

News Release

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FTA TO BE REVIEWED BY GATT WORKING PARTY

International Trade Minister John C. Crosbie announced today that Canada supported the GATT Council decision to form a Working Party to review the Canada-U.S. Free Trade Agreement.

Article XXIV of the General Agreement on Tariffs and Trade (GATT) provides the framework for negotiating free-trade agreements. The GATT routinely examines agreements concluded under this article, including recently the 1983 Australia-New Zealand Closer Economic Relations Agreement and the 1985 United States-Israel Agreement.

Mr. Crosbie said, "The FTA is the most comprehensive agreement of its kind ever to be brought before the GATT. The Agreement is fully compatible with Canada's GATT obligations. Canada will cooperate fully with the Working Party throughout this review."

The review process is expected to take 6 to 18 months.

Canada's statement to the February 8, 1989 meeting of the GATT Council is attached.

STATEMENT BY THE CANADIAN DELEGATION

REGARDING THE CANADA-UNITED STATES FREE TRADE AGREEMENT

- THE GOVERNMENT OF CANADA WISHES TO CONFIRM TO THE CONTRACTING PARTIES THAT IT AND THE GOVERNMENT OF THE UNITED STATES HAVE FORMED A FREE TRADE AREA. THE FORMAL NOTIFICATION TO THIS EFFECT IS CONTAINED IN DOCUMENT L/6464 OF JANUARY 26, 1989.
- DETAILED INFORMATION, INCLUDING THE CANADIAN TARIFF SCHEDULES FOR IMPLEMENTATION OF THE AGREEMENT'S TARIFF CUTS, AS WELL AS COPIES OF CANADA'S DOMESTIC IMPLEMENTING LEGISLATION AND CONSEQUENT AMENDMENTS TO EXISTING REGULATIONS, HAS ALREADY BEEN DEPOSITED WITH THE SECRETARIAT.
- CANADA SUPPORTS THE FORMATION OF A WORKING PARTY TO EXAMINE THIS AGREEMENT AND WILL COOPERATE FULLY WITH THIS WORKING PARTY DURING ITS EXAMINATION.
- MR. CHAIRMAN, CANADA AND THE USA ARE PARTNERS IN THE LARGEST TWO-WAY TRADING RELATIONSHIP IN THE WORLD.
- THE CANADA-UNITED STATES FREE TRADE AGREEMENT WAS SIGNED BY PRIME MINISTER MULRONEY AND PRESIDENT REAGAN ON JANUARY 2, 1988. THE GATT WAS ADVISED OF THIS SIGNATURE AT THE FEBRUARY 2, 1988 COUNCIL MEETING.
- FOLLOWING COMPLETION OF THE NECESSARY DOMESTIC LEGAL PROCEDURES IN BOTH COUNTRIES, THE AGREEMENT ENTERED INTO FORCE ON JANUARY 1 THIS YEAR.
- WHILE THIS AGREEMENT WILL SERVE TO FACILITATE TRADE BETWEEN THE TWO COUNTRIES BY ELIMINATING ALL DUTIES AND REDUCING OR ELIMINATING OTHER RESTRICTIVE TRADE BARRIERS, WE ANTICIPATE ITS IMPLEMENTATION WILL LEAD TO THE EXPANSION OF THE NATIONAL ECONOMIES OF BOTH COUNTRIES AND SHOULD STIMULATE DEMAND FOR PRODUCTS FROM SOURCES BOTH WITHIN AND OUTSIDE THE FREE TRADE AREA. THE AGREEMENT WILL BE TRADE CREATING RATHER THAN TRADE DIVERTING. IT DOES NOT CREATE NEW BARRIERS TO OUR TRADE WITH OTHER COUNTRIES.
- THIS AGREEMENT IS A CONCRETE MANIFESTATION OF THE COMMITMENT OF BOTH COUNTRIES TO GENERAL TRADE LIBERALIZATION AND WILL, WE HOPE, SERVE AS A CATALYST FOR THE TREATMENT OF A RANGE OF ISSUES IN THE URUGUAY ROUND.
- LET ME NOW, MR. CHAIRMAN, HIGHLIGHT THE SCOPE AND CONTENT OF THIS HISTORIC AGREEMENT.
- CANADA AND THE USA WILL ELIMINATE ALL TARIFFS ON EACH OTHER'S GOODS BY JANUARY 1, 1998. A VARIETY OF OTHER REGULATIONS OF COMMERCE WILL ALSO BE LIBERALIZED OR REMOVED.

-THE AGREEMENT PROVIDES FOR RULES IN OTHER AREAS, SUCH AS TRADE IN SERVICES, WHICH ARE ALSO BEING ADDRESSED MULTILATERALLY HERE IN THE URUGUAY ROUND.

-THE AGREEMENT ALSO CONTAINS MECHANISMS FOR THE RESOLUTION OF DISAGREEMENTS REGARDING THE INTERPRETATION OF THE AGREEMENT AND REGARDING THE REVIEW OF FINAL DETERMINATIONS IN ANTIDUMPING AND COUNTERVAILING DUTY CASES.

-TO CONCLUDE, THE CANADA-U.S. FREE TRADE AGREEMENT IS AMONG THE MOST COMPREHENSIVE OF ITS TYPE BROUGHT BEFORE THE GATT AND WE ARE CONFIDENT OF ITS COMPATIBILITY WITH THE REQUIREMENTS OF ARTICLE XXIV.

-FURTHERMORE, EACH PARTY TO THE AGREEMENT WILL MAINTAIN AN INDEPENDENT POLICY WITH RESPECT TO ISSUES AFFECTING THE MANAGEMENT OF TRADE WITH OTHER COUNTRIES, INCLUDING SEPARATE TARIFF SCHEDULES. MOREOVER, AS HAS BEEN MADE CLEAR ON NUMEROUS OCCASIONS, MOST RECENTLY AT THE MONTREAL MINISTERIAL MEETING BY PRIME MINISTER MULRONEY AND INTERNATIONAL TRADE MINISTER CROSBIE, NEGOTIATION OF THIS AGREEMENT HAS BEEN PART OF A TWO-TRACK TRADE POLICY FOR CANADA. THE URUGUAY ROUND IS VERY MUCH THE OTHER PART AND IS SEEN BY CANADA AS THE VEHICLE FOR ACHIEVING INCREASED LIBERALIZATION OF TRADE WITH ALL OF OUR GATT PARTNERS.