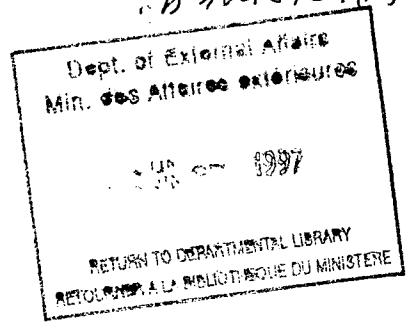


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BACKGROUND

NAFTA APPROVAL PROCESS

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Formal Signature of the NAFTA

The signing of the North American Free Trade Agreement by Prime Minister Brian Mulroney and the presidents of the U.S. and Mexico on December 17, 1992, begins the official approval process in each country.

December 17, 1992, marks the expiry of the 90-day consultation period that began on September 18, when U.S. President George Bush formally notified the U.S. Congress of his intention to enter into a free trade agreement with Canada and Mexico. It is, therefore, the first day on which all three heads of government can sign the Agreement.

Earlier, on October 7 in San Antonio, Texas, the trade ministers from the three countries initialled the NAFTA to signify the completion of the legal text.

It has been agreed by the three countries that the French and Spanish translations of the text are still subject to authentication. The Agreement is scheduled to enter into force on January 1, 1994.

The Process in Canada

After the Prime Minister signs the Agreement, the domestic approval process begins in Canada. The government will present the necessary implementing legislation to Parliament in the New Year.

On First Reading in the House, the enabling Bill is tabled. The Second Reading allows for substantive debate of the principle and object of the Bill. If the Bill is adopted at Second Reading, it is then referred to a committee for clause-by-clause study.

On Third Reading, the House considers any proposed amendments to the Bill. The House then votes on the legislation. Once passed by the House of Commons, the Bill is sent to the Senate for consideration. If the Bill is passed by the Senate without amendment, it is deemed ready for Royal Assent. If the Bill is amended, it is returned to the House of Commons, where it must again be debated and voted on.

Once the Bill is approved and proclaimed in force, Canada will be in a position to exchange letters of ratification with the U.S. and Mexico. Ratification of the NAFTA, which is part of the treaty-making process, is an executive act that is accomplished by an Order in Council.

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