

AuCanada

The Canadian Studies Center at Bowling Green State University

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A Solid Performance

The Canadian economy is slated for healthy performance over the next twelve to twenty-four months. Sidelined during the early years of the lengthy U.S. expansion, the Canadian economy is now doing very well. Many indicators point toward steady growth led by robust domestic demand and continuing U.S. demand. Rising commodity prices have bolstered the economy and balance of trade. Job creation remains strong and with an unemployment rate around 6.8 percent there is still plenty of room for growth without inflation. Inflationary signs in Canada are much weaker than is currently the case in the U.S. An improving Canadian dollar will put price pressure on Canadian producers by making U.S. exports to Canada more competitive.

The wildcard in predictions about the Canadian economy is U.S. economic performance over the near term. Any slack in U.S. auto demand would reduce the buoyancy of the Canadian economy as would a slump in U.S. consumption of durable goods. But as world markets continue their recovery begun in 1999 increased U.S. export demand can act as a counterweight to any slowing in domestic consumption. Rising exports coupled with further Federal Reserve rate hikes should act to soften the landing of the high flying U.S. economy and mitigate effects on the Canadian economy.

The Myth and Reality of Canadian Taxes

The upcoming Canada-Ohio Business Workshop will feature the topic of Canadian taxation. It is often assumed that Canada has radically higher tax rates than the United States. Canadian personal income taxes are implicated in the so-called Canadian brain drain. Many Canadians are calling for tax relief. Marginal income tax rates (including state and provincial rates) are indeed higher in Canada, but personal income tax is only part of the story. Overall differences between Canadian and U.S. rates converge when taxes on corporate income, property, and goods and services are considered.

For Ohio firms with Canadian business interests tax aspects are big concerns. The Canadian government is currently considering alternative tax reform packages that may alter the business environment. Plan to attend the workshop on November 15, 2000 and learn how proposed changes in the Canadian tax code will effect our cross border economy. Contact the Center for details.

From the Director

A strong Canadian economy through 2001 coupled with a big appetite for U.S. products should help keep the longest period of U.S. growth on track. The huge bilateral relationship governed by NAFTA rules would partially offset any dampening of demand in the U.S. Manufactured products comprise the overwhelming share of Canadian exports, but Americans also consume hefty amounts of Canadian energy and forest products. Purchases of softwood lumber are governed by a formal agreement with Canada. The Softwood Lumber Agreement (SLA) limits Canadian exports and increases prices for American consumers. Canadians despise the SLA while most Americans are unaware of it. It will probably be renewed in 2001, but U.S. consumers would be better off if lumber imports were governed by NAFTA.

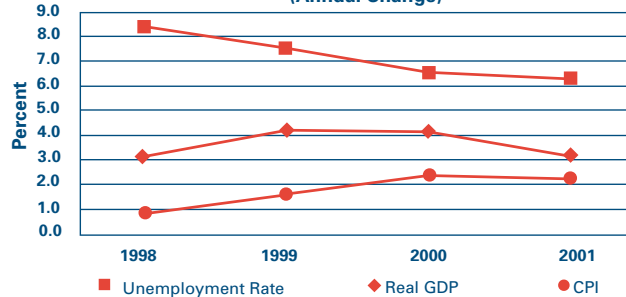
The University of Guelph and BGSU announce an environmental studies exchange program. Solving North American environmental problems requires better understanding on both sides of the border. This cooperative agreement will help train the next generation of practitioners and assure a better natural environment within which our two economies will continue to prosper.

With the coming of the summer we offer some helpful hints (and a few amusing remarks) on how to simplify cross border travel. It's better to know before you go.



Mark Kasoff
Director

Canadian Economic Projections
(Annual Change)



Data Sources: EIU and Toronto Dominion Bank

Canada: Still A Primary Resource

More Than Merchandise

Canada is a dominant U.S. supplier accounting for roughly one-fifth of imports. The largest sector of Canadian products shipped to the U.S. is manufactured goods which includes the two large industries of automotive and machinery & equipment. Even so, Canada's primary resources sector remains domestically and internationally important. The fall in worldwide commodity prices and subsequent fall in the value of the Canadian dollar during 1998 serve as reminders of Canada's economic roots. In total, the natural resources sector accounts for 6 percent of Canadian GDP.

