

Export and Investment Promotion Planning System

88/89 Trade and Economic Overview

Mission: 601 BOSTON

Country: 577 UNITED STATES OF AMERICA

CDA'S TRADE WITH NEW ENGLAND (NE) CONTINUES TO GROW RAPIDLY WITH TWO-WAY TRADE REACHING \$8.2 BIL. & EXPORTS \$6.3 BIL IN 86. OUR MAIN EXPORTS WERE FORESTRY, SEAFOOD & TRANSPORTATION PRODUCTS. MAIN IMPORTS WERE COMPUTERS, TELECOMMUNICATIONS & OTHER HI-TECH EQUIPMENT. DESPITE THE MARKET CRASH, NE'S ECONOMIC GROWTH IS FORECAST TO EXCEED THE NATIONAL GROWTH RATE ESTIMATED AT 3.5% TO 3.7% IN 87. UNEMPLOYMENT RATE OF 3.5% REMAINS EXTREMELY LOW, HALF THE NATIONAL RATE. EMPLOYMENT IN THE SERVICE SECTOR CONTINUES TO GROW AT A RECORD PACE BUT NOT IN THE MANUFACTURING SECTOR. MASSACHUSETTS CREATED 70,000 JOBS IN THE SERVICE SECTOR IN THE LAST 12 MOS. BUT LOST 12,000 JOBS IN MANUFACTURING. THE 86 PER-CAPITA INCOME (\$17,166) IN NE CONTINUES TO OUTPACE THE NATIONAL LEVEL (\$14,641) & THIS TREND OF HIGHER INCOME SHOULD CONTINUE. NE'S HIGH TECHNOLOGY INDUSTRIES REMAIN THE ENGINE OF ECONOMIC GROWTH WITH THE COMMUNICATIONS, INFORMATICS & DEFENCE SECTORS LEADING THE EXPANSION. MAJOR RESEARCH PROGRAMS AT MIT & HARVARD HAVE RESULTED IN MANY SMALL COMPANIES BEING ESTABLISHED BY RESEARCHERS/VENTURE CAPITALISTS TO COMMERCIALIZE PRODUCTS DEVELOPED IN LABORATORIES, ESPECIALLY BIO-TECHNOLOGY. THE CONCENTRATION OF MINI-COMPUTER MANUFACTURERS HAS ALSO RESULTED IN THE ESTABLISHMENT OF NUMEROUS SOFTWARE COMPANIES. THE LARGE MEDICAL FACILITIES REPRESENT A MAJOR MARKET FOR STATE-OF-THE ART MEDICAL DEVICES. COMMERCIAL & INDUSTRIAL CONSTRUCTION REMAINS AT NEAR RECORD LEVEL. DESPITE IMPORTANT BARRIERS ON CDN LUMBER & CEMENT THE POTENTIAL FOR CDN EXPORTS REMAINS GOODS, TAKING ADVANTAGE OF NUMEROUS RESIDENTIAL CONSTRUCTION PROJECTS IN SMALLER URBAN CENTERS ACROSS NE. THE COMMERCIAL CONSTRUCTION MARKET OFFERS SIGNIFICANT EXPORT OPPORTUNITIES FOR CONTRACT FURNITURE. CONSUMPTION OF SEAFOOD, AT ABOUT 15 LBS PER CAPITA, IS NOT EXPANDING AS FAST AS PROJECTED. SUPPLIES HAVE BEEN VERY TIGHT & PRICES REACHED RECORD LEVELS EARLIER THIS YEAR BEFORE DROPPING OFF. CDA'S MARKET SHARE IS EXPECTED TO EXPAND GIVEN THAT SCANDINAVIAN SUPPLIERS ARE MARKETING MORE OF THEIR CATCH IN EUROPE. CDA'S PERFORMANCE WILL DEPEND ON CONTINUED QUALITY IMPROVEMENT & FURTHER DEVELOPMENT IN NEW HIGH VALUE-ADDED PRODUCTS.

CANADIAN SUPPLIES ARE IMPORTANT TO MEET RAPIDLY EXPANDING ENERGY DEMANDS, PARTICULARLY ELECTRICITY. SHORTFALLS IN THE ORDER OF 300 TO 1600 MW ARE ANTICIPATED BY THE MIDDLE OF THE NEXT DECADE. QUEBEC, NEW BRUNSWICK & NOVA SCOTIA COULD BECOME EVEN LARGER SUPPLIERS.