

restrictions, including all tariffs on originating automotive goods, will be eliminated during the 10-year transition period.

Improvements in the calculation of the rules of origin are designed to avoid future disputes, such as those involving Honda production in Alliston, Ontario, and the GM-CAMI plant in Ingersoll, Ontario. North American content rules are raised to 62.5 per cent for cars, light trucks and major components and 60 per cent for other automotive products.

- While the textile and apparel rules of origin are tougher in the NAFTA than the FTA, requiring the yarn, fabric and garment to be made in North America to qualify for NAFTA preferential duties, quotas providing preferential access to the U.S. market for goods that are made in Canada but do not meet the rules have been substantially increased.
- Constrained by slow progress on trade in agricultural products in the Uruguay Round, the three countries have put together a series of bilateral arrangements. The FTA agriculture provisions have been carried forward into the NAFTA. Canada and the United States have each negotiated separate arrangements regarding market access with Mexico. Canada was able to expand market opportunities for red meat and grains, while fully retaining our existing system of national supply management for dairy and poultry activities.
- Standards provisions build on the extensive progress made in the Uruguay Round. They provide clear rules aimed at reducing the scope for using standards as a disguised barrier to trade, while preserving the right of governments to regulate within their own borders and to promote such important goals as protecting the environment.
- The inclusion of land transport will allow Canadian truckers to organize their North American traffic more efficiently. The Agreement provides that truckers can carry cargo from one country to the other, but reserves local cargoes to truckers based in that country; for example, Canadian truckers can pick up a load in Mexico and carry it to the United States, then pick up another load in the United States and carry it to Canada or vice-versa, but they cannot carry cargo from one part of the United States to another. American and Mexican truckers can pick up and deliver international traffic in Canada, but they cannot pick up and carry goods between Canadian cities.
- The extension of cross-border services to specialty air services should open new opportunities for Canadian high-tech companies specializing in aerial surveys, mapping, remote sensing and similar export-oriented activities.
- The Agreement clearly establishes that social and health services provided by the federal and provincial governments remain unaffected by the NAFTA. Canadians are free to design and implement whatever social services they want and may reserve these activities to Canadians. The cross-border services and investment chapters, for example, spell out that Canada maintains its ability to provide social and health services, including day-care and public education.
- The investment chapter covers a broader range of operations and business activities than the FTA. It includes important provisions for resolving certain types of disputes between governments and investors from other NAFTA countries. Canadian investors