

CONCLUSION

Recent developments in the international economy suggest that competition for attractive capital projects will remain intense for the foreseeable future, particularly in middle-income developing countries. The basis for the present state of the international engineering marketplace can be traced to several interdependent factors including: the development of advanced engineering and construction firms in developing countries; the continuing external debt problem; and the emergence of "spoiled markets" as a result of competitive concessional financing and growth in the use and cost of mixed credits, or associated financing. The ability of Canada to match the financing practices of some of our competitors remains constrained. However, the Canadian government will continue to work towards resolving these concerns in the context of the OECD Consensus Arrangement.

The current round of multilateral trade negotiations has established as an objective, for the first time, the development of rules governing multilateral trade in services. Canada is supportive of this initiative due to a high level of competitiveness in the services sector, and considers trade rules in services a priority in the Uruguay Round. While significant progress on the issue of services has already been achieved by the end of the mid-term review in December, it is too early to predict what form new trade