Given the devaluation of the U.S. dollar against major developed country currencies and the relatively stable relationship between the Canadian and U.S. dollars, there would appear to be room for growth in Canada's share of the U.S. measuring and instrumentation equipment market. In the event of a Free Trade Agreement between the United States and Canada, these opportunities will increase as tariffs ranging from 2.1% to 17% will become duty free by January 1, 1998, in ten equal stages. For example, non-electric spectrophotometers are currently levied a 10% tariff. Under the Free Trade Agreement, the tariff rate would be reduced by one percent each year starting January 1, 1989. Instruments intended for motor vehicles or civil aircraft are duty free. A full listing of tariffs is found in Appendix 7.

U.S. INDUSTRY OUTLOOK

This section is based on the *1988 U.S. Industrial Outlook* published by the USDOC. This information provides a general forecast of short-term prospects and gives an indication of expected trends and developments in the U.S. measuring and instrumentation equipment sector. While such information may be of interest, readers should proceed with caution in utilizing the data for the following reasons.

Firstly, although the USDOC is the source of both the "U.S. Imports 1982-87" (summarized above) and the "U.S. Industry Outlook", two different systems of product classification are used. Differences may not be obvious. In some cases, slightly different titles reflect very similar sets of products; in others, similar titles for sectors or product groups encompass a slightly different mix 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 U.S. Department of Commerce (USDOC) divides scientific and industrial instruments into three subsectors: (1) scientific instruments; (2) measuring and controlling instruments; and (3)