Intrnational mkt research canada 18587

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PREFACE

Massasoit Machine, Inc. requested the Rhode Island Export Assistance Center to perform a research study of the Canadian market for its product as a first step in the consideration of an increased effort to expand their market in Canada. If successful this could provide a methodology to address other international markets.

This report presents the results of this research study. It includes an overview of Canada and of the market which Massasoit Machine, Inc. could address. It includes a comprehensive presentation of the North American Free Trade Agreement (NAFTA) which is an agreement between United States, Canada and Mexico that provides almost unlimited access to these markets for American manufacturers. It also provides details of the custom requirements and procedures for exporting to Canada.

A number of key contacts, manufacturers', distributors are listed. Also presented are details of the Canadian machine shop industry.

INTRODUCTION

Canada — USA's Largest Trading Partner

The trading relationship between the United States and Canada is, by far, the largest in the world. Two-way trade in goods and services accounts for approximately US $1 billion per day, every day of the year. The U. S. share of total Canadian import is about 71 percent and the United States remains by far Canada's largest export market, taking 76 percent of total Canadian exports. Economic growth in Canada is projected in the 3 percent range in 1997 and 1998 — good news for U. S. exporters! Housing starts, retail trade and automobile sales have been particularly strong sectors in the first quarter of 1997, and domestic demand is expected to be its strongest in years throughout the first half of 1997. In addition, machinery and equipment investment should remain strong as ongoing upgrading of Canadian manufacturing plants and equipment continues. Despite some well-publicized trade disputes, overall market conditions are unlikely to experience any significant changes. U. S. Companies will continue to find Canada, the largest trading partner, an extremely attractive and easily accessible place to do business.

With a population of about one tenth of that of the United States, the Canadian economy mirrors that of the United States in approximately the same ratio, and has developed in many ways along similar lines. This has made Canada an ideal export and investment destination for many U. S. companies that have found an environment and marketplace very similar to that of the domestic United States. Country specific information about Canada has been annexed as Appendix A.

We believe that for the export-ready U. S. firm, “ Canada First” is an appropriate approach. Canada offers an ideal first stop for U. S. businesses seeking to begin export marketing, with business practices, attitudes, conditions and environments here more similar to those found in the United States than in any other country in the world.

Proximity to the United States also reduces a company’s time and expense while exploring opportunities in Canada. Notwithstanding these similarities, however, some cultural and linguistic differences, which vary across each of Canada’s five distinct regional markets, allow first-time U. S. exporters to develop an appreciation of the complexities of overseas marketing. Experience gained here can provide a solid basis for success in markets worldwide. Canadian Domestic Economy – Appendix B gives a glimpse of the Canadian economy.

Best Prospects for U. S. Firms

Business opportunity in Canada falls within virtually the full spectrum of industry and agricultural sectors, and in virtually every business activity. More specifically, however, the five top best prospect sectors for U. S. products include: computers and peripherals; computer software; telecommunications equipment; automotive parts and service equipment; and pollution control equipment. Geographic proximity, cultural and historic ties, and strong awareness of business and other developments in the United States are key accelerators for the sale of U. S. goods and services in the

Canadian market. Third-country competition tends to be far less prevalent in Canada than in most other international markets. NAFTA helps U. S. exporters in the Canadian market relative to their competitors from Europe, Asia and elsewhere.

Beginning of January 1, 1998, there has been introduced a duty-free trade between the United States and Canada under NAFTA. Third-country competition is most often found in product areas where labor constitutes a significant part of the cost of production, and where domestic U. S. industries are less competitive. In other sectors, however, U. S. dominance remains almost a fact of life, and third-country competition is most prevalent in specific cases rather than across the board. Appendix C on Canadian Trade Statistics is attached as a ready reference. Trade Summary between Canada and New England is presented as Appendix D.

Generally, Canadians have strong national pride, and will often favor Canadian products, especially if they offer similar features at a similar cost to those from the United States. This is particularly true for any government procurement, local or federal, not covered under either World Trade Organization (WTO) or North American Free Trade Agreement (NAFTA) rules. Nevertheless, competition in Canada is generally fair and, as noted above, U. S. firms that can offer technical, cost or feature advantages over locally produced goods can do as well in the Canadian market as they can in the domestic U. S. market.

NAFTA (North American Free Trade Agreement)

Introduction

The North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico entered into force on January 1, 1994. Designed to foster increased trade and investment among the NAFTA partners, the Agreement contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area. These include rules regarding investment, services, intellectual property, competition and the cross-border movement of businesspersons.

. The NAFTA has improved Canadian access to the U. S. and Mexican markets and enhanced the attractiveness of the Canadian economy to foreign investors. Since the NAFTA’s entry into force, Canadian exports to those markets have shown impressive growth, and foreign direct investment in Canada from all sources has increased steadily.

More importantly, the NAFTA and its predecessor, the Canada- U. S. Free Trade Agreement (FTA), have stimulated significant advances in productivity and specialization within the Canadian economy, and have promoted greater economies of scale, product quality, and cost competitiveness. The result has been improved competitiveness of Canadian exports of both goods and services.

Total trade is a key driving force for economical growth and employment creation in an open economy such as Canada’s. The ratio of exports of goods and services to gross domestic product (GDP) in 1996 was 38. 4 percent, making Canada’s economy the most globally integrated of all G-7 countries.

After three years of implementation, the NAFTA has further advanced existing trends toward market convergence in North America. This is demonstrated by the figures for 1996, which show $388. 3 billion in total Canadian two-way trade with our NAFTA partners, over $200 billion in outward and inward foreign direct investment, and over $50 billion in trade in services between Canada and the United States. These figures indicate that important markets for a wide range of goods, services, financial resources, and technologies already exist and have prospered in a well-integrated commercial environment.

The detailed report " NAFTA: A PARTNERSHIP AT WORK" by the Department of Foreign Affairs and International Trade (DFAIT) of the Canadian Government is annexed as Appendix E.

EXPORTING GUIDELINES

Entry and Documentation

The Canadian Customs Service (Revenue Canada) requires the following documentation for export:

? Customs Invoice or its equivalent (for imports valued over C$1, 200)

? Certificate of Origin:

Certain controlled imports are subject to import license requirements. Goods may be cleared at customs ports on the border or, if intended for inland destinations, may be forwarded in bonded carriers to the port or city nearest the destination at which customs examination may be made and duties and taxes paid. In addition, under Canada’s Release on Minimum Documentation (RMD) Policy, shipments can be allowed into Canada to be released before goods is classified for duty. When a shipment arrives at a port, an RMD package is presented to Customs to obtain a release. Fully rated documentation, with payment of duties and taxes must then be presented to Customs within five business days following release. This facilitates rapid delivery since product classification and payment of duties and taxes can take places after the goods have been released from Customs.

