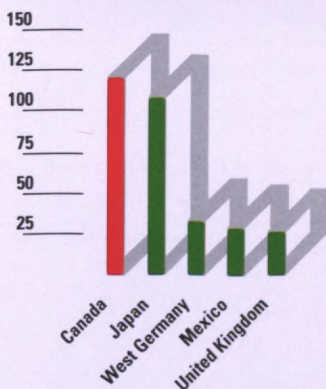


January 1, until January 1, 1993, the tariff reduction will proceed in equal steps until the tariffs are eliminated.

On the remaining one-half of dutiable bilateral trade, including items such as clothing and textiles, appliances, as well as most processed foods and cosmetics, tariffs dropped by 10 per cent on the date of entry into force and will fall at the beginning of each year so that they are gradually eliminated in 10 equal steps. These items will become duty free by January 1, 1998.

CANADA IS THE UNITED STATES' BEST TRADING PARTNER

*U.S. trade in goods 1986
Billions of U.S. dollars*



All-1986 figures are preliminary. Figures for U.S. exports to Canada in 1986 are from Statistics Canada; unless otherwise noted, all other figures are from U.S. Department of Commerce. Figures for U.S. imports are calculated on a customs basis.

Sources: Statistics Canada and U.S. Department of Commerce.