

through a rekindled "third option." Such sovereignty, even if it were economically desirable, is to some extent illusory in an increasingly interdependent world. On the contrary, Canada's role in the FTA [Free Trade Agreement] and now the NAFTA should be translated into a competitive advantage -- by encouraging greater economies of scale, by facilitating mutually beneficial sourcing and networks, and by helping Canadians to build globally competitive industries. It is essential that we view our North American base not as a buffer against international competition, but as a springboard into a rapidly expanding global economy.

Trade agreements open doors. Our trade development activities help companies walk through them. In fact, in the emerging economies of the Asia-Pacific region or Latin America, the goal of establishing an institutional foothold in these markets and constructing strong business linkages or alliances is at least as important as formal trade agreements.

Thus, as the second part of our trade strategy, we must also devise ways to target government programs and resources more effectively to assist Canadian companies to reach into key markets.

Of particular concern to this government is the role of small and medium-sized enterprises, which have the potential to be the growth engines of the future, but often lack the critical mass, the financial resources, or the technical expertise to penetrate foreign markets. Building stronger linkages with the private sector, improving the delivery of market information, better co-ordinating government programs, and further leveraging domestic financial resources -- all of these issues are now on the table.

Upon entering office, we have found instances of duplication, overlap and confused mandates that can undermine efforts of our exporters to compete. We intend to correct such shortcomings and build a single, integrated program that addresses issues such as the timeliness and dissemination of market intelligence, the need to reform the mechanisms now in place that provide export financing, and the promotion of mutually beneficial science and technology co-operation between Canadian and foreign companies. We have to find ways of doing things better, both because good fiscal accountability demands it, and because budgetary realities oblige all of us to act responsibly as well as creatively.

Moreover, we intend to develop this program through a much closer and more active partnership with the provincial governments and the private sector. This process, and the foreign policy consultations now launched, will assist us in identifying the appropriate tools and in strengthening program delivery. During the course of 1994, I shall announce the concrete results emerging from the consultations in which we are now engaged.

By adopting a more market-driven approach to trade development -- one that sees government as an export facilitator rather than an