

specifically exempted Canada from the proposed trade restrictions because of the FTA. In the end, the bill was vetoed but the point is that the bill had offered special protection to Canada.

1.3 Chapter 6: Technical Standards

There is continuing commercial interest by Canadian business in encouraging the review of existing incompatible U.S. and Canadian standards to achieve greater harmonization as a means of improving access to the U.S. market.

The system for the exchange of federal standards provided for in the FTA is now fully operational. Arrangements for the exchange of information on sub-federal and private sector standards are being reviewed with the USA. Although the FTA involves specific obligations only in relation to federal standards, sub-federal and private sector standards and regulatory organizations have been encouraged to respond constructively when commercial problems arise as a result of differing U.S. and Canadian measures.

There has been increasing contact between Canadian organizations and their U.S. counterparts at the stage where standards are being developed. The same applies in the case of private sector standards. Some organizations, both federal and private, are considering mutual recognition or acceptance of the technical equivalence of their respective standards and certification arrangements.

During 1990, U.S. legislation imposing new certification requirements for industrial fasteners (U.S. Fastener Quality Act) was modified so that Canadian fasteners are treated in the same way as U.S. fasteners. This change was critical to Canadian steel producers' ability to continue to make "just in time" deliveries to auto manufacturers.

A private sector binational committee established by the two governments has developed a common performance standard for plywood which has been referred to the appropriate standards authorities for consideration and approval. This represents significant progress in resolving a longstanding bilateral trade irritant.

1.4 Chapter 7: Agriculture

Implementation of the provisions of this Chapter are helping to facilitate agricultural trade between Canada and the USA and to promote and secure Canadian access to a \$3 billion market.