

b2206390 (E)
b2206407 (F)

NEWFOUNDLAND Overview

On January 2, 1988, Canada signed the text of a bilateral trade agreement with the United States of America in order to expand and secure our trading access to the world's richest market. Until now, Canada has been the only major industrialized country without the assured access to a market of 100 million people that is needed to allow industry to fully specialize and to capture the economies of scale that are necessary for international competitiveness. The access that Canada has historically enjoyed to the U.S. market has been progressively eroded by U.S. protectionist forces. To address these matters, Canada will implement on January 1, 1989 the Canada-U.S. Free Trade Agreement (FTA).

Secure and enhanced access to the U.S. market is particularly important to Newfoundland. In 1986, Newfoundland's exports to the U.S. were valued at \$550 million. This is 54% of Newfoundland's exports and amounts to \$947 per capita, or approximately 9.1% of the provincial gross domestic product. Newfoundland's major exports to the U.S. are fish, fish products and newsprint. These products are critical to Newfoundland's employment.

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 Newfoundland 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, the removal of U.S. tariffs will provide scope for Newfoundland to add value to its resource-based exports such as fish (e.g. 10-20% U.S. tariff on fish sticks and portions, 10-17.5% on prepared meals, and 7.5% on crab) and forest products (e.g. paper) which have faced higher tariffs on further processed products. The U.S. tariff on fresh and frozen fillets of 1.875 cents per pound will be removed over five years. There will also be benefits to the elimination of the 50% U.S. tariff on ship repairs.

Dept. of External Affairs
Min. des Affaires extérieures

OCT 13 1989

TRADE NEGOTIATIONS
RESEARCH CENTRE
BUREAU DES NEGOCIATIONS COMMERCIALES
CENTRE DE RECHERCHE

RETURN TO DEPARTMENTAL LIBRARY
RETOURNER A LA BIBLIOTHEQUE DU MINISTERE

43-250-471 (e)
43-250-472 (f)