moderate impact on consumer spending mitigates the increased demands on imports, and there is an initial positive effect on net exports.

Over the longer term, increased consumer demand accounts for more than one-half of increased total expenditures. This reflects the dynamic effects of continued increases in real incomes, which in later years, are generated partly by restored interest incomes. The change in investment nevertheless constitutes one-third of the total change in expenditures in later years. The long term erosion of net exports reflects increasing payments abroad of interest and dividend payments that would follow from foreign borrowing to fund the initial surge in investment. It should be noted that the economy is nevertheless made more "open". In 2005, exports constitute 31.2 per cent of Gross National Product in the base case; with "full enhancement", this share rises to 32.3 per cent.

3.2.3 Impact On Industry Output And Labour Markets - The case that combines all elements of trade enhancement suggests that real output of all industries would be increased by more than one per cent by 1991 relative to the base case; this rises steadily thereafter to almost 2.5 per cent in 2005. The results, which are detailed in Appendix E, suggest that manufacture of tobacco products, and of textiles and clothing would be negatively affected (but output would increase from current levels), or that there would be negligible effects. As well, production of electrical products, and printing and publishing are little affected. Output of most other sectors is increased in line with the total, but major gains are registered by the fisheries and