

private sector involvement in the framing of priorities needs to be established. The Committee strongly recommends the formation of an Export Trade Development Board to supervise a more focused and co-ordinated approach to export support services. The purpose of this recommendation is to provide an opportunity for responsible private sector participation in a) the development of international marketing strategies and priorities (including co-ordination of those activities of the Canadian Commercial Corporation (CCC), the Canadian International Development Agency (CIDA), the Export Development Corporation (EDC), Industry, Trade and Commerce (ITC), External Affairs, and others which have an impact on export trade), b) the design and implementation of government support programs (principally within ITC), and c) the monitoring of performance based on the policies agreed by the Board.

The majority of Board members would be private sector executives, diverse both in terms of industry sector and geographic region; others would be heads of the major governmental agencies, corporations and departments involved in export trade. The Board would be chaired by a private sector executive and would report to the Minister of Industry, Trade and Commerce through whom the funds for export services are voted. Provincial co-ordination would be achieved through the geographic diversity of private sector Board members, selected with provincial government consultation, and through meetings of the Board with appropriate provincial government officers.

The need for improved co-ordination of Canada's activities abroad is urgent, and this recommendation has the vigorous support of the Committee....

Tax incentives

...The kinds of incentives envisaged include measures to reduce or defer the payment of income tax on export earnings, better carry-forward and carry-back provisions, and more liberal tax treatment of Canadians working abroad in the interests of Canadian trade. Because of the complex nature of this specialized area, the Committee recommends the formation of a government-industry task force to examine it further....

The Committee recommends that greater incentive be provided through the tax system for firms manufacturing in Canada to design, develop and market

their own unique products. The intent in so recommending is to promote the development of more exportable products on the one hand, and on the other to build the technology needed domestically for effective import displacement.

Export marketing

...Economic and trade considerations should be given greater weight in Canadian foreign policy and in the priorities of Canadian missions abroad. The Trade Commissioner Service has not grown appreciably over the past decade, and a greater proportion of government expenditures should be devoted to it.... The Committee endorses the development in recent years of greater trade and economic knowledge on the part of Canada's ambassadors. It urges that the process be encouraged further....

In the area of trade promotion, the Committee would like to see foreign posts opened faster in areas of sudden commercial significance to Canadian firms, even though diplomatic links may have to be deferred. Trade commissioners should receive longer postings, should specialize in a particular region of the world and should develop special knowledge of Canadian competence in the key industries of their regions during their recall periods....

Financing and insurance

...The Committee's opinion is that the government should ensure that the Export Development Corporation has access to funds which permit the effective cost of its offers to finance to be internationally competitive, especially in five- to 12-year term loans; and that when significant Canadian export business is at risk, EDC is able to match competitive financing by utilizing concessional rates. To make this possible, EDC should utilize its present profit margins and engage in linked parallel financing with CIDA. In addition, the Committee believes it would be useful if consideration were to be given to the issue of tax-exempt bonds in Canada to raise loan funds for EDC at rates which would enable them to compete more effectively.

A number of additional financing services are needed by Canadian exporters, and the Committee would like to see EDC offer them. These include: a) one- to five-year term fixed rate export financing (could be handled through Canadian commercial banks with EDC guarantee);

b) more flexible and broader insurance coverage, including partial cost escalation and currency fluctuation insurance; and c) earlier entry by EDC into the negotiating process with foreign customers. If government subsidy of EDC is necessary to achieve and maintain international competitiveness in financing services, such subsidy should be given....

Trade and aid

Canada's aid policy should be more closely related to what Canadian firms and institutions are able to deliver competitively....

The Committee strongly recommends a fundamental shift in the priorities of the Canadian International Development Agency to do fewer things more thoroughly and with broader involvement of Canadian firms. The thrust of the present administration towards a better trade-aid interface is welcomed. Specifically, a smaller percentage of the aid budget should be multilateral and more Canadians should be placed in the multilateral agencies to insure Canada gets a reasonable share of the work.

Bilateral aid should be more sharply focused to fewer countries and should be tied to Canadian output using Canadian skills and technology wherever possible, or using the project to help develop them. CIDA staff should be deployed more extensively in the field (identifying projects) and in developing sectorial expertise in conjunction with ITC....

The need for improved co-ordination is perhaps greatest between CIDA and EDC in the area of linked parallel financing. The Committee feels there is a strong likelihood that this type of financing will become more common in the future. Canada needs to move swiftly to ensure that Canadian firms are in a competitive position when faced with credit-mixte financing from their competitors. To avoid possible delays, the lead role in negotiating parallel financing arrangements should be taken by EDC. The creation of the Export Trade Development Board recommended earlier should help to avoid the past divergence between Canada's aid policies and her commercial capability.

Capital projects abroad

If Canada is to share in the growing proportion of world trade arising in the form of major turnkey capital projects, there is need for consistent high level ministerial

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