

Canadian competitiveness in other foreign markets. This is because for many industries, Canada alone is not a sufficiently large market to develop the product diversity, product quality, and financial support necessary to compete successfully in the international market. These industries need a larger "home" market and the economies of scale it would provide. Therefore, assured access to the U.S. market is necessary if these industries are to be internationally competitive and Canada is to benefit fully from expanded international trade.

At present, the access of Canadian industries to the U.S. market is increasingly threatened by U.S. import relief actions. These actions -- imposed most often under the countervailing duty, antidumping, and safeguards laws -- are always costly to defend against and often unpredictable in outcome. They can result in increased duties or quotas on imports of Canadian products to the United States.

In large part because of the threat of future import relief actions, some industries that would otherwise locate in Canada are shifting their production facilities to the United States, thereby assuring themselves of guaranteed access to the U.S. market.