Tariff Classification

Tariff classification is based on the Harmonized Commodity Description and Coding System generally referred to as the Harmonized System.

Valuation

Canada has acceded to the GATT Customs Valuation Code that provides that the customs value of imported goods shall be the transaction value. The transaction value generally will be accepted by Canadian Customs if the goods are sold for export to Canada and if the price paid or payable for the goods can be determined. Ad valorum duties are assessed on the CIF value of the imported merchandise.

Temporary Entry

Revenue Canada has made specific provision for the temporary entry of certain goods into Canada for various purposes such as testing, demonstration, and display. Such goods may enter under an ATA (Admission Temporary Admission) Carnet or under a Temporary Admission Permit

(Revenue Canada, Customs and Excise Form E2913) and may require either a refundable deposit or a proportional duty deposit, depending on the appropriate classification determined by Canadian customs regulations. Firms wishing to admit machinery and equipment, display equipment, and other items covered under Canadian temporary importation regulations are advised to contact Revenue Canada well in advance of shipment or arrival in Canada.

? Free Trade Zones and Warehouses

Except for one special trade zone at the Sydport Industrial Park in Cape Breton, Nova Scotia, Canada has no free ports or free trade zones. At present, there are no federal or provincial laws specifically governing the establishment and operation of such zones. Sufferance warehouses under private ownership have been established for the storage and deposit of all imports received by various transportation modes, pending customs examination and clearance. An entry for consumption or into bonded warehouse must be presented to Customs within 30 days. Goods may be entered into customs bonded warehouses without the payment of duty but must be cleared either for export or Canadian consumption within two years. Additional periods are provided for certain goods by regulation. Goods exported from bonded warehouses to third countries are subject to Canadian export regulations. Repackaging and sorting can be carried out in customs bonded warehouses with the permission of Canada Customs, but assembly or other industrial activity is prohibited.

Special Requirements

Labeling, Marking and Packaging Requirements

The three main pieces of legislation that regulate almost all product labeling and marking in Canada include: the Consumer Packaging and Labeling Act; the Weights and Measures Act; and the Agricultural Product Standards Act. Canada requires bilingual labeling (English and French) for most products. Bilingual designation of the generic name on most prepackaged consumer products is required by the federal Consumer Packaging and Labeling Act identified above. Under this act the following information must appear on the label of a consumer good sold in Canada:

? Product Identity Declaration

? Net Quantity Declaration

? Dealer’s Name and Principal Place of Business

Canada Customs also requires an indication of the country of origin, such as “ Made in the USA,” on several classes of imported goods and on all printed matter. Goods not properly marked cannot be released from Customs until suitably marked. The goods can be marked, at the importer’s expense, either on Canada Customs premises or on the importer’s own premises under the supervision of Canadian customs officials. The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers sold in Quebec stores. The Charter of the French Language requires the use of French on product labeling, warranty certificates, directions for use, public signs and written advertising.

Technical Standards

Under the aegis of the Standards Council of Canada (SCC), several private standards writing organizations administer technical codes and standards for areas ranging from electrical and plumbing products to health care technology. These organizations include:

? The Canadian General Standards Association

? Underwriter’s Laboratories of Canada

? The Canadian General Standards Board

? The Canadian Gas Association

The Canadian federal government also has numerous commodity standards to safeguard the public welfare. Standards organizations try to avoid duplication of responsibility, but there is some overlap. Under NAFTA, the basic rule is that standards must not create unnecessary barriers to trade. To reduce such barriers, the NAFTA applies basic principles to bilateral trade:

? Testing facilities and certification bodies are treated in a nondiscriminatory manner

? Federal standards-related measures will be harmonized to the greatest extent possible

? Greater openness will be provided in the regulatory process

Restricted or Prohibited Imports

Certain commodity such as oleomargarine, reprints of Canadian copyrighted work, and some game birds cannot be imported into Canada. Other goods are controlled, regulated, or prohibited under legislation failing within the jurisdiction of other government departments. Examples of regulated goods include: food products, clothing, drug and medical devices, hazardous products, some offensive weapons and firearms, endangered species, and motor vehicles. Other items are regulated under the Export and Import Permits Act and require an import permit or certificate to be eligible for importation into Canada. The Act lists various agricultural products, a number of clothing and textile items, and certain steel products.

Export Controls

Canada limits the export of goods in circumstances of surplus supply or depressed prices; restricts the export of softwood lumber products; ensures that there is an adequate supply and distribution of any article; enacts intergovernmental arrangements or commitments; and ensures that military or strategic goods are not exported to countries or destinations representing a strategic threat to Canada.

INCENTIVES

Trade Agreements and Preferences

Canada, the U. S., and Mexico are members of the North American Free Trade Agreement (NAFTA) which took effect on January 1, 1994. One of the main provisions of NAFTA is the elimination of tariffs on goods qualifying as North American under the rules of origin. Canada is a member of the World

Trade Organization (WTO) and is a founding member of its predecessor, the General Agreement on Tariffs and Trade (GATT).

Drawback

Canada Customs honored two types of drawback for US exporters. The first, a home consumption drawback, was designed to help manufacturers meet foreign competition by granting them relief from a portion of duties on specific imported good's used in Canada. The second type of drawback, an export drawback, was designed to help Canadian manufacturers compete in foreign markets, by removing internal Canadian duties and taxes from the cost of Canadian goods exported. Drawback of 100% duties and sales taxes is granted on imported goods reexported in an unused condition and on imported goods incorporated into Canadian manufactured goods that are subsequently exported.

