

• NAFTA NEWS •

Accelerated Tariff Elimination: Round One

The Government of Canada will participate in negotiations with the U.S. and Mexican governments to accelerate tariff elimination under the North American Free Trade Agreement (NAFTA).

The NAFTA provides for the eventual elimination of most tariffs on goods of North American origin traded among the three countries.

On January 6, 1994, International Trade Minister Roy MacLaren and Finance Minister Paul Martin invited interested parties to submit proposals for early tariff elimination under the NAFTA. Details on how companies can submit proposals were published in the *Canada Gazette* on January 8. The deadline for new proposals is February 22, 1994. The ministers also asked for comments by February 1, 1994 on the early tariff removal proposals already put forward by industries in the three countries. (See list).

While tariffs on some products traded between Canada and Mexico were eliminated on January 1, 1994, others will be phased out in five or 10 equal annual stages. Tariffs on goods traded between Canada and the United States will continue to be elimi-

nated at the rate negotiated under the Canada-U.S. Free Trade Agreement (FTA), but could be eliminated faster under the NAFTA accelerated tariff elimination process outlined in Article 302.

"The success of early tariff elimination under the FTA has prompted companies to propose accelerated reductions in tariffs under the NAFTA," Mr. MacLaren said. Three rounds of accelerated tariff elimination under the FTA resulted in the elimination of duties on approximately \$9 billion in bilateral trade.

As in the FTA, the NAFTA accelerated tariff elimination process is industry-driven. The government proceeds to negotiate only on those requests that are in the national interest and enjoy broadly based support in the industry concerned. The government will consult with companies, industry associations, labour groups, provincial governments and the Sectoral Advisory Groups on International Trade.

Products Under Consideration for Early Tariff Elimination Under the NAFTA: Dry beans; bedding components; cream cheese (under U.S. and Mexican customs tariffs only); flat glass;

major household appliances; potatoes; wine; appliance timers; sesame tape for corrugated containers (i.e. narrow woven fabric); debris netting; keyed padlocks; fabric for banners; aircraft fasteners; medium density fibreboard.

The following components for railcars: articles of bedding and similar furnishings, cushions; plastic light lenses; lamps and lighting fittings; laminated safety glass for railway vehicles; steel or aluminum hinges; rubber hoses; lighting equipment; plywood and similar laminated wood, with metal on one or both faces; receptacle boxes of metal; suspension shock-absorbers; insulated wire over 600 volts; propulsion system A.C. motors; mirrors; destination signs and fuses.

Budapest Office Temporarily Closes

The Trade Section of the Canadian Embassy in Budapest, Hungary will be closed temporarily (February 24 to March 1, 1994) to install new equipment and systems.

Revenue Numbers

In the "Revenue Canada Customs Provides NAFTA Services" article (Vol. 12, No. 1, January 17, 1994), some telephone numbers for the Automated Customs Information System were incorrect. The correct numbers are: Montreal (514) 283-9900; Ottawa (613) 993-0534; Quebec City (418) 648-4445; Vancouver (604) 666-0545.

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