

Thus, by the end of the 1990s, all Islanders will benefit from savings on imports of duty-free consumer products, while PEI producers will benefit from both the duty-free import of inputs to final production (e.g. machinery and equipment), as well as from selling its goods duty-free in the U.S. market. A further advantage to PEI producers will be that its offshore competitors in the U.S. market will continue to face existing U.S. tariffs, thus providing them with an edge in the U.S. market.

In addition to phasing out tariff elimination, the FTA allows for safeguard measures to provide industries with a breathing space if they are facing strong import competition due to tariff elimination. Further, the government (both federal and provincial) has maintained its scope to provide adjustment assistance where necessary, focussing on labour adjustment and building on our current extensive programs of assistance to labour and firms.

2) New opportunities for PEI manufacturers to sell to U.S. federal government agencies. PEI suppliers of goods will now have the opportunity to compete for U.S. federal government procurement contracts with a value of over \$25,000 (US). This potential market is valued at \$4 billion. Previously, free access for PEI suppliers to compete for these contracts was limited to purchases above \$170,000 (US).

Industrial benefits arising from federal procurements are not affected by the deal on procurement. This means continuing benefits under the Atlantic Opportunities Program, whereby the federal government has made a commitment to increase the levels of federal procurements and industrial benefits in Atlantic Canada by \$600 million over the period 1986 to 1990. The Department of Fisheries and Oceans, federal Crown corporations, provincial departments and Crowns, as well as schools, hospitals and universities are not included in the deal on procurement; therefore their purchasing practices will not be affected.

3) More secure access for exports. A top priority for PEI, as for the rest of Canada, was to obtain greater security in its access to the market so that exporters are not faced with sudden U.S. duties or quotas at the border, that threaten their viability and reduce the incentive to invest in PEI as a basis for selling in the U.S.

Examples of PEI exports that have been affected by measures under U.S. trade remedy laws include groundfish and white potatoes. More generally, the security of our trading relationship has suffered from the lack of an institutional framework to manage our trading relationship and prevent disputes from degenerating into unilateral border measures.