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**ALBERTA NON-TARIFF
TRADE BARRIERS STUDY, 2000**

By S. Stephen Janzen and Jean Frost

*Western Centre for Economic Research
School of Business, University of Alberta
Edmonton, Canada T6G 2R6*

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EXECUTIVE SUMMARY

STUDY OBJECTIVES

The Alberta Non-Tariff Trade Barrier Study investigates how Alberta's exporting manufacturers view important non-tariff issues that can make exporting difficult. Surveying manufacturers through a range of sectors, the study complements the Alberta Services Export Study carried out in 1999. Like the services study, the results provide detailed insight into what is currently affecting Alberta manufacturers' international competitiveness and help inform upcoming trade negotiations.

SAMPLE CHARACTERISTICS

- 197 Alberta companies were surveyed during the project. Of this number, over 75% of firms contacted had been exporting for five or more years.
- Within the survey sample, nearly 33% of the firms reported that over of 50% of their gross earnings came from exports; just over 50% of the firms reported that 25% of their gross earnings came from exports.
- Of the 197 companies surveyed, 19% employed 5 or fewer people, 59% employed between 6 and 50 people, while 22% had 50 or more employees.

EXPORT MARKETS

- The US was identified as the most important export market by 75% of the firms surveyed. After the US, firms mentioned Japan, Mexico and the United Kingdom (11%, 8% and 6%, respectively) as their most important markets.
- The United States was identified as the most attractive potential market. 32% of firms interviewed will pursue sales there in the near future.
- In addition to the United States, the other four top potential markets, representing 38% of total responses, were Japan, Mexico, Australia and China.
- Compared to service firms, Alberta manufacturers are much more inclined to focus on developing their potential in the US market.

REPORT FINDINGS

- **Customs** were seen as a problem for many firms, particularly in the US. Given the level of trade with the US and recent media attention, this is not a surprising finding. Specific problems cited ranged from confusion over rules to the abundance of seemingly meaningless paperwork. Many firms are using customs brokers and freight forwarders to ease the workload in this area.
- **Import Licensing and Quotas** were not cited by a majority of firms as a problem; however, of the 15 firms identifying these issues, several mentioned the problem of discretionary measures.
- **Technical Barriers to Trade** negatively affected a large number of surveyed firms. Almost one-third of firms contacted had difficulty determining certain regulations and standards and whether they applied to them. Of these firms, almost all required some form of specialized assistance. The complexity of rules

seems to be a common theme of the survey, even for those exporting under the rules of the NAFTA.

- **International and Private Standardization.** One-third of the firms had trouble finding out if there were applicable regulations/standards. Almost half the firms stated that international standards of some sort already existed for their products, and 18% of those surveyed felt that further standardization would be beneficial. Transparency seems to be a significant issue.
- **Testing** for product conformity domestically, before shipping to foreign markets, was a relatively popular idea with almost 60% of firms saying that it would be beneficial.

RECOMMENDATIONS

The following recommendations have been formulated from the comments and conclusions generated throughout the survey process:

1. Encourage increased transparency of all regulations and standards.
2. The Alberta Government and the Government of Canada may be able to ease the concerns exporters have regarding trade barriers by communicating the many ongoing initiatives that have recently been undertaken at both the WTO and within the framework of NAFTA. Better two way communication would result in the exporters understanding ongoing government negotiations and implementation of agreements and in the government being aware of problems faced by exporters.
3. Over the short term, Alberta should continue to work with the federal government in streamlining customs procedures at the US/Canada border. Governments should also look at non-tariff barriers in the French, German and Chinese markets as these markets were highlighted by respondents as difficult to enter.
4. Encourage firms to learn about the rules applicable to promotional exports (eg. trade show materials) and how these are handled by customs officials in various countries.
5. Encourage the federal government to put a priority on reducing the Canadian and foreign paperwork necessary to ship Canadian products abroad.
6. Comments from exporters express the belief that there is a need for government help to overcome the following problems.
 - Customs information often is seen as inadequate, obscure, difficult to obtain, subject to change and time consuming.
 - Product labeling requirements often pose problems.
 - Import licenses are still being issued in a discretionary manner by some countries. Closer monitoring is necessary.
 - Customs fees are felt to be too high in some markets by 35% of respondents.
 - Continued work towards harmonizing technical regulations or standards and the accessibility of the regulations is necessary.
 - Conformity assessment is still difficult in some cases.
 - Ineptitude and/or corruption in some markets.
 - High transportation costs.
7. The government could help smaller or new exporters recognize and overcome possible barriers to trade and help these firms to access world markets.

BACKGROUND INFORMATION: NON-TARIFF TRADE BARRIERS AND GLOBAL TRADE

The General Agreement on Tariffs and Trade (GATT) provided the basic rules for multilateral trading system from 1948 until the World Trade Organization (WTO) entered into existence on 1 January 1995. The WTO now administers the GATT and several other individual agreements negotiated in the Uruguay Round. These agreements provide a framework to deal with both tariff and non-tariff trade measures.

The cornerstone of the WTO agreements and the multilateral trading system is the Most-Favoured Nation clause which sets out the concept of non-discrimination. The commitment that ". . . any advantage, favour, privilege or immunity granted by any contracting party [now "member"] to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties ["Members"]. This clause is fundamental to all the trade agreements administered by the WTO.

The GATT and other WTO agreements cover both tariff and non-tariff measures, such as dumping and export subsidies, quantitative restrictions, restrictions for balance-of-payment reasons, state-trading enterprises, government assistance for economic development, emergency safeguard measures as well as a number of technical issues that relate to the application of border measures (including customs valuation, fees and formalities, marks of origin, and the general transparency of trade regulations).¹

For the purposes of this survey we have used a broad definition when discussing such measures. In some quarters, the term "Non-Tariff Barriers (NTBs)" is defined in a way that distinguishes it from other technical concepts considered to be part of "trade facilitation". For the purposes of this study, NTBs are defined much more broadly. The term includes traditional non-tariff measures, such as standards, as well as "invisible" trade barriers, such as procedural delays, excessive documentation requirements, and lack of transparency and predictability in the application of government rules and regulations.

Though using this fairly broad definition of NTBs, we have asked Alberta exporters of manufactured goods to discuss very specific issues: i.e. technical regulations and standards; customs procedures; import licenses; and other barriers such as discriminatory regulatory practices, restrictions on shipping, marketing, distribution etc. -- as well as general actions that they identify as impeding their ability to export.²

¹ The WTO framework described briefly here, is taken from the World Trade Organization: A Training Package (WTO, 1998) found at <http://www.wto.org/wto/eol/index.htm>. This is the best source for detailed information on the World Trade Organization.

² A concise version of the survey can be found in Appendix C.

PURPOSE AND OBJECTIVES OF THE SURVEY

The survey gathers valuable information on market barriers while providing a current snapshot of Alberta manufacturers' international exports. These findings fulfill several purposes. First and foremost, they provide an accurate assessment of provincial export concerns that can be relayed to Canada's negotiating team at bilateral and regional trade talks and at upcoming negotiations at the WTO. The survey will assist Alberta exporters by reflecting industry's views to trade officials on several issues, including international standards, conformity assessment procedures, technical standards and regulations, customs procedures, and import licensing.

In addition, survey information will also assist the Alberta government develop and implement targeted marketing initiatives and strategies. All firms taking part in the survey supplied information about their level of export experience, firm-size (based on number of employees), share of revenue derived from exports, as well as their current and potential markets. Trade information and business intelligence of this type is crucial and fills an important void as government export statistics tell us little about what it really takes to send a product abroad.

STUDY TEAM AND MILESTONES

The Alberta NTB Survey was directed by a project team representing Alberta Economic Development (AED) and Alberta International and Intergovernmental Relations (IIR). Whyte Reynolds International Inc., authors of the related *Alberta Services Exports Study 1999*, advised on the survey instrument and methodology. Their study also served as an important reference and template and for the finished NTB Survey report.

Work on the NTB study began in January, 2000 with discussions surrounding survey goals and drafting of the questionnaire. By mid-February the survey instrument was ready for testing and lists of potential survey respondents were assembled from the federal government's Department of Foreign Affairs and International Trade's (DFAIT) WIN database. Alberta firms interviewed were chosen from the lists and interviews were carried out March through May, 2000.

THE INTERVIEWS

All of the information collected by the Western Centre for Economic Research was collected via one-on-one phone interviews. WCER staff were joined by a small team of University of Alberta students during the survey process. All surveyors were thoroughly briefed on the subject matter and the critical importance of confidentiality.

The survey instrument (see Appendix C) was prepared in conjunction with the project leaders, which included officials representing AED and IIR. After pilot testing the survey in late February, a few minor revisions were made, with the final version of the survey agreed upon and printed in early March. While not all the questions were applicable to a majority of the firms, the same survey style and questionnaire was used for all interviews.

WHO WAS SURVEYED

This review of Alberta exporters of manufactured goods sampled over 200 firms representing an array of industrial sectors. Alberta firms pulled from the Federal Government's DFAIT's WIN database (as found online on the DFAIT homepage) were divided into eight sectors and randomly sampled (see industry breakdown table, below). A number of firms could be found in multiple sectors, with some firms appearing on three or four lists. This particular characteristic of the survey sample made it difficult to assess a specific industry position on non-tariff trade barriers.

Surveys were only undertaken with firm representatives familiar with their company's export activities. In smaller firms, surveyors generally spoke with the owner or senior manager. In larger firms it was more common to speak with those employees charged with foreign marketing and/or shipping abroad. Not every person surveyed was cognizant of every specific matter discussed in the survey questionnaire. This point deserves emphasis in light of the fact that a majority of firms use custom brokers and/or freight forwarders to handle their exporting activities. (see Appendix B "Custom Brokers and Freight Forwarders"). In part, this is a consequence of increased world trade and the complicated regulations now affecting the movement of goods. There has also been some tightening of Canada's own enforcement laws and techniques. Where larger firms with a high level of export activity may still handle all their own shipping arrangements, an increasing number of firms, particularly the small and medium-sized enterprises, are using customs brokers and freight forwarders. This feature of today's marketplace undoubtedly had an influence on the results obtained: not all respondents had detailed knowledge of all market access issues.

INDUSTRY BREAKDOWN/SECTORS SURVEYED	
1. Advanced Technology products	5. Furniture/Building
2. Agricultural products	6. Machinery
3. Construction products	7. Oil and Gas industry products
4. Consumer products	8. Plastic products

SURVEY ANALYSIS AND COMMENTARY

Like the 1999 *Alberta Services Export Study*, results were often analysed based on the frequency of responses rather than the magnitude of the responses. For example, the fact that “corruption” or “ineptitude” was chosen as a characteristic of a particular foreign market, does not mean that less notable technical barriers to trade are less important or plausible issues for trade negotiators to discuss. Similarly, “the influence of the United States as a dominant export market today and for the foreseeable future might unduly diminish the importance of trade liberalization efforts with other countries.”³

The qualitative nature of the survey elicited many and various impressionistic responses. This was particularly true of the final survey questions where firm representatives were asked very broad questions about barriers to trade and what, if anything, the government could do to reduce them. Where appropriate we have included responses that seem most telling with regard to current practices in both foreign and domestic customs organizations.

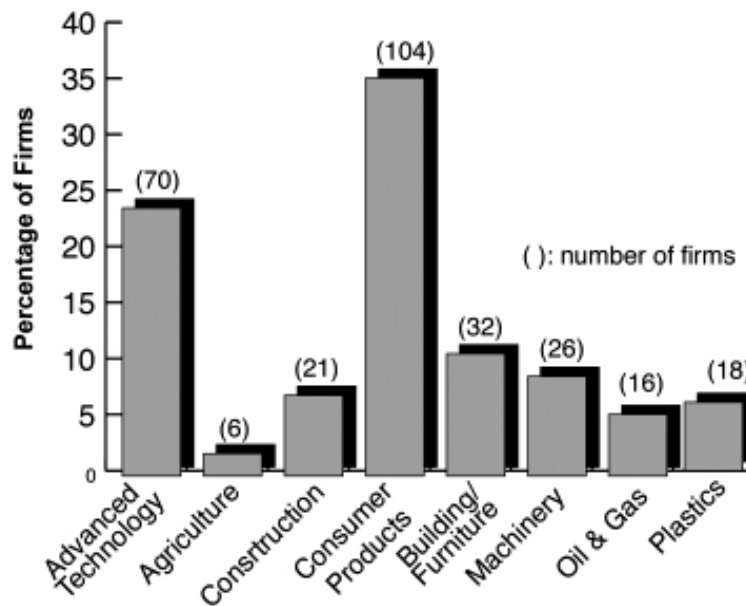
³ See, *Alberta Service Exports Study 1999* (Whyte Reynolds International Inc.) p.14.

