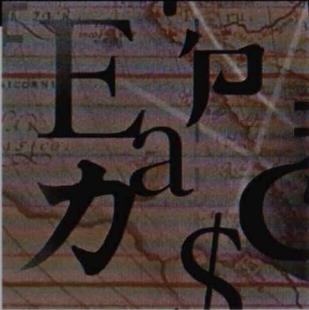
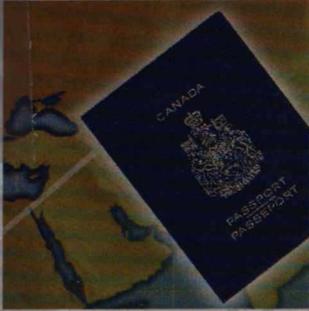


doc  
CA1  
EA673  
B76  
ENG  
1999/2002



Team Canada Inc • Équipe Canada inc



# TEAM CANADA INC

## BUSINESS PLAN

Canada



1 9 9 9 • 2 0 0 2

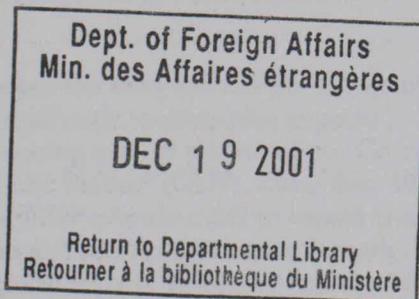


At no time has the Government of Canada been better positioned to offer the business community such comprehensive, strategically coordinated services and program support for international business development as today. As of mid-1999, twenty federal government departments and agencies have joined Team Canada Inc. This partnership will continue to expand as more organizations and departments recognize the benefits of the economies of scale and enhanced recognition that come from working together and marketing single-window access for the business community.

This is the second annual business plan for the Government of Canada's international business development activities. It sets out our trade and investment promotion initiatives for the next three years; our plan for consolidating these efforts for maximum impact; and our planned expansion of the partnership. We are working with the provinces and the private sector to continue finding new ways to use diminished resources wisely, harness our collective strengths, reduce overlap, set priorities, improve market intelligence and sourcing systems, and simplify program and service delivery. This will benefit all businesses, large and small, and Canadians.

The Team Canada approach to international development recognizes that more Canadian businesses will benefit from a trade and investment promotion approach that is less complicated, better coordinated and more accountable. Resources are too scarce, and the global economy too competitive, for service providers to be competing with one another for clients. Instead, we must collaborate to get the right information, service and support to businesses; and we must do it as quickly and efficiently as possible, in a direct, straightforward and easy-access manner. This document details how we intend to achieve these objectives and how we will measure and report on our progress.

Our trade and investment promotion efforts are a critically important element in building Canada's capacity to take full advantage of a rapidly changing global economy. We urge you to review this document, and fax any comments to the Team Canada Inc Secretariat at (613) 944-0120. The document is also available electronically at <http://exportsource.gc.ca>. Businesses looking for more information on the programs and services offered through Team Canada Inc can call 1-888-811-1119.



Honourable Pierre S. Pettigrew  
Minister for International Trade

Honourable John Manley  
Minister of Industry

Honourable Lyle Vanclief  
Minister of Agriculture and Agri-Food

# TABLE OF CONTENTS

## TEAM CANADA INC

### BUSINESS PLAN: 1999-2002

1.	Introduction .....	1
1.1	Strategic Objective .....	1
1.2	Goals and Challenges .....	2
1.3	A Report Card for Canada .....	4
1.4	Setting Objectives .....	5
1.5	The Team Canada Concept .....	5
1.6	Team Canada Inc: Our "Virtual" Trade Promotion Agency .....	7
2.	Planning Environment for 1999-2002 .....	8
2.1	Export Environment .....	8
2.1.1	Overview .....	8
2.1.2	Outlook in Industrialized Countries .....	8
2.1.3	Outlook in Emerging Markets .....	11
2.2	Industry Sector Highlights .....	12
2.3	Composition of the Export Community .....	15
2.4	Investment .....	16
3.	Strategy .....	18
3.1	Overview .....	18
3.2	Market Access .....	18
3.2.1	Initiatives .....	18
3.2.2	Performance Measurement .....	20
3.3	Export Capability and Preparedness .....	20
3.3.1	Initiatives .....	21
3.3.2	Performance Measurement .....	22
3.4	International Market Development .....	23
3.4.1	Initiatives .....	23
3.4.2	Performance Measurement .....	27
3.5	Investment Development .....	27
3.5.1	Initiatives .....	27
3.5.2	Performance Measurement .....	30
Annexes		
1.	Performance Measurement Templates .....	31
2.	Team Canada Inc Products and Services for International Business Development .....	36

# INTRODUCTION

## 1.1 STRATEGIC OBJECTIVE

*The federal government's objective is to create jobs and prosperity by assisting Canadian firms to take full advantage of international business opportunities, and by facilitating the flow of investment and technology.*

Canada relies on trade for jobs and growth more than any other industrialized country. We have a relatively small domestic economy. We need access to the global marketplace to realize our full potential. Every conceivable scenario for the future evolution of Canada's economic and social policy recognizes a significant and growing role for international trade, investment and technology.

