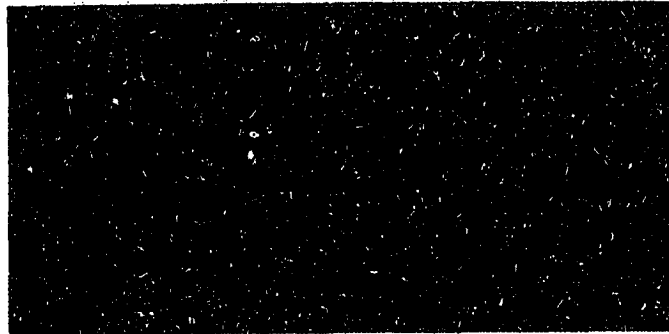


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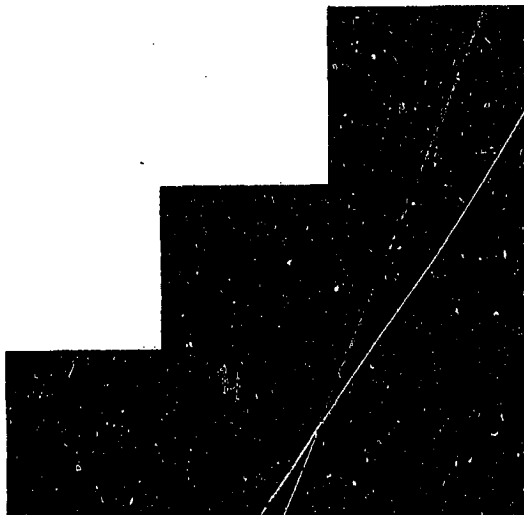
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Canada's International Business Strategy

1997-1998





**Canada's
International
Business Strategy
1997-1998**



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**Construction,
Architectural and
Engineering
Services**

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The Construction, Architectural and Engineering Services (CAES) sector is made up of firms involved in the design, development, building and repair of infrastructure, housing, industrial plants and other facilities. It encompasses:

- Residential Construction
- Non-Residential Construction
- Consulting Engineering
- Architectural Services
- Urban Planning
- Developers

A particular feature of the sector is its capacity to combine specialized expertise in a multidisciplinary fashion to create capital projects. This characteristic allows the CAES sector to play an important role in leveraging export opportunities for several other sectors of the economy.

Canadian Position

Total output of the CAES sector is about \$100 billion annually, some 8.5 percent of gross domestic product (GDP), and the sector directly employs approximately 800 000 Canadians. Services are primarily sold to businesses and institutional clients, rather than to final consumers.

In Canada, the major markets for services related to construction and capital projects over the 1985-95 period were: housing (\$150 billion), electric power (\$85 billion), industrial (\$65 billion), commercial (\$48 billion), oil and gas (\$45 billion), transportation (\$36 billion), water/ environment (\$30 billion) and government/educational (\$22 billion).

Traditionally, firms have concentrated on the domestic market. Exports account for only a small proportion of business volume. However, this is changing in the face of less buoyant domestic demand and rapidly growing opportunities abroad.

Canada's engineering, construction, architectural and planning expertise is world-renowned. The consulting engineering industry is predominantly Canadian-owned and has been one of the country's most internationally competitive service industries. It can play a key role in leveraging opportunities for other Canadian companies, both within and beyond the CAES sector.

CAES suppliers are typically small and medium-sized enterprises (SMEs). The majority are unaware of business opportunities abroad or lack the requisite managerial and marketing skills to pursue them. Some firms have been highly successful in specialized niche markets, but often these companies have not developed the partnerships with other Canadian or foreign firms necessary to maximize opportunities abroad.

With some notable exceptions, the fragmentation of the Canadian industry impedes the formation of consortia, which are often necessary for executing larger projects. By international standards, Canada has comparatively few individual firms able or willing to act as prime contractors for larger projects. Even our large firms are small compared with their international competitors, some of which benefit, in addition to their size, from government or bank ownership. The requirement to participate in complex financial packaging to win international capital projects is often cited as the industry's main constraint.

