

## EXECUTIVE SUMMARY

This report addresses one of approximately 80 sectors reviewed as part of a broadly-based study commissioned by the U.S. Trade, Tourism and Investment Development Bureau of the Department of External Affairs. The objective of this study is to provide a preliminary indication of potential opportunities for the expansion of Canadian exports into the United States. The findings in each report are based on an analysis of U.S. trade statistics and a limited survey of U.S. importers and trade associations from a broad cross-section of U.S. industry.

The purpose of each report is to assist Canadian companies in identifying potential export opportunities that may justify further investigation. While the reports do not provide analyses of Canadian export industries or their international competitiveness, they do provide other kinds of information that should be useful. For example, each report provides information on individual companies that have indicated an interest in new sources of supply, some of which are quite specific. Information on U.S. import market size and shares, and on industry publications and trade fairs that the companies surveyed felt were most useful, are also provided. As such, individual reports in the series should be of particular interest to small and medium-sized Canadian companies that either are not yet exporting, or that would like to increase their level of exports to the United States.

Agricultural machine parts is one of the sectors examined during the study. Shipments of agricultural machine parts in the United States for 1987 exceeded \$6.5 billion (U.S.). This report focusses on products with a combined customs value of imports surpassing \$1.6 billion (U.S.). Imports of these products by major developed countries accounted for over 60% of the total U.S. import market. The U.S. market for agricultural machinery is expected to grow modestly over the next 5 years. Therefore, Canadian firms must replace U.S. imports from other countries in order to achieve significantly larger volumes of sales in the U.S. market.

A survey of U.S. importers of the agricultural machinery products which were of concern to this report was conducted to determine the effects of the devaluation of the U.S. dollar on imports from major developed countries as well as to determine potential opportunities for Canadian manufacturers to replace these imports. The results of the survey illustrated the extent to which the agricultural machinery industry has become globalized. Though the lower value of the U.S. dollar has caused the price of imports to rise, single plant sourcing by some large U.S. agricultural