

FTA ACCELERATED TARIFF ELIMINATION

BACKGROUND

March 20, 1991

- The Trade Commission has reviewed and accepted the results of recently concluded bilateral consultations during which agreement was reached on a list of items that will be subject to earlier FTA tariff elimination. The agreement is subject to final approval by both governments.
- Under the agreement:
 - ▶ More than 250 tariff items in each country's tariff schedule are covered. In addition, the agreement includes 400 specific products.
 - ▶ There is a balance of trade interests. The package covers more than \$1.0 billion in Canadian exports to the U.S. and approximately the same value of U.S. exports to Canada, based on 1990 trade data.
 - ▶ Canadian exporters will benefit from duty-free access to the U.S. market in a number of areas, including (figures represent projected exports for 1990):
 - plastic-making moulds (\$209 million);
 - styrene (\$200 million);
 - fresh or chilled beef (\$141 million);
 - canola seed, oil and oil cakes (\$138 million);
 - flaxseed (\$73 million);
 - coated abrasives (\$60 million); and
 - water-purifying machinery (\$43 million).
 - ▶ Bilateral tariffs on railway passenger coaches and their parts will be eliminated immediately. The United States has also agreed to eliminate its tariffs on freight cars of Canadian origin. The current U.S. tariff on most Canadian railway cars is 12.6%.
 - ▶ Canadian manufacturers also will benefit from the elimination of Canadian duties on a range of products that are not made in Canada and are being imported from the United States for use in domestic manufacturing.
- In keeping with industry requests, tariffs on most items will be eliminated upon implementation of the agreement.
- The agreement is subject to a final approval process in Canada and the United States. In the United States, the process includes a review of the package by the House Ways and Means Committee and the Senate Finance Committee. The Committees have 60 days for that review, following which the