

Electric hand-directed or controlled tools, nsfp (Schedule A 7784060) is a residual category which includes electric hand tools such as tappers, wrenches, sanders, routers and lawn and garden tools. Excluded are drills, saws and all mechanical and non-electric tools.

U.S. imports of these products in 1987 reached \$172.9 million (U.S.) growing at an average annual rate of 27% since 1982. The combined European and Japanese imports have dropped from 81.9% import share in 1982 to 71.2% in 1987. Japanese import share dropped faster than that of Europe. Canada also experienced a significant drop in market share (10.8% in 1982 vs. 3% in 1987). Canadian exports dropped from a five-year high of \$8.7 million (U.S.) in 1986 to \$5.1 million (U.S.) in 1987.

As a result of rising prices of foreign imports, it appears that there is opportunity for growth in Canada's sales of hand tools for specific products. Given that the tariffs on hand tools at the present are substantial, the Free Trade Agreement between the United States and Canada could have a significant and favourable impact on two-way trade in this sector. For example, duties are levied at 6.2% for drilling or tapping tools. Under the Free Trade Agreement, these duties will be phased out beginning January 1, 1989, with tariff reductions made in ten equal annual stages. A full listing of the present tariffs on hand tools and the schedule for the removal of tariffs under the Free Trade Agreement are presented in Appendix 6.

## 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. hand tools 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.