The Department of Finance analysis suggests that most Canadian industries — those that are protected now as well as those receiving little trade protection — will benefit from the Agreement and that all regions will share in the benefits. Central Canada with its large manufacturing base will benefit from a stronger and larger manufacturing sector. Other regions will benefit from lower prices of manufactured products and greater scope for upgrading their resources. Resource-based regions will also benefit directly because the Agreement reduces the risk of a further increase in U.S. protectionism.

Prices for a wide range of consumer goods will be lower, expanding the purchasing power of Canadian household budgets. Investment in plant and equipment will expand as Canadian firms move to take advantage of their enhanced access to the huge U.S. marketplace. Increased consumer and investment spending will lead to stronger economic growth and more job creation. Department of Finance estimates of the impact on employment over the medium-term fiscal planning horizon indicate a net increase of 120,000 jobs by 1993. Moreover, the number of net new jobs created will continue to grow as the implementation of the Agreement progresses.

But the output and employment gains go further. Without free trade, the threat of U.S. and international protectionism would place at considerable risk the robust pace of output and employment growth that Canada has enjoyed in recent years. Over the last three years, real output growth in Canada has averaged 4.2 per cent per year and employment growth has averaged 2.9 per cent, or almost 350,000 jobs per year. The Agreement will not only create new employment opportunities for Canadians, it will help to secure existing jobs. In the absence of the Agreement, any increase in U.S. protectionism would clearly cost Canadians jobs.