

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

U.S. imports of the 7-digit Schedule A measuring and instrumentation equipment subjected to detailed analysis in this report are estimated at \$1.97 billion (U.S.) in 1987, with an average annual growth of 24.48% between 1982 and 1987. Europe and Japan enjoy import shares of 44% and 28%, respectively, while Canada has only garnered an estimated 7% import share.

This study concludes that the devaluation of the U.S. dollar and the likely implementation of the Canada - U.S. Free Trade Agreement will enhance opportunities for increased Canadian exports of measuring and instrumentation equipment to the United States. Over 86% of the U.S. importers interviewed reported rising costs for their imports due to the devaluation of the dollar. As a result, most of those U.S. companies surveyed wanted to hear more about Canadian measuring and instrumentation equipment to locate possible alternative sources of supply. In addition, 26% expect to increase their purchases of Canadian products upon implementation of the Free Trade Agreement.

While less than a quarter of the respondents had sourced products from Canada, most reported that they were satisfied with their supplier. It is interesting to note that when asked to name countries of source for imports, only one of the fifty respondents named Canada as a source (see Appendix 7). However, when asked specifically whether they had imported from Canada, eleven had purchased instruments from a Canadian supplier. This disparity might be explained in a number of ways:

- The importer is not currently purchasing from Canada but has in the past;
- Canada is not a primary source for many respondents so when asked a general question, respondents would list only their major sources of supply. However, when asked specifically "Have you ever tried Canadian sources?", respondents' replies became more detailed;
- Respondents may associate Canada so closely with the U.S. market that goods purchased from Canada are not perceived as having been imported.

U.S. importers interested in Canadian products said that they would prefer to obtain product information directly from the Canadian company through brochures and industry publications.