- **Foreign direct investment (FDI)** helps create 1.3 million jobs, over half of all exports, and three-quarters of manufacturing exports. Globally as well as in Canada, FDI is growing faster than trade, and is responsible for increasing amounts of international trade. Recent research estimates that over a five-year period, \$1 billion in new FDI creates 45 000 jobs and \$4.5 billion in GDP. The benefits of international investment also include technology transfers and spillovers, international management expertise, production know-how, and product innovation.

### More exports, more growth, more jobs...

Inflation-adjusted export growth and new jobs in Canada, 1993-98

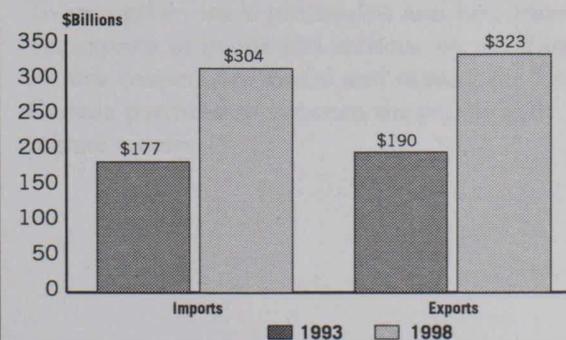
Years	Real total exports to real GDP ratio	Real GDP growth rate	Real total export growth rate	Employment growth (in thousands)	Employment growth rate
1993	29.5%	2.3%	10.9%	173	1.4%
1994	31.8%	4.7%	13.1%	277	2.1%
1995	33.8%	2.6%	8.8%	214	1.6%
1996	35.3%	1.2%	5.9%	170	1.2%
1997	36.7%	3.8%	8.0%	265	1.9%
1998	38.6%	3.0%	8.1%	385	2.8%

Source: DFAIT/Trade and Economic Analysis Division (EET)

- Canada is the most open of the G-7 countries, with total trade (exports plus imports) representing over 78 percent of our Gross Domestic Product (GDP). More than 40 percent of our GDP is attributable to **export trade** (goods and services), and since the early 1990s our global exports have more than doubled. Almost two out of five of the more than 1.4 million jobs created in Canada since 1993 are export-based, and some 3 million workers owe their jobs directly to foreign markets. An analysis conducted by the Government of Canada in 1997 showed that \$1 billion in new exports creates or sustains approximately 11 000 jobs.

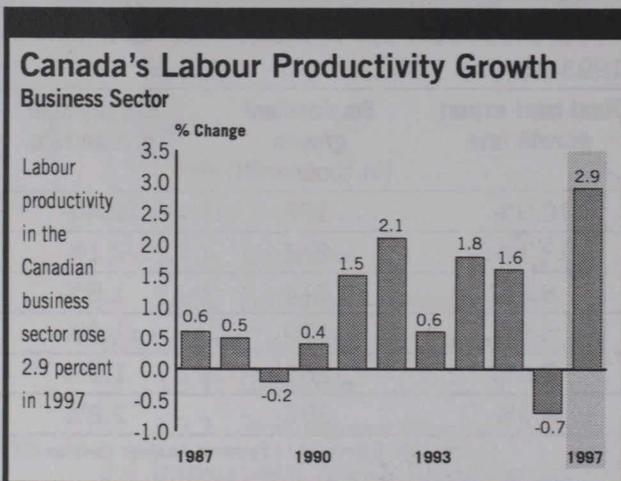
### Canadian Merchandise Trade

Goods exports, imports and trade balance, 1993 and 1998



Source: DFAIT/Trade and Economic Analysis Division (EET)

- Over the longer term, strong job creation and a high standard of living depend on our capacity to innovate and to improve our productivity. Over the last 25 years, Canada has had the lowest rate of productivity growth among the G-7 nations. However, we are beginning to see signs of improvement. After two flat years, in 1997 Canada's business sector recorded its best performance in labour productivity since 1984. To sustain growth, we must adapt leading-edge methods and processes **developing and harnessing new technologies** to make our goods and services more competitive. International linkages play an important role. Our access to leading-edge science and technology helps to improve domestic industrial competitiveness, promoting export growth in both traditional and advanced technology industries. At the same time, our own investments in learning, innovation and world-class research and development make us a more attractive market for foreign capital, which in turn helps us to modernize and expand our production capacity.



