For some minerals and metals, the Agreement will bring about the phase-out of *Canadian tariffs* for which U.S. tariffs are already low or nonexistent, the most significant being calcium metal and carbides, pig iron granules and powders, zinc oxides, natural barium sulphate, graphite flakes and powders, natural sodium carbonates and sulphates, phosphorus, calcium chloride, and a variety of asbestos products. For the most part, Canadian producers of these items should not encounter serious difficulty in adapting to a more internationally competitive environment. Nevertheless, some closures of the least efficient Canadian plants may be expected.

New Market Opportunities

The phasing out of medium to higher level *U.S. tariffs* will create new market opportunities for Canadian producers and exporters of certain minerals and metals. This will lead to investment in new and expanded plants in Canada. Specific examples of these U.S. tariffs include: refined magnesium, refined lead, roasted molybdenum, tungsten carbides, vanadium pentoxide and ferrosilicon. Canada has no tariffs on these items, except for magnesium.

The removal of *U.S. tariffs* if combined with a general strengthening of world markets could lead to the opening up of new Canadian mines for beryllium and tungsten; the former is not currently produced in Canada.

Canadians can also expect some new market opportunities for specialized services related to mineral exploration and production. These opportunities will arise from a more open trading environment and from the greater ease for business persons temporarily crossing the international boundary as provided for in the Agreement. These opportunities, in turn, should stimulate further research and development to strengthen Canada's expertise in geoscience and mineral processing.

Industry Profitability

The elimination of relatively low *U.S. tariffs* will significantly improve industry profitability. For example, about one quarter of Canada's major nonferrous metal exports to the United States are subject to tariffs ranging from 0.1 to 1.5 per cent. Depending upon market circumstances, vendors commonly absorb low tariffs as part of their sales costs when competing in foreign markets. Specific examples of U.S. tariffs whose immediate elimination will bring benefits to Canadian exporters include the 37.5¢/kg tariff on tungsten ores and concentrates and the $2.07/tonne tariff on acid-grade fluorspar. The five-year phase-out of U.S. tariffs of one per cent on refined copper, 3.1 per cent on calcium carbonate filler, and 2.4 per cent on mica, and the ten-year phase-out of the U.S. 1.5 per cent tariff on refined zinc will also be important. Canada has few tariffs on minerals and metals under 1.5 per cent.