

On the basis of the above process, the following products and product groups were selected to be the subject of this report:

- Machines, nspf, for making and processing cellulosic pulp, paper and paperboard articles (Schedule A 7252070).
- Parts, nspf, of machines for making cellulosic pulp, paper and paperboard (Schedule A 7259120).

A full description of these products in terms of Canadian trade classification, CITC, is presented in Appendix 3.

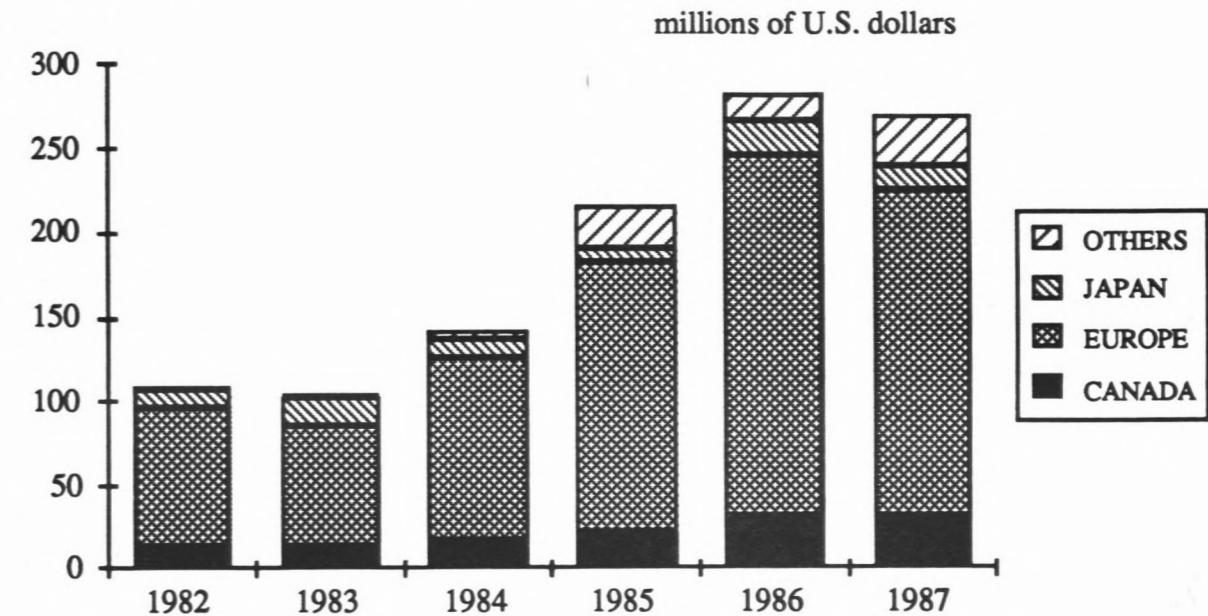
#### U.S. IMPORTS 1982-87

A breakdown of imports of selected paper machinery by country for the 1982 to 1987 period is presented in Appendix 4. In 1987, West Germany accounted for most of European shipments to the U.S. with \$110 million (U.S.) or nearly 41% of the total in 1987. Although significantly less important than West Germany, other European countries with fairly substantial shipments to the U.S. include Finland, Switzerland, Sweden, Italy, the United Kingdom and France. With shipments valued at \$13 million (U.S.), Japanese suppliers accounted for 5% of the U.S. import market in 1987.

**Chart 1, below,** illustrates U.S. imports of these products between 1982 and 1987. Import trends for individual product groups are presented in Appendix 5.

CHART 1

#### TOTAL U.S. IMPORTS OF SELECTED PAPER MACHINERY



Source: *U.S. General Imports and Imports for Consumption*, U.S. Department of Commerce

U.S. imports of these products were approximately \$270 million (U.S.), down 4.3% from the 1986 level of roughly \$283 million (U.S.). Despite this single year decline, U.S. imports of these products grew at an average annual rate of 19.9% for the period 1982 through 1987. During this period, European countries managed to further consolidate their market dominance until 1987 when their share of U.S. imports dropped to 72% from 76% in 1986. Canada supplied 11.8% of the 1987 import market.

The larger of the two markets is "parts, nspf, of machines for making cellulosic pulp, paper or paperboard articles" (Schedule A 7259120). With \$143 million (U.S.) of imports in 1987, this import market has grown at an average rate of 16.4% over the 1982-87 period. However, imports dropped from a high in 1986 of \$145 million (U.S.). European countries and Japan have dropped significantly since 1982. European exports to the United States fell from a high in 1986 of \$100 million (U.S.) to \$86 million (U.S.) in 1987. Japanese exports fell from a high of \$10 million (U.S.) in 1986 to \$7 million (U.S.) in 1987. In comparison, Canadian exports maintained the 1986 levels at \$23 million (U.S.).