2. REGIONAL FREE TRADE

2.1 Introduction

The agreement establishing the World Trade Organization ("WTO"), which resulted from the protracted Uruguay Round of trade negotiations, came into effect on January 1, 1995. The WTO carries forward the provisions of the old General Agreement on Tarrifs and Trade ("GATT") and establishes additional understandings among the WTO member countries. The WTO is the principal agreement governing trading relations between Canada and most other countries of the world. Its membership consists of 148 nations and covers most developed economies, including all of the major European countries (excluding Switzerland).

There are also several arrangements that specifically relate to regional trade. The *Canada-United States Free Trade Agreement* ("FTA") came into effect on January 1, 1989. The *North American Free Trade Agreement* ("NAFTA"), to which Canada, the United States and Mexico are parties, became effective on January 1, 1994. NAFTA is the principal agreement governing trading relations among the parties. Discussions aimed at further enlarging the free trade area of the Americas have not yielded a great deal of success. In fact, the financial crisis has resulted in a surge of protectionism which will make a further reduction of the restrictions on free trade unlikely, at least in the near future. Nevertheless, NAFTA establishes the world's largest trading region, which makes up more than 1/3 of total international GDP. Since its inception, the arrangement has seen trade among the partners triple in volume, reaching $894.3 billion in 2007.

The following discussion describes generally some of the provisions of the FTA and NAFTA. It must be emphasized first that these agreements, with the exception of limited circumstances under NAFTA, confer no rights on private parties. Only the federal government of Canada and its counterpart in the other countries may invoke the dispute settlement procedures provided for under the agreements and challenge each member country's proposed or actual regulation. Thus, individuals or corporations adversely affected by such regulations must persuade their respective governments to pursue the matter on their behalf. There are, however, two important exceptions provided for under NAFTA where private rights are conferred. Firstly, the alternative appeal procedures to bi-national panels provided for in Chapter Nineteen of NAFTA are available to any person involved in an anti-dumping or countervailing duty action. Secondly, the protection afforded to investors and investments in NAFTA countries under Chapter Eleven of the agreement includes investor/state dispute settlement procedures, which may be invoked by individuals and corporations against the government of another NAFTA partner. In such instances, the party may seek compensation without having to persuade their government to pursue the matter on their behalf.

2.2 Trade in Goods

(1) Rules of Origin

Both the FTA and NAFTA contain detailed "rules of origin" according to which goods are to be "originated" in a member country in order to qualify for the reduced tariffs on imports under the applicable agreement. Under the FTA, a good or product containing imported parts or materials must undergo enough North American processing so that the transformed product receives a different tariff classification than the imported parts. In some instances, a change in tariff classification cannot be prescribed because the goods and their parts are classified under the same tariff classification. NAFTA rules of origin do allow goods to be treated as originating in North America when the good is named in the same tariff classification as its parts, provided it meets the prescribed value content test of the good. Beginning in 2003, NAFTA rules of origin pertaining to certain goods were liberalized in an attempt to encourage trade. The reforms make it easier for manufacturers of affected products to meet the rules of origin and therefore benefit from preferential tariff treatment under NAFTA. On July 1, 2006, Canada and the U.S. implemented measures to liberalize some of the product specific NAFTA rules of origin. On July 5, 2006, Mexico implemented these same measures. Efforts to further liberalize the rules of origin of a broad range of goods are currently under way.

In order to enforce these requirements, both the FTA and NAFTA provide that each member country shall require its exporters to execute a Certificate of Origin for any goods for which an importer of another member country may claim preferential tariff treatment. Similarly, the parties are to require their importers to make a written declaration, based on a valid Certificate of Origin, that the goods qualify as "originating" goods. The *Customs Act* (Canada) now requires proof of origin for all goods covered by the agreements which are imported for sale or industrial and commercial use in Canada. A false declaration made verbally or in writing to a customs official is an offence under the legislation. Consequently, it is important to ensure that contracts with exporters stipulate that the exporter will provide a Certificate of Origin where the exporter represents that the goods qualify for preferential tariff treatment. Moreover, exporters must maintain records that will enable customs officials to identify the source of the raw materials and the components of the products.

