

JOBS

of market access and regulatory rules in the area of services trade.

ENSHRINING ACCESS

- We want to reach a binding agreement which institutes a mechanism for effective, efficient and equitable settlement of trade disputes, provides for transitional adjustment in its implementation and preserves rights to independent policies in pursuit of fundamental and distinctive national goals.

One way or another, these negotiations affect every sector of the Canadian economy. The issues are complex and difficult, especially where new ground is being broken. The bargaining is tough. It involves give and take. Each item tends to affect everything else and the trade-offs cannot be finally weighed until the end of the day. To reach a deal, both Canada and the U.S. have to see net gains to their economies. The broader the scope of agreement, the greater will be the potential economic benefits on both sides. 🍁

NON-NEGOTIABLE

- *Our political independence: we are not negotiating a customs union or common market with the U.S.*
- *Our national heritage: our unimpaired right to set our own social and cultural policies; our capacity to support regional development.*

Trade is the engine of growth. Everybody gains from it.

Trade creates wealth and fuels further economic development – investment, production, jobs and income. Removing barriers to trade is the key to the process. Ensuring economic growth and expanding employment are the principal objectives of Canada's two-track trade negotiations.

On average, each \$1 billion in exports leads to the creation of 15,000 jobs. If we could gain just one additional percentage point share of world trade the result would be the creation of 400,000 jobs for Canadians. Or, for example, if we could negotiate access to the U.S. government procurement market and capture one per cent of it, that could lead to more than 100,000 new jobs.

On the other hand, the forces of protectionism have already affected thousands of existing jobs and threaten many more. It is estimated a 10 per cent reduction in our exports to the U.S. could cause up to 250,000 Canadians to lose their jobs. Maintaining the status quo is simply not an option in our trade relations with the U.S.

A comprehensive Canada-U.S. trade agreement offers the prospect of an improved environment for investment, new productive plant, economies of scale and specialization, higher levels of productivity and better, more secure jobs – jobs with a future.

High productivity means lower inflation, more jobs, stronger economic growth and new wealth to finance our social, cultural and regional goals.



The link between productivity and jobs is direct: higher productivity leads to higher incomes, which, in turn, create additional spending power. This increased spending power leads to more jobs. The history of trade liberalization in GATT verifies the linkage.

Most studies of the employment impact of free trade with the U.S. project positive gains. The Economic Council of Canada, in its October 1986 report, *Changing Times*, suggests that the overall gain from free trade could be in the order of 3.6 per cent growth in gross national product by 1995. It predicts inflation would be lower and that the gain in employment could be over 370,000 jobs.

The Council also looked at the risks of no agreement and continued U.S. protectionism. Under this scenario, the Council indicates real growth in GNP could be five per cent less than projected, unemployment could rise 2.4 per cent, and employment could decline by 525,000 jobs.