

LINKING TRADE POLICY AND INTERNATIONAL BUSINESS DEVELOPMENT

In the above discussion we have explained the impact of the domestic and international environments on Canada's international business development and the future challenges for its trade policy. This begs the question: In what ways can the linkage between trade policy and international business development be described in the new global economy? It is clear that the old axiom still holds true: governments set the rules for trade and investment; business trades. However, the changes in the trading rules and in the marketplace are interacting.

Government can play a crucial role at the microeconomic level by helping to close private sector deals. This is more so in difficult, highly protected interventionist markets than in more liberal ones. However, Canadian governments face mounting fiscal constraints which circumscribe their ability to compete in export financing. At the international level, government policy priorities may also determine whether a company can export to certain countries and what it can export (e.g., sanctions on South Africa, Haiti), or whether it can call on concessional financing from the government to compete effectively with a competitor's bid. There is also the question of conditionality - linking trade to the human rights, or the military expenditure, or environmental records of the importing countries (as in the current debate on Canada's trading relationship with China).

The articulation of the increasingly complex interests of Canadian business, which are affected by the trade policy decisions of government, to government is facilitated by a number of permanent private-public sector forums. These include the International Trade Advisory Committees (ITACs), and the Sectoral Advisory Groups on International Trade (SAGITs) which are administered by the Department of Foreign Affairs and International Trade (DFAIT); the trade policy committees of Canada's horizontal business associations (e.g., the International Affairs Committee of the Canadian Chamber of Commerce, the Trade Policy Committee of the Canadian Council for International Business), those of the sector-specific, or vertical, industry associations, and those of provincial governments.

THE ROLE OF THE TRADE COMMISSIONER SERVICE

The Trade Commissioner Service (TCS) is Canada's biggest trade promotion network, with officers in over 100 countries. In 1982, the TCS, previously part of Industry, Trade and Commerce, was amalgamated with the Department of External Affairs. The rationale for the move, foreshadowed by integration earlier in operations abroad, was that foreign policy had to serve broader national interests and, in an increasingly interdependent world, it was detrimental to those national interests if trade development (as it was then known) remained in a domestic department. External Affairs had always had a role in the formation of trade policy, along with the departments of Finance and Industry, and Trade and Commerce. Foreign policy would now include the whole range of Canadian interests overseas - economic, trade, immigration, political, aid, cultural - centralized under one department.