

federal and provincial governments. The creation of these vehicles should considerably facilitate access to capital for potentially high-growth SMEs, many of which are likely to be exporters.

The challenge facing Canada's venture capital industry is not to mobilise funds but to identify investment opportunities in Canadian companies and to make the right investment decisions. In this regard, the federal and provincial governments have established certain business investment requirements that LSVCCs must abide by.

8. The Committee recommends that the government look to the marketplace and reduce administrative constraints to the creation or importation of alternative sources of capital. (page 24)

The rapid growth, supported by federal and provincial governments, of a private sector-managed venture capital industry in Canada has reduced somewhat the need to import early stage venture capital. Canadian stock exchanges geared to junior stocks and the growth of small-capitalization mutual funds have also facilitated access to capital for smaller firms. The equity needs of Canadian SMEs remain diverse, however, and the government, through the Department of Foreign Affairs and International Trade, continues to facilitate financing from foreign sources in specific niches, particularly for technology sector SME exporters.

As part of the government's International Business Development Strategy the Department of Foreign Affairs and International Trade, in conjunction with selected Canadian Investment Houses, has launched a project to assist Canadian SME's source private equity in international markets. Also, the project aims to introduce foreign corporate, institutional and venture capital groups to the Canadian market with the objective of attracting companies in their portfolio to expand into Canada.

9. The Committee welcomes the initiative announced on January 25, 1996, to transfer responsibility for the Canadian Commercial Corporation from Public Works and Government Services to the Minister for International Trade. (page 25)

As noted by the Committee, transfer of responsibility for Canadian Commercial Corporation (CCC) will further consolidate and streamline the government's international business development programs. With respect to SME exporters, having the CCC report to Parliament through MINT results in a better coordinated policy review of financing products for them. The January 1996 transfer of ministerial responsibility was welcomed by the Alliance of Manufacturers and Exporters on behalf of its 2,500 members. The Alliance has been a vocal supporter of the CCC as well as EDC in general, and of their innovative new programs for SME exporters in particular. It should also be noted that in response to the recent Report of the Standing Committee on Banking, Trade and Commerce on Crown Financial Institutions, the government will create a Council of Crown Financial Institutions in which EDC, CCC (both reporting to the Minister for International Trade) and the Business Development Bank of Canada will participate. The Council, which will be composed of the relevant Deputy Ministers and CEOs of these institutions, has been given a clear mandate to identify opportunities for collaboration and to minimize duplication of services to exporters.

10. The Committee recommends that the industrial development activities of CIDA Inc. that contribute to investment in and the transfer of technology to developing countries should remain within the Canadian International Development Agency (CIDA). (page 27)

11. The Committee further recommends that trade development and promotion programs, services and activities of CIDA be placed in the Department of Foreign Affairs and International Trade and that the mandate and operations of CIDA should be reviewed by the Minister concerned in the context of this recommendation. (page 27)