

A new unit has been created to concentrate on the special needs of SMEs in export markets to ensure that all trade promotion services appropriately reflect those needs. The unit will be conscious, as well, of the special requirements of women, Aboriginal and young entrepreneurs, and will examine means to bring these new constituents into the export fold.

In the international context, Canada's International Business Strategy has been refocused to concentrate on priority sectors and their key markets. Major access impediments will be identified and strategies developed to deal with them as part of a comprehensive market development plan for each priority country. The private sector and the provinces will be actively involved as members of National Sector Teams who will lead the process.

Increasing Market Share in Key Emerging and Fast Growth Markets

While Canada has experienced impressive expansion of trade in the past 5 years, much of the growth is concentrated in a limited number of markets and sectors. Dependence on the US market has grown to over 80% of all exports; our goods exports are highly concentrated in certain key sectors (resources 40% and automotive 23%); and export gains have been concentrated in sectors already experiencing the best net performance. At the same time, we have lost market share in many of the rapidly growing markets in the world.

The following chart shows that, despite our collective endeavors, we are losing ground to our foreign competitors in a number of major markets: particularly India, Brazil, and Japan.

While diversifying exports, we should not downplay or undercut our success in existing markets and sectors such as the USA where, after ten years of free trade, our market share in the world's richest market is the envy of every major trading nation. Initial success in the USA market can be a springboard to other markets. On the other hand, concentrated exposure to a single market makes us vulnerable, in this case to the US business cycle and to the Canada/US dollar exchange rate.

Declining government resources for trade support poses a difficult programming choice: whether to allocate resources to where short-term results are more readily achieved (the USA and Western Europe), or deploy them to newer markets which require greater effort for longer-term success.

The Team Canada partnership is heavily engaged in raising awareness of new and expanding opportunities abroad. The focus on APEC Ministerial and Leaders meetings in 1997, and the multiple events undertaken for Canada's Year of Asia Pacific, helped raise awareness of business opportunities in the world's fastest growing regional market. Similarly, the Team Canada mission to Argentina, Brazil, Chile and Mexico and the launch of FTAA negotiations in 1998, help increase interest in Latin America, another fast-growing region.

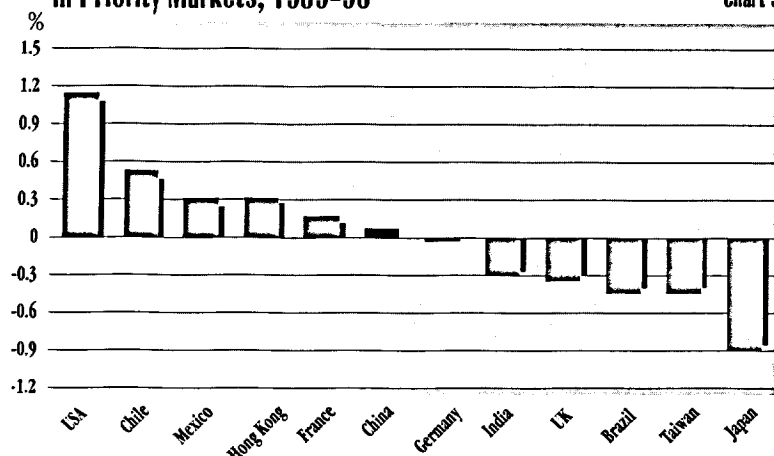
To respond to these initiatives and to the increased exporter interest they will generate, we intend to increase the number of Trade Commissioners abroad by transferring positions from headquarters. We are also redeploying Trade Commissioners in the field from low- to high-priority posts and exploring the legalities of hiring locally engaged commercial officers on a term basis to give us more flexibility in allocating resources in response to market pressures.

New units (a Global Opportunities: GO Team of Trade Commissioners and an Advocacy Unit) will focus on "rapid response" capability to capitalize on short-term trade opportunities in key emerging markets, and on providing political advocacy support for Canadian firms pursuing selected international projects and business deals.

Starting with a series of cost-shared pilot projects, an important element in our strategy will be to build partnerships with trade and industry associations and multi cultural communities to leverage their international experience. The Team Canada trade missions provide a good example of the partnership approach. The Prime Minister, supported by provincial premiers, has led three missions to Asia and two to Latin America, bringing home \$24 billion in business deals since 1994, and helping open the world's fastest-growing markets to Canadian

Change in the Share of Canadian Exports in Priority Markets, 1989-95

Chart 3



Source: DFAIT (1997)