

**NEW BRUNSWICK
Overview**

An open and secure Canada-U.S. trading relationship is important for the province of New Brunswick. In 1986, about \$1.7 billion or two-thirds of total exports of goods and resources went to the U.S. At the same time, New Brunswick exports of services to the U.S. have been growing in importance, including financial services, computer services, consulting engineering, management consulting and tourism.

The agreement offers a significant opportunity to add value to many of New Brunswick's resource-based products and to reinforce the further development of its secondary manufacturing and service sectors. At the same time, the scope for federal and provincial governments to promote regional economic development remains intact.

New Brunswick and Canada will benefit from the Free Trade Agreement (FTA):

- A) by gaining the best foreign access to the largest, wealthiest market in the world and
- B) by a major step forward in managing the biggest trading relationship in the world and in securing our access to that market.

More specifically, the FTA will provide the following benefits for New Brunswick:

- 1) Elimination of tariffs by January 1, 1989. 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 New Brunswick interests were well represented. Both our export interests and import sensitivities were taken into account in this process, and as a result industries have been given time to adjust to new challenges and opportunities.

For example, there will be scope for New Brunswick to add value to its resource-based exports such as petroleum (e.g. refined products), fish (e.g. prepared fish products) forest products (e.g. waferboard and paper) and mineral products (e.g. zinc and lead), which have faced higher tariffs on further processing. There will also be benefits to the elimination of the 50% U.S. tariff on ship repairs.

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