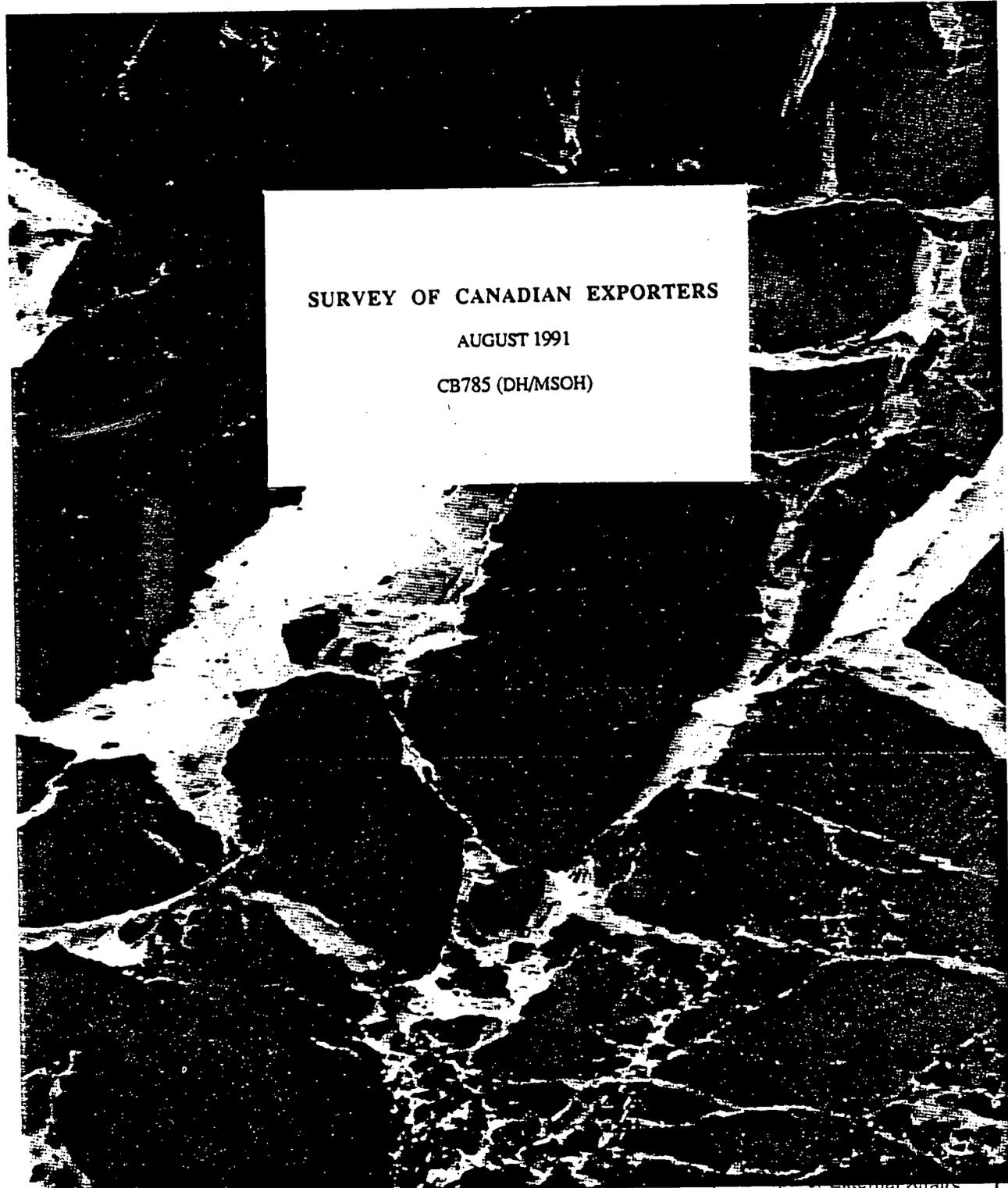


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August 1991
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SURVEY OF CANADIAN EXPORTERS
AUGUST 1991
CB785 (DH/MSOH)

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REPORT
SURVEY OF CANADIAN EXPORTERS
AUGUST 1991
CB785 (DH/MSOH)

Prepared by
CANADIAN FACTS

Presented to:
CORPORATE COMMUNICATIONS DIVISION
EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA

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APPENDICES

APPENDIX A METHODOLOGY

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A. INTRODUCTION

The Corporate Communications Division of External Affairs and International Trade Canada identified a requirement for assistance with public opinion research dealing with the experiences and opinions of Canadian exporters with respect to the Going Global Trade Strategy, the Free Trade Agreement and development of information materials on the Free Trade Agreement for Canadian exporters. Canadian Facts, through a competitive process, was selected to perform the research. This report presents the results of a survey of exporters.

The Canada-U.S. Free Trade Agreement came into effect on January 1, 1989. The Free Trade Agreement touches virtually all aspects of the American and Canadian economies. It was designed to:

- Eliminate barriers to trade in goods and services between the two countries.
- Facilitate conditions of fair competition.
- Significantly liberalize cross-border investment.
- Establish procedures for administration of the Agreement.
- Lay the foundation for further bilateral and multilateral cooperation.

Canadian exporters operate under new regulations on the temporary entry of personnel and rules of origin, while at the same time they enjoy increased opportunities for new markets in the United States. A variety of possibilities exist for companies to re-position their exporting activities. These include such options as rationalizing product line, applying new technologies, reorganizing distribution networks, acquiring or establishing companies, divesting operations, and financial restructuring. Clearly however, the challenges and problems of doing business under the Free Trade Agreement vary considerably among business sectors.

The research objectives of the full study, including both the survey of exporters and twelve focus groups held with exporters,¹ were to assess the information needs of exporters for information with specific emphasis on the following:

- To determine the awareness of the Going Global Strategy and its programs for trade development.
- To collect information on experiences that exporters have had with the Free Trade Agreement.
- To assess problems exporters have had under implementation, for example, paper work at shipping and customs.
- To assess the impact of the Free Trade Agreement on exporters operations to date.
- To assess how exporters are adapting to the Free Trade Agreement, for example with pricing strategies, shipping routes, etc.
- To assess exporters' views on the compatibility of Canada-U.S. standards, dispute settlement procedures, and protectionism in the U.S.
- To assess current sources of information and unfilled needs for information of exporters concerning Going Global and the Free Trade Agreement by sector, region and size of enterprise.
- To assess reactions to print information materials developed by the department to inform business about the Going Global Strategy and the Free Trade Agreement.

The focus of the quantitative Survey of Exporters was to determine the effects to date, if any, of the Free Trade Agreement on the business operations of exporters, including decisions regarding investments, marketing, financial transactions, purchasing of supplies, hiring and location decisions.

¹The research plan involved three phases, as follows:

- Phase I A series of six focus groups with Canadian exporters and individual interviews with six U.S. customs brokers. The results of this phase of the research were used to provide input into development of the questionnaire for the quantitative survey.
- Phase II This consisted of six focus groups among representatives of key sectors of the export community to assess prototypes of information materials developed by External Affairs and International Trade Canada.
- Phase III A quantitative survey was carried out with 501 senior export executives from a sample of companies representing five geographic regions, three classes of business sector and three size categories of business.

The views of Canadian exporters were to be examined with respect to the following areas:

1. The ability of Canada and the ability of their own industries to compete in international markets compared to other industrialized nations,
2. The degree to which certain factors affect the ability of companies in their own industry to compete in international markets,
3. The usefulness of specific federal government programs which could provide assistance to exporters,
4. Knowledge of the programs and services which are currently provided by the federal government to assist exporters,
5. Use of specific programs and services provided by the federal government to assist exporters,
6. Opinions on the usefulness of programs or services they had used,
7. Likelihood of exporters using some new services being considered to assist exporters,
8. Perspectives on the Free Trade Agreement between Canada and the United States, their expectations with respect to the Free Trade Agreement, its direct consequences with respect to their firm and actions they may have taken as a result of it,
9. Opinions regarding a Free Trade Agreement with Canada, the United States and Mexico; and,
10. Information on their current export markets and the percentage of their company's gross Canadian revenues derived from exports.

The survey was conducted during the period from February 25 to March 8, 1991. Senior representatives of exporting companies were interviewed by staff of Canadian Facts using the computer-assisted FACTS NETWORK. A total of 501 completions was obtained across Canada; specific quotas by region, sector and category were maintained. (See Appendix A for a full discussion of the survey methodology.)

In reporting the results of the survey we have identified differences in the pattern of responses by regional location of the exporting firm, its industrial sector and size (as measured by the number of employees), where they are noteworthy. Where appropriate, we have also explored whether exporters' experience and views are related to:

- The percentage of 1989 gross revenue derived from exports.
- Use of specific programs and services provided by the Department.
- Current exporting activity with respect to Mexico.

