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NEW BENEFITS FROM CANADA-U.S. FREE TRADE AGREEMENT

International Trade Minister John C. Crosbie and United States Trade Representative Carla Hills today announced that the Canada-U.S. Trade Commission has agreed to eliminate certain tariffs applying to approximately \$2 billion worth of two-way trade, ahead of the schedule set out in the Canada-U.S. Free Trade Agreement (FTA). Over 250 tariff items will be affected, as well as more than 400 specific products. Elimination of these tariffs has widespread industry support in both countries.

"Businesses on both sides of the border are showing that they are eager to compete with the minimum possible interference," said Minister Crosbie. "The elimination of these tariffs will facilitate an even greater flow of products across the border, demonstrating the contribution of the FTA to the long-term well-being of both countries."

Tariff elimination will occur in a wide range of sectors, including agriculture, chemicals, machinery and transportation equipment. An example of direct benefits of this action to Canadian exporters is the reduction of the U.S. tariff on canola oil, which will be reduced from 5.2 per cent to zero by January 1992. U.S. manufacturers of coated abrasives will benefit from the immediate elimination of the 7.1 per cent Canadian tariff on these products.

These actions are the result of close co-operation among the sectors involved. "We have held extensive consultations with industry, labour, and provincial and state governments on

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these tariff eliminations," stated Ambassador Hills. "Moreover, we will remain open to any future requests for reductions that enjoy broad industry support." This is the second round of tariff elimination negotiations undertaken by the two countries at industry request, as allowed under Article 401.5 of the FTA.

Following public review of the proposed tariff eliminations, and subject to final approval by the Canadian and U.S. governments, the tariff cuts will begin to go into effect July 1, 1991.

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For further information, media representatives may contact:

Media Relations Office
External Affairs and International Trade Canada
(613) 995-1874

FTA ACCELERATED TARIFF ELIMINATION

BACKGROUND

March 20, 1991

- The Trade Commission has reviewed and accepted the results of recently concluded bilateral consultations during which agreement was reached on a list of items that will be subject to earlier FTA tariff elimination. The agreement is subject to final approval by both governments.
- Under the agreement:
 - ▶ More than 250 tariff items in each country's tariff schedule are covered. In addition, the agreement includes 400 specific products.
 - ▶ There is a balance of trade interests. The package covers more than \$1.0 billion in Canadian exports to the U.S. and approximately the same value of U.S. exports to Canada, based on 1990 trade data.
 - ▶ Canadian exporters will benefit from duty-free access to the U.S. market in a number of areas, including (figures represent projected exports for 1990):
 - plastic-making moulds (\$209 million);
 - styrene (\$200 million);
 - fresh or chilled beef (\$141 million);
 - canola seed, oil and oil cakes (\$138 million);
 - flaxseed (\$73 million);
 - coated abrasives (\$60 million); and
 - water-purifying machinery (\$43 million).
 - ▶ Bilateral tariffs on railway passenger coaches and their parts will be eliminated immediately. The United States has also agreed to eliminate its tariffs on freight cars of Canadian origin. The current U.S. tariff on most Canadian railway cars is 12.6%.
 - ▶ Canadian manufacturers also will benefit from the elimination of Canadian duties on a range of products that are not made in Canada and are being imported from the United States for use in domestic manufacturing.
- In keeping with industry requests, tariffs on most items will be eliminated upon implementation of the agreement.
- The agreement is subject to a final approval process in Canada and the United States. In the United States, the process includes a review of the package by the House Ways and Means Committee and the Senate Finance Committee. The Committees have 60 days for that review, following which the

necessary amendments to the U.S. Tariff Schedule will be made by Presidential Proclamation. In Canada, the agreement will be implemented through Order-in-Council amendments to the Customs Tariff, following pre-publication in the Canada Gazette to allow interested parties an opportunity to comment.

- In light of the approval processes in both countries, it is expected that the agreement will be implemented on July 1, 1991.
- The tariff acceleration process was established by the two governments in response to representations made by Canadian and U.S industries interested in faster tariff elimination. Interested parties were invited in February 1990 to submit specific requests. Nearly 500 applications were made to the Canadian and U.S. governments.
- On October 6, 1990, the consolidated list of requests received by the Canadian and U.S. governments was published in the Canada Gazette. During the domestic consultation period that followed, more than 650 written submissions were received by the Government from industry associations, labour unions, and individual firms. The Government also solicited and received advice from its industry advisory groups, the International Trade Advisory Committee (ITAC) and the Sectoral Advisory Groups on International Trade (SAGITs), and from Provincial governments.
- On April 1, 1990, tariff reductions that resulted from the first round of accelerated tariff elimination consultations were implemented. The list of products included in the first round included more than 400 tariff items on each side covering approximately \$6 billion in two-way trade.
- In the Free Trade Agreement, Article 401.5 provides for accelerated elimination of tariffs subject to bilateral consultation.

