

The associations were interviewed to provide the following information:

- market trends for the chemical specialties industry;
- the effect of the devaluation of the U.S. dollar on trade in the U.S. chemical specialties industry;
- major industry trade fairs;
- major industry publications;
- the potential effect of Free Trade on Canada-U.S. trade in chemical specialties;
- their opinion on the strengths and weaknesses of the Canadian chemical specialties industry.

Interview Results

The CMA was unable to speculate on the industrial outlook for the chemical specialties sector. It did indicate, however, that trade in the chemical industry appeared to be improving in spite of a more stable dollar. Both the FI and the SDA anticipate increases in the industry. The FI expects a 2% increase in shipments of fertilizer next year; the SDA believes the soaps and detergents industry has a growth potential of 3% per year.

With respect to the Free Trade Agreement between Canada and the United States, the CMA expects that rationalization of facilities will occur in both countries. The FI does not expect the Free Trade Agreement to have any impact as fertilizer products are currently admitted duty-free to the United States, and there is already active trade in this sector between the two countries. The SDA notes that the Free Trade Agreement may have an impact in the raw materials trade rather than finished product trade. The representative cited that imports of chemical phosphates from Canada may increase because of the shorter freighting distance than some domestic sources. Regarding the impact of the devaluation of the U.S. dollar, the SDA does not believe it has had an impact on the industry because there is little involvement by manufacturers in exports and imports.

The FI noted that the major strength of the Canadian industry is that manufacturers have access to natural resources to which U.S. manufacturers do not have access. It noted that potash and nitrogen fertilizers are especially plentiful in Canada. The SDA representative noted that there is