Export sales category	Company count	Share of SMEs
Micro	63 924	74.4 %
Small	13 539	15.71 %
Medium	8 715	10.15 %

Source: Statistics Canada (1995)

Small- and medium-sized exporters reported a total of $21 billion in goods and services exports, representing 8.6 percent of total Canadian exports in 1995. The average SME exporter undertook less than three export transactions per year. Therefore, for the average SME exporter, just one more export sale per year would increase its export activity by 30 percent. The large number of SME firms not currently being served by TCI members represents significant potential for future growth in its client base.

To better track these trends, TCI (in conjunction with Statistics Canada) is developing a statistically reliable annual profile of the Canadian exporting community. The first results, with data for 1993-97, are expected in the fall of 1999. This project will enable TCI to monitor the growth, development and diversification of active Canadian exporters. Expected outputs include estimates of the exporter population by industry, province of origin, firm size, and destination country of exports. Over time, it will be possible to identify the numbers and locations of exporters by municipal concentrations, by size (small, medium or large) and by frequency: regular, sporadic, first-time or new-to-market. In addition, plans are under way to combine this data with other industry-related data – such as financial performance, ownership and control, and employment – to provide a comprehensive picture of Canadian exporter demographics.

This database will be updated annually, and will be used to track the changing trends in the composition and behaviour of the exporting component of the business community. It will complement annual client surveys undertaken by TCI service providers, strengthening efforts to refine and improve the mix of programs and services offered to Canadian business to encourage export expansion.

2.4 Investment

Globalization is increasingly driven by investment flows. During the 1990s, FDI growth was 2.5 times that of exports. Previously, FDI was used to bypass trade barriers, gain access to foreign markets and take advantage of government incentives and cheap labour. Today, FDI decisions focus on locating business functions wherever they are most efficient in a company's global supply network. Thus, the growth in FDI flows is related to the fact that firms rely increasingly on sales from international production, rather than exports, to serve foreign markets. In this sense, trade and investment are increasingly complementary.

There are strong links between Canadian trade and investment: about 40 percent of Canada's exports represent intra-firm trade. More inward investment has a major long-term impact on jobs and growth, boosting export capacity. While foreign direct investment in Canada is at record levels, we are losing global market share to the United States as a destination for such investment. Over the past decade, Canada has lost 6 percentage points of global FDI, while the U.S. has gained 5 points.

Canadian direct investment abroad (CDIA) is increasing faster than FDI, but is concentrated in a very narrow base of companies. There are over 1 300 Canadian-based transnational firms, but only three of the top 100 in the world are Canadian. A 1994 Statistics Canada study found that only 136 firms accounted for almost 90 percent of Canadian direct investment abroad. In the last decade, the growth and value of Canadian direct investment abroad has outpaced that of FDI into Canada. Canada has now joined the group of net capital exporting countries, reflecting the further integration of the Canadian business into the world economy. The destination of Canadian corporate investment abroad has diversified away from the U.S. to Europe, the Pacific Rim and Latin America. This is occurring more and more as a result of Canadian firms entering into strategic alliances through joint ventures, R&D consortia, co-marketing, and cross-licensing agreements. Such partnering delivers competitiveness and productivity benefits to Canadian industry.