

The United States has long complained that Canadian duty remission programs, tied to exports to the United States, constituted an unfair subsidy and potentially subject to U.S. countervailing duties. Canada has now agreed to eliminate these programs immediately. The Canadian government will continue to honour its commitments to provide duty remissions to companies with new production facilities in Canada to encourage them to source parts in Canada. The elimination of the duty and the rule of origin provision, however, will provide additional incentive for offshore producers to locate in Canada to take advantage of the Free Trade Agreement.

The two governments also agreed that some of the challenges facing the North American auto industry were more than a matter of negotiating a Free Trade Agreement. They have, therefore, agreed to establish a blue-ribbon panel to advise the two governments on automotive issues.

Cultural Industries

From the beginning of the negotiations, Canadians expressed concern that an agreement would erode the government's capacity to encourage and help Canada's cultural industries (film and video, music and sound recording, publishing, cable transmission and broadcasting) and thus to contribute to the development of Canada's unique cultural identity. As far as the government was concerned, Canada's cultural identity was never at issue in the negotiations. As the Prime Minister said at the outset:

" Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character -- these are of the essence of Canada. They are not at issue in these negotiations. They will be stronger in a Canada made more confident and prosperous from a secure and dynamic trade relationship with our biggest customer and with all the world."

The Government delivered on this promise. Canada's unique cultural identity remains untouched by the Agreement. Any new measures that the Government decides to take to buttress these industries are allowed under the Agreement. Canadian producers of broadcast material retransmitted by cable retain their copyright protection. The Canadian printing industry is internationally