

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The chemical and chemical products industry is a multi-billion dollar industry which consists of a wide range of products. The forecasted growth of the industry, therefore, varies considerably between all products included within this broad sector. Shipments of inorganic chemicals, which form a large portion of products covered by this study, are expected by the U.S. Department of Commerce to decrease 1.2% in 1988. Long-term growth for inorganic chemicals is expected to average 2% per year. The outlook for organic chemicals and chemical products is more favourable, with the expectation that U.S. shipments of these products will grow by 2.7% in 1988. Long-term growth will be directly influenced by the performance of the U.S. economy, the strength of the U.S. dollar, performance in export markets and the extent of price competition from overseas suppliers.

The survey of U.S. importers of the products covered by this study indicated that 77% were facing rising costs for their imports due to the devaluation of the U.S. dollar. Consequently, a large number expressed a desire to learn more about Canadian sources of supply of chemicals and chemical products as possible substitutes for higher priced imports.

In addition, over one third of the respondents expected to increase their purchases from Canadian suppliers as a consequence of the Canada-U.S. Free Trade Agreement. U.S. importers would most prefer to receive preliminary information through brochures, industry publications and trade fairs.

Some specific opportunities have been identified as a result of this survey of U.S. importers of chemicals and chemical products. Sources of supply are being sought for polybutadiene latexes, chlorinated compounds, zinc oxide, titanium dioxide, antioxidants, curing agents, vulcanizers, synthetic chemicals, aromatic chemicals, lycopodium powder, zinc oxide, polyethylene resins, pharmaceutical intermediaries, polyacrylamide, surfactants, nitrogen and paint resins. Specific information regarding these opportunities is presented in Appendix 1. In addition, a list of these companies interested in the possibility of expanding their sources of supply from Canada is provided in Appendix 2.

The Department of External Affairs recommends that Canadian firms should consult the Canadian Trade Commissioner located closest to each company being