

AN INTERNAL OVERVIEW OF COMPETITIVENESS ISSUES

**Prepared by: Department of External Affairs
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Severed study available.

Description

This interim report contains preliminary results from the research program undertaken in the summer of 1985 on the economic implications of an enhanced trade agreement between Canada and the United States and is based on two separate studies, one by Informetrica Ltd, the other by the Department using the University of Maryland's Inforum model.

Highlights

Informetrica Study

Seven alternative trade liberalization cases were selected for comparison with the base case. Case 4, assumed to be the most likely, combined tariff and non-tariff barrier elimination with a productivity increase.

The results of this case are as follows:

- Real Gross National Product is, on average, about 1.7 percent higher per year than in the base case.
- Canada's real net exports increase.
- The Consumer Price Index is lower than the base case in every year of the period.
- Employment gains are evident from the outset, reflecting increases in industry output. By 1994, overall employment is running more than 100,000 above the base case.