

EXECUTIVE SUMMARY

This summary is a review of the market opportunities for Canadian manufacturers of high pressure industrial washing and degreasing equipment in the U.S. Great Lakes Region. The work summarized here was performed by Hayes/Hill Incorporated for the U.S. Trade and Investment Development Division of the Department of External Affairs of the Government of Canada. The results are described in full in the main body of the report.

The products included in this report are grouped into two distinct categories — Pressure Washers and Cleaners.

- The products categorized as pressure washers utilize a high pressure (greater than 500 p.s.i.) stream of water to accomplish cleaning and maintenance functions. This equipment is either portable or stationary and can be customized for special applications.
- The products categorized as cleaners include products ranging from simple dip tank parts cleaners used for cleaning individual piece parts to sophisticated cleaning systems used in high volume assembly-line operations.

Many opportunities exist for Canadian companies wishing to sell products in these categories to the U.S. Great Lakes Region. At the present time, very few participants in the market — manufacturers, distributors, or end-users — have any awareness of Canadian manufacturers of these products.

Distributors and end-users also say, however, that they would be very receptive to Canadian products, were they made available. In most cases, this mainly reflects participants' perceptions that the current exchange rate environment would allow Canadian companies to sell quality products at significantly lower prices than are available from U.S. sources.

The current exchange rate of about \$1.36 Canadian to one U.S. dollar does help to give Canadian companies a competitive price advantage. This is only partially offset by customs duties ranging from 4.0 percent to 6.7 percent, depending on product classification.

Transportation and delivery costs do not present a competitive disadvantage for Canadian manufacturers since much of Canadian industry is located as close, if not closer, to the Great Lakes Region than most of the U.S. suppliers of pressure washers and cleaners.

The following paragraphs summarize the characteristics of the U.S. Great Lakes Region and the key issues specific to each of the product areas studied.

1. Description of the U.S. Great Lakes Region

The U.S. Great Lakes Region is defined to include the states of Michigan, Indiana, Ohio, New York (western, central, and upstate) and Pennsylvania (western).