

The wide scope of the Agreement is indicated from the outset in the agreed objectives. The Agreement will:

- *eliminate barriers to trade in goods and services between the two countries;*
- *facilitate conditions of fair competition within the free-trade area;*
- *significantly expand liberalization of conditions for cross-border investment;*
- *establish effective procedures for the joint administration of the Agreement and the resolution of disputes; and*
- *lay the foundation for further bilateral and multilateral co-operation to expand and enhance the benefits of the Agreement.*

The agreement will specifically involve federal, state, and provincial measures. While the two federal governments are the parties to the Agreement, the important role of the states and provinces is recognized, for instance in the commitments on wine and spirits.

Chapter Two: Definitions

In this Chapter, words critical to the application of the agreement as a whole are defined. For example, the word "measure" is frequently used in the agreement. It is defined as any governmental law, regulation, procedure, requirement or practice. In effect, the rights and obligations of the two governments basically involve what measures they can and cannot take and how they can take them.