

During the past five years, the government has attached great importance to its relationship with the United States in three key areas: trade and economic relations, defence, and the environment.

Other areas such as fisheries relations, scientific cooperation, energy exchanges, drug enforcement and Arctic cooperation have also shared a high profile.

The size and scope of Canada's relationship with the United States is such that occasional disagreements are inevitable. However, the close historical links between the two countries have allowed Canada to deal positively and constructively with bilateral issues. The history of the negotiations that led to the signing of the Free Trade Agreement (FTA) on January 2, 1988, is a case in point.

The Free Trade Agreement has been in effect since January 1989. Implementation is proceeding well as part of a ten-year phase-in that will eventually achieve the elimination of all bilateral tariffs and most other border restrictions. It is an important step because it ensures continued competitive growth in the Canadian and American economies, and it encourages the steady

development of a bilateral trading relationship that serves the interests of both countries.

Since the ratification of the FTA, the required implementation legislation, institutions and procedures have been put in place; tariff cuts have been made on schedule; temporary entry provisions for business persons are being expanded; and bi-national working groups have been set up to further eliminate trade barriers in the areas of agriculture, fishery and food products, customs matters, tourism and services.

The implementation of the FTA is supervised by the Canada-U.S. Trade Commission, headed on the Canadian side by International Trade Minister John C. Crosbie, and on the U.S. side by Trade Representative Carla Hills. The Commission meets twice a year and has among its responsibilities the resolution of disputes at an early stage.

At their meetings, Minister Crosbie and Ambassador Hills noted that the FTA's implementation is proceeding in a constructive and balanced fashion, offering benefits to businesses on both sides of the border. They signed the Accelerated Tariff Elimination Agreement, allowing for the early elimination