QUESTION 1. FIRM INFORMATION

In aggregate, 197 valid interviews were conducted throughout the three month survey period. Random samples were taken from each of the eight sector lists produced by the WIN Export database and provided to the WCER by the Alberta Government. When analyzing survey responses, if there seemed to be an inconsistency between a firm's most common export products and its classification in the master list, the firm was left in the original WIN classification sectors. Where firms were classified in multiple sectors, they were placed according to their most common export items.

Responding firms were categorized according to the lists provided (the WIN classification sectors). Because firms were involved in more than one sector, the total number of firms included in this breakdown exceeds the 197 respondents. The survey sample included a large percentage of firms in the sectors of consumer products (35.5%) and advanced technology (23.9%) with the remaining sectors being fairly evenly represented.

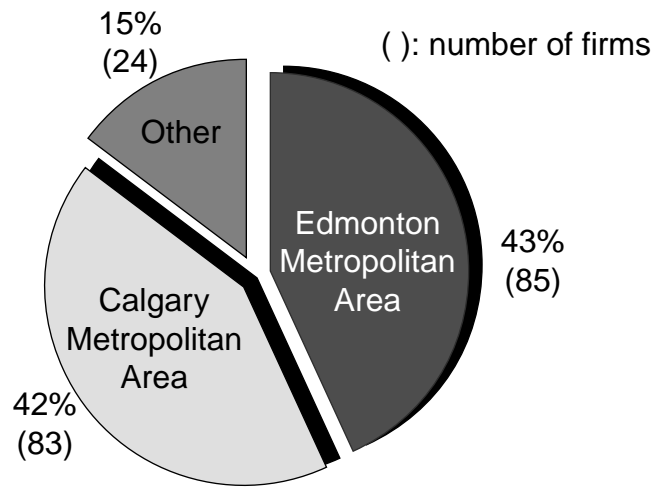
EXPORT SECTOR OF FIRMS



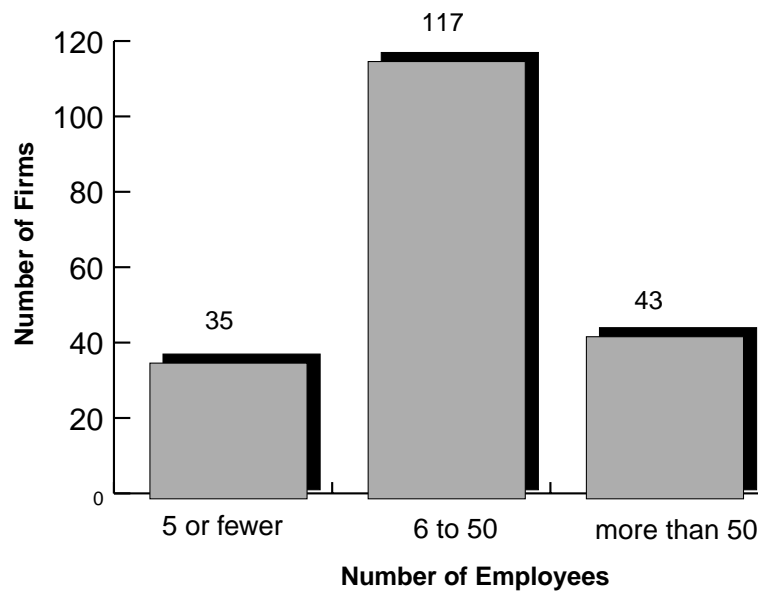
Five customs brokers/freight forwarders were also contacted when it became evident that the majority of exporting firms used these services to expedite their products internationally.

Most firms were located in the metropolitan areas of Edmonton (43.1%) and Calgary (42.1%). The remaining firms were scattered throughout the province. 17.9% of firms were small sized with 5 or fewer employees; 60.0% were mid sized firms with 6 to 50 employees; and 22.1% were large sized firms with more than 50 employees.

LOCATION OF FIRMS



SIZE OF FIRMS BY NUMBER OF EMPLOYEES



The following sections of the report go through the survey results in the order the questions were asked. Common responses are highlighted and a graph details answer patterns for each section. For consistency, questions with a low response rate are also included in the discussion.

QUESTION 2. RELIANCE ON EXPORTS

Question 2.1 *If possible, can you tell us how long your company has been exporting?*

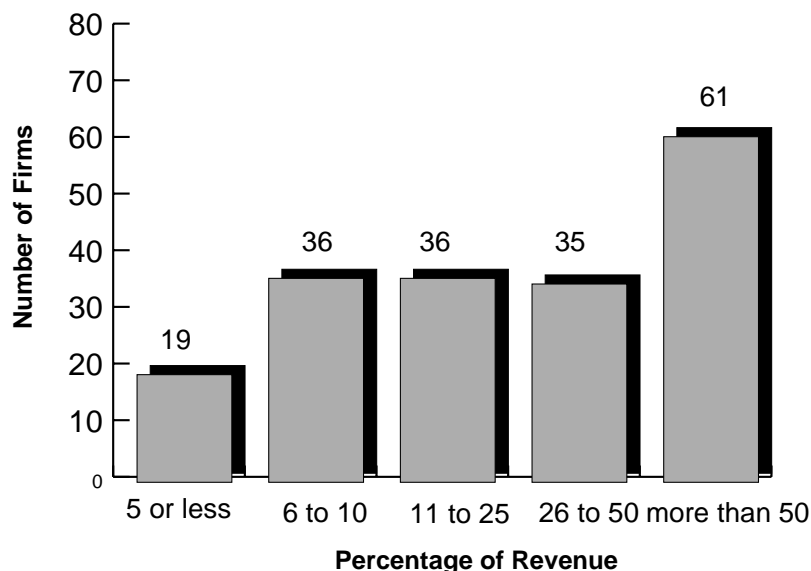
Question 2.2 *What products do you most commonly export?*

Question 2.3 *What share of your company's revenues are generated by exports?*

Exporters were asked to estimate their reliance on exports in the last two years. Where the answer was given as a range, the midpoint in the range was used.

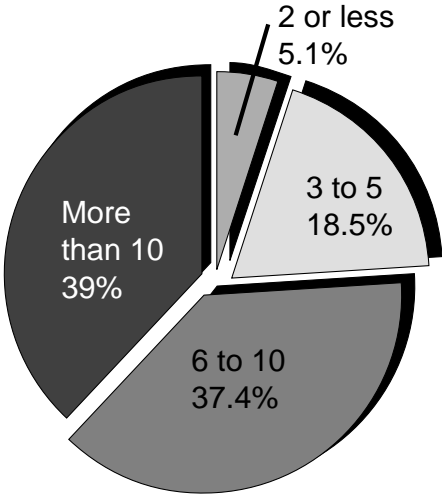
The importance of exporting is easily seen as 61 (32.6%) of reporting firms had in excess of 50% of their gross revenues resulting from exports and, 96 (51.3%) had in excess of 25% of gross revenues resulting from exports. So common is trade with the US, that many respondents had to be reminded that sales to the US were considered exports. The US market was often regarded as simply an extension of the domestic market.

PERCENTAGE OF REVENUE EARNED BY EXPORTS



Most firms had lengthy exporting experience. 149 (76.4%) reporting firms had exported for over 5 years. 10 (5.1%) firms were new to exporting with 2 or less years; 36 (18.5%) firms had 3 to 5 years experience; 73 (37.4%) firms had 6 to 10 years experience; and 76 (39.0%) had more than 10 years exporting experience. Like firms in the service sector (surveyed for the 1999 Alberta Service Sector Report), the experience level of firms and their dependence on export markets is well reflected in survey responses and commentary.

NUMBER OF YEARS FIRMS HAVE EXPORTED



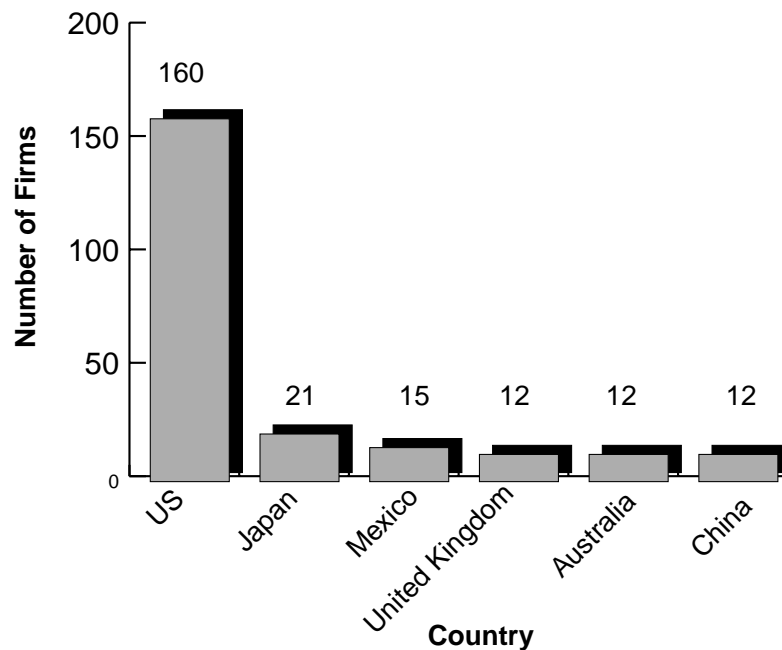
QUESTION 3. CURRENT AND POTENTIAL MARKETS

Question 3.1 What foreign markets are most important to your company? (note top three, i.e. "primary" countries and/or regions)

The surveyed firms are currently exporting or have exported to over 80 countries. The US is by far the dominant market with 160 (81.6%) of firms exporting there. 145 (74%) firms mentioned the US market as their most important market. Japan was the most important market for 9 (4.6%) and one of the top three markets for 21 (10.7%) firms; Mexico and the United Kingdom were in the top three for 15 (7.7%) and 12 (6.1%) firms respectively; and China and Australia for 12 (6.1%) firms each.

CURRENT PRIMARY EXPORT MARKETS

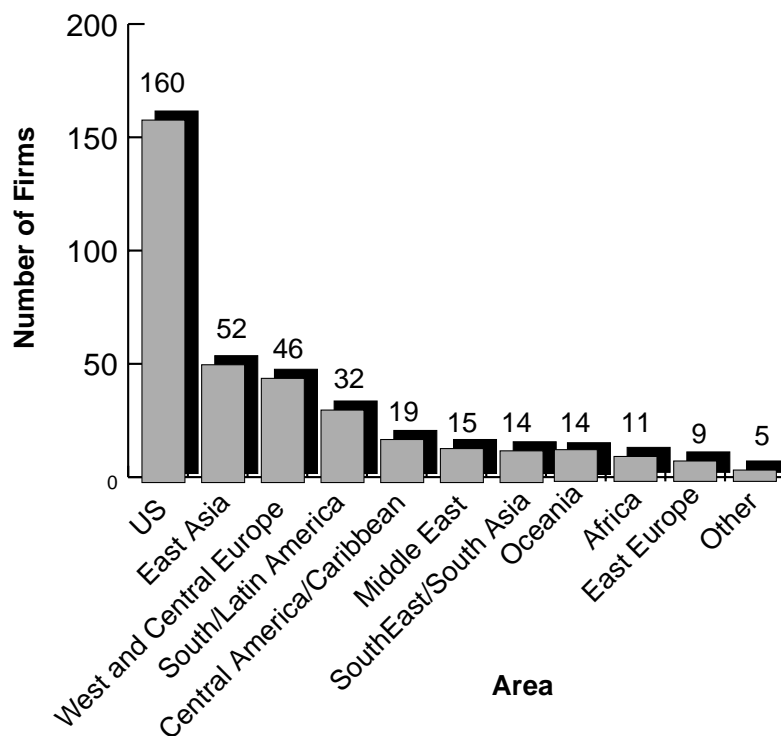
Country	Number	Percent
US	160	81.6
Japan	21	10.7
Mexico	15	7.7
United Kingdom	12	6.1
Australia	12	6.1
China	12	6.1



The heavy reliance on the United States marketplace is not surprising. The 80 percent level noted above matches the actual value of all Alberta goods exports to the US in total. This value has been increasing sharply since the Free Trade Agreement came into force in 1989 (from about 70% in 1988 to 80% in 1999). On the other hand, Alberta's service exporters list the US as their market about half as often, i.e., 40 percent of the time.⁴

In many cases respondents preferred to identify regions rather than individual countries. When considering regions, 52 (26.5%) of firms export to East Asia (Japan, China, Korea, Taiwan and Hong Kong); 46 (23.5%) export to Western and Central Europe; 32 (16.3%) export to South America. The US market remains the most important export destination with 160 (81.6%) of the firms exporting there.

