The largest import market, in terms of dollar value, is "Brads, nails, etc., iron or steel, one piece construction, round wire, over 1 inch long, over 0.065 inch in diameter" (Schedule A 6940120). Total U.S. imports reached $249 million (U.S.) in 1987 and $101.8 million (U.S.) in the first half of 1988. This market is dominated by developing countries. Canada held 23.2% in 1987 compared to 32.5% in 1982. Canada increased its share in the first half of 1988 to 26.9%. Developing countries held 62.7% in 1987 and 51% in 1982. While South Korea, China and Taiwan account for over 40% of "other country" imports, they have not experienced increased market penetration during this time period. Europe and Japan had a combined import share of less than 20% for the 1982 to 1987 period.

The product group offering the best opportunities for Canadian exporters may be "Cap screws with shanks over 0.24 inch in diameter, of iron or steel" (Schedule A 6940240). However, this market has only grown at an average annual rate of 6.6%, and the total volume of imports in 1987 was only $118 million (U.S.). Japanese exports have lost significant market share with gains made by Canada and developing countries. Japanese exports dropped from a high in 1984 of $56.4 million (U.S.) to a five-year low of $23.3 million (U.S.) in 1987. Canadian exports, on the other hand, increased from $18 million (U.S.) in 1982 to $41.2 million (U.S.) in 1987. These trends have continued into the first half of 1988 when Canada continued to increase its share of this growing market ($80 million [U.S.]), and Japan continued to lose its share. The major competitors for the replacement of Japanese exports are South Korea, China and Taiwan. These countries held 23.9% of the 1987 U.S. import market and 30.6% during the first half of 1988.

As a consequence of rising prices of foreign imports, it appears that there is opportunity for further growth in Canada's market share of U.S. imports of hardware for specific products. Given that tariffs on hardware products are significant, ranging from 0.7% to 12.5%, and that few products other than those articles pertaining to original motor vehicle equipment are duty free, the Free Trade Agreement between the United States and Canada may have a considerable impact on two-way trade in hardware. Provisions in the Agreement will eliminate tariffs by January 1, 1998, with duties removed in ten equal annual stages commencing on January 1, 1989. A complete listing of tariffs is found in Appendix 6.