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amount directed toward air pollution control will increase in future years, as utilities become increasingly pressured by the requirements of the Clean Air Act.

### *13) Competition is Strong*

Competition in many environmental areas is intense. The American engineering community, for example, encompasses some 5200 firms in the American Consulting Engineers Council and 675 firms in the Academy of Environmental Engineers. The challenge faced by Canadian firms is illustrated by the fact that one firm, Lockheed, has a current database of 450 qualified contractors in the various environmental technologies. Penetrating regional and industrial markets will therefore not be easy for Canadian engineers and, according to Canadian firms in the market, will require a serious effort for 2-3 years.

### *14) There is Substantial Government-Industry Interaction*

There is a high degree of government-industry interaction in the U.S. environmental community. This interaction is mainly in two areas. First, American legislators and policies place a very high reliance upon industry suggestions, technologies and initiatives. Second, there is a trend toward the privatization of infrastructure-related developments, as city and county governments attempt to find funding for road-tunnel, sewage and water treatment projects.

### *15) Permit Trading is Increasing*

Related to the above point is the fact that private sector solutions to environmental problems are arising. The idea of tradeable permits, for instance, appears to be gathering momentum.

It is generally agreed that trading permits in pollution is an effective way to reduce both pollution levels and the costs of compliance. If instituted properly, a market for permits could develop that would reward clean factories and enable them to sell their permits to others at a market-set price. Questions of how to administer, monitor, and enforce trades will likely have to be addressed before efficient markets develop. For example, according to the General Accounting Office, many communities fear that the Clean Water Act lacks specific authority for trading and that this could result in legal challenges to projects that do develop.

### *16) Defence Contractors are Moving In*

Many American defence contractors are making substantial shifts into the environmental area. According to varying sources, it is unlikely that the so-called "peace dividend" will actually be transferred from DOD to other environmental departments. A more likely scenario is that DOD will