

The Canada-United States Trade Agreement

Trade: Securing Canada's Future

Minutes before midnight on October 3, 1987, Canada and the United States agreed in principle on the elements to be included in a free-trade Agreement. The way was thus cleared for the two governments to conclude what will be the largest commercial accord in history, with major economic benefits for both countries.

This was an historic occasion for Canada and the United States. Together, the two governments took a dramatic step toward implementing a new and better trading relationship between the world's two biggest trading partners. The package initialled on October 3 meets the test of fairness and of mutual advantage. The economies of both countries will grow and prosper.

The two governments agreed to eliminate all tariffs between them, to reduce a wide range of other barriers and to make trade both more open and more secure. They agreed on a unique dispute settlement mechanism with binding powers to guarantee impartial application of countervail and anti-dumping laws and other aspects of trade remedy law in both countries. They established a new code to cover trade in services and they agreed to provide for a more certain and open investment regime. At the same time, Canada safeguarded its right to pursue unique cultural objectives and to promote regional economic development.

For Canada, it will mean a stronger and more productive economy, with benefits for producers and consumers alike. It will mean a richer Canada, a Canada which can afford to maintain and enhance the quality of life through, and for, Canadian cultural endeavours. Governments will be able to stimulate economic development in Canada's poorer regions and maintain a safety net for all Canadians.

The accord provides a powerful signal against protectionism and for trade liberalization. It reflects the commitment of both governments to liberalize trade on a global basis through the Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade.