

7) For the first time, an agreement to facilitate trade in services. The service sector is important to the PEI economy, as it accounts for nearly 70% of PEI jobs and production. In terms of trade in services with the U.S., the tourism sector is by far the most important.

The agreement covers government regulations of trade in commercial services, with the exception of transportation and basic telecommunication services. Existing measures will remain in place, while future measures must comply with agreed upon principles, the most important of which is not to discriminate against U.S. service providers. Existing measures that are grandfathered could be subject to further negotiations to liberalize trade. As the tourism trade is currently free of barriers, the agreement will secure that environment. Critical PEI service sectors such as those in the cultural area and those providing health and education services are not covered by the agreement.

8) Easier border crossings for temporary business purposes. Many Canadian exporters of both goods and services have encountered difficulties at the border when seeking entry for temporary business purposes. Examples include exporters of goods wanting to service their product, or consultants wanting to meet with U.S. clients. The agreement specifies, under four categories, expanded lists of those persons who are to be offered temporary access for business purposes and under what conditions.

9) A hospitable investment climate on both sides of the border. PEI has traditionally welcomed U.S. investment and this agreement will maintain the current open investment climate. While the agreement provides for a non-discriminatory framework of rules and principles governing cross-border investments, it also grandfathers existing investment restrictions (e.g. farmlands, fishery), including the right of Investment Canada to review significant direct acquisitions and to impose performance requirements that do not distort trade. In this manner, the agreement is sensitive to particular PEI concerns, both in terms of import sensitivities and attracting new investment.

Overall, it is clear that the agreement will provide PEI with significant benefits. This positive assessment is based both on the economic impact assessments that have been made, such as the recent studies by the Atlantic Provinces Economic Council and the Economic Council, as well as on the positive impact that trade liberalization has had in the past on the PEI economy.

Potential for new growth resides in building on PEI's traditional strengths in agriculture and fishing, as well as in innovative PEI companies such as Diagnostic Chemicals. The federal government has created the Atlantic Canada