B. SUMMARY OF MAJOR SURVEY FINDINGS

- The majority of exporters consider that Canada is less able to sell its goods and services than other industrialized countries, but respondents were somewhat more positive in their opinions when asked whether companies in their industry were better able to compete.
- The value of the Canadian dollar, labour costs and interest rates are the factors most frequently identified as affecting one's industry's ability to compete. Marketing activities were rated fourth of seven factors.
- When exporters were presented with options relating to which sector (government, business, or both) should be responsible for various activities concerning international trade, the majority identified business. A larger number of exporters saw the financial responsibility for R&D resting with government or both business and government than was the case with either increasing international trade or helping to sell products internationally.
- A majority found the idea of a federal government program to provide assistance to exporters by raising the awareness of Canadian products and services and programs that are cost-shared between government and the private sector to be useful. Opinions did it not vary by experience of using specific government programs or by proportion of revenue from exports. More frequent users of existing services were slightly more inclined to say they would find cost-sharing programs very useful.
- Apart from PEMD and trade fairs and trade missions, exporters were not able to recall, unaided, other federal government services or programs to help exporters. But when the exporters were asked specifically about programs and services they used, the majority reported using more than one. Thirty percent of the sample used none of the programs/services listed.
- Respondents who used specific programs were asked to rate their usefulness. The vast majority of users found the programs/services very useful or fairly useful. Frequent users of programs were most likely to rate programs as useful.
- Respondents were divided on whether three possible new services for exporters would be used. A majority said they would likely use both a Government Statistics Data Base and an information service on Tariffs and Rules of Origin, but a majority (60%) of exporters said they were unlikely to use a Government Market Research Service.
- The majority of exporters report a neutral effect of the FTA on their industry with respect to advantages created for either U.S. or Canadian firms in their industry. Thirty-seven percent saw no effect on either country's industries and a further 11% said it was about the same for both. Perceptions of Canadian industries benefitting less than their U.S.

counterparts were quite evident among exporters in the manufacturing and agricultural/forestry sectors, in contrast to the services sector.

- Firms that earned more than 50% of their revenue from exports were more confident about the long-term benefits of the FTA on their industry than were firms with lower volumes of revenue from exports. Over the entire sample, 38% thought FTA would benefit the industry, 31% said it will hurt, 31% said it will have no effect or didn't know.
- Opinion was divided on the likely time it would take to see impacts on ones own industry and the Canadian economy. Large numbers had no opinion, but about two-fifths thought the results were already apparent. The most evident effect reported to date was changes in employment.
- When direct consequences of the FTA for exporters were examined, the survey revealed that the majority of firms had not taken actions; nor did many see results (such as increased sales in the U.S.) as a direct consequence of FTA. The highest percentage of exporters (35%) reported seeing penetration of the Canadian market by their U.S. counterparts (especially evident for firms with less than 50% of their total revenue coming from exports.)
- Twenty percent of firms made changes to their production operations in response to the FTA: most frequently reported was investing in new equipment, followed by reducing staff, followed by hiring new staff.
- More than 60% of the sample said they had not encountered any problems in exporting goods to the U.S. Of those mentioning a problem, no specific problem received more than 6% of responses.
- Opinion on an FTA that included Mexico was divided: 48% favoured the idea, 38% opposed it and 14% were not sure. Those in favour most often saw new or expanded opportunities and markets; those opposed overwhelmingly mentioned the problem of competition with lower labour costs. Those considering exporting to Mexico were most favourable; those not considering were most opposed (and uncertain). The vast majority of firms (74%) currently exporting to Mexico stated that they would very likely continue to export to Mexico if an agreement came into force.
- When all exporters were asked about the likelihood of three scenarios occurring if an FTA which included Mexico came into effect -- buying materials and components from Mexico; entering into joint ventures and setting up a plant and equipment in Mexico -- the majority stated that none of these development was likely to happen.

C. DETAILED FINDINGS ON EXPORTERS' PERCEPTIONS

The first part of the survey was designed to provide information on perceptions of Canada's ability to compete in international markets and on the usefulness of programs to assist exporters.

1. Canada's Ability to Compete

Respondents were asked whether Canada is better able or less able than other industrialized countries to sell its goods and services internationally. The majority of respondents (52%) considered that Canada is less able to sell its goods and services abroad than other industrialized countries (Table 1). Only 21% said Canada is better able to do so than other industrialized countries, while about 20% indicated there is no difference between Canada and other industrialized countries.

TABLE 1
EXPORTERS OPINIONS ON CANADA'S ABILITY
TO COMPETE IN INTERNATIONAL MARKETS

Canada's Competitive Position	(501)
	%
Better able to compete	21
A lot better able	5
A little better able	16
Less able to compete	52
A little less able	26
A lot less able	24
Don't know	2
Not different from others	20

Source: Questions B3, 4 and 5 (see Appendix B for the survey questionnaire).

Respondents who indicated that Canada was either better able or less able to compete were asked to qualify their responses. As can be seen in Table 1, the majority of those who stated that Canada was better able to compete than other industrialized countries considered that Canada was only a little better able to compete (16%).

Those who stated that Canada was less able to compete were more evenly divided in their assessment. The majority of these respondents (26%) stated that Canada was only a little less able to compete. Opinions showed little variation across region, industrial sector and firm size, but firms with more than 50% of their revenue from exports were more inclined to say Canada was better able to compete.

Respondents were asked to assess whether companies in their industry were better able or less able to compete against similar companies in industrialized countries to sell their products internationally. As can be seen in Table 2, respondents were a little more positive about companies in their industry being able to compete than they were when assessing Canada's ability to compete. About 49% indicated that companies in their industry were less able to compete than similar companies in other industrialized nations (compared to 52% who had said Canada was less able to compete).

Compared to the results for Canada's ability to compete, it should be noted that a higher percentage of respondents considered that companies in their industry were better able to compete (31% compared to 21% for Canada). For those who indicated that their companies were less able to compete, most considered that they were a lot less able to compete.

Regional and industrial sector differences of opinion were not evident. However, larger firms were slightly more inclined (39%) to say that their industry was better able to compete. Again, firms with higher proportions of revenue from exports were more optimistic.

**TABLE 2
EXPORTERS OPINIONS ON THE ABILITY
OF COMPANIES IN THEIR OWN INDUSTRY
TO COMPETE IN INTERNATIONAL MARKETS**

Industry's Ability to Compete	(501)
	%
Better able	31
A lot better able	12
A little better able	19
Less able	49
A little less able	23
A lot less able	25
Don't know	1
Not different from others	16

Source: Questions 5, 6 and 7

2. Factors affecting ability to compete

In an effort to identify specific factors that may affect the ability of companies to compete in international markets, respondents were asked to rate seven factors presented to them. A rating scale of 1 (NOT AT ALL) to 4 (VERY MUCH) was used to indicate the degree to which each factor affected their ability to compete. As shown in Table 3, which ranks the factors in terms of importance, the three factors which most affected the ability of companies to compete in international markets were the value of the Canadian dollar, labour costs and wages and interest rates.

A majority identified the value of the Canadian dollar as a factor which very much affected their ability to compete; labour costs and wages were so identified by 43% of respondents and 41% indicated that the industry's international competitiveness was very much affected by interest rates. Another factor identified as affecting their ability to compete, although not to the same degree as the first three, was the marketing activities of their companies.

TABLE 3
FACTORS WHICH AFFECT RESPONDENTS' INDUSTRY'S
ABILITY TO COMPETE IN INTERNATIONAL MARKETS

Factor	Percentage Reporting that Factor Affects Ability to Compete			
	Not at All			Very Much
	1	2	3	4
Value of Canadian Dollar	9	14	23	54
Labour Costs/wages	10	21	26	43
Interest Rates	15	21	23	41
Marketing Activities	17	29	28	25
Skills of Workforce	25	27	28	20
Research Science	30	30	22	15
Export Financing	34	26	17	14

Source: Question 9

The importance accorded the three key factors varied by industrial sector: manufacturing and agricultural industries reported more effect than did service industries. Large firms (those with more than 500 employees) were most disposed (64%) to mention the value of the Canadian dollar. Proportion of revenue from exports was not related to ratings, except that heavier exporters were much more inclined (68%) to say that the value of the Canadian dollar "very much" affects their ability to compete.

3. Public and Private Sector Responsibility

Respondents were provided with three scenarios related to responsibility for particular initiatives regarding international trade and financial support. They were asked whether:

1. Government should take primary responsibility for increasing international trade opportunities or should industry take the lead role?

2. Government should provide subsidies to Canadian companies to help them sell their goods abroad or should businesses spend more money themselves?
3. Government should provide subsidies for research and development or should businesses spend more money themselves?

The results of these three questions are presented in Table 4. In all three instances, respondents felt business should take the lead role. The majority felt that it was the responsibility for business to increase international trade opportunities and to bear the financial responsibility for selling their products abroad.

On the issue of financial responsibility for research and development, most were inclined to say that business should spend more money themselves; however, 30% felt it was both the public and private sectors shared responsibility and 27% identified it as a government responsibility.

**TABLE 4
EXPORTERS' OPINIONS ON WHAT SECTOR IS
RESPONSIBLE FOR VARIOUS ACTIVITIES
CONCERNING INTERNATIONAL TRADE**

Area of Responsibility	Sector With Primary Responsibility		
	Government %	Business %	Both %
Increasing International Trade	11	62	26
Expenditure to Help Sell Product Internationally	16	62	21
Financial Responsibility for Research and Development	27	42	30

Source: Questions 10, 11 and 12

Opinion on the sectors responsible for activities relating to international trade did not vary by region, sector or firm size, or proportion of revenue from exports.

4. Perceived Usefulness of Government Initiatives to Assist Exporters

Respondents were asked if they would consider two particular government initiatives of use to them. One program would have the objective of raising the awareness of Canadian products and services in foreign markets. The other would be programs instituted on a cost-shared basis, with the government and the private sector sharing equally. Respondents were inclined to feel that such programs would be very useful or fairly useful to them.

- 39% thought that a program to publicize Canadian products would be very useful and a further 36% found the idea fairly useful. Firms in the Atlantic region were most likely to report "very useful" (50%).
- 39% thought the cost-sharing idea was very useful and 39% found it fairly useful. Again, Atlantic region exporters were most enthusiastic (54% said very useful).