Several industry associations in the sector are intensifying their focus on the international business development interests of their membership. The Construction, Architectural and Engineering Services National Sector Team supports these efforts and is forging more effective working relationships with the private sector, among relevant federal and provincial government departments and agencies, and with other National Sector Teams with capital project interests.

International Environment

The global market for capital and construction projects exceeds US\$150 billion annually, offering enormous export opportunities for Canadian consulting engineers, architects, planners, developers and construction firms, as well as equipment suppliers. Canada's current share is less than 1 percent.

The marketplace is very competitive. There is a global trend toward privatization of infrastructure as governments deal with declining financial resources and at the same time face demands created by rapid urban and economic growth. An increasing proportion of capital projects are being completed by design-build, turnkey and varying configurations of BOOT (build, own, operate, transfer) operations.

In this changed environment, new mechanisms are required to assemble the necessary financing because local governments are less willing or able to provide guarantees. The investments required are long term and the project risks are difficult to assess. Frequently, companies are expected to bring equity to projects.

International financial institutions (IFIs), too, are increasingly seeking private sponsorship and risk taking in infrastructure projects. IFIs are taking on new roles as guarantors of loans, co-financiers and equity partners in projects with the private sector. Still, IFIs continue to offer important opportunities for CAES firms to position themselves in foreign markets.

The focus on environmental clean-up and sustainable development is creating new demand for infrastructure services. The need is for highly engineered projects, different mixes of machinery and equipment than those currently available, and the application of new construction processes.

The international housing market also presents new opportunities, arising from increased interest in less-costly housing technology, government action to address inadequate or poor-quality domestic housing and to support development of market-oriented housing systems, and reconstruction of housing due to natural disasters and wars.

Some 950 privately financed infrastructure projects, totalling about US\$700 billion, are estimated to be currently planned around the world. The Asia-Pacific region has now surpassed Europe as the top regional market for construction and engineering services. Principal markets are China, Indonesia, Malaysia, Singapore, Taiwan, Thailand, Hong Kong and South Korea.

In Latin America, increased political stability and growing privatization are providing new opportunities, although high external debt, currency fluctuations and inflation continue to pose some risks.

In Eastern Europe and the former Soviet Union, the increasingly active role of the IFIs may help address the current lack of investment capital. Other short-term constraints — such as land ownership issues, currency convertibility difficulties, legal uncertainties and the lack of local project development capabilities — remain unresolved.

Over the longer term, population growth, especially in the rapidly developing economies, will create substantial demand for infrastructure and engineering services. Expected large-scale migration to major urban centres will create enormous pressure for new investment in transportation, communications, water and sewage systems, housing, hospitals, schools, ports, bridges and energy generation and distribution systems.

Main Challenges

Many firms are inhibited by the substantial up-front costs involved in international competitive bidding processes and in establishing a presence in foreign markets.

Companies pursuing international capital project opportunities find it difficult to access financing and investment capital and to assemble the necessary financial packages. Financing, bonding, performance guarantees, insurance and legal services are often unavailable in Canada and must be sourced abroad. CAES companies point out that financial guarantees more comparable with those offered by their competitors, and the ability to pool resources available only piecemeal in the Canadian marketplace, are necessary to enable more of them to engage in international work and to encourage joint ventures and other partnerships.

"Virtual companies" with the capabilities to handle specific projects are needed to take full advantage of opportunities arising from the trend toward total project contracting and privatization packages. Such integrated capability is available domestically "in pieces"; a single-team approach is required.

The successes of domestic capital projects need to be more aggressively promoted abroad. There is potential to build on Canadian success in the consulting and technical services sector by more effectively identifying downstream opportunities for Canadian manufacturers and for capital works and systems suppliers.

SMEs, in particular, are often not aware of major projects being pursued by larger companies, and yet these projects offer opportunities for them to participate as partners and suppliers.