CURRENT PRIMARY AREA OF EXPORT

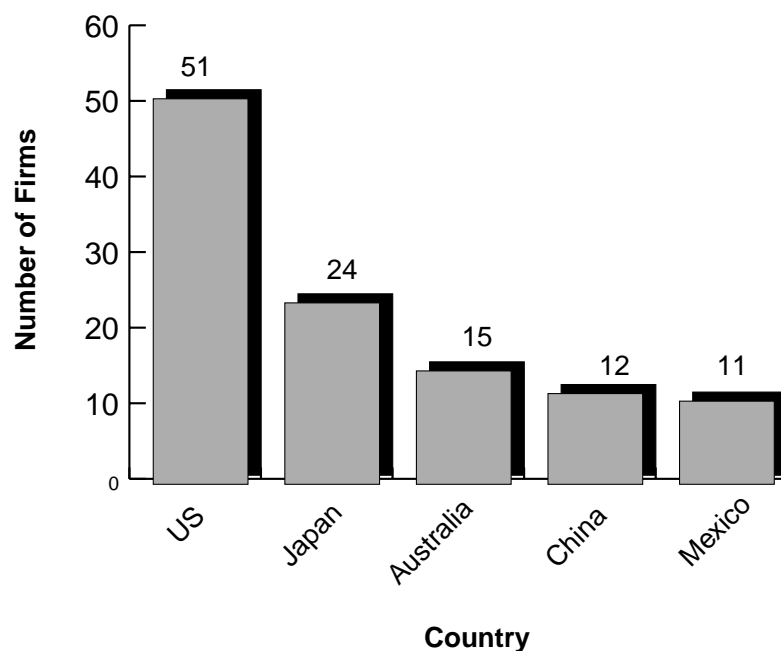


⁴ Ibid., p.18.

Question 3.2 Which new markets, if any, would your company like to enter or increase your presence in, during the next two years? (note top three)

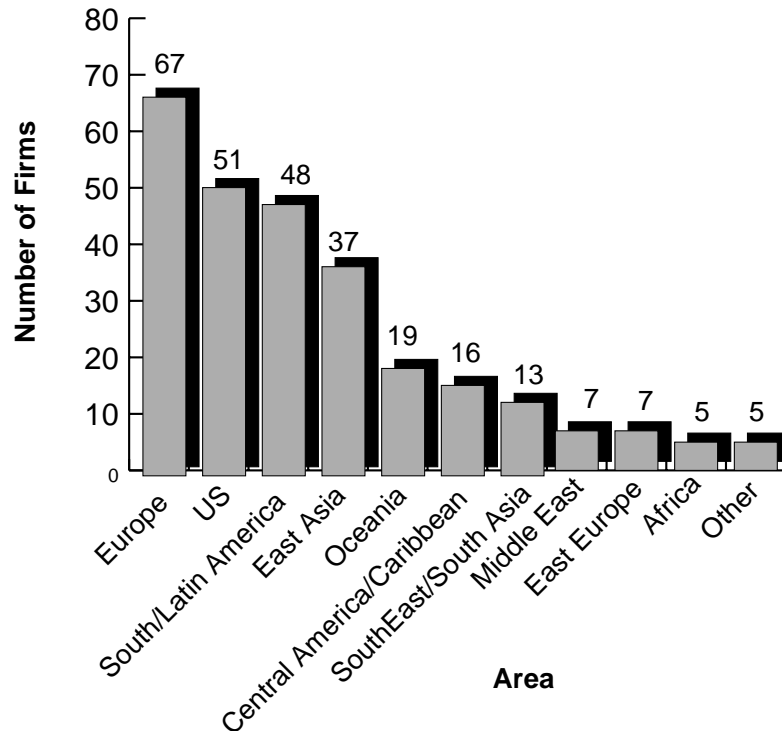
161 (82.7%) of firms indicated plans to increase exporting. Similar to the situation described under “current markets”, the US is the main country of interest with 51 (31.7%) firms planning to increase or begin exporting there. Japan follows with 24 (14.9%) firms, then Australia with 15 (9.3%) firms, China with 12 (7.5%) firms, and Mexico with 11 (6.8%) firms.

POTENTIAL EXPORT COUNTRY



Once again many firms preferred to indicate market areas they were targeting, rather than specific countries. Curiously, when firm representatives think in terms of potential global or regional market areas, the importance of the European market is seen. When broken down in this way, 34% or 67 firms mentioned Europe. Whether this is a function of history and Canada’s traditional transatlantic links, the EU’s mature and increasingly united market place, its wealth, or a mixture of these conditions is unknown. Whatever the reason, Alberta firms are excited about their prospects in the EU. When considering new market areas, the European market becomes the most important target but it is closely followed by the US, South American, East Asian, and South East/South Asian markets. Australia and Central America/Caribbean are also seen as relatively important target markets.

POTENTIAL EXPORT MARKET AREAS



The focus on the US is only natural. But the rationale goes beyond the sheer size and proximity of the market: regularly selling into the US, the most competitive marketplace in the world, means a firm can be competitive almost anywhere. When these results are compared with the results from the 1999 Alberta Services Export Survey, we also see that Alberta manufacturers are certainly more inclined to focus on developing their potential in the US market than are service firms.

As an export market of interest, service exporters rated the US only a few points higher than other markets. Alberta manufacturers, on the other hand, rated the US more than twice as often. Among other reasons, this is likely a function of the relatively higher cost and complexity of shipping goods as opposed to exporting a service. Thirteen firms mentioned transportation considerations as a barrier to exporting. Some firms see these transportation costs as being high worldwide. Other firms specifically mentioned high transportation costs in England, China and Canada. For one firm, high transportation costs makes it more cost effective to build production facilities nearer the market. Still others see the length of time it takes to transport goods as the primary problem.

QUESTION 4. INTRODUCTION TO QUESTION 5

No data collected.

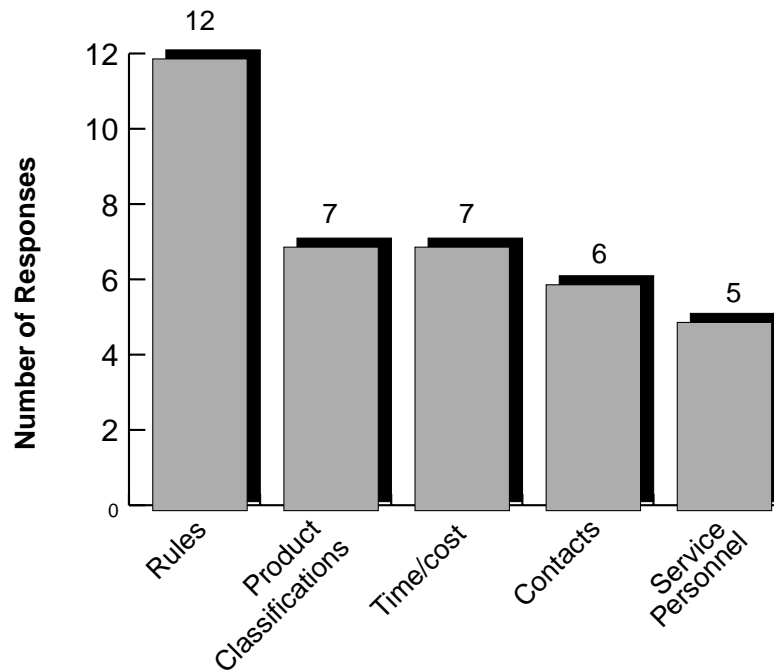
QUESTION 5. CUSTOMS PROCEDURES

Question 5.1 Have there been instances where your company has had problems finding out about customs rules (paperwork, fees, etc.) in other countries?

73 (38.0%) of responding firms indicated problems determining the necessary customs rules. Many of these firms use customs brokers/freight forwarders. Of the 62.0% of firms who had no problems, many said they had employed customs brokers and freight forwarders in order to avoid such problems. Those having problems stated that customs information was either non-existent (11.9%), and/or inadequate (88.1%). In some cases the problems encountered were sufficient to discourage exporting. The US was the country most commonly cited by firms (26). This is not surprising since so many companies export to the US. The next most cited countries were China (7), Brazil (5) and Mexico (3).

Respondents commented that rules were contradictory, confusing and changing frequently. Comments made during interviews are graphed according to subject matter. Of the 73 firms indicating a customs problem, 39 highlighted the nature of the trouble. Some products, for example, artwork, curtain walls and fabrics, were difficult to classify. Having knowledgeable people and contacts eased customs problems. Firms with personnel travelling to service products faced delays at the US border. This problem was raised in the service report. In general, customs preparation was seen as time consuming and costly.

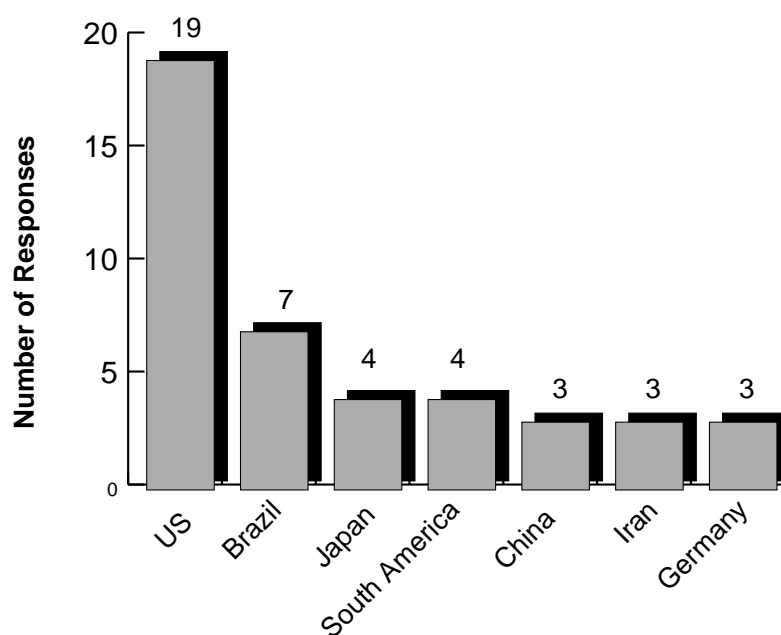
COMMENTS ON CUSTOMS PROBLEMS



Question 5.2 Sometimes countries impose customs fees to cover the costs of processing imports. Are customs fees in other countries too high?

