

Engineering Services Exports to Asia — from page 1

cal assistance studies into loan projects, meaning companies will not as easily be able to use the technical assistance projects for early positioning.

There is an increasing emphasis on the economic and policy reform components of projects and a move away from major capital projects — unless they are co-financed.

The Canadian International Development Agency (CIDA) also is shifting funding to support projects with strong environmental or sociological impact.

Engineering companies will have to know who the "new investors" are, market to these additional clients, and incorporate different expertise into their teams.

Private companies in Asia are investing in infrastructure projects through BOT (Build Operate Transfer) or variations on this theme. Energy and transportation are sectors where the move to BOT projects has been tried.

Success has been variable. Nevertheless, governments worldwide are decreasing their role in infrastructure financing.

As a result of the changes in financing of infrastructure projects, the "client" or decision-maker on procurement of engineering services is also changing.

Engineering companies will have to know who the "new investors" are, market to these additional clients, and incorporate different expertise into their teams.

The role of the foreign consultant is changing. A strong local presence and linkages with local firms are critical.

Asian firms are increasing their engineering competence while governments are increasing their requirements for involvement by local firms in infrastructure projects.

The role of the foreign consultant is becoming one of providing management, proprietary technology and specialist expertise. Detailed engineering is usually done at the local level, for the above reasons, and particularly because of lower costs.

Selling engineering services is increasingly price sensitive, requiring contracting of local services or sourcing of expertise from the lowest cost centres elsewhere in the world.

Linkages with local firms and developing a strong local presence — through representative offices, joint-ventures or ownership of a local firm — are essential to building relationships in a country and to remain competitive in the marketplace for the long term.

Canadian firms need to offer "engineering services" rather than consulting engineering, and be willing to take some of the risk.

There is an increasing predisposition by clients to buy solutions which bring the equipment, appropriate technology and training in a package.

There is a move to EPC (Engineer Procure Construct) contracts and the need to include financing as part of the package. Increasingly, all players, from engineering companies to equipment to investment firms, must be prepared to take some risk or an equity position, or they will be shut out of the market.

Alliances or partnerships with complementary firms — including vendors, contractors, other engineering firms, industrial conglomerates, and financiers, both locally and internationally — are needed to strengthen the market positioning of engineering firms.

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Farm Market — from page 1

A mission report, *New Exporters Overseas Mission (NEXOS) for Farm Equipment Manufacturers to the New Federal States of Germany*, has been prepared by Tony van Rosmalen (Trade Commissioner/Manager for the International Trade Centre, Industry Canada, Winnipeg) and Ray Hoemsen (Director, Institute for Technological Development, University of Manitoba).

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CANADEXPORT

ISSN 0823-3330

Editor-in-Chief: Sylvie Bédard

Editor: Don Wight

Layout: Don Wight

Publishing: LEAHY C&D

Telephone: (613) 996-2225

Fax: (613) 992-5791

Circulation: 38,500

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CANADEXPORT is published twice monthly, in both English and French, by the Department of Foreign Affairs and International Trade (DFAIT), Trade Communications Division (BCT).

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Mail to: *CANADEXPORT* (BCT), Department of Foreign Affairs and International Trade, 125 Sussex Drive, Ottawa K1A 0G2.