Canada's traditional strength in natural resources and its proximity explain its strong position as a U.S. supplier. Rich with resources, Canada is the world's largest producer of potash and uranium, second largest producer of nickel and zinc, third largest producer of natural gas, and fourth largest producer (among OECD countries) of electricity. Canada holds a 13 percent share of the U.S. natural gas market.

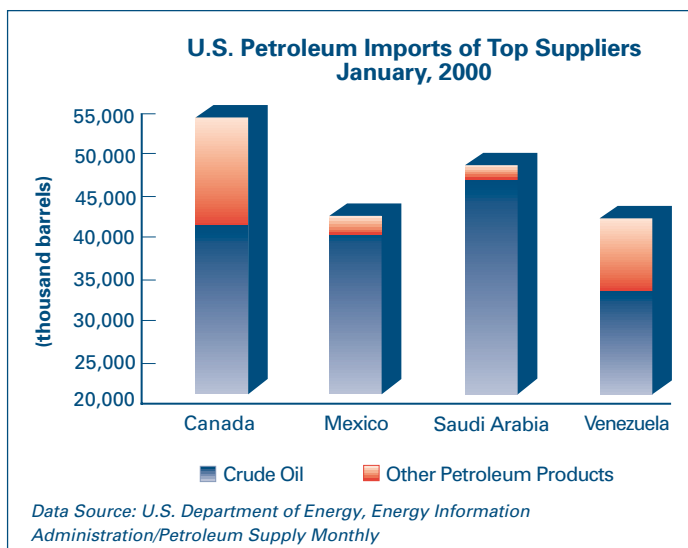
The level of U.S. dependence on Canadian resources may be surprising to some, but it should not be disconcerting. Most of our trade with Canada is regulated through the North American Free Trade Agreement (NAFTA) meaning that we have relatively reliable access to Canadian markets. Canada's comparable environmental and labor standards make our neighbor a natural trade partner.

Petroleum and softwood lumber, featured below, are two economically important sectors critical to U.S. security and growth. The case of crude oil exemplifies the benefits of having a key trade partner with similar domestic and foreign policy goals. The softwood example demonstrates that even when trade irritants do exist our two nations remain dependent upon one another and must develop mutually workable solutions.

Did Somebody Say Canola?

Since 1973 Americans have been keenly aware of the influence Saudi Arabia, Kuwait, Iraq, and other OPEC nations have on our pocketbooks. The Gulf War was fought, in part, to protect our energy interests in the Middle East. Recent sharp price rises at the gas pump have proven that oil still gets our attention, "new economy,, or not.

U.S. dependence on foreign oil has increased since the 1970's and we rely upon a small group of countries. We now import two out of every three barrels of crude oil from just four countries, up from less than half in 1984. Can you name these countries? Two of our top four suppliers are our NAFTA partners and the other two are founding OPEC members.



Canada and Mexico together supply nearly one-third of our crude oil needs. Saudi Arabia and Venezuela supply another third and the remainder is purchased from several other OPEC and non-OPEC countries.

As shown in the chart above, when imports of crude oil plus all other petroleum products are taken into account Canada emerges as our top petroleum industry supplier. More than 75 percent of Canadian crude comes from the province of Alberta. Significant reserves offshore near Newfoundland and those under development in the Alberta tar sands region mean that Canada will continue to produce and export petroleum products and crude oil well into the future.

Lumbered Again?

Canada has 10 percent of the world's forests yielding many products including wood pulp, newsprint, and softwood lumber. Softwood lumber is an exception to trade governed by NAFTA. Instead, a formal Softwood Lumber Agreement (SLA) was signed most recently in 1996 limiting duty free Canadian exports to the U.S. to 14.7 million board feet (SLAs date back to 1983). Canadian producers loathe the SLA while U.S. producers firmly support it. Export fees as high as \$106 per 1,000 board feet are imposed beyond the quota limits. The SLA expires in 2001 and the U.S. forest products industry, particularly in the Pacific northwest and Georgia, will lobby for its renewal.

Despite these quota restrictions, about a third of the softwood lumber consumed in the U.S. comes from Canada. The SLA adds \$1,000-\$2,000 to new home construction, a cost invisible to most home buyers. Forest product companies in Washington and Oregon are primary beneficiaries of the SLA. What is the basis for their complaint?

