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become actively involved in environmental clean-ups and that defence contractors will receive contracts to "undo" much of the environmental damage caused at munitions sites, defence depots and other facilities during previous decades.

The Department of Defense will play an increasing role in the environmental area. One source, for example, estimates that 300 research contracts will be awarded in the "next six months" to examine the question of disposing of bombs, ordinance, and chemical weapons.

Within the EPA, as well, defence firms are enjoying success in environmental areas. Litton and Lockheed both rank among the EPA's 20 largest contractors.

### *17) Banks are Cautious*

Environmental liability is an increasing concern for the banking community. The banking lobby has recently won a Superfund liability exemption for banks who become owners of land due to mortgage foreclosure. Though this ruling has solved some problems, the banking association has adopted a policy that loan requests for building or purchasing industrial lands must be accompanied by an environmental assessment and that any site that does not pass the assessment will not be acceptable collateral. As stated by one interviewee, "it's a Catch-22 situation in that a company needs money to clean up a site but the banks will not lend money to contaminated sites. This is starting to have an impact on the economy because the real estate market and economic activity is slowing even further."

## **1.3 Environmental Market Trends**

The U.S. environmental market is expanding at substantial rates - most studies suggest growth of 10-20 percent annually. Many of the interviews that we have conducted have suggested that further environmental advances will flow from the priorities of the new Presidential team of Bill Clinton and Al Gore. While there may not be additional funding, these sources suggest that there will be a closer, more understanding relationship between the EPA, the Congress and the Administration.

Within the U.S. sector, there also appear to be areas which offer particular potential. Based on a range of information sources consulted during this study, it is our view that the following environmental activities, in no particular order, will be "hot" in the United States during the next five years.