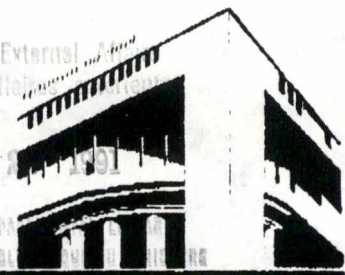


# Washington Advisory

A Canadian Embassy Newsletter on Trade and Economic Affairs

Volume 1, No.8

December, 1990

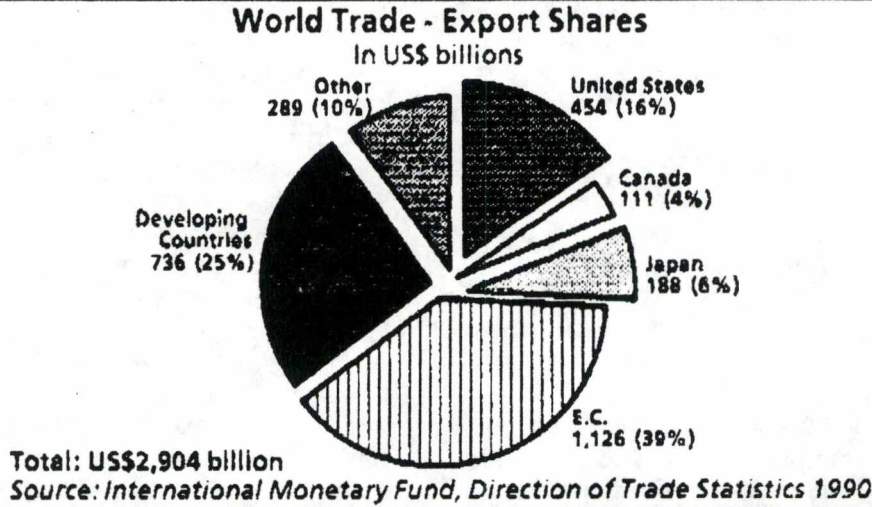


## NEGOTIATIONS...

●Negotiations on a Canada-U.S. air quality accord are expected to be completed by the end of this year. The accord will set out mutual commitments regarding transboundary acid rain levels and procedures to manage other shared air pollution problems. Prime Minister Mulroney welcomed President Bush's signing of the U.S. Clean Air Act on November 15 and said it "is a significant victory for those who worked so hard for so many years to revise U.S. environmental legislation...and will improve the quality of air on the continent".

●A second round of trilateral consultations between Canada, the United States and Mexico was held in Washington on November 20. Ministers are scheduled to meet in early December. A formal launch of negotiations is expected in the New Year.

●Canada's negotiator in the Canada-United States air negotiations will be Jim Harris, a senior External Affairs official, recently Canadian High Commissioner to India. The U.S. side will be led by Charles Angevine, Deputy Assistant Secretary, State Department. The Canadian government is consulting interested parties and formal negotiations will begin early next year.



●Quebec exports of softwood lumber to the United States are benefitting from a new four-year agreement amending the Memorandum of Understanding. Effective November 1, 1990, the existing federal export charge of 8% for lumber from Quebec will drop to 6.2% for the first year, 3.1% for the second year and 3% for the next two years.

## UNDER THE FTA...

●Canadian exports of natural gas to the United States will benefit from a decision by the Federal Energy Regulatory Commission (FERC) approving the U.S. \$583 million, 575 km. Iroquois natural gas pipeline project. The Canadian National Energy Board has approved the TransCanada Pipelines partial facilities expansion project to feed Alberta natural gas into the northeastern United States. The projects will trigger employment and capital investments in Canada of \$600 million, provide increased capacity

to supply gas to U.S. and Canadian consumers and bring substantial economic and environmental benefits to both countries. Canadian exports of natural gas to the United States in 1989 totalled approximately \$3 billion Cdn.

●The Embassy has strongly protested a discriminatory tax benefit for small U.S. producers of beer and wine, including cider, contained in the October budget agreement. The tax treatment would be inconsistent with the FTA and the GATT.

●On processed pork, Canada has challenged the International Trade Commission's reconfirmation of its injury finding. The binational panel will make its decision by January 22. On the question of countervailable Canadian programs in the pork case, the U.S. Commerce Department has until December 7 to report back to the binational panel with its detailed explanation to support its subsidy finding.