

5 WHAT TO DO?

What monitoring activities should be undertaken? When? The major activities are grouped by time frame: those actions that can begin now, activities which could begin within the next year (soon), and finally those areas of research that may require several years (later) before data are available or effects emerge. The word "begin" is important to note; initial information may be scanty and effects muted. Nevertheless, establishing a base is important, and the "search" for information will encourage others to produce it.

5.1 Begin Now

5.1.1 Evidence Of Implementation -

One of the first questions that arises is whether the FTA has been implemented in particular areas. Have the tariffs been reduced or eliminated according to the schedule? This should have happened unless exporters or importers did not seek proper documentation for Certificates of Origin. Confirmation of tariff reductions for U.S. exporters can be done from Canadian trade data; it is not clear that the same is possible from U.S. trade data. Anecdotes suggested that some Canadian firms were not taking up the opportunities for tariff reduction yet. Is this evident? Or is it exceptional?

Two provisions of the FTA allowed for the importation into Canada of used cars and aircraft. Is this happening? Note that used car imports should grow with time since the program initially provides that cars must be at least eight years old in 1989, with the age reduced by two years each year for the next four. From 1993 on there will be no age limits.

5.1.2 International Trade -

An analysis of monthly trade flows is currently possible, with data available through October 1989 as of December 14, 1989. With the volatility of monthly trade data, it is recommended that year-to-date figures be used, with simple calculations of the value of exports and imports to the U.S. compared to the value of exports and imports to the rest-of-world. This can be done for the categories with large tariff reductions as of 1 January 1989. If the take up of the tariff reductions has been slow, or if other factors have influenced the trade patterns during the year, no clear picture may emerge.

As more data become available, the analysis can be extended to various sub-groups. The items with immediate tariff elimination (A), can be compared to the groups with five-year elimination (Group B), ten-year (Group C), and items currently duty-free (Group D). A comparison with similar calculations for 1988 would also be helpful.