

Corporation and Beach Petroleum in the Otway Basin. Argus Resources, through its Australian subsidiary Sion Resources, is exploring in the Arafura Sea.

Tri-Ocean Engineering, of Calgary, well known for its marine capabilities, was selected for the design of the North Rankin "A" production modules on a subcontract to Worley Engineering. Also, Guildline Instruments, of Smiths Falls, Ontario, working through a local agent, has been supplying the Australian market for several years. The volume attained is the result of perseverance and dedication to the market, the firm having made regular visits to Australia in support of its agent. With continued effort, it is likely that Guildline's success will increase. Other companies, such as Stream-flo and Porta-test, are also successfully penetrating the Australian market with the assistance of local representatives.

e) Market Considerations

Because Western Australia, where most of the country's oil and gas projects are located, is geographically isolated from the country's industrialized centres, many of the competitive advantages normally accruing to domestic producers because of market proximity are weaker in this sector. Relative distance still puts Canadian suppliers at a disadvantage, however, since the proximity to Australia of such competitors as Japan, Singapore, and Korea constitutes a significant cost advantage, particularly for the larger and more expensive pieces of equipment used in marine activities which are normally built by shipbuilding companies. In addition to this distance factor, the Japanese are also able to reduce shipping costs by placing freight on otherwise empty bulk ore carriers for the back-haul routes between Japan and Australia.

A significant barrier to entry for new Canadian exporters is posed by the sourcing behavior of buyers in Australia. Australians tend to be inward-looking and prefer to buy from local companies whenever they can. International operators and the subsidiaries of multinational corporations, when they are not encouraged to secure their supplies domestically to meet local-content targets, usually rely on their established supply networks overseas. Those problems are compounded for the prospective Canadian supplier by the general lack of awareness in Australia of Canadian capabilities. To some extent, however, the relative lack of exposure given to Canadian