

in numbers and geographically dispersed. In an increasingly competitive world economy, Canadian competitiveness will become even more dependent on the ability to combine high technology with a well educated and mobile workforce. By removing barriers that are deemed by our trading partners to be discriminatory regulations, the threat of foreign regulatory retaliation is reduced and greater access to foreign markets is provided. As Canada could well have a comparative advantage in higher order services, even an international framework agreement focusing on national treatment, rights of establishment, transparency and an orderly means of settling disputes could provide lasting benefits to the services sector. In summary, the removal of barriers associated with services regulation is likely to result in more immediate benefits relative to other barriers to interprovincial trade.

#### F. PROVINCIAL RESOURCE PRACTICES

Removal of barriers arising from provincial resource practices would produce a similar set of benefits as industrial assistance programs. Capital would be allocated more efficiently. Public expenditures involved in infrastructure investment could be reduced significantly. A simpler tax system would result and government deficits could be substantially smaller and more manageable. Interprovincial trade would increase as comparative advantage dictates what is produced and exchanged. In particular, a more efficient location of processing, refining and milling both inter- and intra-regionally would follow with a likely reduction in the number of plants. However, longer production runs would be evident enabling the capture of scale economies. Under such conditions, use of newer technologies become more economic. Spin-off effects such as those already evident in the B.C. forest industry could lead to collateral industrialization in advantaged regions. These spin-off elements relate to technology research and development, resource machinery and equipment manufacturing, resource engineering and harvesting, transportation and finance. Such industries and services recognized abroad directly constitute trading opportunities.