

While diversifying exports, we should not downplay or undercut our success in existing markets and mature sectors such as the U.S. – where, after ten years of free trade, our market share of the world's richest market is the envy of every major trading nation. Initial success in U.S. regional markets can strengthen competitiveness and confidence, and can act as a springboard to ventures in offshore markets. On the other hand, concentrated exposure to a single market makes us vulnerable – in this case to the U.S. business cycle and to the Canada/U.S. dollar exchange rate.

Declining government resources for trade support require a difficult program choice: whether to allocate resources to where short-term results are more readily achieved (the U.S.), or to deploy them to newer markets which require greater effort for longer-term success.

The Team Canada partnership is heavily engaged in raising awareness of new and expanding opportunities abroad. In 1999-2000, a series of high profile Inter-American summit meetings hosted by Canada will continue to expand awareness of business opportunities in Latin America. This builds on the Team Canada mission to Argentina, Brazil, Chile and Mexico and the launch of FTAA negotiations in 1998, which helped increase interest in one of the world's high-potential emerging regions.

To respond to these initiatives, and to the increased exporter interest they will generate, we intend to increase the number of Trade Commissioners abroad by transferring positions from headquarters and sponsoring Global Opportunities (GO) Teams. The ultimate objective is to attain a 70:30 deployment ratio between our offices abroad and Canada. We are also redeploying Trade Commissioners in the field from low- to high-priority posts, and are exploring the legalities of hiring locally-engaged commercial officers on a term basis to give us more flexibility in allocating resources in response to market pressures. To sustain such a shift of IBD staff to the field, new net resources will be necessary.

A second tier of major emerging markets has been identified and added to the list of key priority markets. Starting with a series of cost-shared pilot projects, an important element in our strategy will be to build partnerships with trade and industry associations and multi-cultural communities to leverage their international experience. The Team Canada trade missions provide a good example of the partnership approach. The Prime Minister, supported by provincial premiers, has led three missions to Asia and two to Latin America, bringing home \$24 billion in business deals since 1994, and helping open the world's fastest-growing markets to Canadian business.

The missions represent a significant investment by both government and the private sector. They are highly visible and they work. For this reason, a Team Canada Mission Unit has been established to plan and coordinate all related events and to develop a longer-term strategic approach to such missions (timing, destinations, themes, participation, pre- and post-mission activities). The next Team Canada trade mission is scheduled to visit Japan in the autumn of 1999.

In the international context, Canada's International Business Strategy has been refocused to concentrate on more targeted priority sectors and their key markets. Major impediments to access will be identified, and strategies developed to deal with them as part of a comprehensive market development plan for each priority country. This national approach is harnessed at the sectoral level through a more refined, better-coordinated strategy that will help to coordinate sector stakeholders' IBD efforts. Private sector members join public sector representatives at both the federal and provincial level to develop and implement coordinated, sectoral IBD strategies and action plans. Through extensive consultation among team members and Canada's Trade Commissioners abroad, future plans and activities are identified that reflect the interests of Canadian companies, ensure focused and coordinated use of IBD resources, and match Canadian capabilities with foreign opportunities. The streamlined and more appropriately resourced planning framework allows resources to be directed wherever opportunities for Canada are greatest. This networked approach helps TCI to set macro, program and sector-specific objectives in conjunction with the private sector.

#### **□ Broadening the Export Product Range**

An efficient and effective trade development program must remain consistent with the changing composition of Canadian exports. Over the past 32 years, resource-based exports fell from 43 percent to 18 percent as a proportion of total merchandise exports. Meanwhile, end products (including high tech) and semi-manufactures increased from 57 percent to 82 percent. At the same time, Canada's exported commercial services (telecoms; computer and information services; insurance and financial services; and engineering, architectural and other services) expanded from 20 percent of the total in 1969 to 37 percent in 1994. The shift away from a resource-based to a more advanced economy is set to continue as Canada's foreign trade pattern moves towards a post-industrial, knowledge-based economy.