

COMMONLY ASKED QUESTIONS

Is the FTA working?

Yes. Independent studies suggest that, without the FTA, the economic impact of the recession and global restructuring would have been much greater. Canada's exports to the U.S. continue to climb. They were up by 8.8%, a record three-month high, in the first quarter of 1992 compared to 1991.

If the FTA is working, why did Canada suffer an economic slowdown shortly after it came into force?

Along with other industrial countries, Canada experienced a recession in 1990-91. Yet Canada's exports, especially to the United States, are growing at the fastest pace in three years. In 1991, Canada exported \$15 billion more in goods to the U.S. than it imported. With one out of four jobs in Canada dependent on trade, those are encouraging figures. In addition, foreign investment in Canada has increased sharply, reflecting investor confidence in the Canadian economy and support for trade liberalization. Statistics Canada reports that Canada's overall productivity rose 1.5% in 1991, an extraordinary achievement in a period of recession. Meanwhile inflation is below 2% and interest rates are at the lowest level in 17 years.

Why have manufacturing jobs declined in Canada?

Manufacturing jobs declined over the past 25 years while jobs in the service industries increased. It is not true that the FTA has caused a net loss in jobs and wrong to assume the NAFTA will harm Canada's overall employment picture. Labour adjustment is not unique to Canada. The recession and competitive factors in global trade have forced all countries to adopt new technologies and obtain materials from all over the world. Streamlining in manufacturing has triggered productivity improvements that economists predict could increase by as much as 8% in 1992.

The NAFTA gives Canadian exporters privileged access to a new market of more than 85 million Mexicans. If Canada can carve out even a small share of that vast and growing market, we will inevitably create jobs. For every billion dollars of new exports, 15,000 jobs are created.

How can you say that the new rules of origin for autos, textiles and apparel have brought improvements?

The new automotive rules of origin mean that significant assembly and auto parts manufacturing will occur in Canada, while ensuring that Canada remains an attractive site for off-shore investment in this key sector. For textiles and apparel, the impact of the rules of origin is more than offset by increased quotas into the U.S. market for goods that do not meet the new requirements.