

Under the FTA, Canada and the United States will retain their own tariff and customs regimes. Having reduced tariffs and other non-tariff barriers with our largest trading partner, Canada will be in a better position in the MTN to focus on trading relationships with other countries.

The Uruguay Round provides a unique opportunity for Canada to maximize the industrial benefits from the FTA by reducing tariff levels vis-à-vis third countries, thereby encouraging investment and creation of jobs in Canada.

Many of the issues at the heart of the free trade negotiations also dominate the MTN. Both require trading partners to face the new realities of world trade, including trade in services, trade-related intellectual property and trade-related investment issues.

In the traditional goods-related areas -- including tariffs, import and export restrictions, product standards and technical regulations, government procurement and dispute settlement -- the FTA affirms and builds on existing GATT rules. In the vital area of trade in services, the FTA could serve as a model for GATT Contracting Parties in the Uruguay Round.

In some areas, such as agricultural subsidies, trade-related intellectual property, government procurement and trade-related investment, Canada and the U.S. recognized in their negotiations that these were global problems that required global solutions. For this reason, the FTA contains a commitment on the part of both countries to work in the MTN to forge new international agreements in these areas.