

collaboration with Canada primarily because we are viewed as able to help them improve the quality of their aid program, particularly in human resource development and related areas. Canadians are recognized as being strong in the field and having a good record on project implementation. With Japanese ODA growing at a rate apparently faster than their capacity to deliver their aid program, the Japanese may try harder to disburse in ways that increase the quality of their program. They might also become more dependent upon Japanese trading companies whose large overseas staff already plan an important role in identifying projects for aid financing. The trading companies' staffs are larger than the field offices of Japanese aid agencies and the increase in Japanese aid should reinforce these companies' competitive advantage.

As an international marketing strategy, Canadian firms might strive to develop ideas in the field with Japanese aid officials, trading companies and other actors in areas where we possess competitive advantages or where our expertise complements Japanese requirements. Even if the Japanese win the overall contract for any particular project, Japanese firms are considered cost-conscious and, particularly in the light of yen appreciation, there should be opportunities for participation by Canadians. It appears that Japanese trading companies are doing more foreign procurement for aid projects because the high yen makes some Japanese sourcing too expensive. As Japanese policy is to leave the identification of projects and the listing of