

The largest import market in the United States is "Electro-medical apparatus, nspf "(Schedule A 7741080). This is a residual category that includes items such as physiological recording equipment and pulmonary function analyzers but excludes electrocardiographs, electroencephalographs and electro-medical monitoring systems. While this product group has experienced an average annual import growth of 41.6%, little change in shipments to the United States was experienced between 1986 and 1987. Some adjustments did occur, however, in the composition of exporters. Europe and Japan dropped from an 83.9% share to an 81.1% share of the \$370 million (U.S.) import market. While Canada did gain some share of the market and has reached a five-year high in exports to the United States, it is still an insignificant player in this market. Canada's market share is barely visible in the chart presented in Appendix 6.

As importers increasingly turn away from European and Japanese exporters as a result of rising prices, it appears that there is an opportunity for further growth in Canada's share of U.S. imports of medical equipment. In the event of a Free Trade Agreement between Canada and the United States, these opportunities will increase as tariffs ranging from 2.1% for some X-ray apparatus to 10% for some ophthalmic instruments will be eliminated. Most items will become duty free with ten annual stages of reductions beginning January 1, 1989. Alpha, beta and gamma radiation apparatus will become duty free on January 1, 1989. At present only equipment intended for installation in civil aircraft or motor vehicles is duty free.

See Appendix 7 for a full listing of tariffs and the schedule for their reduction.

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. medical equipment 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