

private sector organizations, to provide much needed formal international business training.

Fostering SMEs

Such support and assistance are most critical for Canada's thriving small and medium-sized enterprises (SMEs). For well over a decade, SMEs have been the engine of the Canadian economy, creating jobs, while other sectors of the economy were stagnant.

During the 1980s, firms with fewer than 100 employees created over 2.3 million net new jobs, or 87 percent of the total growth in employment in this period.

In the coming months, the government will conduct a comprehensive review of programs aimed at small businesses with a view to encouraging many more SMEs to export. Export promotion services and programs will be reviewed to ensure they are effective and provide "seamless" delivery. Where warranted, the range of services provided will also be broadened.

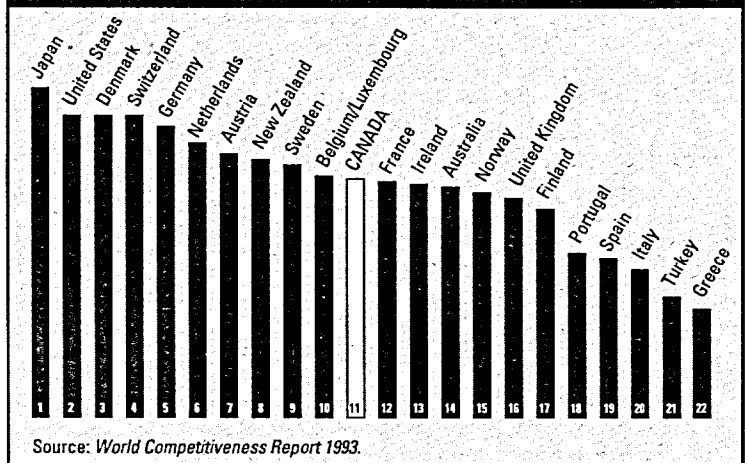
Services firms, which comprise a significant proportion of dynamic SMEs, will also be encouraged to take advantage of new market opportunities. Greater awareness of growing export opportunities, enhanced marketing skills, an expanded ability to finance services receivables and strengthened service sector organizations, should all lead to increased service exports and job growth.

The Domestic Foundation of Competitiveness

The Globalization of Business

The foundations of competitiveness abroad are rooted in the domestic business environment. To compete globally and win, Canadian-made products must combine innovation, quality and competitive prices (Canada's relative ranking in international competitiveness is shown in Figure 3). Sustaining success implies continuous improvements in productivity and technological

Figure 3 — World Economic Forum: An International Competitiveness Report Card



mastery. Canadian companies require a business environment that fosters expanding investment in equipment, people and knowledge.

As the world economy becomes more open and competitive, the distinctions between international and domestic markets become blurred. As barriers to trade are dismantled, to sell domestically means to compete successfully against foreign products, services and ideas.

In the coming months, the government will examine several issues crucial to the competitiveness of all sectors of Canada's economy. We must examine ways to modernize our business framework policies, reform the way we regulate, and adjust our corporate tax regime. Policies relating to corporations, intellectual property, competition law and enforcement practices, bankruptcy laws, consumer policy and issues affecting SMEs will all receive special attention.

The Human Dimension

The human dimension is crucial for sustainable competitive success. In addressing such vital areas as income security, education, skills development and retraining, the government will aim to remove rigidities and disincentives in the labour market and our income support programs.