

Overview

The engineering consulting services industry is a fast-paced and dynamic sector of the global economy. The industry provides independent advice and a wide range of services typically associated with the development and implementation of capital projects. Specialized fields within the sector include mechanical, civil, electrical, chemical and computer engineering.

Consulting engineers are active in a variety of areas, including all types of public works, industrial installations, large private and public buildings, and transportation systems. For example, they support the development of public infrastructure through their involvement in power generation and transmission projects as well as in the provision of municipal services such as roads, water supply and wastewater treatment. Their contribution to industry includes support for resource extraction, refining and manufacturing through services to the pulp and paper, mining, and oil and gas sectors. Other areas of business include telecommunications infrastructure, the design of marine works and environmental projects.

Canada's consulting engineering industry contributes to the nation's wealth through innovative design and development practices in both private and public infrastructure. Moreover, its traditional strengths in the areas of resource extraction, energy, telecommunications, transportation and infrastructure engineering have positioned Canada as a leading supplier of engineering services at the international level.

The Canadian industry consists of more than 6,000 establishments engaged in a variety of activities. More than 54,000 Canadians owe their livelihood directly to the business of consulting engineering. The majority of Canadian firms are small, privately held and domestically owned. Numbers gathered from a recent survey of the Association of Consulting Engineers of Canada (ACEC) membership indicate that more than 74% of Canadian firms employ fewer than 50 people. However, a few companies, such as SNC-Lavalin and Stantec Consulting, employ thousands of people and compete directly with the top engineering firms in the world.

The engineering services industry has been one of Canada's strongest and most internationally competitive service industries. In 2002, the gross revenues of

consulting engineering firms contributed in excess of \$5.8 billion to the Canadian economy. Overall, the industry contributes 0.5% of Canada's gross domestic product.

Diversified Exports

The Canadian industry ranks third in the world in export revenues, with firms providing engineering services in more than 125 foreign markets. According to the ACEC, in 2001, approximately one third of its annual revenues were derived from exports.

Recipient markets for Canadian consulting engineering exports are evenly distributed throughout the world. Unlike many other sectors of the Canadian economy, engineering services do not depend on the United States as a primary source of export sales. In fact, only 30% of Canada's engineering services reach the United States as a final destination. Markets in Asia and Africa attract roughly 50% of Canadian exports, while Europe and South America make up the remaining sources.

Although Canadian companies offer a diverse range of expert services, foreign billings have historically been based in five main areas of activity: water and sewer, waste treatment, manufacturing, hazardous waste management and building construction.

Market Access Issues

Under the General Agreement on Trade in Services, improving conditions for the treatment of engineering services is an important area for renewed negotiating efforts. Canada will focus its efforts on a number of interrelated fronts that are important for the further expansion and liberalization of trade in engineering services.

- National treatment and market access restrictions: Canada supports improvements in the quantity and quality of commitments relating to:
 - the cross-border supply of engineering services,
 - rules governing the consumption abroad of exported engineering services, and
 - rules governing the establishment, in the host country, of a commercial presence for the engineering services provider.

Canada is pursuing the elimination of overt discriminatory requirements in the form of nationality