

Customs Matters

In addition to eliminating tariffs, the two governments have agreed to eliminate or regulate related programs which influence the flow of trade. Specifically, they have agreed that:

- duty drawbacks and similar programs on goods imported from other countries, including through U.S. foreign trade zones, will be eliminated for bilateral trade after January 1, 1994;
- no new duty waivers tied to specific performance requirements will be introduced and all existing duty waivers will be eliminated by January 1, 1998; and
- customs user fees will be phased out on bilateral trade by January 1, 1993.

The gradual elimination of these programs will ensure that by the end of the transition period, when all tariffs will have been eliminated, Canadian and U.S. companies will enjoy generally the same regime for bilateral trade. Both governments, however, will retain their separate regimes for trade with third countries.

Quantitative Restrictions

The two governments have also agreed to eliminate a number of existing quantitative restrictions. They will maintain the basic rules of GATT to regulate these restrictions on imports or exports. Existing quantitative restrictions will be eliminated, either immediately or according to a timetable, or grandfathered. Among those to be eliminated will be the Canadian embargoes on used automobiles and aircraft and the U.S. embargo on lottery materials. Canada will retain its right to control log exports while the United States will retain marine transportation restrictions under the Jones Act.

Government Procurement

A major area of Canadian interest in the negotiations was the elimination of preferences and other devices used by governments to give domestic suppliers an edge in competing for government business. The two governments have now agreed on a three-staged approach to opening up their procurement markets. Over time, this