

INTRODUCTION

The goals of the Canada-United States Free Trade Agreement (FTA) remain the same now as they were at the outset: to improve the trading relationship with the USA and to ensure more secure access to Canada's largest trading partner, accounting for over 75 percent of Canadian exports; and to stimulate Canadian competitiveness and industrial efficiency.

These goals can best be achieved through continued smooth implementation of the FTA, which calls for:

- * the elimination of barriers to the bilateral trade in goods and services over a ten year phase-in period;
- * the facilitation of fair competition within the free-trade area;
- * the liberalization of conditions for investment;
- * the establishment of effective procedures for the joint administration of the Agreement and the resolution of disputes; and
- * the laying of a foundation to expand and enhance the benefits of the Agreement.

Since the FTA entered into force on January 1, 1989, Canada and the USA have worked diligently to ensure its smooth implementation.

In 1990, a great deal was accomplished, as both parties used the FTA to full advantage. The result is that there now have been two years of solid progress. A year ago the Government described a very successful beginning for the multi-year process of maintaining and enhancing the world's largest bilateral trading relationship. This pattern has continued and even intensified through the second year of the FTA, as demonstrated in this report, which once again provides a comprehensive and detailed account of how the Agreement is being implemented.

Given the difficulty in providing an accurate and comprehensive assessment of the FTA's impact on the Canadian economy at this early stage, the report does not attempt such an analysis.

The Government hopes that the report which follows will help Canadians to understand more about the implementation of the FTA during its second year.