

- o for shifts in direction of trade,
- o for increased intraindustry trade indicating specialization and rationalization, and
- o for identification of sectors with substantial changes in either exports or imports.

The recent shift to the Harmonized System (HS) for trade data makes it difficult to conduct analysis over a longer period of time at the detailed trade category. It is possible, however, to use more aggregated data to study the trends over a number of years. As well, estimates in both current dollars and constant dollars with associated price indexes are available, allowing for more sophisticated analysis.

The trade data can be converted to an industry basis, allowing for the updating of export orientation and import penetration calculations. It would be useful if this work was extended in order to distinguish between U.S. and rest-of-world trade.

5.2.2 Industry Dimensions -

Other industry data can be analyzed for effects on investment, output growth, employment changes, profitability, and productivity growth. The distinction between industries affected by the FTA or not should be maintained in order to determine if different trends are evident.

One effect of the FTA is expected to be an increase in the competitiveness of Canadian industry. This will lead to increased pressure on industry prices in Canada relative to those in the United States as a result of the tariff removals. A comparison over time of U.S. industry price trends with the comparable Canadian prices, with adjustment for the exchange rate and tariff changes should indicate whether this is happening or not. Price detail at the industry level is available in both countries on a time-series basis, allowing for the development of econometric testing of the effects.

5.2.3 Market Access -

A major benefit from the FTA will be improved market access, particularly for Canadian firms exporting to the United States. There is no simple "market access index" that can be observed. But there are three dimensions that can be documented and that would provide some sense of possible changes.

The number of trade disputes each year, by type (antidumping, countervail, other), by commodity or industry that arise in the United States and are directed at Canada or affect Canada would be a useful set of