number of dominant firms prevailing. To be a strong competitor in the world market, firms have to be large enough to afford research and development costs and maintain a worldwide trade network. Marketing costs amount to about one-third of manufacturers' total costs.

The major growth areas in the U.S. population are the 45-55 and over-65 age groups, as well as the ethnic market of over 50 million people. Older women, with more disposable income, are demanding more skin and hair care products (increasing their purchases through beauty salons), while the growing numbers of black women working outside the home (over six million) desire more beauty products appropriate to their needs. The U.S. industry has not yet addressed this latter need with significant research and development efforts.

The U.S. Department of Commerce estimates U.S. shipments of beauty products in 1987 to be at $14 billion (U.S.), with a predicted real annual growth of 2.6% over the next five years. Imports rose by 13.5% between 1986 and 1987, to reach $431 million (U.S.), while exports rose by 12.4% between the same period to $360 million (U.S.) in 1987. France was the dominant exporter to the United States, capturing 42% of the overall market. Germany was a distant second with 17% of the overall market. Canada is a net and leading importer of U.S. cosmetics, accounting for 15% of U.S. exports.

This chapter has provided a definition of the products included within the scope of this report, the criteria used for their selection, and a summary of U.S. imports of those products for 1982-87. Where available, a short-term outlook for the corresponding U.S. industry has also been provided. As this report is only intended to provide a sectoral overview and an indication of the opportunities that may exist for increased Canadian exports, individual readers are strongly encouraged to conduct more in-depth research on any potential opportunities identified.

Users of this report who are interested in undertaking further research into specific markets are also encouraged to contact any of the Canadian Government Trade Development offices listed in the final Appendix to this report, to determine what assistance may be available to them.