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Studies in Canadian Export Opportunities in the U.S. Market

Trade:
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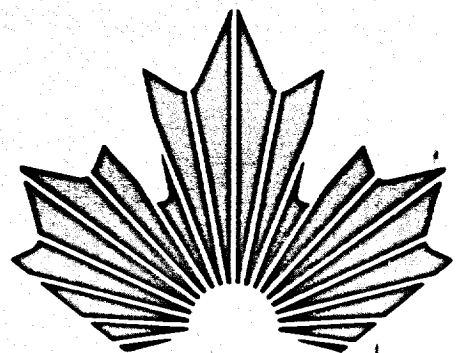
Packaging Machinery



External Affairs
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**STUDIES IN
CANADIAN EXPORT OPPORTUNITIES
IN THE U.S. MARKET**

PACKAGING MACHINERY

JUNE 1989

**PEAT MARWICK CONSULTING GROUP
OTTAWA**

43-153-571 / 43-153-079.

For additional copies please write or call:

Info Export (BTCE)
The Department of External Affairs
125 Sussex Drive
Ottawa, Ontario
K1A 0G2

1-800-267-8376

Ottawa: (613) 993-6435

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Cat. No. E73-7/59-1988

ISBN 0-662-56032-9



External Affairs
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CANADIAN EXPORT OPPORTUNITIES
IN THE U.S. MARKET**

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EXECUTIVE SUMMARY

This report addresses one of approximately 80 sectors reviewed as part of a broadly-based study commissioned by the U.S. Trade, Tourism and Investment Development Bureau of the Department of External Affairs. The objective of this study is to provide a preliminary indication of potential opportunities for the expansion of Canadian exports into the United States. The findings in each report are based on an analysis of U.S. trade statistics and a limited survey of U.S. importers and trade associations from a broad cross-section of U.S. industry.

The purpose of each report is to assist Canadian companies in identifying potential export opportunities that may justify further investigation. While the reports do not provide analyses of Canadian export industries or their international competitiveness, they do provide other kinds of information that should be useful. For example, each report provides information on individual companies that have indicated an interest in new sources of supply, some of which are quite specific. Information on U.S. import market size and shares and on industry publications and trade fairs that the companies surveyed felt were most useful are also provided. As such, individual reports in the series should be of particular interest to small and medium-sized Canadian companies that either are not yet exporting or that would like to increase their level of exports to the United States.

Packaging machinery is one of the sectors examined during the study. A survey of U.S. importers of packaging machinery and parts was conducted to determine the effects of the devaluation of the U.S. dollar on their imports and to identify potential opportunities for Canadian manufacturers to replace these imports. The results of the survey indicated that two-thirds (66.7%) of those interviewed were facing rising costs for imported packaging machinery and parts and that a large number (43.2%) were interested in learning more about Canadian companies' potential to replace these increasingly expensive imports. While most of those interviewed had not previously used a Canadian supplier, those that had expressed a high degree of satisfaction. U.S. importers who were dissatisfied with their suppliers most frequently cited long lead times and delivery problems as the reasons for the dissatisfaction.

In addition to the identification of specific market opportunities for Canadian suppliers, this report contains the names, addresses and telephone numbers of U.S. companies that expressed a desire to learn more about Canadian companies and their products. These importers indicated a preference

for receiving preliminary company and product information through brochures, by contact with a representative of the company or through industry publications.

The interview with a U.S. association involved in the packaging machinery industry indicated, among other things, that Canadian companies are viewed as worthy competitors in the U.S. market and that they are also well established in this market. The association expects that the implementation of the Canada-U.S. Free Trade Agreement will result in greater cross-border flows of packaging machinery in both directions.

I - STUDY OBJECTIVES

This report is one of a series covering approximately 80 manufacturing sectors, commissioned by the U.S. Trade, Tourism and Investment Development Bureau of the Department of External Affairs and written by Peat Marwick. The series is designed to provide a preliminary indication of Canadian export opportunities in the United States that may now exist as a result of the rising cost of offshore imports. The information provided about the nature and size of the U.S. import market, as well as leads and marketing intelligence, should help Canadian companies to determine whether further investigation of opportunities is justified and, if so, to begin such followup. The reports are likely to be of particular interest to small and medium-sized Canadian companies that either are not exporting or would like to increase their exports to the United States.

Each sector report identifies the major products imported into the United States from developed countries, explores the effect that the devaluation of the U.S. dollar has had on the price of these imports, and indicates which of these products might provide Canadian suppliers with increased export opportunities in the United States. The U.S. Department of Commerce's segmentation of statistics, upon which the review of U.S. imports is based, does not always correspond to the traditional definitions of product sectors in Canada. In a few reports, therefore, there are some differences between the products discussed in the report and those commonly included within that sector. Definitions of what products are covered in each report are, however, provided in all cases so that such differences can be identified and taken into account.

The report also identifies some initial export leads for Canadian manufacturers, lists trade fairs and industry publications favoured by U.S. importers, examines the U.S. importers' perceptions of the impact of a Free Trade Agreement between Canada and the United States on their purchases of Canadian products and provides the relevant tariff tables outlining the implementation stages of the Free Trade Agreement. Analysis of Canadian export industries or international competitiveness was outside the scope of these reports. For specific information on export marketing of their product, Canadian companies are invited to contact the U.S. Trade, Tourism, and Investment Development Bureau or the appropriate Canadian Trade Commissioner in the United States (addresses in final appendix).

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

U.S. imports of the two groups of packaging machinery covered by this study were up 8.6% to \$586.5 million (U.S.) in 1987. Over the period 1982 to 1987, imports of these products increased at an average annual rate of 18.2%. In 1986, the largest suppliers to the United States included West Germany, with a 33.9% market share, Italy (21%) and Japan (12.8%). Canadian suppliers accounted for 6.3% of the U.S. import market in 1986 versus 8.1% in 1982.

The survey of U.S. importers of packaging machinery found that major reasons for sourcing from foreign suppliers were to obtain products not available from domestic manufacturers and to obtain lower prices. These factors were identified by 36.8% and 21.1% respectively of those interviewed. The importance of price in the purchase decision is particularly relevant given the impact of the devalued U.S. dollar on imports of packaging machinery. Two-thirds of respondents reported that the devaluation of the U.S. dollar had increased the cost of their imports from these countries, and 43.2% were interested in learning more about Canadian suppliers of packaging machinery.

Those interviewed would most prefer to receive preliminary information on Canadian supply capabilities via brochures, direct contact by the manufacturer and/or industry publications. In making a purchase decision, U.S. companies interviewed are most likely to rely on information provided by a parent company, subsidiary or affiliate or obtained through industry publications or personal recommendation.

The Canada-U.S. Free Trade Agreement will result in increased U.S. purchases of Canadian packaging machinery, according to 33% of those interviewed. The agreement would eliminate tariffs ranging from 3.4 to 4.5%, which are considered a significant barrier to sourcing in Canada.

The survey of U.S. importers identified a number of specific opportunities for Canadian manufacturers of packaging machinery and parts. In particular, U.S. importers identified in Appendix 1 are actively seeking sources of supply for form fill sealers for candy, chip and gum package wrappers, and vacuum pack machines. Respondents also identified a number of products which are not the focus of this study. These have also been included in Appendix 1. In addition to these specific opportunities, Appendix 2 provides a list of the names, addresses and telephone numbers of U.S. importers generally interested in hearing from Canadian suppliers of packaging

machinery and parts. Appendix 3 provides a listing of the products imported by some of these companies.

The Department of External Affairs, recommends that Canadian firms should consult the Canadian Trade Commissioner located closest to each company being considered for contact prior to doing so in order to obtain advice, assistance and further company information. Canadian government trade contacts in Canada and the United States are provided in Appendix 10.

III - U.S. IMPORTS OF PACKAGING MACHINERY

This chapter provides information on recent levels and trends of U.S. imports and a summary of short-term prospects for this sector. Where there are differences in sector definitions between these sources, or between them and definitions generally used in Canada, such differences are noted, along with any known implications. In order to improve the usefulness of the information, a definition of which products within the sector are being reported on, and how they were selected, is also provided.

SECTOR DEFINITION

The products discussed in this report were selected on the basis of the customs value of U.S. imports from Japan, Europe, and Canada, as reported by the U.S. Department of Commerce (USDOC). The sector definitions used by USDOC effectively defined the products available for inclusion in this report. The selection of products was achieved by first screening all the USDOC broad product groupings, as expressed in 4-digit codes (e.g., non-electric machinery and mechanical appliances, nspf* [Schedule A 745.2]). Where combined imports from Japan, Europe and Canada were significant, the list of products was further refined at the more detailed and specific 7-digit level (e.g., machines for cleaning, filling, etc., bottles and containers, and parts including cast iron parts [Schedule A 7452845]).

Appendix 4 displays 1987 U.S. imports of all 7-digit products or product groups belonging to the 4-digit category selected for the packaging machinery report. The initial selection of products or product groups was based on a minimum of \$80 million (U.S.) of 1986 imports into the United States from Japan, Western Europe and Canada. Following consultation with industry and government officials with expertise in the packaging machinery sector, other products and product groups which did not meet the above criteria were included where there appeared to be significant commercial interest. Some products and product groups were deleted because there was insufficient commercial interest. Further details on this selection process are provided in Chapter V, Background. Due to refinements of sector definitions and other adjustments there may be some differences between figures in this report and those in the Overview report published in June 1988. In such cases, the numbers in this report take precedence.

