

The Agreement will not alter the ability of Canadians to manage their mineral resources. The responsibility for determining the pace and conditions of mineral exploration, development and exploitation remains with the provinces.

## ENERGY

For the energy sector, free trade is almost a reality today. The Canada-U.S. Free-Trade Agreement largely formalizes a situation which has been created since 1984 by a series of policy and regulatory changes. The Agreement is consistent with the direction in which Canadian energy policy has been evolving.

The most immediate benefits for the energy sector will occur mainly in the oil and uranium sectors and, to a lesser extent, the electricity sector. In the longer term, the intangible and indirect benefits are likely to be considerably more important. In particular:

- the more secure access to the U.S. market will provide the opportunity for the Canadian energy sector to realize its full potential to generate revenues and create jobs;
- the enhanced investor confidence, resulting from the creation of a more stable trading environment, will assist the development of Canadian energy resources;
- by improving the prospects for obtaining economies of scale, the Agreement could facilitate the development of certain mega-projects, for example, major pipeline projects, thereby reducing the costs and risks that have to be borne by Canadian energy consumers; and

Canada's foreign investment policy for the energy sector is grandfathered under the Agreement, and the Agreement does not compromise the government's ability to promote a strong Canadian presence in the energy sector. The Agreement also does not compromise Canada's energy security, or Canada's ability to develop and manage its energy resources.

## MANUFACTURING

Canada's manufacturing industries, which already enjoy a high degree of bilateral free trade, stand to gain from the Canada U.S. Free Trade Agreement. Some benefits will be immediate. Others will be realized in the 1990s and beyond as the effects of trade liberalization permeate the economy.

Following are the principal benefits of the Agreement for the manufacturing industries:

- more secure access to the U.S. market as a result of the provisions negotiated on emergency import measures and the dispute settlement mechanism;
- for most manufacturing industries removal of tariffs will be the most significant change in trade barriers. Tariffs will remain in place, however, for products from third countries resulting in a preference for Canadian goods in the U.S. market;