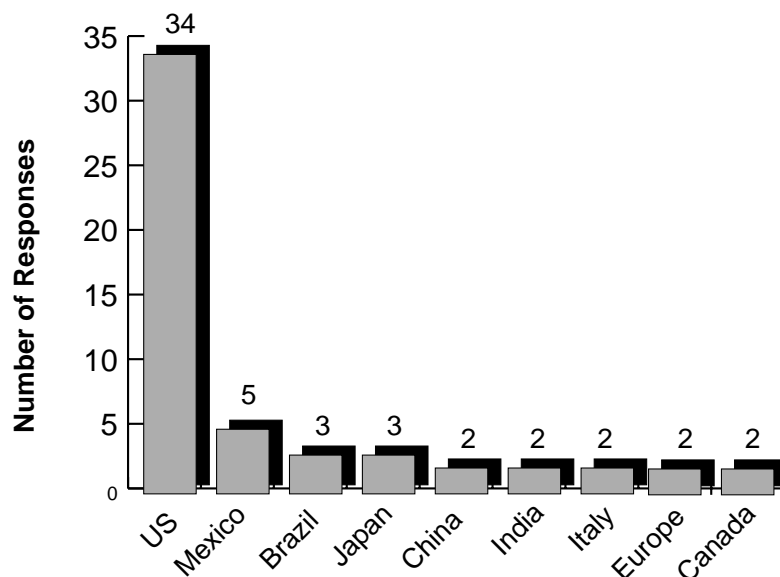
Of the 176 respondents to this question, 62 (35.2%) thought customs fees were too high. The United States (19) and Brazil (7) were the countries most often cited followed by Japan (4), South America (4), then China, Iran and Germany. Six firms commented that fees were too high on small orders. Although not asked directly, 33 firms stated the exports were sent free on board (FOB) and this would probably be the case for the majority of firms. Many exporters feel that it is easier for the purchaser or the importer to cover these costs. Interestingly, only two firms commented that brokerage fees were too high. This may well be an indication that firms are happy to pass along and pay for this kind of work. As expected, customs procedures and requirements generate substantial costs, not the least of which are the duties applied to imported goods.

CUSTOMS FEES TOO HIGH



Question 5.3 Has your company had problems with customs authorities in other countries? What sort of customs problems did you experience?

PROBLEMS WITH CUSTOMS AUTHORITIES



67 (34%) firms had experienced problems with customs authorities. Problems most often occurred with US officials (34), Mexican (5), Brazilian (3) and Japanese (3). Time delays were the most common problem (42) and were experienced in most of the countries cited. Personnel travelling with samples for trade shows in the US often faced time delays while their samples or displays were checked for compliance with regulations. Corruption was not uncommon in certain regions. Some respondents concluded that in places this was just part of the culture; that their customer looked after the necessary payments; and that, in more than one case, 'stapling money onto the paperwork makes crossing the border easier'.

Problems arose from the ineptitude and/or whims of customs authorities and again this was not specific to any one country. Respondents complained of too much paperwork and bureaucracy, particularly when exporting to the US and Europe. [However, two respondents noted that if the paperwork was done meticulously there were no problems.] Customs rules were seen as being obscure, too detailed, changing too quickly, and difficult to obtain.

Firms did not always clarify whether they were speaking of labelling rules, a technical issue, or about the behaviour of officials. Six firms complained that labelling requirements for the US market were onerous. One firm complained that a customs authority was 'too lazy' to check that the labelling was correct and chose rather to delay the shipment (livestock handling equipment). On inspection, labelling was shown to meet regulations. Another firm stated that if customs authorities were alerted that a shipment was time sensitive, in this case air inflated

balloons, invariably there would be delays. This was in spite of using a customs broker. Complaints regarding paperwork and labelling for shipments to the American market were made throughout the interviews.⁵

Customs procedures are a well known drag on international trade. There has been a general increase in the number of pieces of information required at borders. This is particularly true in less developed countries. A recent study suggests that the "average customs clearance transaction in developing countries involves 25 to 30 different parties, 40 documents, 299 data elements, some 30 of which are requested at least 30 times, and 60 to 70 percent of which must be rekeyed at least once".⁶ Some estimates put the costs of the delays, paperwork and general chaos at 2% of total shipping costs.

To conclude, demands for an overhaul of customs procedures are common and not controversial, unlike most issues negotiated at the WTO.⁷ Canadian negotiators should continue their efforts to simplify and streamline customs rules.

Question 5.5 Have there been instances where you think foreign customs authorities have provided preferential or discriminatory treatment to the products of other countries?

Respondents to this section often did not restrict their answers to treatment by customs authorities but included the whole problem of entering foreign markets. 18.1% (32) of the 77 responding firms had experienced preferential or discriminatory treatment. By far the most common stated reason was notable preferences on the part of potential buyers for domestic products. "Buy America" practices were mentioned most often, followed by similar descriptions of discrimination in Europe, Japan, Mongolia and China. For example, Scandinavian lumber was seen as being both subsidized and facing lower duty in the US and Japan. (The forest products firms surveyed viewed the Canada-US Softwood Lumber Agreement as 'discriminatory'.) While there is solid evidence of preferences for domestic products, a few respondents said this was to be expected and, to some degree, happens here in Canada. Of special interest were the comments of one company official who felt that his product was more acceptable to buyers outside of North America than was the American made product of his US competition.

⁵ Two firms complained about Canadian customs officials. Problems were encountered when personnel were travelling to the US to service equipment they had exported and when Canadian-made equipment was being brought back into Canada for servicing. Although this may be interpreted as part of the servicing industry, servicing is part of many exporting contracts for goods.

⁶ As quoted in "Trade Facilitation: Technical Regulations and Customs Procedures", a paper by P.A. Messerlin and J. Zarrouk presented at the WTO/World Bank Conference on Developing Countries, WTO Secretariat, Geneva, 20-21, September, 1999.

⁷ This section draws from Harvard University's Trade Issues website:
www.cid.harvard.edu/cidtrade/issues/tradefac.html

QUESTION 6. IMPORT LICENSING

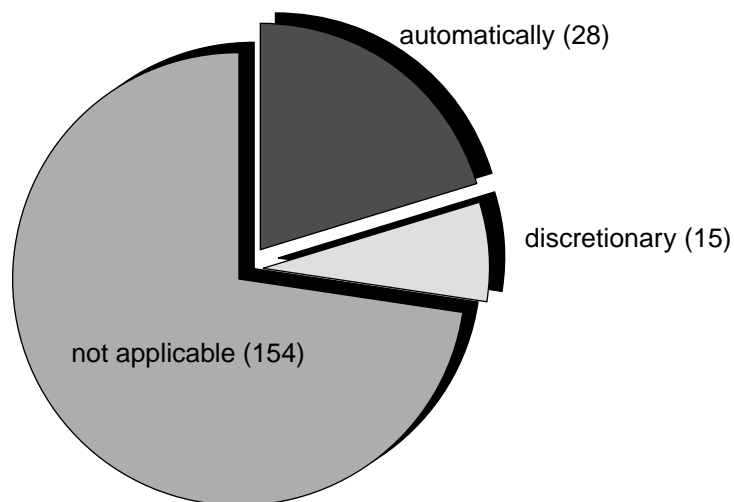
Question 6.1 *Does your firm face import licensing? In your experience are import licenses granted automatically or in a discretionary manner?*

Question 6.2 *Have you encountered problems obtaining an import license? What was the primary reason for the problems?*

Question 6.3 *If and when licenses are not granted automatically, do foreign authorities discriminate among goods from other countries?*

Of the 43 (21.9%) firms who stated that they required import licenses, 15 of these (34.8%), felt they were granted in a discretionary manner. The WTO Agreement on Import Licensing Procedures was designed to ensure that import licensing systems remain non-discriminatory. Survey responses suggest that closer monitoring of some WTO members may be necessary.

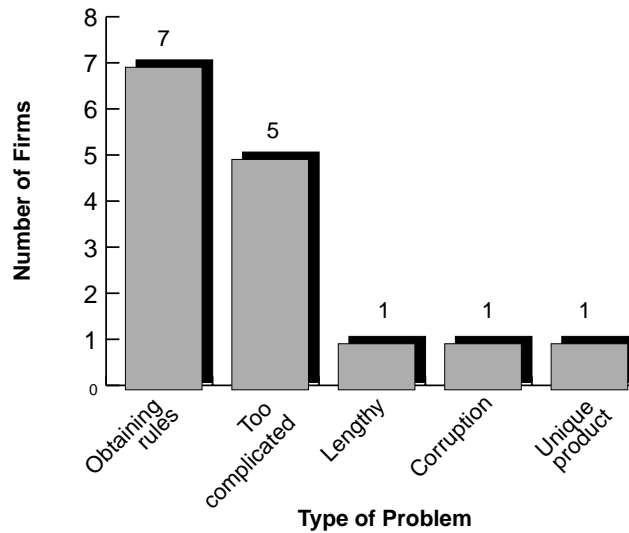
NEED FOR IMPORT LICENSES



Another aspect of the Agreement on Import Licensing Procedures that may require strengthening is the obligation for countries to publish and simplify their licensing requirements. The most common problem encountered was an inability to obtain the rules. Secondary concerns involved the complexity of the licensing process and the delays experienced by a few firms. One firm had a problem due to the unique nature of the product (a consumer product containing advanced technology) which made it difficult to categorize the product while another firm felt corruption caused the problem (oil and gas equipment).

Only 4 firms felt discrimination occurred when attempting to obtain licenses. Two of these companies were exporting equipment for the oil and gas industry. One had problems in Mexico/Central America and the other had problems 'everywhere'. The third company was exporting clothing to the US and the fourth was exporting to the Middle East and North Africa.

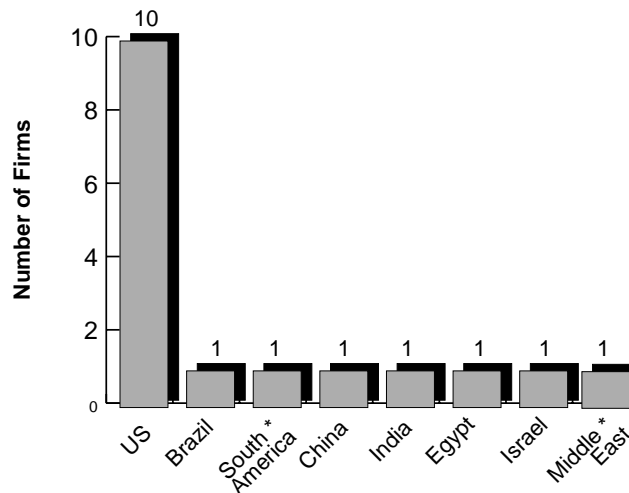
PROBLEMS OBTAINING LICENSES



Question 6.4 Have there been instances where you have not been able to sell your goods due to a country's quota allocation system?

Fifteen firms (7.6%) faced quotas when exporting their products. Ten firms exporting to the US faced quotas. Not surprisingly, eight of these were firms exporting wood, lumber and construction materials affected by the 1996 US-Canada Softwood Lumber Agreement, where export quotas are allocated by the Government of Canada. U.S. clothing tariff rate quotas affected the other 2 companies. In Brazil, one company faced a quota for pulp and paper equipment and a company exporting electronic equipment into South America faced quotas. Another firm faced quotas in Egypt and the Middle East. In the remaining 5 cases, a company faced a Canadian import quota for exporting minerals from China to Canada. (The minerals were used as an input for the company's product produced in Canada.)

COUNTRIES/AREAS WHERE QUOTAS IMPOSED



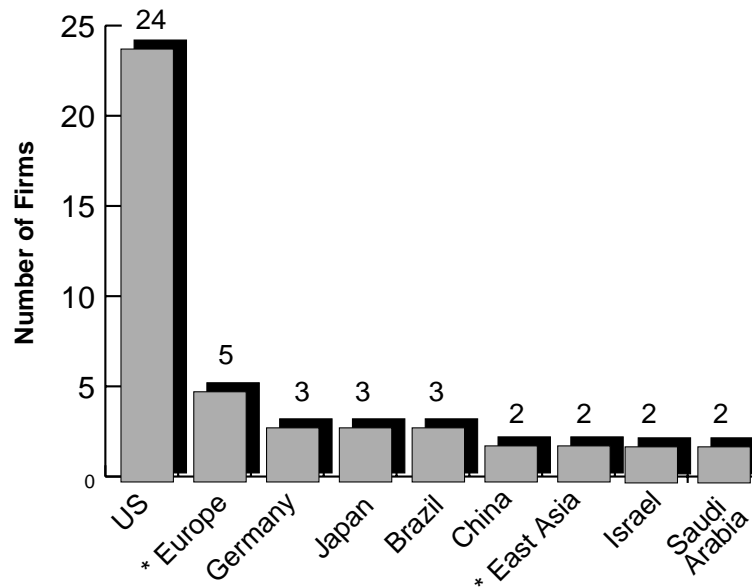
* Respondents could not cite specific country

QUESTION 7. TECHNICAL BARRIERS TO TRADE

Question 7.1 Have you had trouble determining whether there is a technical regulation or standard that pertains to your product?