* not specifically provided for

On the basis of the above process, the following products and product groups were selected to be the subject of this report:

- Machines for wrapping and packaging candy and tobacco products, and parts thereof, nspf (Schedule A 7452825).*
- Machines for cleaning, filling, etc., bottles and containers, and parts, including cast iron parts (Schedule A 7452845).

U.S. IMPORTS 1982-87

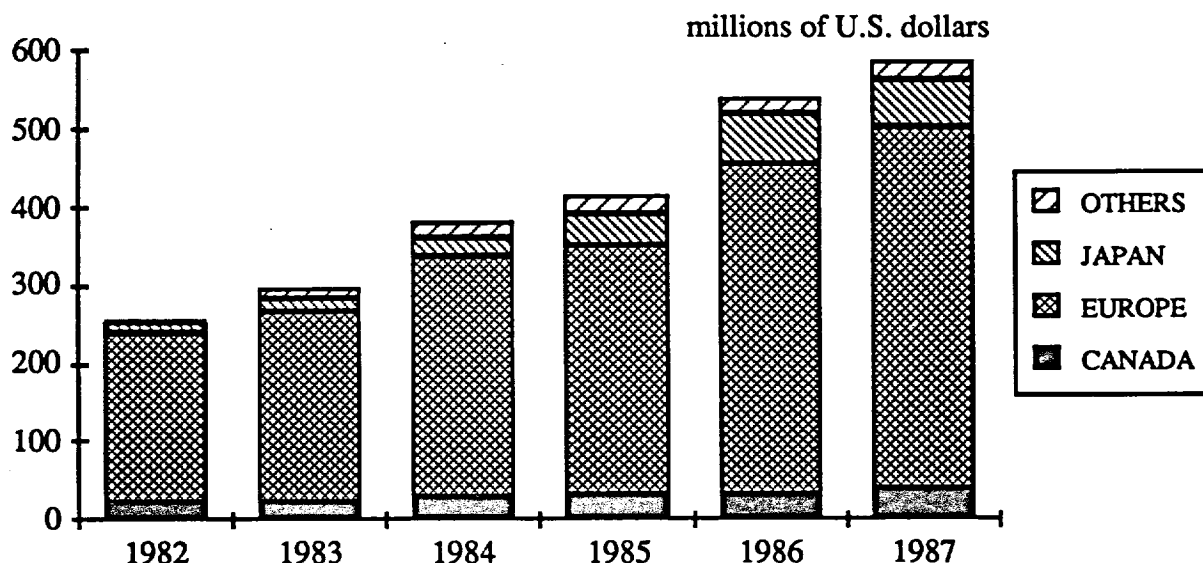
A breakdown of 1987 imports of selected packaging machinery by country is presented in Appendix 5. Japanese and European suppliers of packaging machinery dominate the U.S. import market for packaging machinery. In 1987, Japan accounted for shipments valued at \$60.7 million (U.S.) or 10.3% of U.S. imports. West Germany and Italy are the two largest European supplier countries with 32.8% and 24.9% of total imports respectively in 1987.

As illustrated in Chart 1, below, U.S. imports of these two product groups were approximately \$586.5 million (U.S.) in 1987, which was 8.6% higher than the previous year. Over the period 1982 through 1987, imports of packaging machinery increased at an average annual rate of 18.2%.

* This category actually includes all wrapping and packaging machines. There exists no other classification for wrapping and packaging machines.

CHART 1

TOTAL U.S. IMPORTS OF SELECTED PACKAGING MACHINERY



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

Over the period 1982 through 1987, European suppliers' relative U.S. market position declined from 84.8% to 79% while Japanese suppliers managed to more than double their share from 5% in 1982 to 11.8% in 1986. In 1987, Japan lost some of these gains as its share of total imports dropped to 10.3%. Canadian suppliers of packaging machinery had 6.8% of total imports in 1987, up from 6.3% in 1986 but significantly lower than the 8.1% share achieved in 1982.

In general, Canada has lost market share despite recording fairly strong growth in shipments from year to year. While U.S. imports from Canada grew at a healthy rate of 14.3% between 1982 and 1987, the rate of growth was much higher in Japan and Europe. Imports from Japanese suppliers increased at 38.8% annually, while European suppliers increased their shipments to the United States at a rate of 16.6% between 1982 and 1987.

Appendix 6 presents U.S. imports from 1982 to 1987 for each of the product groups under study.

"Machines for wrapping and packaging candy and tobacco products and parts thereof" (Schedule A 7452825) is the larger market with imports totalling \$467 million (U.S.) in 1987. This market grew at a rate of 18.9% annually, between 1982 and 1987. European suppliers dominate this market but have lost market share since 1982. Europe exported \$171 million (U.S.), or 86.8%, in 1982 and \$375 million, or 80.4%, in 1987. Canadian market share has remained fairly steady between 5.9% and 7.7% during this five-year period.

However Canadian market share has dropped for "Machines for cleaning, filling, etc., bottles and containers and parts, including cast iron parts" (Schedule A 7452845). Canada held 14.7% of the \$61.5 million (U.S.) import market in 1982 and 9.8% of the \$109 million (U.S.) market in 1987. While European suppliers dominate this market, their share has also dropped. Gains were made primarily by Japanese exporters.

While European market share has dropped for the combined product groups, Canada has not been able to capture an increasing share of the market. However, the continuing low value of the U.S. dollar against major currencies may open new markets for Canadian exporters as buyers seek new suppliers to replace more costly imports. Furthermore, the ratification of the Canada-U.S. Free Trade Agreement will increase opportunities for Canadian manufacturers as tariff barriers are removed. Tariffs ranging from 3.4% to 4.5% will be removed in five equal annual stages commencing January 1, 1989. A full listing of tariffs and the schedule for their removal under the Free Trade Agreement is presented in Appendix 7.

U.S. INDUSTRY OUTLOOK

The USDOC publishes an annual *U.S. Industrial Outlook* for a wide range of individual sectors. Where such outlooks are available and relevant to the series of reports of which this is one, they have been summarized and presented as general indications of near-term developments. In cases where such USDOC outlooks are not published, suitable alternative sources of credible industry forecasts have been sought. For the packaging machinery sector, no appropriate forecasts were readily available, and thus a "U.S. Industry Outlook" has not been provided.

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 intended only 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.

IV - MARKET STUDY

SURVEY OF U.S. IMPORTERS

The U.S. importers of packaging machinery interviewed were selected from a variety of sources including the report provided by the *Journal of Commerce Piers Port Import/Export Reporting Service*. This report contained three months of 1987 shipping data and ranked importers from developed countries by volume of imports. This list was supplemented by information provided by External Affairs' posts in the United States and by lists from trade associations and numerous industry publications.

As noted earlier, this series of reports on Canadian export opportunities in the United States covers approximately 80 product sectors. When the final reports are completed, over 4,000 interviews will have been carried out with U.S. companies. The number of interviews conducted for each sector varies from 30 to over 100 and is dependent on the level of concentration in the industry and the diversity of products within each sector. For the packaging machinery sector, 56 interviews/questionnaires were completed.

Interview Results

For the 56 respondents to the survey of U.S. importers of packaging machinery, Table 1, below, illustrates the major types of packaging machinery acquired from foreign suppliers. In addition, Appendix 3 contains a list of the specific packaging machinery and parts currently being imported by survey respondents.

Table 1
Major Imports

Product	No. of Respondents Reporting Product as Major Import
Wrapping machines, nes*	7
Industrial packaging machinery, nes	7
Packaging machinery for food products, nes	4
Bundling machines, nes	2
Can filling machines	2

* not elsewhere specified.

Table 2, below, lists those countries most frequently identified as suppliers of packaging machinery and provides a measure of the overall level of satisfaction with the suppliers and their products. A complete listing for all countries identified by respondents is presented in Appendix 8.

Table 2

Country of Origin	No. of Respondents Being Supplied	Average Level of Satisfaction (Max. = 5.0)
Japan	14	3.9
West Germany	10	4.2
Italy	9	4.0
Switzerland	7	4.3
Canada	5	4.0
England	5	3.4

While for the majority of the buyer-supplier relationships identified, the level of satisfaction was fairly high (average = 3.96), there were seven cases of dissatisfaction noted. Reasons for dissatisfaction with a particular supplier included a requirement for long lead times, slow or poor communications, disorganization on the part of the supplier and customs problems. U.S. importers identified five relationships with Canadian suppliers and indicated they were quite satisfied with their Canadian suppliers. (Average satisfaction = 4.0 with no cases of dissatisfaction).

When asked why they imported packaging machinery, U.S. importers gave the following reasons:

- not available in the United States (36.8%);
- lower price (21.1%);
- superior quality (15.8%);
- supplementary supply to domestic sources (7.9%).