Relative to competitors, Canadian companies are often late in identifying and entering newly emerging markets. Many firms are not well informed about potential export opportunities, or about the services and programs available to improve their export readiness and to support their export marketing efforts.

Finally, market entry often remains impeded by local regulatory, technical and professional accreditation requirements, product standards requirements, and approval processes.

Strategic Direction

The following initiatives will be implemented to improve the export performance of the Construction, Architectural and Engineering Services sector as a whole. Specific interests of individual industry subsector are highlighted in the subsequent sections.



In implementing the CAES sector strategy, particular attention will be given to co-operation and co-ordination among the federal and provincial governments and the various national, regional and provincial industry associations that represent the interests of the sector. There is also a recognized need to establish clearer targets for the international business development strategy and to ensure effective measurement of achievement.

Collective Project Opportunities

Maximizing the export potential of the CAES sector requires greater focus on using its collective strengths in integrated project delivery. Opportunities identified include:

- integrated urban development/new cities;
- airports;
- electric power projects;
- medical clinics/hospitals;
- resorts/hotels/integrated tourism facilities;
- educational institution complexes;
- transportation systems (rail, urban transit, highways, ports); and
- resource-processing plants and installations.

Financing

Future success requires paying greater attention to the capital project financing problems faced by the CAES sector and improving the linkages with financing sources in Canada and abroad. Particular priorities include:

- exploring the potential for Canadian financial institutions, including pension funds and insurance companies, to play a stronger role in providing the long-term financing, guarantees, bonding and insurance facilities relevant to the pursuit of international projects (Industry Canada [IC], Department of Finance, EDC [Export Development Corporation], associations, provinces);
- better focussing and co-ordinating the use of federal and provincial government programs and services in support of Canadian companies pursuing specific project opportunities abroad (IC, Department of Foreign Affairs and International Trade [DFAIT], Canadian International Development Agency [CIDA], EDC, Canadian Chamber of Commerce, Canada Mortgage and Housing Corporation [CMHC], provinces);

- improving the exchange of information on both domestic and foreign sources of financing (IC, DFAIT, EDC, provinces); and
- supporting domestic initiatives aimed at broadening expertise in project development and financing, particularly that required for BOOT-type projects (IC, DFAIT, EDC).

Supplier Development

Supplier development activities will build on existing federal, provincial and association initiatives and focus upon:

- improving the export readiness of CAES-sector SMEs, through industry association outreach programs, workshops, seminars, structured training courses, the preparation and dissemination of "how-to" guides, etc. (IC, DFAIT, CMHC, associations, provinces);
- supporting formal and informal interaction and networking — ideally built around an integrated project opportunity — among sector stakeholders (IC, DFAIT, associations);
- facilitating the partnering and consortia formation needed to pursue packaged projects such as design-build, turnkey and BOOT (IC, DFAIT, associations, provinces);
- encouraging firms, especially SMEs, to build business networks under the Canadian Business Networks Coalition (CBNC), which is administered by the Canadian Chamber of Commerce and aims to increase the international competitiveness of SMEs (IC, associations); and
- developing electronic infrastructure that can be used to share information on Canadian capabilities to supply capital projects and on existing and potential cross-industry and cross-border partnerships among service providers and downstream suppliers of equipment and materials (IC, DFAIT, provinces, associations).

Information and Intelligence

Initiatives will be pursued to facilitate the sharing of information and intelligence on international business development. This includes:

- devoting greater attention to identifying international project opportunities that match Canadian capabilities for integrated project delivery (IC, DFAIT, CIDA, provinces);

- *deploying an electronic IFI/capital projects information and tracking system to facilitate private-sector access to timely and integrated information on capital project opportunities abroad and to improve communications among government officials across Canada and at Canadian missions abroad on project opportunities and interactions with Canadian companies (DFAIT, IC, provinces);*
- *organizing selective missions to identify, verify and build upon early project intelligence for clusters of high-priority construction and capital project opportunities (IC, DFAIT, CMHC, provinces, associations); and*
- *publishing quarterly lists of CIDA's operational projects and bilateral projects in the pipeline, which in turn will be linked to the electronic information infrastructure for international capital projects (IC, CIDA, DFAIT).*

