

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The U.S. meat industry is composed of two sectors: red meat (beef and pork) and poultry. This study of the meat industry concentrates on pork and processed meat products including canned hams, cured and smoked pork products, sausage products of various types and some miscellaneous canned meats.

In 1987 the U.S. red meat industry (excluding poultry products) exported more than \$2.8 billion (U.S.) of meat products. This figure includes fancy meats, hides and inedible tallow. Hides and tallows accounted for 58.6% to 67.3% of the major red meat industry export categories during the years 1982 to 1987. At the same time, U.S. red meat industry imports have risen steadily from \$1.9 billion (U.S.) in 1982 to \$3 billion (U.S.) in 1987. Canada's share of U.S. imports of fresh and fresh, frozen pork has fallen from 96.4% in 1982 to 72.9% in 1987. This has been partly due to increased exports of pork from Western European countries and also to the export of live hogs from Canada for slaughter in the United States.

A substantial number of U.S. importers of the products under review (43.3%) reported that the devaluation of the U.S. dollar had increased the cost of their imports. A slightly larger number (46.7%) stated that the devaluation had had little or no effect on the costs of their imported products. However, less than half of the importers surveyed had tried Canadian sources. In addition, 46 of the 53 respondents were interested in receiving information on Canadian products and would like Canadian manufacturers to know that they are interested in Canadian sources of supply.

Of the companies interviewed, the decision to source outside of the United States has been based equally (65.5% of respondents) on price, quality and the use of imported products as a supplement to their domestic supply. Just over one third of the respondents imported because the product was not available on the domestic market. A large majority of these importers (82.6%) stated that there were no barriers to sourcing from Canada. Consequently, there was a positive response to learning about Canadian companies. There is a strong preference for dealing with Canadian companies through brochures or personal contacts or receiving information on Canadian companies and products via industry publications. The U.S. associations indicated that Canada is perceived as a source of good quality products and, therefore, a viable competitor.