In addition, ten U.S. importers, or 62.5% of respondents who had other reasons for importing, identified an existing supply relationships with a parent company, subsidiary or affiliate. Two-thirds (66.7%) of those interviewed reported that the devaluation of the U.S. dollar versus Japanese, European and other currencies had increased the cost of their imports, and 43.2% were

interested in learning more about Canadian suppliers of packaging machinery. Those not interested in investigating Canadian supply capabilities were most likely to identify an existing supply relationship with a parent, subsidiary or affiliate as the reason.

Of those that were interested in learning about Canada as an alternative to increasingly expensive Japanese and European imports, 85.7% said that brochures were a preferred means of receiving preliminary company and product information.

Personal contact by the company or a manufacturers representative (60%) and industry publications (57%) were also frequently identified. In making the actual purchase decision, information provided by a parent or subsidiary, through industry publications or in the form of a recommendation from a personal contact were identified most frequently. When asked about frequently read industry publications, respondents identified *Packaging Digest* (7 mentions), *Purchasing World* (2), *Packaging* (2), and *Food and Drug Packaging* (1). With respect to industry trade fairs attended or participated in, the following were most frequently mentioned: Packaging Machinery and Materials Institute (6 mentions), Society of Packing and Handling Engineers (3), American Mean Institute (1), Food Management Institute Fair (1), and Society of Manufacturing Engineers (1).

Although two in three respondents said that there were no barriers to sourcing packaging machinery from Canada, nearly 20% did indicate some problems, the most frequently mentioned of which were tariffs and red tape at customs. These barriers should ease as customs duties are phased out upon implementation of the Canada-U.S. Free trade Agreement. When U.S. importers were asked about the expected impact of the Free Trade Agreement on their purchasing policies, 33% said they expected it would result in increased purchases of packaging machinery from Canada. While 22% were unsure of the impact, 42% felt the Agreement would have no impact on their purchasing policies. Less than 3% expected it to result in lower purchases of Canadian packaging machinery.

Although a large number of those interviewed were generally interested in learning more about Canadian supply capabilities, some indicated that they were actively seeking specific products. They are:

- **Bobst Group Inc.** is seeking sources of supply for metric steel, bearings and small machinery.
- **Fuji Packaging Machines** would like to hear from suppliers of form fill sealers for candy, chip and gum package wrappers.
- **Housefoods and Yamauchi** is actively seeking sources of supply for vacuum pack machines.

More information on these opportunities is presented in Appendix 1. In addition, Appendix 2 lists the names, addresses and telephone numbers of U.S. importers interested in hearing from Canadian suppliers of packaging machinery and parts. These importers may be manufacturers, distributors or agents. Any company making contact with these firms should determine the firm's line of business before pursuing any of these opportunities identified.

SURVEY OF U.S. ASSOCIATIONS

In order to supplement the information obtained through the survey of U.S. importers and to obtain a U.S. industry perspective on trade in packaging machinery the following industry association was interviewed:

- **Packaging Machinery Manufacturers Institute (PMMI)** is an industry association representing the interests of more than 250 members.

This association was interviewed in order to obtain the following information:

- market trends and forecasts for the packaging machinery industry;
- the effect of the devalued dollar on trade in packaging machinery in the United States;
- information regarding major industry trade shows;
- information regarding major industry publications;
- the potential effect on the industry of the Canada-U.S. Free Trade Agreement;
- perceived strengths and weaknesses of the Canadian industry.

Interview Results

While the Packaging Machinery Manufacturers Institute (PMMI) was unable to provide a forecast of industry growth over the next five years, it did report that it expected the market for packaging machinery to grow. The association reported that the devaluation had substantially affected its member companies, as U.S. exports became relatively less expensive in foreign markets, and the rising cost of U.S. imports hurt foreign suppliers.

The PMMI was of the opinion that the Canada-U.S. Free Trade Agreement would increase the flow of trade in packaging machinery in general. The expectation is that both Canadian and U.S. suppliers will benefit from the elimination of tariffs, although the net impact is uncertain. The PMMI indicated that there already exists a high degree of trade in packaging machinery in both directions and that the Canadian industry is viewed as competitive to the domestic U.S. industry.

To assist Canadian suppliers in accessing the U.S. market, the association was asked to provide a list of popular industry publications and trade fairs frequently participated in or attended by its members. The association was able to identify only a single trade fair, and information regarding this is presented in Appendix 9. However, other trade fairs have been identified through contact with industry experts. These are also presented in Appendix 9.

V - BACKGROUND

Several years ago, the United States was incurring modest trade deficits which were offset by more than \$140 billion (U.S.) in payments from abroad on U.S. foreign investments. The U.S. budget was usually in deficit, but this was again more than offset by domestic savings. The net effect was a positive current account balance.

As the U.S. economy picked up steam after the 1981-82 recession, demand rose faster than output. Imports increased drastically to fill the gap. By the end of 1983, the trade deficit had ballooned to nearly \$69 billion (U.S.). These events continued into 1985, resulting in a trade deficit of \$148 billion (U.S.). The federal budget deficit more than doubled as a share of GNP, and savings fell to record lows.

Under this pressure, the U.S. dollar began to lose value on the international exchange market. By the end of 1987, the U.S. dollar lost 48% of its value against the Japanese yen, 48% against the German mark, 44% against the Danish krona, 43% against the French franc, and 39% against the Italian lira. In fact, the U.S. dollar had fallen against all major western industrialized countries except Canada. By the end of 1987, the trade deficit reached a record \$171 billion (U.S.) as import prices rose faster than the fall in import volumes.

The 1988 third quarter figures show the value of U.S. currency stabilizing relative to most western industrialized countries. The past currency adjustments are only slowly being translated into changes in trade patterns. Exporters to the United States who are able to pare their profits for many months have been forced to raise prices. No immediate changes were reflected in the trade figures, as the dollar volumes were maintained while the unit volumes dropped.

The 1988 trade deficit estimates (\$125 billion (U.S.)) suggest that the realignment of currencies is finally having the desired effect. Stubbornly high imports seem to be responding to the weaker U.S. dollar. However, some analysts believe that the U.S. dollar must fall further in order to get the trade deficit below the \$100 billion level.

While the Canadian dollar has strengthened recently against the U.S. dollar, its value, for the most part, has moved in parallel with the value of the U.S. dollar relative to other international currencies. These developments should help stimulate two-way trade between Canada and the

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

STUDY APPROACH

The overall study approach for analyzing the opportunities for Canadian suppliers to replace European and Japanese imports into the United States, started at a fairly high level of product aggregation for all U.S. imports. Through the application of selection criteria, the focus of the analysis was progressively narrowed to those opportunities at the lowest available level of product 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 imports from developed countries.

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 into the United States have had sustained volumes over a period of several years, it is less likely that these imports represent a short-term phenomenon or 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 4-digit level.

All U.S. imports (at the 4-digit level) from developed countries with import values exceeding one million U.S. dollars 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 7-digit level, and an investigation made to determine whether there existed any Canadian firms that produced similar products and could pursue the opportunities which may be uncovered. The expansion of the Schedule A codes from the 4-digit level to the 7-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, accessible at all major posts abroad, contains

information on Canadian manufacturers and the products they produce. It should be noted that although the WIN database is not yet complete, it is sufficiently advanced for the purposes of this study.

From this list, those products or product groupings having combined Japanese, European and Canadian imports of over \$80 million (U.S.) in 1986 were identified for further analysis. Following consultation with industry and government officials with expertise in each sector, other products and product groups which did not meet the above criteria were added to the sector where there appeared to be significant commercial interest to have them included. Some products and product groups were deleted because there was insufficient commercial interest in them.

The next stage in the analysis was to identify major U.S. importers of the commodities selected, to develop a questionnaire and to interview the importers. A questionnaire was designed to determine, for each company contacted:

- What were the major products being imported?
- What were the countries of origin of these imports? What was their level of satisfaction with each of their suppliers?
- Why were domestic products not used?
- What effect did the devaluation of the U.S. dollar have on the price of the imports?
- Were Canadian sources ever used? If so, were they satisfied with Canadian suppliers?
- Would the company be interested in knowing more about Canadian sources of supply?
- How would they like to receive information from Canadian suppliers? What information sources do they use to make purchasing decisions?
- Are there any seasonal patterns in purchasing?
- Do the companies face barriers to sourcing from Canada?
- Will a Free Trade Agreement between Canada and the United States affect their purchasing policy?

Telephone interviews were conducted with major importers and, when requested, questionnaires were mailed out.

It was recognized that there were a variety of reasons why, in certain situations, the rise in price of imported goods would not translate into significant opportunities for Canadians to export into the U.S. market. These included:

- Other attributes of the commodity outweigh considerations of price, i.e., quality, design, etc.;
- The commodity is an input into a final product and the value of the input relative to the final product is minimal;
- A long-term supply relationship has been established between the U.S. purchaser and current exporters whereby the U.S. customer relies on the exporter's proven ability to respond quickly to needed changes;
- The U.S. purchaser is a captive customer of the parent company;
- The U.S. purchaser is restricted by licence from buying other suppliers' goods;
- Domestic sourcing is a viable option;
- The imported commodity is a luxury good with relatively non-price-sensitive demand.

Therefore, the questionnaire was also designed to determine the extent to which these and other factors may restrict the opportunities identified by the statistical analysis.

