Mission: BOSTON

Country: UNITED STATES OF AMERICA

TWO WAY TRADE BETWEEN CANADA AND THE FIVE NEW ENGLAND STATES (N.E.) IN THIS TERRITORY (MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND, MAINE AND VERMONT) REACHED $10.7 BILLION IN 1987, LARGER THAN BILATERAL TRADE BETWEEN CANADA AND ANY OTHER COUNTRY, EXCEPT FOR JAPAN. CANADIAN EXPORTS INCREASED 12.5% TO REACH $7.1 BILLION AND IMPORTS INCREASED 18% TO REACH $3.6 BILLION. THE COMPOSITION OF OUR TRADE REMAINED ESSENTIALLY THE SAME WITH THE LARGEST EXPORTS BEING FORESTRY PRODUCTS ($1.7B), SEAFOOD ($1.1B), TRANSPORTATION EQUIPMENT ($850M) AND ADVANCED TECHNOLOGY PRODUCTS ($530M). OUR MAJOR IMPORTS WERE ADVANCED TECHNOLOGY PRODUCTS ($1.4B) AND FORESTRY PRODUCTS (C$275M). WHILE ECONOMIC GROWTH HAS NOW SLOWED IN N.E., THIS REGION IS STILL EXPANDING FASTER THAN THE COUNTRY AS A WHOLE. AVERAGE INCOME IN N.E. REMAINS ALMOST 20 PERCENT HIGHER THAN THE NATIONAL AVERAGE FUELING SIGNIFICANT CONSUMER DEMAND. THE 3.3 UNEMPLOYMENT RATE REMAINS WELL BELOW THE 5.6 NATIONAL AVERAGE. THESE IMPRESSIVE FIGURES HOWEVER, HIDE A WORRYING LONG TERM ECONOMIC VARIABLE. N.E. POPULATION IS GROWING AT A MUCH SMALLER RATE THAN THE NATIONAL AVERAGE. SOME 150,000 NEW JOBS WILL BE CREATED IN NON-MANUFACTURING SECTORS, WHILE 10,000 JOBS WILL BE LOST IN MANUFACTURING WHICH STILL GENERATES ALMOST 27% OF THE N.E. REGIONAL PRODUCT COMPARED TO 22% FOR THE U.S. GNP. THE MOST IMPORTANT RECENT STIMULANT TO THE N.E. ECONOMY IS THE DECLINE IN THE U.S. DOLLAR'S EXCHANGE RATE AND THE RESULTING POSITIVE IMPACT ON EXPORTS FROM THE U.S.

DEFENCE SPENDING REMAINS CRITICAL TO THE CONTINUED GROWTH, MASSACHUSETTS-BASED COMPANIES RECEIVED $10.5B IN 1987, ABOUT THREE TIMES THE NATIONAL AVERAGE ON A PER CAPITA BASIS. ANY REDUCTION IN DEFENCE SPENDING BY THE NEW BUSH ADMINISTRATION IS UNLIKELY TO AFFECT SERIOUSLY N.E. DEFENCE PRIME CONTRACTORS. THE OTHER MAJOR INDUSTRIAL SECTOR, ADVANCED TECHNOLOGY PROD-UCTS, AND PARTICULARLY WORKSTATION/MINI-COMPUTER MANUFACTURING, IS EXPE-RIENCING SIGNIFICANTLY SLOWER GROWTH. SOME COMPANIES ARE EVEN INCURRING LOSSES. THREE MAJOR INFRASTRUCTURE PROJECTS WILL SUSTAIN HIGH LEVEL CONS-TRUCTION ACTIVITIES: THE BOSTON HARBOR CLEAN-UP PROJECT ($7.5 BILLION), THE CENTRAL ARTERY/THIRD BOSTON HARBOR TUNNEL ($3.7B) AND INTERSTATE 93 INTERCONNECTION ($600 MILLION). RESIDENTIAL CONSTRUCTION IS EXPECTED TO DECLINE BY 5%. BOSTON REMAINS THE LARGEST MEDICAL CENTER IN THE U.S. IN THE BIOTECHNOLOGY SECTOR, 85 COMPANIES ARE LOCATED WITHIN AN HOUR OF DRI-VING FROM BOSTON AND SEVERAL OF THESE COMPANIES ARE GETTING CLOSER TO COMMERCIALIZING PRODUCTS. OPPORTUNITIES EXIST FOR MARKETING MEDICAL PRODUCTS AND ESTABLISHING STRATEGIC ALLIANCES WITH BIO-TECH COMPANIES. CANADA REMAINS THE LARGEST SUPPLIER OF FISH IN THE N.E. MARKET AND PRICES HAVE GENERALLY STOPPED THEIR DOWNWARD TREND. THE AVAILABILITY OF HIGH QUALITY AND COMPETITIVELY PRICED SEAFOOD PRODUCTS SHOULD ALLOW CANADIAN COMPANIES TO INCREASE THEIR EXPORTS. N.E. IS FACING A SEVERE ELECTRICITY SHORTAGE. BROWNOUTS OCCURRED DURING THE SUMMER OF 1988 AND WILL CONTINUE FOR THE FORESEEABLE FUTURE. COMPANIES ARE CONSIDERING BUILDING THEIR OWN COGENERATION FACILITIES AND EXAMINING CAREFULLY ANY EXPANSION PLAN.