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NOVA SCOTIA

Overview

Canada-U.S trade is increasingly important to the province of Nova Scotia. In 1986, some \$1.4 billion or two-thirds of total exports of goods and resources went to the U.S. Nova Scotia exports of services to the U.S. are also growing in importance, and include financial and transportation services, computer services, construction, management consulting and tourism.

The agreement offers a significant opportunity to add value to many of Nova Scotia's resource-based products and to reinforce the further development of its secondary manufacturing and service sectors. At the same time, the scope for federal and provincial governments to promote regional economic development remains intact.

Nova Scotia and Canada will benefit from the Free Trade Agreement (FTA):

- A) by gaining the best foreign access to the largest, wealthiest market in the world and
- B) by a major step forward in managing the biggest trading relationship in the world and in securing our access to that market.

More specifically, the FTA will provide the following benefits for Nova Scotia:

1) Elimination of tariffs by January 1, 1998. Already a large proportion of Canada-U.S. trade is duty-free (about 70%). Of the remaining tariffs, over half will be eliminated in ten equal steps and about a third will go in five equal steps, starting on January 1, 1989. The balance of dutiable goods will face tariff elimination on January 1, 1989.

The three categories for tariff elimination were established on the basis of consultations with the private sector, where Nova Scotia interests were well represented. Both our export interests and import sensitivities were taken into account in this process, and as a result industries have been given time to adjust to new challenges and opportunities.

For example, there will be scope for Nova Scotia to add value to its resource-based exports such as fish (e.g. fishsticks and prepared meals) and forest products (e.g. paper) which have faced higher tariffs on further processing. There will also be benefits to the elimination of the 50% U.S. tariff on ship repairs.

On the other hand, sensitive industries such as steel, railway equipment, textiles and clothing, as well as most

Dept. of External Affairs
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