Following the importer survey, U.S. associations representing the industry were interviewed to obtain information on a sectoral basis. These associations provided information on:

- The market trends for the industry;
- The effect of the devaluation of the U.S. dollar on the industry;
- The potential effect of Free Trade on Canada-U.S. trade for the industry;
- Their opinion of the strengths and weaknesses of the Canadian industry.

The results of all these steps were summarized in a draft report for each sector and submitted for review to an industry expert, the relevant Canadian industry association(s) and the ISTC official responsible for the sector.

APPENDIX 1
U.S. IMPORTERS SEEKING
SOURCES OF SUPPLY FOR
SPECIFIC PRODUCTS

Name: All Fill Inc.
Address: 40 Great Valley Parkway
Malvorn, PA 19355
U.S.A.
Contact: Mr. M. Hepler, Purchasing Manager
Telephone: 215-647-8800

- Manufacturer of packaging machinery.
- Imports filling, wrapping, bottling, sealing, labelling and capping machinery from New Zealand, England, Switzerland and the Far East.
- Industry publications (e.g., Industrial Buying Guides) aid in purchasing decisions.
- Has been satisfied with Canadian sources.
- Prefers to obtain information on Canadian firms via brochures, trade fairs and industry publications.
- Participates in the Power Packaging Machinery and Packaging Machinery Manufacturers' Institute (in Chicago) trade fairs; attends the PMMI trade fairs in Puerto Rico and Hawaii.
- Actively seeking sources of supply for stainless chains.

Name: Fuji Packaging Machines
Address: 1210 East 223rd Street, Suite 310
Carson, CA 90745
U.S.A.
Contact: Mr. Sano, Manager
Telephone: 213-834-4292
Fax: 213-834-4194

- Manufacturer of packaging machines.
- Imports form fill sealer (i.e., chip, gum, candy wrapper machines) from Japan.
- Obtains information from manufacturer to aid in purchasing decisions.
- Has never tried Canadian sources.
- Prefers to be contacted personally by the company, a manufacturer's representative, a distributor or via brochures and/or to visit the Canadian firm and its facilities.
- Actively seeking sources of supply for form fill sealers (for candy, chip and gum package wrappers).

Name: Housefoods and Yamauchi
Address: 526 South Stamford
Los Angeles, CA 90013
U.S.A.
Contact: Mr. Paul Higa, Plant Engineer
Telephone: 213-624-3615
Fax: 213-612-0281

- Imports tofu-making machines from Japan.
- Obtains information from manufacturers to aid in purchasing decisions.
- Has never tried Canadian sources.
- Prefers to be contacted personally by a manufacturer's representative or via brochures and industry publications and/or to visit the Canadian company and its facilities.
- Reads *Processed Foods* and *Food Products and Equipment*.
- Actively seeking sources of supply for vacuum pack machines.

Name: Philip Morris USA
Address: P. O. Box 26603
Richmond, VA 23261
U.S.A.
Contact: Mr. Ron Waddell, Manager of Machine Spare Parts
Telephone: 804-274-2808
Fax: 804-274-5415

- Imports machine spare parts from England, Italy, West Germany and Switzerland.
- Dissatisfied with one supplier (not Canadian) due to customs problems.
- Obtains information from industry publications and recommendations from personal contacts to aid in purchasing decisions.
- Has been very satisfied with Canadian sources.
- Prefers to be contacted personally by the Canadian firm or a distributor or via brochures and industry publications and/or to visit the Canadian company and its facilities.
- Reads *Purchasing World* and *Tobacco Report*.
- Actively seeking sources of supply for pump valves and electronic parts.

Name: Soteco
Address: 28 Knight Street
Norwalk, CT 06851
U.S.A.
Contact: Mr. Vitek Woyda, President
Telephone: 203-853-2943
Fax: 203-838-1705
Telex: 643172 NWK

- Imports encapsulating and overwrapping machines from Italy.
- Parent company makes most purchasing decisions.
- Prefers to be contacted personally by the Canadian company, a manufacturer's representative or a distributor.
- Actively seeking sources of supply for electronic boards.

APPENDIX 2

**U.S. IMPORTERS GENERALLY
SEEKING SOURCES
OF SUPPLY**

U.S. IMPORTERS SURVEYED

Company: Accraply Incorporated
 Address: 15410 Minnatonka
 Industrial Road
 Minnatonka, MN 55345
 Contact: Mr. Harry Sherman
 Title: Materials Manager
 Telephone: 612-933-0800
 Telex/Fax:

Company: Ace Packaging
 Address: 818 East Broadway
 San Gabriel, CA 91176
 Contact: Ms. Donna Benjamin
 Title: Owner/President
 Telephone: 818-285-9941
 Telex/Fax:

Company: Adtech
 Address: Route 113 Mensch Road
 Skippack, PA 19474
 Contact: Mr. Larry Salvatore
 Title: Purchasing Manager
 Telephone: 215-584-6700
 Telex/Fax:

Company: All-Fill Incorporated
 Address: 40 Great Valley Parkway
 Malvorn, PA 19355
 Contact: Mr. M. Hepler
 Title: Purchasing Manager
 Telephone: 215-647-8800
 Telex/Fax:

Company: American Technologies
 Information on Products
 Incorporated
 Address: 575 Corporate Drive
 Mahwah, NJ 07430
 Contact: Ms. Doris Townes
 Title:
 Telephone: 201-529-0202
 Telex/Fax: 201-934-7778 (Fax)

Company: Bivans Corporation
 Address: 2431 Dallas Street
 Los Angeles, CA 90031
 Contact: Mr. Louis Munoz
 Title: Sales Coordinator
 Telephone: 213-225-4248
 Telex/Fax:

Company: Bobst Group Incorporated
 Address: 146 Harrison Avenue
 Roseland, NJ 07068
 Contact: Mr. Michael Defenbai
 Title: Purchasing Manager
 Telephone: 201-226-8000
 Telex/Fax:

Company: Cobane & Associates
 Address: 18038 Mack Avenue
 Detroit, MI 48224
 Contact: Mr. Michael Cobane
 Title: General Manager
 Telephone: 313-886-2860
 Telex/Fax:

Company: Control Print Division
 Address: 67 Sand Park Road
 Centre Grove, NJ 07009
 Contact: Mr. Joseph Calavita
 Title: Purchasing Manager
 Telephone: 201-857-0900
 Telex/Fax:

Company: Dennison Manufacturing
 Company
 Address: 300 Howard Street
 Framingham, MA 01701
 Contact: Mr. Tom Murphy
 Title: Purchasing Manager
 Telephone: 508-879-0511
 Telex/Fax: 920407 (Telex)

Company: Doug Brown Packaging
 Address: 4240 Delemare Ct.
 Royal Oak, MI 48073
 Contact: Ms. Judy Hibbett
 Title: Office Manager
 Telephone: 313-549-2550
 Telex/Fax: 313-549-3409 (Fax)

Company: Eli Lilly & Company
 Address: P.O. Box 685
 Lafayette, IN 47902
 Contact: Mr. David Need
 Title: Senior Purchasing Agent
 Telephone: 317-477-4300
 Telex/Fax: 317-477-4567 (Fax)

Company: Exact Equipment
Address: 101 Lower Morrisville Road
Fallsington, PA 10954
Contact: Mr. Gordon Getz
Title: Customer Service
Telephone: 215-295-2000
Telex/Fax: 215-295-1171 (Fax)

Company: Formost
Address: 19211 - 144th Avenue
Northeast
P.O. Box 359
Woodinville, WA 98072
Contact: Mr. Ron Sims
Title: Purchasing Manager
Telephone: 206-483-9090
Telex/Fax: 320091 (Telex)

Company: Fuji Packaging Machines
Address: 1210 East 223rd Street
Suite 310
Carson, CA 90745
Contact: Mr. Sano
Title: Manager
Telephone: 213-834-4292
Telex/Fax: 213-834-4194 (Fax)

Company: Garvey Corporation
Address: Route 73
Blue Anchor, NJ 08037
Contact: Mr. William J. Garvey
Title: Vice-President of Sales
Telephone: 609-561-2450
Telex/Fax:

Company: Genesis Packaging System
Address: 661 Anderson Drive
Pittsburg, PA 15220
Contact: Mr. Jim Davie
Title: Technical Manager
Telephone: 412-928-3636
Telex/Fax: 412-928-3638 (Fax)

Company: Hayes Machine Company
Incorporated
Address: 801 West Hanover Street
Marshall, MI 49068
Contact: Mr. Don Schramm
Title: Vice-President of
Operations
Telephone: 616-781-9871
Telex/Fax: 616-781-5744 (Fax)
224441 (Telex)

Company: House Foods & Yamauchi
Address: 526 South Stamford
Los Angeles, CA 90013
Contact: Mr. Paul Higa
Title: Plant Engineer
Telephone: 213-624-3615
Telex/Fax: 213-612-0281 (Fax)

Company: Kartridge Park Company
Address: 807 West Kimberly Road
Davenport, IA 52808
Contact: Ms. Anjie Matkovich
Title: International Marketing
Telephone: 319-391-1100
Telex/Fax: 319-391-4951 (Fax)
468512 (Telex)

Company: Koch Supplies
Address: 1411 West 29th Street
Kansas City, MO 64108
Contact: Mr. Dave Summer
Title: Vice-President of Marketing
Telephone: 816-753-2150
Telex/Fax: 816-532-5634 (Fax)
42264 (Telex)

