

Industry, Science and Technology Canada (ISTC) maintains a database of trade data organized by industry groupings with a breakdown by direction of trade for Canada's major trading partners. A publication, *Commodity Trade by Industrial Sector* is produced annually. (The most recent publication covers the period from 1981 through 1988.)

ISTC also incorporates the trade data with shipments by industry and calculates indexes of import penetration, export orientation, etc. This is published annually as *Manufacturing Trade and Measures*. (The most recent issue covers 1981 through 1987.)

There seems to be some uncertainty about the continuation of the ISTC publications. It is important that the information continue to be available and, indeed, extended. A resolution of this matter should be done soon so as to avoid a gap in the information.

3.1.4 Recommended Indicators And Approaches -

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 from published trade data can be provided. Some anecdotes suggested that some firms were not taking up the opportunities for tariff reduction yet. Is this evident? Exception to the rule?

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.

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.

The purpose of such calculations will be to note whether the trade flows appear to be affected, to test the hypothesis that the relative performance of trade with the U.S. is enhanced by the tariff reductions to date, and also to spot any anomalies that might require closer study. This