Almost a third (62) of the firms experienced difficulty determining if there were technical regulations or standards that pertained to their product. Countries/regions most often cited were the US (24), Europe (5), Germany (3), Japan (3), Brazil (3), China (2), East Asia (2), Israel (2) and Saudi Arabia (2). Brokers often obtained technical regulations for the exporters. It was often stated here, and in response to the following questions on technical regulations, that products meeting Canadian and US standards were accepted in most countries.

OCCURRENCES OF TROUBLE DETERMINING TECHNICAL STANDARD OR REGULATION



*Respondents could not cite specific country.

Problems often arose due to the type of product being exported, for example, artwork to the US, biomedical research instruments in all markets, and incineration equipment to Brazil. Labelling requirements were especially difficult to obtain for the US and France.

Below, in no particular order, are some additional comments:

1. Local/state regulations in the US affected 3 firms, including a remote sensing operation that saw its access under NAFTA superceded by state rules.
2. Eastern European regulations were said to change rapidly and regulations in Russia were stated to be inconsistent.

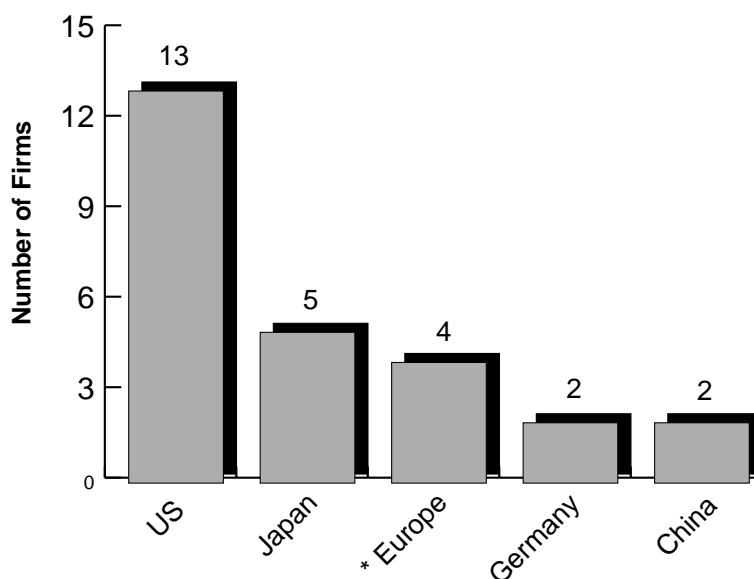
3. Exporters to Saudi Arabia thought the difficulties were part of a negotiating ploy.
4. Exporters to Libya had problems due to U.N. sanctions.
5. Corruption was stated as a the problem in determining if technical regulations were applicable in certain markets.

Even Canada was singled out by a couple of firms for imposing technical barriers, while one respondent suggested that Canada should restrict imports that do not meet our regulations.

Question 7.2 Have you had problems obtaining foreign technical regulations or standards?

Just obtaining a country's regulations and standards proved difficult for about a quarter of the responding firms. The most cited countries were the US (13), Japan (5), Europe (4), Germany (2) and China (2). Exporters said the process was time consuming and expensive for the US. Labelling regulations were cited as difficult to obtain in the US. One exporter said information on standards was available for Japan, but, in his view, foreign building products had a difficult time meeting the standards. Building codes in Germany were hard to obtain. A few firms stated that either their client or parent company bears the responsibility of obtaining the necessary regulations and standards.

PROBLEMS OBTAINING RULES AND REGULATIONS

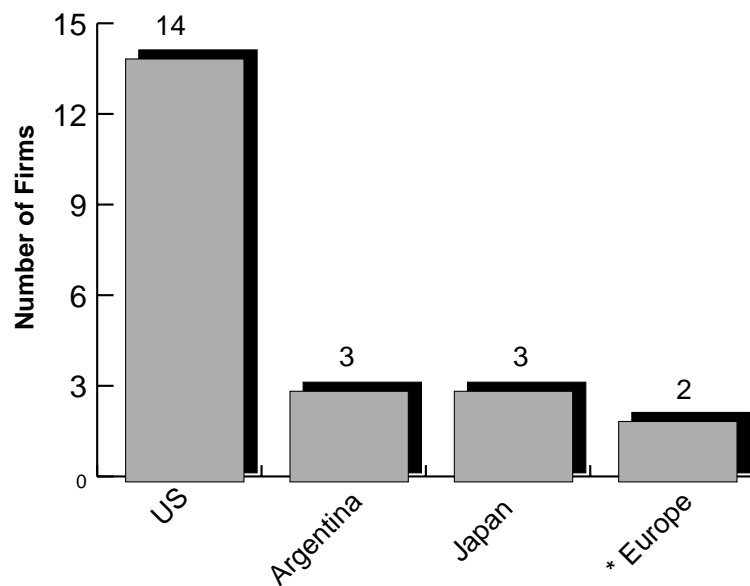


*Respondents could not cite specific country.

Question 7.3 Have you ever needed specialized assistance to explain foreign technical regulations or standards?

Technical assistance was required by 57 (28.9%) firms, most often when exporting to the US (14), Argentina (3), Japan (3) and Europe (2). The most common sources of help were brokers, translators, partners or contacts in the country, Canadian Consulates (particularly for South American countries), US or Canadian customs, and industry. Other sources cited as useful were Revenue Canada, APEGGA, Alberta Research Council, Agriculture Canada and the internet.

SPECIALIZED ASSISTANCE REQUIRED TO EXPORT TO THESE COUNTRIES

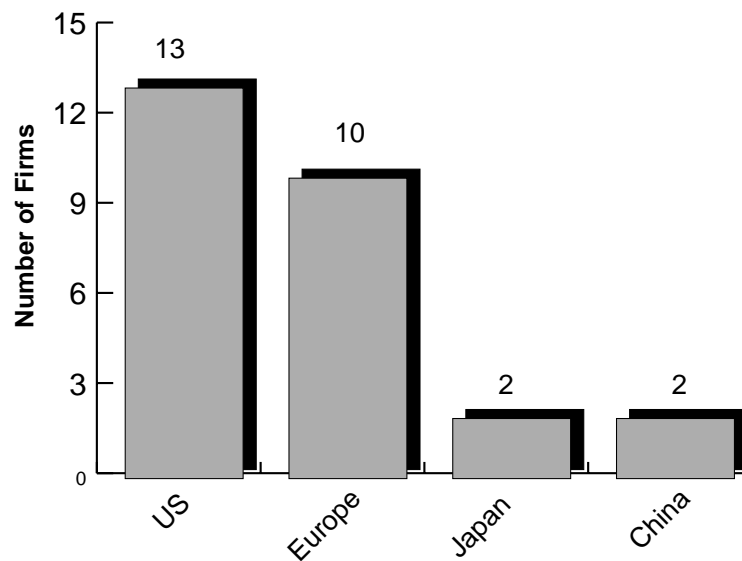


*Respondents could not cite specific country.

Question 7.4 “Conformity assessment procedures” confirm that a product meets required regulations and standards. Have you had trouble determining a country’s conformity assessment procedures?

Conformity assessment problems were experienced by 37 (18.8%) firms. Countries most often cited were the US (13 times), Europe (10 times), Japan (2 times) and China (2 times). Construction/housing related products had a higher incidence of problems and these were experienced in the US, Europe, Japan and China. There appeared to be no pattern to the remaining firms who had experienced problems.

CONFORMITY ASSESSMENT PROCEDURE PROBLEMS



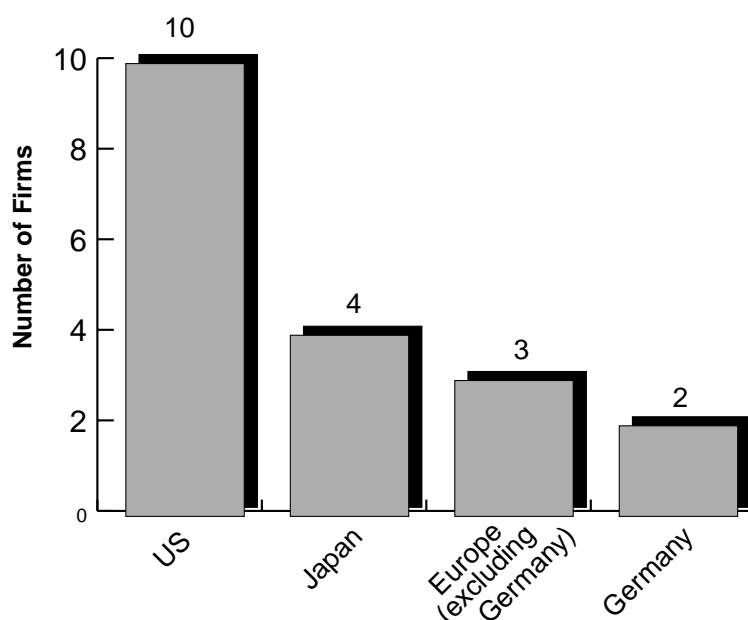
Question 7.5 Have you noted any obvious discrimination against your company's product by way of a country's technical regulations or standards?

Technical discrimination was experienced by 26 (13.2%) of the firms surveyed. In some interviews, respondents may have been referring to procurement and purchasing decisions. Complaints were mostly from firms exporting to the US (10), Europe (5) and Japan (4). Europe was cited most frequently (5 times) for discrimination and within Europe, Germany was the most frequent EU member cited. One firm also felt discrimination would be a problem if they considered exporting to Europe (computer parts for trucking). Discrimination arose from diverse reasons, for example, different voltages in the United Kingdom (energizers for electric fences), incomprehensible standards (software), existence of domestic standards (heaters for military vehicles), and particular site conditions that required product modification (well site equipment).

Discriminatory practices and a preference for domestic products are not applied exclusively by governments. Foreign corporations themselves were also noted as playing a role. Language barriers were thought to be the problem in one case.

Once again the products facing discrimination tended to be associated with the construction sector and clothing sector. Two firms stated discrimination in the domestic market—one while selling products in Quebec, and second firm that believes foreign firms receive preferential treatment from the Alberta government (financial aid and preference for the foreign product) when establishing themselves in Alberta.

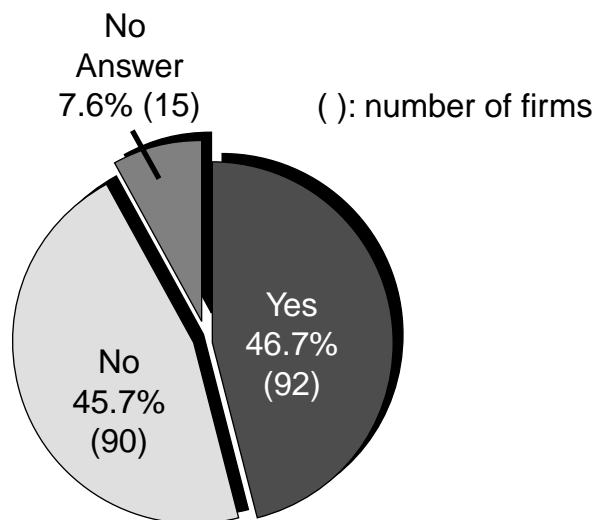
COUNTRIES WHERE TECHNICAL DISCRIMINATION OCCURRED



Question 7.6 *In recent years, international standards (e.g. the International Standardization Organization or ISO) have been developed for many products. Do such international standards exist for your product?*

Almost half (46.7%) of firms stated that international or similar standards existed for their product. Over a dozen standards were mentioned including the American Petroleum Institute standards, American Society of Testing Materials, American Mechanical Engineering and the Quality Assurance Program. Although not all the standards mentioned are international, they are widely accepted.