Company: Kronos Incorporated
Address: 9600 South 58th Street
Franklin, WI 53132
Contact: Mr. Todd Harold
Title: Traffic Supervisor
Telephone: 414-421-5650
Telex/Fax: 269445 (Telex)

Company: Lantech Incorporated
Address: 11000 Bluegrass Parkway
Louisville, KY 40399
Contact: Mr. Jose Zabaneh
Title: Purchasing Manager
Telephone: 502-267-4200
Telex/Fax: 213122 (Telex)

Company: Mackie International
Address: 9925 Tabor Street
Sante Fe Springs, CA
90670
Contact: Mr. Michael Sy
Title: General Manager
Telephone: 213-944-3547
Telex/Fax: 213-946-9689 (Fax)
372420 (Telex)

Company: Phillip Morris
Address: P.O. Box 26603
Richmond, VA 23261
Contact: Mr. Ron Waddell
Title: Manager of Machine Spare
Parts
Telephone: 804-274-2808
Telex/Fax: 804-274-5415 (Fax)

Company: Salwasser Manufacturing
Company Incorporated
Address: 5028 Cuington Highway
Suite A
Decatur, GA 30035
Contact: Mr. Walter Warren
Title: Sales & Marketing Manager
Telephone: 404-289-5081
Telex/Fax: 404-289-3604 (Fax)

Company: Soteco
Address: 28 Knight Street
Norwalk, CT 06851
Contact: Mr. Vitek Woyda
Title: President
Telephone: 203-853-2943
Telex/Fax: 203-838-1705 (Fax)
643172 NWK (Telex)

Company: Texmac
Address: P.O. Box 668128
Charlotte, NC 28266-8128
Contact: Mr. Bill Mahon
Title: Controller
Telephone: 704 394-0314
Telex/Fax: 704-392-1621 (Fax)

Company: Thiele Engineering
Company
Address: 7225 Bush Lake
Minneapolis, MN 55435
Contact: Mr. Wayne Sluton
Title: Vice-President of Sales
Telephone: 612 835-2290
Telex/Fax: 612-835-5032 (Fax)
290946 (Telex)

Company: Tomac Packaging
Address: 56 Cummings Park
Woburn, MA 01801
Contact: Mr. Phil Morse
Title: Purchasing
Telephone: 617-938-1500
Telex/Fax: 617-938-7536 (Fax)

Company: Tsubaki Conveyor America
Address: 101 Davis Drive
Portland, TN 37148
Contact: Mr. Jack Stortman
Title: Purchasing Manager
Telephone: 615-325-9221
Telex/Fax: 615-325-2442 (Fax)

Company: W.R. Grace
Address: P.O. Box 464
Duncan, SC 29334
Contact: Mr. Lee Keller
Title: Director of Internal Liaison
Telephone: 803-433-2000
Telex/Fax: 803-433-2689 (Fax)

SELECTED U.S. POST CONTACTS

Company: Aktron Corporation
Address: 235 West Parburg Road
Pumplin Place, NJ
Contact: Mr. John Mueller
Title: President
Telephone: 201-839-7799
Telex/Fax:

Company: Ben Clements & Sons
Address: 50 Ruta Court
South Hackensack, NJ 07606
Contact: Mr. Alan Clements
Title: President
Telephone: 201-440-5500
Telex/Fax:

Company: American Can Company
Address: 16 Benson Street
Fitchburg, MA 01420
Contact: Ms. Amyela DiPaoli
Title: Purchasing Agent
Telephone: 508-343-7465
Telex/Fax:

Company: Brown & Williamson Tobacco Corporation
Address: 1500 Brown & Williamson Tower
Louisville, KY 40232
Contact: Mr. T.E. Sandefur, Jr.
Title: President
Telephone: 502-568-7000
Telex/Fax:

Company: Arrowpointe Corporation
Address: 2340 Alger
Troy, MI 48083
Contact: Mr. James Ottevaere
Title:
Telephone: 313-528-2575
Telex/Fax:

Company: Butler Automatic Incorporated
Address: 480 Neponset Street
Canton, MA 02021
Contact: Mr. Joseph Cattafe
Title: Purchasing Manager
Telephone: 617-828-5450
Telex/Fax: 617-828-2715 (Fax)

Company: Automation International
Address: 327 Connecticut Avenue
Norwalk, CT 06854
Contact: Mr. Ronald S. Rainey
Title: President
Telephone: 203-853-0085
Telex/Fax:

Company: Caber Industrial Products Company
Address: 3263 Monier Circle
Rancho Cordova, CA 95670
Contact:
Title:
Telephone: 916-635-7938
Telex/Fax:

Company: Beck Packaging Corporation
Address: 1885 Weaversville Road
P.O. Box 2645
Allentown, PA 18001
Contact: Mr. Irv Beck
Title: President
Telephone: (215) 264-0551
Telex/Fax:

Company: Cason Products Corporation
Address: 70 Linden Avenue
Rochester, NY 14625
Contact: Mr. Robert I. Nelson
Title: President
Telephone: 716-473-4152
Telex/Fax:

Company: Clamco Corporation
Address: 12900 Plaza Drive
Cleveland, OH 44130
Contact: Mr. Z.J. Walkiewicz, Jr.
Title: President
Telephone: 216-267-1911
Telex/Fax:

Company: George M. Gaston Incorporated
Address: 5801 Grandy Place
Detroit, MI 48211
Contact: Mr. George M. Gaston
Title: President
Telephone: 313-921-6400
Telex/Fax:

Company: Clowe Packaging Incorporated
Address: P.O. Box 5002
Jackson, MS 39216
Contact: Mr. George Sisk
Title: Owner
Telephone: 601-957-9186
Telex/Fax:

Company: Heinz USA
Address: P.O. Box 57
Pittsburgh, PA 15230
Contact: Mr. Eric E. Adams
Title: Senior Buyer
Telephone: 412-237-5521
Telex/Fax:

Company: Delaware Valley Shipping and
Packaging Supply Company
Address: 4106 Blanche Road
Bensalem, PA 19020
Contact: Mr. Peter Goodman
Title: Sales Manager
Telephone: 215-638-9293
Telex/Fax:

Company: Infra Pak Incorporated
Address: 4911 Cash Road
Dallas, TX 75247
Contact: Mr. Tom Bittikoffer
Title:
Telephone: 214-630-7581
Telex/Fax:

Company: Doug Brown Packaging Products
Incorporated
Address: 4240 Delemere Court
Royal Oak, MI 48073
Contact: Mr. Douglas Brown
Title:
Telephone: 313-549-2550
Telex/Fax:

Company: International Paper Box Machine
Company
Address: 90 Northeastern Boulevard
Nashua, NH 03061
Contact: Mr. Frank Lucke
Title: Purchasing Manager
Telephone: 603-889-6651
Telex/Fax: 603-882-2865 (Fax)

Company: Engineered Packaging Systems
Address: 116 Westfield Circle
Danville, CA 94526
Contact:
Title:
Telephone: 415-837-5333
Telex/Fax:

Company: J&J Manufacturing Company
Address: Box 6295
Beaumont, TX 77705
Contact:
Title:
Telephone: 409-833-8951
Telex/Fax:

Company: Equipment Systems Corporation
Address: 7567 Amador Valley Boulevard
Dublin, CA 94568
Contact:
Title:
Telephone: 415-828-0215
Telex/Fax:

Company: Kalix Incorporated
Address: 20 Industrial Avenue
Upper Saddle River, NJ 07458
Contact: Mr. Pierre Herve
Title: President
Telephone: 201-825-9660
Telex/Fax:

Company: Kip Cantrick Company
Address: 857 Forest Avenue, Suite 1C
Birmingham, MI 48008
Contact: Mr. G.A. "Kip" Cantrick
Title: President
Telephone: 313-644-7622
Telex/Fax:

Company: Northern Packaging Systems
Incorporated
Address: P.O. Box 716
Pocono Pines, PA 18350
Contact: Mr. Joseph R. Crandall
Title: President
Telephone: 717-839-7771
Telex/Fax:

Company: Lord Label Systems Incorporated
Address: 1200 Avenue H. E.
Arlington, TX 76011
Contact: Ms. Lynda Podgers
Title: Administrative Assistant
Telephone: 214-647-2504
Telex/Fax:

Company: Pak-Tec Incorporated
Address: 14609 Pleasant Hill
Pineville, NC 28103
Contact: Mr. Russell Davey
Title: President
Telephone: 704-588-6294
Telex/Fax:

Company: Mifflin Packaging Incorporated
Address: 1431 Waterford Court
Marietta, GA 30067
Contact: Mr. John Mifflin
Title: President
Telephone: 404-992-1500
Telex/Fax:

Company: Schuller Machinery Company
Address: 3 Brookside Drive
Buffalo, NY 14221
Contact:
Title:
Telephone: 716-632-9131
Telex/Fax:

Company: Mike Shelton Company
Address: P.O. Box 21211
Columbia, SC 29221
Contact: Mr. Mike Shelton
Title: Owner
Telephone: 803-772-7188
Telex/Fax:

