

Reflecting these and other market forces, there are a number of segments which appear to have the greatest growth potential in the early 1990's and which may be of interest to qualified Canadian firms. These areas, in approximate order of attractiveness, include:

- maintenance and renovation;
- mass transit;
- highways and bridges;
- health care facilities;
- environmental construction projects;
- manufacturing facilities;
- water supply systems;
- schools;
- certain commercial facilities.

These areas are reviewed in Section Three of this report. Should the CCA and External Affairs wish to organize a trade mission of Canadian contractors, we recommend that one or more of these segments be given initial consideration.

In each of these areas, the size of the American market and the projected growth volumes are huge by Canadian standards. For example, residential renovations, including do-it-yourself activity, are expected to amount to \$US 105 billion in 1989 and to surpass new residential spending by the mid-1990's. Expenditures on manufacturing facilities total some \$US 15 billion annually and project fairly strong levels as the economy modernizes, as foreign investment increases, and as the trade deficit declines. At more specific levels, the opportunities appear equally impressive. Along the west coast, for example, Seattle, San Francisco, Los Angeles, Honolulu, among others, all have mass transit expenditure projections in the billions of dollars over the next decade. Other infrastructure areas, such as airports and sewage systems, have annual requirements in the \$US 5 billion-plus range. Regionally, the Western states as well as the New England states have been experiencing rapid growth and, allowing for a slowdown during the early-1990's, project strong future activity. Regional activities are discussed in Section Four of the Report.

While representing potentially exciting opportunities, some caution should be exercised when examining these statistics and trends as a means of identifying "winning regions and segments". A particular region or segment having had five years of good growth does not necessarily indicate that five more years of good growth are in store. Indeed, the odds are that it may indicate the opposite, as high volume of construction activity may lead to a situation of excess capacity of office space, industrial facilities, housing and other buildings. While we have encountered many