

FTA ACCELERATED TARIFF ELIMINATION

BACKGROUNDER

- The Trade Commission 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:
 - ▶ Over 400 tariff items in each country's tariff schedule are covered. Only items that are supported by the Canadian industry concerned are included.
 - ▶ There is a balance of trade interests. The package covers close to \$3.0 billion in Canadian exports to the U.S. and approximately the same value of U.S. exports to Canada, based on 1989 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 1989):
 - methanol (\$100 million);
 - photographic film (\$93 million);
 - telecommunications equipment (\$423 million);
 - aluminium products (\$354 million);
 - printed circuits (\$303 million); and
 - diesel locomotives (\$425 million).
 - ▶ 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. In some cases, tariff elimination will be accelerated from the existing ten-year phase-out schedule to the five-year schedule.