

## Introduction and Overview

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The Canada-U.S. Free Trade Agreement is an historic and precedent-setting accord between the world's two largest trading partners. When it comes into force on January 1, 1989, the Agreement will realize major objectives of both countries. It will:

- gradually eliminate barriers to trade in goods and services between the two countries;
- facilitate fair competition within the free trade area;
- significantly improve conditions for cross-border investment;
- establish effective procedures for the joint administration of its provisions and the resolution of disputes;
- offer advantages to both Canada and the United States; and
- set the foundation for further bilateral and multilateral co-operation to expand and enhance the benefits of the Agreement.

The Agreement is an important contribution to Canada's future sustained economic growth, development and prosperity. It is consistent with Canada's obligations to its trading partners in the General Agreement on Tariffs and Trade (GATT), building upon GATT principles and going beyond them in new areas such as services and investment. The Agreement, together with the Uruguay Round multilateral negotiations under the GATT, demonstrates Canada's commitment to reducing trade barriers around the world. Trade liberalization, a cornerstone in the Government's overall economic strategy,

offers Canadians a chance to grow and prosper further in a competitive and dynamic economy. By adding significantly to economic growth, incomes and employment, the Agreement will allow governments to continue to stimulate economic development in Canada's poorer regions and strengthen social programs for all Canadians. The gradual transition to a free trade environment will be facilitated by Canadian industry's underlying competitiveness, flexibility and adaptability.

From the beginning of the bilateral trade negotiations, close consultations were undertaken with a wide variety of affected groups. Advice was sought from the business community through the International Trade Advisory Committee and fifteen Sectoral Advisory Groups on International Trade. First Ministers held special meetings to discuss the negotiations, and there were discussions at the annual First Ministers' Conferences. Provincial trade representatives participated in regular meetings of the Federal-Provincial Continuing Committee on Trade Negotiations, as well as in individual working groups on each of the major elements of the Agreement. Government expertise in each sector of the negotiations was drawn from all relevant departments, ensuring the closest interdepartmental co-operation. This level of consultation, unprecedented for Canadian international trade negotiations, ensured that all interests and advice were taken into account to the greatest extent possible in every element of the Canada-U.S. Free Trade Agreement.