Opinions on the usefulness of the two initiatives did not vary by percentage of revenue from exports, specific services used, or volume of use of existing services, with one exception: a larger proportion of exporters that had used more than one existing service (46%) found cost sharing programs "very useful."

D. USE OF FEDERAL GOVERNMENT PROGRAMS

External Affairs and International Trade Canada was interested in knowing about:

- Exporters' awareness of programs which the federal government provides to exporters.
- Use of these programs by exporters.

1. Awareness and Use

Table 6 indicates that unaided — that is, simply given the broad question "What programs and services does the federal government provide to assist Canadian exporters and firms interested in exporting" — few exporters mentioned programs or services other than PEMD (Program for Export Market Development) and trade fairs and trade missions abroad. Awareness of PEMD was related to use of PEMD, but no other program or service appeared to be similarly related to specific program/service use. More frequent users of services (i.e., those using more than one) were more aware of programs as well.

Table 6 shows that when a list of programs and services was read to exporters, a considerable proportion of the sample reported use of a program or service.

Respondents were free to answer for all programs and services they might have used. To gain an appreciation of which firms were users of services and which were users of none, Question C3 was tabulated to classify the 501 exporters as:

- Users of no service (152)
- Users of one service only (88)
- Users of more than one service (261)¹

Differences in the pattern of use were not especially evident by sector or firm size, although manufacturing exporters were slightly more inclined (54%) as compared to agricultural exporters (47%) to report using more than one service. Proportion of gross revenue from exports related directly to multiple use of services, but the differences between the heaviest

¹This is the variable "use of existing services" reported above in connection with the perceived usefulness of two government initiatives.

volume exporters (56%) and the lowest volume exporters (i.e., less than 10% of revenue from exports) not great (47%).

The majority (52%) were evidently users of more than one government program or service. Thirty percent used none. As noted above, the heavier users showed better (unaided) awareness of programs and services.

**TABLE 6
AWARENESS AND USE OF VARIOUS
FEDERAL GOVERNMENT PROGRAMS
PROVIDED TO EXPORTERS**

Government Service or Program	Indicated Awareness of Program (501) %	Had Used the Program (501) %
Trade Fairs and Trade Missions Abroad	18	45
Trade Commissioner Service	8	44
Program for Export Market Development	33	39
International Trade Centres in Canada's Major Cities	1	22
Canada Export Awards Program	*	9
INFOEXPORT Toll-Free Number	*	8
New Exporters to Border States Program	1	6
Defence Industry Productivity Program	1	6
Western Economic Diversification Program	2	5
Atlantic Canada Opportunities Program	*	3

Source: Questions C1 and C3

* less than 1%

2. Perceived Usefulness of the Programs

Respondents who used specific programs were asked to rate how useful the programs were to them. Without exception, the majority reported that the programs they had used were either very useful or fairly useful (Table 7).

TABLE 7
USEFULNESS OF FEDERAL GOVERNMENT
PROGRAMS USED BY EXPORTERS

Program	Degree of Usefulness to Exporters				Number of Respondents
	Very Useful	Fairly Useful	Not Very Useful	Not at All Useful	
	%	%	%	%	
Trade Fairs and Trade Missions Abroad	38	39	13	7	224
Trade Commissioner Service	41	34	17	4	222
Program for Export Market Development	42	42	8	5	196
International Trade Centres in Canada's Major Cities	17	54	19	7	108
Canada Export Awards Program	23	35	23	14	43
INFOEXPORT Toll- Free Number	15	53	20	8	40
New Exporters to Border States Program	38	34	13	6	32
Defence Industry Productivity Program	29	39	11	14	28
Western Economic Diversification Program	44	33	11	7	27
Atlantic Canada Opportunities Program	71	24	0	6	17

Source: Question C4

Detailed tables under separate cover relate the perception of usefulness of various programs and services to the current use of such services: not surprisingly respondents who had indicated using more than one of the Department's services were more inclined to rate specific services as useful.

3. Reactions to Possible New Services for Exporters

Respondents were asked about the likelihood of using new services being considered by the federal government. Three new services were identified:

1. A database to provide statistics and other information on specific geographic markets;
2. A customized market research service with a fee for service being charged;
3. Information on tariffs and rules of origin under the Free Trade Agreement.

Respondents were divided over whether or not they would use the services identified (Table 8). Respondents indicated that it was least likely that they would use a government market research service (only 40% said they would be likely to use it). There was a higher likelihood of using the database (55%) and the information service on tariffs and rules of origin (57%).

**TABLE 8
LIKELIHOOD OF EXPORTERS USING THREE
NEW FEDERAL GOVERNMENT SERVICES**

New Federal Government Service	Likelihood Service Would Be Used By Exporters				Number of Respondents
	Very Likely	Fairly Likely	Not Very Likely	Not at All Likely	
Government Statistics Database	25	30	23	22	496
Government Market Research Service	10	30	30	30	491
Information Service on Tariffs and Rules of Origin	27	30	30	23	496

Source: Questions 5A, 5B, 5C.

When potential users were compared by region, sector and size, no distinctive associations with preference for the service emerged. When current users of services were compared, users of the INFOEXPORT Toll-Free Number (40% of 501 exporters) were somewhat more inclined than users of other services to say they were "very likely to use the government statistics data base." Otherwise, no differences emerged.

E. OPINIONS ON THE FREE TRADE AGREEMENT

Exporters' opinions on the Free Trade Agreement between Canada and the United States represented an important part of the survey. Respondents were asked about:

- The effects of the Free Trade Agreement on their industry.
- How long they felt it would be before they would expect to see long-term impacts?
- What the long-term benefits would be?
- How it would affect the Canadian economy?
- What changes they would look for to know whether free trade was having an impact on Canada?
- What the direct consequences of the Free Trade Agreement have been on their company?

1. Effects of Free Trade

In response to whether companies in their industry have benefited more than, less than or about the same as their U.S. counterparts as a result of the Free Trade Agreement, respondents were divided on the issue (Table 9). About 37% stated that there was no effect on companies in either country, while a similar percentage indicated they felt that they had benefited less than their U.S. counterparts. About 11% said that they had benefited more, while the same percentage said that the benefits were about the same. When the "don't knows" are added to those who saw no effects or saw the effect as the same, a majority of exporters can be considered to view the FTA as neutral in its effects on companies in their industry.

Differences by industry sector were quite striking: exporting manufacturers and those in the agriculture/forestry sector were more inclined to feel that Canadian industries had benefitted less than their U.S. counterparts than were exporters in the service sector; a majority of them thought that there was no effect on either country.

TABLE 9
EXPORTERS' OPINIONS ON THE BENEFITS OF
FREE TRADE TO COMPANIES IN THEIR INDUSTRY, BY INDUSTRIAL SECTOR

Benefits of Free Trade Canada versus U.S. Industries	Industry Sector			
	All (501)	Manu- facturing (286)	Services (105)	Agriculture & Forestry (110)
	%	%	%	%
Canadian Industries Benefit More Than Their U.S. Counterparts	11	12	10	7
Canadian Industries Benefit Less Than Their U.S. Counterparts	37	40	18	46
About the Same As Their U.S. Counterparts	11	11	13	11
No effect on Either	37	33	52	33
Don't Know	4	4	7	3

Source: Question D1.

Table 10 shows that the degree of concern for Canada's disadvantage compared to the United States was related to the percentage of a company's gross (1989) Canadian revenue derived from exports: firms with higher proportions of revenue from exports felt they were less disadvantaged by the FTA than were firms with lower proportions of revenue from exports.

TABLE 10
BENEFITS OF FREE TRADE — CANADA VS. U.S. INDUSTRIES

Benefits	Percentage Exported					Not Stated
	Total	Under 10%	10-24%	25-49%	50% +	
	(501)	(104)	(124)	(75)	(145)	(53)
More than their U.S. Counterparts	11	8	7	16	15	4
Less than their U.S. Counterparts	37	46	40	41	23	42
About the same as their U.S. Counterparts	11	12	14	11	12	4
No Effect on Either	37	29	36	31	45	43
Don't Know	4	6	3	1	4	8

Source: Question D1

2. Time to See Impacts of Free Trade

About a third of respondents considered that the impacts of free trade were already apparent at the time of the survey (Table 11). Another 37% felt that the impacts of free trade would be seen within five years, with almost half of these respondents indicating a period of less than three years. Manufacturers and exporters in agriculture/forestry were somewhat more likely than those in the service sector to say that the effects were already apparent. A rather large number of respondents (16%) did not venture an opinion on the subject.

TABLE 11
TIME TO SEE LONG-TERM IMPACT OF
FREE TRADE ON THEIR INDUSTRY

Time It Will Take Until Industry Sees the Impacts of the Free Trade Agreement	(501) %
Less than Three Years	18
In Three to Five Years	19
In Six to Ten Years	6
In More than Ten Years	7
Already Apparent	33
Don't Know	16

Source: Question D2

3. Long-Term Benefits of Free Trade on Industry

Respondents were definitely divided regarding the long-term benefits of free trade on their industry. Table 12 shows that about 38% felt that they would benefit from free trade and that approximately 31% said that they would be hurt by it. Another 29% stated that free trade would have no impact at all, and 2% did not express any opinion. Of significance is the fact that those firms already gaining 50% or more of their revenue from exports were most optimistic (50% said the industry will benefit), whereas 33% of those with less than 10% of revenue from exports shared this view. Again, exporters in the service sector were somewhat more optimistic than those in the manufacturing and agriculture/forestry sectors.