CUSTOMS CONTACTS

Department of Foreign Affairs and International Trade Export and Import Controls

Bureau 4C Lester B. Pearson Building, 125; Sussex Drive,

Ottawa, ON K I A OG2

Phone: (613) 992-1363)

Revenue Canada Ottawa Regional Customs Office 2265 St. Laurent Boulevard Ottawa, ON K I G 4K3 Phone: (613) 993 -0 530 4

NAFTA information Desk

Revenue Canada Customs, Excise and Tax

1st Floor, 555 Mackenzie Avenue

Ottawa, ON KI A OL5

Phone: (613) 941-0965; Fax: (613) 941-8138

The Director: Policy and Administration

Antidumping and Countervailing Division

Revenue Canada Customs, Excise and Tax

191 Laurier Avenue, W.

Ottawa, ON K I A OL5

Tel: (613) 954-7251; Fax: (613) 941-2612

The Secretary, Canadian International Trade Tribunal

365 Laurier Avenue, W.

Ottawa, ON K I A OG7

Tel: (613) 993-4601; Fax: (613) 998-4783

Title Secretary, Canadian Section

NAFTA Secretariat

90 Sparks Street, Suite 705

Ottawa, ON KIP 5B4

Tel: (613) 992-9380; Fax: (613) 992-9392

Info Export

External Affairs and International Trade Canada

125 Sussex Drive

Ottawa, ON K I A OG2

Tel: (613) 944-4000 (Ottawa area), 1-800-267-8376 Fax: (613) 996-9709

Canada Communications Group Publications

Ottawa, ON KIA OS9

Tel: (819) 956-4802; Fax: (819) 994-1498

Manager of Origin Audits

6th Floor, Sir Richard Scott Building

191 Laurier Avenue, W.

Ottawa, ON K I A OL5

Tel: (613) 954-5641; Fax: (613) 954-4494

Chief, Interdepartmental Programs

Commercial Operations

Revenue Canada, Customs, Excise and Tax

5th Floor, 555 Mackenzie Avenue

Ottawa, ON K I A OL5

Tel: (613) 954-7129; Fax: (613) 952-1698

TRADE CONTACTS

ITDN Trade Contacts

Canada

Country Desks

U. S. Department of Commerce

Country Desk – Canada

15th St and Constitution Ave, NW

Washington, DC 20230

Country/Area Code: 202

Phone: 482-0305

US Embassies in Foreign Countries

American Embassy Canada

100 Wellington St., K1P 5T1

Ottawa, Ontario, Canada

Country/Area Code: 613

Phone: 238-5335

Fax: 238-5720

Foreign Embassies in the US

Embassy of Canada

501 Pennsylvania Ave. NW

Washington, DC 20001

Country/Area Code: 202

Phone: 682-1740

Fax: 682-7726

Consulates

Commercial Section

Consulate General

Suite 1050, 615 Macleod Trail S. E.

Calgary, Alberta

Canada T2G 4T8

Country/Area Code- 403

Phone-266-8962

Fax: 264-6630

Consulates

Commercial Section

Consulate General

Cogswell Tower, Suite 910

Scotia Square, Halifax

Nova Scotia, Canada B3J 3K1

Country/Area Code: 902

Phone: 429-2480

Fax: 423-6861

Consulates

Commercial Section

Consulate General

P. O. Box 65

Postal Station Desjardins

Montreal, Canada H5B 1G1

Country/Area Code: 514

Phone: 398-9695

Fax: 398-0973

Consulates

Commercial Section

Consulate General

2 Place Terrasse Dufferin

C. P. 939

Quebec, Canada, G1R 4T9

Country/Area Code: 418

Phone: 692-2095

Fax: 692-4640

Consulates

Commercial Section

Consulate General

360 University Ave.

Toronto, Canada M5G 1S4

Country/Area Code: 416

Phone: 595-1700

Fax: 595-0051

Consulates

Commercial Section

Consulate General

1095 West Pender St.

British Columbia,

Canada V6E 2M6

Country/Area Code: 604

Phone: 685-4311

Fax: 685-5285

Foreign Banks in the US

Bank of Nova Scotia

R. E. Waugh, SVP

165 Broadway

New York, NY 10006

Country/Area Code: 212

Phone: 225-5000

Fax: 225-5090

Foreign Banks in the US

Canadian Imperial Bank of Commerce

Chris Rowland, VP

425 Lexington Ave. 5th Fl.

New York, NY 100 17

Country/Area Code: 212

Phone: 856-4000

Fax: 856-6699

Foreign Banks in the US

National Bank of Canada

Roger P. Smock, SVP

125 W. 55th St.

New York, NY 100 19

Country/Area Code: 212

Phone: 632-8500

Fax: 632-8616

Foreign Banks in the US

Royal Bank of Canada

Kenneth Bender, Mgr.

Financial Sq. 23rd Fl.

New York, NY 10005

Country/Area Code: 212

Phone: 428-6200

Fax: 269-4378

Foreign Banks in the US

Toronto-Dominion Bank

Michael Mueller, SVP

31 W. 52nd St.

New York, NY 100 19

Country/Area Code: 212

Phone: 468-0300

Fax: 262-1923

Foreign Banks in the US

Harris Bank Int’l Corp.

430 Park Ave.

New York, NY 10022-3505

Gerry Daly, VP; Barry Catherwood, AVP

Country/Area Code: 212

Phone: 715-2674

Fax: 758-9847

World Trade Centers

World Trade Center Edmonton

Suite #502, Metropolitan Place

10303 Jasper Avenue

Edmonton

Alberta, Canada T5J 3N6

Country/Area Code: 403

Phone: 420-1155

Fax: 424-3091

Email: WTCED

World Trade Centers

Atlantic-Canada World Trade Center

Halifax

1800 Argyle Street, Suite 511

Halifax, Nova Scotia, Canada B3J2V9

Country/Area Code: 902

Phone: 428-7233

Fax: 420-8308

Email: WTCHA

World Trade Centers

World Trade Center Montreal (R)

380 St. Antoine St., West

Suite 2100

Montreal, Quebec, Canada H2Y 3X7

Phone: 849-1999

Fax: 847-8343

World Trade Centers

World Trade Center Ottawa

130 Slater Avenue, Suite 750

Ottawa, Ontario

KIP 6E2 Canada

Country/Area Code: 613

Phone: 598-4666

Fax: 594-8705

World Trade Centers

World Trade Center Quebec-Canada

10 Rue del’ Hotel-de-Ville

P. O. Box 5187 Beauport, Quebec

Country/Area Code: 418

Phone: 666-6136

Fax: 667-8936

Email: WTCQB

World Trade Centers

World Trade Center Toronto

The Board of Trade of Metro Toronto

P. O. Box 375

One First Canadian Place

Toronto, Ontario, Canada M5X I E2

Country/Area Code: 416

Phone: 366-6811

Fax: 366-2444

Email: WTCTR

World Trade Centers

World Trade Center Vancouver

999 Canada Place, Suite 400

Vancouver, B. C. Canada V6C 3C1

Country/Area Code: 604

Phone: 681-2111

Fax: 681 0437

Email: WTCVN

World Trade Centers

World Trade Center Damascus

Canadian Develop. & Market. Corp.

