

Some of the major products and services provided by the Canadian industry are:

- passenger and freight rail cars
- conventional, low-floor and alternate-fuelled buses
- DC and AC traction diesel locomotives
- advanced train-control systems
- locomotive events recorders and simulators
- radios
- end-of-train units
- head-hardened rail and other rail products
- automatic vehicle location and health-monitoring systems
- fare-collection technology
- wheelchair lift and restraint systems for transporting the handicapped
- linear induction motors
- systems and software for scheduling and maintenance of bus fleets
- supervisory control and data acquisition for metro systems
- use of alternate fuels
- consulting services such as the development and implementation of management information systems (MIS) intermodal operations; supervision of rail construction; and locomotive rehabilitation programs.

In addition, some companies have developed specialized procedures and equipment for servicing the rail industry (e.g. transfer lines for stripping, cleaning, inspecting and rebuilding locomotive engines and robot-driven equipment for painting the inside surfaces of tank cars).

Canadian companies, with the proven technologies and expertise, new products, operational efficiency and proximity to the U.S., should be well-positioned to continue to expand market share in the U.S. "Buy America" requirements, however, restrict market access and discourage investment or expansion in Canada.

The final assembly requirement has forced Canadian assemblers of buses and rail vehicles to set up facilities in the U.S. The 60-percent-U.S.-content requirement compels Canadian component suppliers to establish an additional plant or relocate to the U.S. Pressures to increase the content level will need to be countered. Canadian opportunities to participate in U.S. high-speed rail will also be restricted by local content requirements.

Canadian internal trade barriers continue to inhibit industrial rationalization and foster inefficient practices, particularly in the urban bus sector, which faces overcapacity in North America.

Freight rail equipment opportunities in the U.S. market will improve with full implementation of FTA tariff cuts. Canadian firms are expected to continue to play a major role in both the new and locomotive rebuild markets, largely in the U.S., but with some offshore sales as well. Freight car production should see some upturn as railways renew aging equipment and acquire specialized new designs, such as those for intermodal use.

## **Strategic Direction**

- The government will review the rules regarding government procurement and the elimination of non-tariff barriers affecting access to markets for Canadian products and services.
- Industry Canada will seek removal of internal barriers to trade.
- The emerging interest of International Financial Institutions in this sector will be explored.
- The government will continue to provide support to the Transit Suppliers Council of the Canadian Urban Transit Association (CUTA), and its efforts to counteract the U.S. "Buy America" legislation and other non-tariff measures.