

believed that products imported from the Bahamas into the United States are the pharmaceutical products of third-party exporters that have been brokered by Bahamian firms.

As a result of rising prices of imports from many developed countries, it appears that there is an opportunity for further growth in Canada's market share of U.S. imports of pharmaceutical products. In the event of a Free Trade Agreement between the United States and Canada, these opportunities may increase as tariffs ranging from 1.5% for extracts of glands or other organs to 16.2% for vitamin B₂ will be eliminated by January 1, 1998. At present, pharmaceutical products are only duty free if they are vaccines for human medicine or veterinary medicine; if they are medicaments containing antigens or hyaluronic acid; or if they are blood grouping reagents or diagnostic reagents containing antigens. A full presentation of U.S. tariffs on Canadian pharmaceutical products and staging for removal of these tariffs under the Free Trade Agreement is found in Appendix 7. While removal of tariffs may create opportunities for increased exports, opportunities may be limited in the case of the pharmaceutical industry. The regulatory environment in the United States is a far more limiting factor to increasing Canadian exports than the present tariffs.

U.S. INDUSTRY OUTLOOK

This section is based on the *1988 U.S. Industrial Outlook* published by the USDOC. This information provides a general forecast of short-term prospects and gives an indication of expected trends and developments in the U.S. drugs and pharmaceutical 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