For further information contact:

External Affairs and
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991-2056

Department of Finance
996-5538

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FTA ACCELERATED TARIFF ELIMINATION
INDICATIVE LIST OF AGREED ITEMS

The following list is illustrative only and should neither be considered as official nor legally descriptive of the products subject to accelerated FTA tariff elimination. A copy of the detailed list of tariff items affected may be obtained from the Department of Finance (613) 996-5538 or External Affairs and International Trade Canada (613) 991-2056.

AGRICULTURE (CH 1-24)

Chapter 2: MEAT AND EDIBLE MEAT OFFAL

- Beef and sheep cuts, fresh or chilled
- Beef and sheep cuts, carcasses and half carcasses frozen, excluding frozen boneless beef cuts

Chapter 7: VEGETABLES, FRESH, CHILLED, FROZEN OR DRIED

- Parsnips
- Lentils
- Garlic
- Dried peas, beans and leguminous vegetables
- Dried onions

Chapter 8: FRUITS AND NUTS, FRESH, FROZEN OR DRIED

- Frozen lingonberries (partridgeberries)

Chapter 11: FLOURS, STARCHES AND OTHER MILLED PRODUCTS

- Buckwheat groats and meal
- Pea flour

Chapter 12: OIL SEEDS

- Linseed (flaxseed) (1992)
- Canola (rape) seed (1992)

Chapter 15: ANIMAL/VEGETABLE FATS AND OILS

- Crude, refined and hydrogenated canola oil (1992)
- Refined soya-bean oil (1995)
- Crude oils except corn oil, linseed oil and tropical oils (1992)
- Refined oils except soya-bean oil, corn oil, linseed oil and tropical oils (1992)
- Crude soya-bean oil (1992)
- Beeswax

Chapter 16: PREPARATIONS OF MEAT, FISH OR CRUSTACEANS

- Livers
- Beef and other meat/meat offal in air-tight containers, other than prepared meals

Chapter 17: SUGARS AND SUGAR CONFECTIONERY

- Cane molasses

Chapter 20: PREPARATIONS OF VEGETABLES, FRUITS AND NUTS

- Cranberry puree
- Cranberry sauce
- Frozen cranberry concentrate

Chapter 23: RESIDUES AND WASTE FROM FOOD INDUSTRIES

- Soya oil-cake (1992)
- Linseed oil-cake (1992)
- Canola oil-cake (1992)

MINERAL PRODUCTS (CH 25-27)

Chapter 25: EARTHS AND STONE

- Mica powder
- Talc, not crushed or powdered

Chapter 27: MINERAL FUELS AND OILS

- Filled disposable propane cylinders

CHEMICALS, PLASTICS & RUBBER (CH 28-40)

Chapter 28: INORGANIC CHEMICALS

- Phosphoric acid and polyphosphoric acid
- Sulfur dichloride
- Sulfur monochloride
- Sulfuryl chloride
- Thionyl chloride
- Chromium trioxide
- Vanadium oxides and hydroxides
- Potassium hexafluorophosphate
- Vanadium chlorides
- Vanadium oxytrichloride
- Hypochlorites, other than sodium hypochlorite
- Vanadium sulphates

- Chapter 28: -- Cobalt and nickel nitrates
 -- Calcium phosphate dibasic
 -- Monocalcium phosphate anhydrous
 -- Tetra potassium pyrophosphate
 -- Lithium carbonates
 -- Butyllithium and other lithium chemicals
 -- Vanadates
 -- Hydrogen cyanamide

Chapter 29: ORGANIC CHEMICALS

- Cyclohexane
 -- Styrene
 -- Chloroform
 -- Benzaldehyde
 -- Benzoic acid, salts and esters
 -- Oxalic acid, salts and esters
 -- Phthalic anhydride
 -- Choline and its salts
 -- Hydantoin and its derivatives
 -- Pyridine and its salts
 -- Penicillins in bulk
 -- Antibiotics in bulk
 -- Certain other organic chemicals

Chapter 30: PHARMACEUTICAL PRODUCTS

- Amoxicillin in oral dosage form (U.S.)
 -- Piperacillin sodium (Canada)
 -- Certain antibiotics in dosage form
 -- Certain adrenal cortex hormones in dosage
 form
 -- Oxytocin injectable
 -- Recombinant human erythropoietin
 -- Vitamin B12 for veterinary use
 -- Certain medicaments
 -- Non-medicated adhesive plasters containing a
 felt support

Chapter 32: PAINTS, PIGMENTS AND THE LIKE

- Certain pigments
 -- Adhesives for ceramic tiles and floor
 covering (U.S.)
 -- Wall preparation coat (U.S.)

