to new technologies, markets, capital and skills. Such partnerships are particularly important for technology-based SMEs, which must look to foreign markets early on to maximize their opportunities for growth and profitability.

The government will continue to promote the growth of Canadian-based, globally competitive companies by working to introduce technology-based SMEs to international investment partners and opportunities. Key elements of this program include:

- the existing investment prospecting methodology has marketed Canadian SME capabilities and investment partnering interests to foreign firms primarily in Western Europe. These efforts will be expanded to selected Asian markets and to the United States. Companies will be profiled in sector kits, and their investment-partnering interests promoted abroad through group discussions and private meetings; and
- managing an international financing project to help SMEs from all regions of Canada to attract growth capital and strategic support from international private equity financiers. This project will help SMEs pursue technology development, commercialization and international expansion.

Addressing Investor Concerns: Making Further Improvements in Canada's Investment Climate

All countries are competing to attract new and retain existing international investments. In this atmosphere, a country's business environment or investment climate is of fundamental importance. Many factors determine the attractiveness of the investment climate, including: access to sizable markets; labour force quality and productivity; costs of capital; taxation levels; the business infrastructure; and government economic policies. Other less tangible factors also come into play, such as quality of life and social policies.

In recent years, Canada has done much to strengthen its business climate by improving its fiscal and macro-economic environment, by negotiating improved market access through the NAFTA and the World Trade Organization (WTO), and by facilitating business travel through the Open Skies Agreement. However, impediments still remain when Canada's investment climate is compared to that of its competition. If Canada is to continue to attract the foreign investment it needs, it will need to address systematically and continuously the principal impediments that are identified by existing and potential investors. This will involve deliberate action on the part of the government to:

- measure and assess the extent to which the existing environment can attract and retain investments;
- assess the impact of changes in public policies and in corporate behaviour on Canada's competitiveness as an investment site;
- compare ourselves regularly in priority sectors with our key competitors; and
- identify specific, recurring impediments and take action, including conveying that information to investors, in order to address the impediments that can be reduced or eliminated.

Building Partnerships with the Federal, Provincial and Municipal Governments and the Private Sector to Attract and Retain Investment

All governments compete for investments. In Canada, provincial and municipal authorities compete among themselves for international investment. Investors consider this healthy, but it means that co-operation on investment initiatives is more difficult to achieve unless mutual interest and opportunities for complementary efforts are identified. Under the new strategy, the Prime Minister has sought the support and participation of the provinces, municipalities and selected private-sector CEOs and labour leaders.

Science and Technology

As the globalization of business continues, science and technology become more important to the competitiveness of firms, and to Canada's broader economic and social well-being. Canadian companies benefit both from ready access to worldwide S&T knowledge and world-class process and product technology.

The statement of government S&T policy entitled *Science and Technology for the New Century* summarizes the overall focus and strategy as follows:

"Canada is but one of many players in the world's science and technology effort. In many areas affecting our quality of life, such as the environment, health and the advancement of knowledge, the scale and scope of the S&T effort increasingly require international collaboration among researchers, institutions and governments.

International R&D partnerships provide benefits that extend well beyond commercial or other advantages specific to the partners because the technology is quickly diffused to others, including firms and workers in the same industry. The longer-term effect is to increase the technological capability of industry as a whole.

As an extension of their domestic mandates, federal departments and agencies are developing explicit plans to promote international S&T collaboration for the benefit of Canadian firms. As well, they are evolving specific approaches to gathering and disseminating international S&T intelligence. Our missions abroad have a key role in this enterprise."

The international S&T network, consisting of science and technology counsellors and technology-development officers in missions to the major industrial countries, as well as trade commissioners and commercial officers in other key posts, will be enhanced. This network provides S&T-related services to Canadian firms, both directly and indirectly, through support of science-based departments and agencies. Provincial governments are also involved in developing plans for international S&T collaboration.

Government priorities in this area include:

Acquiring Best-practice Technologies

In the contemporary knowledge-intensive global economy, the use of best-practice technologies is fundamental to a company's success. Businesses that cannot match or exceed the technology benchmarks and capabilities of their competitors often have difficulty marketing their products and/or services. Also, firms need external benchmarks against which they can compare their own processes and operations, and assess their unique efficiencies and capabilities. Such information is essential to developing a strategic plan for long-term growth. Government departments and agencies are therefore continuing to help firms to identify best-practice product and process technologies that can help them compete successfully in international markets.

Improving Technology Intelligence, Acquisition and Dissemination

Firms must be agile and responsive to rapidly changing client needs, market conditions, standards, regulations and technological trends in order to preserve and expand their domestic and export market shares. Canada's technology development officers and commercial officers are therefore more specifically focussing on responding to the needs of Canadian firms — by improving the dissemination of technology intelligence to firms, helping companies to identify and exploit emerging technology and business opportunities, and alerting firms to impending business threats.

Expanding the Canadian Technology Network

The Canadian Technology Network endeavours to provide Canadian SMEs with quick, easy access to a broad array of services that address their technology concerns. As of early 1996, over 300 Canadian member organizations were involved, each of which can help client firms in specific technical or related business areas. Development of an international component of the network will allow members and clients to tap worldwide sources of technologies and business information.

Establishing Industrial Standards

Canada's participation in international standards-setting initiatives is being revised in order to improve dissemination of advanced information to Canadian firms, to provide companies with better opportunities to influence developing international standards, and to facilitate international accreditation of Canadian products.

Expanding Science and Technology Awareness

S&T awareness plays a significant role in the export performance of many SMEs. Technology and foreign perceptions of Canada as a scientific community have a subtle effect on defining the nature and structure of market demand, particularly for intermediate products such as parts and components, which can be important for Canadian