

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 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.

Musical instruments is one of the sectors examined during the study. A survey of U.S. importers of musical instruments 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 results of this survey are considered quite significant, with 93% of respondents reporting that the dollar's decline had indeed resulted in higher costs of imports. Nearly three-quarters of those interviewed had not previously tried Canadian sources. Approximately 73% of these importers were interested in learning more about Canadian suppliers as potential alternate sources of supply for increasingly expensive imports. Importers who had previously used Canadian suppliers were very satisfied with the relationship. A large number expect to increase imports from Canada upon implementation of the Canada-U.S. Free Trade Agreement.

While the realignment of international currencies is making U.S. importers look for alternative sources of supply, the extent to which their requirements can be met from Canada is obviously