Export Promotion

Opportunities to promote capabilities in the CAES sector will be identified and supported through:

- *targeted use of leading domestic events, such as "Construct Canada" (IC, DFAIT, associations, provinces);*
- *encouragement of the participation of more foreign buyers and business decision makers in domestic events where CAES are profiled (IC, DFAIT, provinces);*
- *incoming missions of foreign governmental and business delegations, focussed on showcasing Canadian infrastructure and capabilities in integrated project development (DFAIT, IC, provinces);*
- *preparation of promotional materials that underscore the breadth and depth of Canadian capabilities in infrastructure development (IC, DFAIT);*
- *organization of outgoing missions to selective priority markets (IC, DFAIT, CMHC, CIDA, provinces);*
- *facilitation of secondment arrangements to place Canadian CAES-sector specialists in key positions in the IFIs and the agencies of developing countries (DFAIT, IC, CIDA, associations); and*
- *encouragement of linkages with and technical assistance to foreign governmental and private-sector organizations involving issues of standards, codes and research and development relevant to the CAES sector (IC, CMHC, associations).*

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The residential construction industry consists of site builders, renovators and manufacturers of housing. Housing encompasses a wide range of structures, from single detached wood-frame houses to high-rise concrete and steel structures. Mixed-use buildings that combine residential and commercial sections are common in urban areas.

Canadian Position

Domestic house-building activity in Canada is shifting from new production to renovating, rehabilitating and improving existing dwellings. This is occurring at a time when new trading arrangements, increasing globalization and emerging markets are creating unprecedented international opportunities for Canada's housing industry.

Canadian construction companies exporting housing are usually active in both the residential and non-residential sectors -- only a small proportion work exclusively in the residential sector. Active exporters constitute about 1 percent of firms in the industry.

As underscored in the National Strategic Framework for Canada's Housing Exporters, export promotion efforts must take fuller account of the key linkages among the residential construction industry, manufacturers of building products and housing components, developers and other service providers such as architects, engineers, urban planners, property managers and consultants. For details on the international business strategy for building products and related manufactured housing interests, please refer to the CIBS chapter entitled *Building Products*.

International Environment

The international housing market presents many opportunities for Canadian companies. These opportunities are the result of:

- increased interest in less-costly means of housing production and renovation in established high-cost markets such as the United States and Western Europe;
- the emergence of prosperous new industrial countries, notably in Asia;
- actions by a number of foreign governments to address inadequate or poor-quality domestic housing and to support the development of market-oriented housing systems (e.g. in Eastern Europe and China); and
- destruction due to natural disasters and wars (e.g. in Kobe, Japan, in Vietnam and in Bosnia).

Many countries are facing the challenge of housing rapidly growing populations with increasing consumer expectations. However, they often do not have the financial resources from tax revenues or mature mortgage systems to undertake the necessary expenditures. Increasingly, these countries are allowing foreign investors and contractors to become involved.

Although the competition is strong, opportunities exist in traditional and established markets such as Japan, Germany and the United States and in emerging markets such as China, India, Mexico, Russia and South Africa.

Substantial opportunities are also present elsewhere, but need to be assessed carefully in terms of the size of demand and the existence of heavy competition or significant trade barriers. These markets include Chile, Cuba, Argentina, Belgium, Greece, Ireland, Italy, Ukraine, Poland, the Czech Republic, Hungary, Lebanon, the Palestinian Authority, Taiwan, Malaysia, Indonesia and Australia.

Being active in international markets often means having to compete with companies from countries that are well established in these markets, as well as with strong local construction companies. Most active international housing markets are dominated by firms from a few countries. U.S.-based firms are prominent in almost all the key markets in terms of visibility and business volumes. Canadians also face strong competition from British, French, German and Italian companies, which have major regional interests. Other countries that have a track record in housing exports and that are expanding their foreign activities include Austria, Denmark, Finland, the Netherlands and Sweden.

