

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The classification of the U.S. material handling equipment sector comprises one product group "Lifting, loading and handling equipment, nsfp" (Schedule A 744.2). Within this group, the products included in this study are conveyors or conveyor systems, hoists, winches, cranes and lifting, handling, loading and unloading machinery. In total, the products which are the focus of this study represented approximately \$188.2 million (U.S.) of U.S. imports in 1988.

The U.S. shipments of material handling equipment are subsumed in the USDOC's report on U.S. shipments for construction machinery. The value of industry shipments in 1988 for construction machinery is \$14.5 billion (U.S.). The USDOC expects that the U.S. market for these machinery products will experience growth in revenues in 1989. According to the United States Department of Commerce (USDOC), the health of the national economy, the level of federal and local government expenditures, and the level of building construction will be major growth determinants of the construction machinery industry.

The survey of U.S. importers of the products under review indicated that the majority (60.4%) of the respondents who had imported in 1988 were facing rising costs for their imports due to the devaluation of the U.S. dollar. **Slightly over a third (38.2%) of respondents who had not yet tried Canadian sources of supply expressed interest in learning about Canadian products.** Of those who would consider sourcing from Canadian companies, approximately 30% expected to increase purchases from Canada as a result of the Free Trade Agreement between Canada and the United States. The majority of respondents who would source from Canada, however, said that the Agreement would have no effect on their purchasing policy, while 18.2% had not considered the impact of the Agreement on the level of their purchases.

Respondents interested in Canadian material handling equipment products indicated that they would prefer to obtain product information from the Canadian company through brochures, industry publications, trade fairs, and visits to the Canadian company and facilities. The non-availability of the product in the U.S. was most frequently reported by respondents who had imported in 1988 to be a significant consideration in their decisions to source outside the United States. Interviews with U.S. associations connected with the material handling equipment industry indicated that the Canadian industry is perceived to be competitive with the U.S. industry.