

VICES or capital project opportunities), a strong British connection, and/or a substantial London community.

The Post monitors situations such as reconstruction in Lebanon, the economic integration of Hong Kong into Southern China, or developments in Iran. Contacts for Canadian companies can be made with institutions providing specialized support services, including the structuring of sophisticated project financing, political risk insurance, countertrade facilities or trading house access to effective shipping, distribution and payments channels.

The Canadian High Commission helps in linking up Canadian consulting engineers and Canadian trading houses with prospects for their specialized services in Third Countries, through co-operation with U.K. partners or clients.

Canadian firms should not look upon the British capabilities solely as competition. British skills must be examined closely in order to identify complementary areas where long-standing British experience and sophistication of approach to difficult markets can be harnessed to match Canada's competitive technical expertise and products.

In this regard, close working relationships with purchasing officials at British Crown Agents and the Commonwealth Fund for Technical Co-operation help to ensure a continued flow of information on tenders of relevance to Canadian interests.

The Third Country Program is likely to serve best the interests of Canadian exporters where opportunities and problems can be presented in specific terms, where broad objectives are known and where there are specific needs requiring service.

Specialized Financial Services

Special reference must be made to the role of London's merchant banking services in relation to the development of major capital projects in Africa, Middle East and Asia. These markets are recognized as the major growth markets for consulting services and for capital equipment manufacturers, particularly in the infrastructure and natural resource fields.

In the high risk environment of many of these promising markets, access to large scale projects is no longer ensured by the technical/commercial approaches of the past. Increasingly, large projects are being broken down into multi-country packages requiring sophisticated financial structuring. Marketing strategy is typically founded not on a technical/commercial proposal, but rather on a financial framework around which the technical/commercial elements can evolve, and from which can flow detailed project definition, and corresponding plans for equipment sourcing and specific loan agreements.

London's merchant banks are uniquely prepared to contribute to this process. In contrast to the asset-oriented commercial banks with which Canadian businessmen are more familiar, these highly sophisticated institutions normally have modest capital

bases, minimal retail deposits and generally are not overly concerned with the lending of money. The major attribute of the project-oriented banks is their aggressive, yet sensitive and flexible approach to an unstructured opportunity, and their sophisticated knowledge of foreign business and financial environments in relation to the project development process. While they can and do provide a wide range of financing instruments, they tend to emphasize services that produce fee income earned as financial intermediaries. These houses might be viewed as the quintessence of long-standing British trading expertise.

Support services are provided by either Canadian banks in Canada and abroad, or the technical/commercial efforts of Canada's project exporting community, including Canadian based trading companies. They do, however, provide an increasingly vital element in the approach which a Canadian team must adopt in the pursuit of many African, Middle East and Asian markets.

Canada's Export Development Corporation (EDC) has established strong links with "The City" (of London), and between "The City" and specific Canadian project exporters. Increasingly, frequent meetings in London between EDC and Canadian and British banks through 1983 and early 1984 have led to a program of seminars and focused discussions which will continue to be aimed at:

- (a) identifying major project opportunities;
- (b) making Canadian interests more effective in their pursuit of opportunities by offering specific export financing and insurance services in support of the sale of Canadian goods and services; and
- (c) where appropriate, developing joint Canadian/British approaches to selected Third Country markets.

British engineering consultants are an invaluable source of information on prospective major project opportunities in Third Countries. However, they are unlikely to be a point of influence in steering the strategy of project development towards including a Canadian component. Their market intelligence has generally been shrouded in commercial confidentiality. Combined with their strong, pro-British orientation, it is likely that their usefulness will be limited to situations where information is required for a specific project on which they are already working. This in turn points to the need for a more active role by Canadian consulting engineers in establishing the links between the Canadian and British contractors.

Although Canadian trading companies could also benefit from some associations with British-based consultants and trading houses/project managers, Canadian trading companies are nonetheless encouraged to actively pursue this Third Country market as well.