INTERNATIONAL STANDARDS FOR PRODUCTS



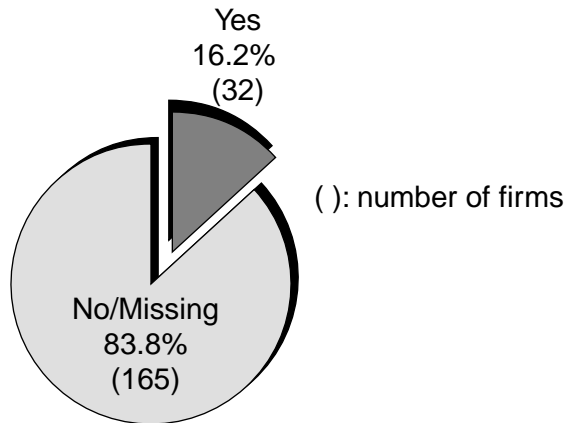
Question 7.6.1 *Have there been instances where foreign governments have applied standard inconsistent with the international standards for your products?*

Only 16 (8.1%) firms felt that their foreign sales had been affected by the standards. In each case it remains uncertain whether domestic producers were treated more favourably in the development or implementation of the standards.

Question 7.7 Private standardizing bodies have also emerged in recent years. These groups have developed voluntary standards that have been accepted by consumers and retailers in some countries because they believe that they promote some sort of desirable social objective (e.g. environmental protection through standards that say forest products must come from 'sustainable sources'). Have any standards developed by these private bodies affected your foreign sales? Was the effect positive or negative? Why was your company harmed by these voluntary standards?

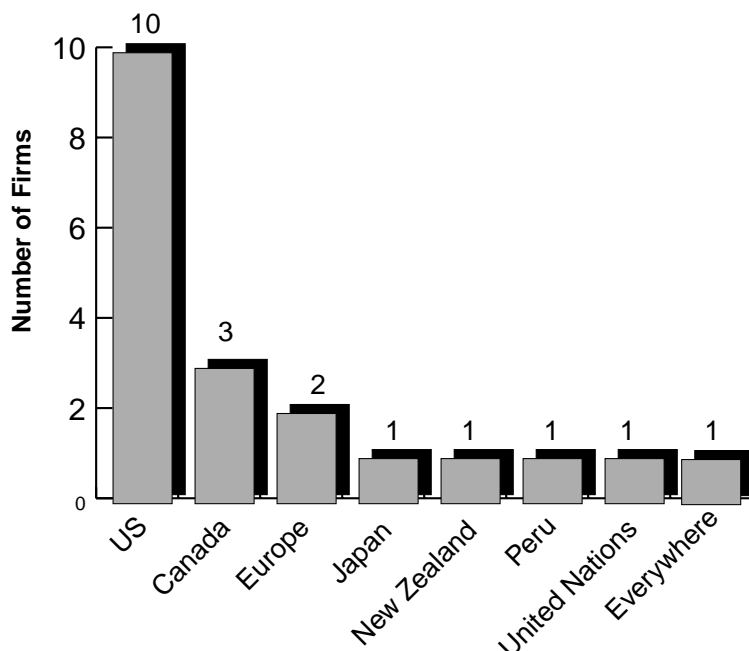
For the purpose of this question, certain private bodies such as the American Mechanical Engineering Association or the American Petroleum Institute were not considered. Standards set by such organizations were considered previously under *Section 7.6 International Standards* because the standards tended to be accepted world wide. Only 32 (16.2%) firms were affected by private standards and of these only 11 (5.6% of all firms) were negatively affected.

HAS YOUR FIRM BEEN AFFECTED BY PRIVATE STANDARDS?



When we look at the countries where private standards exist, they are almost exclusively developed nations. The US, Europe and Canada accounted for 75% of the countries mentioned.

COUNTRIES WHERE PRIVATE STANDARDS EXIST

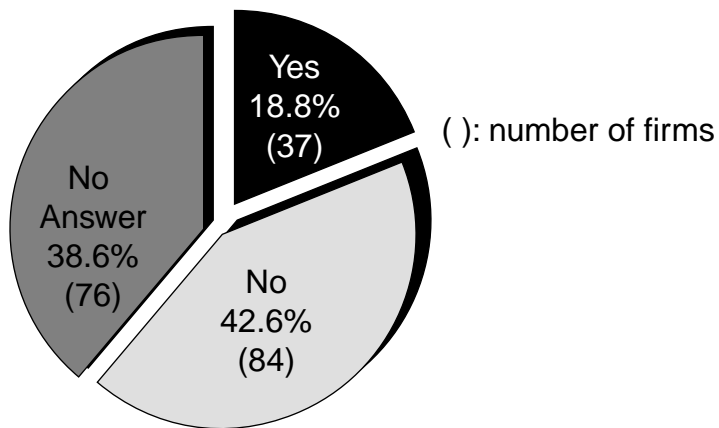


The striking feature of responses regarding private standards was that these standards tend to help firms in the Building and Construction sectors. Here, the private standards emphasized high quality, energy-efficient goods and Alberta products generally meet those standards. Two firms in these sectors were negatively affected, but these firms felt the effect was a result of ignorance of the product and protection of domestic products (Japan and US) rather than quality. Another firm in the pulp, softwood and lumber industry stated that private standardizing bodies had attempted to negatively affect their sales but had not been successful.

Question 7.8 Do you think that more international standards developed and applied to your area would be helpful?

37 (18.8%) firms thought more standards would be beneficial. This was most noticeable in the construction sector (5 firms). Some exporters would like to see such things as "country of origin" placed on products (stamped metal products), material specifications standards (oil field equipment and art), standardized postal standards and retail packaging (currency and postage printing), and emission standards (incineration equipment). Six firms would like more standards if it would help identify and keep inferior products out of the market. Five firms thought further standards would be detrimental to export trade.

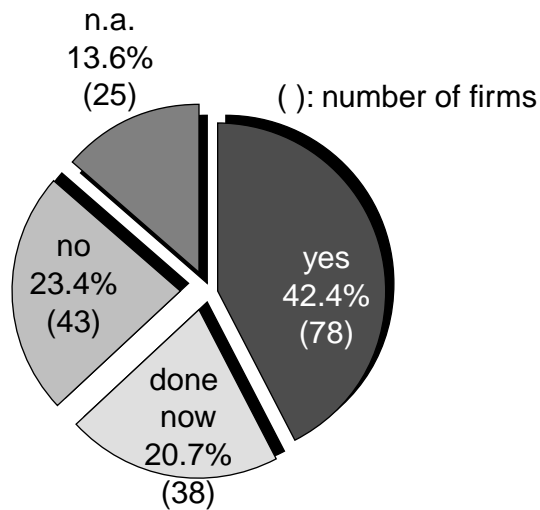
MORE STANDARDS REQUIRED



Question 7.9 Sometimes it is difficult to export products because they have to be tested in other countries before they can be sold there. Would it help if it were possible to test a product at home to see if it complies with foreign technical regulations or standards instead of having it done abroad?

Testing a product here in Canada is or would be beneficial for the majority (63%) of the firms surveyed. 38 (21%) firms are already able to do this. 23% of the firms stated that testing at home would not help and 14% of firms stated that, due to the nature of their product, testing was not applicable.

TEST PRODUCT AT HOME



Alberta exporters find that standards are barriers to trade. Even minor differences in the acceptable standards between countries can create extra costs.

CONCLUSION

The survey produced a number of findings: firms are tired of customs-related problems, are overwhelmed by paperwork, and are entangled in a web of trade-related rules, whether shipping within Canada, within NAFTA countries, or elsewhere. Streamlining and modernizing customs procedures would not, by itself, create efficient world-wide trade. There needs to be a concomitant reduction in the use of standards as barriers as even minor differences in the acceptable standards between countries can create extra costs and headaches. When coupled with more traditional and visible barriers -- transportation costs, currency exchange matters, taxation issues, local labour laws, and costly tariffs – the fact that Alberta manufacturers have achieved such evident success in export markets is truly impressive.

Despite these findings, when the entire survey is considered, Alberta exporters exhibited satisfaction with the efforts of Canadian trade officials to deal with the problem of non-tariff trade barriers. This is not to minimize or downplay the problems that remain. As stated above, firms are weary of customs problems, paperwork and rules, and more work needs to be done.

This is not unexpected when we consider the survey's intent. The survey asked about barriers to trade. In other words, the questions invited firm representatives to dwell on the negative and irritating aspects of their work. Surprisingly, what researchers often heard during interviews were proud business owners or employees relating a story of their success, perhaps involving their hard-fought entry into a new market or an increased share of an old market. A scan of the comments appended to this report also reveals that many Alberta firms are pleased with government trade initiatives and the support available through various provincial and federal agencies and programs.

Question 8.1 In addition to the types of practices mentioned above, are there practices that foreign governments have instituted that threaten your ability to sell abroad?

Comments given are loosely classified below. Often the comments were general and do not pertain to any particular country or product. Detail is given where possible.

AT = Advanced Technology; Ag = Agriculture; C = Construction; CP = Consumer Products; FB = Furniture/Building Products; M = Machinery; OG = Oil and Gas; P = Plastics

Type of Barrier	Sector	Country	Comment
Customs	CP, FB		immigration problems for sending service personnel-extra paperwork
Customs	AT, CP		trouble sending people to work in other countries
Customs	M	Brazil	in Brazil it costs Canadians 4 times as much for visas as it costs Americans
Duties/Tariffs	CP, FB		import duties and regulations are biggest threat
Duties/Tariffs	AT, C		remove import duties
General	AT, M		if you step on union toes you don't get in
General	CP	U.K.	strict hunting rules, no bow hunting in England
General	Ag, FB	US, China	time delays sending goods through US to China
General	CP		foreign governments restrict trade
General	M		determining legitimate agenda of foreign agents is necessary
General	FB		in Israel, Norway product was turned back
Information	CP,M		difficult to know rules
Information	C,P	Germany, Japan	Germany and Japan frequently change regulations to protect domestic suppliers
Joint Venture	AT		forced joint venture and disclosure of technology
Joint Venture	CP		always work with local firms
Joint Venture	C, FB	China	forced joint venturing in China
Joint Venture	AT		joint venturing is done voluntarily and works well
Joint Venture	AT,FB	US	need local presence so have not expanded to US as much as they might
Joint Venture	AT		helps tremendously to have a partner

Type of Barrier	Sector	Country	Comment
Joint Venture	AT		some countries require local agent
Joint Venture	CP,OG	Cuba	local labour required in Cuba so completed goods are sent rather than constructed on site
Joint Venture	M		helps to have contact in other country (not stated where)
Joint Venture	C,M	Argentina	problems in Argentina led them to build a plant there
Joint Venture	C,M		joint venturing seen as an opportunity (not stated where)
Joint Venture	CP	US	has set up US office to deal with contracts there
Joint Venture	CP		joint venturing was an asset (not stated where)
Joint Venture	AT	Iran	joint ventures needed in Iran
Protect Domestic	CP, OG	India, Venezuela	domestic goods are preferred. Imported goods 10-15% higher
Protect Domestic	CP,P	US	US government related projects will only buy US made
Protect Domestic	C	Europe, US	EU favours Scandinavian wood over Albertan
Protect Domestic	P	US	US government buys US goods, lost million dollar deal
Protect Domestic	FB	US	US wants domestic made goods
Protect Domestic	AT, C, FB		domestic preference evident
Protect Domestic	C,CP,M,P	Russia	domestic preference evident
Quotas	CP		if quotas weren't there, he would enter markets (not stated where)
Standards	AT	Germany	German packaging rules add too much expense
Standards	AT	Germany	different standards in Germany
Standards	AT,OG		testing should work both ways, accept here what is accepted abroad
Standards	CP		testing should work both ways, accept here what is accepted abroad
Standards	CP		no child labour laws in some countries
Standards	CP		inferior products allowed into Canada and create unfair competition
Standards	CP		inconsistent standards
Subsidies	Ag, FB	Europe, US	subsidies in Europe and US decrease their competitiveness
Subsidies	CP,P		subsidies in other countries hurt them
Taxes	AT,C	US	sell into US Municipalities and they try to get us to pay state tax

Type of Barrier	Sector	Country	Comment
Testing	Ag, FB		local situations will not prevent need for foreign testing
Testing	CP	US	now tested here and accepted in US

Question 8.2 Are there barriers to trade that our Government should try and help reduce?

