

Aid Trade Relationships (Chairman: Max Drouin)

The Board welcomed the announcement in the March Budget that up to half of the planned growth in Canada's official development assistance will be allocated to an Aid-Trade Fund which will be used to support an expanded role for companies exporting to or operating in developing countries. This is viewed as a very positive step to increase aid, and at the same time, enlarge exports and so create more jobs in Canada.

The Board supports this objective very strongly. It intends to consult with other representatives of the private sector, including both labour and management, in order to develop recommendations regarding implementation and including the role that might be played by the Export Development Corporation in this regard. In general, the Board feels that this is an important move to assist economic development in third world countries. It believes that the fund should be focussed on areas where Canadian equipment, services and commodities meet real needs which cannot be supplied from local resources.

The Board noted with approval the recent formation within the Canadian International Development Agency (CIDA) of a Business Co-operation Branch to provide a more effective interface with the business community by providing a focal point for policy development on such issues as the Aid-Trade Fund, liaison functions and the industrial co-operation program. These developments follow closely recommendations made earlier by the Board regarding administration of Canada's aid program.

The Board has been concerned for some time that the procurement record of Canadian firms with the international financial institutions (IFIs), such as the World Bank and Asian Development Bank, has been low in relation to the funding provided these institutions. Recent studies show that Canada placed between 7th and 12th in procurement obtained, while this country's contribution levels ranged from 2nd to 7th. Canada's ratio of procurement to contribution averaged only 66 cents on the dollar, while most competitor countries in Europe and Japan, achieved ratios of between \$3.46 and \$2.04 respectively. The reasons for such relatively poor performance by Canadian firms are being investigated to determine if changes to this country's method of contribution (e.g., more co-financing of projects with CIDA funds) and staffing with the international institutions could result in improvements in Canada's IFI procurement performance.

Programs and Services of Competitor Countries
(Chairman: Marcel Desjardins)

The need for Canadian companies to be supported in export markets by government programs and services that are competitive with those offered by governments of other developed economies is generally accepted. The degree to which this occurs has been the subject of study during the last year.
