respondents indicated that the devaluation of the U.S. dollar had made their imports more expensive.

While 52% of respondents had not previously used Canadian sources of paper machinery, 51.9% of those expressed a desire to learn more about Canadian companies and their potential to replace increasingly expensive European and Japanese products. When questioned about preferred means of receiving preliminary product information, respondents interested in Canadian suppliers most frequently identified brochures (78.9%), industry publications (52.6%) and trade fairs (34.2%). The trade fair most frequently attended or participated in by respondents was the Technical Association of the Pulp & Paper Industry Fair in Chicago. Industry publications most frequently read by respondents included *Pulp & Paper, Purchasing World, TAPPI Journal* and *Paperboard Packaging*. While indirect sources are preferred means of gathering preliminary product information, a recommendation from a personal contact or information provided directly by the manufacturer are most likely to influence the actual purchase decision. These were mentioned by 46.4% and 28.6% of respondents respectively.

Although most of those interviewed who were interested in Canadian suppliers (89.5%) said they faced no barriers to sourcing products from Canadian manufacturers of paper machinery, those that did report barriers identified company policy, differences in electrical wiring standards and the presence of tariffs on imports from Canada. The Canada-U.S. Free Trade Agreement will remove one of these barriers as tariffs on paper machinery imports, which range from 2% to 4.7%, are phased out over a five-year period commencing January 1, 1989.

When asked what impact the Agreement would have on their purchasing policy, 28.9% of respondents indicated that they would increase their purchases of Canadian paper machinery when tariffs are eliminated. Another 47.4% said the Agreement would not affect their purchasing policy while the remaining 23.7% were unsure of its impact.

A listing of U.S. importers who are interested in Canadian sources of supply of paper machinery in general is found in Appendix 1.

SURVEY OF U.S. ASSOCIATIONS

A U.S. industry association was contacted in order to supplement information provided by individual importers and to provide an industry perspective on trade in the paper machinery industry. The association contacted and its mandate is as follows:

- Pulp and Paper Machinery Manufacturers Association (PPMMA) is a trade association which represents the interests of its members and monitors Acts of Congress, agencies and foreign competition.

The association was interviewed to provide the following information:

- market trends for the paper machinery industry;
- the effect of the devaluation of the U.S. dollar on trade in the U.S. paper machinery industry;
- major industry trade fairs;
- major industry publications;
- the potential effect of Free Trade on Canada-U.S. trade in paper machinery;
- their opinion on the strengths and weaknesses of the Canadian paper machinery industry.

Interview Results

The association contacted was unable to forecast a growth rate over the next five years and noted that licensing arrangements with Finland, Sweden, Germany and Switzerland were beneficial for the U.S. industry.

The association noted that it is not opposed to free trade but believes that the main benefit will be the exchange of service personnel in the industry. The association does not expect that Free Trade will have a major impact on trade in paper machinery as 89% of pulp and paper machinery plants in Canada are American-owned. Because such a large portion of the Canadian industry comprises subsidiaries of U.S. firms, the association noted that it was difficult to compare the Canadian and U.S. industries.