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Bilateral Relations

USA

Free trade and Arctic cooperation dominated Canada US relations during the period December and January. President Reagan and Prime Minister Mulroney signed the 2,500-page Canada-US Free Trade Agreement on January 2. A preliminary agreement had been initialled by the ambassadors of the two countries on October 4, 1987, and the final text tabled in the House of Commons on December 11 by Mr. Mulroney.

US Secretary of State George Shultz and his Canadian counterpart, Joe Clark, during their regular quarterly meeting, signed three bilateral agreements on January 11 in Ottawa. One was an Arctic Cooperation agreement; another a treaty which will dramatically reduce the number of offenders who are able to escape arrest by fleeing across the Canada-US border by making any crime that carries a sentence of at least one year's imprisonment an extraditable offence. The third agreement dealt with terrorism and established a bilateral group of government departments, police and agencies involved in counter-terrorism to exchange intelligence on terrorist actions, review border controls and to assist each other at the time of a terrorist act or during a subsequent investigation. The bilateral group will hold its first meeting in Washington in April and meet at least once a year after that.

Free Trade Agreement

Following a telephone conversation with Mr. Reagan on January 2, Mr. Mulroney signed English and French versions of the agreement in his Parliament Hill office before a room full of photographers. Mr. Reagan signed it privately on the same day on vacation in California. The signing followed by nearly two years the beginning of the free trade discussions. Prime Minister Mulroney and President Reagan, at their first bilateral summit in Quebec City, March 17-18, 1985, had agreed that they "would give the highest priority to finding mutually acceptable means to reduce and eliminate existing barriers to trade in order to secure and facilitate trade and investment flows" (*Free Trade Agreement - Synopsis*, Department of External Affairs, December 10, 1987, p.4). Soon trade negotiators Simon Reisman of Canada and Peter Murphy of the US were shuttling be-

tween Ottawa and Washington. (See "International Canada" for October and November on Free Trade Agreement)

The introduction of implementing legislation in Canada and the United States is scheduled for spring 1988. Under the Agreement the first phasing out of tariffs would take place on January 1, 1989, covering about 15 percent of all goods traded. The elimination of all tariffs between the two countries would be completed in ten years.

In Canada the Agreement itself does not require parliamentary approval, but many parts require the passage of enabling legislation. These areas include the elimination of tariffs, amending the Bank Act and changing foreign investment and energy rules. Under the fast-track in the US Congress, both the Senate and the House of Representatives must vote either to accept it without amendment or reject it within ninety sitting days (*Globe & Mail*, January 4).

Party Reaction

The Liberal Party in the Commons has been opposed to the Free Trade Agreement and the *Ottawa Citizen* on January 4, reported that Liberal Opposition Leader John Turner, in responding to the official signing before it took place, declared in Toronto: "We intend to fight it every inch of the way." NDP leader Ed Broadbent was quoted by the same source as having told reporters that his party would be "doing everything it can within the rules of Parliament to stop and hold up" the enabling legislation.

The House of Commons debated the deal following introduction of a motion in support of the free trade agreement on December 15. The Minister of International Trade, Pat Carney, in her remarks, termed it the largest trade agreement ever negotiated between two countries and under the GATT (General Agreement on Tariffs and Trade). She stated that the agreement would provide more secure access to the US for agriculture and food products as well as enhance the service industry's role. "We have kept in place the fundamental elements of the Auto Pact and have added provisions which will create new opportunities" (*Hansard*, December 15).

Prime Minister Mulroney told the Commons on December 18, "We have secured an agreement which is good for Canada, very much in the national interest, which protects