



News Release

Communiqué

No. 85

April 2, 1993

CANADA-U.S. TRADE COMMISSION MEETS IN OTTAWA

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, and Ambassador Michael Kantor, United States Trade Representative, met today in Ottawa to review recent developments in the implementation of the Canada-U.S. Free Trade Agreement (FTA) and to discuss the management of this important trade relationship.

The Canada-U.S. Trade Commission, which consists of Minister Wilson and Ambassador Kantor, meets annually to review the progress and management of FTA issues.

Minister Wilson and Ambassador Kantor noted the significant increase in Canada-U.S. trade during the past year. Two-way merchandise trade grew to \$226.9 billion in 1992, an increase of \$25.6 billion over 1991. They added that this growth in bilateral trade is a positive factor in the economic recovery of North America.

In addition to the general management of the FTA, a number of outstanding trade issues were discussed, including trade in steel, beer and wheat, as well as the overall functioning of the FTA.

While both agreed that problems are inevitable in a trade relationship of this size and complexity, they emphasized that the vast majority of two-way trade is free of disputes. They reiterated their commitment to find solutions to existing disputes and to engage in regular consultations to avoid future disputes whenever possible.

Minister Wilson and Ambassador Kantor reaffirmed that they will continue to work toward a January 1, 1994 implementation date for the North American Free Trade Agreement (NAFTA). They also discussed the additional agreements currently being negotiated between the NAFTA partners and the progress being made toward a successful completion of the Uruguay Round of Multilateral Trade Negotiations.

"There is no bilateral relationship in the world comparable in size and value to the one shared by our two countries," said Minister Wilson. "The fundamental principles of the FTA, including expeditious dispute settlement and panel reviews, will continue to guide and strengthen both current bilateral relations and future trade arrangements under the NAFTA."

"The fact is that, when you consider we share a very long common border with two-way trade of about \$200 billion, the number of trade disputes we have is very small," said Ambassador Kantor. "These facts demonstrate the value of the FTA."

Minister Wilson and Ambassador Kantor also announced that the Trade Commission had agreed to the results of the third round of accelerated tariff elimination negotiations, which removed tariffs on approximately \$1 billion in two-way trade under the FTA.

The accelerated removal of these tariffs has widespread industry support in both countries. As a result of nearly 300 requests from Canadian and U.S. companies, agreement was reached for the early elimination of tariffs on more than 100 items. The previous two rounds resulted in the early removal of tariffs on items valued at more than \$8 billion in bilateral trade.

The faster-than-scheduled elimination of tariffs is further evidence of the strong private-sector interest in capitalizing on opportunities afforded by the FTA and the mutual advantages of a liberalized bilateral trading framework.

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BACKGROUND

FTA ACCELERATED TARIFF ELIMINATION

- The Trade Commission has reviewed and accepted the results of bilateral consultations during which agreement in principle was reached on a list of items for accelerated Canada-U.S. Free Trade Agreement (FTA) tariff elimination.
- The tariff acceleration process, which is provided for in article 401.5 of the FTA, was initiated by the two governments in response to representations made by Canadian and U.S industries interested in faster tariff elimination.
- This is the third round of accelerated tariff elimination negotiations under the FTA. The results of the first round were implemented on April 1, 1990, and included more than 400 tariff items covering approximately \$6 billion in two-way trade. The second round was implemented on July 1, 1991, and included more than 250 tariff items covering approximately \$2 billion in two-way trade.
- For the third round, interested parties were invited, in November 1991, to submit specific requests. Nearly 300 applications were made to the Canadian and U.S. governments.
- In September 1992, the consolidated list of requests received by the Canadian and U.S. governments was published for public comment.
- Following bilateral consultations, agreement was reached on a package covering approximately \$1 billion in two-way trade.
- The agreement is subject to a final approval process in Canada and the United States. In the United States, the process includes publication of the list in the *Federal Register* and a consultation period of 60 days with Congress, following which the necessary amendments to the U.S. Tariff Schedule will be made by Presidential Proclamation. In Canada, the agreement will be implemented by Order-in-Council, following pre-publication in the *Canada Gazette* to allow interested parties an opportunity to comment.
- Following approval in both countries, it is expected that the agreed reductions will be implemented in July of 1993.