

goods and services that are Canadian but not competitive on commercial markets (which would be an abuse of tied aid), but rather use aid as a pump primer for competitive Canadian goods and services.

The Canadian business community has long sought greater integration of the government's aid and trade policies. While there are limits to what can be achieved without denying the essentially humanitarian and developmental nature of aid, much more can be done to forge new and growing commercial relationships through official development assistance. In the longer run, the developmental aid provided by CIDA should help to create new and viable trading partners for Canadian exporters in new parts of the world.

Conclusions:

- Federal and provincial export development assistance programmes to help Canadian business exploit export opportunities are not substitutes for competitiveness. We need to be selective, to coordinate our efforts, and to concentrate our limited resources and leverage on those sectors and markets where Canada has genuine strengths and opportunities. Small- and medium-sized firms in particular need easy access to export development and assistance programmes through a more decentralized delivery. The development of regional export strategies should be geared to aiding small and medium-sized exporters.
- Export financing is an increasingly determinant instrument in the highly competitive international marketplace. This will require a strong presence by the commercial banks. Canada must remain competitive but continue to seek a tighter international discipline intended to reduce the subsidy element of export credits.
- Canada's aid programme provides a strong, long-term investment aimed at building future markets in developing countries.

VII. The International Institutional and Trading Environment: A Fragile Consensus

Trade flows, of course, on a bilateral basis and the management of trade relations is on a government to government basis. The multilateral trading system, however, provides the framework through which we pursue our interests and opportunities bilaterally. The keystone for Canadian trade policy over the past three decades has thus been the maintenance of an open, multilateral and non-discriminatory trading system as embodied in the GATT and supported by other major multilateral bodies, particularly the IMF and the OECD. Canadian involvement in, and support of, these institutions responds to a basic Canadian perception of its place in the world economy and how it can best achieve its commercial bilateral objectives without unreasonably and unacceptably impinging upon national sovereignty. Through these multilateral arrangements governing the international trade and payments system,