

terms of bureaucracy. Canadian exporters, for example, were faced with going into the United States with three new things - a new rule of origin certificate, reduced tariffs, and the implementation by the United States of the harmonized system of tariffs, which is not part of the FTA but provides for a different tariff classification. That is something that we had done one year earlier. But faced with all of those challenges for exporters, customs brokers and importers, we do think that the implementation in terms of the border aspects has gone relatively well. That is not to say that they have gone entirely without incident, but with the magnitude of the trade and transport of traffic and people, some of those things are to be expected.

We also addressed compliance issues of the Free Trade Agreement. We were obviously satisfied that each country was in a position, in terms of its domestic law and regulations, to implement the Agreement. Having said that, there were some issues that were of concern to both sides and these have been taken up as a matter of urgency by both governments.

On the Canadian side there were two issues where we considered the United States had not met its obligations and they are both very specific issues. One relates to plywood standards in Canada and reductions of tariffs that the United States did not proceed with, because of a dispute with us over the Agreement. The second one, which is a very technical issue, refers to the definition of wool for tariff rate quota purposes. Both of those issues are going through the consultative process with the United States and may well end up in panel proceedings. On the United States' side, although they did not invoke formal dispute settlement provisions, they were very concerned about the Province of Ontario's lack of proceeding with the commencement of removal of discriminatory markups on wines. The Province of Ontario since that time has changed its policy in a way that brings it into conformity with the Agreement. While I'm on the dispute settlement issues, the United States is concerned with the regulations that I mentioned on cable re-transmission and have taken us to dispute settlement on those.

We also have cases under Chapter 19, which deals with countervailing and anti-dumping actions. The first two actions are under way that will lead to a panel with a binding dispute settlement mechanism. They are both anti-dumping issues regarding administrative review in the U.S. of U.S. anti-dumping cases. When one looks at this litany, and it's a very short litany of disputes that we have with the United States, I don't think that it should be taken as an indication that the Agreement has not changed things or is not working. Indeed, I would suggest it is exactly the opposite - that in a trade relationship as large as ours we have always had a number of disputes and will continue to have those disputes. What we now have is a different legal framework with given time frames as a result of the FTA.

The Agreement does provide that the overview of the Agreement will be undertaken by a Canada-United States Trade Commission. It is headed on the Canadian side by Mr. Crosbie, the Minister of International Trade, and on the United States' side by the United States Trade Representative, Carl Hills. The first meeting of that Commission met in March and reviewed a number of issues related to the Agreement. It set up a working group on customs and market access issues which will be a more rigorous approach in addressing and resolving issues related to customs and market issues. It is expected that at the political level the Commission will be meeting at least twice annually to oversee the implementation of the Agreement.

There are a number of major issues that are flowing from the Agreement. The Agreement provides that there shall be established a select panel on the automotive industry in North America to look at the competitive conditions of the automobile makers and of the parts manufacturers. That select panel has now been established. It has fifteen members on either side of the border. We have broad representation on the Canadian side from the automotive industry, from the Asian transplant companies, from consumers and from labour. We expect that they will be working for the next couple of years in a serious examination of how we in Canada and the United States, can improve our competitive position worldwide. That is one of the first things that is up and rolling from the Agreement.

The Agreement also provides for the establishment of eight working groups on a whole array of agricultural and food issues with a look to the many technical barriers we have between Canada and the United States that impact upon our trading relationship. Those working groups have now been established. They're engaged in a consultative process with industry, provinces, and the