

# MANITOBA

## Trade: Securing Canada's Future

### MORE JOBS FROM MORE TRADE

Canada is a trading nation. With only 25 million people, our domestic market is not large enough to absorb our production. Our prosperity everywhere depends on selling our goods and services in the international marketplace. Thirty per cent of our national income and 3 million jobs depend on trade.

The trading world is fiercely competitive and increasingly protectionist. It is dominated by big power blocs — the United States, Japan and the European Community. Canada is alone as a major trader without guaranteed access to a mega market. We are especially vulnerable.

It is crucial to maintain and expand our access to international markets. To this end the federal government, under Prime Minister Brian Mulroney, is pursuing a two-track national trade strategy.

### TWO SETS OF NEGOTIATIONS

Canada is actively participating in the new round of multilateral negotiations under the General Agreement on Tariffs and Trade. The GATT, whose 93 nations account for four-fifths of world trade, was formed in 1947. It has worked effectively to liberalize and increase world trade. Canada has benefited greatly, but GATT negotiations are long and complex.

To deal more expeditiously with the three-quarters of Canadian trade that is conducted with the United States, the government is conducting bilateral discussions with Washington. The goal is to enshrine in a comprehensive trade agreement the widest possible package of mutual reductions of barriers to trade in goods and services. These negotiations are of utmost importance to Canadians in every province.

### SECURE ACCESS TO U.S.

Our neighbour is our biggest customer, buying 77 per cent of our exports. More than 2 million jobs depend on trade with the U.S. But the Americans, facing a huge trade deficit, are mobilizing their forces to stop what they consider unfair competition and trading practices.

Canada has experienced the impact of these protectionist pressures. Many sectors of our economy have been hit both directly and indirectly. The need to preserve access to our largest market in a binding agreement is readily apparent.

Equally, free trade with the U.S. under a stable framework of rules and appropriate transition and adjustment assistance arrangements, offers us the opportunity of increased investment, economies of scale in production and improved competitiveness. Most studies project an agreement would result in more jobs, more secure jobs, better jobs. At the same time, free trade would bring a better selection of goods and services at lower prices to Canadian consumers and industries using imports in production.

### CLOSE CONSULTATION

The Prime Minister and Premiers meet every three months to review progress of the negotiations. International Trade Minister Pat Carney consults with provincial trade ministers. Provincial officials meet monthly in the Continuing Committee on Trade Negotiations, chaired by Canada's Chief Negotiator, Ambassador Simon Reisman.

Private sector input to both sets of negotiations flows from all provinces through the International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade which report to Miss Carney.

### REGIONAL DEVELOPMENT

More economic expansion in the country's areas of slower growth is projected as a result of free trade with the U.S. Indeed, if an agreement can't be reached which benefits Canada and its regions, Canada won't sign it. In any event, self-determination in setting regional development policies and Canada's capacity to sustain regional development are not at issue in the trade talks.

Each province and territory is a trader. The prosperity of each depends in large measure on the successful conclusion of negotiations with the United States and, through the GATT, with the rest of the world.

### AN EXPORT ECONOMY

Manitoba, with a labour force of over one-half million, is the most diversified of the Prairie Provinces. In 1984, its gross domestic product reached \$16.6 billion, a five-fold increase since 1970, or roughly about the same as for the country as a whole.

In 1986, Manitoba exported \$2.5 billion worth of goods, of which 56 per cent, or \$1.4 billion, went to the U.S., mainly exports of electricity and agricultural products, but also forest products, agricultural and transportation equipment and machinery. Manitoba alone accounts for more than one-half of Canada's exports in agricultural

machinery, with more than 90 per cent of these exports going to the U.S. under a virtual free trade environment.

Recent American restrictions on hog imports and threats to restrict U.S. imports of electricity have demonstrated Manitoba's exposure to U.S. protectionism.

Manitoba's manufacturing sector is the largest single contributor to the province's GDP. It is composed of approximately 1,800 establishments, mostly small or medium-sized firms. Food processing and packaging is the single largest industry within the sector. The sector depends heavily on the U.S. market.

The province is vulnerable to international market forces and it can benefit from the Canada-U.S. and GATT trade negotiations.

A comprehensive trade agreement would provide Manitoba with security of access and the potential for expansion of its manufacturing base and investment in its abundant natural resources.

### TRADE ISSUES

Manitoba would benefit greatly by an agreement to eliminate non-tariff barriers, and a better way to manage contingency protection issues. It would do much to ensure a stable economic environment.

### Agriculture

Negotiation of a bilateral agriculture agreement which would define allowable subsidies and in which non-tariff barriers, such as health and technical standards, no longer inhibit the export of agricultural products, would be in Manitoba's interest.

More important, a negotiated agreement would set an example to GATT negotiators who are working towards trade liberalization, particularly in the agricultural sector. Manitoba would be among the winners.

### Goods and Services

The province accounts for more than half of Canada's exports in agricultural machinery, of which more than 90 per cent goes to the U.S. tariff-free. A bilateral agreement would safeguard this access to the American market.

There are many opportunities to be gained for Manitoba's service sector under a trade agreement with the U.S. Insurance companies, investment dealers and business services, as well as construction and consulting engineering firms, would benefit from greater access to the U.S. market.



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