

Both studies break up the EP market into six segments. However, there are significant differences among the segments referred to by each of the two studies and they are difficult to compare. Exhibit #4 presents a summary of one of the sets of market segment.

Priority sectors are identified on the basis of current expenditures and growth forecasts. Exhibit #5 presents the priority markets identified in the two studies along with their estimated expenditures.

The following notes present the highlights of the two tables in Exhibit #5.

- The Kaiser report estimates that water purification and solid waste market segments will account for approximately two-thirds of the expenditures. DRI, on the other hand, estimates that the allocation of the additional expenditures to environmental problems varies over time. The early years see waste management, water quality, and R&D dominate. Atmospheric pollution expenditures increase rapidly, especially those on energy conservation. As well, transportation investment and noise pollution expenditures take time to catch on.
- While Kaiser estimated that expenditures are split almost equally between capital and O&M, DRI estimates that capital costs represent an increasing proportion of expenditures as energy conservation and noise reduction measures are phased in. Initial capital investment will be in construction, public works, transportation infrastructure, water treatment plants, etc. Over time, capital resources will be reallocated towards investment in equipment and machinery as opposed to construction.
- DRI states that the corporate sector will have to increase R&D expenditures to develop the required technologies. Over 80 percent of the R&D will be carried out by four industries: chemical, electrical engineering, mechanical engineering and transport equipment.

Exhibits #6, #7 and #8, taken from the Kaiser report, present overviews of the three key markets of water, solid waste and air. Exhibit #9 gives specific examples of technical market opportunities identified by DRI.

The three Trade Commissioners were in general agreement with these results. The West German Commissioners pointed out that site remediation was a big item in the former East Germany and that Canadian technological leads in nutrient removal from wastewater were good opportunities. The French Commissioner suggested that air quality control was likely to be more limited than the other markets.

The Priority Countries

Conclusion

The priority target countries, in terms of the likely size of their EP expenditures, are:

- Germany
- France
- U.K. and
- Italy

Holland and Spain will also be large spenders on EP.

Germany alone will account for about 25 percent of expected EP costs in Western Europe.

Of course, size of likely expenditures is but one factor which a Canadian company would consider in deciding whether a particular country represented an attractive export market.

Interviews with Canadian Trade Commissioners in Germany, the U.K. and France confirmed that these three countries are expected to be the biggest spenders on EP over the next decade. However, all three Commissioners also reported the domestic strengths within the three countries to be excellent. The competition will be tough and sophisticated.