

The paper poses the following questions: How can Canada better consolidate and coordinate its approach in the international business development and trade policy interface in order to maximize Canada's long-term economic interests? How can Canada's public and private sector institutions and agencies better pool their expertise so that a critical mass can be formed to penetrate foreign markets? What do Canadian governments need to do, in light of resource constraints to make sure that Canadian based enterprises have effective access to international markets and can pursue international business opportunities within the new framework of international trade and economic agreements?

THE CONTEXT

In order to provide recommendations on how Canadian international business development efforts could be restructured in the face of the changing nature of trade policy, it is first necessary to understand that the next stage in the evolution of Canada's trade policy will take place against the backdrop of a fast-changing business and economic environment.

Canada's overall international economic performance over the last two decades has been relatively weak. First, although Canada enjoys a diversified economy, world class technologies, a highly educated workforce and an excellent international reputation, its share of world merchandise trade in the last two decades has dropped from 5.2% to 3.6%, as more countries have produced globally competitive products. Not only has Canada lost export market share to rapidly growing emerging economies like China, Korea, Mexico and Taiwan, but since 1989 Canada has lagged behind the major G-7 industrial countries in export share. Some of Canada's weakness in export performance during the 1989-1992 period reflects the weakness of commodity prices in the prolonged global recession of the early 1990s, because Canada performed about as well as, or better than, other G-7 economies in the 1980s and because manufacturing exports to the United States have been relatively strong under the FTA. Nonetheless, unless Canadians expect that there will be another prolonged commodity boom, Canada must expand exports or face pressure on living standards.

In light of the disappointing statistics it is clear that without a significant change in public and private sector approaches to international business development, Canada's declining world market share raises the question of how the Canadian economy will respond to the competitive challenges and take advantage of emerging opportunities resulting from the liberalization of barriers to trade and the stimulus to investment resulting from the North American Free Trade Agreement (NAFTA), and the new World Trade Organization (WTO). Some of the challenges stem from globalization of the world economy.

Globalization

The interpenetration of national economies by trade and direct investment, -- a persistent trend of the postwar economy which accelerated during the 1980s -- has generated the term

16

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11