

constant, the increased value of many developed country currencies against North American currencies should significantly increase the opportunities for Canadian manufacturers and service suppliers to sell into the United States and likewise for U.S. manufacturing and service industries to sell into Canada.

STUDY APPROACH

The overall study approach for analyzing the opportunities for Canadian suppliers to replace developed country imports into the United States, started at a fairly high level of statistical aggregation for all U.S. imports. Through the application of select criteria, the focus of the analysis was progressively narrowed to those opportunities, at a very low level of statistical disaggregation, that would most likely result in increased Canadian exports into the U.S. market. The progression also involved moving from the identification of such opportunities, using statistical analysis, to substantiating the opportunities through interviews with representatives of U.S. purchasers of developed country imports.

In determining export opportunities for Canadian suppliers, U.S. import statistics were assembled for the years 1981 through to 1985. A five year time period was chosen in order to distinguish between "established" import markets and "temporary" import markets. Where imports of European and Japanese goods have had sustained volumes into the United States over a period of several years, it is less likely that these imports represent a short-term phenomenon and that U.S. purchasers would be able to quickly change their sourcing to domestic suppliers. For the initial screening, U.S. Schedule A import statistics were compiled at the four digit level.

All U.S. imports (at the four digit level) from major developed countries with import values exceeding \$1 million were identified for the selected years and placed in descending order of value. From this list, the U.S. Trade, Tourism and Investment Development Bureau initially chose 26 for further analysis. Each commodity was broken down into a finer level of classification - the seven digit level and an investigation was made to determine whether there existed any Canadian firms that produced similar products and that could pursue the opportunities which may be uncovered. The expansion of the Schedule A codes from the four digit level to the seven digit level was fairly straightforward and a listing of these commodities and their import customs value was prepared for 1986. The Canadian firms were identified by accessing the Department of External Affairs' WIN database. This computerized database, with on-line service to all major posts abroad, contains