

From a Trading Nation to a Nation of Traders: Toward a Second Century of Canadian Trade Development

I. Introduction

Canada is a trading nation. Yet we are not a nation of traders. 70 percent of Canadian companies do not export; fewer than 100 firms account for 70 percent of our export trade. Nearly 100 years of government services and programs to encourage trade has not changed the paradox of a trading nation bereft of a trading culture.

Canada's economic welfare has always been based upon trade. This trade — from the cod fisheries and the fur trade to agricultural and natural resource exports — depended upon foreign investment. Canada did not become a trading nation by developing new products and services; foreign demand for natural resources drove Canada's economic growth, the USA gradually supplanting Britain as our major trade and investment partner.

Successive government policies, from the National Policy on, did not foster a more dynamic outward-looking Canadian business community. The National Policy, based upon an import substitution and 'miniature replica' foreign investment strategy, was in effect maintained by a trade policy that opened up markets for our natural resources while protecting our manufacturing base. The FTA, however, marked a major break by opening Canadian industry to foreign competition.

Canada can no longer depend as heavily on demand for its natural resources for future growth. A trading culture based upon innovation, creativity, value-added, design of new products, processes and services is needed. Global economic developments and changing international business practices are forcing adjustment and change.

Government policies and programs — both domestic and international — need to change accordingly. Economic liberalization and the more outward-looking trade policy of the FTA need to be matched on the trade development side. Trade development will need to become more sophisticated in developing linkages to domestic competitiveness and addressing market access issues. Fiscal restraint should be viewed as an opportunity to develop more effective and focussed programs. Programs and services should be designed to reduce dependence on