

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The products included in the hardware study are brads, nails, nuts, bolts, screws and cap screws. These products (in varying materials of iron, steel and stainless steel) account for the largest volume of U.S. imports of all categories of hardware (except hand tools) which are supplied by major developed countries. A separate study on hand tools has been conducted.

U.S. shipments of hardware for 1987 exceeded \$7.4 billion (U.S.) while U.S. imports of the products of concern to this study reached \$928 million (U.S.) in 1987. The European and Japanese market share of the United States import market has dropped significantly with gains being made primarily by developing countries. The U.S. market for hardware is expected to sustain modest growth for the next five years. Canadian firms, therefore, must displace offshore U.S. imports in order to achieve significantly higher rates of growth.

The survey of U.S. importers of the products under review indicated that over 95% of the respondents were facing rising costs for their offshore imports due to the devaluation of the U.S. dollar. As a consequence, the majority of those who had not yet tried Canadian products expressed interest in learning about Canadian sources of supply. In addition, almost one-third of U.S. importers contacted reported that they would increase their purchases from Canada in the event of a Free Trade Agreement between Canada and the United States. A small percentage (17.1%) had not yet considered the consequences of such an agreement on their purchasing patterns.

U.S. importers interested in Canadian products said they would prefer to obtain product information from the Canadian company through brochures and product listings, trade publications and personal contact. Price and availability were more frequently reported to be significant considerations in importers' decisions to source outside the United States rather than the quality of the product. Only 10% of the U.S. companies interviewed imported products to supplement their domestic supplies.

The survey of U.S. associations connected with the hardware industry indicated that Canadian products are well regarded in the U.S. market and are perceived to be competitive with U.S. goods.