

## II - CONCLUSIONS OF THE PEAT MARWICK STUDY

According to the U.S. Department of Commerce, demand for jewellery in the U.S. is expected to rise due to increasing personal income and high consumer confidence. It is thought that an increase in the number of women in the 18-35 year age group (up by 31.5% between 1972 and 1985) has greatly affected the U.S. market for jewellery. In addition, the number of women in the workforce increased by 12.3% to 55% over the same period. Since women in these groups constitute a significant proportion of jewellery purchases, these factors indicate a growing market for jewellery in the U.S.

Over the past five years, the U.S. jewellery industry has experienced only moderate growth, despite a strong U.S. economy. Imports have exceeded exports of U.S. jewellery products and recent gains into the U.S. market have been made by developing country products. As a result, imports have captured a larger percentage of the U.S. domestic market.

While the weakened U.S. dollar has not adversely affected imports, it has had an effect on the source of imports. Countries whose currencies have appreciated most against the dollar have experienced declining or diminished growth in exports, whereas developing countries have made great strides into the U.S. jewellery markets. Relatively low wages in a generally labour-intensive industry have also contributed to gains made by developing countries.

The survey of U.S. importers conducted early in 1988 indicates that most purchases of jewellery are currently made from sources other than Canada. Those who had purchased jewellery from Canada reported a high level of satisfaction, and only one expressed some dissatisfaction. It is interesting to note that, when asked to name countries of source for imports, only 1 of the 52 respondents named Canada as a source (see Appendix 7). However, when asked specifically whether they had imported from Canada, eight respondents had purchased Canadian jewellery or jewellery products. This disparity might be explained in terms of the import mix, i.e., Canada is not a primary source for respondents and, when asked a general question, respondents would likely list only their major sources of supply. However, when asked specifically "Have you ever tried Canadian sources?", respondents' replies become more detailed. Another possible explanation might be that respondents so closely associate Canada with the U.S. market that goods purchased from Canadian sources are not perceived as having been imported, i.e., purchased within the North American market might be considered domestic purchases and not imports.