Chapter 33: COSMETICS, TOILET PREPARATIONS AND ESSENTIAL OILS

- Peppermint and spearmint oils

Chapter 34: SOAP AND WASHING PREPARATIONS

- Artificial and prepared waxes of lignite or polyethylene glycol
- Dental impression wax

Chapter 35: MODIFIED STARCHES, GLUES AND ENZYMES

- Raw scrap gelatin
- Soy protein isolates

Chapter 37: PHOTOGRAPHIC GOODS

- Certain unexposed film and paper

Chapter 38: MISCELLANEOUS CHEMICAL PRODUCTS

- Fumigator fogger "bomb" to kill insects
- Sheet fabric softeners, packaged for household use
- Sizing agents based on rosin or alkyl ketene dimer
- Certain supported catalysts
- Naphthenic acid
- Blended flammable chemical waste
- Certain other miscellaneous chemical products
- Insecticides and disinfectants in bulk packages (U.S.)
- Chromated copper arsenate (U.S.)

Chapter 39: PLASTICS AND ARTICLES THEREOF

- Amorphous polypropylene
- Dibutyltin oxide
- Hydrated monobutyltin oxide
- Lignin
- Waste and scrap of polyamides, of polyacetals or other polyethers
- Sausage casings

Chapter 40: RUBBER AND ARTICLES THEREOF

- Certain gaskets and oil seals

LEATHER; TRAVEL GOODS; CONTAINERS (CH 41-43)

Chapter 42: ARTICLES OF LEATHER; TRAVEL GOODS; CONTAINERS

- Bowling bags
- Cases for flutes

WOOD & PAPER & ARTICLES THEREOF (CH 44-49)

Chapter 44: WOOD AND ARTICLES OF WOOD

- Certain pre-finished hardboard sidings

Chapter 48: PAPER AND PAPERBOARD

- Sausage casings
- Weighted paper markers for crop spraying or dusting
- Colour sample charts

TEXTILES AND TEXTILE ARTICLES (CH 50-63)

Chapter 53: VEGETABLE FIBRES, YARNS AND WOVEN FABRICS

- Flax and jute yarns

Chapter 54: MAN-MADE FILAMENTS, AND YARNS AND WOVEN FABRICS THEREOF

- Monofilaments of nylon or other polyamides
- Monofilaments for brooms or brushes
- Nylon strip
- Certain upholstery fabric

Chapter 55: MAN-MADE STAPLE FIBRES, AND YARNS AND WOVEN FABRICS THEREOF

- Certain upholstery fabrics
- Waste of synthetic fibres

Chapter 56: NONWOVENS; TWINES, CORDAGE AND ROPE

- Sanitary articles (1993)
- Housewrap
- Twines, cordage and rope of vegetable fibres
- Binder or baler twine of polyethylene or polypropylene
- Sewing thread sample charts

Chapter 58: SPECIAL WOVEN FABRICS

- Braid sample charts

Chapter 59: COATED FABRICS; FABRICS FOR TECHNICAL USES

- Pure or pre-lubricated
polytetrafluoroethylene yarns

Chapter 63: OTHER TEXTILE ARTICLES

- Decorative trimmings sample charts

ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, CERAMIC PRODUCTS,
GLASS AND GLASSWARE (CH 68-70)

Chapter 68: ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS

- Certain "granite" tile
- Coated abrasives
- Brick panels
- Carbon or graphite yarns
- Compressed gasket material
- Certain asphalt roofing products (U.S.)