In answer to these questions, the company officials gave many varied answers. Comments given are loosely classified below. Some answers strayed from the topic but have been included here as a matter of interest. Often the comments were general and do not pertain to any particular country or product. Detail is given where possible.

The table below categorizes these comments.

AT = Advanced Technology; Ag = Agriculture; C = Construction; CP = Consumer Products; FB = Furniture/Building Products; M = Machinery; OG = Oil and Gas; P = Plastics

Type of Barrier	Sector	Country	Comment
Corruption	AT, C	India	faced corruption in India
Labelling	FB	Europe	ECO labelling
Labelling	AT	US	labelling for US market, huge amount of paperwork for US
Labelling	CP, FB, M	US	labelling for US market, just take labels off for finished product
Labelling	CP, M	US	labelling for US a problem
Labelling	AT, OG	US	labelling for US
Barriers China	C, CP	China	China is a market difficult to get into
Barriers China	C, CP, FB	China	hard to break into China market because of our product is top quality and priced accordingly
Barriers Europe	AT	France	barriers to France need to be reduced
Barriers Europe	C, P	Germany/EU	difficult to deal with Germany and EU (in general)
Barriers Europe	AT	Germany/EU	cost of dealing with disposal of packaging to Germany
Barriers Japan	FB	Japan	In Japan there is a tariff that sometimes makes it difficult to compete
Barriers Japan	C, CP	Japan	eliminate tariff on spruce going into Japan, this tariff was part of bargaining with auto industry
Border	AT	US	attitude at border is not good
Border	CP	US	inconsistencies at borders
Border	AT, AG, CP	US	make flow of goods easier
Border	C	US	trade harrassment at border crossings
Border	CP, FB	US	bureaucratic crossing of US border
Border	CP, P	US	hard for employees to cross border if going to train in US; NAFTA and "Buy America" Act – difficult to say which Act is supreme
Border	AT	US	inconsistent border crossings
Border	AT, OG	US	Law says cannot accompany goods over border so have to hire truck driver
Border	AT, OG	US	service side would like easier entry to US, make it a single visa rather than per site/per job

Type of Barrier	Sector	Country	Comment
Border	CO	US	standardize border crossing fees
Border	AT, OG	US	ease border crossing
Border	CP	US	eliminate border between US and Canada
Border	CP	US	eliminate customs between US and Canada. Nothing is accomplished by Customs
Customs	CP	US	reduce regulations between Canada and US
Customs	CP	US	should be able to travel to US without hassles
Customs	CP		too many rules and thinking becomes 'can't do'
Brokerage	FB		broker deals with problems
Brokerage	AT, CP, FB		forwarders can now do forwarding & customs
Brokerage	FB, P		Brokerage fees are too high
Brokerage	CP		reduce brokerage charges
Buy America	C, CP, M	US	"Buy America" Plan is a barrier but we probably do same
Buy America	AT	US	"Buy America" Plan goes against NAFTA
Buy America	CP	US	"Buy America" Act
Canadian Consulate/ Embassy	AT, CP, FB		good help from embassies
Canadian Consulate/ Embassy	CP, FB		embassy staff helpful
Canadian Consulate/ Embassy	M		Canadian embassy should be used more effectively
Canadian Consulate/ Embassy	CP		found consulates useless, should have more ethnic people as consuls, people who know the ways of the country
Canadian Consulate/ Embassy	CP, M		consulates can be helpful but should return calls (eg. Nigeria)
Canadian Consulate/ Embassy	P		Canada foreign office a waste of taxpayers money
Classification Clearer	CP		Make classification system clearer to reduce tariffs
Classification Clearer	AT	US	NAFTA visa needs classification; none for telecommunications. Dealing with the US is time-consuming.
Classification Clearer	AT, P		clarify classification of products as it affects customs duties

Type of Barrier	Sector	Country	Comment
Contacts	AT	Latin America	CDA could find partners in Latin America
Contacts	CP		contacts would help, work with trade shows
Contacts	CP		financial aid to get new contacts
Contacts	CP		help with exploring new markets
Contacts	AT		help access foreign markets
Contacts	CP, M		local partnering important, help with social barriers
Contacts	AT, AG, CP		need gov't to help break into markets, need partners, resellers in the country,
Contacts	M		need partner or reseller in each case, Alberta government helped in Mexico
Contacts	CP		help for marketing
Contacts	C, FB, M		joint venturing
Domestic Help	AT	Canada	supply incentives for business to work locally in Canada
Domestic Help	AT, FB	Canada	Canadian government should buy Canadian software so that it looks good internationally
Domestic Help	AT, FB	Canada	government should support small business not large corporations
Domestic Help	FB	Canada	more help for small manufacturers, eg. trade shows
Domestic Help	CP, FB, P	Canada	reduce interprovincial barriers
Domestic Help	C, FB	Canada	Can. Gov't spends millions for 3rd world countries to bring leather products to trade shows but doesn't help domestic companies to compete in world markets
Duties/Tariffs	C, FB		pricing & tariffs in undeveloped countries
Duties/Tariffs	AT, FB		get rid of last small duty, it is just a pain
Duties/Tariffs	AT, FB		reduce duties
Duties/Tariffs	CP	Australia	duty to Australia too high, ship carts in pieces and assemble there--duty lower
Duties/Tariffs	CP, OG		any reduction in regulations would help
Duties/Tariffs	CP, FB		fewer customs fees
Duties/Tariffs	CP, FB		reduce tariffs and duties
Financial	AG, CP, P		financing, trade missions in specific sectors
Financial	AT		government funding would help
Financial	M		government grants have helped in past
Financial	P		government should help smaller companies
Financial	CP		cannot finance working capital
Financial	AT		continue funding international development
Financial	AT		more funding
Free Trade--good	AT		free trade is good

Type of Barrier	Sector	Country	Comment
Free Trade--good	AT, CP, P		free trade is good
Free Trade--good	AT, CP, FB		free trade is good
Free Trade--good	CP	US	free trade to US is good
Free Trade--good	AT, OG		improve free trade
Free Trade--good	AT, M	US	keep working on US trade barriers
Free Trade--good	CP, FB		more free trade the better
Free Trade--good	CP		proponent of free trade
Free Trade--good	CP		free trade but costs so much to get through system
Importing	AT		import duties
Importing	CP, OG		bringing equipment back to Canada for repair involves too much paper work to reclaim GST, cheaper just to do pay GST
Importing	AT	US	trouble importing materials that become part of the product
Importing	CP	US	would like to see American imports meet Canadian standards
Importing	CP	US	delays bringing parts back across US border, and US gov't charges per trip across border, reduce this
Importing	CP		importing into Canada is a problem
Importing	AT		profits, avoid dumping
Information	AT, CP		give out more information
Information	AT		help educate small companies on how to approach foreign markets
Information	CP		keep firms updated as regulations change
Information	AT		more information needed
Information	CP		need education on how to pursue international trade, should be user friendly, not intellectual
Information	CP, M		provide information to begin importing into new country
Information	AT, FB		web site or clearinghouse to obtain first hand information on customs
Information	P		Economic Development should use mass media to advertise and push what it does, and describe what funds are available
Information	AT, CP, FB		enhance education
Information	C, CP		faster response time by government needed
Information	C, FB		inadequate consistent information, inability to obtain and understand, improve education to Canadian companies that want to export

Type of Barrier	Sector	Country	Comment
Less Government	AT		government stay out of it -- let exporter write the rules
Less Government	CP		government stay out of it -- let exporter write the rules
Less Government	CP, FB, P		not interested in government help
Less Government	C, CP, M, P		too much government now
Paperwork	AT, M		in free trade there should be less paperwork, pay custom broker for work
Paperwork	AT		huge amount of paperwork, US
Paperwork	CP		less paperwork
Paperwork	CP, FB		less paperwork
Paperwork	CP, FB, OG P		less paperwork
Paperwork	CP		less paperwork
Paperwork	CP, P	US	less paperwork across US border, want clear concise directions for paperwork,
Paperwork	CP		less paperwork and more consistent rules
Paperwork	CP		less paperwork, more knowledge of brokerage fees
Paperwork	CP		less paperwork, takes too much time
Paperwork	CP, FB		paperwork increased since NAFTA
Paperwork	AT, FB		paperwork onerous and must be exact (but can be done by oneself)
Paperwork	Ag		reduce paperwork
Paperwork	C, CP, FB		reduce paperwork
Paperwork	CP, FB		reduce paperwork, make border crossings more seamless
Paperwork	CP		too many rules and they are always changing
Paperwork	CP		too much paperwork
Paperwork	AT, CP, FB		work on assisting in mechanics of exporting
Paperwork	CP		a lot of paperwork
Paperwork	CP		if paperwork done properly, no problem
Paperwork	CP	US	if export volume increases then they will have customs problems because they do not use a broker into US
Paperwork	CP		less paperwork
Paperwork	CP, OG		paperwork
Paperwork	AT, OG		too much paperwork
Paperwork	CP	US	too much paperwork to US
Paperwork	CP		too much paperwork
Paperwork	FB, P		too much paperwork
Paperwork	M		too much paperwork
Paperwork	AT		too much paperwork

Type of Barrier	Sector	Country	Comment
Paperwork	AT, CP, FB, OG		too much paperwork
Protect Domestic	AT		every country promotes exports, not imports
Protect Domestic	CP		every country wishes to protect domestic industry even in subtle ways like bylaws, Buy America Act
Quotas	CP		abolish quotas, and marketing boards as they create unlevel playing field
Quotas--Softwood	FB	US	eliminate softwood agreement, US likes to control Canadian business
Quotas--Softwood	C, FB	US	lobby against softwood lumber quota
Quotas--Softwood	FB	US	lobby against softwood lumber quota
Quotas--Softwood	FB	US	remove softwood quota to US
Quotas--Softwood	FB	US	softwood lumber agreement is upsetting to market although doesn't affect them directly
Quotas--Softwood	C	US	Canada softwood agreement, subsidizing, increase quota, fair competition for small to medium sized business,
Quotas--Softwood	CP, FB, M	US	softwood lumber tariff removal
Small Business	C, CP		federal government should listen to business
Small Business	AT, CP, FB		need more interest in small business by government
Standards	CP		respect labour standards against child labour
Standards	OG		push for worldwide accepted standards, (eg. Electrical CSA approval not enough)
Standards	CP	US	US textile industry threatened to come up with rules on US side that conflict with Canada
Standards	CP		emission standards vary from province to province, state to state, should be standardized
Standards	AT, CP, OG	Russia	get Russia to accept API standards
Subsidies	AT, FB		subsidies for alfalfa in other countries make competition difficult
Taxes	CP, P		high taxes make expansion difficult
Taxes	AT, Ag, CP		ease taxation/tariffs
Taxes	AT, CP		reduce taxes
Taxes	CP, M		customers do not wish to pay VAT
Taxes	CP		reduce taxes
Taxes	CP		Reduce taxes

Type of Barrier	Sector	Country	Comment
Taxes	CP	US	Individual states charging taxes and shouldn't be
Taxes	AT, C	US	Tax issues force them to have US entity
Taxes	CP	US	Require clarification on who pays state taxes
Trade Shows	AT, OG		More assistance at trade shows
Trade Shows		US	Trade shows okay if paperwork done properly
Trade Shows	AT, OG	US	Trade shows--paperwork must be done right and you must inform customs what you will be bringing back from the show, a few dollars spent before you go will save many
Trade Shows	CP		Liked Team Canada approach, Alberta government should do more of that, have a ship visit parts of Pacific exhibiting Alberta goods.
Trade Shows	AT		Team Alberta, Team Canada a great help getting contacts
Trade Shows	M		Trade commission is great (not stated where)
Trade Shows	AT, CP, P	Chile	Trade contract signed with Chile really helped company
Trade Shows	AT		Trade missions and Canadian high commission are a waste of money
Trade Shows	Ag, CP, P		Trade missions in specific sectors
Trade Shows	CP, P		Make trade missions more aggressive
Trade Shows	FB		Trade shows are good
Trade Shows	CP, M		Trade shows are good
Trade Shows	CP		Trade shows are good
Trade Shows	AT, FB		Development, website, trade shows are all good
Transportation	P		Barriers exist in transportation
Transportation	AT, CP, FB		Barriers exist in transportation
Transportation	CP	United Kingdom	Decrease freight charges to United Kingdom
Transportation	FB	Canada	Financing freight in Canada
Transportation	CP		Freight costs expensive
Transportation	AT		Freight costs too high, build closer to site
Transportation	CP, FB, P		Freight costs too high
Transportation	FB, OG, P		Freight costs too high
Transportation	CP		Lower fees, transportation costs too high
Transportation	AT	China	Reduce freight costs to China
Transportation	CP		Time and cost of transporting product
Transportation			Rail from Lethbridge to Shelby improved
Transportation	CO	Canada	Largest barrier is transportation costs within Canada
Transportation	C, CP, FB		Freight costs too high
General	AT		Local content, local labour
General	CP	US	Americans take 20% less profits than Canadians, harder to deal with Canadians than with Americans