Company: Servpak Corporation
Address: P.O. Box 173
Needham Heights, MA 02194
Contact: Mr. Ralph Knoel
Title: President
Telephone: 617-444-3933
Telex/Fax: 617-444-0537

Company: Multivac Incorporated
Address: Sacramento, CA
Contact:
Title:
Telephone: 916-483-5624
Telex/Fax:

APPENDIX 3
PRODUCTS IMPORTED BY RESPONDENTS

APPENDIX 3

PRODUCTS IMPORTED BY RESPONDENTS

Accraply Inc.	- parts for pressure-sensitive labelling machines
Ace Packaging	- tying and strapping machinery
All-Fill Inc.	- filling machines
Bobst Group Inc.	- printed and corrugated products
Control Print Division	- marking and coding machines
Dennison Manufacturing Co.	- bar code readers
Doug Brown Packaging	- form filling machines, stretch wrapper machines
Eli Lilly and Company	- labelling machinery
Exact Equipment	- wrapping equipment
Formost Packaging Machines Inc.	- wrapping machinery
Fuji Packaging Machines	- form fill sealer, chip, gum and candy wrapper machines
Genesis Packaging System	- food filling equipment, thermal forming equipment and parts for various equipment
Kartridge Pak Co.	- conveyor equipment, packaging machinery
Koch Supplies	- Altavac packaging machinery
Krones Inc.	- bottle filling machinery
Mackie International	- bagging machinery
Philip Morris U.S.A.	- spare parts
Texmac	- shrink wrapping machines
Thiele Engineering Co.	- components for folding machines
Tomac Packaging	- weighing machines, food packaging machines
W.R. Grace	- food packaging machinery

APPENDIX 4
1987 IMPORTS OF
PACKAGING MACHINERY
(Schedule A 745.2)

APPENDIX 4

PACKAGING MACHINERY

1987 Imports (thousands of U.S. dollars)

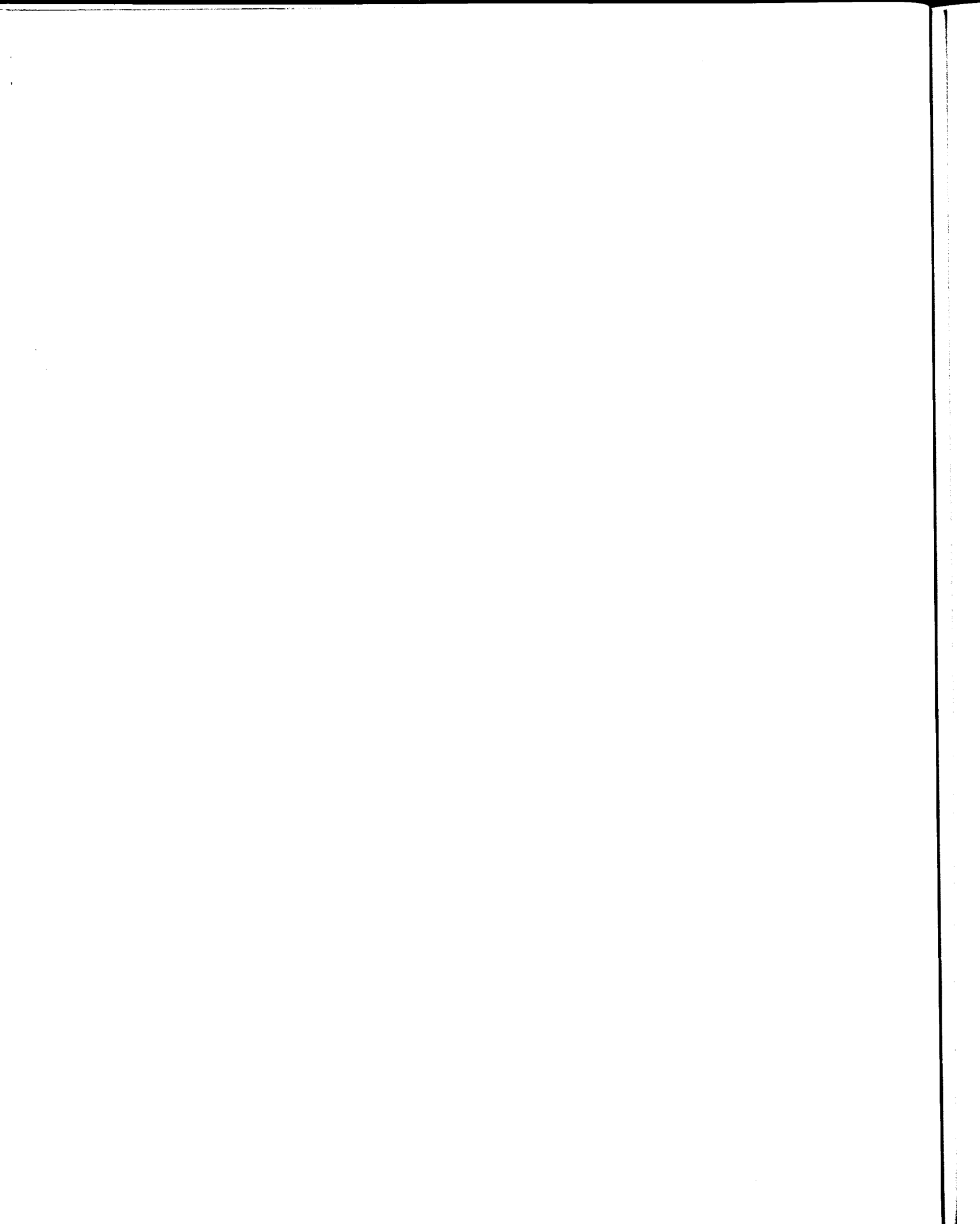
	Total U.S. Imports	Canada	Europe	Japan	Other
Total of all items in bold type which are the focus of this study	586,537	39,883	463,446	60,686	22,522
<i>Total of all items in italics which are not related to the sector</i>	<i>467,446</i>	<i>45,368</i>	<i>197,148</i>	<i>120,332</i>	<i>104,598</i>

**745.2 Machines non électriques et appareils mécaniques, n.d.a.*
et les pièces de ces machines, n.d.a.
Importations en 1987 (en milliers de dollars US)**

Annexe A	Description des marchandises	Importations américaines totales	Canada	Europe	Japon	Autres
7452100	<i>Machines à enduction à la calandre et enrouleuses similaires (sauf pour le métal et le verre) et pièces, n.d.a.</i>	40 107	1 117	25 687	12 734	569
7452400	<i>Distributrices automatiques et pièces de ces machines, n.d.a.</i>	45 467	7 949	15 783	16 579	5 156
7452510	<i>Machines à peser automatiques dont le degré d'exactitude est de 1/20 de 1 % du poids maximal</i>	59 757	194	20 096	35 382	4 085
7452530	<i>Machines à peser, n.d.a.</i>	39 081	1 310	16 293	4 411	17 067
7452600	<i>Pièces de machines à peser, n.d.a.</i>	21 394	3 028	6 368	2 522	9 476
7452715	<i>Vaporisateurs à piston unique, puceronnières et pièces de ces machines, incluant les produits décrits dans l'article sur le Canada dans l'APTA*</i>	29 344	358	9 139	2 608	17 239
7452755	<i>Machines de sablage et pulvérisateurs agricoles et horticoles</i>	22 801	12 412	7 862	642	1 885
7452795	<i>Machines de pulvérisation, n.d.a., et pièces, n.d.a., incluant les produits décrits dans l'article sur le Canada dans l'APTA</i>	209 495	19 000	95 920	45 454	49 121
7452825	<i>Machines à emballer et à emballer les bonbons et les produits du tabac, et les pièces de ces machines, n.d.a.</i>	466 713	28 181	375 370	44 762	18 400
7452845	<i>Machines pour le nettoyage, le remplissage, etc., des bouteilles et des contenants, et pièces, incluant les pièces en fonte</i>	119 824	11 702	88 076	15 924	4 122