Main Challenges

Canadian housing exporters face numerous challenges as they endeavour to become more export-active.

- Competition can be intense in countries that have large domestic housing industries that have met local needs for many years. There are many competitors because housing construction is an industry with easy entry requirements in terms of capital and skilled personnel.

- Canadian firms are typically small compared with the competition. Because they are not well organized, they often compete against one another for the same projects.
- The long-term nature of many housing projects, and the associated long lead times involved before the contract is actually issued, means companies need considerable staying power.

Strategic Direction

The National Strategic Framework for Canada's Housing Exporters aims to improve the industry's performance in terms of business volume, number of exporters and market share. It contains elements targeted to both potential exporters and current exporters venturing into new markets. The main elements of the strategy are to:

- establish a National Housing Team to co-ordinate housing exports and to develop detailed sector- and market-specific strategies that will enhance the international competitiveness of Canada's housing exporters;
- increase the industry's export readiness, with priority being given to firms that have already taken steps in this direction and are on the threshold of being export ready;
- enhance the industry's profile by participating in foreign trade fairs and exhibitions, by participating in key inbound and outbound trade missions, and by developing working relationships with foreign housing agencies and IFIs; and
- encourage foreign acceptance of Canadian codes and standards.

Initiatives

The following initiatives will assist in increasing export performance in the housing sector:

- produce export guides (e.g. guides on partnerships, export readiness, licensing, foreign subsidiaries, how to screen inquiries, financing) for would-be housing exporters (CMHC, IC, associations);
- distribute housing market studies on Asia and the Pacific Rim, the United States, Europe, Latin America and the Middle East (CMHC, DFAIT, IC); and
- develop a sourcing system (CMHC, IC, DFAIT).

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The Canadian non-residential construction industry comprises approximately 4500 general contractors and 100 000 specialty trade contractors who together employ roughly 450 000 workers. It is one of Canada's largest industrial sectors. However, the average firm size is small. Only 10 percent of general contractors have annual revenues of more than \$10 million.

Canadian Position

In 1994, total revenues for the industry stood at approximately \$47 billion. Of this, less than 1 percent was obtained through exports. A small nucleus of Canadian contracting companies is operating in the U.S. market, often through subsidiaries. Others are undertaking work in developing countries, usually when Canadian financing has been made available by EDC or CIDA. This situation, however, is beginning to change. The continuing depressed state of the Canadian construction market and an increasing number of significant international opportunities are leading more Canadian non-residential construction firms to consider exporting their services.

Main Challenges

The participation of Canadian contractors in international markets has been constrained by a number of factors. Because construction constitutes one of the basic building blocks of an economy, most countries already have considerable local capabilities. This competitive challenge is aggravated by the fact that construction contracting requires a strong, long-term local presence and significant up-front financing.

Apart from a small nucleus of firms, most Canadian contractors have not acquired the scale of operations, financial strength or skills to handle the much larger risks associated with foreign projects (e.g. foreign exchange convertibility risks, regulatory and legal uncertainties, and the cost and complexity of mobilizing resources such as construction equipment and labour in unfamiliar and distant environments).

International contractors must frequently compete on the basis of the financial package they can bring to a project. The limited resources of Canadian firms and government agencies and the reluctance of the Canadian banking sector to become involved in offshore projects make it difficult for Canadian companies to compete on this basis. The industry has also indicated that difficulty in obtaining bonding for international projects is a major problem.

Strategic Direction

Global opportunities are considerable, and the Canadian non-residential construction industry is regarded as being very competitive across the full spectrum of the construction market. Canadian firms have an impressive domestic track record and have had recent successes in the international market in industrial, commercial and institutional buildings, heavy engineering, and restoration and renovation projects.

