

Manufacturers (now a survey), there is a two-year lag before the data are available for analysis. The Input-Output Tables for 1986 are the current set, since they depend on these other sources being available.

Even if the data are available, it may be the case that they are not helpful in assessing the particular policy change. It is unusual for data to be collected only for the purpose of evaluating a policy change, and rarely is a data collection and analysis system included as part of a government program.

The analysis of a policy package can be confounded by the effects of other policy packages implemented either at the same time, or with effects that are moving in the same direction. In some cases, policy moves in other countries, or other economic developments, will also mask the effects of a specific policy move.

3 SPECIFIC FTA DIFFICULTIES

The FTA is a long-term, structural policy with a ten-year phase-in of tariff reductions. Some tariffs were removed immediately, some over five years, others over the full ten years. The timing of certain parts remains uncertain (e.g., the development of a new subsidy code). Changes may accelerate the effects (e.g., the recently-announced tariff eliminations on an additional package of goods).

The nature of the FTA implies that the evaluation must be an ongoing activity, with the changes being incorporated into the analysis as they become part of the package, and as data become available.

The world is not standing still. Exchange rate movements, economic volatility, changes in macroeconomic policy, new trade liberalization initiatives (multilateral tariff negotiations), and new industries and products are continually emerging. The separation of the FTA effects from these other influences will be an ongoing challenge.

The FTA is an agreement between Canada and the United States. This means that disaggregation of data by country, rather than the domestic/foreign split, is necessary. This is not a problem with trade data, but most industry-oriented information simply distinguishes between domestic shipments, and total exports and imports. Even with trade data, it may be important to distinguish between imports from a country and imports by the country of origin.

4 IS IT HOPELESS?

By focusing on the problems, it is easy to conclude that nothing can be done. But that is not the case. By analogy, when the Automotive Products Agreement was signed on January 16, 1965, there was much uncertainty regarding both the direction and magnitude of its impacts on the Canadian economy. By the early 1970s it was possible for the Economic