(2) Border Measures

(a) Tariffs

The cornerstone of the FTA is the general prohibition on the introduction of new tariffs and the progressive elimination of all tariffs between Canada and the United States as of January 1, 1998. NAFTA did not affect the phase-out of tariffs agreed upon under the FTA. The phase-out of FTA tariffs was completed on January 1, 1998. As of that date, virtually all tariffs on Canada- U.S. trade in originating goods were eliminated. Some tariffs remain in place for certain products in Canada's supply-managed sectors (e.g. eggs, dairy and poultry products). In the U.S., tariffs remain in place for certain products such as sugar, dairy, peanut and cotton.

(b) Customs User Fees

The United States imposes a customs user fee, commonly referred to as the Merchandise Processing Fee, of 0.21% of the value of each import transaction, with a minimum charge beginning at US$25.00 and reaching a maximum amount of US$485.00. However, goods falling under the provisions of NAFTA are exempt. NAFTA also prohibits the three countries from imposing new customs user fees. In 1999, Mexico eliminated its existing customs processing fees on all North American goods, while the United States reciprocated by abolishing fees on goods originating in Mexico. Canadian goods have not been subjected to American customs user fees since 1994.

(c) Duty Drawbacks and Refunds

A duty drawback is a government refund of the customs duty levied on imported input goods when these are incorporated into exported goods. Since January 1, 1994, the FTA provides that drawbacks may not be given with respect to materials and components imported from third countries and used in goods exported to Canada or the United States. Goods exempted from the drawback rules are citrus products, dutiable goods imported into the United States or Canada from the other and then re-exported and, under certain circumstances, fabrics imported for the apparel industry. NAFTA prohibits any new performance-based customs duty waiver or remission programs. Existing schemes were eliminated in Mexico as of January 1, 2001 and in Canada as of January 1, 1998, but Canada may still grant waivers of customs duties with respect to certain goods in the automotive sector.

(d) Import and Export Restrictions

Canada and the United States have eliminated import and export quotas between the two countries as of January 1, 1989, except in strictly defined circumstances. Canadian restrictions on used aircraft and automobiles and provincial laws with respect to east coast fish and certain agricultural products are specifically protected by the FTA. American restrictions on lottery materials, log exports, agricultural goods and marine transportation are also protected. In addition, where Canada or the United States has imposed restrictions on trade with third countries, either member country may prevent the passage of the product under restriction from the third country through its territory where the product is to be exported to the other member country. Similarly, either country may require as a condition of export of the restricted

product to the other party that the good be consumed within its own territory.

Under NAFTA, all three countries will eliminate prohibitions and quantitative restrictions applied at the border, such as quotas and import licenses. Each NAFTA country maintains, however, the right to impose border restrictions in limited circumstances, such as in order to protect animal life or the environment. There are also special rules pertaining to restrictions on goods from the textile, agriculture, automotive, and energy sectors. NAFTA largely prohibits the imposition of export taxes unless such taxes are also applied on goods to be consumed domestically.

(e) Technical Barriers

The FTA extends the GATT provisions with respect to technical barriers to trade by prohibiting the use of product standards, packaging and labelling requirements, certification and other processes which would create "unnecessary obstacles" to trade in goods. Acceptable standards must show that there is a demonstrable purpose towards the achievement of a legitimate domestic objective. Generally, if standards are applied equally to both domestic and imported products, the provisions of the FTA will be satisfied. This means that Canada may continue to require bilingual labelling of goods so long as the requirement is applied equally to Canadian and American goods. Canada and the United States have also agreed to recognize each other's laboratory accreditation systems and certification processes, to develop a system of notification of proposed federal standards and to achieve more compatible standards.

NAFTA countries co-operate and work jointly with respect to safety, health, environmental and consumer protection issues. Each country, however, maintains the right to adopt, apply and enforce standards-related measures, to choose the level of protection it wishes to achieve through such measures and to conduct assessments of risk to ensure that those levels are achieved.

(3) Special Treatment Industries

(a) Agriculture

Canada and the United States have an agreement with respect to their mutual exemption from meat import restrictions, the harmonization of technical regulations and the retention of GATT rights for all agricultural trade not referred to specifically in the FTA. The requirement for Canadian wheat, barley and oat import licenses will be eliminated when the two countries' grain support levels equalize, and Canada is also exempt from restrictions on products containing less than 10% sugar. Both countries have also agreed to prohibit the introduction and maintenance of export subsidies on agricultural products destined for the other country and to consider each other's interests when granting subsidies to a third country. In addition, Canada has agreed to eliminate rail subsidies on exports to the United States shipped via west coast ports. Exports shipped to third countries through west coasts ports, as well as shipments via Thunder Bay, Ontario, remain unaffected. Tariffs on fruits and vegetables may for 20 years be restored whenever the price of the other country's products falls below a certain level.