Suite 4900, Scotia Plaza

40 King Street West

Toronto, Ontario M511 4A2 Canada

Country/Area Code: 416

Phone: 777-6701

Fax: 777-6707

Ocean Carriers

Bolt Canada Line

Morlines Maritime Agency Ltd.

485 McGill, Fifth Fl.

Montreal, PQ H2Y 2H4 Canada

Country/Area Code: 514

Phone: 285-1571

Fax: 285-1707

Ocean Carriers

C. S. A. V. (Chilean Line)

Robert Reford

221 St. Sacrament

Montreal, PQ H2Y 1X2 Canada

Country/Area Code: 514

Phone: 845-5201

Fax: 845-6490

Railroads, US

Ontario Northland Transportation

Commission

555 Oak St. E.

North Bay, ON P 1B 8L3 Canada

Country/Area Code: 705

Phone: 472-4500

Fax: 472-4267

Railroads, US

Quebec North Shore & Labrador Rlwy

100 Retty St.

Sept-Iles, PQ G4R 3EI Canada

Country/Area Code: 418

Phone: 968-7804

Fax: 968-7183

Railroads, US

CN Rail

935 de la Gauchetiere W.

P. O. Box 8100

Montreal, PQ 113C 3N4 Canada

Country/Area Code: 514

Phone: 399-4783

Fax: 399-8459

Railroads, US

CP Rail System

1290 Central Pkwy. W.

Sixth Fl.

Mississauga, ON L5C 4R3, Canada

Country/Area Code: 905

Phone: 803-3210

Fax: 803-3300

Last Update: 08/05/98 Time: 20: 21: 59

COMPANY SPECIFIC

Introduction

Massasoit Machine, Inc. specializes in automatic screw machining (single spindle) and CNC precision machining of metal and plastic components for a wide variety of industrial, commercial and military customers located throughout eastern U. S. The Standard Industrial Classification (SIC) code for Massasoit Machine is SIC-3451 (Screw Machine Products).

A detailed report on trade trends over the period from 1992 to 1996 for the Machine Shop Industry of the US and Canada is attached as Appendix F. This report has been prepared by the Canadian Industry Statistics Development Team. SIC-3081 is the Canadian classification of this industry

Appendix G contains a partial list of (SIC-3 08 1) — Major Players in Machine Shop Industry establishments in Canada. These industrial establishments could be potential customers/competitors for Massasoit Machine Inc.

MARKET CHANNEL

Use of Agents and Distributors:

Distribution channels in Canada vary greatly according to the products and commodities involved. For example, industrial equipment of considerable size and value is usually purchased directly by end-users. Smaller equipment and industrial supplies, on the other hand, are frequently imported by wholesalers, acting in some cases as exclusive distributors, or by U. S. manufacturers' sales subsidiaries. U. S. firms have historically preferred to appoint manufacturers' agents who regularly call on potential customers.

Many major distributors expect to work on a two-tier commission basis. For contract shipments, agents are offered a low (but realistic) commission, but they receive a higher rate when purchases are made from a local agent's own stocks. Consumer goods are purchased by importing wholesalers, department stores, mail-order houses, chain stores, wholesalers’ and retailers’ purchasing cooperatives, and many large, single-line retailers.

Manufacturers’ agents also play an important role in the importation and distribution of consumer goods. In addition, the importance of department stores, mail-order houses and cooperative purchasing organizations as direct importers has increased substantially. Many of these groups have their own purchasing agents in the United States.

MANUFACTURERS’ REPRESENTATIVE

Listed below are a few of the manufacturers’ representatives which could be a potential contact in Canada for the high precision one machining industry of US such as Massaoit Inc. This channel of exporting could be one of the most effective ways of market entry into Canada by a US manufacturing organization. These manufacturer’s representatives are from the MANA (Manufacturers’ Agents National Association)-Canada Directory.

J. & Fraser & Associates Ltd.

John R. Fraser

3010 Longfellow Ave

Windsor, ON N9E 2L5 Canada

Phone: (519) 969-1842

Fax: (519) 969-1625

Products Sold: Springs, wire-formed parts/assemblies, small stampings from coil-four slide parts, screw machine parts.

Territory: Canada: S. ON; Montreal area, QU.

Nuclear Fittings, Ltd.

Jack C. Wiggelaar

151 Bentley St., Unit 4

Markham, ON L3R 3X9 Canada

Phone: (905) 475-1785

Fax: (905) 475-2358

Products Sold: Cold headed products: screws, bolts, nuts, conduit products, springs, stampings, weld nuts & weld studs, powdered metal products, washers, clevis pins, rivets, clik, lynch, bridge, weld, groove, hitch pins, elastomeric parts, screw machine products.

Territory: ON, QU, AB, NS, MT

OEM SALES

Dereck Shenstone

55-C Beverly Hills Dr.

Toronto, ON M3L I A2 Canada

Phone: (416) 614-8844

Fax: (416) 614-8292

Products Sold : Castings, forgings, screw machine components, plastic/rubber parts, gas cylinders, linear actuators, OEM components, ultra precision/sub-miniature machining, miniature control cables.

Territory : ON, QU, Eastern Canada.

The decision to enter the Canadian market can only be made by the owner's of Massasoit Machine, Inc. It is hoped that the contents of this research study will assist in the making of an objective and rationale decision.

If a positive decision is made to enter the Canadian market, the report suggests the use of manufacturer's representatives as one of the most effective way of the market entry. It lists several potential contacts.

Additionally the report list a number of manufacturer's in the machine shop industry. This list includes both potential customers and possible competitors. Massasoit Machine, Inc. may decide to contact the potential customers directly before appointing their own representative.

Success in the Canadian market will not appear immediately. Further it is important to learn from the mistakes of others in addressing export markets. The U. S, Department of Commerce has listed a number of the most common mistakes made by the new exporters. These include:

? Lack of an export marketing plan.

? Insufficient long term commitment by top management.

? Failures to allocate adequate company resources in terms of finance and personnel.

Appendix A

COUNTRYDATA

Population: 28, 846, 761 (January 1, 1997, based on actual census count in 1996)

Population Growth Rate: 1. 3% (estimate)

Primary Religions: Catholic 42%; Protestant 40% (estimate)

Government System: Confederation with Parliamentary Democracy

Prime Minister: Mr. Jean Chretien (Liberal Party)

Official Languages: English and French

Work Week: Monday to Friday, 9: 00 a. m. to 5: 00 p. m.

