

SECTOR: Power and Energy Equipment and Services

SUB-SECTOR: HEATING EQUIPMENT

Officer: R. McNally

U.S. Market Opportunities: There are three principle markets in the US: original instillation, replacement (due to wear and obsolescence) and retrofit (the adding to or upgrading of existing units). US statistics show their replacement market to be 60 percent of total demand. The replacement and retrofit markets were extremely strong from 1980 to 1987, stimulated by the high cost of energy and the various incentive programs. Home-owners and commercial and institutional building owners converted from oil-fired heating systems to gas and electric systems.

Canadian Capabilities: The industry comprises companies primarily engaged in manufacturing a wide range of comfort heating equipment. The range includes warm air furnaces, hydronic heating equipment, unit heaters, space heaters, solid fuel stoves and fireplaces, metal vents and chimneys, combination heating and cooling units, fans and domestic water heaters. The manufacturing operations involve metal shearing, forming, welding, painting and final assembly. Manufacturers purchase parts, such as blowers, motors, electronic controls and thermostats from specialized manufacturers.

In 1990, there were over 150 companies in the heating equipment sector, with direct employment of approximately 6000 people. Exports were over \$100 million and imports were over \$160 million.

The FTA for this sector provided for reduced tariffs over a ten year period. This allows time for Canadian companies to prepare for an expanded market and adjust to increased competition in their home market. To do this, Canadian companies are upgrading or replacing aging facilities and equipment and introducing modern production techniques to reduce costs to competitive levels. They are now looking to the US market to take advantage of the demand seen in the replacement market.

Strategy: - To promote the recent gains made in production techniques and increased capacity by new and experienced replacement market exporters by sponsoring participation in the industry's key national event.

- To access relevant information on U.S. codes and standards through ongoing market development work in support of industry.