1.2 Environmental Market Characteristics

This section presents some seventeen characteristics of the American environmental community that we believe are of relevance to Canadian firms.

1) Legislation is the Driver

As in Canada, legislation is the driving force behind the market. The Clean Air Act revisions of November 1990, for instance, are expected to generate $25-35 billion in annual spending as organizations attempt to adhere to its requirements. Public pressure is also a driving force (particularly in consumer goods and resource industries) and tends to be more advanced in the United States than in Canada.

2) Companies Rarely Exceed Requirements

Companies tend to adhere to, though not exceed, requirements. American companies face substantial earnings pressure from shareholders and spending on environmental areas, particularly those with little immediate financial benefit, tends to be grudging. Packaging an offer/proposal in terms of payback period is thus a useful technique for environmental firms.

3) The U.S. is a Leader in the Environment

The U.S. is viewed in some circles as a lagging environmental nation. Perceived slowness in acid rain or global warming responses may have contributed to this impression.

In practice, the U.S. is among the leading environmental nations in the world. As a percentage of GDP, for example, the United States spends more on pollution control (1.67 percent) than Germany (1.52), Finland (1.32), Netherlands (1.26), the U.K. (1.25), France (1.10) and Norway (0.82), according to information provided by NETAC.

4) The Market is Difficult to Predict

The U.S. environmental market is volatile and it is consequently quite difficult to predict market size and targets. In general, legislators and enforcement agencies tend to establish ambitious targets that slip as the target dates approach. Some have suggested that this is "part and parcel" of the environmental scene and that the EPA, to take one major organization, has never met an original target deadline.