Canada and the U.S. differ in how private companies are sold access to timber on public lands. Canadian provinces charge stumpage fees while the U.S. conducts auctions. These are different pricing methods but one is not inherently unfair as maintained by American interests. Each time this dispute has been put before a U.S. or international trade tribunal Canadian practices have been upheld. Canada has reluctantly agreed to SLAs in fear of losing a large share of the U.S. market. In 1999, Canada exported \$7.3 billion of softwood lumber to the U.S. or 82 percent of its world exports.

In response to higher lumber costs, the housing industry is using more concrete block and steel. Large buyers like Home Depot and Lowe's might pressure the U.S. to let the SLA expire with no renewal. While the SLA benefits U.S. lumber producers, consumers continue to pay the price. Will a new SLA go into force on April 1, 2001? Stay tuned.

Tips for Routine Border Crossing

Boundary, n. In politics, the imaginary line between two nations, separating the imaginary rights of one from the imaginary rights of the other. —Ambrose Bierce, *The Devil's Dictionary*, 1911. Just try telling that to the Customs officer the next time you cross the border. As summer approaches a little border crossing advice is in order. Our advice is designed to turn a routine border stop into a routine border stop. If you seek more legitimate information go to <www.ccra-adrc.gc.ca> for Canada Customs. The well thought out advice below applies only to those heading north.

What to Bring

Proper Identification: For adults (citizens & permanent residents) a driver's license or some other documentation proving your citizenship. This type of information tends to be essential for returning home.

For children traveling with parents a birth certificate and if traveling with other adults written permission from parent/guardian. Children traveling with no adults shouldn't travel but if they get to the border they too will need written permission and proper ID.

Currency: Preferably enough and definitely Canadian. Exchange a little or a lot before you go and more at any financial institution or Customs exchange booth once you get there. Credit card purchases will be converted, often at slightly more favorable rates. Retailers in Canada may or may not accept greenbacks so we recommend using Canadian money, besides who has time for math on vacation?

Traveler's Health Insurance: Comprehensive Canadian coverage does not apply to you. Check with your U.S. insurer regarding coverage while traveling abroad.

A Sweater: You never know, it is Canada after all.

What to Know

1 mile = 1.6 kilometre (or kilometer if you don't speak Canadian).

1 gallon = 3.78 litres.

30 mph ≠ 30 kph. A corollary; the Royal Mounted Police may not actually be as quaint as their name implies.

Length of Stay: Border guards just like to know this.

Visitor Rebate Program: Refunds of the GST (Goods and Services Tax) on certain goods (i.e. souvenirs and gifts) and short-term accommodations are available. The rebate on goods applies to single purchases over a minimum amount thus it may be prudent to bundle purchases. Inquire at the Customs booth at border crossings for details and be sure to get a "Tax Refund Application for Visitors.", You can submit this form on your way out of the country or mail it later.

Packing: Keep your purchases separate and accessible for easy inspection upon re-entry. Keep sales receipts handy.

What Not to Bring

Plants, Fruit, Vegetables, and Plant Products: Let's face it who needs these things on vacation anyway? Bring on the poutine.

Pets: But if you must, be sure to have documentation on rabies/distemper.

Radar Detectors: Relax, that's the point. They're also against the law in most provinces.

Handguns, Semi-automatic Rifles, Sawed-off Shotguns, Rocket Launchers, etc.:

Leave 'em home. Even the pepper spray. If you are planning a hunting or fishing trip contact Canada Customs at the location where you intend to cross before you pack.

Alcohol: Depends on length of stay but generally limited to 1.1 litres (40 ounces) of liquor or wine or a case of beer.

Tobacco: Small amounts only (provincial restrictions vary), but vacation is a good time to quit. Bringing back Cubans (cigars) will risk international incident.

Expectations: Don't expect everything to be as it is in the States. Make an effort to be informed. Canada IS a foreign country. Enjoy!

Roundtable Serves Valuable Function

Now entering its ninth year, the Ohio Canadian Studies Roundtable is a rare opportunity for faculty and students to meet and freely exchange information regarding Canada. An attractive aspect of the Roundtable is that it shuns the formality (and expense) of a conference. The most recent Roundtable provided a venue for over thirty Canadianists across the state of Ohio to gather and share information. An achievement of this event is that similar Roundtables have been spawned in Kentucky, Michigan, and Indiana.

