

Backgrounder

FTA ACCELERATED TARIFF ELIMINATION

- The accelerated removal of tariffs is provided for in Article 401.5 of the Canada-U.S. Free Trade Agreement (FTA). It was initiated by the Canadian and U.S. governments in response to representations made by industries in both countries.
- The first round of early tariff elimination was implemented on April 1, 1990, and included more than 400 tariff items covering about \$6 billion in two-way trade. The second round was implemented on July 1, 1991, and included more than 250 items valued at \$2 billion in trade.
- For the third round, interested parties in Canada and the United States were invited in November 1991 to submit specific requests to their governments. Nearly 300 applications were made to the Canadian and U.S. governments.
- On September 5, 1992, the consolidated list of requests received by both governments was published in the *Canada Gazette* for public comment.
- In the end, the governments agreed to eliminate tariffs on 335 specific U.S. products and 340 specific Canadian products. Areas of particular interest to Canadian exporters include (value of exports to the United States in 1992):
 - staple fibres (\$52 million)
 - engine parts (\$39 million)
 - cellulose acetate yarns (\$27 million)
 - glass fibre yarns and mats (\$27 million)
 - copper alloy tubes/pipes (\$20 million)
 - tire cord fabric (\$18 million)
 - denim fabric (\$17 million)
 - certain alcoholic beverages (\$16 million)
- Canadian manufacturers will benefit from the early elimination of duties on a range of items imported from the United States for use in Canadian manufacturing.
- Consumers will also benefit from the end of tariffs on a diverse range of consumer goods, including golf gloves and bags, badminton rackets, electric blankets, portable workbenches, and certain motorcycle parts.