* Non dénommé(e)s ailleurs

* Auto Parts Trade Act



APPENDIX 5

**1987 U.S. IMPORTS OF
SELECTED PACKAGING MACHINERY
FROM EUROPE AND JAPAN
BY COUNTRY**

**1987 U.S. IMPORTS OF SELECTED PACKAGING MACHINERY
FROM EUROPE AND JAPAN
BY COUNTRY**
(thousands of U.S. dollars)

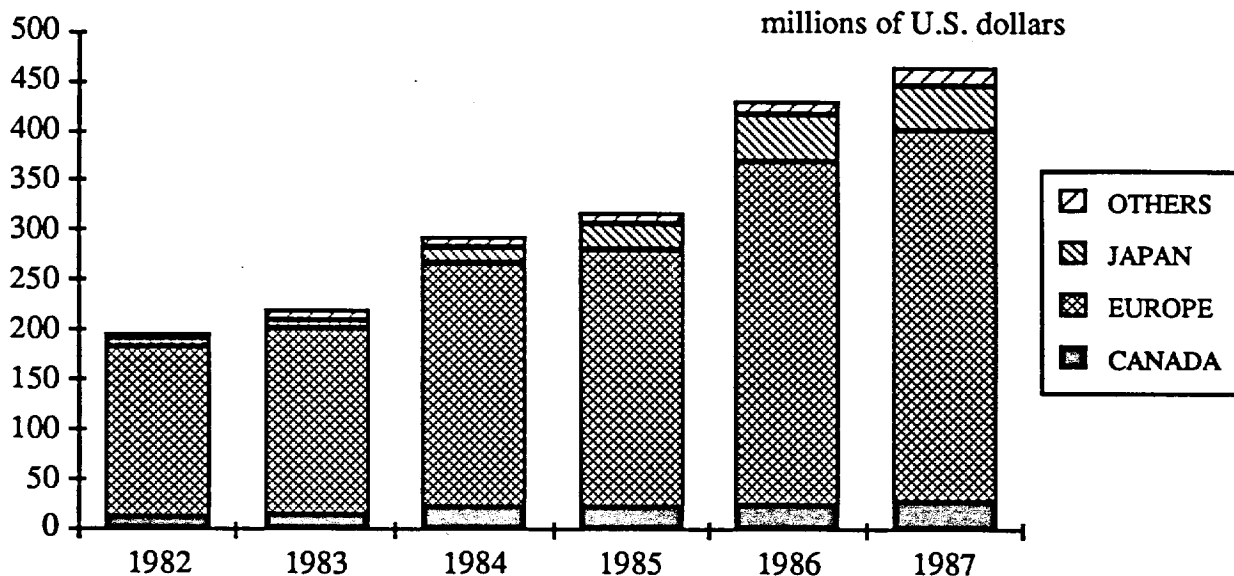
COUNTRY	SCHEDULE A		TOTAL	%
	7452825	7452845		
Belgium-Luxembourg	2,395	313	2,708	0.5
Denmark	2,673	1,041	3,714	0.6
Finland	915	703	1,618	0.3
France	10,026	8,623	18,649	3.2
Italy	127,099	18,839	145,938	24.9
Netherlands	19,045	2,744	21,789	3.7
Norway	-	342	342	0.1
Spain	1,602	373	1,975	0.3
Sweden	11,677	3,264	14,941	2.5
Switzerland	28,475	5,532	34,007	5.8
United Kingdom	16,283	9,038	25,321	4.3
West Germany	155,180	37,264	192,444	32.8
Total for Europe	375,370	88,076	463,446	79.0
Japan	44,762	15,924	60,686	10.3
Total for Europe and Japan	420,132	104,000	524,132	89.4
Total Imports	466,713	119,824	586,537	

APPENDIX 6
1982 - 1987 IMPORTS OF SELECTED
PACKAGING MACHINERY

U.S. IMPORTS OF SELECTED PACKAGING MACHINERY

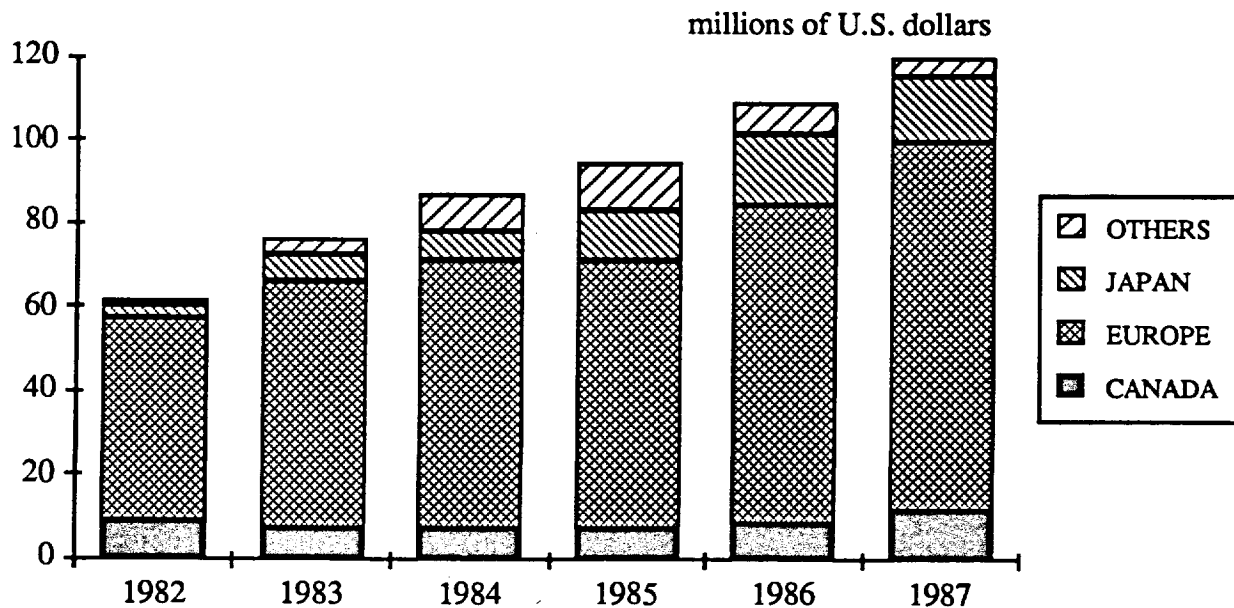
MACHINES FOR WRAPPING AND PACKAGING CANDY AND TOBACCO PRODUCTS, AND PARTS THEREOF, NSPF*

SCHEDULE 7452825



MACHINES FOR CLEANING, FILLING, ETC., BOTTLES AND CONTAINERS, AND PARTS, INCLUDING CAST IRON PARTS

SCHEDULE A 7452845



* not specifically provided for

APPENDIX 7

**CURRENT U.S. TARIFFS ON
CANADIAN PACKAGING MACHINERY AND
SCHEDULE FOR THEIR REMOVAL UNDER
THE FREE TRADE AGREEMENT**

TARIFF ELIMINATION

1. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on goods originating in the territory of the other Party in accordance with the following schedule:
 - A. duties on goods provided for in each of the items designated as staging category A in each Party's Schedule contained in Annex 401.2 shall be eliminated entirely and such goods shall be free of duty, effective January 1, 1989;
 - B. duties on goods provided for in each of the items designated as staging category B in each Party's Schedule contained in Annex 401.2 shall be removed in five equal annual stages commencing on January 1, 1989, and such goods shall be free of duty, effective January 1, 1993; and
 - C. duties on goods provided for in each of the items designated as staging category C in each Party's Schedule contained in Annex 401.2 shall be removed in ten equal annual stages commencing on January 1, 1989, and such goods shall be free of duty, effective January 1, 1998.
2. Except as otherwise provided in this Agreement, goods originating in the territory of the other Party that are provided for in each of the items designated as staging category D in each Party's Schedule contained in Annex 401.2 shall continue to receive existing duty-free treatment indicated therein for such goods.

SCHEDULE OF THE UNITED STATES OF AMERICA

Item	Article description	Base rate	Staging Category
8422	Dishwashing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing, capsuling or labelling bottles, cans, boxes, bags or other containers; other packing or wrapping machinery; machinery for aerating beverages; parts thereof:		
	Dishwashing machines:		
8422.11.00	Of the household type.....	3.6%	C
8422.19.00	Other.....	3.6%	C
8422.20.00	Machinery for cleaning or drying bottles or other containers.....	3.6%	B
8422.30	Machinery for filling, closing, sealing, capsuling or labelling bottles, cans, boxes, bags or other containers; machinery for aerating beverages:		
8422.30.10	Can-sealing machines.....	4.5%	B
8422.30.90	Other.....	3.6%	B
8422.40	Other packing or wrapping machinery:		
8422.40.10	Machines for packaging pipe tobacco; machines for wrapping candy; machines for wrapping cigarette packages; and combination candy cutting and wrapping machines.....	3.4%	B
8422.40.90	Other.....	3.6%	B
8422.90	Parts:		
8422.90.05	Of dishwashing machines.....	3.6%	C
8422.90.10	Of can-sealing machines.....	4.5%	B
8422.90.20	Of machines for packaging pipe tobacco, wrapping candy or wrapping cigarette packages, and of combination candy cutting and wrapping machines.....	3.4%	B
8422.90.90	Other.....	3.6%	B

APPENDIX 8
COUNTRIES OF ORIGIN AND
RESPONDENTS' LEVEL OF
SATISFACTION

PACKAGING MACHINERY
COUNTRIES OF ORIGIN
AND
RESPONDENTS' LEVEL OF SATISFACTION

COUNTRY	LEVEL OF SATISFACTION					TOTAL NO. RESPONDENTS	AVERAGE
	1	2	3	4	5		
Australia			1			1	3.00
Canada			1	3	1	5	4.00
Europe			1			1	3.00
France		1		1	1	3	3.67
Italy	1		1	3	4	9	4.00
Japan		2	3	3	6	14	3.93
Netherlands				1	1	2	4.50
New Zealand				1		1	4.00
Orient				1		1	4.00
Singapore			1			1	3.00
South Africa					1	1	5.00
Sweden				1		1	4.00
Switzerland			1	3	3	7	4.29
United Kingdom		2		2	1	5	3.40
West Germany		1	2	1	6	10	4.20
TOTAL	1	6	11	20	24	62	

levels of satisfaction:

