3.6.2 Interview Opinions -

General sense that intra-industry effects are likely to be the big story. (This implies that micro data will be needed to be used.)

A soft indicator of firms thinking about restructuring would be their hiring of more corporate planners, using management consultants, etc.

The Canadian steel industry is vertically integrated, but most of the rest of metals processing is not. This may have lead to problems with U.S. industry which is highly integrated. Currently, there are very mixed signals from corporate policies with Noranda unbundling in the U.S., Arrow Metals closing Canadian plant.

The concern was expressed that Canadian business is not ready to take advantage of opportunities with a poor record in adopting new technology and relatively (to U.S. firms) weak in marketing.

In developing new technologies, a problem is keeping its advantages in Canada. Does the FTA have an effect here, since now it is easier to buy out a Canadian entrepreneur? (This may be an unnecessary worry, since sale of technology has been possible in the past through licencing agreements, etc. If all that is wanted is the technology, it is probably not worth buying the firm to get it.)

Substantial impacts are expected to occur in petro-chemicals, given the large effective barriers on both sides of the border. Look at indicators of specialization and scale. A major shake-out in electrical and electronic products is expected.

3.6.3 Data Support Systems -

Changes over time in Statistics Canada's input-output tables may serve as indicators of changes in industrial structure. Comparisons with equivalent U.S. tables would also be useful.

There is a growing capacity at Statistics Canada and Employment and Immigration Canada for the analysis of micro data on the behavior of groups of individuals and firms over time. For example, it is possible to trace the movements of people who have been laid off by firms to determine where they are re-hired or otherwise end up. (A more detailed discussion of the systems for such analysis is provided in Appendix C.)

3.6.4 Recommended Indicators And Approaches -

To date, a common approach has been to rely on anecdotes about investment decisions, plant openings and closings, new hires and layoffs, or other changes and to attribute them to the FTA. This approach can be used, but it should only be done if some attempt is made to classify the partial information into categories that include the FTA effect as one of