Under NAFTA, Canada and Mexico will eliminate all tariff and non-tariff barriers on their agricultural trade, except with respect to the dairy, poultry, egg and sugar sectors. Canada will exempt Mexico from import restrictions covering wheat, barley and their products, beef and veal and margarine.

(b) Wine and Distilled Spirits

The FTA requires the removal of barriers created by agencies in Ontario, Quebec and British Columbia, such as the Liquor Control Board of Ontario. The listing for sale of wine and distilled spirits must not discriminate between Canadian and American products and must be based on commercial considerations. All differential charges, including discriminatory pricing other than the additional cost of selling the import, were eliminated for distilled spirits in 1989 and for wine in 1995. Canada has also agreed to eliminate the requirement that American distilled spirits bought in bulk be blended with Canadian spirits. The FTA requires the removal of all barriers to the distribution of wine and distilled spirits, although wineries and distilleries will be allowed to limit sales on their premises to their own products. Similarly, Ontario and

British Columbia allow private wine retailers in existence on October 4, 1987, to favour their own wines. Wine sold in Quebec grocery stores must still be bottled in that province. Notwithstanding NAFTA, trade in wine and distilled spirits between Canada and the United States is governed by the FTA. As between Canada and Mexico, NAFTA provisions are largely similar to those provided under the FTA.

(c) Energy

Under the FTA, export taxes and charges which are not applied domestically will be eliminated and no new export taxes will be introduced. Incentives for oil and gas exploration remain unaltered. As with other goods, where Canada or the United States have imposed restrictions on trade in energy with third countries, either member country may limit the passage of energy products from the third country through its territory where the products are to be exported to the other member country. Similarly, either country may require that the energy products exported to the other country be consumed within its own jurisdiction.

In addition, the United States has agreed to remove its restrictions on enriched uranium and has agreed to export to Canada up to 50,000 barrels of Alaskan crude oil per day. Canada has agreed to eliminate its requirement that uranium exported to the United States be processed and that electricity exported to the United States be priced at the lowest price available by a local American supplier. Canada has also amended the *National Energy Board Act* (Canada) by imposing a duty to carry out its functions in accordance with the FTA. The Board may not refuse, alter or revoke a license if doing so would constitute a prohibited restriction under the FTA. The FTA also contains a national security exemption with respect to energy exports and provides that the "Agreement on an International Energy Program" takes precedence over the FTA during conditions of tight oil supply.

NAFTA provides that a country may not impose minimum or maximum import or export price requirements, subject to some limitations. Each country may administer export and trade licensing systems, provided they are operated in a manner consistent with the NAFTA provisions. No NAFTA country may impose a tax, duty or charge on the export of energy or basic petrochemical goods unless the same tax, duty or charge is applied to such goods when consumed domestically. Restrictions on energy trade are limited to specific circumstances such as to conserve exhaustible natural resources. When a NAFTA country imposes such a restriction, it must not reduce the proportion of the total supply made available to other NAFTA countries below the level of the preceding three years or other agreed upon period, impose on exports to another NAFTA country a price higher than the domestic price or disrupt normal supply channels.

(d) Automotive Products

Canada and the United States benefit from highly integrated trade in automobiles, trucks and auto parts. Indeed, in recent years more than 95% of all Canadian automotive exports were destined for the United States, while more than 50% of all American counterparts were sent north of the border. Originally, tariff-free bilateral trade was governed by the 1965 *Canada-United States Automotive Agreement,* also known as the *Auto Pact*, which was largely responsible for the initial integration of the automotive sectors of both nations. In 2001, the *Auto Pact* was deemed to be in violation of WTO commitments and was ultimately abolished.

The FTA built upon the *Auto Pact* by modifying the rules of origin. Under the FTA, 50% of the direct production costs of any vehicle will have to be incurred in Canada or the United States in order to qualify for national treatment. This FTA rule must also be met by American non-*Auto Pact* manufacturers importing parts into Canada. In addition, the FTA freezes the list of Canadian manufacturers entitled to waivers of customs duties under the *Auto Pact*, although the list may be modified by agreement. The FTA has also provided for free trade in used automobiles since 1993. Finally, in order to import into Canada on a duty free basis, the importer must fall within the definition of "manufacturer" as defined under the *Motor Vehicle Tariff Order, 1988*, and meet the various informational requirements. These provisions have afforded great opportunities for parts manufacturers in Canada.

