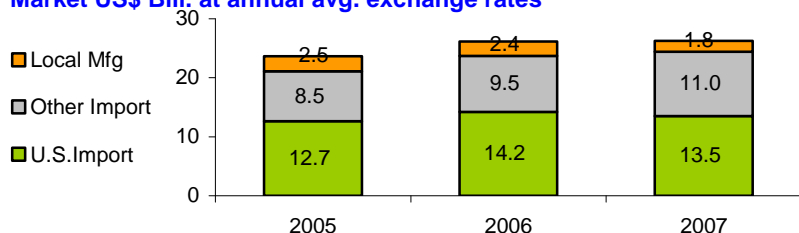


MARKET OVERVIEW

- The Canadian industrial machinery market was valued at \$26.2 billion in 2007 and remains stable. Imports increased by 3.2% over 2006. The domestic production of machinery decreased considerably although total local manufacturing increased, driven by export.

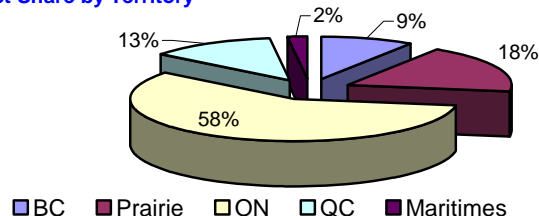
Market US\$ Bill. at annual avg. exchange rates



- The main types of machinery are: metalworking \$5.4 billion; industrial woodworking, plastics and rubber \$5.2 billion; and HVAC \$5.1 billion, each showing a steady increase for the past three years. Engine, turbine, and power transmission machinery dropped over 40% in 2007 to \$1.8 billion, after double digit increases in previous years.

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

Market Share by Territory



MARKET PROSPECT

- Demand for machinery is expected to remain strong. The major banks' outlook for real GDP growth is 1.8% for 2008 and 2.2% for 2009.
- Industrial capacity utilization rates in major manufacturing sectors increased to 83% and up to 90% driving further demand for machinery.
- Business investment index in machinery and equipment continues to show positive trend, steadily increasing since 2002.
- Imports continue to grow fueled by strong Canadian currency.

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

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

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



U.S. PRESENCE

- Canada imported about 93% of its machinery in 2007. Total imports are valued at \$24.4 billion, of which the U.S. accounted for 55% or \$13.5 billion.
- The main categories of U.S. imported machinery in 2007 are: engine, turbine, and power transmission at \$3 billion (substantially lower from 2006); and HVAC at \$2.9 billion.
- The Top 6 machinery types of U.S. exports to Canada in 2007 are:

Machinery Type	Value (US\$ million)
Engine, Power Transmission Equip	2,194
Heating Refrigeration Equipment	2,162
Material Handling Equipment	1,894
Pump and Compressor	1,383
Turbine and Turbine Generator Set	570
Ventilation, Air Purification Equip	507

U.S. Share of Canadian Machinery Imports

