

## BACKGROUND

### FTA ACCELERATED TARIFF ELIMINATION

- The Trade Commission has reviewed and accepted the results of bilateral consultations during which agreement in principle was reached on a list of items for accelerated Canada-U.S. Free Trade Agreement (FTA) tariff elimination.
- The tariff acceleration process, which is provided for in article 401.5 of the FTA, was initiated by the two governments in response to representations made by Canadian and U.S. industries interested in faster tariff elimination.
- This is the third round of accelerated tariff elimination negotiations under the FTA. The results of the first round were implemented on April 1, 1990, and included more than 400 tariff items covering approximately \$6 billion in two-way trade. The second round was implemented on July 1, 1991, and included more than 250 tariff items covering approximately \$2 billion in two-way trade.
- For the third round, interested parties were invited, in November 1991, to submit specific requests. Nearly 300 applications were made to the Canadian and U.S. governments.
- In September 1992, the consolidated list of requests received by the Canadian and U.S. governments was published for public comment.
- Following bilateral consultations, agreement was reached on a package covering approximately \$1 billion in two-way trade.
- The agreement is subject to a final approval process in Canada and the United States. In the United States, the process includes publication of the list in the *Federal Register* and a consultation period of 60 days with Congress, following which the necessary amendments to the U.S. Tariff Schedule will be made by Presidential Proclamation. In Canada, the agreement will be implemented by Order-in-Council, following pre-publication in the *Canada Gazette* to allow interested parties an opportunity to comment.
- Following approval in both countries, it is expected that the agreed reductions will be implemented in July of 1993.