

Following is a condensed version of an article that first appeared in the June 25 issue of *Plant* ([www.plant.ca](http://www.plant.ca)), the magazine for Canadian industry. The author, Mark Drake, CITP, is President of Corsley Inc. and senior consultant to Canadian Manufacturers and Exporters ([www.cme-mec.ca](http://www.cme-mec.ca)). He can be reached at: [corsley@sympatico.ca](mailto:corsley@sympatico.ca)

In the context of the Quebec City, Seattle and Prague demonstrations, it is high time that the Canadian business community explained that while free trade may not be perfect it's a great deal better for everyone (including those in the developing world) than stagflation behind protectionist walls. Here is a 10-point checklist to help you get the message out:

1) **Jobs and wealth:** At least one Canadian job in three depends on exports, and over 85% of our exports go to our free trade partners in the North American Free Trade Agreement (NAFTA). This is one of the reasons that our unemployment is the lowest in 25 years.

In fact, free trade is critically important for Canada. We earn nearly half our wealth from international trade-related activity (46% of GDP, up from around 25%

half this income is generated by international trade.

4) **Canada's size:** Thirty-one million people is too small a market to allow many mid-sized companies

# The benefits of free trade

before the Canada-U.S. Free Trade Agreement and NAFTA).

- 2) **Market access:** Trade agreements are about eliminating tariff and non-tariff barriers to give companies better market access and increased trading opportunities. This leads to improved economic conditions in both the developed and developing world.
- 3) **Social programs:** A vibrant private sector funds social and educational programs (through personal income and business taxes), and nearly

to thrive and create jobs. They have to expand internationally.

5) **Rules of the game:** Free trade, whether it's under the World Trade Organization, NAFTA or the potential Free Trade Area of the Americas, is about ground rules for cross-border access, for the protection of intellectual property and for the safeguarding of investment. These rules are critical for business success, especially for smaller players like Canada.

6) **Helping the poor:** Free trade helps to raise living standards as economies in developing countries improve. For example, Mexico may still have significant regional problems and not everyone is yet sharing in the increased wealth, but its economy has grown enormously since it joined NAFTA.

7) **Protecting the environment:** As people's standard of living improves with increasing trade, they want cleaner water and purer air, and they have the resources to pay for it. The well-known 1994 study by Kruger and Grossman showed that pollution levels start to fall when income levels reach about \$12,500 per capita.

8) **Labour standards:** Developing countries are wary of agreements in which labour standards from the developed world are imposed on them before they are ready, and risk making them uncompetitive. The International Labour

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