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# news release

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## ACCELERATED TARIFF ELIMINATION

### UNDER THE FREE TRADE AGREEMENT

International Trade Minister John C. Crosbie and Finance Minister Michael Wilson today invited Canadian businesses to submit proposals for a second round of accelerated tariff elimination under the Canada-U.S. Free Trade Agreement. The Ministers said details of the process were published in the February 3 Canada Gazette.

Last year, over 350 Canadian companies and industry associations and 200 U.S. companies petitioned the governments for earlier removal of tariffs under the FTA. Following extensive domestic consultations on those requests, agreement was reached on accelerated elimination of duties on some 400 tariff items covering approximately \$6 billion in bilateral trade.

The Ministers said that, especially in light of the success of the process last year, companies continue to come forward to propose changes to the FTA tariff schedules. They stated that since Canadian industries wish to pursue such opportunities for further trade liberalization, the government will facilitate the consideration of their proposals.

At the same time, the Ministers recognized that many Canadian companies prefer to maintain the current tariff phase-out schedule under the FTA.

The procedures for the tariff acceleration process will be modified this year. The government will not reconsider requests that were made in 1989 but met with opposition on the part of Canadian producers, unless it is demonstrated that circumstances have changed. Also, all applicants requesting accelerated tariff elimination will be asked to provide evidence of support in the Canadian industry sector concerned.

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The Ministers also emphasized that extensive consultations with domestic industry will once again be conducted. The government will consult with individual companies, major industry associations, labour, provincial governments, the International Trade Advisory Committee (ITAC), and the Sectoral Advisory Groups on International Trade (SAGITs).

The Free Trade Agreement provides for the elimination, by January 1, 1998, of all tariffs on Canadian and U.S. goods traded between the two countries. Under the Agreement, tariffs were either removed at the time of implementation of the FTA or were scheduled to be phased-out in five or ten equal annual stages. The agreement reached last year to accelerate elimination of certain tariffs is expected to be implemented on April 1, 1990.

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