**TABLE 12
LONG-TERM IMPACTS OF FREE TRADE ON INDUSTRY**

Long Term Impacts on Industry of the Free Trade Agreement	Percentage Exported					
	Total	Under 10%	10-24%	25-49%	50%+	Not Stated
	(501)	(104)	(124)	(75)	(145)	(53)
Will Benefit Industry	38	33	35	33	50	30
Will Hurt Industry	31	44	35	35	17	25
Will Have No Effect	29	21	28	29	31	43
Don't Know	2	2	2	3	2	2

Source: Question D3

4. Time for Long-Term Impact of Free Trade on the Canadian Economy

In response to the question on how long it would be before we see any long-term impacts of free trade on the Canadian economy (as opposed to their industry) the answers were very similar. Almost 38% of respondents indicated they felt the impact was already apparent. Another 42% considered that it would be within five years, with most of this group indicating that we would see the impacts in three to five years. Eight percent of exporters felt that they could not provide an answer to the question.

5. Changes to Indicate Impact of Free Trade

Respondents were asked to identify what changes they would look for to know if free trade was having an impact. As can be seen in Table 13, the most common response was changes in employment (20%). The next most common answer was to see greater exports from Canada (15%). Another 13% said they would look for changes in the economy.

TABLE 13
WHAT CHANGES WOULD EXPORTERS LOOK
FOR TO KNOW WHETHER FREE TRADE
WAS HAVING AN EFFECT ON CANADA

Changes Which Would Reflect Impact of the Free Trade Agreement	(501)
	%
Changes in Employment	20
Greater Exports from Canada	15
Changes in the Economy	13
Changes in Price of Goods and Services	6
Other Changes	16

Source: Question D3

F. CONSEQUENCES OF THE FREE TRADE AGREEMENT

1. Actions Taken

An important question for the survey was to determine what actions had been taken by exporters as a direct result of the Free Trade Agreement. Respondents were asked a number of questions regarding specific, direct consequences of the agreement. In general, as seen in Table 14, the majority of companies have not taken action or seen results that affect them as a direct consequence of the Free Trade Agreement.

TABLE 14
DIRECT CONSEQUENCES OF
THE FREE TRADE AGREEMENT

Consequences As a Direct Result of Free Trade	(501) %
Noticed Penetration of the Canadian Market For Your Product By U.S. Competitors	35
Taken Advantage of New Tariff Schedules*	31
Found Lower Prices of Materials and Components From U.S. Sources	30
Undertaken New Product Development	26
Increased Sales in U.S.	16
Identified New Markets	15
Entered Into Strategic Alliances With U.S. Companies	11
Participated in Any Joint Ventures in the U.S.	7
Attracted New Investment From Other Countries	5
Arranged for Licensing Agreements in the U.S.	4

Source: Questions D6 and D8.

*219 of the 396 firms in the manufacturing and agriculture/forestry sectors said they qualified for the new FTA tariff schedules (Question D7); 154 (70%) of the qualifying firms reported that they had taken advantage of the new tariff schedules.

The highest percentage of respondents (35%) were those who indicated that they had seen penetration of the Canadian market for their product by U.S. competitors. Thirty-one percent had taken advantage of new tariff schedules under the Free Trade Agreement and another 30% had been able to find lower prices of materials and components from U.S. sources. Over a quarter of the companies (26%) had undertaken new product development and 16% had increased sales to the United States. Some companies (15%) stated that they had identified new markets as a result of the Free Trade Agreement.

When the pattern of responses was analyzed by region, sector, firm size and percentage of total revenue generated by exports, the following points emerged:

- Manufacturers and agricultural exporters were more inclined than those in the service sector to report taking advantage of new tariff schedules and undertaking new product development.
- Manufacturers were somewhat more inclined to report finding lower-priced components or materials from the U.S.
- Level of revenue from exports was not associated with different responses to the question about identification of new markets or any of the other consequences, with one exception: those with more than 50% of their revenue from exports were less inclined (20% as compared to about 40% for other firms) to notice penetration of the Canadian market for their product by U.S. firms.

2. Changes in Operations

One area of particular interest was whether companies had made any changes in their operations as a consequence of the FTA. Those that had made changes were asked about five specific changes they might have made. About 20% of the companies surveyed indicated that they had made changes in their operations as a consequence of the Free Trade Agreement. Those making changes were then asked what changes were involved.

Table 15 reports the proportion of those making changes who undertook the various initiatives. It is important to recognize that in the most frequently reported change (investing in new equipment) this change represents only 13% of all exporters in the sample. The most common change to operations identified was investment in new equipment (65%). In terms of staff changes, 48% had reduced staff, while 36% had hired additional staff. About the same proportions of companies that made changes indicated that they had opened a plant (14%) and closed a plant (16%).

TABLE 15
WHAT CHANGES IN OPERATIONS HAVE OCCURRED
AS A DIRECT RESULT OF THE FREE TRADE AGREEMENT

Consequences As a Direct Result of Free Trade	(102)
	%
Opened a New Plant	16
Invested in New Equipment	65
Hired Additional Staff	36
Reduced Staff	48
Closed a Plant	14

Source: Question D11.

3. Problems Encountered in Exporting to the U.S.

All exporters were asked what problems, if any, their company encountered in exporting goods to the U.S. under the FTA. Half the sample said they encountered none, and a further 13% said they did not know about any specific problems; 5% said that they do not export to the U.S. No problem received more than 6% of responses of the entire sample, the most frequently mentioned being high tariffs/duties.

Following is a list of the ten most frequently mentioned problems showing the number of respondents mentioning each one:

- High tariffs/duties (28).
- Getting deliveries across the border (27).

- Too much paperwork (22).
- High value of the Canadian dollar (22).
- Low prices of U.S. products (20).
- Problems in competing with U.S. companies (12).
- Difficulty penetrating the U.S. market/U.S. purchasers will not buy Canadian products (10).
- Country of origin rules (7).
- High interest rates (5).
- Variety of regulations (5).

G. OPINIONS ON A FREE TRADE AGREEMENT WHICH INCLUDES CANADA, THE UNITED STATES AND MEXICO

Respondents were asked for their opinions concerning a Free Trade Agreement which included Canada, the United States and Mexico. In particular, they were asked if they were in favour or opposed to such an agreement. Respondents were divided in their position on such an agreement (Table 16). About 48% indicated they were strongly or somewhat in favour of the idea, with most indicating they somewhat favoured it. Another 38% were almost equally divided between somewhat or strongly opposed to the idea. A high percentage (14%) of respondents would not or could not give an opinion on this question. No differences were noted in responses by region, sector or firm size.

TABLE 16
EXPORTERS' OPINIONS ON A FREE TRADE AGREEMENT
WHICH INCLUDED MEXICO

Opinion	(501) %
Strongly Favour	18
Somewhat Favour	30
Somewhat Oppose	18
Strongly Oppose	20
Don't Know	14

Source: Question D11.

For those respondents who favoured such an agreement, the most common reason why they were in favour was that it would offer new or expanded opportunities and markets (see Table 17). Other reasons given included such benefits as cheaper labour, lower priced products and the idea that we must become part of a larger economic trading bloc in order to compete in world markets.

TABLE 17
REASONS FOR FAVOURING A FREE TRADE
AGREEMENT WHICH INCLUDED MEXICO

Reasons For Favouring	(501)
	%
New, Expanded Markets/Opportunities	32
Will Be More Competitive	6
Access to Cheaper Labour	10
Would Lower Tariffs/Duties/Trade Barriers	7
We Need to Be Part of a Major Economic Bloc to Compete With Europe	6

Source: Question D14.

For those respondents who were opposed to such an agreement, the most common reasons given related to the lower labour costs in Mexico and the implications this has for Canadian companies (Table 18). Most other comments were related to negative impacts on Canada, including job losses and movement of companies to Mexico.

TABLE 18
FIVE MOST FREQUENTLY MENTIONED REASONS FOR OPPOSING
A FREE TRADE AGREEMENT WHICH INCLUDED MEXICO

Reasons For Opposing	(501)
	%
We Cannot Compete (general)	6
Cannot Compete With Lower Labour Costs	61
Our Production Costs Are Higher Than Mexico	9
Would Lose Jobs in Canada	6
Canadian Companies Would Move Manufacturing/Technology Production Facilities	6

Source: Question D14.

It is instructive to assess responses to Question 13 (on an FTA including Mexico) according to whether companies in the sample were currently exporting to Mexico. In order to assess this and other data relative to actions companies might take as a consequence of a Free Trade Agreement which included Mexico, we first established what proportion of companies not currently exporting to Mexico were considering such a move (Questions D16 and D17). Of those companies who said they were not exporting to Mexico at the present time, 22% stated that they were considering it. Thus the entire sample disposed as follows:

- Current exporter to Mexico 15% (73).
- Considering exporting to Mexico 19% (94).
- Not considering exporting to Mexico 67% (334).

Table 19 shows a predictable pattern of opinion based on experience. A majority of current exporters and those considering exporting to Mexico favour the FTA, while the largest proportion of firms -- those not considering exporting to Mexico -- are opposed to including Mexico in the FTA.

TABLE 19
OPINION ON FREE TRADE AGREEMENT INCLUDING MEXICO
BY EXPORTING STATUS

Opinion on Including Mexico	Status			
	All (501)	Current Exporter to Mexico (73) %	Considering Exporting (94) %	Not Considering (334) %
Strongly Favour	18	25	24	15
Somewhat Favour	30	37	48	24
Somewhat Oppose	18	14	15	20
Strongly Oppose	20	12	7	25
Don't Know	14	12	5	16

Source: Question D13.

Companies currently exporting to Mexico¹ were asked what the likelihood would be of their continuing to export in the event of a Free Trade Agreement which included Mexico (Table 20). The vast majority of the companies (74%) stated that they would very likely continue to export to Mexico if such an agreement were to come into effect.