Source: Statistics Canada

Appendix B

(This appendix was prepared by the Economic Section of the U. S. Embassy in Ottawa using Department of State resources.)

CANADIAN DOMESTIC ECONOMY

(In billions of Canadian dollars, unless otherwise indicated) (Please note: Forex fluctuations cause distortions in actual levels and growth rates when converting C$ data into US$.)

ECONOMIC INDICATOR 1996 1997 1998

Real GDP 617. 8 635. 2 651. 5

(Based on 1986 C$)

GDP Growth Rate (%) 1. 5 2. 8 2. 6

Real GDP Per Capita 20, 593 20, 827 21, 015

(C$ 000s)

Public Sector Deficit -3. 5 -3. 1 -1. 7

(as a percentage of GDP)

Inflation (%) 1. 6 2. 1 2. 3

Unemployment 9. 7 9. 6 9. 2

Foreign Exchange Reserves 20. 6 N. A. N. A.

(Reported in Billions of US$)

Average Exchange Rate 73. 34 73. 60 68. 00

(C$1 = US cents)

Net Public Debt 598. 0 615. 0 624. 0

Federal Debt Service Charges 29. 4 30. 3 31. 0

(% of Total Spending)

Source: U. S. Embassy Economic Section and Statistics Canada

Appendix C

(This appendix was prepared by the Economic Section of the U. S. Embassy in Ottawa using

Department of State resources.)

CANADIAN TRADE STATISTICS

(Balance of Payments Basis) (In billions of Canadian dollars unless otherwise indicated, because foreign exchange conversion distorts actual trends and growth rates.)

1996 1997 1998

Exchange Rate 73. 34 73. 60 68. 00

(C$1 = US cents)

Total Canadian Exports 329. 6 351. 7 377. 7

(merchandise and non-merchandise).

Total Canadian Imports 331. 2 354. 1 377. 5

(merchandise and non-merchandise)

Canadian Exports to the U. S. 249. 6 267. 3 287. 1

(merchandise and non-merchandise)

U. S. Imports into Canada 232. 5 251. 4 268. 0

(merchandise and non-merchandise)

U. S. Share of Total Canadian Imports 71. 0 71. 0 71. 0

(merchandise and non-merchandise)

Total Trade With the World 60. 8 705. 8 671. 7

(merchandise and non-merchandise)

Total Trade With the U. S. 482. 1 514. 4 550. 4

(merchandise and non-merchandise)

U. S. Share of Manufactured Imports (%) 72 74 74

Canadian Merchandise Trade Balance With Three Leading Trade Partners in 1996 (Balance of Payments Basis)

United States: + C$40. 7 Billion

Japan: + C$ 3. 4 Billion

United Kingdom: – C$ 1. 4 Billion

Principal Canadian Exports to the United States in 1996 (Billions of Canadian Dollars)

Motor vehicles and parts 61. 5

Machinery and Equipment 42. 7

Industrial Goods 35. 7

Forestry Products 25. 2

Energy Products 24. 8

Principal Canadian Imports from U. S. in 1996 (Billions of Canadian Dollars)

Machinery and Equipment 50. 3

Automotive Products 43. 1

Industrial Goods 33. 1

Consumer Goods 14. 5

Agriculture/Fishing Products 8. 1

Source: Statistics Canada

Appendix D

Canada – New England Trade Summary, 1997

Newfoundland

Prince Edward

Island

Nova Scotia

New

Brunswick

Quebec

Ontario

Manitoba

Saskatchewan

Alberta

British

Columbia

Yukon

Territories

NW Territories

Appendix E

NAFTA: A PARTNERSHIEP AT WORK

(Department of Foreign Affairs and International Trade (DFAIT): June 1997

TABLE OF CONTENTS

Introduction

The North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico entered into force on January 1, 1994. Designed to foster increased trade and investment among the NAFTA partners, the

Agreement contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area. These include rules regarding investment, services, intellectual property, competition and the cross-border movement of businesspersons.

The NAFTA has improved Canadian access to the U. S. and Mexican markets and enhanced the attractiveness of the Canadian economy to foreign investors. Since the NAFTA’s entry into force, Canadian exports to those markets have shown impressive growth, and foreign direct investment in Canada from all sources has increased steadily.

More importantly, the NAFTA and its predecessor, the Canada-U. S. Free Trade Agreement (FTA), have stimulated significant advance; in productivity and specialization within the Canadian economy, and have promoted grater economies of scale, product quality, and cost competitiveness. The result has been improved competitiveness of Canadian exports of both goods and services.

Total trade is a key driving force for economic growth and employment creation in an open economy such as Canada’s. The ratio of exports of goods and services to gross domestic product (GDP) in 1996 was 38. 4 percent, making Canada’s economy the most globally integrated of all G-7 countries.

After three years of implementation, the NAFTA has further advanced existing trends toward market convergence in North America. This is demonstrated by the figures for 1996, which show $388. 3 billion in total Canadian two-way trade with our NAFTA partners, over $200 billion in outward and inward foreign direct investment, and over $50 billion in trade in services between Canada and the United States. These figures indicate that important markets for a wide range of goods, services, financial resources, and technologies already exist and have prospered in a well-integrated commercial environment.

The NAFTA Commission

The Free Trade Commission, which includes cabinet-level representatives from the three member countries, is the central institution of the NAFTA. The Commission supervises the implementation and further elaboration of the Agreement and helps to resolve disputes arising from its interpretation. It also oversees the work of the NAFTA's 30-plus committees and working groups. The Commission last met in Washington, D. C. in March 1997. Ministers have agreed that the Commission's next meeting will take place in Mexico early in 1998.

NAFTA Coordinating Secretariat

Ministers have agreed that the Commission will be assisted in its work by the NAFTA Coordinating Secretariat (NCS), which is to be established later this year in Mexico City. The NCS will serve as the formal archive for the work of the NAFTA and serve as a working secretariat to the Commission.

Working Groups and Committees

The NAFTA envisages further work to help fully achieve the objective of a free trade area. Under the Agreement, over 30 working groups and committees were established to facilitate trade and investment and to ensure effective implementation and administration of the NAFTA's rules. Key areas where this work is being undertaken include rules of origin, customs, agricultural trade and subsidies, standards, government procurement and the cross-border movement of business people. These working groups and committees report annually to the NAFTA Commission, composed of the trade ministers of Canada, Mexico and the United States.

