

APPENDIX

(See p. 80)

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

FRIDAY, December 30, 1988

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee, to which was referred Bill C-2, An Act to implement the Free Trade Agreement between Canada and the United States of America, has, in obedience to the Order of Reference of Tuesday, December 27, 1988, examined the said Bill and reports the same without amendment, but with the following comments and recommendations:

The Committee decided to focus its attention on five areas that it expects will continue to be sources of concern in the future: adjustment assistance; agriculture; energy; temporary entry provisions; and the broad and important area of countervail and anti-dumping.

From the testimony heard on these five particular areas, a majority of Members of the Committee notes as follows:

- (a) with respect to adjustment assistance, no new provisions have yet been proposed. While witnesses agreed that some regions, industries and groups will suffer by reason of the Agreement, they were virtually unanimous that such difficulties could not be dealt with by specific remedial programs;
- (b) with respect to agriculture, the Canadian Federation of Agriculture and the Canadian Egg Marketing Agency have not been satisfied by the responses of the Government;
- (c) with respect to energy, concerns relating to the security of Canadian supply, prompted by changes in the powers of the National Energy Board and the proportionality provisions of the Agreement, have not been alleviated;

- (d) with respect to the provisions for the temporary entry of business persons, the evidence presented to the Committee created confusion and cast doubt on the conceptual foundation and adequacy of preparations for the promulgation of implementing regulations;
- (e) with respect to anti-dumping and countervail, doubts that the forthcoming negotiations on subsidies will be successfully completed were not removed.

Passage of Bill C-2 represents only the first step in the implementation of the Agreement. None of the many regulations that will be required to implement the Agreement has yet been made public, although the Committee has been advised that they will be published in the Canada Gazette during the first week of January.

In addition, there are some 20 areas in which negotiations are called for under the Agreement, which negotiations cannot begin until the Free Trade Agreement has come into force. The most prominent of these relates to the negotiations aimed at achieving agreed bilateral rules to govern countervailing and anti-dumping duties. Other areas to be covered include:

- expanding the procurement provisions and establishing a special panel to review complaints under the procurement section of the Agreement;
- setting up a panel to review the auto pact and the state of the North American auto industry and to recommend ways to strengthen the competitiveness of the industry;
- appointment of working groups to develop common standards in a whole range of areas such as animal and plant health, meat and poultry inspection, pesticides, food, beverage and colour additives, and packaging and labelling;