

III. HORIZONTAL/INSTITUTIONAL MARKETING OPPORTUNITIES

3.3 Development Assistance

The Third World offers significant opportunities for Canadian exporters. By 1990, it is anticipated that developing countries as a group, will account for some 30% of world trade. Although exports represent approximately 30% of our GNP, the proportion of Canadian exports destined for developing countries is not large; in 1983, it dropped from 11% to 9%. By contrast, other major industrial countries send a much greater share of their exports to the developing world.

Many countries have successfully used their aid programs to open up markets for exporters. As the main delivery channel for Canadian Official Development Assistance (ODA), CIDA has acted to increase private sector involvement in the aid program. Currently, at least 65% of ODA is used for the procurement of goods and services in Canada. This includes about 70 to 75% of the bilateral program and an even larger proportion of food aid. CIDA also engages in parallel financing with the Export Development Corporation (EDC) for selected projects where developmental and commercial objectives coincide. The Industrial Cooperation Program has been set up to provide funding for Canadian firms to do feasibility studies, establish joint ventures and provide technical assistance in developing countries.

In light of the increasing use of aid funds by other countries to subsidize export financing, is this enough? Canada has worked to reach international agreements which would bring such practices under greater discipline. Problems remain however, and, until they are resolved, it is for consideration whether a larger portion of our aid resources could be used to support competitive Canadian exports for developmentally sound projects?