

2. Increasing the number of exporters

Merely increasing exports is not enough. Despite our impressive trade statistics, Canada has a very narrow export base, with a low participation rate among small and medium-sized enterprises (SMEs). The top five exporters account for 21 percent of our exports, and less than 10 percent of SMEs export at all. At the same time, however, the number of SMEs continues to rise steadily: in the past five years, they have been responsible for between 80 and 90 percent of all job creation in Canada.

To promote further business expansion and job creation, we need to focus on the number of Canadian exporters and help more small businesses become internationally competitive and export-oriented. For example, to capitalize on the phenomenal growth in on-line business and the opportunities it presents for world trade in electronic commerce products and services, we must strengthen our efforts to engage smaller firms in export activity in the knowledge-based and service sectors. New export constituencies such as youth, women, aboriginals and immigrants are an important part of Canada's SME community and must also be engaged in this process. For example, recent research by the Department of Foreign Affairs and International Trade and Industry Canada shows that, of the estimated 86 100 small and medium-sized exporters, 34 400 are owned wholly or jointly by women.

3. Broadening Canada's export product range

To continue meeting the needs of business, the Government of Canada must broaden the range of services it offers – providing, for example, specific information and market intelligence to meet the unique requirements of knowledge- and technology-based exporters. Exports are shifting from goods to services, and from primary products to value-added products. Government must pursue new partnerships and develop innovative programs and services that will help accelerate the shift towards value-added exports.

4. Exporting beyond the U.S. market

Over 80 percent of Canada's exports go to the U.S. – a figure that has increased due to the continued robust performance of that economy, the depreciation of the Canadian dollar and the downturn in Asian and Latin American economies. While the U.S. market will always remain critically important to Canada, the government needs to do more to help diversify Canada's trade base by targeting emerging high-growth markets that offer lucrative opportunities

for Canadian goods and services; by promoting these markets to Canadian businesses; and by working with export-prepared firms to take advantage of these opportunities.

5. Improving our share of global investment

Canada is highly integrated in the global economy. Its continued economic well-being is highly dependent on both FDI into Canada by foreign-owned enterprises, and increasingly on FDI out of Canada by Canadian-owned companies. However, between 1980 and 1996, Canada's share of both inward- and outward-FDI fell as we sustained the largest drop among G-7 countries in our share of global FDI-in from 11 percent in 1980 to 4 percent in 1996. This occurred amidst a seven-fold rise in global FDI-in levels.

Global Product Mandates (GPMs), under which subsidiaries undertake a range of activities for the world market, are fundamental to the long-term growth prospects of transnational corporations (TNCs). These are becoming increasingly common as TNCs rationalize and merge their operations. Securing and maintaining GPMs is therefore critical to reversing the erosion of FDI into Canada.

However, although Canada is a net exporter of FDI-out, our share of global FDI-out has actually fallen, from 4.4 percent to 3.5 percent. FDI-out is essential to ensuring Canada's competitiveness. By enhancing our presence in foreign markets it contributes to the growth of the Canadian economy, helps protect the domestic economy against the effects of cyclical downturns, and enables Canadian companies to participate in the globalization of business.

6. Exploiting the potential of Team Canada missions

Team Canada missions have proven to be an effective tool to market Canadian products and services to the world's fastest-growing markets, and to raise awareness in Canada of the importance of trade to job creation and economic growth. To strengthen trade promotion and help increase our exports of goods and services, we must build on this cooperative model and expand the Team Canada partnership between the public and private sectors.