

4. CANADIAN DOMESTIC INDUSTRIAL STRENGTHS IN ENVIRONMENTAL PROTECTION

In this section, we present a review of Canadian domestic industrial strengths in the environmental protection market. Recall that this constitutes the "supply" side of the market research, i.e. how well positioned are Canadian companies to supply the goods and services demanded by the European EP markets in the 90's.

Methodology

Three methods were used to diagnose domestic strengths:

- a review of previous studies carried out on the EP industry in Canada and the Provinces;
- interviews with representatives of Federal and Provincial government departments interested in the EP industry; and
- a tele-conference with 12 representatives of the EP industry and governments, including the recently-formed Environmental Protection Industry Association of Canada.

The following studies were reviewed:

- *The Canadian Environmental Supply Industry: Size, Significance and Trends*, by Informetrica Ltd. for Industry, Science and Technology Canada, Ottawa, March 1991;
- *Europe 1992 And The Ontario Environmental Protection Industry*, Ontario Ministry of Industry, Trade and Technology, 1990.

Studies on the domestic EP industry are about to be undertaken by the Western provinces and ISTC in Quebec. A recent study of the Maritimes EP industry will be released soon by ISTC in Halifax.

Domestic Industry Strengths

Each of the studies reviewed provides interesting insights into the size of the industry in Canada and its local characteristics, but none identified clear and unqualified domestic sectoral strengths which could be used as a spring board for European forays.

An Overview of the Canadian EP Manufacturing Industry

Under contract to ISTC, Informetrica Ltd. prepared a macroeconomic overview of the EP manufacturing industry in Canada. The overview used the 1980-86 census of manufacturers and focused on 58 manufacturing industries, but did not include the service sector and primary sectors (agriculture, fisheries, trapping, mining). The preliminary conclusions of this overview were as follows.

- There were about 1700 establishments producing environmental products in 1986. About 68 percent of these firms got over 50 percent or more of their revenues from the sale of environmental products.
- The number of firms concentrating on the production of environmental goods has increased notably in recent years.
- Most of the firms are small. Over 50 percent of the firms reported sales of between \$1 million and \$25 million; another 33 percent reported sales of less than \$1 million.
- 72 of the firms reported sales of over \$50 million. This 4.5 percent of all firms accounted for 63 percent of the sales of all environmental products.
- Recent years have seen the emergence of a large number of small EP manufacturing establishments.