The NAFTA working groups and committees also help to smooth the implementation of the Agreement and provide a forum for exploring ways of further liberalizing trade between members. One example is Canada's continued effort to pursue the accelerated reduction of tariffs on specific goods. The NAFTA working groups and committees also provide an apolitical arena for the discussion of issues and, through early dialogue on contentious points, the possible avoidance of dispute settlement procedures.

The Dispute Settlement Process

The vast majority of trade in North America now takes place in accordance with the clear and well-established rules of the NAFTA and the World Trade Organization (WTO). Nonetheless, in such a large trading area disputes are bound to emerge. In such cases, the NAFTA directs the governments concerned to seek to resolve their differences amicably, through the NAFTA's committees and working groups or other consultations. If no mutually acceptable solution is found, the NAFTA provides for an expeditious and effective panel procedure.

The administration of the dispute settlement provisions of the NAFTA is the responsibility of the Canadian, U. S. and Mexican National Sections of the

NAFTA Secretariat. In the first nine months of the 1996-97 fiscal year, the Secretariat administered 14 panel reviews under Chapter Nineteen of the Agreement and one arbitral panel proceeding under Chapter Twenty. Eight Chapter Nineteen panel decisions and one Chapter Twenty panel report were issued in 1996.

Chapter Twenty of the NAFTA sets out the institutional arrangements and dispute settlement procedures. As of the end of 1996, 11 consultations had been requested under Chapter Twenty on 10 measures. One of these proceeded to an arbitral panel. Chapter Fourteen adds special procedures for any disputes that may arise over financial services.

Building on the Canada-U. S. FTA, the NAFTA also includes, in Chapter Nineteen, a unique system of binational panel review of domestic decisions regarding anti-dumping and countervailing duty issues, which replaces judicial review in each of the three countries. There have been 73 requests for panel review under Chapter Nineteen since the adoption of the FTA.

Despite the clear success of Chapter Nineteen under the FTA and the NAFTA, Canada continues to believe that the application of trade remedies has no place in a free-trade area. Accordingly, Canada will continue to pursue the significant reform, if not elimination, of trade remedies within North America.

For investment matters, the NAFTA sets out procedures for “ Mixed” arbitration between the aggrieved investor and the host government concerned, using procedures common to Canadian foreign investment protection agreements and the World Bank’s Center for the Settlement of Investment Disputes. The NAFTA also requires domestic agencies to respect the principles of due process, fairness and transparency. For example, it requires each country to institute or maintain a system for bid challenge review of government procurement decisions.

As of January 1, 1997, the Canadian Section of the NAFTA Secretariat is also responsible for the administration of the dispute resolution process under Chapter 8 of the Canada Israel Free Trade Agreement. Effective in July 1997, the Canadian Section will assume responsibility for the administration of the dispute resolution process under Chapter N of the Canada-Chile Free Trade Agreement.

Accession to the NAFTA

The NAFTA was designed as an outward-looking agreement with the potential to be expanded to include new members. Canada believes that membership should remain open to countries willing and able to undertake the NAFTA’s obligations, including the parallel agreements on labor and the environment.

Negotiations to achieve Chile’s accession to the NAFTA were officially launched in June 1995. Canada has been an active proponent of Chile’s accession to the NAFTA. Stronger economic ties with Chile will create more opportunities for trade and investment in this high-growth market.

In view of the present lack of fast-track authority for trade negotiations in the United States, Canada and Chile successfully completed negotiations on a interim bilateral free-trade agreement and parallel agreements on environmental and labor co-operation, which will serve as a bridge to Chile’s eventual accession to the NAFTA. Mexico and Chile currently are negotiating revisions to strengthen a bilateral trade agreement between them.

Trade Results

In the wake of the implementation of the Agreement on January 1, 1994, total trade between NAFTA member countries began expanding at unprecedented rates. The average annual increase in total trade for the three years ending on December 31, 1996 was 13. 8 percent.

In 1996 Canada’s total trade with NAFTA partners increased by 5. 8 percent to reach $388 billion. Strong export performance contributed to a merchandise trade surplus with those partners to an all-time high of $41. 2 billion – and is an important contributing factor in reducing current-account deficits that have prevailed for more than a decade. Merchandise export surpluses have very nearly offset Canada’s deficit in services and non-merchandise transactions with its NAFTA partners.

In particular, the increase in Canadian exports since the implementation of the NAFTA has led to a steady narrowing of the overall current-account deficit. Exports have been especially strong in automotive equipment (trucks, cars and parts), machinery and industrial goods, aluminum, iron ore and fertilizers. Reflecting this trend, the share of exports to NAFTA partners in Canada’s total exports has increased from 80. 8 percent in 1993 to 81. 5 percent in 1996.

Graph Here

Imports to Canada from NAFTA members also increased – particularly for machinery and equipment, communications equipment, automotive equipment, and agricultural products. The share of imports from NAFTA partners in Canada's total imports has also increased from 69. 2 percent in 1993 to 70. 2 percent in 1996.

Following already impressive growth since the FTA came into effect on January 1, 1989, Canadian exports to the United States increased by 22 percent in 1994, followed by a further increase of 14 percent in 1995 and 6 percent in 1996 to reach $223. 5 billion. Two-way trade also expanded at similar rates to reach $3 8 1. 0 billion in 1996. Canada and the United States currently exchange over $1 billion in goods and services each day.

The graphs below demonstrate that trade in machinery and transportation equipment continues to be at the core of trade between Canada and the United States. Since the FTA was implemented, Canadian exports to the United States for manufactured and industrial goods, with their higher value-added component, have steadily increased. Similarly, Canada continues to be the main destination of exports from the United States, the value of which rose by 82. 9 percent – $71 billion -between 1988 and 1996.

One important benefit of the NAFTA for Canada is better access to the Mexican market. Canadian firms have been able to expand sales in sectors that were previously highly restricted, such as automotive products, financial services, trucking, energy and fisheries. Also, Canadian exports have become steadily more diversified, with value-added manufactured products accounting for more than 50 percent of total exports to Mexico in 1996. As a result, Mexico is now Canada’s ninth largest export market and fourth largest import source.

Despite the economic adjustments required in Mexico as a result of the financial crisis of December 1994 and its aftermath, Canadian exports to Mexico increased by 5. 4 percent to $ 1. 1 billion in 1995, bringing two-way trade to nearly $6. 5 billion. Exports to Mexico rose by a further 5. 3 percent in 1996, with two-way trade climbing by 10. 4 percent to over $7. 2 billion. By 1996 the two-way trade between Canada and Mexico represented a doubling of the trade levels registered in 1992. Ongoing market liberalization efforts in Mexico, particularly in the energy, banking, telecommunications and transportation sectors, continue to create opportunities for Canadian exporters. As the Mexican economy evolves and strengthens, the demand for goods and services will continue to increase. Canada is well placed to respond to those needs.