For companies not currently exporting to Mexico, it was not at all likely (38%) or not very likely (25%) that they would begin to export to Mexico.

TABLE 20
LIKELIHOOD OF EITHER CONTINUING
TO EXPORT OR BEGINNING TO EXPORT TO MEXICO
UNDER A FREE TRADE AGREEMENT

Action to be Taken	Very Likely %	Somewhat Likely %	Not Very Likely %	Not at All Likely %
Continue Exporting to Mexico (Base = 73)	74	15	6	4
Begin to Export to Mexico (Base = 428)	10	24	25	38

Source: Questions D18 and D19(a).

Finally, all respondents were asked about the likelihood of three scenarios occurring if a Free Trade Agreement which included Mexico came into force. The scenarios covered buying materials and components from Mexico, entering into joint ventures with Mexico and setting up a plant and equipment in Mexico. Table 21 shows that the majority of companies indicated that none of the scenarios was very likely to happen.

¹Tables 36 to 39 under separate cover provide detailed characteristics of firms currently exporting to Mexico: the data show that a significant proportion are firms whose revenue from exports is 50% or more; that they currently use more than one departmental program or service, and that they are heavy users of PEMD, the trade commission service and trade fairs.

TABLE 21
LIKELIHOOD OF TAKING SPECIFIC ACTIONS
UNDER A FREE TRADE AGREEMENT
WHICH INCLUDED MEXICO

Action to be Taken	Very Likely %	Somewhat Likely %	Not Very Likely %	Not at All Likely %
Buying Materials and Components From Mexico	12	25	19	41
Enter Into Joint Ventures in Mexico	6	27	24	41
Setting Up Plant and Equipment in Mexico	5	13	20	58

Source: Questions D18 and D19(a).

APPENDIX A
METHODOLOGY

APPENDIX A

METHODOLOGY

A. SAMPLING PROCEDURES

The sample frame used for the study consisted of the mailing list for WINEXPORT, a database of Canadian companies interested in exporting. A total of 500 completed interviews for the quantitative survey were required, with stratification by each of the following variables:

- Region: Atlantic, Quebec, Ontario, the Prairies and B.C.
- Sector : Services, Manufacturing and Agriculture and Forestry; and,
- Size of firm: under 50 employees, 50 to 499 employees and 500 or more employees.

The allocation of the sample to each stratum is shown in Table A below:

TABLE A
STRATIFICATION OF THE RANDOM SAMPLE OF EXPORTERS
BY SECTOR AND NUMBER OF EMPLOYEES

Sector	1-49 Employees	50-499 Employees	500+ Employees	Total
Manufacturing	401	527	137	1065
Services	245	106	23	374
Agriculture & Forestry	164	162	62	388
Total	810	795	222	1,827

This sample was then used to determine the distribution of the target samples within each stratum to meet the established requirement for 500 interviews of companies identified as exporters. The target samples for each strata were selected using a proportional allocation sampling procedure. Before selection, firms were sorted geographically within each stratum to ensure national representation. For interviewing purposes, 10 replicates were assigned to each stratum independently. The target sample allocation is provided in Table B below.

**TABLE B
TARGET SAMPLE ALLOCATION OF COMPANIES
BY SECTOR AND NUMBER OF EMPLOYEES**

Sector	1-49 Employees	50-499 Employees	500+ Employees	Total
Manufacturing	100	130	60	290
Services	60	30	10	100
Agriculture & Forestry	40	40	30	110
Total	200	200	100	500

B. QUESTIONNAIRE DESIGN

The questionnaire used in the survey was developed in conjunction with the Corporate Communications Group of External Affairs and International Trade Canada in Ottawa. The structure of the questionnaire was designed to complement qualitative information already obtained in focus groups with exporters and interviews with customs brokers.

The questionnaire was pre-tested before a final version was approved for use in the survey. The instrument was prepared in both official languages. The French translation was approved by External Affairs and International Trade Canada prior to conducting interviews with respondents whose language preference was French. The questionnaire used in the survey is provided in Appendix B.

C. FIELD PROCEDURES

Interviewing was conducted by telephone during the period from February 25 to March 8, 1991 using the FACTS NETWORK at Canadian Facts' CLT offices across Canada. Respondents were defined as those individuals who were responsible for making decisions about the development of their company's export markets.

Up to five attempts were made during different time periods to contact a company before identifying that the firm could not be reached. In cases where the firm was contacted but the respondent was not available, appointments were made for a later contact. After the target in any stratum was obtained, no further calls were attempted for firms of that size in that sector. The average times for interviewing ranged from 20 minutes to 26 minutes, depending on the location of interview. A total of 501 interviews were completed. The final sample distribution is presented in Tables C and D below.

TABLE C
FINAL DISTRIBUTION OF FIRMS
BY SECTOR AND NUMBER OF EMPLOYEES

Sector	1-49 Employees	50-499 Employees	500+ Employees	Total
Manufacturing	108	133	45	286
Services	67	33	5	105
Agriculture & Forestry	46	45	19	110
Total	221	211	69	501

**TABLE D
SAMPLE DISPOSITION**

	Total Listings (990)
Number not in service	10
Company not known at number	4
No answer/busy	8
Respondent not available	5
Refusal	8
All other reasons - non completion	14
Completion	51

Considered as a proportion of the total companies contacted the competition rate was 65%.

APPENDIX B
SURVEY QUESTIONNAIRE

SECTOR		17.....	17
MANUFACTURING.....	1- 1	18.....	18
SERVICES.....	2	19.....	19
AGRICULTURE & FORESTRY.....	3	20.....	20
STAFF		21.....	21
0-49.....	2- 1	22.....	22
50-499.....	2	23.....	23
500+.....	3	24 Wrong number.....	24
REGION		25 Quota Failure.....	25
ATLANTIC.....	3- 1	26 Number Not In Service.....	26
QUEBEC.....	2	27 Initial Refusal.....	27
ONTARIO.....	3	28 Respondent Broke Off.....	28
PRAIRIES.....	4	29 Respondent Never Available.....	29
B.C.....	5	30 Language Problem.....	30
BLANK		31 Terminated (Other Reasons).....	31
	+--+ 4-	exit Variable	
REPLICATE NO		01 Completed Interview.....	9- 1
	+----- 5-	02 Number Engaged.....	2
Call Status of This Sample Record		03 No Answer.....	3
Callback time of This Sample Record		04 Appointment.....	4
	+----- 7-	5.....	5
Result Of Last Call		6.....	6
01 Completed Interview.....	8- 1	7.....	7
02 Number Engaged.....	2	8.....	8
03 No Answer.....	3	9.....	9
04 Appointment.....	4	10.....	10
5.....	5	11.....	11
6.....	6	12.....	12
7.....	7	13.....	13
8.....	8	14.....	14
9.....	9	15.....	15
10.....	10	16.....	16
11.....	11	17.....	17
12.....	12	18.....	18
13.....	13	19.....	19
14.....	14	20.....	20
15.....	15	21.....	21
16.....	16	22.....	22

23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31
Chance of getting co-operation at another time?	
Very likely.....	10- 1
Fairly likely.....	2
Not very likely.....	3
Not at all likely.....	4
(DON'T KNOW).....	5
total Number Of Calls To This Number	
1.....	11- 1
2.....	2
3.....	3
4.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22

23.....	23
24.....	24
25.....	25
26.....	26
27.....	27
28.....	28
29.....	29
30 PLUS.....	30
Record Of Call WHY WAS THE INTERVIEW TERMINATED?	
01 Completed Interview.....	12- 1
02 Number Engaged.....	2
03 No Answer.....	3
04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29

30 Language Problem.....	30
31 Terminated (Other Reasons).....	31

Record Of Call WHY WAS THE INTERVIEW TERMINATED?

01 Completed Interview.....	13- 1
02 Number Engaged.....	2
03 No Answer.....	3
04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Resoondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31

Record Of Call WHY WAS THE INTERVIEW TERMINATED?

01 Completed Interview.....	14- 1
02 Number Engaged.....	2
03 No Answer.....	3

04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31

Record Of Call WHY WAS THE INTERVIEW TERMINATED?

01 Completed Interview.....	15- 1
02 Number Engaged.....	2
03 No Answer.....	3
04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9

10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31

Record Of Call WHY WAS THE INTERVIEW TERMINATED?

01 Completed Interview.....	16- 1
02 Number Engaged.....	2
03 No Answer.....	3
04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15

16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31

Record Of Call WHY WAS THE INTERVIEW TERMINATED?

01 Completed Interview.....	17- 1
02 Number Engaged.....	2
03 No Answer.....	3
04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21

22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27
28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31
Record Of Call WHY WAS THE INTERVIEW TERMINATED?	
01 Completed Interview.....	18- 1
02 Number Engaged.....	2
03 No Answer.....	3
04 Appointment.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9
10.....	10
11.....	11
12.....	12
13.....	13
14.....	14
15.....	15
16.....	16
17.....	17
18.....	18
19.....	19
20.....	20
21.....	21
22.....	22
23.....	23
24 Wrong number.....	24
25 Quota Failure.....	25
26 Number Not In Service.....	26
27 Initial Refusal.....	27

28 Respondent Broke Off.....	28
29 Respondent Never Available.....	29
30 Language Problem.....	30
31 Terminated (Other Reasons).....	31

QUOTA

1.....	19- 1
2.....	2
3.....	3
4.....	4
5.....	5
6.....	6
7.....	7
8.....	8
9.....	9

DATE TIME

+--+--+--+--+--+--+ 20-

INTER NO

+--+--+--+ 21-

ID

+--+--+--+--+--+ 22-

BSN

+--+--+--+--+--+ 23-

clt

Toronto.....	24- 1
Vancouver.....	2
Edmonton.....	3
Calgary.....	4
Winnipeg.....	5
London.....	6
Hamilton.....	7
Montreal.....	8
Quebec.....	9
Halifax.....	10

Hello, I am %n of Canadian Facts. We are conducting a survey on behalf of the Department of External Affairs and International Trade Canada on the information requirements of companies involved in exporting goods and services to other countries.

