

News Release

Minister for
International
Trade



Communiqué

Ministre du
Commerce
extérieur

No. 104

May 18, 1990.

CANADA-U.S. TRADE COMMISSION MEETS IN TORONTO

International Trade Minister John C. Crosbie and U.S. Trade Representative Carla A. Hills said today that they are pleased with the progress thus far on implementation of the Canada - U.S. Free Trade Agreement (FTA). Mr. Crosbie and Ambassador Hills made their comments in Toronto following the third meeting of the Canada - U.S. Trade Commission, which oversees the trade pact.

"The FTA is improving an already positive trading relationship as business eagerly takes advantage of the opportunities of freer trade. Individual Canadians and Americans benefit from the strengthened economy that results from this increase in trade," Mr. Crosbie said.

"The Canada - U.S. FTA is an historic, comprehensive undertaking," Ambassador Hills said, "and it is liberalising what is already the world's largest bilateral commercial relationship. Although it is just over a year old, exporters in both countries are already responding to the opportunities created."

Mr. Crosbie and Ambassador Hills said they expected trade between the two countries to expand further as barriers continued to drop and investment opportunities increased during the remainder of the agreement's 10 year implementation period. They noted that the FTA's implementation is proceeding in a constructive and balanced fashion, offering benefits to businesses on both sides of the border.

Total U.S. - Canada trade in goods amounted to Cdn \$197 billion in 1989 up 4% over 1988, and 12.2% over 1987.

As a result of strong private sector support for the FTA in both Canada and the United States, Mr. Crosbie and Ambassador Hills signed the Accelerated Tariff Elimination Agreement, allowing for the early elimination of duties on more than 400 tariff items covering approximately Cdn \$6 billion in bilateral trade.

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A second round of accelerated tariff elimination consultations has begun, and a substantial number of proposals for additional earlier tariff elimination have been received by both governments. As with the previous round, both Canada and the United States will proceed only on those items that enjoy broad industry acceptance.

Mr. Crosbie and Ambassador Hills cited progress made in several areas since their last Commission meeting in November 1989:

- The Binational Committee on Plywood Standards has developed recommendations for a performance based standard for plywood.
- The Services Working Group has been established to monitor implementation of the agreement and to consider, in consultation with the industry, the expansion and further liberalization of trade in services.
- Agreement has been reached on a bilateral process to respond effectively to issues arising in the rules of origin area, and the United States has agreed to extend the validity period of blanket Exporters' Certificates of Origin from six to twelve months, a change the Canadian Government sought on behalf of Canadian exporters.

Mr. Crosbie and Ambassador Hills also discussed outstanding trade irritants between the two countries, including the lobster and beer issues, but they stressed that these did not affect the overall positive nature of the Canada - U.S. relationship.

The handful of disputes between the United States and Canada represent a very small portion of a very large and mutually beneficial trading relationship, the trade officials said.

The wide ranging discussions at the Commission meeting also covered expanding trade with Mexico and mutual objectives in the Uruguay Round of the Multilateral Trade Negotiations (MTN) ongoing in Geneva. Mr. Crosbie and Ambassador Hills committed to continue close consultation on both issues and stressed that they must work together to urge their trading partners to a successful conclusion of the Uruguay Round.

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The mandate of the Commission is to supervise the implementation of the FTA, resolve disputes and ensure the evolution of the Agreement in the mutual interest of Canada and the United States.

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For further information, media may contact:

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

CANADA - UNITED STATES TRADE COMMISSION

THIRD MEETING

SUMMARY OF DECISIONS

MAY 18, 1990

TARIFF ACCELERATION

The Commission signed letters to finalize the agreement that has been reached to accelerate the elimination of certain tariffs between Canada and the United States. The Agreement provides for the earlier removal of duties on more than 400 tariff items covering approximately \$6 billion in bilateral trade. The Commission noted with satisfaction the large number of requests that have been received for the second round of tariff acceleration consultations to be held this year.

CHAPTER 19 WORKING GROUP

The Commission received the report of the Chapter 19 Working Group on subsidies and trade remedies. At its May 8 meeting in Ottawa, the Working Group heard about respective domestic preparations, including data collection and consultations. The Working Group report to the Commission also indicates that the Chapter 19 panel review process is operating effectively and in accordance with established guidelines.

WORKING GROUP ON RULES OF ORIGIN
AND OTHER CUSTOMS MATTERS

The Commission noted that the first meeting of the Working Group on Rules of Origin and Other Customs Matters was held on April 19, 1990. Agreement was reached on a process for consideration of issues concerning rules of origin. The Working Group held preliminary discussions with respect to proposals aimed at technical clarification of certain provisions of the rules.

The United States agreed to Canada's request that the period of validity for blanket Exporters Certificates of Origin be extended to twelve months instead of six. This will significantly reduce paper burden on Canadian exporters who claim FTA tariff benefits.

SERVICES WORKING GROUP

The Commission accepted the Report of the Services Working Group regarding the Group's first meeting held on May 4. The purpose of the Services Working Group, which was established by the Commission at its last meeting, is to monitor the implementation of the Services Chapter in the Agreement and to consider, in consultation with the industries concerned, the expansion and further liberalization of trade in services. The Services Working Group will report to the Commission on a regular basis. The report outlined the range of matters that potentially may be addressed by the Group as well as the preliminary work program of the Group.

PLYWOOD

The Commission agreed to send a joint letter to the Binational Committee on Plywood Standards. The letter expresses satisfaction with the progress of the Committee's work to date and encourages it to maintain the present momentum. The Binational Committee has been urged to submit the draft standards to the national standards organizations in both countries by July 31, 1990, with a request that these organizations report back to the Committee on the results of their deliberations by the end of October.

AUTO SELECT PANEL

The Commission agreed to send a joint letter to the Co-chairpersons of the Auto Select Panel. The letter reaffirms the Commission's interest in ensuring the Panel complete its work program. The panel has the opportunity to play a major role by providing its insight on policy recommendations in the future course of the industry in North America.