- 1 = low
- 2 = somewhat low
- 3 = neutral
- 4 = somewhat high
- 5 = high

APPENDIX 9

**U.S. INDUSTRY TRADE FAIRS
AND PUBLICATIONS**

MAJOR PACKAGING MACHINERY TRADE SHOWS

TRADE FAIR	LOCATION	WHEN HELD	CONTACT
PACK EXPO	McCormick Place Chicago, IL	Nov. 1990	Ms. Martha Covington (202) 347-3838
Westpack	Anaheim, CA	Oct. 11-13, 1989	Ms. Jill Thornton (203) 964-0000
Pack Ex. '89	Toronto, ON	Oct. 2-4, 1989	Ms. Catherine Grimbly-Bethke (416) 485-7812

PUBLICATIONS

Purchasing World. Thomson Industrial Press Inc., 6521 Davis Industrial Parkway, Solon, OH 44139

Contact: Mr. Ed Walter, Editor, (216) 248-1125

Packaging Digest. Delta Communications Inc., 400 North Michigan Avenue, Suite 1216, Chicago, IL 60611

Contact: Mr. Bob Heitzman, Editor, (312) 222-2000

APPENDIX 10
CANADIAN GOVERNMENT TRADE
CONTACTS
IN CANADA AND THE UNITED STATES

CANADIAN GOVERNMENT TRADE CONTACTS IN CANADA

U.S. Marketing Officer for this Sector
Department of External Affairs (UTD)
125 Sussex Drive, Ottawa, Ontario, K1A 0G2
Telephone: 613-993-7343/613-993-5911
Telex: 0533745
Fax: 613-996-9103

British Columbia
International Trade Centre
Department of Industry, Science and
Technology
P.O. Box 11610
900 - 650 West Georgia Street
Scotia Tower
Vancouver, B.C.
V6B 5H8
Tel: 604-666-0434
Telex: 0451191
Fax: 604-666-8330

Saskatchewan
International Trade Centre
Department of Industry, Science and
Technology
6th Floor
105 - 21st Street East
Saskatoon, Saskatchewan
S7K 0B3
Tel: 306-975-4353
Telex: 0742742
Fax: 306-975-5334

Manitoba
International Trade Centre
Department of Industry, Science and
Technology
Suite 608
330 Portage Avenue
Winnipeg, Manitoba
R3C 2V2
Tel: 204-983-2097
Telex: 0757624
Fax: 204-983-2187

Alberta
International Trade Centre
Department of Industry, Science and
Technology
The Cornerpoint Building
Suite 505
10179 - 105th Street
Edmonton, Alberta
T5J 3S3
Tel: 403-420-2944
Telex: 0372762
Fax: 403-420-4507

International Trade Centre
Department of Industry, Science and
Technology
Harry Hays Building
Suite 630
220 - 4th Avenue S.E.
Calgary, Alberta
T2P 3C3
Tel: 403-292-4575
Fax: 403-292-4578

Ontario
International Trade Centre
Department of Industry, Science and
Technology
4th Floor
Dominion Public Building
1 Front Street West
Toronto, Ontario
M5J 1A4
Tel: 416-973-5000
Telex: 06524378
Fax: 416-973-8714

Quebec

International Trade Centre
Department of Industry, Science and
Technology

Stock Exchange Tower
800 Victoria Square
Room 3800, P.O. Box 247
Montreal, Quebec
H4Z 1E8

Tel: 514-283-6796
Telex: 05560768
Fax: 514-283-3302

International Trade Centre
Department of Industry, Science and
Technology

112 Dalhousie Street
Quebec, Quebec
G1K 4C1

Tel: 418-648-2506
Fax: 418-648-7291

Prince Edward Island

International Trade Centre
Department of Industry, Science and
Technology

Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown, P.E.I.
C1A 7M8

Tel: 902-566-7400
Telex: 01444129
Fax: 902-566-7450

Northwest Territories

International Trade Centre
Department of Industry, Science and
Technology

10th Floor
Precambrian Building
P.O. Bag 6100
Yellowknife, Northwest Territories
X1A 1C0

Tel: 403-920-8575
Fax: 403-873-6228

New Brunswick

International Trade Centre
Department of Industry, Science and
Technology

Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9

Tel: 506-857-6452
Telex: 0142200
Fax: 506-857-6429

Nova Scotia

International Trade Centre
Department of Industry, Science and
Technology

1496 Lower Water Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9

Tel: 902-426-7540
Telex: 01922525
Fax: 902-426-2624

Newfoundland

International Trade Centre
Department of Industry, Science and
Technology

90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9

Tel: 709-772-5511
Telex: 0164749
Fax: 709-772-5093

Yukon

International Trade Centre
Department of Industry, Science and
Technology

Suite 301
108 Lambert St.
Whitehorse, Yukon
Y1A 1Z2

Tel: 403-668-4655
Fax: 403-668-5003

**CANADIAN GOVERNMENT TRADE COMMISSIONER
OFFICES IN THE UNITED STATES**

Washington
Canadian Embassy
Trade Promotion and Market
Access Section
Canadian Embassy
501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001
Tel: 202-682-1740
Fax: 202-682-7726
Telex: 0089664 (DOMCAN A WASH)
Territory: Washington, D.C., Maryland
Delaware, Eastern Pennsylvania
(including Philadelphia), and Virginia

Atlanta
Canadian Consulate General
400 South Tower
One CNN Center
Atlanta, Georgia 30303-2705
Tel: 404-577-6810
Fax: 404-524-5046
Telex: 054-2676 (DOMCAN ATL)
Territory: Alabama, Florida, Georgia,
Mississippi, North Carolina, South
Carolina, Tennessee, Puerto Rico,
U.S. Virgin Islands

Boston
Canadian Consulate General
Three Copley Place, Suite 400
Boston, Massachusetts 02116
Tel: 617-262-3760
Fax: 617-262-3415
Telex: 94-0625 (DOMCAN BSN)
Territory: States of Maine, Massachusetts,
New Hampshire, Rhode Island, Vermont,
Other Countries: Saint-Pierre-et-Miquelon

Buffalo
Canadian Consulate
One Marine Midland Center
Suite 3550
Buffalo, New York 14203-2884
Tel: 716-852-1247
Fax: 716-852-1247
Telex: 0091329 (DOMCAN BUF)
Territory: Western, Central and Upstate
New York

Chicago
Canadian Consulate General
310 South Michigan Avenue, 12th Floor
Chicago, Illinois 60604-4295
Tel: 312-427-1031
Fax: 312-922-0637
Telex: 00254171 (DOMCAN CGO)
Territory: Illinois, Missouri, Wisconsin,
the Quad-City region of Iowa

Cleveland
Canadian Consulate
Illuminating Building, Suite 1008
55 Public Square
Cleveland, Ohio 44113-1983
Cable: CANADIAN CLEVELAND
Tel: 216-771-0150
Fax: 216-771-1688
Telex: 00985364 (DOMCAN CLV)
Territory: States of Kentucky, Ohio,
West Virginia, Western Pennsylvania

Dallas
Canadian Consulate General
St. Paul Place, Suite 1700
750 N. St. Paul Street
Dallas, Texas 75201-9990
Cable: CANADIAN DALLAS
Tel: 214-922-9806
Fax: 214-922-9811
Telex: 00732637 (DOMCAN DAL)
Territory: States of Texas, Arkansas,
Kansas, Louisiana, New Mexico,
Oklahoma

Detroit
Canadian Consulate General
600 Renaissance Centre
Suite 1100
Detroit, Michigan 48243-1704
Cable: CANADIAN DETROIT
Tel: 313-567-2340
Fax: 313-567-2164
Telex: 23-0715 (DOMCAN DET)
Territory: City of Toledo, States of Michigan
and Indiana

Los Angeles**Canadian Consulate General**

300 South Grand Avenue, 10th Floor
California Plaza

Los Angeles, California 90071

Tel: 213-687-7432

Fax: 213-520-8827

Telex: 00674119 (DOMCAN LSA)

Territory: States of Arizona, California,
Clark County in Nevada

San Francisco**Canadian Consulate General**

50 Fremont Street, Suite 2100
San Francisco, California 94105

Tel: 415-495-6021

Fax: 415-541-7708

Telex: 34321 (DOMCAN SFO)
62014485 (Easylink)

Territory: States of California (except
the 10 southern counties), Colorado,
Hawaii, Nevada (except Clark County),
Utah, Wyoming

Minneapolis**Canadian Consulate General**

701 Fourth Avenue South

Minneapolis, Minnesota 55415-1078

Tel: 612-333-4641

Fax: 612-332-4061

Telex: 290229 (DOMCAN MPS)

Territory: States of Iowa, Nebraska,
Minnesota, North Dakota, South
Dakota, Montana

Seattle**Canadian Consulate General**

412 Plaza 600, Sixth and Stewart

Seattle, Washington 98101-1286

Tel: 206-443-1777

Fax: 206-443-1782

Telex: 0328762 (DOMCAN SEA)

Territory: States of Alaska, Idaho, Oregon,
Washington

New York**Canadian Consulate General**

1251 Avenue of the Americas

New York, N.Y. 10020-1175

Cable: CANTRACOM NEW YORK CITY

Tel: 212-768-2400

Fax: 212-768-2441

Telex: 62014481 (DOMCAN NYK)

Territory: States of Connecticut,
New Jersey, Southern New York
Other Countries: Bermuda