

## Executive Summary

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The Canada-U.S. Free Trade Agreement will be of significant economic benefit to Canada by establishing a more secure and a more open trading relationship between Canadian and U.S. markets. It will benefit individuals, industrial sectors and all regions of the Canadian economy.

Canada's manufacturing industries, many of which already enjoy a high degree of bilateral free trade, stand to gain from the Agreement both immediately and in the 1990s and beyond as the effects of trade liberalization permeate the entire economy.

Following are the principal benefits of the Agreement for manufacturing industries:

- More secure access to the U.S. market as a result of the provisions negotiated on emergency import measures and the dispute settlement mechanism;
- For most manufacturing industries, removal of tariffs will be the most significant change in trade barriers. Tariffs will remain in place, however, for products from third countries, resulting in an advantage for Canadian goods in the U.S. market;
- Greater plant and product specialization and increased industry productivity and profitability as Canadian and U.S. tariffs are eliminated and producers rationalize;
- Creation of new market opportunities for many products and for specialized services related to production and after-sales services;
- Creation of a more internationally competitive industry in Canada as the elimination of tariffs on certain inputs leads to a decrease in investment and production costs;
- More stable and predictable investment environment in North America;
- Improved access to state-of-the-art technology, management skills and marketing practices; and
- More scope for identification and exploitation of market niches and new production processes and products.

The Agreement will not alter the ability of Canadians to manage their business affairs. The responsibility for determining the pace and conditions of change will rest with individual firms which will need to factor the Free Trade Agreement into their business planning.

Over the coming months, the Department of Regional Industrial Expansion will publish individual profiles covering over 120 industries in the Canadian economy. (A list is set out in Appendix B). These profiles will be made widely available with a view to furthering understanding of the opportunities and responsibilities which face Canadian industry, not just in terms of the Agreement, but more broadly in the context of the entire range of factors which will affect Canada's future prosperity.