

**SECTOR: Transportation Systems, Related Equipment and Services**

**SUB-SECTOR: RECREATIONAL AND WORKING BOATS AND ACCESSORIES**

**Officer: J.P. Petit**

**U.S. Market Opportunities:** The U.S. pleasure boat market has annual shipments of more than US\$15 billion. Imports into the USA grew by about 25% annually over the past six years, but fell by 25% in 1989. In 1991 the federal government introduced a luxury tax on boats worth more than US\$100,000. This will likely soften sales in that high price range but will encourage sales of marine accessories, outboard engines and small boats. Canadian manufacturers are developing name recognition and a reputation for quality and innovation in the U.S. In spite of the slow economic recovery, high fuel prices, and changing consumer tastes, the U.S. will provide a strong market over the long term.

The work boat market has experienced a slow return from recession times hampered by high cost of capital, high interest rates, and a sluggish recovery. But maintenance and marine engineering contracts, along with marine accessories and products hold good prospects for the short and medium term.

**Canadian Capabilities:** Most of Canada's 500 boat and accessory manufacturers are small to medium sized, regionally-based, and important employers in their local economies. Exports constitute almost 25% of Canadian shipments. In 1990 exports of boats, equipment and accessories were estimated at approximately \$115 million, 14% of which were sailboats; 58% were row boats, outboards and other small craft. Total imports from the USA were valued in 1990 at \$200 million. The boating industry is highly cyclical and its performance is tied to the state of the Canadian economy. The industry is optimistic about strong future growth, in spite of the current slow recovery, and has adapted itself to the current market conditions in switching its traditional production to new products lines more in tune with mercurial consumers.

**Strategy:**

- The core of the promotional strategy will be to build on the successes of Canadian boat and accessories manufacturers in marketing their products and services in the USA. The dual focus of these efforts will be to: a) inform Canadian exporters about opportunities in the USA and, b) to make Canadian products better known in the USA.
- Particular effort will be devoted to helping American dealers acquire Canadian lines.
- Promote U.S investment and strategic alliances in the sector in order to attract high technology-based firms to Canada.