

On the other hand, sensitive industries such as tuna and confectionery, as well as most agricultural products and food processing, will face tariff elimination over ten years. The 25% tariff against ships built in the U.S. operating in Canada will also be removed over ten years. However, Canada has reserved the right to apply quantitative restrictions on U.S. vessels until such time as the U.S. removes its prohibition under the Jones Act on Canadian vessels.

Thus, by the end of the 1990s, all New Brunswickers will benefit from savings on imports of duty-free consumer products, while New Brunswick manufacturers will benefit from both the duty-free import of inputs to final production (e.g. machinery), as well as from selling its goods duty-free in the U.S. market. A further advantage to New Brunswick manufacturers will be that its offshore competitors in the U.S. market will continue to face existing U.S. tariffs, thus providing New Brunswick manufacturers with an edge in the U.S. market.

In addition to phasing out tariff elimination, the FTA allows for safeguard measures to provide industries with a breathing space if they are facing strong import competition due to tariff elimination. Further, the government (both federal and provincial) has maintained its scope to provide adjustment assistance where necessary, focussing on labour adjustment and building on our current extensive programs of assistance to labour and firms.

2) New opportunities for New Brunswick industry to sell to U.S. federal government agencies. New Brunswick suppliers of goods will now have the opportunity to compete for U.S. federal government procurement contracts with a value of over \$25,000 (US). This potential market is valued at \$4 billion. Previously, free access for New Brunswick suppliers to compete for these contracts was limited to purchases above \$170,000 (US). This benefit will be of particular value to small and medium-sized New Brunswick companies who can target these relatively small but numerous procurement contracts.

Industrial benefits arising from federal procurements are not affected by the deal on procurement. This means continuing benefits from federal programs such as the Canadian Patrol Frigate Program. This also means continuing benefits under the Atlantic Opportunities Program, whereby the federal government has made a commitment to increase the levels of federal procurements and industrial benefits in Atlantic Canada by \$600 million over the period 1986 to 1990.