

cantly influenced by the effective marshalling of its resources to undertake turnkey projects. Canadian participation in major projects, both at home and abroad, can take place at two levels: overall management of a project and participation in a project led by a foreign firm. Both pay dividends and are worth exploring.

To a considerable degree, the development of the *electrical machinery* and equipment producers has followed a pattern similar to that of the overall machinery sector. This may be accentuated in the 1980s as the domestic market is not expected to grow significantly. Foreign market access conditions are influenced by various restrictive government procurement, industrial support and regulatory practices. With respect to heavy electrical equipment, restrictive foreign procurement practices and concessional export financing remain the major obstacle to the expansion of Canadian exports.

Services, ranging from banking to communications to consulting to education, account for 65 percent of Canadian GNP and over 12 percent of export earnings. The breadth of this sector is immense and there is not a precise definition of what constitutes trade in services. The importance of the service sector relates both to the provision of services per se, and the linkages it can provide to the export of goods, an aspect which can benefit from much greater emphasis in Canadian exports. Nevertheless, for engineering, construction and related consulting services, as much as 20 percent of their receipts are derived from exports, 80 percent from developing countries. Trade in services has become the subject of international attention, but it is too early to see whether or not this will result in trade negotiations on services. The interest displayed by the US government in the service area poses the risk that this may result in pressures on its trading partners to join it in efforts to develop greater international discipline, or risk protectionist actions reducing access to the US service economy.

Canada's *cultural industries*, while not traditionally considered in terms of trade and industrial policies, represent an economically significant and labour-intensive element of the Canadian economy. Exploration of the trade potential of Canada's cultural industries has hitherto been handicapped by the impact of foreign cultural domination of the domestic marketplace, and by the absence of a global federal cultural policy within which to situate any trade initiatives. The Federal Cultural Policy Review Committee, however, in its report to the federal government suggested ways and means to assist the strengthening of Canada's cultural infrastructure. Cultural trade policies can then be developed as corollaries of any domestic initiatives to help increase the Canadian share of both the domestic and foreign cultural markets.

The pursuit of Canada's cultural interests abroad has a dual objective. Cultural industries in Canada generate an annual investment estimated at \$8 billion and their future success depends heavily on their ability to penetrate and develop the markets of our traditional partners. In addition, Canada's cultural presence is used, and should be used more intensively, as an instrument of support for strengthening bilateral relationships with those key countries relevant to Canada's long-term interests. In a number of cases, the cultural instrument can be effectively used in