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STUDY OF U.S. MARKET POINTS TO OPPORTUNITIES FOR CANADIAN CONTRACTORS

International Trade Minister John C. Crosbie announced today the release of a study of the U.S. Construction Market jointly sponsored by the Canadian Construction Association (CCA) and External Affairs and International Trade Canada (EAITC). The study, entitled "Penetrating the United States Construction Market," was undertaken with a view to alerting the Canadian industry to the commercial opportunities available in the U.S. market.

The study examines the economic and demographic characteristics of the American construction market as well as labour issues and tax considerations.

Mr. Crosbie noted that, "this market study is part of a major thrust within our Department to assist the Canadian services sector to export to the United States. We know that there are significant opportunities for Canadians in the U.S. and our aggressive trade promotion program includes initiatives such as this to help our exporters."

Mr. Crosbie's comments were echoed by John Halliwell, President of the CCA. "It is an ideal primer for Canadian construction firms interested in capitalizing on the opportunities south of the border," he said. "We hope Canadian contractors will take advantage of the report."

The study suggests that the U.S. construction market remains a lucrative, and largely untapped, reservoir with a total annual turnover of \$400 billion U.S. The report cites a number of impressive facts about the potential commercial opportunities awaiting outward-looking Canadian firms.

It mentions that there are forty-one American metropolitan areas with populations of 1,000,000 or more compared to three in Canada. Construction expenditures in the state of California alone are equal to those in all of Canada. In addition, the building and upgrading of airports is another area of significant construction activity in the U.S. The report states that there are more airports in the U.S. than in the rest of the world put together.

The report goes on to add that expenditures in a variety of sectors are forecast to grow dramatically in the coming years. In the U.S. residential construction market, renovations and revitalization are creating construction receipts of approximately \$45 billion per year. This is expected to go on increasing. In addition, there are fifty mass transit programs planned or underway in the U.S. at the moment, each of which is expected to generate \$1 billion in construction receipts.

At present, no tariffs apply to the provision of contracting services between the two countries. The Canada-U.S. Free Trade Agreement contains a number of elements favourable to the construction industry. These include relaxation of procedures governing temporary entry of business personnel, as well as agreement to extend the principles of national treatment, right of commercial presence and right of establishment.

The report advises Canadian contractors to target their chosen niche carefully so that it is compatible with their financial, organizational and technological capabilities. Canadian companies are also encouraged to consider joint ventures and consortia as useful ways of making initial inroads in the U.S. market.

External Affairs and International Trade Canada maintains 28 Trade Commissioner offices in the U.S. which are equipped to provide assistance to Canadian firms which want to do business in that country.

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Copies of the report may be obtained from the Canadian Construction Association, 85 Albert St., Ottawa, Ontario K1P 6A4. Tel.: (613) 236-9455. Fax: (613) 236-9526.

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