

First, we have witnessed, on the supply side of the equation, the recent development of domestic engineering and construction industries among developing countries. The emergence of these firms appears to be based to a large extent on the application of infant-industry strategies, many of which remain an important factor today. Importantly, many of these firms are now expanding their activities beyond domestic projects and are increasingly competing for international work. This is most notable for South Korean firms but includes participants from such countries as India, Pakistan, Brazil, Argentina, Mexico, China and Yugoslavia.³

A second and more profound influence upon the level of international project activity can be attributed to the general economic conditions prevalent during the 1980s.

With respect to the industrialized countries, world economic recession in 1980-82 was followed by the need to rationalize industrial capabilities and reduce public sector spending in the wake of increases in manufacturing capability and productivity, aggressive international competition and growing public sector debt. The 1980s is also characterized by the globalization of world industry as firms attempt to

2. See "International Competition in Engineering and Construction" in International Competition in Services: Banking, Building, Software Know-how. Congress of the United States, Office of Technology Assessment; Washington, D.C., July 1987.

3. Ibid.