

## 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 the Department of External Affairs. 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 the 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, are 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.

Although the original intent was to publish separate reports examining each of three specialized sectors within the chemicals industry, a lack of sufficiently precise disaggregate data and inconsistencies between Canadian and U.S. sectoral definitions necessitated the publication of one comprehensive, albeit more generalized, report. This report covers Specialty Chemicals, Chemical Products and Preparations and Aromatic, Odoriferous and Flavouring Compounds as defined in the Overview Report published in June 1988. Of the \$2 billion (U.S.) of imports into the United States recorded in 1987, Canada captured 6.5% of the market.

Telephone interviews were completed with 141 U.S. companies that import products covered by this study. The results of the survey were significant with 77% of respondents confirming that the declining U.S. dollar had increased the cost of their chemical imports. Consequently, a large number were interested in learning more about Canadian suppliers of chemicals and chemical products.