

be enhanced by closer attention and understanding by the banks of the needs of trading houses, their methods of operation, and the means available to finance their transactions. The Task Force believes that the banks should consider the development, within their international banking centres, of personnel experienced and knowledgeable about trading house operations. The banks should also re-evaluate their processes for extending credit to trading houses, recognizing that the criteria relating to other sectors, such as manufacturing, are not relevant to companies engaged primarily in the international trading function.

Turning to government measures, the Task Force underlines the fact that in all trading countries there are close links between government and the export community. To maintain and improve Canada's export performance, the same close link needs to be in place between the Canadian government and Canadian exporters.

The most universal problem which we uncovered among the government departments and agencies with whom we discussed the potential for the sector was the lack of awareness of trading house capabilities, and a lingering view that somehow the use of trading houses was a "second best" approach. We would urge all departments and agencies to adopt the proposition that trading houses should receive support and assistance equivalent to that provided to other members of the export community. Part of the problem seems to be the lack of means to identify reputable and competent trading houses. We expect that the proposed organization of trading houses, developed with the kind of accreditation process which we have recommended, will represent a significant step forward in resolving this issue.

In terms of equivalent treatment, the kinds of changes which we identified include selection of trading houses to participate in government-sponsored trade missions, and the circulation of bid opportunities to trading houses by such agencies as the Canadian Commercial Corporation and the Canadian International Development Agency on the same basis as afforded to manufacturers. To assist in efforts to ensure that trading houses receive treatment equivalent to that provided other exporters, we are recommending that the major departments and agencies concerned with the promotion of our exports should establish a focal point within their organizations for contact with the trading house sector.

There are two areas of the government export-support program which in our view were designed with the needs of producers and manufacturers in mind, and which therefore do not respond to the rather different requirements of trading houses.

The first of these is the Export Development Corporation (EDC) insurance services function where the processes do not respond promptly enough or simply enough for the requirements of trading houses, which typically must react to export opportunities quickly, and often with a large number of relatively small transactions. Associated with this is the need we see for EDC programs to be available to encourage the banks to change their credit practices as outlined earlier. Chapter V of the report covers this issue in some detail.

The second area which requires re-evaluation is the Program for Export Market Development (PEMD) under the authority of the Department of External Affairs. Here we recommend the establishment of a specialized Trading House PEMD Program following the precedents of the agricultural and fisheries sections. This program should address the need for trading houses to develop more comprehensive planning procedures by providing ongoing sup-

port, up to some maximum annual amount, for qualified trading houses to pursue sustained market development abroad, and to search out more systematically than their current resources permit, potentially competitive export suppliers in Canadian industry. In this latter activity, encouraging the trading houses to undertake more of this work would help the growth of individual trading houses and at the same time supplement the current activities of government export-support agencies aimed at urging more manufacturing companies to enter the export market.

As we conducted our research, we were struck by the number of Canadian government entities which are engaged directly in export business. In addition to the Canadian Commercial Corporation, examples are the Canadian Dairy Commission, Canagrex, the Canadian Wheat Board, the Freshwater Fish Marketing Corporation, and the Canadian Saltfish Corporation. We recognize that when these groups were established their authority to engage in exports was seen as meeting some public policy objective. Whatever the initial impetus was, we believe that it would be appropriate for the government to review the mandates of these agencies to determine if the original objective still requires the right, or the monopoly, to engage directly in exports. This examination should determine if the original mandate has developed over time in ways which were not originally intended, and which may not be necessary for public policy purposes. If export services are still required, the government should consider if these could not be better provided through contracting with reputable and experienced private sector trading houses as a more efficient way of achieving public purposes. In our view, the diversity of experience in the trading house community could be put to good use in this way.

One issue which came to light during our enquiries, and which is of importance to all Canadian export sectors, and not just the trading house community, relates to the provision through government services of foreign business opportunity leads. We have examined systems, in place in both the U.S. and the U.K., which are based on computerized distribution of information and leads developed widely and systematically by the foreign commercial services of those two countries. We recommend that the government examine these systems with a view to establishing a comparable service for Canadian exporters. It seems vital to us that the government be in a position to offer this information function to Canadian exporters and that it be competitive with that available to exporters in other countries.

The recommendations above, while applicable to all trading houses, have been developed from the perspective of increasing the rate of growth of the smaller, independent, specialized trading houses which, as we outlined earlier, are likely to be able to make a substantial contribution to the export of products from smaller Canadian manufacturers. This is the group within the trading house community which has been affected most by the lack of awareness that we highlighted earlier, and by the "skew" in favour of manufacturers and producers still evident in the attitudes and programs of government departments and agencies. Accelerated growth of these individual trading houses should be a priority objective.

While recognizing that these small companies should be encouraged to grow internally, and accepting that many are independently-minded small business-oriented entrepreneurs, we also believe that members of this group should consider seriously the opportunities among themselves to develop consortia, co-operative marketing programs, and mergers in order to speed the growth of more medium and large-sized trading entities.