

LISTENING TO THE SME EXPORTER

(A description of all key parties involved in the SME Exporter Action Plan is attached as Annex I).

It is recognized that in today's environment the growth of small and medium-sized enterprises (SMEs) will be critical to Canada's economic growth. Further, this economic growth will continue to be export led.

SMEs are a vital national resource, the fastest growing component of the economy, the most knowledge-intensive, the most responsive to rapid change, and the largest creator of new jobs. During the 1980s, firms with fewer than 100 employees created over 2.3 million net new jobs, or 87% of the total growth in employment. In this decade, they have the potential to perform even more impressively.

However, the job- and wealth-creating capabilities of SMEs will not be fully utilized until SMEs become more actively engaged in exporting.

Yet, the voice of business has been clearly delivering the message that more could be done both by Government and banks to find ways to support businesses, particularly small and medium-sized enterprises, in their exporting efforts.

In order to identify those areas requiring immediate attention in respect to improved support of SMEs, Foreign Affairs and International Trade (DFAIT) and Industry Canada conducted extensive research and analysis on the level of financing available to, and export financing in support of, SMEs.

As described in the Industry Canada report, Financing the New Economy¹, a clearer understanding of the current financing policies and practices of financial institutions was attained through consultative process. The financial institutions approached included the banks and other private sector lenders, public sector lenders such as the Federal Business Development Bank, the Export Development Corporation (EDC), an agency such as the Canadian Commercial Corporation, and provincial agencies.

¹Financing the New Economy, Department of Industry, Toriel, June, 1994