

i. PREFACE

Canada's economic prosperity depends on how competitive we are as a trading nation. A quarter of our Gross Domestic Product is derived from exports and one in five Canadian jobs depends on it. In an increasingly open international trading environment, fostered through the Multilateral Trade Negotiations, to remain competitive is a growing challenge.

The government's economic agenda of a more competitive economy in the 1990's is being pursued through tax reform, deregulation of key industrial sectors, privatization, an enhanced investment climate, and trade liberalization through the Free Trade Agreement and the MTN.

The Free Trade Agreement (FTA) is a cornerstone of the government's competitiveness strategy. The FTA eliminates barriers to trade in goods and services and liberalizes investment between Canada and our largest trading partner the United States. Along with the government's other competitiveness measures, the FTA positions Canada for the trading opportunities of the 1990's.

This brief is intended to provide the best available information on FTA implementation one year into the Agreement. The following report summarizes the major developments in implementation, as well as the government's approach to monitoring the effects of the FTA over its ten year phase-in period.