The industry's international efforts appear to be focussed on three regions:

- countries directly to the south of Canada (the United States, the Caribbean and Latin America), because of geographic proximity, common time zones, similarities in commercial and legal affairs, and relatively few language barriers;
- the Pacific Rim, because it represents an enormous market and the demand for new infrastructure, industrial and commercial facilities is growing rapidly; and
- the Middle East, due to the existence of some long-standing business relationships and opportunities arising from the Middle East Peace Process.

Initiatives

In addition to the initiatives presented in the earlier overview section, specific activities will be undertaken for the non-residential construction sector.

For example, Construct Canada is Canada's largest fully integrated construction trade show, attracting exhibitors and visitors from across Canada and abroad. In liaison with EDC, Canadian Commercial Corporation (CCC), CIDA, Industry Canada, DFAIT and interested provincial governments, Construct Canada should become Canada's central event for international trade in construction by:

- showcasing construction products and services;
- enabling networking for the purposes of developing partnerships and joint ventures;

- facilitating "matchmaking" between Canadian firms and international clients;
- offering trade-oriented workshops and seminars, and facilitating exchanges of ideas and information on issues such as the financial challenges and possible solutions; and
- providing education concerning international markets and potential opportunities.

Industry Canada is developing a Sector Competitiveness Framework to provide a systematic analysis of Canadian capabilities, strengths and weaknesses, and to articulate an action plan that will help the non-residential construction sector to become more internationally competitive.

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Consulting engineering services tend to fall within three categories:

- *general services (e.g. feasibility studies, cost estimating, preparation of detailed drawings, specifications and contract documents, and supervision of construction);*
- *specialized services (e.g. design and development of process equipment, environmental advisory and design services, materials testing, software or custom systems development and project management); and*
- *comprehensive or turnkey services (e.g. manage-engineer-procure-construct [MEPC] and ROOT contracts, which often involve provision of financing, acquisition of real estate, equipment procurement, construction, commissioning, facility management and training programs).*

Consulting engineers design all types of industrial installations, public works, large private and public buildings and transportation systems. Public infrastructure includes municipal services (roads, water supply, sewage systems and treatment) and power generation and transmission projects. Industrial services include resource exploration, and provision of support to resource extraction, as well as to all types of refining and manufacturing. Resource-based work includes pulp and paper manufacture; coal and mineral development; and oil and gas exploration, extraction, refinement and distribution. Other areas of business include telecommunications infrastructure design, marine works and the environment.

Canadian Position

The consulting engineering industry has traditionally been one of the country's strongest and most internationally competitive service industries. In 1992, the industry employed an estimated 65 000 people in 6424 firms, with total billings of approximately \$5.6 billion. The industry is represented by the Association of Consulting Engineers of Canada (ACEC).

Canadian firms are renowned worldwide for their state-of-the-art expertise and their ability to adapt to and operate within unfamiliar cultures and constraints. Many firms are multilingual. Canadian engineers have a reputation for honest evaluation that can be trusted by the international financial community. The industry's traditional strengths in Canada lie in natural resource development, energy-related projects and infrastructure programs.

In 1994, Canadian consulting engineering firms ranked fourth in the world in international billings, supplying 6 percent of global exports of consulting engineering services.

Main Challenges

The principal factors hindering Canadian performance abroad include:

- too few firms with design-build, turnkey and BOOT capability;
- inadequately developed relationships with the manufacturing, banking and financing sectors; and

- inadequate co-ordination among government departments and agencies in supporting the international initiatives of Canadian companies.

Other challenges evident among many Canadian consulting engineering firms include:

- difficulty in capturing procurement contracts involving IFI financing, other than at the design phase;
- slowness in moving toward a European model of organizational structure that incorporates horizontal and vertical integration;
- lack of a global orientation; and
- lack of unencumbered financial leverage or "free" tangible assets, weak profitability, and lack of in-house multidisciplinary skills, which all hinder foreign private financing of BOOT-type or integrated projects.

Strategic Direction

Canadian firms have a competitive advantage in resource-based, energy-related and infrastructure projects and are moving to develop specializations in fields where new market opportunities have arisen. The initiatives presented in the overview section that relate to financing; supplier development; information and intelligence; market access; and export promotion will require particular attention.