OK- CONTINUE.....	25- 1
CHANGE TELEPHONE NO.....	2

WRONG NUMBER.....	3
INITIAL REFUSAL.....	4
NO ANSWER.....	5
BUSY.....	6
NOT IN SERVICE.....	7
OTHER (TERMINATE).....	8
APPOINTMENT.....	9
LANGUAGE PROBLEM.....	10

 %N, YOU WILL NOW BE RETURNED TO THE INTRO.

Q1 Are you the person responsible for making decisions about the development of your company's export markets?
 YES..... 26- 1
 NO..... 2

 IF NO TO Q1, ASK Q2

 %N, YOU WILL NOW BE RETURNED TO THE INTRO.

START TIME

 +--+--+--+--+--+--+--+ 27-

 First, we would like to ask you about your views on Canada's ability to compete in international markets.

Q3 Overall, would you describe Canada as better able or less able to sell its goods and services internationally than other industrialized countries.
 (EXAMPLES, IF ASKED: the United States, the countries of the European Economic Community, and Japan?)
 (DO NOT READ LIST)

BETTER ABLE.....	28- 1
LESS ABLE.....	2
NOT DIFFERENT FROM OTHERS.....	3
DON'T KNOW.....	4
REFUSED.....	5

 IF Q3 (BETTER ABLE), ASK Q4

Q4 Would that be a lot better or a little better able?
 A LOT BETTER ABLE..... 29- 1
 A LITTLE BETTER ABLE..... 2
 DON'T KNOW..... 3

 IF Q3 (LESS ABLE), ASK Q5

Q5 Would that be a little less able or a lot less able?
 A LITTLE LESS ABLE..... 30- 1
 A LOT LESS ABLE..... 2
 DON'T KNOW..... 3

Q6 And thinking about your own industry, would you say that Canadian companies in your industry are better able or less able than similar companies in industrialized countries to sell products internationally?
 (DO NOT READ LIST)

BETTER ABLE.....	31- 1
LESS ABLE.....	2
NOT DIFFERENT FROM OTHERS.....	3
DON'T KNOW.....	4
REFUSED.....	5

 IF Q6 (BETTER ABLE), ASK Q7

Q7 Would that be a lot better or a little better able?
 A LOT BETTER ABLE..... 32- 1
 A LITTLE BETTER ABLE..... 2
 DON'T KNOW..... 3

 IF Q6 (LESS ABLE), ASK Q8

Q8 Would that be a little less able or a lot less able?
 A LITTLE LESS ABLE..... 33- 1
 A LOT LESS ABLE..... 2
 DON'T KNOW..... 3

 Q9A Now I am going to read you a list of seven factors which may affect the ability of companies in your industry to compete in international markets. For each please tell me how much you think it affects your competitive position. Using a scale of 1 to 4, in which 1 stands for NOT AT ALL and 4 stands for VERY MUCH, how much would you say that your competitive position is affected by ...

Interest rates in Canada.

NOT AT ALL.....	34- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5

The value of the Canadian dollar.	
NOT AT ALL.....	35- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5
Export financing for foreign buyers of Canadian products.	
NOT AT ALL.....	36- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5
Labour costs / Wages.	
NOT AT ALL.....	37- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5
Canadian research in science and technology.	
NOT AT ALL.....	38- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5
The level of skills in the Workforce.	
NOT AT ALL.....	39- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5
Marketing activities of companies in your industry.	
NOT AT ALL.....	40- 1
.....	2
.....	3
VERY MUCH.....	4
DON'T KNOW.....	5

Q98 Thinking about your company and other companies in your own industry, what factors affect most your ability to compete against other Canadian companies in international markets?

DON'T KNOW.....	39,
OPEN.....	40,

Q10 Some people say that government should take primary responsibility for increasing international trade opportunities. Other people say that Canadian business and industry should have the lead role in developing international trade opportunities. Which is closer to your opinion? Would you say:

Government should take primary responsibility.....	42- 1
Business should have the lead role.....	2
Both.....	3
DON'T KNOW.....	4

Q11 Some people say that government must provide subsidies to Canadian businesses for them to successfully sell their goods and services internationally. Other people say that Canadian businesses must spend more money themselves on selling their products internationally. Which of these two views is closest to your own? Would you say:

Government should take primary responsibility.....	43- 1
Canadian Business must spend more money themselves.....	2
Both.....	3
DON'T KNOW.....	4

Q12 Some people say that government must provide subsidies to Canadian businesses for research and development in order for them to produce new and better products. Other people say that Canadian businesses must spend more money themselves on research and development in order for them to produce new and better products. Which of these two views is closest to your own? Would you say:

Government must provide subsidies.....	44- 1
Canadian Business must spend more money themselves.....	2
Both.....	3
DON'T KNOW.....	4

 The federal government could provide assistance to Canadian exporters through a variety of programs. For each of the following, please tell me how useful this type of federal government program would be to your type of business:

Q13A Would you say that a program by the Canadian government to raise the awareness of Canadian products and services in foreign markets would be very useful, fairly useful, not very useful, or not at all useful?

VERY USEFUL.....	45- 1
------------------	-------

FAIRLY USEFUL.....	2
NOT VERY USEFUL.....	3
NOT AT ALL USEFUL.....	4
DON'T KNOW.....	5

Q13B And would programs in which the costs are shared equally by the government and the private sector be very useful, fairly useful, not very useful, or not at all useful?

VERY USEFUL.....	46- 1
FAIRLY USEFUL.....	2
NOT VERY USEFUL.....	3
NOT AT ALL USEFUL.....	4
DON'T KNOW.....	5

QC1 What programs and services does the federal government provide to assist Canadian exporters and firms interested in exporting?
(DO NOT READ LIST)

TRADE COMMISSIONER SERVICE.....	47- 1,
INVESTMENT DEVELOPMENT PROGRAM (IDP)....	2,
PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD).....	3,
NEW EXPORTERS TO BORDER STATES (NEBS)...	4,
NEW EXPORTERS TO U.S. SOUTH (NEXUS).....	5,
NEW EXPORTERS TO OVERSEAS (NEXOS).....	6,
INTERNATIONAL TRADE CENTRES IN CANADA'S MAJOR CITIES.....	7,
TRADE FAIRS AND TRADE MISSIONS ABROAD...	8,
INFOEXPORT TOLL-FREE NUMBER.....	9,
FINANCING FROM EXPORT DEVELOPMENT CORPORATION.....	10,
CANADIAN COMMERCIAL CORPORATION.....	11,
DEFENCE INDUSTRY PRODUCTIVITY PROGRAM...	12,
ATLANTIC CANADA OPPORTUNITIES AGENCY....	13,
WESTERN ECONOMIC DIVERSIFICATION CANADA.	14,
PROGRAMS OF DEPARTMENT OF AGRICULTURE...	15,
PROGRAMS OF DEPARTMENT OF FISHERIES AND OCEANS.....	16,
THE CANADA EXPORT AWARDS PROGRAM.....	17,
DON'T KNOW.....	39,
OPEN.....	40,

QC2 Are there any others?
(RECORD VERBATIM)

DON'T KNOW.....	39,
OPEN.....	40,
COMPUTED VARIABLE. CONTROLS WHICH QUESTIONS WILL BE ASKED AT QC3.	

Trade Commissioner Service.....	49- 1,
Investment Development Program (IDP)....	2,
Program for Export Market Development (PEMD).....	3,
New Exporters to Border States (NEBS) Program.....	4,
New Exporters to U.S. South (NEXUS) Program.....	5,
New Exporters to Overseas (NEXOS) Program.....	6,
International Trade Centres In Canada's Major Cities.....	7,
Trade Fairs and Trade Missions Abroad...	8,
INFOEXPORT Toll-Free Number.....	9,
Defence Industry Productivity Program...	10,
The Canada Export Awards Program.....	11,
Western Diversification Program.....	12,
Programs of the Atlantic Canada Opportunities Agency.....	13,

COMPUTED VARIABLE. PROGRAMS AND SERVICES USED AT QC3.

Trade Commissioner Service.....	50- 1,
Investment Development Program (IDP)....	2,
Program for Export Market Development (PEMD).....	3,
New Exporters to Border States (NEBS) Program.....	4,
New Exporters to U.S. South (NEXUS) Program.....	5,
New Exporters to Overseas (NEXOS) Program.....	6,
International Trade Centres In Canada's Major Cities.....	7,
Trade Fairs and Trade Missions Abroad...	8,
INFOEXPORT Toll-Free Number.....	9,
Defence Industry Productivity Program...	10,
The Canada Export Awards Program.....	11,
Western Diversification Program.....	12,
Programs of the Atlantic Canada Opportunities Agency.....	13,

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Trade Commissioner Service

- USED..... 51- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Investment Development Program (IDP)

- USED..... 52- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Program for Export Market Development (PEMD)

- USED..... 53- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

New Exporters to Border States (NEBS) Program

- USED..... 54- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

New Exporters to U.S. South (NEXUS) Program

- USED..... 55- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

New Exporters to Overseas (NEXOS) Program

- USED..... 56- 1
- NOT USED..... 2

DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

International Trade Centres In Canada's Major Cities

- USED..... 57- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Trade Fairs and Trade Missions Abroad

- USED..... 58- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

INFOEXPORT Toll-Free Number

- USED..... 59- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Defence Industry Productivity Program

- USED..... 60- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

The Canada Export Awards Program

- USED..... 61- 1
- NOT USED..... 2
- DON'T KNOW..... 3

QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Western Diversification Program

- USED..... 62- 1

NOT USED..... 2
 DON'T KNOW..... 3
 QC3 I am going to read you a list of programs and services provided by the federal government to Canadian exporters. Would you please tell me if you have used any of the following within the past five years?