Trade In Services

The value of the two-way trade in services (such as travel, freight and shipping and commercial fees) between Canada and the United States has increased by 71 percent since 1988, growing in value from $30. 4 to $52. 0 billion in 1996. The NAFTA expanded the extent of coverage under the Canada-U. S. FTA to include virtually all aspects of cross border trade in services. Over the three-year period ending on December 3 1, 1996, Canadian service exports to the United States rose by 16. 9 percent, while imports from the United States increased by 11. 3 percent. In 1996, exports of Canadian services to the United States and Mexico showed small increases, moderating Canada’s traditional deficit in this sector to some extent.

The fastest-growing component of the services trade has been in the computer and information services area, where there is a high degree of specialization. In fact, bilateral trade between Canada and the United States in informatics services has emerged as one of the fastest-growing in the world. Exports to the United States have also increased in such areas as communications, architecture, engineering and other technical services. Imports of management and advertising services to Canada from the United States have increased for management and advertising services.

Canadian Trade in Services with the United States

GRAPH

Although the trade in services is on the rise, it corresponds to only 14 percent of total merchandise trade. Given the large contribution of services to Canada’s GDP (almost two thirds) and the rapid growth of the services sector in both economies, this trade is expected to increase in the future.

Trade Liberalization Through Tariff Reduction Commitments

The NAFTA does not affect the tariff phase-out of the Canada-U. S. Free Trade Agreement (FTA), under which virtually all tariffs between the United States and Canada, will be eliminated by January 1, 1998. For trade between Canada and Mexico, the NAFTA will result in the elimination of virtually all tariffs by January 1, 2003.

In addition, the NAFTA provides for the accelerated elimination of tariffs where countries agree. This is an industry-driven process that includes public consultations, involving consumers and other interested parties, whereby the elimination of tariffs is negotiated based on support in the industry sector concerned.

Preliminary figures and studies indicate the extent to which tariff reduction under the FTA and NAFTA have had effects on growth rates of trade. Canadian exports to the United States have grown faster (in both value and volume terms) in some sectors liberalized by the FTA and NAFTA (e. g. industrial machinery, office machinery, textile materials, specialty papers, and consumer goods) than in sectors where tariffs were already low or at zero. Imports from the United States show similar trends (particularly in areas such as clothing, processed food and beverages, furniture, transportation equipment, and household products).

In value terms, between 1988 and 1995, Canadian exports to the United States of products liberalized by the FTA and NAFTA increased by about 140 percent, whereas the increase for exports as a whole was 100 percent. Imports of liberalized products from the United States increased by about 100 percent, while total imports increased by 75 percent.

Investment

The NAFTA has contributed to enhancing Canada’s attractiveness to foreign investors while providing more opportunities for Canadians to invest in NAFTA partners’ economies. The Agreement’s provisions ensure greater certainty and stability for investment decisions by guaranteeing fair, transparent and non-discriminatory treatment of investors and their investments throughout the free trade area. The NAFTA's contribution to increased productivity – through more competition and better-priced inputs – has also prompted greater capital investment in Canada. Total foreign direct investment (FDI) in Canada increased by 8. 7 percent in 1994, 9. 3 percent in 1995, and 7. 4 percent for a total of $180 billion in 1996.

There have been notable investment gains in financial services, transportation equipment, automobile equipment, chemicals, energy, communications, and food and beverages. Statistics Canada reports that, in 1996, Canada was the world's third-largest recipient of direct investment by foreign multinational companies, which accounted for $12. 0 billion of direct investment from a wide variety of sources. Foreign investors financed a significant portion of their investment through reinvested Canadian profits, benefiting all Canadians. At the end of 1996, 87 percent of FDI was in Canadian subsidiaries.

The United States remains the largest foreign investor in Canada. The stock of direct investment from the United States increased for the fourth straight year, by 9. 1 percent in 1996 to $122. 7 billion, representing 68 percent of total foreign direct investment in Canada.

The United States also remained the largest destination for Canadian direct investment with a total of $92. 9 billion invested abroad, an increase of 7. 5 percent in 1996. This represents 54 percent of all Canadian outward investment, an historically low, but relatively stable figure in the last four years.

The signing of the NAFTA has meant more dramatic increases in capital flows between Canada and Mexico. Total Canadian investment in Mexico more than doubled between 1993 and 1994 to $1. 07 billion, decreasing slightly to $919 million in 1995, before increasing rapidly in 1996 to $1. 3 billion. This made Canada one of the most important sources of new investment in Mexico in 1996. Current Canadian investment in Mexico is concentrated in mining, banking and telecommunications. Further potential exists in sectors such as gas and energy. Mexican investment in Canada is growing, but remains very small.

The increased FDI into Canada since the early 1990s has also had an important effect on the renewal of plants and equipment. FDI in machinery and transport equipment increased by 50. 1 percent between 1990 and 1996 alone. This investment is also assumed to have contributed to the higher productivity observed during this period.

Canadian Investment in the United States

Mexican Investment in Canada

Canadian Investment in Mexico

The North American Agreements On Environmental And Labour Co-Operation

Negotiated and implemented in parallel to the NAFTA, the North American Agreements on Environmental and Labour Co-operation were designed to facilitate greater cooperation between the partner countries in those areas and to promote the effective enforcement of each country’s laws and regulations.

Labour

The Commission for Labour Co-operation (CEC) was created in 1994 by the North American Agreement on Labour Co-operation (NAALC) to promote co-operation on Labour matters between NAFTA members and to promote the effective enforcement of domestic Labour law. The Commission consists of a Council of Ministers (comprising the labour ministers from each country) and a Secretariat, located in Dallas, Texas.

The Secretariat provides administrative, technical and operational support to the Council and is charged with the implementation of an annual work program. National Administrative Offices (NAOs), located in the departments responsible for labour in each of the three countries, serve as domestic implementation points for the Agreement.

Regarding the NAALC, the Canadian Intergovernmental Agreement provides a mechanism for provincial participation and has now been signed by Alberta, Quebec and Manitoba. This agreement gives the provinces an important role in developing and managing Canada’s involvement in the NAALC. With the combined participation of these provinces and the federal government, the NAALC now covers more than 40 percent of the Canadian workforce.

