would be improved by the more demanding FTA rules of origin. For parts producers selling or hoping to sell to the transplants in North America, the rules of origin of the FTA and the end