

3

STRATEGY

3.1 OVERVIEW

Canadian prosperity and employment are prime objectives of the Government of Canada's foreign policy. To achieve these, the government intends to pursue several initiatives over the next few years as part of its international business strategy. Initiatives will fall in four main areas: market access, export capability and preparedness, international market development, and investment development.

Since relatively few Canadian firms export, our initiatives aim to increase the number of SME exporters as well as the volumes of existing exporters. To succeed internationally, SMEs require improved access to financing and timely market intelligence. The government is looking to the private sector and to its own agencies to facilitate SME access to financing; but lack of market intelligence is still a major impediment to potential exporters.

To overcome this barrier, the government will continue to improve services delivered by the International Business Opportunities Centre, created to respond to specific trade leads identified by posts abroad. As well, Team Canada Inc's web site ExportSource provides SMEs with international business information, and the Agri-Food Trade Service Online provides agri-food exporters with trade and market information relevant to the sector. It is also expected that the government will continue to lead Team Canada missions abroad, providing more opportunities for Canadian exporters to win potential contracts.

The government's strategy, developed in consultation with industry, is to improve our international economic performance by expanding Canada's trade base and becoming a location of choice for global investment. The centrepiece of this strategy is Team Canada Inc, which provides better service to Canadian businesses by integrating IBD functions across various government departments and with other levels of government. By tapping into the federal government's international network of trade officials, it serves as an information resource centre for Canadian firms.

Further trade policy priorities include:

- managing the Canada-U.S. economy relationship;
- strengthening the World Trade Organization as an institution capable of overseeing the operation of the multilateral trading system and conducting multilateral negotiations while providing a stable, transparent, rules-based international trading climate;
- expanding the network of free trade partners;
- improving international rules governing foreign direct investment and anti-competitive behaviour.

For decades, the government has played an active role in international trade and investment, balancing the many considerations that have led to current policies and programming. The government is already committed to several elements of its policy agenda for the future, such as the WTO agricultural and services negotiations in 1999. Moreover, Canadian policy is already strongly committed to supporting international business development. Rather than endeavouring to change the direction of Canadian IBD policy, many of the strategic options focus on questions of scope, resources, process and timing, while meeting domestic policy concerns as effectively as possible. The top priority is to expand and defend Canada's international business interests.

3.2 MARKET ACCESS

3.2.1 INITIATIVES

Canada's access to foreign markets is dependent on a rules-based system that provides the certainty and predictability to enable long-term business planning. Before investors will commit to plants, equipment, services, and production investments, they need to have secure access to markets. At the same time, increased import penetration and inward investment ensures competition at home that leads to competitiveness abroad for Canadian firms.