

In this highly competitive market environment, the Credit Grain Sales Program continued to be an important tool in facilitating export sales of mainly Canadian Wheat Board grains. In 1985-86, 2.8 million tonnes of grain were exported under credit agreements to seven countries. The Bureau participated in the government's review of the adequacy of export financing for agricultural products generally. In response to the findings of the review, government-guaranteed short- and medium-term agriculture credit programs were established by the Export Development Corporation (EDC) which can be used for non-Board grains, oilseeds, oils and meals, as well as other agricultural products.

The Canadian International Grains Institute made significant contributions to the maintenance and development of domestic and foreign markets for grains and oilseeds and products. Financed by the Bureau and the Canadian Wheat Board, it conducted 16 instructional courses in Canada and abroad for 280 foreign participants from existing and potential customer countries and for Canadian personnel working in the grains and oilseeds sector.

Bilateral discussions were held with the United States on grains and oilseeds issues of mutual interest, including the impact of the US *Food Security Act, 1985* and the US Export Enhancement Program. Canada also engaged in regular semi-annual consultations with the EEC, as well as discussions on specific bilateral grains and oilseeds issues.

Canada assumed the Chairmanship of the International Wheat Council for 1985-86. During the year, a new International Wheat Agreement was negotiated, in which Canada continues as a signatory.

### **Defence programs**

The Defence Programs Bureau continued to concentrate on assisting Canadian manufacturers of defence and related high-technology products by enhancing their access to international markets and assisting them to expand exports — primarily to the United States, Europe and the Pacific Rim.

As a result of the Quebec Summit in March 1985, a declaration on international security stimulated the defence partnership between Canada and the United States. This partnership included Defence Development and Defence Production Sharing Agreements (DD-DPSA) such as the North American Air Defence Modernization Program, which resulted in multi-million dollar contracts to Canadian industry for the communications and facilities segments of the North Warning System.

A number of special defence marketing initiatives in line with the National Trade Strategy emanated from the Summit declaration. They involved informing the Canadian industry of the opportunities in the US high-technology defence market through 24 briefings across Canada to 310 Canadian companies; making US military decision makers aware that they could look to Canada to supply the United States with defence equipment as a result of the DD-DPSA, as undertaken by Canadian executives of 24 companies to 86 US Navy decision makers in Washington and New London, Connecticut; and finally making sure that US prime contractors knew of the special arrangements enabling Canadian companies to participate in US defence procurement programs by means of a video entitled "Good Neighbours — Good Partners" which involved 53 presentations to more than 1 000 senior American military and industry representatives.

Bureau officials also worked to increase market access for the Canadian defence industry in other countries. Acting both directly and with the industry, they arranged meetings with NATO organizations concerned with their future defence requirements, ensuring that Canadian industry received opportunities to bid on NATO infrastructural requirements. Their involvement in the international trade and foreign relations aspects of Canadian defence procurements resulted in Canadian industrial participation arising from bilateral and multilateral co-operative defence research, development and production (RDP) agreements with eight European nations, as well as input to the DD-DPSA. Finally, they arranged missions in connection with RDP agreements and facilitated visits by potential buyers from France and Brazil, while also conducting market research in North Africa, Asia and the Pacific Rim in order to provide a coherent plan for pursuing opportunities for defence and high technology exports there.

A major milestone in the CL-289 Surveillance Drone System was marked with the signing of a Pre-production Memorandum of Understanding with France and West Germany to develop a collaborative program authorizing the selected contractors from each country to build tooling and test equipment for the production of systems to be delivered to the French and West German armies in the late 1980s.

The 24th Annual High-technology Show Industries Export Conference involved 450 representatives from 270 Canadian companies and 81 representatives from foreign posts, Crown Corporations and other government departments in some 5 000 interviews.

The past year saw the continued growth of exports for defence and defence-related products, with total exports reaching almost \$2.0 billion, all but \$259.0 million to the United States.

### **Technology and science**

The central importance of technology to Canada's economic prospects is becoming increasingly recognized in government policies and programs. By international comparison, however, Canada is still a very small producer, spending only half as much on science and technology as our main competitors, and currently registering a \$12-billion trade deficit in high-technology goods. Solving this problem will be difficult and complicated; but one vital step is to increase the acquisition of the latest technologies by the Canadian private sector from foreign sources.

As noted by the National Research Council in testimony before the House of Commons Committee on Research, Science and Technology, "only 1 250 Canadian firms, most of them small, out of 50 000 that are technologically dependent, do any research and development. This is only 2.5 per cent of the total. Therefore 97.5 per cent of our firms do none (R&D)."

The products and services of firms that do perform research and development, however, rank second to none in the world. Furthermore, many of those that do not conduct research and development nevertheless must use the best available technology for their products to remain competitive in world markets.

This simple overview of Canada's dependence on technology and the critical impact of science on technology-based competitiveness accounts for the increasing emphasis on technology and science in Canada's international affairs. These