

Sectoral Market Opportunities in the United States

*Each year, to prepare their marketing strategy, Canada's Trade Commissioners assess the business opportunities in the countries in which they are stationed. Following is the second part (the first part was published in **CanadExport**, Vol. 10, No. 4, March 2, 1992) of sectoral market assessments made by Canada's Trade Commissioners in the United States. To obtain more information on the specific sectors, contact — as per the telephone number indicated — the officer whose name is shown for each sector.*

AEROSPACE AND SPACE

Officer: K. Barnaby
Tel.: (613)991-9481

Instant reaction forces may be required in larger numbers with a corresponding increase in airlift for personnel and material. The U.S. Department of Defence emphasis upon types and missions of aircraft could be altered in the next few years in this volatile defence market. The U.S. commercial aircraft market remains encouraging, with Boeing's estimated 55 per cent of the western aerospace market and McDonnell Douglas' 15 per cent share.

The majority of NASA's budget of US\$13.4 billion in fiscal year 1991 was directed toward prime contractors, with the remainder 'set-aside' for small business and other protected organizations. The three largest installations — Marshall Space Flight Center, (Alabama), Johnson Space Flight Center, (Texas) and Goddard Space Flight Center (Maryland) — account for more than 60 per cent of NASA procurement funds. The prime contractors in California, Texas and Florida capture more than 80 per cent of total procurement.

APPAREL

Officer: N. Peacock
Tel.: (613) 991-9476

The U.S. apparel market has suffered through a difficult year, experiencing a 4.5 per cent decline in domestic shipments. While consumer spending increased by 1 per cent, the beneficiaries were the low-cost Asian producers and importers. The long awaited turn around did not materialize and most suppliers were content to merely survive. Inventories at retail level continue to be held to a minimum. This has led to a 20 per cent increase in the number of manufacturers and retailers implementing the QR (Quick Response) system. Tied to this is the increasing use of EDI (Electronic Data Interchange) by both buyers and sellers.

Forecasted growth in retail apparel sales in 1992 is expected to be 5 per cent to 6 per cent. This will likely favour the 40-50 year-old age group with a disposable income that would indicate medium to better priced

merchandise requirements.

While New York will remain the focal point for apparel buying, the increasing use of regional markets by buyers - particularly the Midwest and Southwest areas - merits the attention of Canadian exporters. This is particularly so in the men's and children's sectors, as well as women's.

AUTOMOTIVE (AFTERMARKET)

Officer: A. McBride
Tel.: (613) 993-5149

In 1992-1993, the aftermarket sub-sector is expected to experience moderate growth.

An increasing Asian market share in the original equipment sub-sector inevitably has forced change upon the aftermarket. Companies must adjust their products to ensure compatibility with imported vehicles. American buyers still value quality, reliability, and price competitiveness. These factors will ensure major opportunities for Canadian manufacturers in the US market.

AUTOMOTIVE (ORIGINAL EQUIPMENT)

Officer: A. McBride
Tel.: (613) 993-5149

The motor vehicle and parts industry is one of the largest sectors of the U.S. economy, accounting for approximately \$215 billion of the nation's \$5.2 trillion GNP in 1989, or 4.1 per cent of the total. The struggle for market share and the new offshore entrants have resulted in quality consciousness, new products, and shortened development cycles. U.S. industry invested an additional \$11.7 billion in new plants and equipment during 1990 to improve its competitive position.

Automobile sales in early 1991 were expected to continue the decline begun in 1989, and pick up toward year end to achieve total sales of 9.3 million units. In 1992, sales of 9.7 million units were projected. Retail truck sales were expected to reach 4.720 million units in 1991, increasing to 4.770 million units this year.