

ALBERTA Overview

The United States is by far Alberta's largest export market accounting for about 75% of total exports. In 1985 the value of exports to the U.S. exceeded \$10 billion of which natural gas and crude petroleum constitute 50%.

Security of access to the U.S. market is vital to the economic health of the province. The Economic Council of Canada suggests Alberta's output could increase by 3.5%, more than the national average of 3.3%.

For Alberta the current mood of protectionism in the U.S. has been a serious concern. The use of non tariff barrier measures for energy exports, pork and beef exports, and softwood lumber exports were felt in a province whose economic growth depends upon access to the U.S.

Tariff

Already a large proportion of Canada-U.S. trade is duty-free (about 70%). Of the remaining tariffs, over half will be eliminated in ten equal steps and about a third will go in five equal steps, starting on January 1, 1989. The balance of dutiable goods will face tariff elimination on January 1, 1989.

The three categories for tariff elimination were established on the basis of consultations with the private sector, where Alberta's interests were well represented. Both our export interests and import sensitivities were taken into account in this process, and as a result industries on both sides of the border have been given time to adjust to new challenges and opportunities.

For example, there will be scope for Alberta to add value to its resource-based exports such as petrochemicals which have faced higher tariffs on further processing. On the other hand, sensitive sectors such as agriculture as well as most food processing will face tariff elimination over ten years.

With 75% of Alberta's petrochemical exports going to the U.S., duty free entry will be advantageous. Alberta's gas-based modern petrochemical industry is competitive in scale and technology. However it needs to maintain low feedstock costs to remain competitive. Tariffs have been a significant factor and they will now be eliminated over 5 years. Removal of the tariff will help the industry to gain value added and jobs as their competitive position in the U.S. market improves.

Dept. of External Affairs
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