

YUKON AND NORTHWEST TERRITORIES

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 region.

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

The sparsely settled Yukon and Northwest Territories, with 75,000 residents scattered over two-fifths of Canada's total land surface, share an interest in the outcome of the current trade negotiations with the United States and GATT.

Mineral exploration and production dominate the economies of both territories. Lead and zinc accounted for 78 per cent of their exports which totalled \$114 million in 1986, of which \$9 million went to the U.S. Furs and tourism, two other major sectors, also depend to a considerable degree on the American market.

Mining production in the Yukon in 1986 was valued at \$174.7 million, of which zinc accounted for \$67.4 million, gold \$65.8 million, lead \$24.4 million and silver \$16.8 million.

In the NWT, mineral production in 1986 amounted to \$630.5 million, of which zinc accounted for \$350.4 million, gold \$219.3 million, lead \$54.2 million and silver \$5.8 million.

NWT production of crude oil in 1985 totalled 2.4 million barrels. In the Yukon, significant oil and gas discoveries were made in 1985 in the Beaufort Sea. Indicated reserves total more than 500 million barrels.

There is abundant electrical power in both the Yukon and NWT. Total generating capacity in the NWT in 1984 amounted to 492,000 million KWH. In the Yukon, production amounted to 255,449 MWH.

Fur trapping in the NWT produced \$3.3 million in the 1984-85 season. In the Yukon, fur production totalled \$1.3 million in 1985.

Major national organizations with a direct interest in the North — the Mining Association of Canada, the Fur Council, Canadian Manufacturers' Association, and the Business Council on National Issues — have given strong support to the U.S. trade initiative.

Within the territories, support has come from the government of the Yukon, the mining industry, the municipal government of Whitehorse, and the NWT Chamber of Mines.

TRADE ISSUES

Tariff levels are a minor factor in terms of the main Northern exports. Non-tariff measures are of greater significance, for example, threats of investigations into lead and zinc imports into the U.S.

Growing protectionism in the United States has had an impact in the North. In the Yukon, for example, it has shown up in trucking problems with neighbouring Alaska. U.S. countervail duties have been applied against such Canadian exports as softwood lumber and fresh fish. The U.S. contended that these products received export related subsidies in Canada.

In the negotiations, Canada is seeking agreement on a clearer definition of non-countervailable assistance programs to ensure that Canadian exporters are not penalized unfairly. Canada will not negotiate its social policies, or its capacity to support regional development or cultural affairs.

Reaching agreement on the application of trade remedy laws and a better dispute settlement mechanism would reduce risks to exports of the mining, fishing and forestry industries.

Reductions in tariffs could benefit exports of furs and fur garments. At the same time, reduced Canadian tariffs and trade barriers against U.S. goods could lower the cost of living and of doing business in the North.

In any agreement that results from these negotiations, transitional arrangements will be included to ensure that Canadians have an opportunity to adjust to changes and avoid or alleviate potential disruption.

The federal government has established a consultative process to keep Canadians informed and to gather all the facts and opinions it requires. Both the Yukon and NWT are represented directly in these consultations.



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