

SASKATCHEWAN

Trade: Securing Canada's Future

MORE JOBS FROM MORE TRADE

Canada is a trading nation. With only 25 million people, our domestic market is not large enough to absorb our production. Our prosperity everywhere depends on selling our goods and services in the international marketplace. Thirty per cent of our national income and 3 million jobs depend on trade.

The trading world is fiercely competitive and increasingly protectionist. It is dominated by big power blocs — the United States, Japan and the European Community. Canada is alone as a major trader without guaranteed access to a mega market. We are especially vulnerable.

It is crucial to maintain and expand our access to international markets. To this end the federal government, under Prime Minister Brian Mulroney, is pursuing a two-track national trade strategy.

TWO SETS OF NEGOTIATIONS

Canada is actively participating in the new round of multilateral negotiations under the General Agreement on Tariffs and Trade. The GATT, whose 93 nations account for four-fifths of world trade, was formed in 1947. It has worked effectively to liberalize and increase world trade. Canada has benefited greatly, but GATT negotiations are long and complex.

To deal more expeditiously with the three-quarters of Canadian trade that is conducted with the United States, the government is conducting bilateral discussions with Washington. The goal is to enshrine in a comprehensive trade agreement the widest possible package of mutual reductions of barriers to trade in goods and services. These negotiations are of utmost importance to Canadians in every province.

SECURE ACCESS TO U.S.

Our neighbour is our biggest customer, buying 77 per cent of our exports. More than 2 million jobs depend on trade with the U.S. But the Americans, facing a huge trade deficit, are mobilizing their forces to stop what they consider unfair competition and trading practices.

Canada has experienced the impact of these protectionist pressures. Many sectors of our economy have been hit both directly and indirectly. The need to preserve access to our largest market in a binding agreement is readily apparent.

Equally, free trade with the U.S. under a stable framework of rules and appropriate transition and adjustment assistance arrangements, offers us the opportunity of increased investment, economies of scale in production and improved competitiveness. Most studies project an agreement would result in more jobs, more secure jobs, better jobs. At the same time, free trade would bring a better selection of goods and services at lower prices to Canadian consumers and industries using imports in production.

CLOSE CONSULTATION

The Prime Minister and Premiers meet every three months to review progress of the negotiations. International Trade Minister Pat Carney consults with provincial trade ministers. Provincial officials meet monthly in the Continuing Committee on Trade Negotiations, chaired by Canada's Chief Negotiator, Ambassador Simon Reisman.

Private sector input to both sets of negotiations flows from all provinces through the International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade which report to Miss Carney.

REGIONAL DEVELOPMENT

More economic expansion in the country's areas of slower growth is projected as a result of free trade with the U.S. Indeed, if an agreement can't be reached which benefits Canada and its regions, Canada won't sign it. In any event, self-determination in setting regional development policies and Canada's capacity to sustain regional development are not at issue in the trade talks.

Each province and territory is a trader. The prosperity of each depends in large measure on the successful conclusion of negotiations with the United States and, through the GATT, with the rest of the world.

AN EXPORT ECONOMY

Saskatchewan has an export-oriented economy. Its dependence on expanding foreign markets is reflected in the growth of its gross domestic product. In 1970 it stood at \$3.0 billion, but by 1984 it had grown to \$17.4 billion, a six-fold increase, somewhat better than the five-fold increase for all of Canada. This stronger growth was due in large measure to the province's impressive world-wide sales of grain, oilseeds, potash and other raw and processed resources.

In 1986, Saskatchewan's commodity exports were \$4.3 billion, of which 42 per cent, or \$1.8 billion went to the United States.

Agriculture is the backbone of the province's economy, accounting for nearly one-fifth of GDP. It also accounts for nearly 90,000 jobs in the one-half million labour force. Half of Canada's grain crop and 60 per cent of its wheat originate in Saskatchewan, much of which is exported outside North America.

Recent low world grain prices and record supplies have seriously affected the provincial economy, and grain farmers have experienced dramatic reductions in income.

In the past decade, mining has become the province's second largest industry. Potash exports in 1986 totalled \$685 million, of which 56 per cent went to the U.S.

However, the U.S. markets for these minerals are now threatened. Proceedings initiated by the U.S. pose the possibility of anti-dumping measures against Saskatchewan's potash industries. Pressure is also mounting in the U.S. against uranium imports.

Saskatchewan's livestock sector exported \$52 million in 1985. Almost all beef and cattle, all hogs and 84 per cent of pork exports were shipped to the U.S.

Although the province has a strong resource-based economy, it is steadily diversifying. The manufacturing sector is led by the food and food-processing industry, with strong export potential.

TRADE ISSUES

With so much of Saskatchewan's economy based on export trade, the province is vitally interested in keeping international markets open to its primary commodities and manufacturing industries.

Agriculture

A priority negotiating objective is to limit and reduce trade-distorting subsidies. Subsidies, such as those provided under the European Community's Common Agricultural Policy and the new U.S. Farm Bill, should be brought under the rules of GATT.

Saskatchewan needs a bilateral agreement defining allowable subsidies and reducing or eliminating non-tariff barriers, such as health and technical regulations.

Livestock

As a result of recent countervail actions by the U.S. on the import of hogs, Saskatchewan producers lost substantial potential revenues in 1985. Other potential countervail actions make it crucial to Saskatchewan's livestock industry to deal with countervailable subsidies.

Minerals

Anti-dumping allegations by U.S. potash producers and a U.S. Department of Energy ruling to shut out foreign uranium threaten serious damage to Saskatchewan's mineral exports. A comprehensive trade agreement, with a built-in mechanism to deal with such situations, would be in Saskatchewan's best interests.

Saskatchewan strongly supports the initiation of bilateral negotiations with the U.S. and Canada's participation in the GATT discussions.