Programs of the Atlantic Canada Opportunities Agency
 USED..... 63- 1
 NOT USED..... 2
 DON'T KNOW..... 3

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the Trade Commissioner Service Program, would you say it was:

Very Useful..... 64- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the Investment Development Program, would you say it was:

Very Useful..... 65- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the Program for Export Market Development, would you say it was:

Very Useful..... 66- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the New Exporters to Border States Program, would you say it was:

Very Useful..... 67- 1

Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the New Exporters to U.S. South Program, would you say it was:

Very Useful..... 68- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the New Exporters to Overseas Program, would you say it was:

Very Useful..... 69- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the International Trade Centres In Canada's Major Cities, would you say they were:

Very Useful..... 70- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.
 Thinking about the Trade Fairs and Trade Missions Abroad Program, would you say it was:

Very Useful..... 71- 1
 Fairly Useful..... 2
 Not Very Useful..... 3
 Not At All Useful..... 4
 DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.

Thinking about the INFOEXPORT Toll-Free Number, would you say it was:

- Very Useful..... 72- 1
- Fairly Useful..... 2
- Not Very Useful..... 3
- Not At All Useful..... 4
- DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.

Thinking about the Defence Industry Productivity Program, would you say it was:

- Very Useful..... 73- 1
- Fairly Useful..... 2
- Not Very Useful..... 3
- Not At All Useful..... 4
- DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.

Thinking about the Canada Export Awards Program, would you say it was:

- Very Useful..... 74- 1
- Fairly Useful..... 2
- Not Very Useful..... 3
- Not At All Useful..... 4
- DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.

Thinking about the Western Diversification Program, would you say it was:

- Very Useful..... 75- 1
- Fairly Useful..... 2
- Not Very Useful..... 3
- Not At All Useful..... 4
- DON'T KNOW..... 5

QC4 For each service which you have used, I would like you to tell me how useful it was to your company.

Thinking about the Programs of the Atlantic Canada Opportunities Agency, would you say they were:

- Very Useful..... 76- 1
- Fairly Useful..... 2
- Not Very Useful..... 3

- Not At All Useful..... 4
- DON'T KNOW..... 5

The federal government is considering some new services for exporters. For each of the following, please tell me how likely would you be to use such a service:

QC5A A Database to provide statistics and other information on specific geographic markets.

Would you say that you would be very likely to use such a service, fairly likely, not very likely, or not at all likely:

- VERY LIKELY..... 77- 1
- FAIRLY LIKELY..... 2
- NOT VERY LIKELY..... 3
- NOT AT ALL LIKELY..... 4
- DON'T KNOW..... 5

QC5B A customized market research service which would be charged on a fee for service basis.

Would you say that you would be very likely to use such a service, fairly likely, not very likely, or not at all likely:

- VERY LIKELY..... 78- 1
- FAIRLY LIKELY..... 2
- NOT VERY LIKELY..... 3
- NOT AT ALL LIKELY..... 4
- DON'T KNOW..... 5

QC5C Information on tariffs and rules of origin under the Free Trade Agreement.

Would you say that you would be very likely to use such a service, fairly likely, not very likely, or not at all likely:

- VERY LIKELY..... 79- 1
- FAIRLY LIKELY..... 2
- NOT VERY LIKELY..... 3
- NOT AT ALL LIKELY..... 4
- DON'T KNOW..... 5

QD1 Since the Free Trade Agreement came into effect in 1989, would you say that companies in your industry have benefited more than their U.S. counterparts, less than their U.S. counterparts, about the same as their U.S. counterparts, or has there been no effect for companies in either country?

- MORE THAN THEIR U.S. COUNTERPARTS..... 80- 1
- LESS THAN THEIR U.S. COUNTERPARTS..... 2
- ABOUT THE SAME AS THEIR U.S. COUNTERPARTS..... 3

NO EFFECT ON EITHER..... 4

DON'T KNOW..... 5

QD2 How long do you think it will be before you see any long-term impact on your industry? Will it be:
(READ LIST)

In less than three years?..... 81- 1

In three to five years?..... 2

In six to ten years?..... 3

In more than ten years?..... 4

Already apparent?..... 5

DON'T KNOW..... 6

QD3 What about the long-term benefits of free trade on companies in your industry? Do you think that in the long run, the Free Trade Agreement will benefit your industry, will hurt your industry, or will have no effect one way or another?

WILL BENEFIT..... 82- 1

WILL HURT..... 2

WILL HAVE NO EFFECT..... 3

DON'T KNOW..... 4

QD4 How long do you think it will be before we see any long-term impact of free trade on the Canadian economy? Will it be:
(READ LIST)

In less than three years?..... 83- 1

In three to five years?..... 2

In six to ten years?..... 3

In more than ten years?..... 4

Already apparent?..... 5

DON'T KNOW..... 6

QD5 And, in the long term, what changes would you look for to know whether free trade is having an impact on Canada?
(DO NOT READ LIST)

EMPLOYMENT..... 84- 1,

CHANGES IN PRICES OF GOODS AND SERVICES. 2,

ECONOMY..... 3,

CANADIAN COMPANIES GAINING COMPETITIVE EDGE..... 4,

ENVIRONMENTAL CONCERNS..... 5,

STANDARD OF LIVING..... 6,

GREATER EXPORTS FROM CANADA..... 7,

REDUCTION OF DUTIES ON U.S. GOODS..... 8,

DON'T KNOW..... 39,

OPEN..... 40,

QD6 As a result of the Free Trade Agreement, has your firm identified any new market opportunities in the United States?

YES..... 85- 1

NO..... 2

(DON'T KNOW)..... 3

IF MANUFACTURING, AGRICULTURE OR FORESTRY COMPANY,
ASK QD7

QD7 Do your firm's products qualify for the new tariff schedules under the Free Trade Agreement?

YES..... 86- 1

NO..... 2

(DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

Taken advantage of new tariff schedules under the Free Trade Agreement?

YES..... 87- 1

NO..... 2

(DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

Increased sales in U.S.?

YES..... 88- 1

NO..... 2

(DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

Been able to find lower prices of materials and components from U.S. sources?

YES..... 89- 1

NO..... 2

(DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

Noticed penetration of the Canadian market for your product by U.S. competitors?

YES..... 90- 1

NO..... 2

(DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

- Undertaken new product development?
- YES..... 91- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

- Attracted new investment from other countries?
- YES..... 92- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

- Participated in any joint ventures in the U.S.?
- YES..... 93- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

- Arranged for licensing agreements in the U.S.?
- YES..... 94- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD8 As a direct consequence of the Free Trade Agreement, has your firm:

- Entered into strategic alliances with U.S. companies?
- YES..... 95- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD9 Are there any direct consequences of the Free Trade Agreement on your firm which we have not identified above?

- NO..... 38,
- DON'T KNOW..... 39,
- OPEN..... 40,

QD10 As a consequence of the Free Trade Agreement, has your company made any changes in its production operations?

- YES..... 97- 1
- NO..... 2
- (DON'T KNOW)..... 3

IF QD10 (YES), ASK QD11

I have a list of five specific changes which might have occurred in your company operations as a consequence of the Free Trade Agreement. For each, I would like to know if the change has occurred in your company or not.

QD11 Has your company:

- Opened a new plant?
- YES..... 98- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD11 Has your company:

- Invested in new equipment?
- YES..... 99- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD11 Has your company:

- Hired additional staff?
- YES..... 100- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD11 Has your company:

- Reduced staff?
- YES..... 101- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD11 Has your company:

- Closed a plant?
- YES..... 102- 1
 - NO..... 2
 - (DON'T KNOW)..... 3

QD12 What problems, if any, has your company encountered in exporting goods to the U.S. under the Free Trade Agreement?

