

productivity. Canada was third at 3 percent, mainly in food processing and water treatment.

The main competition comes from Mexican firms, many of whose specialists have trained in the United States. They provide services in Spanish and know the market, but most lack the modern technical systems, specialised management know-how, and financial support to create the necessary infrastructure to increase supply in the shorter term. The best prospects for Canadian organisations are for specialised programs, especially if they can be marketed through licensing or partnerships with Mexican training companies and universities.

Canadian education and training services exporters will benefit from the provisions of the Canada-Chile Free Trade Agreement, an extension of the NAFTA. While the Chilean reservation on public education could impose limitations on cross-border activities in this sector, the reservation does not cover the provision of services related to second language training, corporate, business and industrial training and skill upgrading. These services include consulting services relating to technical support and advice, and to curriculum and program development in education.

4.3.1.3 Europe

There is wide acceptance of online courses and degree programs in Europe. The Norwegian Association for Distance Education and FernUniversität (Germany) are examples of institutions offering distance education programs. Others exist in Belgium, Portugal, Spain, France, Greece, Turkey, Holland and Denmark.

Nonetheless, studies by the European Union have found that Europe is lagging behind Canada and the U.S. in online education. The problem is the relatively small numbers of homes, educational institutions and businesses that have computers with modems. This problem is amplified by line charges for local telephone calls. Unlike in North America, Europeans must pay for every second they use their telephone even when it is not long distance. This discourages users from staying online for sustained periods. Moreover, the traditional fragmentation due to the multitude of languages and countries is a significant barrier although the growing acceptance and use of English as the lingua franca, and the further development of European integration is beginning to break down some of these barriers. A further complication is the entrenchment of U.S. software products in most European markets. This market dominance has fuelled fears of losing