

Ottawa, Ontario
January 2, 1988

The Honourable Clayton Yeutter
United States Trade Representative
Washington, D.C.

Dear Mr. Yeutter,

I am pleased to receive your letter of today's date, which reads as follows:

"I have the honor to confirm the following understanding reached between the delegations of the United States of America and of Canada in the course of negotiations regarding Article 301 (Rules of Origin) and Article 401 (Tariff Elimination) of the Free-Trade Agreement between our two Governments that was signed on this day:

In the event it appears that either Party is unable to complete the conversion of its Tariff Schedule to the Harmonized System prior to the entry into force of the Agreement, the Parties shall enter into consultations with a view to implementing the provisions of the Agreement, subject to domestic approval, under existing Tariff Schedules on a basis that would preserve the rights and obligations set out in the Agreement.

"I have the honor to propose that this understanding be treated as an integral part of the Agreement.

"I further have the honor to propose that this letter and your letter of confirmation in reply constitute an agreement between our two Governments, to enter into force on this day."