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cost recovery should be introduced and the recovered funds should flow back to the program through which they were generated. DFAIT's international business development program funding should be consolidated to allow for the development of an integrated, strategic international business development program. The sole program we advocate enhancing is the Post Initiated Project Proposal Fund. This program offers flexible decision making to Trade Commissioners at posts and should be expanded in key markets in Latin America and Asia Pacific.

### **Trade Commissioner Service**

The Trade Commissioner Service, while recognized as an essential component of the government's international business development support, must strengthen its ability to respond to rapid changes in the international environment. To address this need, we recommend that all trade officers receive more training in priority areas. In addition, more short-term executive exchanges could be arranged between the private sector, other organizations and the Trade Commissioner Service, and more officers placed in key positions in International Financial Institutions. As well, Trade Commissioners should be encouraged to lengthen their postings.

We examined alternative forms of organizing the service, including privatization, and concluded that current arrangements should be continued.

### **Export Finance**

The Committee believes that considerable budget savings can be realized in the area of export financing without impairing the ability of Canadian exporters to compete internationally. Given decreasing demands for concessional financing, we recommend that the Government of Canada trade off \$60 million annually of Canada Account concessional funds for an increase in the Canada Account non-concessional facility, where demand is increasing. We further recommend that Canada align itself with its major competitors and use a portion of its official development assistance budget to fund concessional financing. This would make available up to \$120 million to reduce the deficit.

Having reviewed the work done to date by DFAIT, the Export Development Corporation (EDC) and the banks, we express our support for initiatives to improve services to SMEs and endorse the establishment of an ongoing cooperative relationship between Financial Institutions and EDC. We recommend that the priorities of the federal government and EDC be coordinated and better publicized.

### **Aid and Trade**

The Committee believes there should be a stronger link between aid and trade. This could be achieved, in part, by transferring the responsibility for the CIDA Inc program to the Minister for International Trade. Additionally, the Committee recommends that a number of administrative