

HEATING EQUIPMENT

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There are three principal markets in the U.S. — original installation, replacement (due to wear and obsolescence) and retrofit (the adding to or upgrading of existing units). U.S. statistics show their replacement market to be 60 per cent of total demand. The replacement and retrofit markets were extremely strong from 1980 to 1987, stimulated by the high cost of energy and various incentive programs. Home-owners and commercial and institutional building owners converted from oil-fired heating systems to gas and electric systems.

HOSPITAL, MEDICAL EQUIPMENT AND SERVICES

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The U.S. market for medical devices is the largest in the world. It accounted for 59 per cent of world demand in 1990, amounting to \$US65.2 billion. This market grew on average by 9 per cent a year in the 1980s and growth will likely continue throughout this decade because of the aging population. Imports are expected to grow by 20 per cent annually in dollar value. Because of shrinking budgets being experienced by U.S. hospitals, more medical devices are now being used in the home. This will be a particular growth segment.

MATERIALS HANDLING

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Materials handling is a \$24 billion dollar industry. The main area for growth in exports is in overhead travelling cranes, and conveyors where Canadian exports to the U.S. represent 70 per cent of U.S. imports. The Materials Handling Institute of America outlook for the industry is positive, noting that the projected real growth is 3.7 per cent annually into the mid-1990s.

OIL & GAS EQUIPMENT

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Exports to the U.S. of Canadian equipment and serv-

ices in this sector totalled \$132 million in 1990. Recent reports called for a growth rate of 3.1 per cent for the U.S. oilfield machinery industry during 1990-94. This projection is based on the need for U.S. and foreign petroleum companies to replenish depleted reserves.

Many U.S. customers of Canadian oil and gas equipment are involved in overseas projects, in Europe, the Middle East or Asia. Promotion of Canadian capabilities in the U.S. provides companies exposure to these overseas markets, and lends support to Canada's industry in its pursuit of offshore business in competition with American, Western European and Asian companies.

PHARMACEUTICALS/BIO TECHNOLOGY

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The U.S. biotechnology industry is comprised of approximately 1,100 companies, most of them small. About 35 per cent of these companies are involved in therapeutic products, 28 per cent in diagnostics, 18 per cent in biotechnology products, 8 per cent in agricultural biotechnology, and 11 per cent in other biotechnology fields. Their assets in 1991, totalled \$US130 billion, with revenues of \$US60 billion and annual sales of \$US4 billion. In 1990, 13 products became available, 11 in 1991, and 17 biotechnology products will be approved this year. A total of 132 biotechnology products are awaiting Food and Drug Administration approval. Venture capital money is seeking biotechnology opportunities. It is estimated that \$US30 billion dollars in venture capital are earmarked for this field.

American biotechnology firms are open to exploring mutually beneficial collaborative research projects with foreign partners.

PRODUCTION EQUIPMENT

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U.S. imports of machine tools totalled \$3.44 billion in 1989. Sales of Canadian metalworking machinery were valued at \$255.72 million. The auto industry represents more than 40 per cent of total orders in this sector. The largest impact on the demand for machine tools over the medium term will result from proposed legislation on auto emissions and fuel economy. These developments may require major tooling programs and lead to an increase in machine tool orders similar to that which occurred in the mid-1970s, when orders reached a peak of \$6.61 billion.