(RECORD VERBATIM)

- PROBLEMS IN COMPETING / CANNOT COMPETE WITH U.S. COMPANIES..... 103- 1,
- PRICES / LOW PRICES OF U.S. PRODUCTS.... 2,
- HIGH TARIFFS / DUTIES..... 3,
- HIGH VALUE OF THE CANADIAN DOLLAR..... 4,

HIGH INTEREST RATES.....	5,
GETTING DELIVERIES ACROSS THE BORDER / NON-TARIFF BARRIER STRICTLY ENFORCED....	6,
GETTING PEOPLE INTO THE U.S. (WORK PERMIT PROBLEMS, ETC.).....	7,
TOO MUCH PAPERWORK.....	8,
LACK OF UNIVERSALITY OF RULES / VARIETY OF REGULATIONS.....	9,
COUNTRY OF ORIGIN RULES.....	10,
DIFFICULTY PENETRATING THE U.S. MARKET - U.S. PURCHASERS WILL NOT BUY CANADIAN PRODUCTS.....	11,
LACK OF INFORMATION ON TARIFFS.....	12,
DO NOT EXPORT TO THE U.S.....	36,
NONE.....	37,
ALL OTHER MENTIONS.....	38,
DO NOT KNOW.....	39,
OPEN.....	40,

WE NEED TO BE PART OF A MAJOR ECONOMIC BLOC TO COMPETE WITH EUROPE.....	9,
WE NEED TO BE PART OF A MAJOR ECONOMIC BLOC TO COMPETE WITH ASIA / PACIFIC RIM.....	10,
I BELIEVE IN FREE TRADE / THE BENEFITS OF FREE TRADE.....	11,
I BELIEVE IN A GLOBAL ECONOMY.....	12,
MEXICO WOULD HELP ALLEVIATE PROBLEMS WITH THE U.S./CANADA FREE TRADE AGREEMENT.....	13,
WE ARE IN THE HIGH TECHNOLOGY INDUSTRY..	14,
THE AUTOMOBILE INDUSTRY SUPPORTS MEXICO'S ENTRY.....	15,
IT IS INEVITABLE.....	16,
THE U.S. WOULD BENEFIT IN SEPARATE DEALS WITH MEXICO AND CANADA.....	17,
CANADA WOULD BE LEFT OUT.....	18,
IT DOESN'T AFFECT US.....	19,
ALL OTHER MENTIONS.....	38,
DO NOT KNOW.....	39,
OPEN.....	40,

QD13 The federal government has decided that Canada will participate in the free trade talks with the United States and Mexico. In your opinion, would you say that business leaders in your industry strongly favour, somewhat favour, somewhat oppose, or strongly oppose, the idea of a Free Trade Agreement which includes Canada, the U.S., and Mexico?

STRONGLY FAVOUR.....	104- 1
SOMEWHAT FAVOUR.....	2
SOMEWHAT OPPOSE.....	3
STRONGLY OPPOSE.....	4
DO NOT KNOW.....	5

ASK IF QD13("STRONGLY FAVOUR" OR "SOMEWHAT FAVOUR").

QD14 Why do you say that?
(RECORD VERBATIM)

NEW, EXPANDED MARKETS / OPPORTUNITIES....	105- 1,
EASIER ACCESS / DIFFICULT TO ACCESS THAT MARKET.....	2,
WOULD STRENGTHEN, STIMULATE ECONOMY.....	3,
WILL BE MORE COMPETITIVE.....	4,
ACCESS TO CHEAPER LABOUR.....	5,
PRODUCTS WOULD BE PRICED LOWER / MORE AFFORDABLE.....	6,
WOULD LOWER TARIFFS / DUTIES / TRADE BARRIERS.....	7,
WE NEED TO BE PART OF A MAJOR ECONOMIC BLOC / WORLD HEADING TOWARDS TRADING BLOCS (GENERAL).....	8,

QD14 Why do you say that?
(RECORD VERBATIM)

WE CANNOT COMPETE (GENERAL).....	106- 1,
LOWER LABOUR COSTS IN MEXICO/CANNOT COMPETE WITH LOWER LABOUR COSTS.....	2,
LABOUR INTENSIVE INDUSTRIES/PRODUCTS IN MEXICO/CANNOT COMPETE WITH LABOUR INTENSIVE INDUSTRIES.....	3,
LOWER PRODUCTION COSTS IN MEXICO/OUR PRODUCTION COSTS ARE HIGHER.....	4,
LOWER PRICED MEXICAN PRODUCTS/CANNOT COMPETE WITH PRODUCTS/WOULD FLOOD OUR MARKET.....	5,
WOULD LOSE JOBS IN CANADA/UNEMPLOYMENT WOULD RISE.....	6,
CANADIAN COMPANIES WOULD MOVE THEIR MANUFACTURING/TECHNOLOGY/PRODUCTION FACILITIES TO MEXICO.....	7,
CANADIAN COMPANIES WOULD MOVE THEIR LABOUR INTENSIVE/LOW-SKILL JOBS TO MEXICO.....	8,
OUR FREIGHT COSTS WOULD INCREASE FROM SUPPLIES IN MEXICO.....	9,
THE STANDARD OF LIVING IS LOWER IN MEXICO.....	10,

NO MARKET IN MEXICO/HAVE NOTHING TO EXPORT THERE.....	11,
MEXICAN LABOUR NOT SKILLED ENOUGH.....	12,
CONOITIONS OF PRODUCTION/THE ENVIRONMENT	13,
CANAOIAN DOLLAR INTEREST RATES.....	14,
TAXES IN CANADA.....	15,
COST OF SOCIAL PROGRAMS IN CANAOA.....	16,
DON'T SEE ANY BENEFIT (GENERAL).....	17,
HURTING FROM U.S./CANAOA FREE TRAOE AGREEMENT.....	18,
NOT SURE HOW THE FREE TRAOE AGREEMENT WITH MEXICO WOULD AFFECT US.....	19,
ONLY U.S. COMPANIES WOULD BENEFIT.....	20,
ALL OTHER MENTIONS.....	38,
DON'T KNOW.....	39,
DPEN.....	40,

Q015 Do you currently export to Mexico?

YES.....	107- 1
NO.....	2
(DON'T KNOW).....	3

-----+
 | IF Q015 (NO OR DON'T KNOW), ASK Q016 |
 +-----+

Q016 Are you currently considering exporting to Mexico?

YES.....	108- 1
NO.....	2
(DON'T KNOW).....	3

-----+
 | IF Q015(YES), ASK Q017--PART 1 |
 +-----+

Q017 If a Free Trade Agreement including Canada, the United States, and Mexico comes into effect, how likely is it that your company would take the following actions ...

Continue to export to Mexico

NOT AT ALL LIKELY.....	109- 1
NOT VERY LIKELY.....	2
SOMEWHAT LIKELY.....	3
VERY LIKELY.....	4
DON'T KNOW.....	5

-----+
 | IF Q015(NO OR DON'T KNOW), ASK Q017--PART 2 |
 +-----+

Q017 If a Free Trade Agreement including Canada, the United States, and Mexico comes into effect, how likely is it that your company would take the following actions ...

Begin exporting to Mexico

NOT AT ALL LIKELY.....	110- 1
NOT VERY LIKELY.....	2
SOMEWHAT LIKELY.....	3
VERY LIKELY.....	4
DON'T KNOW.....	5

Q017 If a Free Trade Agreement including Canada, the United States, and Mexico comes into effect, how likely is it that your company would take the following actions ...

Buying materials and components from Mexico

NOT AT ALL LIKELY.....	111- 1
NOT VERY LIKELY.....	2
SOMEWHAT LIKELY.....	3
VERY LIKELY.....	4
DON'T KNOW.....	5

Q017 If a Free Trade Agreement including Canada, the United States, and Mexico comes into effect, how likely is it that your company would take the following actions ...

Enter into joint ventures in Mexico

NOT AT ALL LIKELY.....	112- 1
NOT VERY LIKELY.....	2
SOMEWHAT LIKELY.....	3
VERY LIKELY.....	4
DON'T KNOW.....	5

Q017 If a Free Trade Agreement including Canada, the United States, and Mexico comes into effect, how likely is it that your company would take the following actions ...

Setting up plant and equipment in Mexico

NOT AT ALL LIKELY.....	113- 1
NOT VERY LIKELY.....	2
SOMEWHAT LIKELY.....	3
VERY LIKELY.....	4
DON'T KNOW.....	5

-----+
 | And now just a few questions to help us classify your answers. |
 +-----+

QD18 What export markets are you involved in at this point in time?
(DO NOT READ LIST)

- U.S..... 114- 1,
- U.K..... 2,
- WESTERN EUROPE..... 3,
- EASTERN EUROPE..... 4,
- AFRICA..... 5,
- SOUTHEAST ASIA..... 6,
- LATIN AMERICA..... 7,
- MEXICO..... 8,
- CARRIBEAN..... 9,
- PACIFIC RIM/FAR EAST..... 10,
- SOUTH PACIFIC..... 11,
- AUSTRALIA/NEW ZEALAND..... 12,
- MIDDLE EAST..... 13,
- INDIA..... 14,
- SCANDINAVIA..... 15,
- NONE..... 27,
- ALL OTHER MENTIONS..... 28,
- DON'T KNOW..... 29,
- OPEN..... 30,

QD19 Approximately what percentage of your company's 1989 gross Canadian revenue was derived from exports?
ENTER Escd FOR DON'T KNOW/REFUSED

+-----+ 115-

Your responses to this interview will remain strictly confidential. External Affairs and International Trade Canada has asked Canadian Facts to send a two page summary of the overall results to each respondent. You should receive this summary within three months.

If you have any questions, I have a name and number. Would you like this information?

- YES..... 116- 1

- NO..... 2
- (DON'T KNOW)..... 3

+-----+
IF QD20(YES), DISPLAY THE FOLLOWING:
+-----+

+-----+
The contact's name is Nat Stone at External Affairs and International Trade in Ottawa. His number is (613) 995-1568.
+-----+

+-----+
Thank you for your time and effort.
+-----+

INT LENGTH
+-----+ 117-

- WAS THIS A LONG DISTANCE CALL?
- YES..... 118- 1
 - NO..... 2

+-----+
ONLY ASK LANGUAGE IN MONTREAL
+-----+

- WHAT LANGUAGE WAS THE INTERVIEW IN?
- ENGLISH..... 119- 1
 - FRENCH..... 2

- (GENDER) RECORD SEX OF RESPONDENT.
- MALE..... 120- 1
 - FEMALE..... 2

- IS THIS A COMPLETION?
- YES..... 121- 1
 - YES BUT HAD A PROBLEM..... 2

- PLEASE EXPLAIN.
- SPECIFY..... 122- 1,

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