As Figure 2 illustrates, increased industry output is reflected in employment gains from the outset. All components of trade enhancement contribute to this, but the biggest gains are developed in the near term by reduction of non-tariff barriers, and in the longer term, by improved productivity. By 1994, aggregate employment is increased by more than 100,000, which level is sustained throughout most of that decade. By 2005, however, the gain has increased to 150,000. There are generalized positive effects on employment by industry, except for those in agriculture and manufacturing. In agriculture, there is a small negative effect, reflecting the greater attraction of improved opportunities in urban occupations. In manufacturing, employment losses average 3,000 in 1988-1994. Thereafter, these figures rise to larger numbers, reflecting our direct assumption of improved labour productivity in the industry. Again, however, it must be emphasized that while there are negative impacts, the level of employment in both agriculture and manufacturing rises above current amounts.

Figure 3

UNEMPLOYMENT RATE
(PER CENT)