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.

There are three factors which have greatly influenced the U.S. agricultural (or farm) machinery industry in the last 24 years: the reduced number of farms (2.4 million in 1987 as opposed to 5.4 million in 1951); the decline of the U.S. share of the farm tractor market (15% in 1987); and the reduction in the number of U.S. companies manufacturing tractors (5 remain in 1987).

These factors, along with declining farm incomes, has created an unfavourable climate for the U.S. farm machinery industry. Although farm incomes rose in 1987, this increase went primarily toward debt reduction rather than the purchase of new machinery. In addition, the Food Security Act of 1985 (Farm Bill) resulted in the removal of 60 million acres of marginal land from cultivation in 1987, thus lowering the requirements for new machinery. The value of agricultural machinery shipments consequently fell by 12% (constant dollars) from 1986 levels to under $6.4 billion (U.S.).

The costliest items in farm machinery are tractors and combines, with sales of both declining in 1987. U.S. produced tractors (over 100 horsepower) suffered a 48% decline in sales in 1987 and represented 10% of total tractor sales. Tractors under 40 horsepower, imported from Japan and no longer produced in the United States, accounted for 62% of all tractor sales, and tractors with 40-100 horsepower, manufactured in Europe by subsidiaries of U.S. producers, accounted for 28%