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Architects play the dominant role in the design of buildings that are people-oriented rather than industrial. The practice of architecture consists of providing professional services in connection with the design, construction, conservation or alteration of a building or group of buildings and the space within and surrounding such buildings. These services include planning, preliminary studies, designs, models, specification and technical documentation and administration of construction contracts.

Canadian Position

The architectural services industry comprises approximately 3500 private firms and 7700 provincially registered architects. The average firm size is small. In 1991, total employment was estimated at 11 500 and total revenues for the industry were \$863 million.

Figures for total export earnings are unavailable, but an increasing number of architectural firms are working abroad.

Canadian architects are noted for design expertise in commercial office complexes, hospitals, airports, museums, and buildings made of wood. Some architects specialize in environmental consulting, facilities management, heritage preservation or renovation. Other promising niche opportunities include winter-climate expertise, design of correctional facilities, master design plans, programming and building science.

The Royal Architectural Institute of Canada (RAIC) is a voluntary national association representing more than 3000 architects from every region of the country. Through a variety of programs and institutional linkages, the RAIC works to raise the profile of Canadian architects in foreign markets and to address issues of market identification and market access for Canadian architectural firms.

In addition, the Export Council of Canadian Architecture (ECCA) was established in 1995 with the assistance of the Government of British Columbia. Its focus is on the architectural design and planning of wooden buildings. This includes low- to medium-density housing, three-storey commercial and institutional buildings as well as resort, ski and marina developments. Membership is open to all Canadian companies active in the wood-frame building industry that have services or products with export potential. As of 1996, the organization had approximately 15 members, mostly in British Columbia. Its primary market focus is on Japan, Korea and Taiwan.

Opportunities and Challenges

Expanding global opportunities and a shrinking domestic market are prompting many architects to export their services. The building booms of the 1970s and 1980s left excess capacity in most parts of the country in commercial, retail and residential buildings. The cutbacks by all levels of government have severely reduced the demand for new infrastructure and institutional facilities. One of the legacies of the boom years is an experienced core of architectural firms with the ability to offer quality design and technical expertise in international markets.

Design/build projects are becoming common in both domestic and export markets. To take full advantage of export opportunities, architects will be required to join multidisciplinary and multinational consortia that can address the wide range of design, construction, financing and operational issues.

Strategic Direction

The main elements of the strategy are to:

- raise the profile of Canadian architects through promotion in selected target markets — primarily the United States, Mexico, certain South American countries, China, Japan and Korea;
- enhance market access for Canadian architectural firms by easing regulatory barriers to trade in services, establishing linkages with architectural associations in other markets, helping Canadian firms to form ties with local firms, and seeking opportunities for linkages between Canadian-owned businesses in foreign markets and Canadian architects;
- support the export efforts of architects working in selected specialty niches (e.g. designing with wood and health-care planning); and
- develop the supply capability and international competitiveness of Canadian architectural firms.

Initiatives

The following measures are intended to assist in improving the export performance of Canadian architectural firms:

- prepare a publication highlighting the winners of the Governor General's Awards for Architecture, and distribute it internationally through Canadian embassies (RAIC);
- organize technical seminars and conduct market research in selected foreign markets (ECCA);
- promote Canadian architecture in the United States, Mexico, South America and East Asia by exchanging exhibitions, publications, guest lecturers, honorary distinctions, and so on, with architectural associations in those markets (RAIC, ECCA, DFAIT);
- complete NAFTA negotiations with Mexico and the United States (and, in the near future, with Chile) on mutual recognition of admission standards to the profession, and participate in discussions on standards through the International Practice Committee of the Union Internationale des Architectes (RAIC);
- implement co-operative programs between Canadian architects specializing in health-care planning and design and their counterparts in Mexico, South America and East Asia (RAIC);
- establish contacts between Canadian architects specializing in environmental consulting and appropriate groups abroad, leading to the development of bilateral agreements (RAIC);
- develop a streamlined and accurate database of architects with export expertise and interest, building on existing resources such as the Industry Canada Canadian Company Capability System and the WIN Exports database (RAIC, IC, DFAIT); and
- prepare a Sector Competitiveness Framework for the architectural services sector to develop a consensus on export issues and the action required to improve competitiveness (IC, RAIC).

