

NOVA SCOTIA

Trade: Securing Canada's Future

MORE JOBS FROM MORE TRADE

Canada is a trading nation. With only 25 million people, our domestic market is not large enough to absorb our production. Our prosperity everywhere depends on selling our goods and services in the international marketplace. Thirty per cent of our national income and 3 million jobs depend on trade.

The trading world is fiercely competitive and increasingly protectionist. It is dominated by big power blocs — the United States, Japan and the European Community. Canada is alone as a major trader without guaranteed access to a mega market. We are especially vulnerable.

It is crucial to maintain and expand our access to international markets. To this end the federal government, under Prime Minister Brian Mulroney, is pursuing a two-track national trade strategy.

TWO SETS OF NEGOTIATIONS

Canada is actively participating in the new round of multilateral negotiations under the General Agreement on Tariffs and Trade. The GATT, whose 93 nations account for four-fifths of world trade, was formed in 1947. It has worked effectively to liberalize and increase world trade. Canada has benefited greatly, but GATT negotiations are long and complex.

To deal more expeditiously with the three-quarters of Canadian trade that is conducted with the United States, the government is conducting bilateral discussions with Washington. The goal is to enshrine in a comprehensive trade agreement the widest possible package of mutual reductions of barriers to trade in goods and services. These negotiations are of utmost importance to Canadians in every province.

SECURE ACCESS TO U.S.

Our neighbour is our biggest customer, buying 77 per cent of our exports. More than 2 million jobs depend on trade with the U.S. But the Americans, facing a huge trade deficit, are mobilizing their forces to stop what they consider unfair competition and trading practices.

Canada has experienced the impact of these protectionist pressures. Many sectors of our economy have been hit both directly and indirectly. The need to preserve access to our largest market in a binding agreement is readily apparent.

Equally, free trade with the U.S. under a stable framework of rules and appropriate transition and adjustment assistance arrangements, offers us the opportunity of increased investment, economies of scale in production and improved competitiveness. Most studies project an agreement would result in more jobs, more secure jobs, better jobs. At the same time, free trade would bring a better selection of goods and services at lower prices to Canadian consumers and industries using imports in production.

CLOSE CONSULTATION

The Prime Minister and Premiers meet every three months to review progress of the negotiations. International Trade Minister Pat Carney consults with provincial trade ministers. Provincial officials meet monthly in the Continuing Committee on Trade Negotiations, chaired by Canada's Chief Negotiator, Ambassador Simon Reisman.

Private sector input to both sets of negotiations flows from all provinces through the International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade which report to Miss Carney.

REGIONAL DEVELOPMENT

More economic expansion in the country's areas of slower growth is projected as a result of free trade with the U.S. Indeed, if an agreement can't be reached which benefits Canada and its regions, Canada won't sign it. In any event, self-determination in setting regional development policies and Canada's capacity to sustain regional development are not at issue in the trade talks.

Each province and territory is a trader. The prosperity of each depends in large measure on the successful conclusion of negotiations with the United States and, through the GATT, with the rest of the world.

AN EXPORT ECONOMY

Jobs and development go hand in hand with trade expansion in Nova Scotia, an historic trader with the Americas and overseas. Exports account for about 16 per cent of the province's gross domestic product and for more than 25,000 jobs.

The province's commodity exports amounted to \$2.1 billion in 1986, of which 66 per cent went to the United States. Trade-related activities such as harbour installations and transport are also central to the Blue Nose economy. And tourism is another earner of foreign currencies.

The main Nova Scotia exports in 1985 were motor vehicle tires, passenger cars and chassis (28 per cent), fish and fish products, including both shellfish and groundfish (24 per cent), and newsprint and wood pulp (22 per cent).

Fish landings in Nova Scotia in 1985 were more than 450,000 metric tonnes, valued at over \$300 million. The provinces' fishing industry exported products worth more than \$500 million in 1985 and accounted for thousands of jobs. The fishery is in a period of modernization and transition. Large sophisticated factory freezer trawlers are being introduced to increase product quality and efficiency.

A little over half of the province's exports are fabricated materials and end products. Steadily increasing manufacturing capacity and industrial diversification are also improving Nova Scotia's trading strength.

TRADE ISSUES

Nova Scotia stands to gain strongly from the combined effect of successful negotiations in both the Canada-U.S. context and the 93-nation GATT.

Eliminating trade barriers such as U.S. tariffs on processed fish and forest products could offer real opportunities for a number of Nova Scotia communities for increased investment and employment. Better access to U.S. civilian and defence procurement could benefit the province's growing electronics and communications industries.

Irksome Restrictions

The United States' trade-remedy laws for beating back competitive imports are a key issue for Nova Scotia. The province has acutely felt the effects of U.S. countervail and anti-dumping actions. Fish products, softwood lumber, and tires are examples of goods that have been subject to trade-remedy laws.

A new framework of predictable rules and equitable mechanisms for handling disputes would go a long way toward ensuring a stable economic environment, particularly in the fisheries.

Growth in Services

The services sector, which accounts for almost 80 per cent of employment in N.S., is a new area in these negotiations. Some parts of it, such as life insurance, computer services, construction, and management consulting could benefit from better access to the U.S. market. This is an area of potential growth for Nova Scotia.