

Priority Sectors

To capitalize on this improved environment for business, the Department of Foreign Affairs and International Trade's (DFAIT) United States Business Development Program is being repositioned, emphasizing an integrated approach to trade, services, and investment development. The program gives priority to knowledge-based and value-added activities, including generating and disseminating market information and intelligence through electronic means, promoting strategic alliances and technology inflow, and increasing the export-readiness of SMEs. The program focusses on the following six priority sectors: computing technologies (hardware and software); environment; services; biotechnology; telecommunications; and cultural industries.

Computing Technologies (Hardware and Software)

It is estimated that the United States market for computer hardware, software and services will reach over \$250 billion in 1996, representing approximately 47 percent of the world market. The PC/workstation segment continues to fuel growth in the sector as mainframe and mini-computer markets shrink. More powerful processors (Intel is expected to introduce the next generation 133MHz P6 shortly) and 32-bit operating systems such as Windows 95 and OS/2 Warp, will spur the development of faster, more capable applications. Voice technology is likely to be in great demand and the U.S. market will continue to look for the newest and best leading-edge products in all market segments and sectors.

Environment

The United States environmental market presents tremendous opportunities for Canadian firms. The technology and expertise commanded by Canadian firms make them uniquely positioned to meet this demand. The level of commitment and spending by companies and federal and state governments are still closely linked. The process is largely driven by regulation, although Congress and the Environmental Protection Agency (EPA) are talking about the need to "reinvent" environmental legislation. Accountability for the environment will be handed down to the states and industry itself. Furthermore, the NAFTA has introduced new opportunities for Canadian firms to bid on U.S. federal contracts for environmental clean-up programs.

The estimated value of Canadian exports to the U.S. environmental sector is \$1 billion. Current estimates for the environmental products/services industry in the U.S. indicate a market exceeding US\$135 billion. With a projected annual growth rate of some 4 percent a year, the U.S. environment market is expected to reach US\$171 billion by the end of the decade. The Canadian market share could increase by 20 percent over the next two years. The highest growth potential is in technology, equipment and services applied to integrated waste management, energy and air pollution control.

The United States market offers unique opportunities for Canadian environmental technology firms seeking investment and technology partnerships. As the environment industry matures south of the border, its firms will tend to seek specialized partners to complement or complete organizational/project requirements. Canadian firms with niche products, services and/or technologies will be in a position to expand into the world's largest environmental market.

Of equal importance, investment partnerships offer Canadian firms specific competitive advantages, including access to growth capital, technology exchange, product development and management know-how.

Services

Implementation of the FTA and the NAFTA has opened major new opportunities for Canadian services firms in U.S. commercial and federal government markets. As well, the business and professional services market continues to be very strong. Canadian firms are successfully selling their services in this highly competitive market due to innovative approaches, the ability to move quickly and exploit niche markets, an excellent reputation, their international experience and favourable exchange rates. In 1994, the export of services to the U.S. rose to \$17.8 billion, with imports at \$25 billion.

Business and professional services are second after motor vehicles in terms of Canadian worldwide exports, and they represent the largest component of non-merchandise bilateral trade with the United States. An estimated 60 percent of total Canadian services exports are destined to the U.S. market. With the continuing trend toward a more services-oriented society in North America, the services sector is expected to remain a major growth area in both Canada and the United States. Subsectors in the U.S. with particular export opportunities for Canadian services suppliers