

have interests that differ from those of the people of British Columbia.

Calgary, August 1, 1985

Free trade offers benefits

NOVA, An Alberta Corporation (Robert Pierce, Executive Vice-President). NOVA favoured a bilateral free trade agreement with the U.S. to cover all or virtually all goods and services produced.

Mr. Pierce warned it would be unwise to rely on GATT alone to ensure access to the U.S. as it would not enable required restructuring of Canada's industries. Through rationalization of manufacturing industries, Canada would be able to exploit comparative advantages, and thus attain greater efficiencies and ultimately lower prices.

NOVA agreed that short-term costs such as unemployment would result, but with phasing-in and safeguard provisions dislocation effects could be minimized. By achieving economies of scale and increased specialization through a bilateral free trade agreement, Canada could obtain larger external markets and develop more value-added industries.

Larger markets are needed, stressed NOVA, because Canadian markets are too small to support the cost and risks of new product development.

"It must be emphasized that such an agreement would at least ensure that there would be winners as well as losers and therefore the resources to take care of the latter."