

export subsidies in our bilateral trade of agricultural products.

PEI exports of tablestock and seed potatoes account for over a third of PEI trade with the U.S. Despite a longer growing season and the current 35-cents per 100 pounds tariff, the PEI potato industry is currently competitive and will benefit from the elimination of trade barriers and more secure access. Further, Island processors who are capable of producing and selling in baker count boxes and other specialty products for the restaurant and convenience food markets should be able to take advantage of new market opportunities.

5) Better access for PEI fish exports. The PEI fishing industry has approximately 3,700 fishermen and 60 registered fish processing plants. Nearly 80% of total fish exports (valued at \$61 million) are destined for U.S. markets. The industry will benefit from the elimination of U.S. tariffs on groundfish fillets (4 cents per kilogram). PEI ships into the fresh market and duty elimination on the processed market would encourage more local processing for export. Local processors have investigated opportunities for products such as surimi, kamaboko, specialty chowders and smoked fish. Removal of current U.S. tariffs, in excess of 10% for such highly processed products, could encourage several to move ahead.

Both parties have agreed to work toward the elimination of technical regulations at the federal, provincial and state level that constitute an arbitrary, unjustifiable or disguised restriction on trade (e.g. health and packaging regulations, minimum size requirements). They have also agreed to prevent the introduction of such discriminatory barriers to trade in the future.

The provisions of the agreement dealing with countervail and anti-dumping duties will provide important benefits to the fisheries which, in the past, has been subjected to considerable harassment by U.S. competitors using these laws. Further, existing restrictions on foreign investment in the fisheries remain in place. Finally, nothing in the agreement limits our right to require that all fish caught in our economic zone is landed in Canada, nor does it limit in any way our ability to control access to our fish resources.

6) Preserved sovereignty over energy matters. PEI is totally dependent on imports to meet its primary energy requirements and most of its secondary requirements as well. The bulk of its electricity is purchased from New Brunswick. Provincial electricity rates are the highest in the country.