

forms of compensatory trade in dealing with developing countries and state trading countries; re-examining the role of trading corporations, including in project management; promoting acceptance of Canadian standards abroad and mutual recognition of testing and certifying capability; developing regional export marketing strategies in cooperation with the provinces; maintaining close liaison and consultation with provincial governments in ongoing export development activities; and examining possible overlaps between federal and provincial export development programmes.

Major challenges facing export marketing efforts will be to ensure that support services respond to the needs of small and medium-sized firms and that programme delivery services (e.g., PEMD) are decentralized to the extent possible. Considerably more effort is needed to assist Canadian companies to take advantage of new markets opened by GATT Agreements such as those related to government procurement, and technical barriers to trade. In addition, Canadian access to foreign technologies and knowledge either in the form of commercial licensing arrangements or industrial and technological cooperation, will become of increasing importance.

b) *Providing Competitive Financing*

The whole question of export credits will be of considerable importance, particularly for advanced-technology products and capital equipment. Officially supported export credits have become a major competitive factor in the international marketplace, but, unless this practice is better contained, it may result in ruinous competition among national treasuries. There is no way that Canada can win in an outright competition with the treasuries of the USA or France.

Canada is participating actively in international discussions to contain the subsidy element in export financing and to improve the current consensus arrangement in the OECD. Until such international order can be restored, Canada's limited fiscal capacity to provide export credit subsidies must be carefully directed towards export opportunities which have long-term developmental potential for Canadian industry. In addition, there is room to increase the participation of private financial institutions in export trade financing, as well as a greater integration of private banks with EDC financing facilities. EDC financing facilities must be made as accessible as possible to small and medium-sized businesses. Canada's limited fiscal resources can also be stretched by encouraging joint financing of projects abroad with the export financing facilities of other countries sharing in the exports.

c) *Developing Trade through Aid*

An easily forgotten aspect of the federal government's trade promotion programmes is the more than one billion dollars of aid channelled annually through the Canadian International Development Agency. While the link between aid and trade is indirect, it is nonetheless real and Canadians should so regard it. Providing aid merely to advance the fortunes of particular Canadian exporters would be to misconstrue the purpose of aid. It would be equally unfortunate to give out aid in a form that denies the prospect of creating future markets for Canadian goods and services. This means that Canada should not foist aid on developing countries in the form of