

remain in place for current participants (e.g. GM), while production-based duty waivers for offshore suppliers (e.g. Hyundai) will be honoured until 1996. Securing continued benefits from the terms of the Auto Pact and protection from U.S. countervail measures against auto duty remission schemes will benefit Quebec.

There will be benefits from the elimination (over ten years) of tariffs on ship repairs, which amount to 50% in the U.S. The 25% tariff against ships built in the U.S. operating in Canada will also be removed over ten years. However, Canada has reserved the right to apply quantitative restrictions on U.S. vessels until such time as the U.S. removes its prohibition under the Jones Act on Canadian vessels.

Thus, by the end of the 1990s, all Quebecers will benefit from savings on imports of duty-free consumer products, while Quebec manufacturers will benefit from both the duty-free import of inputs to final production (e.g. machinery), as well as from selling its goods duty-free in the U.S. market. A further advantage to Quebec manufacturers will be that its offshore competitors in the U.S. market will continue to face existing U.S. tariffs, thus providing Quebec manufacturers with an edge in the U.S. market.

In addition to phasing out tariff elimination, the FTA allows for safeguard measures to provide industries with a breathing space if they are facing strong import competition due to tariff elimination. Further, the government (both federal and provincial) has maintained its scope to provide adjustment assistance where necessary, focussing on labour adjustment and building on our current extensive programs of assistance to labour and firms.

2) New opportunities for Quebec industry to sell to U.S. federal government agencies. Quebec suppliers of goods will now have the opportunity to compete for U.S. federal government procurement contracts with a value of over \$25,000 (US). This potential market is valued at \$4 billion. Previously, free access for Quebec suppliers to compete for these contracts was limited to purchases above \$170,000 (US). This benefit will be of particular value to small and medium-sized Quebec companies who can target these relatively small but numerous procurement contracts.

3) Secure access to the U.S. market for Quebec energy exports. We have agreed to reciprocal concessions to remove barriers to trade in oil, gas, electricity and uranium, and both sides have agreed to prohibit most discriminatory measures such as quotas, taxes or pricing on both imports and exports. At the same time, we have maintained our ability to take measures to prevent the over-exploitation of