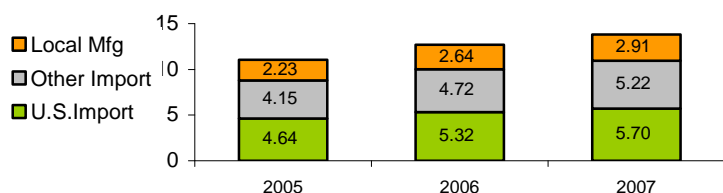


## MARKET OVERVIEW

- The Canadian market for electrical power systems is valued at \$13.8 billion in 2007, a 9% increase over 2006. Both import and local manufacturing increased by almost 9%, while export growth was 8.4%.

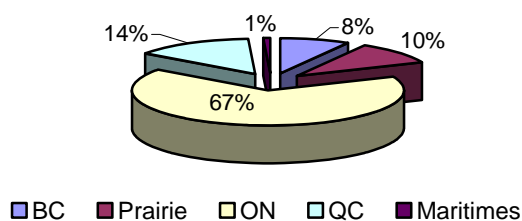
US\$ billion at annual avg. exchange rates



- The main types of equipment are heavy electrical machinery like electric motors and generators and switchgear equipment with a total market valued at \$5 billion in 2007, a 5.5% increase over 2006. Lighting market is valued at \$2 billion in 2007, a 4% increase over previous year.

- In March 2007, The Canadian Federal Government announced that certain firms would be permitted to write off their capital investments in machinery that is acquired before 2009 using a special two-year 50% straight-line rate. The permission was extended for 2009.

Market Distribution by Province



Sources: Statistics Canada, Industry Canada, Bank of Canada, RBC Economics, and TD Economics.



## U.S. PRESENCE

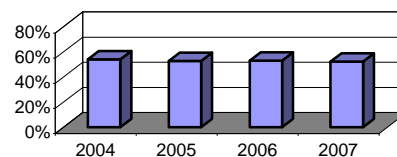
- Canada imported about 79% of its electrical equipment in 2007. Total imports are valued \$ 10.9 billion, of which the U.S. accounted for 52% or \$ 5.7 billion.

- The main categories of U.S. imported electric equipment in 2007 are electric motors and generators, and switchgear, with a steady growth in the last years. Wiring devices are next in value but decreasing from the past years.

- The Top 5 electric equipment types of U.S. exports to Canada in 2007 in US\$ million

Switchgear and Switchboard Equip	1,195
Electric Motor and Generator	1,109
Wiring Device	716
Battery	634
Commun. & Energy Wire and Cable	406

U.S. Share of Canadian Electr. Equip. Imports



## MARKET PROSPECT

- Demand for electrical equipment is expected to remain strong. Major banks' outlook for real GDP growth is 1.8% for 2008 and 2.2% for 2009.
- Capacity utilization rates for electrical equipment increased to 83.1% in 2007, higher than the total industrial average, driving further demand.
- Business investment index in machinery and equipment continues to show positive trend, steadily increasing since 2002.
- Imports continue to grow, fueled by a strong Canadian currency.

For further information, please contact Stefan Popescu, U.S. Commercial Service.

Email: [Stefan.Popescu@mail.doc.gov](mailto:Stefan.Popescu@mail.doc.gov) Phone: (416) 595-5412 ext. 223

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