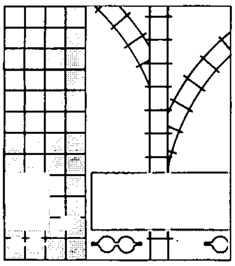
RAIL EQUIPMENT



Free entry to the U.S. market could revive the flagging fortunes of the Canadian rail equipment industry.

- Direct employment is more than 5,000 in this sector, which includes freight cars, locomotives, passenger cars, permanent way equipment and materials, signals and communications, and the component supply industry. The chief manufacturing plants are in Hamilton and Oakville, Ont., and Trenton, N.S.
- The railcar industry would be the part of the sector most affected by free trade. At present there is massive over-capacity worldwide and Canadian exports are chiefly to Third World countries with financing from the Canadian International Development Agency (CIDA).
- The Canadian rail equipment industry barely makes a living despite higher tariff walls than those of the United States and government encouragement of orders from Canadian railway companies.
- Under an arrangement with the United States, more options would open up. Passenger railcar manufacturers could be free to bid on Amtrak orders under a North American procurement agreement. Removal of trade barriers and tariffs would provide greater access to the U.S. market.
- An increase in U.S. market share would permit economies of scale, leading to increased Canadian competitiveness.

It takes time to attract investment, develop technologies, increase productivity and streamline production systems; but none of this would be likely to come about without first establishing access to the U.S. market.

External Affairs Canada / Affaires extérieures Canada

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ISBN 0-662-55198-2 PRINTED IN CANADA