II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The U.S. chemical specialties sector is composed of a number of products and product groups. The products included in the chemical specialties study are household and agricultural pesticides, room deodorizers, antiseptics, floor wax and soaps and detergents. In total, the products which are the focus of this study represented $1.71 billion (U.S.) in U.S. imports in 1988.

The U.S. shipments of chemical specialties, based on information provided by the USDOC, is a composite of U.S. shipments for cleaning preparations (which includes soaps and detergents, polishes and sanitation goods and surface-active agents) and pesticides. The total value of industry shipments in 1988 for cleaning preparations is estimated at $20.8 billion (U.S.). This represented an average increase of 9.4% over 1987 levels for these product groups. Pesticide industry shipments in 1988 fell to $5.24 billion (U.S.). It is expected that the U.S. market for chemical specialties will experience growth over the longer term. Factors in the long term development of the cleaning preparations industry are the sales level of heavy duty laundry detergents, optical brightness and fluorescent whitening agents, premeasured cleaning chemicals, institutional and industrial cleaners and the increase in use of linear alkylbenzene sulfonates (LAS) in a variety of detergents. A factor in the long-term development of the pesticides industry is increased cultivation.

The survey of U.S. importers of the products under review indicated that the majority of the respondents were facing rising costs for their imports due to the devaluation of the U.S. dollar. As a consequence, the majority (78.1%) of those who had not yet tried Canadian products expressed interest in learning about Canadian sources of supply. Of respondents who would consider sourcing from Canadian manufacturers, just over 30% expected to increase their purchases from Canada as a result of the Free Trade Agreement between Canada and the United States. While a moderate percentage (17.4%) had not yet considered the consequences of the Agreement on their purchasing patterns, almost 48% of this group of respondents believed that the Free Trade Agreement would not affect their purchases.

U.S. importers interested in Canadian products indicated that they would prefer to obtain product information from the Canadian company through brochures, industry publications, personal contact by the company, and contact by a manufacturer's representative. The unavailability of the product in the United States was most frequently reported to be a significant consideration in