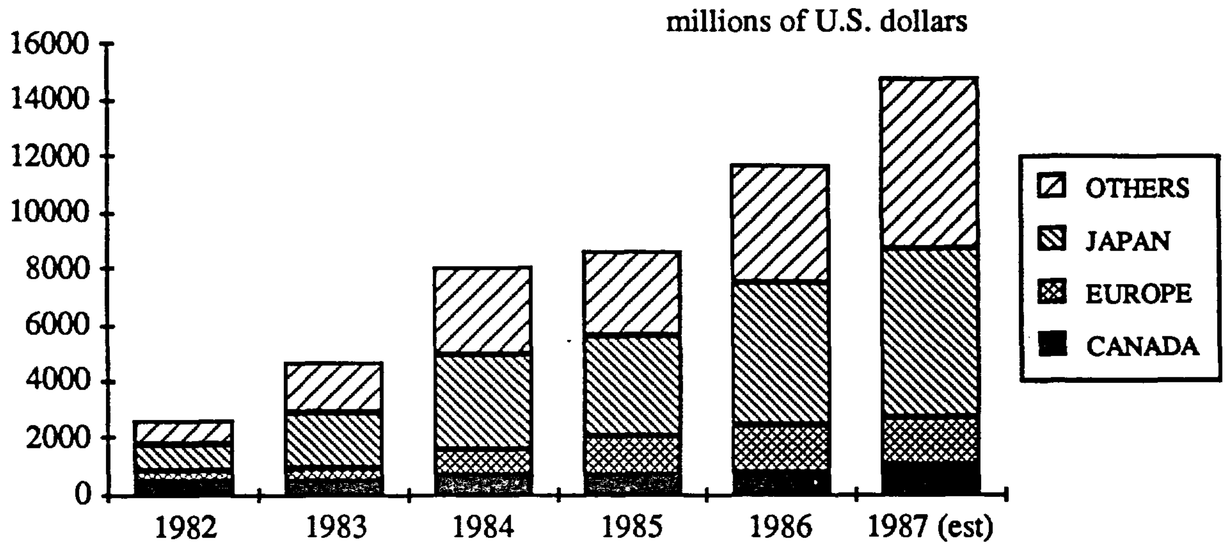
CHART 1

TOTAL U.S. IMPORTS OF SELECTED BUSINESS MACHINES AND SUPPLIES



Source: *U.S. General Imports and Imports for Consumption*, U.S. Department of Commerce.

Appendix 5 shows the import trend by product group over the period 1982 through 1987.

Parts of data processing machines and data processing machines are by far the largest of the six product groups accounting for 50.8% and 31.9% respectively of the estimated 1987 U.S. imports of business machines. Japan has the largest share of the U.S. import market for these products, accounting for 37.2% and 59.9% respectively. Singapore is also a major source of these two product groups accounting for 22.7% and 13.7% respectively of the total U.S. import market.

As a result of rising prices of developed country imports, there is potential for further growth in Canada's market share of U.S. imports of business machines. In the event of a Free Trade Agreement between the United States and Canada, these opportunities will increase as tariffs ranging from 2.2% for automatic typewriters and word processing machines to 5.3% on pencil sharpeners become duty free by January 1, 1993. Automatic data processing machines become duty free on January 1, 1989, and most other business machines become duty free on January 1, 1993, with five equal stages of tariff reductions. A full listing of tariffs is found in Appendix 6.