Chapter 69: CERAMIC PRODUCTS

- Articles of porcelain or china for restaurant
use

Chapter 70: GLASS AND GLASSWARE

- Float glass
- Fused quartz tubes
- Framed lighted mirrors
- Tempered glass ovenware
- Certain non-conductive coated glass yarns
- Certain continuous strand mats (Canada)

METALS AND ARTICLES THEREOF (CH 71-83)

Chapter 71: JEWELLERY AND PRECIOUS METALS

- Unwrought gold, other than powder
- Semi-manufactured gold
- Chain, rope and curb of gold, silver or base
metals

Chapter 72: IRON AND STEEL

- Ferro-vanadium
- Grain oriented electrical steels
- Shot and grit

Chapter 73: ARTICLES OF IRON OR STEEL

- Containers and racks for the automotive industry
- Empty piston/sepro aerosol cans
- Air reservoirs and water tanks for locomotives
- Die cut nails
- Gas counter top and built-in ovens
- Pellet fired heating appliances
- Wire mesh minnow traps
- Underwire for brassieres

Chapter 74: COPPER AND ARTICLES THEREOF

- Copper alloy bars, rods and profiles
- Copper alloy wire
- Unworked plate, sheet and strip of a thickness exceeding 4.75 mm and a width exceeding 508 mm
- Cupro-nickel or nickel silver plate, sheet and strip
- Worked unbacked foil of refined copper
- Backed foil

Chapter 76: ALUMINUM AND ARTICLES THEREOF

- Rod of alloys 7075, 2014, 2024 or 6151
- Aluminum rivets

Chapter 78: LEAD AND ARTICLES THEREOF

- Braided leadline
- Wall anchors for bolts and screws

Chapter 79: ZINC AND ARTICLES THEREOF

- Anodes for electro-plating

Chapter 82: TOOLS, IMPLEMENTS, CUTLERY AND FLATWARE

- Manual nailing machines

Chapter 83: MISCELLANEOUS ARTICLES OF BASE METAL

- Fittings used to make lateral arms for awnings
- Concealed adjustable hinges for casement windows

MACHINERY AND ELECTRICAL PRODUCTS (CH 84-85)

Chapter 84: MACHINERY AND MECHANICAL APPLIANCES

- Water filtering or purifying machinery
- Weighing machines
- Injection moulding machines and moulds
- Tapered roller bearings & parts
- Table fans
- Non-aerosol can trigger sprayers
- Grain augers
- Dishwashers (1996)

Chapter 85: ELECTRICAL PRODUCTS

- Certain electric generators
- 9 volt primary dry cells and "AAA" batteries
- Primary dry cell batteries having a lithium chemical system
- Coffee mills
- Food choppers
- Ice crushers
- Electric knives and sharpeners
- Electric toothbrushes
- Electric food slicers
- Ice cream freezers
- Alternators and cab heaters for diesel electric locomotives
- Furnaces and ovens for semi-conductors
- Domestic hair dryers
- Electric domestic smoothing irons
- Automatic drip coffee makers
- Stainless steel coffee percolators
- Telephone switching apparatus and multiplexers
- VCRs
- Electric signalling equipment for railways
- Electronic fly traps
- Certain programmable controllers

TRANSPORT EQUIPMENT (CH 86-89)

Chapter 86: RAILWAY EQUIPMENT

- Rail car housing and support units
- Railway passenger cars and parts
- Railway freight cars (U.S.)

Chapter 87: VEHICLES OTHER THAN RAILWAY EQUIPMENT

- Golf carts

OTHER PRODUCTS (CH 90-97)

Chapter 90: OPTICAL, PHOTOGRAPHIC AND PRECISION EQUIPMENT

- Lenses for cameras/slide projectors
- Certain cameras
- Flashbulbs
- Slide projectors
- Surveying levels
- Plastic rulers
- Spectrometers
- Dental burs

Chapter 91: CLOCKS AND WATCHES

- Mechanical security guard time clocks

Chapter 92: MUSICAL INSTRUMENTS

- Flutes

Chapter 94: FURNITURE

- Locomotive cab seats
- Certain seats for boats
- Lamp bases

Chapter 95: TOYS, GAMES AND SPORTS REQUISITES

- Mylar balloons
- Fibreglass golf club shafts
- Certain motorized stair-climbing equipment
- Aluminum baseball or softball bats

Chapter 96: MISCELLANEOUS MANUFACTURED ARTICLES

- Refills and parts for ballpoint pens
- Pancake film (ink) ribbons (U.S.)

NOTE:

1. Following approval by both governments, the agreed tariff reductions will be implemented on July 1, 1991. In cases where the tariff is being eliminated at a later date, the year is indicated in parenthesis following the product description.

2. In cases where only one of the countries has agreed to accelerate elimination of the tariff on a specific product, the country is named following the product description.