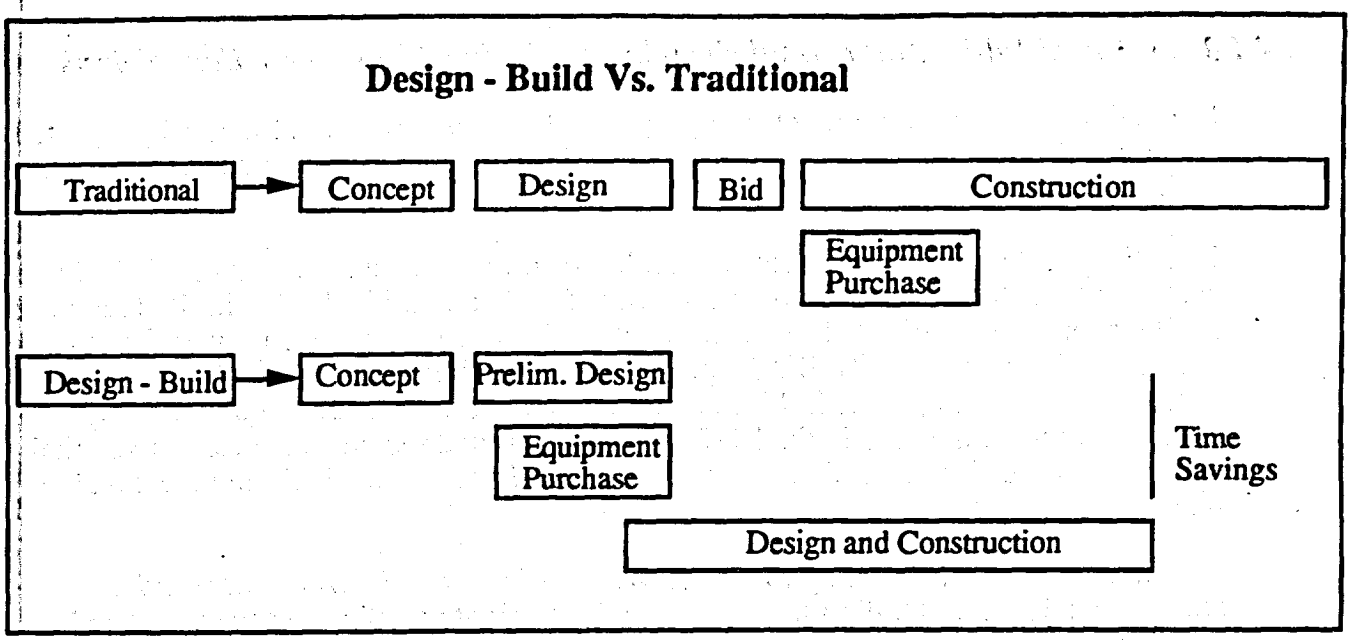

According to figures compiled by Engineering News Record, almost half of the work completed in international markets follows the design-build model. This proportion has been increasing over the past decade and the general assumption is that the share of projects completed on the design-build model will continue to increase. The industrial sectors where design-build has been more prevalent includes petro-chemical facilities, power generation projects and steel mills. Relatively fewer projects with civil works components have followed the design-build model.

Turn-key projects have also experienced a significant growth in international infrastructure projects. In rough terms, turn-key projects can be viewed as design-build projects with the added responsibility of procurement of equipment and commissioning of a project. Consequently, turn-key projects offer "total solutions" to the host government, and reduce or eliminate the integration problems that can plague traditional projects. In this context, buyers require that contractors or project managers take responsibility for building a complete plant and ensure that the individual systems (the "islands") work together as designed.

The Canadian construction, design engineer, architect, and manufacturing communities have tended to rely more on traditional approaches to international capital projects. Consequently, the design-build market is somewhat less familiar to many Canadian firms. Turn-key projects represent a further step away from the experience of Canadian firms and consortia. And, finally the specialized BOT/BOO projects represent new territory for virtually all Canadian firms and consortia. However, it is clear that this situation is changing as Canadian firms adjust to market realities.