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### *Agriculture*

Both governments agree to eliminate tariffs on agricultural trade within 10 years and not to use direct export subsidies on their bilateral agricultural trade. There is a special tariff provision for fresh fruit and vegetables which enables the temporary reimposition of current tariffs under certain circumstances. Both governments will exclude each other from their respective meat import laws, and Canadian import licences for wheat, barley and oats will be eliminated once grain support levels are equivalent in both countries. Canada will be exempt from any future U.S. quantitative restrictions on products containing 10 per cent or less sugar. The Agreement retains the Canadian supply management and marketing board system and provides for a slight increase in Canadian import quotas for poultry and eggs. Both countries agree to reduce technical regulations which interfere with trade, while still protecting human, animal and plant health.

### *Wine and Distilled Spirits*

The two governments agree to provide national treatment in listing and distribution practices, with certain exceptions for B.C. wineries and private wine outlets in British Columbia and Ontario. Canada will eliminate the price mark-up differential between Canadian and U.S. wines over a seven-year

period, and immediately for distilled spirits. The Agreement does not apply to current restrictions on beer. All other price discrimination in Canada and the United States will be eliminated immediately.

### *Energy*

Both governments agree to prohibit most restrictions on energy exports and imports, subject to existing GATT reasons for which such restrictions may be applied, including those related to supply or conservation. In the event of short supply export controls, however, the exporting country will allow for access up to the historical proportion for energy commodities and will not impose higher prices for export. As with the general quantitative restrictions, there is no obligation to supply.

### *Automotive Trade*

The Agreement retains the Auto Pact and its safeguards for current participants. Canadian value-added commitments by the Auto Pact manufacturers are not changed in any way by the Agreement. Rules of origin in the Agreement encourage the sourcing of more parts in North America. Automotive duty waivers and remissions will be phased out, as will the Canadian embargo on used vehicle imports.