

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The industries which manufacture parts and finished products classified under the heading "business machines" are numerous, but are increasingly related to the electronics and computer industries. In 1987 the U.S. computer industry reported total shipments valued at \$57.5 billion (U.S.). Growth for 1988 through 1992 is expected to average 10% annually. The personal or microcomputer segment, which captures a large portion of total expenditures on business machines, will grow at a rate of 6% during this period.

This study examines imports of various computing and data processing equipment, parts and accessories. The value of these imports reached an estimated \$14.7 billion (U.S.) in 1987, up 26% from \$11.7 billion (U.S.) in 1986. Products from Japan had a 43.5% share of the total U.S. import market in 1986, compared with 35.7% in 1982. Other Pacific Rim countries, notably Singapore and Taiwan, experienced strong gains in the U.S. market over the period 1982 through 1986, while the European countries and Canada lost significant relative market shares. In particular, Canada's share of U.S. imports of the products studied declined to 6.9% in 1987 from 17.3% in 1982.

The survey of U.S. importers found that close to 70% were facing rising costs for their imports as a result of the devaluation of the U.S. dollar. Consequently, a large number indicated that they would like Canadian companies to contact them concerning alternatives to existing sources of supply.

These U.S. importers indicated a preference for receiving information through brochures and through direct contact by the Canadian manufacturer or a representative. The two primary reasons given by the surveyed U.S. importers for sourcing outside the United States were to acquire products not available from domestic sources and/or to receive a more favourable price than available domestically.

Specific opportunities were identified through the survey of U.S. importers. In particular, U.S. companies are seeking new sources of supply for a wide variety of products including assembled computer systems, PC boards, monitors, modems, printer parts and accessories, integrated circuits including microprocessors, power supplies, and sheet metal assemblies. Information on the companies seeking these goods is found in Appendix 1. Also, a list of those