



economic prosperity, business, labour, the provinces, academia, private think-tanks, the media, the political parties and specialized interest groups are all keeping a close watch on "how well the FTA is doing". In practice, the Federal Government is monitoring developments in the Canadian economy on a wide range of issues, including the FTA. With respect to the FTA, individual departments are monitoring those aspects of the Agreement that fall under their respective responsibilities. To ensure coordination, the government has an ongoing FTA monitoring network of some twenty departments and agencies which meets at the staff level, and the government consults on a regular basis with the provinces and industry. In addition to in-house monitoring, government officials are also keeping abreast of relevant studies emanating from the press, think tanks, industry associations, labour and academia. The interdepartmental monitoring network is also looking at the data requirements needed to monitor the FTA's economic impacts over the next several years as the forecasted effects take hold.

Informetrica Study

A key component for this monitoring approach is a feasibility study which External Affairs and International Trade Canada commissioned from Informetrica Limited to examine the means to measure the economic impact of the Free Trade Agreement on the first anniversary and over the longer term. The study provides an independent view as to the appropriate economic indicators, methodology and time frames for measuring FTA impacts. In brief, the study contains the following conclusions:

- o FTA's principal benefits of greater market access, lower tariffs and more liberalized investment rules will be reflected directly in investment behaviour and prices;
- o In addition, "induced effects" will follow from the FTA on GDP, real income, trade performance, productivity, industry rationalization and labour adjustment;
- o Effective measurement of FTA as direct and induced effects will require macro-economic modelling to establish causality and effect between economic variables, and descriptive, statistical analysis at the sectoral level; and
- o There are serious problems with data availability and time lags. A rigorous assessment of the impact of FTA on the economy is technically feasible only over the longer-term as the effects take hold and reliable data becomes available.

