

agreement will assure and expand their access to the U.S. market. The same benefits will accrue to the emerging B.C. automotive after-market parts manufacturing sector.

Tariff elimination will have a positive impact on British Columbia's logging and sawmill equipment manufacturers whose export prices will be reduced allowing them to be more competitive in the U.S. market.

Electronics manufacturers, particularly of telecommunications equipment and software will also benefit from tariff removal.

Investment

British Columbia has long been an investment seeker. A hospitable investment climate will be indispensable for British Columbia to achieve the full benefits of reducing barriers to trade in goods and services. By concluding an investment component in the trade agreement, Canada will have a comprehensive non-discriminatory framework of rules and principles governing cross-border investment activities in the free trade area. Recognizing the sensitivity of investment, all existing investment policies have been grandfathered. In other words controls on investment in energy, transport, culture and telecommunications remain intact.

Canada maintained its right to review significant acquisitions by U.S. investors, providing for the review threshold for direct acquisitions to be raised in four steps to \$150 million by 1992. At that time, about two-thirds of total corporate assets will still be reviewable. For indirect acquisitions which involve the transfer of controls of one foreign controlled firm to another, the review thresholds will be phased out over the same period. The trade agreement provides investors in both Canada and the U.S. with increased confidence that their access to new investment opportunities is assured, that their investments are secure, and that they will be treated fairly and equitably by governments.

Domestic firms in Canada as well as foreign owned subsidiaries will be making major investments as they increase their scale and specialization and take advantage of the American marketplace. Some of the required capital will be generated domestically but foreign investment will be a positive factor. New investment opportunities for U.S. firms in British Columbia will translate into new jobs and new business developments in British Columbia.