Given that both Canada and the United States enjoyed relatively free access to each nation's

automotive sectors as a result of the *Auto Pact* and the FTA, the establishment of NAFTA did not directly effect industry integration. One significant change, however, provides that 62.5% of the content of an automotive good must be North American in order to be "originated" in the regional free trade area and therefore qualify for preferential tariff treatment. NAFTA also eliminates barriers to trade and restrictions to investment in North American automotive goods over a ten year transition period which began in 1995. For the most part, much of the impact has been confined to the Mexican automotive industry, which was heavily protected prior to the agreement. The Mexican Auto Decree was eliminated as of January 1, 2004. Similarly, the Mexican Auto-Transportation Decree was eliminated and restrictions on the import of autotransportation vehicles from partner nations were prohibited as of January 1, 1999. In 2009, Canada will begin to phase-out over 10 years its prohibition on imports of Mexican used motor vehicles, while Mexico will do the same for North American used automotive vehicles.

(e) Textile and Apparel Goods

NAFTA provisions regarding textiles and apparel take precedence over other agreements between NAFTA countries that are applicable to those products. The terms required the three countries to immediately eliminate or phase-out over a maximum period of 10 years their customs duties on North American textile and apparel goods that meet the NAFTA rules of origin. As a result, Mexican and Canadian textile tariffs were terminated as of 2001, while tariffs on apparel were eliminated in 2003.

(4) Competition Policy

NAFTA allows each member country to adopt or maintain measures against anti-competitive government and business practices. It also provides that each country must ensure that monopolies do not use their position to engage in anti-competitive practices in non-monopoly markets. In addition, the three countries have agreed to co-operate on some competition related issues.

(5) Safeguard Measures

NAFTA has rules and procedures under which a country may take "safeguard" actions to provide temporary relief to industries adversely affected by surges on imports. If increases in imports from a member country cause or threaten to cause serious injury to a domestic industry of another NAFTA partner, the latter may take a safeguard action that temporarily suspends the elimination of a duty or re-establishes the pre-NAFTA rate of duty, although such action must be with the consent of the former if taken after the transition period. The agreement restricts the imposition of safeguards on NAFTA countries unless its imports constitute a significant proportion of total imports and are an important contribution to the injury. Safeguard actions, with some exceptions, may be taken only once and for a maximum period of three years.

There is current uncertainty regarding the interpretation of NAFTA safeguard measures in light of those provided for by the WTO. The possible exclusion afforded to NAFTA partners appears at odds with WTO rules, which require that such emergency action, if taken, apply equally to all countries. The WTO affords no explicit exception to countries involved in free-trade agreements, and has never formally ruled on the legitimacy of such NAFTA exclusions. While the United States has attempted to use these special treatment provisions to eliminate Canada from safeguard measures, the WTO has ruled against their use numerous times but for reasons other than legitimacy.

2.3 Trade in Services

(1) Services Generally

With the exception of transportation, telecommunication, health, dental, legal, childcare and government services, most commercial services are covered by the FTA. Canada and the United States have agreed not to discriminate against the other's providers of services at the federal, state or provincial, and local levels. However, the FTA does not create the obligation to harmonize. Provincial and state governments may continue to use their licensing and certification processes to differentiate amongst individuals so long as it is not done on the basis of nationality.

Under NAFTA , each member nation must treat service providers of a partner country no less favourably than it treats its own or those of a third country in like circumstances. NAFTA parties may not require a service provider of another NAFTA party to establish or maintain a residence, representative office, branch or any other form of enterprise in its territory as a condition for the provision of a service. In addition, each nation must ensure that its licensing and certification requirements and procedures with respect to professionals are based on objective criteria, such as professional competence, and are no more burdensome than is necessary to ensure the quality of the service. A NAFTA country may deny the benefits of these provisions to a specific firm if the services are provided through an enterprise that has no substantive business activities in the free trade area and that is owned or controlled by persons of a non-NAFTA party.