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Many Canadian planners work in the public or quasi-public sector; however, increasing numbers today work for the private sector (e.g. planning consultants, land developers, engineers, architects, and those who work for community and non-profit organizations such as conservation authorities and public utilities). The Canadian Institute of Planners has around 4500 members, of which 1500 are in private practice. Most planning firms are small, and many private-sector planners work in small groups or as sole practitioners.

Canadian Position

While the International Division of the Canadian Urban Institute has been helping several emerging countries in Eastern Europe and elsewhere set up municipal and planning administration services, and while a few private-sector firms are exporting services as part of large-scale development projects, generally the profession has not been very active internationally. However, the decreasing opportunities in Canada are forcing more planners to consider exporting their services.

Opportunities and Challenges

To promote their services to other countries, Canadian planners are being encouraged to take advantage of Canada's reputation for developing first-class, functional and efficient cities, and for having some of the world's best planning schools. As a result, planners may benefit from the UN designation of Canada as one of the best countries in the world in which to live. Global recognition of the importance of sustainable development has thrown the importance of the planning profession into sharp focus. The United States is perhaps the biggest market at this point, as the U.S. planning profession is relatively undeveloped outside the intensely competitive metropolitan areas. Latin America and Eastern Europe present attractive markets, while planners on the west coast can look to opportunities in Asia.

The planning profession does not generally have an entrepreneurial culture, and planners will therefore need to develop export awareness and strengthen their international marketing skills. As most planners are sole practitioners or members of small firms, they will need to develop linkages with other CAES-sector firms, such as developers, consulting engineers and architects, to become part of project teams pursuing international opportunities. However, given that successful planners are known for their problem-solving, consensus-finding, and team-building skills, and are required to broker solutions and develop coherent plans that draw together disparate and conflicting views, planners may also play key leadership roles in the formation of project teams and in project management.

Strategic Direction

The main elements of the strategy are to:

- raise export awareness and increase export readiness through information seminars, kits, etc.;
- strengthen the capacity of the Canadian Institute of Planners to identify international IFI-funded opportunities, in particular in urban development; and
- encourage team formation and partnering by strengthening links to other CAES professions and firms.

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Developers

Canadian Position

The building booms of past decades have left excess capacity in most parts of Canada in the commercial, retail and residential sectors. This has contributed to a decline in property values and has led to the demise or restructuring of many prominent developers that had been highly leveraged with bank financing.

The Canadian development industry of the 1990s is composed of smaller companies. Even the largest firms generally employ just 8 to 12 people. Much of the engineering and construction required by projects is currently being outsourced. The industry continues to restructure and today is largely concentrating on domestic issues, such as long approval processes and the cost of municipal land development charges. However, there is a growing awareness of and interest in new opportunities abroad.

Opportunities and Challenges

The industry needs to become more prepared to act upon global opportunities. Linkages and partnerships with the other CAES subsectors and the financial community will play an important role in securing international projects. A number of firms are pursuing projects such as shopping malls, commercial office complexes and resort developments. Geographic areas of interest include the United States, the Caribbean, Eastern Europe and Asia-Pacific.

Financing can be difficult to secure as the banking industry has experienced significant loan defaults in commercial property in the past decade; recently, however, the insurance companies and pension funds have started to take significant positions in many development projects. As well, the emergence of new lending groups has greatly assisted developers in meeting the capital requirements of the industry.

Initiatives

Discussions are under way with industry associations to determine the level of preparedness and needs of the development industry with respect to international opportunities. The goal is to provide the industry with strategic information and with the linkages required to enable Canadian companies to procure development projects in foreign countries.

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