

The highest percentage of respondents (35%) were those who indicated that they had seen penetration of the Canadian market for their product by U.S. competitors. Thirty-one percent had taken advantage of new tariff schedules under the Free Trade Agreement and another 30% had been able to find lower prices of materials and components from U.S. sources. Over a quarter of the companies (26%) had undertaken new product development and 16% had increased sales to the United States. Some companies (15%) stated that they had identified new markets as a result of the Free Trade Agreement.

When the pattern of responses was analyzed by region, sector, firm size and percentage of total revenue generated by exports, the following points emerged:

- Manufacturers and agricultural exporters were more inclined than those in the service sector to report taking advantage of new tariff schedules and undertaking new product development.
- Manufacturers were somewhat more inclined to report finding lower-priced components or materials from the U.S.
- Level of revenue from exports was not associated with different responses to the question about identification of new markets or any of the other consequences, with one exception: those with more than 50% of their revenue from exports were less inclined (20% as compared to about 40% for other firms) to notice penetration of the Canadian market for their product by U.S. firms.

2. Changes in Operations

One area of particular interest was whether companies had made any changes in their operations as a consequence of the FTA. Those that had made changes were asked about five specific changes they might have made. About 20% of the companies surveyed indicated that they had made changes in their operations as a consequence of the Free Trade Agreement. Those making changes were then asked what changes were involved.