

EXECUTIVE SUMMARY

This report conveys our collective views and recommendations on the international business development assistance required by Canadian business from government to be competitive and to succeed internationally, keeping in mind the need to reduce the deficit.

Our recommendations centre on five main areas: government's international business development focus and structure, international business development programs and services, the Trade Commissioner Service, export financing and, aid and trade. Implementing the 20 recommendations contained in this report would result in a reduction of \$55 million to the Department of Foreign Affairs and International Trade's budget, and an overall reduction of \$115 million to Government's international business development support. To effect such reductions, however, government must be prepared to reduce the size of the public service.

International Business Development Focus and Structure

The Committee recommends that all federal and provincial activities relating to international business promotion be better coordinated. To help achieve this objective, a change in the reporting relationship of the CIDA Industrial Cooperation Program and the Canadian Commercial Corporation is recommended. We further recommend the international delivery of all international business development programs be co-ordinated by the federal government, while domestic delivery be co-ordinated by provincial authorities.

The government should select, for special attention, sectors and geographical markets with outstanding future export potential for their products and services -- sectors such as advanced materials, biotechnology, information technologies, advanced manufacturing technologies, medical, education, health care and environmental industries. Furthermore, within these areas, special consideration should be given to SME's.

To improve service to "export ready" companies, we advocate a "filtering in" approach whereby companies must qualify for export assistance.

International Business Development Programs and Services

Our review suggests that the international business operations and personnel at Headquarters could be streamlined, while preserving the valuable overseas service. To this end, we recommend that a reduction of \$8 million be targeted. DFAIT must also reduce the proportion of the department's personnel resources devoted to administration. We recommend that common services costs associated with these personnel be reduced by \$25 million over the next two years. Over the next three years, the Department should reduce these resources to 25% of the departmental total.

We further recommend that a number of specific changes be made to direct the use of financial assistance programs to smaller companies, i.e., those with sales of under \$10 million. Greater