

3.0 METHODOLOGY

It is worth noting that in this assignment, developing information from scratch was quite limited, simply because of the scope of our mandate. Nonetheless, the information on which this report is based was developed from an extensive review of published material and a significant interview program (given the scope of our work) with players in the international capital projects market including sub-contractors, consulting engineers, contractors, engineering contractors, equipment suppliers, competitors, and government agencies; and, discussions with international agencies, international commercial banks, experts on the structuring of international capital projects, and others. On-site interviews were conducted in Ontario and Québec, as well as in Washington, DC, London (England), and Paris. Telephone interviews were carried out in BC, Alberta, Québec, the US, the UK, and the Netherlands.

As agreed with the Steering Committee, the primary emphasis of our information collection was on sectors where there is significant activity and on selected European competition. Such information was also supplemented with our own knowledge of Canadian service firms in the capital projects market and our experience from previous assignments completed in the international capital projects market.

While there is a lot of material published on international capital projects, there are significant shortcomings in much of it. This is particularly true of preferred information relating to key competitors and reflects the special attributes of the business in that many projects are unique. As might be expected, the larger companies do not reveal the composition of their revenues (from areas of interest to this study) nor do they routinely identify their alliances for capital projects or discuss their financing arrangements. Accordingly, consistent information is not readily determined.

Furthermore, the word "competitiveness" as it applies to international capital projects market needs to be interpreted with caution. The World Competitiveness Report issued annually by the International Management Development Institute and the World Economic Forum defines business competitiveness as the "ability to design, produce and market goods and services, the price and non-price characteristics which form a more attractive package than those of competitors". This definition works well in markets which are open and not distorted by various types of government intervention and where governments themselves are not among the main decision makers.

In reality, the conditions under which business is conducted in the international capital projects market are not necessarily those of a "level playing field". Certain projects may be "tied" business and in other cases, it is almost impossible to determine how much of an advantage is provided to those firms whose home bankers are extensively engaged in the syndication of international loans, or who are under their own government's control or who have been able to achieve a large scale of operations as a result of domestic government support provided over many years. Such government support could either occur through privatisation projects undertaken at home or through lines of credit available for funding exports or the home government's willingness to bring to bear non-financial pressure and support on behalf of its firms.