

expected trends and developments in the U.S. chemicals and chemical products sector. While such information may be of interest, readers should proceed with caution in utilizing the data for the following reasons:

Firstly, although the USDOC is the source of both the "U.S. Imports 1982-87" (summarized above) and the "U.S. Industry Outlook", two different systems of product classification are used. Differences may not be obvious. In some cases, slightly different titles reflect very similar sets of products; in others, similar titles for sectors or product groups encompass a slightly different mix of products. Thus the market forecasts in the "U.S. Industry Outlook" section may cover a slightly different mix of products than the rest of this report.

Secondly, while most sections of the "U.S. Industry Outlook" address the entire sector, others address specific products or product groups. Forecasts made at both levels should be assessed 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 U.S. chemical industry, like most basic industries, manufactures products that serve as inputs in a large number of manufacturing industries. In addition to production for industrial markets, the chemical industry also produces a wide variety of consumer products including perfumes, cosmetics and drugs. Specialty chemicals, chemical products and preparations and aromatic, odoriferous and flavouring compounds encompass products also classified as organic and inorganic chemicals. These products have myriad end uses in the manufacture of pharmaceuticals, automotive products, plastics, textiles, food preparations, household and industrial cleaning compounds and cosmetics, to name just a few.

However, unlike many basic sectors of the U.S. economy, the U.S. chemical industry differs on several accounts. It is characteristically capital intensive and has a large and growing trade surplus, with exports expected to exceed \$10.5 billion (U.S.) in 1987. The most significant distinguishing characteristic of the U.S. chemical industry is its high level of foreign ownership. Foreign companies own 30% of the U.S. chemical industry, with assets of \$26.5 billion (U.S.) as of June 1987. This contrasts with the 10% foreign ownership which exists in U.S. industries as a group.