International Business Development Priorities

International Business Promotion

To help Canadian firms capture global market opportunities, the federal government is working to:

- strengthen and expand Team Canada partnerships;
- fully use the combined private- and public-sector expertise to be found in the National Sector Teams (NSTs);
- increase the number of exporting SMEs; and
- broaden Canada's trade, technology and investment relations beyond traditional markets to other fast-growing regions of the world.

The Trade Commissioner Service is a key element in the government's business development programs and strategies, and efforts will continue to improve the Service's ability to gather and disseminate market information and intelligence.

Investment Development

Canada depends on international capital to finance a significant proportion of its economic development. Today, more than 1.3 million Canadian jobs (1 in 10), more than 50 percent of total exports, and 75 percent of manufacturing exports can be directly attributed to foreign direct investment (FDI) in Canada. It is also estimated that 22 percent of jobs in Canada are indirectly attributed to FDI. The attraction of international business investment is, therefore, a core objective of Canada's foreign policy; it is, moreover, a critical element in the government's Jobs Strategy.

To meet this challenge, the Government of Canada has adopted a new investment strategy that seeks to increase Canada's global share of inward FDI, which has declined in recent years. This strategy consists of five elements:

- marketing Canada's advantages as an international investment site to decision makers of international companies;
- targeting specific multinational enterprises (MNEs) in priority sectors, to attract new investment and to facilitate the retention and expansion of existing investments;
- helping more Canadian SMEs to grow through international investment partnerships;
- addressing those factors in Canada's investment climate that are of concern to investors or that represent a comparative disadvantage vis-à-vis competing jurisdictions; and
- building new partnerships to attract and retain investment in Canada across all levels of government and the private sector.

Science and Technology

Canadian companies contribute to and benefit from ready access to worldwide scientific and technological knowledge and world-class process and product technology. Participation in international initiatives based on science and technology (S&T), including research and development (R&D) and standards setting, also encourages firms to innovate, thereby contributing to wealth creation and, more generally, enhancing the quality of life in Canada.

The government's main S&T objectives, as outlined in the federal S&T strategy, include sustainable wealth and job creation. In an international business context, one main element is supporting and enhancing the global performance of Canadian SMEs. To this end, a number of initiatives will be pursued to promote R&D, S&T co-operation, and technology acquisition and dissemination. Federal departments and agencies will refine their strategies to promote international S&T collaboration and to gather and disseminate international S&T intelligence more effectively.

Trade Policy Priorities

Managing the Canada-U.S. Economic Relationship

Canada's economic relationship with the United States remains the most complex and substantial among any two countries in the world. Managing this relationship must therefore remain Canada's chief trade and economic policy priority.

While the overall Canada-U.S. relationship has been extremely positive, continued vigilance is needed to defend Canadian interests. The government will continue to focus on resolving any contentious issues that may arise between the two countries.

Canada attaches a high priority to finding solutions that reduce the possibility of disputes with the U.S. concerning such perennial issues as subsidies, dumping and the operation of trade remedy laws regarding such practices. Through advocacy and coalition building, it will attempt to create a positive climate for change.

One of Canada's key interests in managing its economic relationship with the United States is to ensure that Canadian businesses take full advantage of the opportunities offered by the U.S. marketplace and, in particular, its demands for a broad variety of high-technology goods and services.

Establishing an Effective World Trade Organization

The federal government supports the full and effective implementation of the World Trade Organization (WTO) agreements. To this end, Canada seeks to reinforce the WTO as a strong, credible and transparent rules-based institution capable of overseeing the operation of the multilateral trading system and conducting multilateral negotiations.

Other priorities include monitoring and, where possible, accelerating the implementation of the Uruguay Round agreements, and preparing for WTO negotiations in a number of new areas, such as investment and competition policy.

Improving International Rules Governing Foreign Direct Investment and Anti-competitive Behaviour

Canada will continue to pursue a "multi-track" strategy to improve international rules governing FDI and anti-competitive practices. This strategy involves negotiating new bilateral foreign investment protection agreements (FIPAs) with developing countries and economies in transition; pursuing negotiations on a multilateral agreement on investment; and encouraging greater vigilance regarding the anti-competitive actions of large multinational firms.

Widening Canada's Network of Free Trade Partners

The federal government will continue to widen Canada's network of free trade partners and improve market access for Canadian exporters. This objective is being pursued within the context of the North American Free Trade Agreement (NAFTA), the Free Trade Agreement of the Americas (FTAA), the Asia-Pacific Economic Cooperation (APEC) forum and the WTO.

The governments of Canada and Chile have reached a bilateral free trade agreement that will facilitate Chile's eventual accession to the NAFTA. Moreover, in December 1994, leaders of 34 countries agreed that the FTAA should be negotiated by 2005.

The Canada-Israel Free Trade Agreement was signed on July 31, 1996. The agreement will allow duty-free access to each other's markets for industrial goods. Implementation of the Agreement is scheduled for January 1, 1997.

In 1997, Canada will serve as chair of the APEC forum. Throughout the year, Canada will be responsible for advancing APEC's trade and investment liberalization agenda and, in particular, will aggressively pursue the 1994 commitment of APEC leaders to establish free trade in Asia-Pacific by 2020.

Similarly, opportunities to build stronger ties with the European Union (EU) are being addressed. Within this context, Canada will continue to press for further trade and investment liberalization across the Atlantic, leading to eventual trans-atlantic free trade.