



news release

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MACLAREN TO ATTEND NAFTA COMMISSION INAUGURAL MEETING IN MEXICO

The Honourable Roy MacLaren, Minister for International Trade, will attend the inaugural meeting of the Free Trade Commission in Mexico City on January 14. The Commission will oversee the implementation of the North American Free Trade Agreement (NAFTA).

Mr. MacLaren will meet with his counterparts, Mexico's Secretary of Trade and Industrial Development, Dr. Jaime Serra Puche, who will host the meeting, and the U.S. Trade Representative, Ambassador Mickey Kantor.

The ministers will review and provide direction on a number of NAFTA-related matters, including the work of the trilateral working groups on antidumping and subsidies/countervailing duties that were announced by Prime Minister Jean Chrétien on December 2, 1993.

"The Government of Canada places great importance on moving ahead with these working groups," Mr. MacLaren said. "We will work with our partners to build upon the progress on trade remedy issues achieved in the recent Uruguay Round negotiations. Our aim is to reduce disputes in our trading relationships."

The meeting of the Free Trade Commission will also provide an opportunity for ministers to discuss other NAFTA matters, including accession to the NAFTA by other countries, negotiations for accelerated tariff elimination, and the establishment of technical working groups, committees and co-ordinating bodies necessary to the smooth and successful operation of the Agreement.

Earlier on Friday, Mr. MacLaren will have a bilateral meeting with Ambassador Kantor to review the management of trade

relations between Canada and the United States. Mr. MacLaren and Secretary Serra held bilateral discussions on Canada-Mexico trade relations when they met in Mexico last week.

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For further information, media representatives may contact:

Media Relations Office
Department of Foreign Affairs and International Trade
(613) 995-1874

Backgrounder

NAFTA FREE TRADE COMMISSION INAUGURAL MEETING

NAFTA Free Trade Commission

The Free Trade Commission, comprising cabinet-level officials, is the NAFTA's governing body and central institution. Regular meetings are to be held annually, although the day-to-day work of the Commission will be carried out by officials of the three governments participating in various committees and working groups mandated by the NAFTA, operating on the basis of consensus.

Working Groups on Subsidies/Countervailing Duties and Antidumping

Canada, the United States and Mexico have agreed to seek solutions that will reduce the possibility of trade disputes concerning the issues of subsidies, dumping, and the operation of trade remedy laws concerning such practices. On December 2, 1993, the three countries announced the establishment of two trilateral working groups on subsidies/countervailing duties and antidumping to resolve these problems.

The working groups will build upon the clear set of rules on subsidies and countervailing duties achieved in the Uruguay Round of the General Agreement on Tariffs and Trade and on experience in regard to these issues. The groups will continue efforts begun in 1989 by a working group convened under Article 1907 of the Canada-U.S. Free Trade Agreement (FTA). They are to complete their work by December 31, 1995.

Accession Process

The Government of Canada will actively promote the broadest possible scope for global economic co-operation in order to improve the fairness, openness and predictability of world trade. Improvements in international trade rules are vital to Canada's future prosperity and remain fundamental objectives of Canadian policy.

The Government will, therefore, continue actively to pursue a better trading framework at every appropriate opportunity, including the expansion of the NAFTA free-trade area. Canada will encourage and welcome the accession of NAFTA countries that share as mutual objectives the expansion and enhancement of the NAFTA benefits.

While the NAFTA itself provides the framework for accession, the three NAFTA countries must still work out the procedures for accession.

Tariff Acceleration

The Government of Canada will participate in negotiations with the U.S. and Mexican governments to accelerate tariff elimination under the NAFTA. Article 302 of the NAFTA provides for accelerated elimination of duty on goods traded under the Agreement. The NAFTA provides for the eventual elimination of most tariffs on goods of North American origin traded among the three countries.

While tariffs on some products traded between Canada and Mexico were eliminated on January 1, 1994, others will be phased out in 5 or 10 equal annual stages. Tariffs on goods traded between Canada and the United States will continue to be eliminated at the rate negotiated under the FTA, but could be eliminated faster under the NAFTA accelerated tariff elimination process.

On January 6, 1994, International Trade Minister Roy MacLaren and Finance Minister Paul Martin invited interested parties to submit proposals for early tariff elimination under the NAFTA. They have also asked for comments on the early tariff removal proposals already put forward by industries in the three countries. The list of products includes dry beans, bedding components, flat glass, major household appliances, potatoes, and wine.

As in the FTA, the NAFTA accelerated tariff elimination process is industry-driven. The Government proceeds to negotiate only on those requests that are in the national interest and enjoy broadly based support in the industry concerned.

NAFTA Committees and Working Groups

Various committees and working groups are established under the NAFTA for the smooth and successful operation of the Agreement.

The following are committees and working groups currently established under the Agreement.

Committees

1. Committee on Trade in Goods
2. Committee on Trade in Worn Clothing
3. Committee on Agricultural Trade
 - Advisory Committee on Private Commercial Disputes Regarding Agricultural Goods
4. Committee on Sanitary and Phytosanitary Measures

5. Committee on Standards-Related Measures
 - Land Transportation Standards Subcommittee
 - Telecommunications Standards Subcommittee
 - Automotive Standards Council
 - Subcommittee on Labelling of Textile and Apparel Goods
6. Committee on Small Business
7. Financial Services Committee
8. Advisory Committee on Private Commercial Disputes

Working Groups

1. Working Group in Rules of Origin
 - Customs Subgroup
2. Working Group on Agricultural Subsidies
3. Bilateral Working Group (Mexico-United States)
4. Bilateral Working Group (Canada-Mexico)
5. Working Group on Trade and Competition
6. Temporary Entry Working Group