

EXECUTIVE SUMMARY

This report addresses one of approximately 80 sectors reviewed as part of a broadly-based study commissioned by the U.S. Trade, Tourism and Investment Development Bureau of External Affairs and International Trade Canada. The objective of this study is to provide a preliminary indication of potential opportunities for the expansion of Canadian exports into the United States. The findings in each report are based on an analysis of U.S. trade statistics and a limited survey of U.S. importers and trade associations from a broad cross-section of U.S. industry.

The purpose of each report is to assist Canadian companies in identifying potential export opportunities that may justify further investigation. While the reports do not provide analyses of Canadian export industries or their international competitiveness, they do provide other kinds of information that should be useful. For example, each report provides information on individual companies that have indicated an interest in new sources of supply, some of which are quite specific. Information on U.S. import market size and shares and on industry publications and trade fairs that the companies surveyed felt were most useful is also provided. As such, individual reports in the series should be of particular interest to small and medium-sized Canadian companies that either are not yet exporting, or that would like to increase their level of exports to the United States.

Colours, dyes, paints and varnishes is one of the sectors examined during the study. Shipments of colour, dye, paint and varnish products in the United States for 1988 are estimated at \$11.9 billion (U.S.). This is an increase of 6.3% over 1987 levels. It is believed that much of the increase in 1988 and the projected increase for 1989 will result from the efforts of U.S. based producers to gain share in the domestic market. However, the increase in shipments for 1989 will be dependent upon developments in the construction and manufacturing industries and favourable changes in tax laws and credit availability.

A survey of U.S. importers of colour, dyes, paints and varnishes was conducted to determine the effects of the devaluation of the U.S. dollar on imports from major developed countries and potential opportunities for Canadian manufacturers to replace these imports. The survey revealed that 54.7% of respondents were facing rising costs for their colours, dyes, paints and varnishes imports as a result of the devaluation of the dollar. A large number of these importers were interested in investigating Canadian supply opportunities. Importers indicated a preference for