

INTRODUCTION

The Program for Export Market Development (PEMD) is a central element of the Canadian government's international business development strategy. Its mandate is to improve Canada's performance in international markets, by introducing smaller companies to exporting as well as to new markets, and as a consequence, contributing to increased domestic production and employment growth.

Thus, the PEMD partnership with Canadian business is an investment in a company's commitment to develop international export markets. It is not a grant, loan or entitlement, but rather a conditionally repayable contribution. Repayment of the contribution is based on contracts obtained or on incremental sales made by the recipient company as a result of the PEMD supported activities in the target market.

PEMD is managed by the Export Development Division (TCE), Trade Commissioner Service Overseas Programs and Service Bureau, of the Department of Foreign Affairs and International Trade (DFAIT), and jointly administered with Industry Canada (IC), through the regional International Trade Centres. In Quebec, the regional offices of the Federal Office of Regional Development (Quebec) assist with the delivery of the program. The Department of Agriculture and Agri-Food also assists with the delivery of the program through its regional offices across Canada.

In September 1994, a committee of Canadian business people, appointed by the Minister for International Trade to review the government's international business development programs and services, reported back to the Minister with its recommendations. These recommendations included a refocusing of PEMD on smaller companies, i.e. those with annual sales of less than \$10 million, and a 40 per cent reduction in the program budget.

This report looks at the performance of the program in 1996-97. This was the second year of operation of a program refocused on smaller firms as a result of the above noted International Business Development (Wilson) Committee's recommendations.

As in 1995-96, the principal impact of the changes on the program was a full utilization in 1996-97 of the PEMD budget. This suggested that the program was now in equilibrium, i.e. the size of the budget was sufficient to satisfy the new user group of smaller companies. In fact in 1996-97 the program had a budgetary deficit of \$900,000, which was accommodated out of departmental surpluses in the Department of Foreign Affairs and International Trade.

In addition to providing an update on the program's performance, this report takes a first-hand look at how PEMD made an impact on the business decisions of Canadian companies. As in 1995 and 1996, a survey was conducted in June, 1997 of six hundred eighty-five companies that had received PEMD assistance in 1996-97. One hundred and forty companies responded - a response rate of 20%. All but three of the respondents, or over 97%,