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Dept. of External Affairs  
Min. des Affaires extérieures

OCT 13 1989

Quebec  
Overview

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Quebec has a major stake in enhancing and securing better access to the U.S. In 1986, nearly \$16 billion or 75% of the province's exports of goods and resources went to the U.S. Further, Quebec's exports of services to the U.S. have become increasingly important, including financial services, telecommunication and computer services, professional services, as well as tourism.

Quebec 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 Quebec:

1) Elimination of tariffs by January 1, 1998. 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 Quebec 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 Quebec to add value to its resource-based exports such as forest products (e.g. paper), metal products (e.g. aluminum and copper) and non-metallic products (e.g. ceramics), which have faced higher tariffs on further processing. On the other hand, sensitive industries such as textiles and clothing, as well as most food processing, will face tariff elimination over ten years.

Under the terms of the agreement, at the end of ten years (five years for after-market parts) there will also be duty-free automotive trade in North America. At the same time, strict rules of origin will ensure that the benefits of duty-free trade are reaped by producers located in North America, and not offshore. Further, the Auto Pact will

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