

THOSE OPPOSED

In the consultations, those groups which are opposed to a comprehensive agreement with the United States, or which would wish to see themselves excluded from any such agreement expressed a number of general views, including the following:

- a) A number point to the great disparity in industry and plant size between Canada and the United States, which puts Canadian operations at a substantial competitive disadvantage;
- b) Productivity and unit labour costs are not competitive with U.S. counterparts, particularly those established in the U.S. South;
- c) Those in this group which represent subsidiaries of U.S. parent companies indicate that their operations are typically small mirror images of the U.S. plants, and that relative costs are such that substantial investment would have to be made to bring Canadian plants up to standards competitive with those in the United States. These Canadian operations are typically aimed at satisfying the Canadian domestic market, and suffer from the resulting short runs of a large number of products. They have done little or nothing to move in the direction of specialization and rationalization with their parent companies.
- d) In looking at the need for incentives to bring their plants up to competitive standards, they underline the difficulty of accessing such capital against the lower costs of capital in the United States, including state and municipal incentives, and the fact that increased marginal capacity increases in U.S. plants would be more effective to supply Canada in a free trade environment than substantial new Canadian capacity;
- e) Those which represent smaller Canadian-owned businesses in this group tend to emphasize the relative under-capitalization of their current business, typically oriented towards the Canadian market only, and often have a current situation where U.S. tariffs are significantly lower than the corresponding Canadian tariff, a circumstance with which they are comfortable.
- f) They tend to be skeptical that a comprehensive agreement can be successfully negotiated with adequate provisions to make Canadians confident that its elements will not be compromised in future.