As of June 1997, a total of seven public communications have been received under the NAALC, all of which deal with freedom of association. Six of the submissions have been directed at Mexico (one was withdrawn) and one at the United States. Canada has not been the subject of any submissions.

In 1996, the Commission issued a preliminary report profiling North American labour markets. It also released an initial report on labour law in Canada, Mexico and the United States in the area of industrial relations (freedom of association and right to organize, right to bargain collectively and right to strike). At the request of the Council, the Secretariat completed a study on the effects of sudden plant closures on freedom of association and the right to organize. In February 1997, the Secretariat hosted the first North American Seminar on Incomes and Productivity with business, labour and academic participation.

Environment

The Commission for Environmental Co-operation (CEC) was created in 1994 by the North American Agreement on Environmental Co-operation (NAAEC) to enhance regional environmental co-operation, reduce potential trade and environmental conflicts and promote the effective enforcement of environmental law. It also facilitates co-operation and public participation to foster conservation, protection and enhancement of the North American environment. The Agreement, signed by Canada, Mexico and the United States, complements the environmental provisions established in the NAFTA.

The CEC consists of three principal components: the Council, the Joint Public Advisory Committee (JPAC) and the Secretariat. The Council, which is the governing body of the CEC and is composed of cabinet-level representatives from each of the three countries, met in Pittsburgh, Pennsylvania in June 1997. The Joint Public Advisory Committee is composed of 15 members, five from each of the three countries; it advises the Council on any matter within the scope of the Agreement. The Secretariat provides administrative, technical and operational support to the Council and is charged with the implementation of the annual work program.

Regarding the NAAEC, the Canadian Intergovernmental Agreement (IGA) provides a mechanism for provincial participation in the Agreement and has now been signed by Alberta, Quebec and Manitoba. The IGA facilitates the provinces' participatory role in developing and managing Canada's involvement in the NAAEC.

The Council is responsible for approving the Commission's work program and the Secretariat receives endorsement to implement it. Progress has been made in several areas. On Sound Management of Chemicals, trinational-working groups are working toward developing regional action plans for polychlorinated biphenyls (PCBs), mercury chlordane and dichloro-diphenyl-trichlorethane (DDT). Two other substances are likely to be identified for implementation in the course of 1997. On Climate Change, four joint implementation proposals – two related to carbon sequestration and two related to energy have been chosen by the CEC for pre-feasibility studies.

It is also the Secretariat's role to consider complaints from any non-governmental organization or person asserting a party's failure to enforce its environmental law. As of June 1997 the Secretariat has received three such complaints. The Secretariat also prepares reports on any environmental matter related to the co-operative functions of the NAAEC.

? Department of Foreign Affairs and International Trade, September 1998

Appendix F

(SIC-3081) – Machine Shop Industry

The 4-digit SIC under review is the Machine Shop Industry, which is associated with the Machine Shop Industry 3-digit SIC, which in turn is one of the major industry categories under the broader 2-digit Fabricated Metal Products Ind. (excl. Machinery and Transportation Equipment). With respect to the activity or division grouping, this latter industry grouping falls under the Manufacturing division.

Statistics Canada defines the Machine Shop Industry (SIC 3081) as: Establishments primarily engaged in manufacturing machine parts and equipment, other than complete machines, for the trade. This industry includes machine shops providing custom and repair services. Establishments primarily engaged in rebuilding or remanufacturing automotive engines are included here.

Establishments primarily engaged in repairing automotive generators, starter motors and alternators are classified in *9941 – Electric Motor Repair* those primarily engaged in rebuilding automotive parts such as fuel pumps, water pumps, brake shoes, clutches, solenoids and voltage regulators are classified in *5529 – Other Motor Vehicle Parts and Accessories, Wholesale* and those primarily engaged in repairing automobiles and trucks are classified in *63 5 – Motor Vehicle Repair Shops* and *5512 – Trucks and Buses, Wholesale*, respectively.

Some, but not a of the products related to this industry include:

Camshaft regrinding

Crankshaft regrinding

Engine rebuilding

Machine shop

Machining, custom work

Manual transmission rebuilding, mfg.

Metal boring and drilling, custom

Metal grinding, lapping and honing, custom

Metal punching, custom

With respect to the next level of industrial aggregation, Statistics Canada rolls up the Machine Shop Industry (SIC 3081) into the Machine Shop Industry (SIC ‘ 3080). The chart below provides a proportional indication of the actual contribution of the Machine Shop Industry to the larger and more aggregated Machine Shop Industry. In 1996, total shipments in the 3-digit SIC were $2. 8 billion, with the Machine Shop Industry accounting for 100%.

Total Shipments, 1996 Machine Shop Industry

Source: Business Integrated Database (Industry Canada and Statistics Canada). The next level of industrial aggregation is described as a 2-digit SIC. In this case the Machine Shop Industry (SIC-E 3080) are included within the

Fabricated Metal Products Ind. (excl. Machinery and Transportation Equipment) (SIC-E 3000). The chart below illustrates the relative contribution and recent growth in terms of shipments of each of the sub-industry groupings included within the Fabricated Metal Products Ind. (excl. Machinery and Transportation Equipment).

Total Shipments 1996 ($billions)

In 1996, the Fabricated Metal Products Ind. (excl. Machinery and Transportation Equipment) produced $23. 5 billion and grew at an average compounded annual rate of almost 3. 3% over the 1990 to 1996 period. In 1996, the Machine Shop Industry segment represented almost 12% of total Fabricated Metal Products Ind. (excl. Machinery and Transportation Equipment) shipments,

The final level of aggregation encompasses all of the manufacturing sector. The chart to the right illustrates the relative contribution of the Fabricated Metal Products Ind. (excl. Machinery and Transportation Equipment) within the manufacturing sector. Total manufacturing shipments for the economy grew an average annual compounded rate of 5. 9% over the 1990 to 1996 period, and produced approximately $489. 7 billion in 1996.

Transportation Total Shipments, 1996 ($billions)

As described earlier, the U. S. Department of Commerce’s Census Bureau uses slightly different industrial classification codes to describe and measure U. S. industrial output. In order to perform Canadian and U. S. comparisons, a concordance table must be constructed to map Canadian industries to U. S.

industries. While it is not possible to provide a perfect concordance, significant efforts were made to map Canadian and U. S. industries to the most appropriate and detailed 4-digit industry level. Unfortunately a few U. S. industries are formally associated with two or more distinct Canadian industries. To reduce double counting and provide the most reasonable comparisons, Industry Canada reviewed each of these problematic U. S. industries and assigned