

# ALBERTA

## 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

A major exporter to world markets, Alberta stands third among the provinces in total value of goods produced by industry. In 1984, gross domestic product was valued at \$60 billion, an increase of more than eight-fold since 1970, due to a large extent to developments in energy and the petroleum industry; over the same period, Canada's GDP expanded five-fold.

In 1986, the province exported \$10.7 billion worth of goods, of which 73 per cent, or \$7.8 billion went to the United States, mainly exports of oil and gas. Japan is

Alberta's second biggest customer. More than 25 per cent of provincial commodity exports were fabricated materials and end products, including petroleum and coal products, organic chemicals and wood pulp, reflecting the development of a diversified economy.

However, Alberta's economy has proved highly vulnerable to international factors. As Canada's leading producer of crude petroleum, natural gas, natural gas by-products and coal, Alberta has been hard hit by the recent drop in oil prices. The oil and gas industry has cut back sharply on investment, and revenues have dropped dramatically.

Agriculture, which remains Alberta's basic industry, has also been hit by plummeting world grain prices. Grain farmers face drastically reduced incomes.

These international forces have created serious employment problems among the province's 1.3 million workers.

As the world's largest producer of sulphur from hydrocarbon sources, Alberta has established itself as the world's largest source of export sulphur. The province also exports large amounts of coal, principally for Pacific Rim markets.

Because of its export-based economy, Alberta strongly supports the federal government's efforts to negotiate a comprehensive trade agreement with the U.S., and its participation in the Uruguay Round of negotiations under GATT.

### TRADE ISSUES

Alberta has much at stake in Canada's trade negotiations:

#### Energy

Protectionist pressures in the United States pose a major threat to Alberta's gas producers. Alberta needs

the assurance that Canada will be treated in a non-discriminatory way by U.S. regulatory authorities. The U.S. is also imposing an oil import tax which would be damaging to Alberta oil producers. Alberta needs security of access to the U.S. market in a new trade agreement.

#### Petrochemicals

The removal of tariffs and non-tariff barriers on petrochemicals and manufactured products would provide incentives for expansion and diversification in Alberta's processing industries.

With 75 per cent of its production going to the U.S., the petrochemical industry's future will be enhanced by reducing U.S. tariffs which limit Alberta's access.

#### Agriculture

Alberta needs a bilateral agreement in agriculture which would clearly define allowable subsidies and reduce or eliminate non-tariff barriers, such as health and technical regulations which at present inhibit the export of the province's agricultural products.

#### Livestock

Reduction or elimination of non-tariff barriers, such as import meat laws and technical standards, would enhance Alberta's livestock trade with the U.S. Counter-vail duties on hogs underline the need for agreement on allowable subsidies.

#### Goods and Services

An agreement that would enhance Alberta's trade in goods and services, particularly in the engineering, oilwell drilling and construction services would provide many industries with new opportunities in the U.S. market.



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