

of products. Thus the market forecasts in the "U.S. Industry Outlook" section may cover a slightly different mix of products than the rest of this report.

Secondly, while most sections of the "U.S. Industry Outlook" address the entire sector, others address specific products or product groups. Forecasts made at both levels should be assessed carefully, as they may differ significantly from the prospects of any individual product included within them. It is therefore recommended that outlook data be used only as a general indication of sectoral prospects in the near term.

The outlook for the U.S. synthetic rubber industry is expected to be a continuation of the industry's recent pattern of little or no growth. Synthetic rubbers are produced primarily from chemicals derived from crude oil and natural gas. They can be classified into two major categories: general-purpose elastomers and specialty elastomers. These products are inputs to many other products such as motor vehicle tires, rubber hoses, conveyor belts, molded rubber goods, toys, household articles, etc.

The general-purpose elastomers were originally developed to replace or supplement natural rubber in tires. U.S. production peaked in 1978 and has declined fairly steadily since that time. A combination of lower domestic demand for tire production, decreasing exports and increasing imports are all factors which have led to this decline in the last decade.

The specialty rubbers are elastomers with unique properties designed to meet the specific needs of an industry or application. The production volume for each is comparatively small, which limits the potential for scale economies. However, since they are usually priced higher than general-type elastomers, they are more profitable to produce.

The single largest use of rubber in the United States is for the production of motor vehicle tires. In 1988, U.S. shipments are projected to rise by 2%. However, the U.S. share of world tire production has declined from 50% in 1960 to less than 30% in 1985, and tire imports to the United States have been growing significantly since 1983. The major suppliers in 1987 were Japan (26.7% of import market), Canada (23.3%), South Korea (9.6%) and France (6.4%). The long-term outlook for tires in the United States is a modest growth of 1% to 2% annually.