

Acquisitions may make more sense for the larger environmental service companies. For example, Laidlaw acquired Atwoods, a U.K. waste management firm, and SAUR (a unit of the Bouygues conglomerate in France) bought a part of two Spanish firms. But even then, many of these purchases involve a minority position and often preserve the local character and ownership of the firm, an important consideration in public sector contracts.

Programs

The development of new technologies plays an important part in the sector, affecting areas as diverse as mechanical and chemical procedures and filtering to advanced biotechnological methods and lasers. Because of the uncertainty and short life-span of environmental markets, medium- and long-term R&D by the EC private sector has tended to lag. In order to overcome this, some EC countries are spending a good deal of money, especially Germany which in 1985 spent more on R&D in this sector than the U.S. and all the other EC countries combined.

ENVIREG is an EC program that supports larger scale environmental projects in the poorer regions of the EC. ENVIREG funding for projects complements aid provided by regional governments. Companies cannot apply directly to the program but must work through the regional governments.

While ENVIREG provides larger scale regional aid, MEDSPA (Community Action for the Protection of the Environment in the Mediterranean Basin) provides venture capital funding. Proposed projects must offer innovative solutions to environmental problems and other communities must also benefit from them. Total funding for the project is modest: \$11 million in 1990, \$16 million in 1991 and \$18 million in 1992. European companies must apply directly to the Commission, while Canadian firms would have to get the support of the regional or provincial government where the project is located.

The Network for Environmental Technology Transfer (NETT) is an EC-sponsored database which provides information on suppliers of environmental protection technologies. Hundreds of firms of all sizes and from all environmental sectors have been listed. Non-EC companies can be listed at a higher fee.

Under the Environmental Program for the Mediterranean, the World Bank and the European Investment Bank (EIB) assist projects aimed at protecting the Mediterranean Sea. Support is provided for project design and implementation, institution building, policy advice and formulation, and the mobilization of financial resources. There are four priority areas: integrated water resource management, management of hazardous wastes, prevention and control of marine pollution from oil and chemicals, and coastal zone management. Half of the EIB's environmental spending since 1980 has gone into the program, amounting to almost \$3.3 billion. The World Bank spent \$2.3 billion over the same period.

The purpose of the EC program, REWARD (Recycling Waste Research & Development), is to increase recycling, alleviate problems of waste disposal and environmental pollution, and improve the management of raw materials and energy resources. REWARD is scheduled to run from 1990 to 1992 with a budget of \$9.0 million. It is open to all universities, higher education institutes, research organizations, and industrial enterprises established in the Member States. The program is also open to international organizations and to enterprises from non-Member States which, through an appropriate agreement, are partly or wholly associated with it. Proposals must specify the location where the various parts of the R&D are to be carried out.

In July 1988, 14 Eureka environmental projects were launched involving 78 participants, at a total estimated cost of \$580.4 million. A framework program for the development of technology projects was set in motion in 1989.

Outlook

The prospects of the European environmental sector are vast because of increasing public demand for a healthier environment, expanding demand in other parts of the world, and the on-going demand for operation and maintenance service on an increasing capital stock of environmental protection equipment. Because demand is tied to political decisions, the medium-term view is uncertain, but over the long-term, European environmental services is a sector with a promising future.