

represents 77 per cent of total foreign direct investment in this country. It should be noted, however, that in recent years traditional investment flows have been reversed and Canadians have invested more in the United States than Americans have invested here.

#### **Canada-USA Free Trade Agreement (FTA)**

The FTA came into force on 1 January 1989. It provides for: elimination of all bilateral tariffs and other border restrictions within ten years; special measures to enhance market access for each other's exporters in the areas of agriculture, energy, automotive products and wine and distilled spirits; liberalization of the regulatory framework surrounding government procurement, investment and financial services; a precedent-setting code providing for national treatment in future legislation in a broad range of service sectors; and institutional provisions for the impartial resolution of disputes and for overseeing implementation.

Standing bodies have been directed to complete a complex list of tasks or to monitor progress. The FTA calls for the establishment of a working group on subsidies and eight other working groups to examine means whereby elements of the Agreement may be expanded and improved upon. Canada and the US will also be setting up a monitoring committee on agricultural technical standards, a select panel on the auto industry and a joint advisory committee on cable re-transmission rights.

Chief among the standing bodies is the Canada-USA Trade Commission, headed on the Canadian side by the Minister for International Trade, John Crosbie, and on the US side by the United States Trade Representative, Carla Hills (USTR). This commission will supervise the implementation of the FTA, attempt to resolve disputes at an early stage and oversee the further elaboration of the Agreement. Disputes that cannot be resolved by the Commission may be referred to panels of experts or to binding arbitration, as appropriate. The first meeting of the Commission will take place in the near future.

Regular consultations are to take place on rules of origin, customs administration, agricultural issues, services, tourism and temporary entry of business persons. Various modes of cooperation and ad hoc consultations are also allowed for. These include consultation on any matter affecting the operation of the FTA, such as the acceleration of the duty-elimination schedules for certain products.