

An important and unique element of the FTA is the dispute settlement mechanism. A general system and a more specialized binational one to deal with anti-dumping and countervailing cases in an impartial manner has been created. To date a number of panels have been requested dealing with such cases as red raspberries, paving parts, salt cod fish and induction motors. The challenges on the first two items have been subsequently dismissed after hearings and in the case of the latter two the challenges have been withdrawn even before they had reached the hearing stage. One should note, moreover, that the vast majority of trade irritants will continue to be settled at the early, informal stages of the FTA dispute resolution process and about 99% of Canada-U.S. trade is dispute free.

The Canada-U.S. Trade Commission which oversees the operation of the FTA, has been established and is headed by U.S. Trade Representative, Carla Hills, and me. To date, Ambassador Hills and I have met three times in Washington, Ottawa and Toronto.

Working groups are being continually established as needs arise and those currently functioning are making progress in such areas as agriculture and fishing products, customs matters, tourism, services, subsidies and trade remedies. Some have already announced their preliminary results. Most encouraging to date, and indicative of the readiness of Canadian firms to compete, has been the enthusiastic response from the private sector to accelerated elimination of tariffs.

In fact, at the third meeting of the Canada-U.S. Trade Commission last week Ambassador Hills and I formally signed into effect an agreement to speed up elimination of bilateral tariffs on some 400 tariff items, covering approximately \$6 billion of two-way trade.

In keeping with industry requests, tariffs on most items were removed upon the implementation of the agreement on April 1 of this year. In some cases, tariff elimination will be advanced from the existing ten-year phase-out schedule to the five-year schedule.

A second round of tariff elimination acceleration has now been initiated.

So where does all this bring us? In the age of "instant gratification" it is not easy to please those seeking analyses of the impact of the FTA - it will be several years before the critical mass of data allows for a definitive assessment.

What I can tell you is that the basic indicators look good. Canada's gross domestic product is up 2.9%. This compares favourably with other industrialized countries. The unemployment rate is 7.2% -its lowest level since 1981.

Canada-U.S. Trade expanded by 4% during the first year of the Free Trade Agreement. Investment flows between the two countries are