

(such as the World Bank) and Export Credit Agencies. These are discussed in the sixth section of this executive overview.

It is also clear that host governments often view the construction of a major capital project as an opportunity to promote 'offset arrangements', or the participation of their own service and goods suppliers in a project. This practice has led to an increasing amount of work being conducted by local firms in collaboration with the foreign contractor, equipment supplier or design engineer. Some of the goals of this collaboration include technology transfer to the host country, training of local resources, and greater local employment.

Implications of the Key Trends

The implications of the global trends developing in international capital projects suggest that the business prospects for players in this marketplace are such that the demonstration of both technical and commercial capabilities is becoming more commonplace. Firms that can bring an understanding of the "front end" associated with a deal (particularly the project finance dimensions) appear to be gaining an advantage and stand the chance of earning better remuneration for their efforts. In addition, business prospects are also influenced by the kind of government support that is provided to the players (including undertaking privatised infrastructure projects in the home market).

Finally, with more and more projects shifting away from full sovereign guarantees, there is a greater urgency to pass off some of the risk and responsibility that was traditionally the buyers, to other parties involved in the project. Despite the tendency of Canadian firms to avoid the undertaking of such associated project risks, it is clear that to increase their level of participation in the future, Canadian firms will need to offer financing to potential buyers or become members of consortia or joint ventures. This means that it will be important for Canadian firms to demonstrate capital project risk analysis skills and to be in a position to judge how best to manage and mitigate risks.

IV. Ways Others Do Business

Key competitor approaches to the international capital project market consist broadly of two components: government policy approaches and private sector approaches. In this sub-section, Government policy approaches are described first and private sector approaches are treated next. The material presented must be interpreted in light of the limited scope of this assignment together with the study mandate which was to concentrate on selected European countries. Further, it is important to keep in mind that each international capital project is often unique and as well, timing may have a critical impact on the success of the particular approach undertaken.