

carefully, as they may differ significantly from the prospects of any individual product included within them. It is therefore recommended that outlook data be used only as a general indication of sectoral prospects in the near term.

The USDOC outlook for the U.S. drug industry is expected to be a continuation of the industry's recent pattern of steady growth. Pharmaceutical industry productivity held steady in 1987, after increasing in 1986. During this period, the value of industry shipments increased 7.9% to \$34.05 billion (U.S.). Aided by the weakened U.S. dollar, the overall industry trade balance continues to be positive. Industry exports in 1987 rose 5.8% to \$3.26 billion (U.S.), but imports, driven by the large volume medicinal chemical imports, climbed 21.2% to \$2.82 billion (U.S.). The increase in imports, in part, stemmed from declining prices for medicinal chemical imports, especially from Eastern Europe. In 1986, the U.S. pharmaceutical industry had worldwide sales (domestic and foreign) of \$40 billion (U.S.) in a global market that exceeded \$90 billion (U.S.).

The pharmaceutical industry consists of three primary components: biologicals, medicinals and botanicals, and pharmaceutical preparations. Biologicals include blood products, vaccines, diagnostics, hormones and all biotechnology products. Medicinals and botanicals include vitamins, animal feeds and enzymes. Pharmaceutical preparations include all prescription and non-prescription drugs.

Rising health care expenditures, currently \$500 billion (U.S.) a year, have put pressure on the pharmaceutical industry, particularly biologicals and pharmaceuticals, to meet the need for cost-effective ways of preventing and treating disease by decreasing costly hospitalization.

The USDOC expects the biological industry to grow at a rate of 4% to 5% through to 1992. For 1987, the value of biological product shipments is estimated at almost \$3.5 billion (U.S.), 7.7% above 1986. This industry is mostly focussed on the domestic market. In 1987 exports dropped 4% to \$598 million (U.S.) while imports climbed 14% to \$180 million (U.S.).

Current biotechnology advances are expected to result in the development of new products, especially diagnostics, vaccines and blood products. More sophisticated home test kits are being developed. Over-the-counter diagnostics will increase more than 20% a year to \$730 million (U.S.) by 1991 because self-diagnosis is cost efficient and private. Furthermore, estimates