

The increased competition from imports suggests some narrowing of profit margins of Canadian industries; the export price changes will go in the other direction.

The shake-out in the domestic wine industry is being carefully monitored. Gallo now appears to be going for market share; wine imports are up sharply but remember GATT is part of this. Agriculture Canada appears to be the most highly geared-up group of those with a specific sectoral problem.

There is no current worry in energy-consuming provinces about the impact of the FTA (or domestic deregulation) on natural gas prices, given the general collapse of energy prices.

Ontario is changing Hydro's legislation to force the export price of electricity to be higher than the domestic price; this would seem to be a direct challenge to the FTA, although the volume of exports is small and their nature tends to be interruptible or a seasonal swap.

3.2.3 Data Support Systems -

Statistics Canada maintains time series on a number of different prices, including:

- o consumer price indexes (CPI) - (monthly, with lag of one month)
- o industry product price indexes (IPPI) - (monthly, with two-month lag)
- o machinery and equipment prices, by commodity - (quarterly, with two-month lag)
- o raw material price indexes - (monthly, with two-month lag)
- o import and export prices - (monthly, with two-month lag)

Similar price information is available for the U.S.

The basic problem is that the detailed industry prices refer only to the prices charged by domestic producers. Other prices are a blend of imported and domestic prices, with taxes, customs duties, and distribution margins included. The import prices are before any duty has been applied, and are prices f.o.b. in the exporting country.

Thus it is not possible directly to observe the landed import price for a commodity and a comparable price for the domestically-produced commodity. At an industry level, implicit import prices can be calculated from the information in the input-output tables available from Statistics Canada. (The latest information is for the year 1986.)