II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The medical equipment industry encompasses a wide range of product sectors. The main product groups examined in this study are electro-medical therapeutic apparatus, including surgical support apparatus; electro-medical apparatus; medical, dental and veterinary instruments (optical); and parts of medical, dental and veterinary instruments. These product groups include cardiac defibrillators and physiological recording equipment, among others. These product groups account for the largest medical and dental instruments markets served by European and Japanese firms.

U.S. shipments of medical and dental instruments for 1987 reached $20.8 billion (U.S.), while U.S. imports are estimated at $2.3 billion (U.S.) in 1987. The products examined in this study account for $944.6 million (U.S.) of these imports. Import shares in the United States for Europe and Japan in general have declined since 1986, while Canada's market share has remained small. The U.S. market for medical and dental instruments is expected to continue growing during the next five-year period. Canadian firms have an opportunity to aggressively promote their products and achieve a larger volume of exports to the U.S. market.

The survey of U.S. importers of the products under examination indicated that over 75% of the respondents were facing rising costs for their imports due to the devaluation of the U.S. dollar. As a consequence, many expressed interest in looking at Canadian sources of supply. In addition, approximately one-third of U.S. importers contacted reported that they would increase their purchases from Canada in the event of a Free Trade Agreement between Canada and the United States.

U.S. importers interested in Canadian products said they would prefer to obtain product information directly from the Canadian company through brochures and product listings, as well as through relevant industry publications and trade fairs. Lower prices and the requirement to supplement their domestic supply were most frequently reported to be significant considerations in importers' decisions to source outside the United States.

The survey of U.S. associations connected with the medical and dental instruments industry indicated that although specific Canadian products are generally well regarded, production levels are often viewed as not high enough to meet the U.S. demand for such products.