The key to success for this grassroots organization is the active participation of attendees. Formal speeches are expressly prohibited save for one keynote presentation on a different topic each year. This year Professor Jeff Pence, Oberlin College, presented "Canadian Film: The State of the Art.,,

Students and faculty spend the day forging links, exchanging knowledge, and discussing teaching and research interests. The program format contains up to six breakout sessions on such diverse topics as business and economics, provincial and federal politics, Canadian culture, literature, trade disputes, and course development and research. Although there is a core of regular Roundtable members, each year several first-time participants join.

One regular attendee describes his personal benefits as having made "a huge difference, in the most positive sense, for my own personal development and career. You furnish sufficient leads and suggest doors we can open so as to develop on our own initiative, steps to assist us in our own research to teaching plans. Simultaneously, the Roundtable programs all have sufficient breadth to touch faculty from a wide variety of disciplines.,,

The Roundtable publishes an annual report which summarizes the discussion of the various breakout sessions. Members also maintain an online discussion group enabling contact throughout the year. The program is a collaboration with The University of Akron.

Next year's meeting will be in Columbus on Friday, April 13th. If you would like a report copy or more information please contact Linda Snyder at 419.372.2457.

Environmental Studies Partnership Formed

The Center for Environmental Programs (CEP) at Bowling Green State University and the Faculty of Environmental Sciences at the University of Guelph in Ontario are creating an exciting opportunity for students and faculty to gain international experience. Course offerings in the two schools complement each other superbly. Guelph, with origins in agricultural sciences, has unique offerings in applied environmental science not available at BGSU. Similarly, BGSU is able to expose Guelph students to restoration practices, natural areas management, and environmental education not found in the Guelph curriculum.

Both programs approach the field of environmental studies from a strong science base including biology, chemistry and physics. Each also stresses environmental economics, public policy analysis, and other coursework in the socio-economic context where environmental issues occur. The CEP is known for its offerings in ecological restoration and has offered workshops in oak-savanna restoration, aquatic restoration, and prairie restoration. Additionally, the Center is noted for its work in environmental education, particularly community outreach to local schools. University of Guelph is known for its emphasis on environmental engineering monitoring and analysis, protection, and toxicology, and also has a strong outreach component.

This new exchange program deepens course offerings at both universities, particularly those relating to the

management of the Great Lakes. Students will have the opportunity to complete laboratory and field work in the wetlands of Lake Erie and the larger Great Lakes ecosystem.

The CEP offers a fully interdisciplinary student-focused program with two degree choices: a Bachelor of Arts in Environmental Policy Analysis and a Bachelor of Science in Environmental Science. It was one of the first interdisciplinary undergraduate programs in the nation and has sustained an impressive number of majors for decades. Upon graduation, 78 percent of BGSU's environmental studies majors find employment in their field of study.

The University of Guelph has a highly regarded reputation within Canada. In *Maclean's* 1999 Annual Survey of Canadian Universities, Guelph ranked as the overall number one comprehensive university, edging out other well-known universities such as Simon Fraser and Waterloo. Guelph offers a Bachelor of Applied Science degree in Environmental Science. Over the past four years these students have been awarded eleven of the prestigious Governor Generals Awards for Excellence in Environmental Science (only fifteen of these awards are made nationwide each year).

Students will gain a rare opportunity to be exposed to a true cultural experience that is affordable and offers academic excellence. Students will attend classes at the other university for one semester and then be placed in an internship for valuable experiential learning. Later plans include exchanging faculty.

Call for Manuscripts

The University of Akron Press invites the submission of book length manuscripts on Canadian-American relations in their various forms—political, economic, environmental, and cultural. Please address inquiries and manuscripts to:

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Upcoming Events

Mark your calendars for the following events. Please contact **Linda Snyder** at (419) 372.2457 if you are interested in more information.

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|  October 5-8, 2000 | Ninth Biennial Conference of the Midwest Association for Canadian Studies, Ypsilanti, MI. |
|  November 15, 2000 | Canada-Ohio Business Workshop, BGSU, Ohio |
|  January 20, 2001 | Fourteenth Annual Reddin Symposium, BGSU, Ohio |
|  April 13, 2001 | Ohio-Canadian Studies Roundtable, Columbus, Ohio |