(2) Financial Services

Although Canadian banks have been active in the United States for some time, their American counterparts have only been able to provide full services in Canada since 1980. The FTA preserves the existing access and commits both countries to reducing restrictions on access to their financial markets. The FTA also protects the privilege enjoyed by Canadian banks to operate in more than one American state.

American citizens and companies are exempt from restrictions otherwise applicable with respect to the purchase of shares in Canadian-controlled financial institutions. Under the FTA, American firms are exempt from the federal "10/25" rule, which prevents a individual non-resident from acquiring more than 10% and all non-residents from acquiring more than 25% of the shares of a federally regulated Canadian-controlled financial institution (In 2001, the 10% limit for single shareholders was raised to 20% of any class of voting shares and 30% of any class of non-voting shares of a widely held bank). Provincially-incorporated financial institutions are exempt from this provision. In addition, American banks are exempt from the limitations restricting foreign control of bank assets in Canada to 16% of the total bank assets. American-controlled banks are exempt from the capital limits of Schedule "II" banks set under the *Bank Act* (Canada), do not have to apply to the Minister of Finance for permission to open additional branches, and may also transfer loans to their parents subject to the normal requirements. Lastly, the *Glass-Steagall Act* (United States) separating commercial banking from the securities business does not apply to Canadian banks, which are able to underwrite and deal in securities issued and guaranteed by the Government of Canada, the provinces and their agents.

Under NAFTA, financial service providers of each party may establish in any other NAFTA country banking, insurance and securities operations, as well as other types of financial services. In addition, residents must be permitted to purchase financial services in the territory of any other NAFTA partner. The agreement also extends the exemption from the above-noted "10/25 rule" to Mexican firms and individuals.

(3) Land Transportation

NAFTA provides for the removal of barriers for land transportation services between all partners and for the establishment of compatible technical and safety standards with respect to motor carrier and rail operations over a six year period. The agreement created the Land Transportation Standards Subcommittee ("LTSS") to address the development of more compatible standards for rail, bus and truck operations, as well as for the transport of hazardous waste across the three countries. While there has been some progress, regulation differences between the nations has made harmonization difficult. The LTSS continues to meet annually in efforts to achieve greater compatibility of standards.

(4) Telecommunications

NAFTA provides that public telecommunications networks are to be available on reasonable and non-discriminatory conditions to firms or individuals who use those networks for the conduct of their business. Reasonable conditions of access and use include the ability to lease private lines, attach terminal or other equipment to public networks, inter-connect private circuits to public networks, use operating protocols of the party's choice, and perform switching, signalling and processing functions.

Each country must ensure that its licensing or other authorization procedures for the provision of enhanced or value added telecommunications services are non-discriminating and applied expeditiously. NAFTA recognizes that a nation may maintain or designate a monopoly provider of public networks or services, provided it does not engage in anti-competitive conduct that adversely affects firms or individuals of partner countries.

2.4 Immigration

Under the FTA, Canada and the United States have adapted their immigration laws to ensure business persons have unencumbered access to each other's markets. As will be noted in Chapter 7, the immigration laws of both countries have been liberalized to facilitate entry while ensuring that the increased access is used by business travellers only. NAFTA permits the parties to allow temporary entry of business persons who are citizens of partner nations into their respective territories. Such individuals include business visitors, investors and traders, intra-company transferees, and professionals, all of whom must satisfy the definitions prescribed under the agreement. Yet, it should be noted that NAFTA does not create a common market for the movement of labour; hence, each country maintains its right to protect the permanent employment base of its domestic labour force.

2.5 Investment

As outlined in Chapter 3, Canada has retained the right to review an American firm's acquisition of Canadian firms. Under the FTA, both governments are free to regulate the operation of business enterprises but may not discriminate. In addition, either country may only nationalize an industry in order to achieve a public policy goal and must exercise the expropriation on a non-discriminatory basis and with fair compensation. The FTA also provides that profits, dividends, interest and other earnings are to be transferred without restriction but may be subject to laws of general application with respect to such areas as bankruptcy, securities, criminal matters, currency transfers and withholding taxes.

NAFTA removes significant investment barriers and ensures basic protection for investors. Each country is to treat NAFTA investors no less favourably than it treats its own, those of the remaining partner nation, or those of a third country in like circumstances. No NAFTA party may impose specified "performance requirements" in connection with any investment in its territory, such as specified export levels, minimum domestic content or technology transfer. In addition, NAFTA investors will be able to convert local currency into foreign currency at the prevailing market rate of exchange for earnings, proceeds of sales, loan repayments or other transactions associated with an investment. None of these investment provisions apply to government procurement and subsidies.

