

Conclusions

Canadian manufacturing industries are dynamic, diverse and operate in an international environment which in recent years has become far more protectionist, more competitive, more rapidly changing and generally more difficult to predict and control. Canada, along with other trading nations, has sought within this environment to keep up with its competitors in such critical areas as productivity and innovation. The struggle in the coming years is unlikely to diminish in intensity or scope.

The Canada-U.S. Free Trade Agreement constitutes a new and positive dimension to the business environment. It will provide Canadian firms with more assured market access, lower costs, and a more secure trading position while requiring industry to meet new standards of competition. Each industry will respond to these opportunities in its own way, and each must assume responsibility for adjusting and competing in the international economy through intelligence, energy and dedication.

Productivity in manufacturing is clearly a major factor in international competitiveness and in achieving gains in Canada's standard of living. Canadian productivity has been improving, but we continue to lag behind our major competitors, including the United States. One of the principal reasons for this is the small size of the Canadian market and the relatively small size of manufacturing facilities to service that market. Improved and more secure access to the large U.S. market, together with good management, skilled labour and the wealth of Canadian

natural resources, provide the framework and motivation for Canadian industry to make the necessary changes to bring about a better productivity performance to compete at home, in the U.S. market and in markets in the rest of the world.

The impact of the Agreement, although positive overall, will vary from sector to sector and among firms within sectors and industries. Not all firms have the same potential to exploit the opportunities for improvements in scale and efficiency that will be presented and there will be differences in the speed with which various sectors and firms can adapt to new circumstances. The willingness and determination of Canadian industry and labour to exploit new opportunities and meet the challenges will be key factors. Some of the opportunities with the highest potential will become more visible only as the Agreement is implemented and Canadian industry takes advantage of them.

The Government is very conscious of the fact that the impact of the Agreement will be uneven as between firms and industrial sectors. This situation will be monitored closely both by government departments and by the Advisory Council on Adjustment established by the Government for this purpose.