Type of Barrier	Sector	Country	Comment
General	C, CP, OG, P		Customs handled locally so no problems
General	AT		Development, website, trade shows are all good
General	P		Economic Development of Alberta has been great for library research and market research
General	AT, C		Export insurance is good
General	AT		Good job
General	CP, FB		good job
General	AT		government has helped--Western diversification, IRAP, Department of Foreign Affairs
General	8		body to intervene on trade barriers, NAFTA grievance line-up is 10 years
General	CP, OG	Cuba	Helms Burton Law benefits us as there is no competition from US in Cuba
General	AT, FB		leery of some foreign markets due to horror stories regarding payment, i.e. Russia
General	FP		more provincial barriers than international ones, provinces have local purchase policies
General	CP, M		no exclusive rights in single countries in European union any more
General	C		promote benefits of manufactured products rather than only high technology
General	CP		provincial/federal help in marketing is usually for commodity based products, not areas of technology
General	C, CP		Team Canada should spend more time on facilitation, less on politics
General	FB		easier to move to US and do business
General	AT		Government should encourage trade as importers will find Canadian goods they want and trade is spawned
General	AT	Korea	Korea dumping product, make Canadian presence constant in foreign markets
General	AT, Ag, CP	Manitoba	Manitoba seems to help more
General	CP	US	parity with US dollar
General	CP		product seeing as going against endangered species regulations but their product does not
General	CP		refunding for errors in shipping should be on a faster track
General	AT, FB		set up fund to help register idea or patent and to help deter larger companies from infringing on these products, this would level the playing field
General	CP	US	US and Canada should share same currency
General			do not try to invent new ways to do exporting, use what exists
General			EDC should help customers with less money
General			Export Development should look at countries that don't want to accept our products
General			hard to get patent lawyer
General	FB		cannot comment on softwood US quota

Type of Barrier	Sector	Country	Comment
General	B		the government should recognize importance of product

APPENDIX A.

PHONE INTERVIEW TEXT FOR TRADE BARRIERS SURVEY 2000

"The University of Alberta's Business Faculty is undertaking research on barriers to international trade on behalf of the Alberta Government."

SCENARIO #1: NO SPECIFIC CONTACT AT FIRM

"We are hoping that your firm's experiences with international trade can help us assess negotiating priorities for the next round of World Trade Organization (WTO) talks. Is there someone within *[insert firm name]* who could answer several questions about these issues?"

SCENARIO #2: A SPECIFIC CONTACT PERSON HAS APPEARED IN PRE-SURVEY RESEARCH (I.E. A MARKETING REPRESENTATIVE)

"We are hoping that you could spend a few minutes responding to several questions regarding your export activities and any problems that your firm experiences in accessing foreign markets."

In the first scenario your call may be put through to the specific candidate. If that is the case, move to the text provided in Scenario #2 and, depending on the person's availability, either leave a message, arrange a time suitable for the potential respondent or, if possible, go ahead with the questions provided below).

1. Firm/contact information. "Here we are collecting necessary background information about the firm and its activities. Please be assured that any commercially sensitive information you may provide will not be made public."

1.1 Firm Name

1.2 Contact (name, position)

1.3 Company size

1.4 Company location

1.5 Contact's phone number and extension (if scenario #1)

2. Reliance on Exports.

2.1 "If possible, can you tell us how long your company has been exporting?"

2.2 "What products do you most commonly export?"

2.3 "What share of your company's revenues are generated by exports?" *(If necessary, prompt interviewee by asking for a range or best approximation for last two years).*

3. Current and Potential Markets

3.1 "Which foreign markets are most important to your company?" *(Note top three countries and/or regions)*

3.2 "Which new markets, if any, would your company like to enter or increase your presence in, during the next two years?" *(Note top three)*

4. Introducing topic of trade barriers and explanation of questionnaire

"The scope of international trade negotiations has changed greatly in recent years. Not long ago, the major focus of trade negotiations was import tariffs, but now countries are beginning to address other barriers to trade, particularly those created by governments' domestic laws and regulations.

Some of these trade barriers, such as customs procedures, make it difficult or more expensive to get products into foreign markets. Other barriers are created when foreign countries enact domestic regulations that discriminate against foreign products. Sometimes, it can be very difficult to find out what the rules are or with whom you have to deal to be able to sell your product in foreign markets.

The purpose of the survey questions that follow is to help us identify actions that foreign governments take which make it more difficult for exporters to gain access to markets."

5. Customs Procedures

5.1 Have there been instances where your company has had problems finding out about customs rules (paperwork, fees, etc.) in other countries?

Yes No

5.1.2 If the answer was "yes" to 5.1 [above], which countries?

5.1.3 "Was it because the information was:

non-existent?"

and/or

inconsistent or inadequate?"

5.2 "Sometimes countries impose customs fees to cover their costs of processing imports. Are customs fees in other countries too high?"

Yes No

5.2.1 If "yes" to 5.2 [above]: "Can you cite examples of countries where these fees are too high?"

5.3 "Has your company had problems with customs authorities in other countries?" (Yes or No)

5.3.1 If the answer was "yes" to 5.3 [above], which countries?

5.3.2 "What sort of customs problems did you experience? (e.g. time delays, corruption, ineptitude, improper valuation of goods)."

5.5 "Have there been instances where you think foreign customs authorities have provided preferential or discriminatory treatment to the products of other countries?"

Yes No

5.5.1 If the answer was "Yes" to 5.5 [above], which countries?

6. Import Licensing. Ask respondent if this applies to his/her firm's export activities: "Does your firm face import licensing?" Continue with section if the response is "Yes"; the questions in the section that follows assume respondents know that import licensing is a requirement in some foreign jurisdictions. If uncertain, explain that "some countries have rules where import licenses have to be obtained before goods can be imported. This requires the submission of an application or other documentation to an administrative body."

6.1 "In your experience, are import licenses:
 granted automatically (e.g. where the country is simply trying to collect statistics), or
 in a discretionary manner"

6.2 "Have you encountered problems obtaining an import license?"
 Yes No

if "No" go to 6.3, if "yes", what was what was the primary reason:

- difficulty in finding out what the rules are;
- difficulty in obtaining the correct forms;
- application procedures are too complicated;
- application process takes too long;
- other [*cite keyword*]

6.3 "If and when licenses are not granted automatically, do foreign authorities discriminate among goods from other countries? (e.g. quicker licensing for some countries).
 Yes No

6.4 "Have there been instances where you have not been able to sell your goods due to a country's quota allocation system?" (*Define quota system if necessary*)
 Yes No

[If "yes", list product and country]

7. Technical Barriers to Trade. Define topic by stating that "technical regulations and standards set out specific characteristics of a product, such as its size, shape, design, functions and performance, or the way it is packaged or labeled." Remind respondent that "while compliance with standards is voluntary, consumers and purchasers might be reluctant to buy the product if it does not comply with the standard. Compliance with technical regulations is mandatory, because they are contained in a country's laws or regulations." **If one or more technical barriers are mentioned here, please ask that they be placed in order of importance. Note all related comments.**

7.1 Have you had trouble determining whether there is a technical regulation or standard that pertains to your product?
 Yes No

[If "yes", where?]

- 7.2 Have you had problems obtaining foreign technical regulations or standards
 Yes No

[If "Yes", where?]

- 7.3 Have you ever needed specialized assistance to explain foreign technical regulations or standards?
 Yes No

[If "yes", where? was assistance made available?]

- 7.4 "Conformity assessment procedures" confirm that a product meets required regulations and standards. Have you had trouble determining a country's conformity assessment procedures?
 Yes No

[If "yes", where?]

- 7.5 Have you noted any obvious discrimination against your company's product by way of a country's technical regulations or standards?
 Yes No

[If "yes", where?]

- 7.6 "In recent years, international standards (e.g. the International Standardization Organization or ISO) have been developed for many products. Do such international standards exist for your products?
 Yes No

- 7.6.1 [If "yes" to 7.6, (above)]: Have there been instances where foreign governments have applied standards inconsistent with the international standards for your products?"
 Yes No

[If "yes", where?]

- 7.7 "Private standardizing bodies have also emerged in recent years. These groups have developed voluntary standards that have been accepted by consumers and retailers in some countries because they believe that they promote some sort of desirable social objective (e.g., environmental protection through standards that say forest products must come from 'sustainable sources'). Have any standards developed by these private bodies affected your foreign sales?"

[If "Yes", where?]

7.7.1 *[If 'Yes' to 7.7 (above)]:* "Was the effect positive or negative"?

7.7.2 *[If the answer to 7.7.1, above, was "negative"]:* "Why was your company harmed by these voluntary standards?:"

- "Is it because the voluntary standard discriminates against foreign products? (e.g. because the people who developed the standard were not familiar with how products are made in Alberta or Canada)"

and/or

- "Because the standard is based on inaccurate or biased information?"

7.8 "Do you think that more international standards developed and applied to your area would be helpful?"
 Yes No

[If "Yes", ask which areas in particular would benefit from the development of international standards]

7.9 "Sometimes it is difficult to export products because they have to be tested in other countries before they can be sold there. Would it help if it were possible to test a product at home to see if it complies with foreign technical regulations or standards instead of having it done abroad? (For example, this can be accomplished through 'mutual recognition agreements' [have definition available]).
 Yes No

8.0 Other Barriers to Trade

8.1 "In addition to the types of practices mentioned above, are there practices that foreign governments have instituted that threaten your ability to sell abroad?" *[If necessary, provide respondent with these examples/terms: "discriminatory practices of any kind, forced joint venturing with local firms, forced hiring of local workers, restrictions regarding where you can ship, market, distribute, store, transport or sell products."]*

8.2 "Are there barriers to trade that our Government should try and help reduce?"

APPENDIX B.

NOTE REGARDING CUSTOMS BROKERS AND FREIGHT FORWARDERS

During the interviews with Alberta exporters it became clear that the majority of firms use customs brokers and freight forwarders to help with the shipment of some or all of their products. This is especially true of firms dealing with the US and Mexico, and less developed economies in South America, Africa, Asia and Eastern Europe. To gain insight into this service industry, the WCER conducted five of interviews with customs brokers and freight forwarders based on the survey questionnaire. (Those firms handling imports only were not interviewed).

A substantial increase in world trade has led to more complicated regulations affecting the movement of goods. In Alberta, for example, the business flowing to customs brokers and freight forwarders has increased substantially since the FTA and NAFTA. Brokerage firms claim that their services help reduce the amount of time spent by producers acquiring specific customs rules, export permits and, in the case of NAFTA shipments, certificates of origin. In general, brokers will help exporters navigate through complex trade law and ensure that customs authorities are provided with the information they require. When a great degree of local knowledge is necessary at the port of destination, freight forwarders and their associated local agencies are contracted to expedite the shipment's entry.

Customs brokers and freight forwarders are particularly useful when the shipment involves specialized goods or promotional material. The growth in such shipments have given rise to new types of expertise within the broker industry and has made the business increasingly competitive. Fees for these services have dropped as a result. Interviews with this group of firms underlined the increasing complexity of international trade and customs rules. Government "red tape", even in cases where import duties have been reduced, fuels the industry. Two individuals mentioned the need to bribe or use "pay offs" in certain countries and one firm representative noted that preferential treatment is commonly exercised by customs officials in many parts of the world.