The Canadian mass transit industry is strongly export oriented; Canada is one of the six biggest exporters of the industry. The U.S. (with about 19 per cent of the world market) is the world's leading exporter, followed by France, the Federal Republic of Germany, Japan, Canada and the U.K. (with about 8 per cent each). In 1986, estimated vehicle sales from Canadian industry totalled $697 million.[54] That same year, 89 per cent of sales were exports destined to the U.S. The Canadian production of railway rolling stock is estimated to be equivalent to 3 per cent of overall European production.[55]

In the EC, non-tariff barriers such as government procurement policies, represent a major barrier to Canadian exports (except for Canadian companies established in the EC). In fact, these barriers have so far excluded Canada from the European market. In the U.S., the tightening of the "Buy America" requirements might compromise the long-term future of the Canadian mass transit industry. This would create problems for Canadian companies such as UTDC, which has done very well in the U.S. market, exporting bi-level cars such as those used by GO transit.

Bombardier, by acquiring BN in Belgium,[56] and UTDC by integrating with Lavalin International,[57] are now able to market in the EC. In Europe, these two Canadian manufacturers face international competitors including important companies in the EC market such as MAN (Federal Republic of Germany), GEC-Alsthom (France) and ASEA Brown Boveri. They are competitive in terms of both product and price and have a good reputation for quality and reliability.

In the United States, the reduced availability of U.S. federal funding, combined with the high costs of subway systems should encourage demand for lighter systems. Therefore, Advanced Light Rapid Transit (ALRT) and Canadian Light Rail Vehicle (CLRV) are favoured Canadian sectors.

In summary, the range of available products, price and reputation for quality and reliability enable the Canadian industry to be competitive. However, the insufficiency of domestic demand, the failure to penetrate offshore markets, the implementation of stricter protectionist measures in the U.S., the arrival of new competitors on the market (for example, Japan, Brazil, South Korea and Australia) and the lack of export financing constitute factors that may jeopardize the long-term viability of the Canadian mass transit industry.

**Canadian Bus Industry**

The Canadian bus industry is competitive within the North American market and has developed a lead in certain niche areas where small-volume orders are required and where production efficiencies are not important. This industry includes both urban transit and inter-city bus manufacturers. In the inter-city sub-industry, Canadian producers have an edge over the European inter-city coach technology because European technology is less cost effective for the North American market.[58]

The demand for Canadian buses is met almost completely by domestic manufacturers, and more than half of the Canadian industry shipments is exported to the U.S. In contrast, very little trade exists between Canada and the EC in the buses sub-industry. With the exception of a recent contract for 22 articulated buses for the South Shore of Montreal Transit Commission supplied by the Belgian company Van Hool s.a., there is practically no import of finished buses from the EC.[59] Similarly, from the point of view of exporting, sales to EC members states face not only tariffs of 20 per cent but also considerable non-tariff barriers. Non-tariff barriers erected by the EC member states include restrictive procurement policies and specifications, which, together with strong indigenous industrial capacity, have in effect closed this market to Canadian companies.

There are four bus manufacturers and five plants in Canada: Motor Coach Industries (MCI) (Winnipeg, Manitoba), an American company, and Prévost Car (Ste-Claire, Québec), which operate in the inter-city buses sub-industry, and Les autobus MCI (St-Eustache, Québec), the Dutch-owned company New Flyer Industries (Winnipeg, Manitoba) and Ontario Bus Industries (OBI) (Mississauga, Ontario), which operate in the sub-industry of urban buses.

The inter-city sub-industry represents slightly more than 50 per cent of the industry's total bus shipments, and 75 to 85 per cent of sales are destined for the U.S. The inter-city sub-industry sells mainly to privately owned carriers, to charter