

Growth rates were said to be directly linked to the value of the U.S. dollar relative to other major international currencies. Any movement in the value of the U.S. dollar would directly affect the chemical industry. One figure was provided by the Chemical Manufacturers Association. It predicted an 8.8% industry growth rate for 1988. The devaluation of the U.S. dollar was seen by the U.S. associations to have the following effects: specialty chemicals* produced in the United States should become increasingly more competitive internationally, and the cheaper dollar should spur a rise in the volume of U.S. exports. Offshore producers will have to increase their efficiency in order to maintain their exports to the United States at current profit rates or sacrifice profits to maintain their U.S. market shares.

The possible Free Trade Agreement between the United States and Canada was perceived as beneficial for the industry as a whole. Exports to Canada from the United States were expected to increase; however, trade into the United States from Canadian companies was also expected to rise. In addition, U.S. investments in Canada were expected to rise as a consequence of the Agreement. Another important point which was raised is that Canadian firms have good reputations within the U.S. industry, and movement of products between Canada and the United States is achieved with the same ease as movement of products within the United States itself. The associations believe that these factors translate into a competitive edge for Canada over all other producing countries which supply the U.S. market.

The associations contacted did not promote, participate in or attend trade fairs for the industry. Although the existence of these trade fairs was acknowledged, the general concensus was that they did not form an important link in the distribution of information among continental chemical manufacturers. However, the associations did provide a list of trade publications which are generally used, and these are listed in Appendix 9.

* The U.S. definition of specialty chemicals is not identical to the Canadian definition.