

^AM-Trade-North, Bgt  
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 ^By Clyde Graham@

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OTTAWA (CP) - The Yukon and Northwest Territories have little to gain and much to lose under the proposed free-trade agreement with the United States, says a new study released Monday by the Canadian Centre for Policy Alternatives.

Canada's 80,000 northerners, hundreds of kilometres removed from the American border to the south, are unlikely to notice the reduction in tariffs - a kind of border tax - on imported American goods, the report says.

"The high cost of goods to consumers and businesses in the North is due not to tariffs but to the high costs of transporting, storing, and distributing these goods," says the report.

American tariffs will also be phased out on some of Canada's northern exports, but the report says unprocessed furs already enter the United States tariff-free. There is a high tariff on fur coats, but they are manufactured in southern Canada.

In return for limited benefits, the report says the trade deal could seriously limit the use of subsidies and other programs by the federal and territorial governments to nurture the fragile northern economy, says the report.

"We have a number of concerns about the effect of the free-trade agreement upon the political capacity of northerners to carry out an appropriate economic development strategy for their region," says the study from the think-tank, which considers itself an alternative to more business-oriented groups, such as the Fraser Institute.

The report says the trade agreement could also conflict with future comprehensive land claims by native groups because the settlements might discriminate against American businesses in favor of native enterprises.

"The free-trade agreement is silent on the question of how its provisions might affect the implementation of comprehensive claims settlements."

However, the report says it's impossible to gauge the full impact of the deal on the northern economy and way of life until the agreement is actually in place.

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The northern economy - still largely based on hunting and trapping - is so small in comparison to the rest of Canada that violations of the trade deal might not bother the Americans.

"With bigger fish to fry, it is possible that U.S. corporations will not challenge northern initiatives which might contravene the free-trade agreement, at least for some years."

But the report warns that Canada's northernmost citizens should watch the progress of the trade agreement closely.

The fate of the proposed trade deal will be decided in the current campaign for the Nov. 21 federal election. Unless Prime Minister Brian Mulroney's Conservative government is returned with a majority, both NDP Leader Ed Broadbent and the Liberal Leader John Turner plan to kill it.

Under the deal, the world's two largest trading partners would begin phasing out tariffs and other trade restrictions over 10

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years beginning next January.

Mulroney has said the deal will mean a "jackpot" of increased trade with the United States and increased economic growth. The government denies regional development programs will be hindered.

However, opponents say the price to Canadian sovereignty is too high.

The Northwest Territories government has given the trade deal qualified support, while the government in the Yukon has stronger reservations.

The report written by Frances Abele of Carleton University's School of Public Administration and consultant Peter Usher says the trade deal will immediately limit the power of governments to set a lower domestic price for energy - a critical commodity in the northern climate.

But the report says the real concern for northerners will be the first five to seven years of the agreement. During that period, Canada and the United States are to negotiate a common set of rules to govern what kind of subsidies will be allowed.

"The real outcome depends on the subsidy negotiations and the implementation of the free-trade agreement and these events are many years away," says the report.