2.6 Anti-dumping and Countervailing Duties

Dumping occurs when the price of a product is artificially lowered in the importing country below the prevailing market price in the exporting country. Duties imposed on exports by the importing country to counteract such "dumping" are called anti-dumping duties. Countervailing duties are those introduced to offset subsidies of products by the exporting country.

Because of Canada's numerous regional assistance programs, a total exemption for its products from American anti-dumping and countervailing duty laws was unacceptable to the United States during the negotiation of the FTA. Consequently, a working group was created under the FTA whose mandate is to develop new rules dealing with unfair pricing and government subsidies. These practises have been controlled by each country separately through the application of anti-dumping and countervailing duties.

In addition, any changes in these laws will only apply to the other party if it is expressly provided for in the legislation. Each country must give notification of any statutory amendments to its FTA partner, who may then refer the matter to a bilateral review panel for an opinion as to whether the proposed alteration is consistent with GATT, the GATT Anti-dumping and Subsidies Codes and the FTA. If the panel recommends that it be changed, the nations have 90 days to come to a resolution by consultation. If no

solution is reached within nine months of the end of consultation, the aggrieved party may take emergency action or give 60 days' notice to terminate the FTA.

This process can be illustrated by American claims that Canada has unfairly subsidized its lumber exports to the United States, which then reacted by imposing countervailing duties on those exports. The dispute has gone through the procedures of review and dispute settlement of anti-dumping and countervailing matters established under Chapter 19 of NAFTA, which allows a binding, binational panel to review final determinations made in trade remedy cases in order to ensure that they are consistent with the trade laws of the nation carrying out the investigation. The various panels have generally ruled against the countervailing duties imposed by the U.S. on Canadian lumber. A resolution was finally reached in May 2006 with the signing of the Softwood Lumber Agreement which requires the U.S. to return about 80 per cent of the more than $5 billion in duties it had collected on lumber imports. The agreement removes tariffs on lumber, however, an export tax between five per cent and fifteen per cent is imposed on the producer if and when the price of lumber drops. The Softwood Lumber Agreement will remain in effect until 2013, with the possibility of renewal. The Agreement has not eliminated all of the contested issues being the two parties and t is uncertain whether it will be a permanent remedy to the dispute.

2.7 Current Trends

Notwithstanding such bilateral agreements as NAFTA, recent events have lead to major changes in American law and to some extent have placed strain on Canada-United States relations. For example, the *Public Company Accounting Reform and Investor Protection Act* of 2002 (United States) (the "*Sarbanes Oxley Act*"), established for the purpose of increasing the reliability of corporate disclosures through stricter reporting requirements, has been a recent source of tension between the two nations due to its extraterritorial effects. Because the provisions under the *Sarbanes Oxley Act* also apply to foreign companies listed on U.S. stock exchanges, Canadian companies seeking to remain listed must alter their corporate governance procedures in order to ensure compliance with the legislation.

Another recent source of friction has been the introduction of the *Homeland Security Act* (United States) (the "HSA"), passed following the terrorist events of September 11, 2001. The HSA has lead many to question the potential impact of increased border security and has raised civil liberty concerns regarding such issues as the right to counsel and due process as well as protection from unreasonable search and seizure. Adding to this strain has been Canada's reluctance to adopt as strict a stance in the War on Terrorism as that espoused by the United States.

Prior to coming into office, the newly elected President of the U.S., Barack Obama, had stated that he would renegotiate NAFTA, however, during his recent visit to Canada he appeared to back away from his earlier stance and publically rejected protectionism. Although the financial crisis does not bode well for increased liberalization of trade, it is also not expected that the current trends will have a significant impact on the existing free trade between the nations.

2.8 Conclusion

Despite current challenges, both the FTA and the NAFTA allow Canada to maintain its position as an attractive investment location in North America. The reduction of Mexican trade barriers have provided new markets and opportunities for Canadian goods and services such as automobiles, trucking, energy and transportation. Although Canadian wage levels have traditionally been the highest of the three participating countries, the nation has a good technological base, quality services, access to capital, management expertise and a highly skilled workforce. These factors make Canada an excellent location for a prospective investor seeking to take advantage of the new North American market.

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