

# NEW BRUNSWICK

## 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

New Brunswick's economy is very trade-oriented. Exports account for about 30 per cent of its gross domestic product and for about 15 per cent of employment.

Forest products constituted more than two-fifths of New Brunswick's commodity exports of \$2.6 billion in 1986. About two-thirds of N.B. exports go to the United States.

Among the main exports are wood pulp, newsprint, paperboard, electricity, petroleum and coal products, and shellfish such as lobster and crab. More than three-quarters of New Brunswick exports are fabricated

materials and end products, which have more employment built into them than unprocessed resources.

The provincial economy is heavily reliant on the forestry industry, providing 16,000 jobs directly and 20,000 in forest-related industries. Mining is the fastest growing industry; it is expected to provide 7,000 direct jobs in the 1990s. New Brunswick has Canada's largest known reserves of silver, lead and zinc ore. It is the only producer of antimony in North America. It has major coal reserves.

The fishing industry is a major employer, with 112 fish processing plants employing 11,000 workers at peak production. N.B. has the world's largest lobster pound and sardine cannery.

Dairy production has become the largest single source of agricultural revenue in New Brunswick. Potatoes are not far behind, supplying 21 per cent of Canada's total production. The food and beverage industry is characterized by many small firms and a few medium and large ones supplying international markets.

New Brunswick, with 1,300 manufacturing and processing firms, is developing a diverse industrial base. The province has world-class facilities for shipbuilding and ship repair. It has the largest oil refinery in Canada.

### TRADE ISSUES

New Brunswick's employment and productivity prospects will improve if Canada's negotiators can achieve the broad and deep concessions they seek in trade talks with the United States. The province's exports will receive a further boost from success in the multilateral GATT negotiations.

### Attacking Barriers

New Brunswick exporters face a number of U.S. tariff and non-tariff barriers that cause economic uncertainty and create uncertainties for investment in the province.

Canada seeks to reduce trade harassment and the applications of special duties or quotas on such New

Brunswick exports as fish, potatoes, and lumber. Exports of electricity (22 per cent of total exports) now face the threat of restrictions in the U.S.

Successful negotiations would eliminate tariffs on processed resources such as minerals, forest and fish products. This would create opportunities for further processing — and thus more jobs — on the New Brunswick side of the border.

Canada's aim is also to reduce tariff barriers, and non-tariff barriers such as the Jones Act (restricting coastal trade carriage to American ships), which at present curb Canadian exports in the shipbuilding industry.

### Stability of Trade

In agriculture, the aim on both negotiating tracks — Canada-U.S. and GATT — is to provide for a more stable international trading environment.

New Brunswick, with its growing manufacturing and processing sector, will benefit from efforts to reduce the present escalation of tariffs that occurs when manufactured content increases.

The services sector in the province could also see important benefits. Sectors such as life insurance, computer services, construction and consulting engineering and management consulting could benefit from better access to the U.S. market. This is an area of potential growth for New Brunswick.



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