

as key trade shows and incoming and outgoing missions will be undertaken to help maintain the presence of Canadian industries in the market.

Small and Medium-sized Enterprises

Most SMEs gain initial international experience by entering the U.S. market. An overriding objective of DFAIT's United States Business Development Program is to continue to increase the participation of SMEs in a wide range of promotional activities. A key element in achieving this objective is the New Exporters to Border States (NEBS) Program, which caters exclusively to SMEs. The program provides not only practical information on the intricacies of exporting but also first-hand exposure to the U.S. marketplace. A solid introduction to the U.S. prepares new exporters to subsequently venture into wider world markets. A key objective is to bring new participants to activities funded by the U.S. Business Development Program. Over the past two years, almost 60 percent of participants were first-time exporters.

Tourism

The formation of the Canadian Tourism Commission (CTC) will present the Canadian tourism industry with additional opportunities for penetrating Canada's most important marketplace, the United States.

In 1994, Canada welcomed 34.8 million visitors from the U.S. with resulting revenue totalling \$5.7 billion. To illustrate the importance of this market, the CTC has dedicated financial resources of over \$19 million to the United States, with additional funding coming from partnering opportunities with the Canadian tourism industry. The U.S. Business Development Program, through its headquarters tourism personnel and missions in the United States, will provide market information and deliver a series of tourism marketing programs and activities on behalf of the CTC and other major Canadian tourism industry players.

Investment

Since 1991, foreign direct investment from the United States has recovered after several years of decline. With \$5.9 billion in foreign direct investment, 1994 marked the best year since 1984. This compares with investment in Canada from countries other than the U.S. of \$3.3 billion.

Canada faces significant competition in the NAFTA market, as U.S. and Mexican jurisdictions conduct aggressive campaigns to attract international investors. The U.S. poses the greatest challenge, as it is typically the first point of comparison for foreign companies considering investing in North America. The challenge is intensified by the increasing willingness of many jurisdictions, especially those in the United States, to offer an expanding variety of investment incentives.

The Investment Development Program will continue to emphasize the promotion of strategic alliances as a means of expanding Canadian firms' export outreach. Additionally, joint R&D activities, research subcontracting and the commercialization of new technologies will be encouraged to foster alliances between centres of excellence on both sides of the border.

Through a more systematic approach and greater co-ordination of the investment component of the Corporate Liaison Program directed at senior U.S. executives, the federal government will attempt to influence the investment decision-making process in favour of Canada.

Priority will be given to fostering a Team Canada approach with provincial and local economic development organizations to support efforts regarding corporate after-care and the retention and expansion of foreign affiliates established in Canada.

Added emphasis will also be given to the Investment Intermediary Program. The annual cost comparative survey of the most attractive Canadian and U.S. business locations and direct contact with U.S. site locators will be prime promotional tools used to enhance Canada's image as an investment location. Similarly, the development of an effective promotion program with venture capitalists and other financial intermediaries will assist Canada's technology-based SMEs in attracting growth capital and strategic support to sustain their development, commercialization and international expansion.

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