

consumer community in Canada. Their work program will begin addressing these technical issues, harmonizing where it appears useful and productive. I should emphasize that it does not mean a lowering of standards on the part of either Canada or the United States. Hopefully, the results of the working groups that are established will lead to the removal of many non-tariff barriers in that important trade.

Another issue that we have been heavily engaged in over the past couple of months relates to tariff reductions. As those of you who are familiar with the Agreement will know, over a period of ten years all tariffs will be removed between Canada and the United States. It is a three-phase process. On items that are not particularly sensitive on either side, the tariffs were removed on the first of January. For another group of items the tariffs are removed over a five-year period and for more sensitive issues the tariffs are being phased out over a ten-year period. There was provision in the Agreement for accelerated tariff reduction if there was interest on the part of companies and industries on either side of the border. Immediately with the conclusion of the FTA, expressions of interest were received both in Canada and the United States on accelerating that process of tariff reduction. We have engaged in a very public process through the month of March through notification in the Canada Gazette. There is a similar process being undertaken in the United States.

The results of that process have been more significant than we had imagined. We have received requests for over 2,000 accelerated tariff reductions by Canadian companies. In the United States they have received some 2,000 accelerated tariff reduction requests. These are now being exchanged between the two governments and we will be going into a very public process of input with companies, industry, provinces, and with anyone who wishes to make an input.

The expectation is that we will be in a position to sit down and negotiate, and that on the first of January 1990 we will have some kind of a package of tariff reductions that are accelerated compared with that originally foreseen by the FTA. I think this is significant in that it does illustrate that Canadian business has taken a look at the Agreement, has seen the benefits of trade liberalization through tariff reduction, and has called upon government to move more quickly on that aspect of the Agreement.

Another major issue we are addressing is the question of subsidies in both countries and the use of countervailing and anti-dumping law. It was at the heart of the Agreement during the course of the negotiations. It was an area we were unable to come to an agreement upon. The Agreement provides for another five to seven years of further negotiations. They will be undertaken to see if we are able to develop some kind of regime which would provide for a definition of what constitutes unacceptable subsidization in both countries.

Under the Agreement, the current laws that apply to anti-dumping and countervail in Canada and the U.S. remain in force. Our laws are very similar. The application of those laws has been something that has caused a number of us concern, and British Columbia is certainly not exempt from that concern over the last three or four years. The Agreement does provide through the binding dispute settlement mechanism a means of appeal from those laws. That has been seen as a transition measure until we can get to the heart of the whole subsidies issue. We recognize and expect that that is going to be a very, very difficult issue between Canada and the United States. It will take a considerable portion of the five to seven year years that we have set. The United States is involved in subsidization which has a trade distorting effect every bit as much as Canada's. So, there's a great deal of work to be done on inventories of subsidy practices in both countries. It will provide an information base upon which we may or may not be able to proceed. But, that is an issue that will be with us for some time to come as we go down the road of the ten-year transition period of the agreement.

These are the issues that the two governments have been grappling in the early days of the Agreement. There are many other smaller ones and both governments have taken very seriously the new framework we are operating within to try ensure the conduct of the relationship is one that reflects the opportunities we saw in the course of the negotiation and in the conclusion of the FTA.

I'd like to turn now to some of the programs that we have been engaged in to assist the business community in tackling the United States' markets because we are dealing with a large and distinctive array of regional markets in the United States. First of all, we are expanding our network