

EXECUTIVE SUMMARY

This study reviews the product and service opportunities in the New York State wastewater treatment market for Canadian firms. The report thoroughly covers all the factors relevant to market entry and makes specific recommendations for an action plan.

Historically N.Y.S. has had the second highest expenditures in the U.S. for environmental expenditures after Pennsylvania and typically ranks in the top five for all states. The wastewater treatment market in Upper New York State has passed its peak, as all states have, in terms of major capital expenditure for new facilities. However, billions of dollars are being spent for repairs, renovation, upgrades and some new facilities and the recently released Great Lakes Water Quality Guidance limits will require billions in additional expenditures. The fundamentals to keep in mind are the market is large, growing between 10 - 20 % per year and is likely to exhibit strong growth in the future, which presents Canadian firms with good market opportunities for their leading edge technologies.

The biggest market (67% of expenditures) is in the industrial sector, where a great deal of work is underway to perform waste minimization through process changes. This is also the easiest to enter since there are virtually no entry barriers to a foreign firm. The second largest sector is the municipal, which accounts for approximately 17% of expenditures. In the municipal sector the treatment and disposal of sludge is the major focus as land fills for hazardous wastes are becoming expensive and in some regions difficult to find. Prices have eased recently but this is still a priority area.

The variety of situations at the various wastewater treatment facilities in N.Y.S. make all the decisions relative to customer needs site specific. This is an ideal situation for a Canadian firm that can offer auditing services, engineering services and products. Not only can these services be sold, but also, other products and services can be identified for that specific customer. Canadian companies with limited products or services may want to consider partnerships with Canadian or U.S. firms to offer as many complementary products as possible.

Numerous studies, as well as interviews with Canadian companies that have successfully penetrated the market, all suggest a U.S. corporation or subsidiary and a physical presence is needed for the following reasons:

- 1) Service is essential and the closer the office the better the psychological feeling of support.
- 2) The U.S. is litigation oriented and wants to have access in the event something goes wrong. This should not be a discouragement. Insurance typically is 3% of sales and the trend is to discourage lawsuits or settle out of court.