

## THE TRADE AGREEMENT OF 1988

The Free Trade Agreement between Canada and the United States, which is now awaiting action in the U.S. Congress and Canada's Parliament, is the broadest trade pact ever negotiated by either country—it covers services as well as goods, and investment, and touches on all major aspects of the enormous exchange. It provides for an open commercial exchange of energy, including oil, gas, electricity and uranium. It enhances the exchange in autos and auto parts initiated by the Auto Pact, while preserving the pact's structure. It also provides for a phased-in elimination of discriminatory practices in the trade of wine and spirits. It liberalizes restrictive procurement practices by both federal governments.

It opens the markets of both countries to each other's exports and assures a predictable flow of trade. It is hoped that innovations—such as the elimination of agricultural export subsidies in bilateral trade and border restrictions—will serve as a signal for members of GATT and other trading partners.



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### An Historic Sampling of Treaties and Agreements Affecting Trade and Commerce

**1854:** Reciprocity Agreement establishing free trade between the United Province of Canada and the United States. (Terminated by the U.S. in 1866.)

**1923:** Halibut Treaty, concerning fishing rights in the Pacific Ocean. (The first treaty independently signed by Canada.)

**1947:** General Agreement on Tariffs and Trade (GATT), signed by 23 countries, including Canada and the U.S.

**1955:** Agreement on civil uses of atomic energy.

**1965:** Auto Pact, establishing conditional free trade in automotive products.

**1981:** Pacific Coast Tuna Treaty, governing use of port facilities.

**1985:** Pacific Salmon Treaty.

**1988:** Agreement on Free Trade (subject to approval).

The primary responsibility for the settling of disputes that may arise will rest with a unique, bilateral commission. Panels of experts may be called upon in cases of unresolved disputes, recommending action in some and rendering binding decisions in trade remedy actions. They may also offer advice to both governments on pending legislation which might impinge on the terms of the agreement.

A special blue-ribbon panel will consider the future of the North American automotive industry. A working group will recommend replacements for existing antidumping and countervailing laws. The two governments are committed to seeking further reductions in technical and other trade barriers and to broaden the provisions governing services and government procurement.

The agreement, which allows for its own elaboration and expansion, is designed to provide a single, fair, coherent system governing all aspects of trade between Canada and the United States.

### An Approximate Timetable

The U.S. Congress will consider the trade agreement this year, with 90 legislative days to vote it up or down.

The agreement will also be debated in the Canadian House of Commons, where Prime Minister Mulroney's Progressive Conservative Party enjoys a large majority.

Under the Canadian constitution, only the federal government has the authority to enter into international agreements.



Upon signing the free trade agreement on January 2, President Reagan said it would save American consumers "hundreds of millions of dollars while also improving our export opportunities." Prime Minister Mulroney said it would send "a powerful signal towards liberalized trade around the world."