Environmental equipment and services

Overview

The market for environmental equipment and services in Germany is growing swiftly. Many business opportunities exist. Firms may gain a lead in the North American market by acquiring technologies developed in Germany. Conversely, Germany offers a market for equipment and services. Because of strict environmental legislation, political pressure, level of industrialization, and reunification, environment protection measures are gaining importance. These measures apply to contaminated waste deposits, abandoned industrial sites, waste water, waste removal, air purification and energy saving.

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Over the past few years, the environmental market has grown by 2% to 3% worldwide. In German, it has increased by more than 7%. The overall capital investment in the field of environmental technology in Western Europe has been $200 billion since 1990. It is expected to reach almost $390 billion by the year 2005. In Germany, capital investment has been approximately $63 billion since unification, and will exceed $110 billion by year 2005.

In 1994 employment in the evironmental protection sector totalled 965,000. Just over half were directly involved, carrying out functions such as planning, administration, enforcement, treatment of waste and sewage, and conservation of wildlife or natural ecosystems. The remainder were involved in the provision of products and services related to environmental protection; these included the planning and manufacture of sewage treatment plants and filtering installations, the development of technology for environmental protection and research into the solution of environmental problems. Services account for 38% of jobs in the sector. This reflects high and growing demand for support such as consulting, planning and financing.

The environmental manufacturing industry comprised 2500 companies, 170,000 employees and sales of $55 to $60 billion. The NFS accounted for $4 billion, mainly water and waste water treatment. However, driven by strong legislation, the main focus of the industry is the treatment and disposal of solid waste.

The $55 to $60 billion sales can be broken down by sectors. Water and waste water represent 26% nationwide and 36% in the NFS; air purification and climate protection were 26%, 22% in the NFS. Due to new legal provisions, the market share of the waste and recycling industry is expected to increase substantially.

Germany is the world leader in waste and waste water technologies, but not in air purification, measuring, analysis, and regulating technology. Since 1989, Germany has maintained a share of 21% of the world market for environmental protection products, followed by the USA (17%) and Japan (13%). The majority of German exports go to the USA and Japan accounting for about 10%. Exports to Central and Eastern Europe account for 2% and 7% to the EU.

Major companies

Since the industry is spread over a number of sub-sectors, it is difficult to point out market leaders. There are some large German companies offering complete solutions such as Deutsche Babcock Anlagen, Klöckner AG, Noell GmbH or Thyssen. But the industry consists mainly of innovative small to medium-sized companies specializing in narrow and specific environmental problems and solutions.

Opportunities and constraints

Market opportunities lie in two areas: planning-design and technologies. Design opportunities exist in: waste disposal systems, sewage and sludge treatment, water purification, analysis and measuring technology, maintenance and service; energy and energy saving. Technologies urgently required are: water, waste water and sewage treatment plants; waste recycling, sludge treatment and disposal; air purification and waste air; thermal treatment and waste incineration; analysis, laboratory and measuring techniques.

The strong demand for overall design and technology requires German companies to continually develop new concepts. Canadian companies may participate in these efforts through cooperation, joint ventures or licences, thereby gaining a lead in the field of environmental technology for the North American market.

Surplus capacities already exist for professional services in Germany, which has led to harsh competition. More than 3,000 service companies have had to adapt to the market, which demands comprehensive rather than partial solutions.

The public sector is the most important client for the environmental industry and accounts for 60% of contracts. However, only companies that can offer overall value-added services, including financing and operation, can be successful. Canadian companies interested in offering services or participating in public contracts must either locate in Germany or seek strategic partnerships with local companies.

Activities

Terratec	March, 1999, Leipzig Trade Fair and Congress for Environmental Innovation