

A New Approach to International Business Development

The federal government is committed to an active, independent international business development strategy that strengthens and expands Canada's global trade, technology and investment links. A fresh approach to Canada's international business relations is critical to our economic future and to attaining many of our social goals, particularly the creation of quality, high-skill jobs.

Sound domestic economic policies are essential. But it is increasingly clear that Canada's future economic well-being lies in the global marketplace. Canadian exports already account for about 40 percent of total private sector output and more than 2 million jobs are directly or indirectly dependent on exports of goods and services. Each \$1 billion in new exports translates into an estimated 9 000 jobs. Canada, after Germany, is the most trade-dependent G-7 country (see Figure 1).

Fortunately, the export and investment opportunities open to Canadian businesses are unprecedented. In certain regions of the world — particularly the Pacific Rim, and much of Latin America — economic activity is expected to thrive throughout the 1990s (see Figure 2 for Canada's major export destinations in 1992). The completion of the Uruguay Round of the GATT negotiations and the implementation of NAFTA on January 1, 1994, will also help open up markets.

Exploiting these opportunities, however, will not be easy. Globalization and technological change mean that companies face growing uncertainty in foreign markets, intensified competition, higher market and product development costs, and shorter product life cycles.

The high costs of doing business in today's global economy call for clear priorities, sound and

Figure 1 — Exports of Goods and Services as % of GDP, 1992

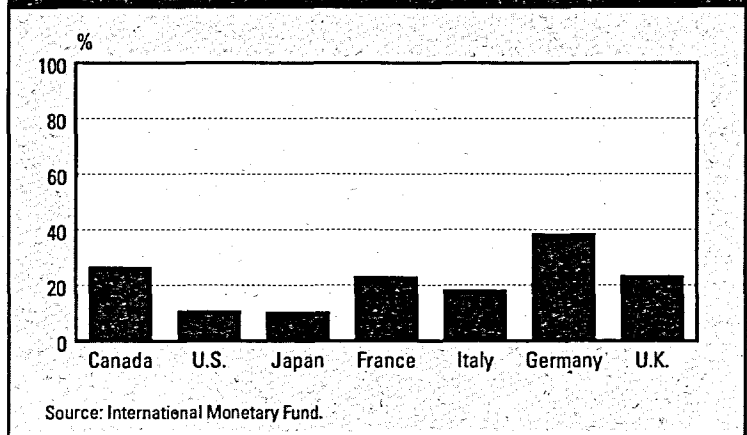
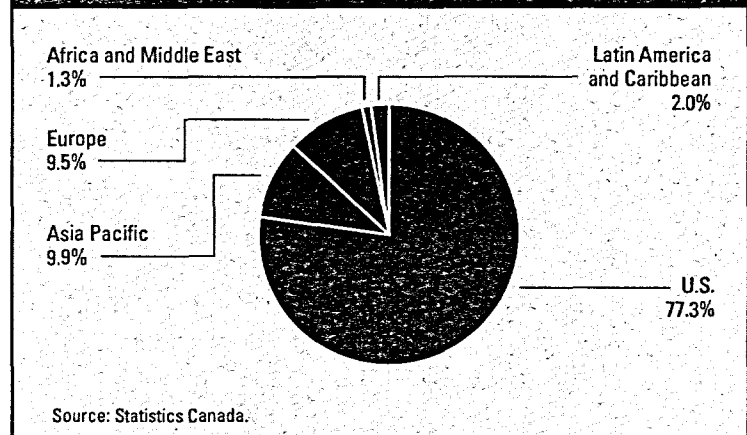


Figure 2 — Canada's Merchandise Exports by Regional Destination, 1992



well-executed business development strategies, flexibility to meet changing circumstances and better management of financial and human resources by both the private and public sectors.

The government's approach to international business development will build on three broad objectives: greater **partnership** between the public and private sectors; expanded trade **participation** of those Canadian companies with international potential, especially small and medium-sized firms; and increased **diversification** of Canada's trade relations.