



▲ **Information technologies and telecommunications:** This sector reported 1994 revenues of \$54 billion, with manufacturing exports worth \$16 billion against imports of \$33 billion. The sector is comprised of 15,280 establishments employing 312,776 people. Multi-national enterprises (MNEs) account for 75% of all export revenues; 40% of the SMEs export.

▲ **Tourism:** This sector employs 538,100 people in more than 70,000 companies of all sizes in every province and territory. It injected \$41.8 billion into Canada's economy in 1996, a 4.7% gain over 1995. Visitors spending increased by 2.1% to \$12.1 billion, making Canada the world's 10th largest earner of international tourism receipts. Although the overall benefit to the Canadian economy from tourism continues to increase, the source of the growth has shifted from overseas to North American markets.

Challenges

Although individual sectors do confront specific problems, most sectors face similar challenges. Canada's International Business Strategy (CIBS) offers insight into the challenges confronting all sectors, including:

- financing, including International Financial Institution projects;
- non-tariff barriers or market access restrictions;
- acquiring timely, reliable and cost-effective market information and intelligence; and
- developing effective marketing strategies to promote Canadian capabilities and Canadian brand recognition abroad.

2.2.1 Agriculture and Agri-Food

The agri-food industry accounts for about 9% of Canada's GNP and employs close to 2 million people. Canadian consumers spend \$87 billion on agriculture and agri-food products, while agriculture and agri-food exports currently account for over \$20 billion. This represents about a 3% share of world agri-food trade. The industry has set a new goal of 4% of the value of world agricultural and agri-food exports by the year 2005.

Higher-value products enjoy the strongest trade growth rates. Currently, the value of Canadian exports is comprised of approximately 60% bulk and 40% processed; efforts will be made to reverse that proportion.

Eight priority markets have been identified for this sector, and action plans developed for each: the United States, Japan, the European Union, China/Hong Kong, South Korea, Taiwan, Mexico, and Brazil. These markets have accounted for almost 85% of the value of Canadian agri-food exports over the last 4 years. Emerging markets, likely to be key in five to 10 years, have also been identified. Strategic Plans, to be finalized in July 1998, have been drafted for the Philippines, Singapore, Columbia and the Russian Federation.

Consultations with industry groups such as the Canadian Agri-Food Marketing Council (CAMC) and national, regional, and sectoral associations ensure private sector input. Federal-provincial collaboration in IBD is reinforced with a Federal-Provincial Market Development Council, a Trade Policy Committee, and a federal-provincial investment team.

2.3 Composition of the Export Community

Canadian exporters represent a small proportion of the total number of Canadian firms: approximately 75,000 Canadian companies export, out of a total of nearly one million registered companies. Nearly 90% of these 75,000 exporters are small. Statistics Canada defines a "small business" as one with fewer than 100 employees in manufacturing, and fewer than 50 for the service sector; "medium-sized" businesses are those with 100 to 500 employees. Additionally, small businesses are assumed to have annual sales of less than \$10 million; and medium-sized businesses, less than \$50 million. Despite their numbers, SMEs account for less than 10% of the value of Canadian exports.

1996 Canadian Export Distribution by Company Size

Export Sales Category	Share of Exporters	Share of Volume
Very small	65%	1%
Small	22%	2%
Medium	8%	5%
Large	5%	92%

Source: Statistics Canada (1997)

Table 2

Canada has become a world class trading nation, but we are not yet a nation of traders. Of the 75,000 exporters, only 5,000 companies account for most of the value of Canadian exports — over 90% in 1996.