Source: Statistics Canada and U.S. Bureau of Labor Statistics, (September 1998)

## 1.2 GOALS AND CHALLENGES

*In trade, Canada's greatest challenge is to take full advantage of international business prospects while minimizing risk in a rapidly changing global economy. Our overarching objective is a higher standard of living for Canadians. To this end, the Government of Canada has four goals that guide its international business development efforts:*

- to become the world's best trading nation by enhancing our international competitiveness;
- to make Canada the location of choice for investment in North America;
- to create jobs and economic growth in Canada by fostering productivity-enhancing innovation and research and development by Canadian multinational enterprises and small- and medium-sized enterprises;
- to exercise leadership in global trade liberalization.

**To realize these goals and maintain and increase our share of global trade, the Government of Canada is addressing six specific challenges:**

### 1. Improved market access

Government must maintain and improve predictable access to foreign markets for Canadian products and services. Canada has already negotiated a more liberal, rules-based trade environment for the business sector through the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), and free trade agreements with Chile and Israel. We must build on these successes and take a leading role in further strengthening the international trade framework. This includes preparing for new negotiations at the WTO and the Free Trade Area of the Americas (FTAA), as well as other bilateral, regional and multilateral fora. We must manage our bilateral and multilateral trading relationships to assert Canadian interests and expand Canadian access based on clear and equitable rules. At the same time, we must do more to cultivate an informed domestic consensus around the trade policies and promotion programs that Canada needs to safeguard or improve our standard of living in the global economy.

## **2. Increasing the number of exporters**

Merely increasing exports is not enough. Despite our impressive trade statistics, Canada has a very narrow export base, with a low participation rate among small and medium-sized enterprises (SMEs). The top five exporters account for 21 percent of our exports, and less than 10 percent of SMEs export at all. At the same time, however, the number of SMEs continues to rise steadily: in the past five years, they have been responsible for between 80 and 90 percent of all job creation in Canada.

To promote further business expansion and job creation, we need to focus on the number of Canadian exporters and help more small businesses become internationally competitive and export-oriented. For example, to capitalize on the phenomenal growth in on-line business and the opportunities it presents for world trade in electronic commerce products and services, we must strengthen our efforts to engage smaller firms in export activity in the knowledge-based and service sectors. New export constituencies such as youth, women, aboriginals and immigrants are an important part of Canada's SME community and must also be engaged in this process. For example, recent research by the Department of Foreign Affairs and International Trade and Industry Canada shows that, of the estimated 86 100 small and medium-sized exporters, 34 400 are owned wholly or jointly by women.

## **3. Broadening Canada's export product range**

To continue meeting the needs of business, the Government of Canada must broaden the range of services it offers – providing, for example, specific information and market intelligence to meet the unique requirements of knowledge- and technology-based exporters. Exports are shifting from goods to services, and from primary products to value-added products. Government must pursue new partnerships and develop innovative programs and services that will help accelerate the shift towards value-added exports.

## **4. Exporting beyond the U.S. market**

Over 80 percent of Canada's exports go to the U.S. – a figure that has increased due to the continued robust performance of that economy, the depreciation of the Canadian dollar and the downturn in Asian and Latin American economies. While the U.S. market will always remain critically important to Canada, the government needs to do more to help diversify Canada's trade base by targeting emerging high-growth markets that offer lucrative opportunities

for Canadian goods and services; by promoting these markets to Canadian businesses; and by working with export-prepared firms to take advantage of these opportunities.

## **5. Improving our share of global investment**

Canada is highly integrated in the global economy. Its continued economic well-being is highly dependent on both FDI into Canada by foreign-owned enterprises, and increasingly on FDI out of Canada by Canadian-owned companies. However, between 1980 and 1996, Canada's share of both inward- and outward-FDI fell as we sustained the largest drop among G-7 countries in our share of global FDI-in from 11 percent in 1980 to 4 percent in 1996. This occurred amidst a seven-fold rise in global FDI-in levels.

Global Product Mandates (GPMs), under which subsidiaries undertake a range of activities for the world market, are fundamental to the long-term growth prospects of transnational corporations (TNCs). These are becoming increasingly common as TNCs rationalize and merge their operations. Securing and maintaining GPMs is therefore critical to reversing the erosion of FDI into Canada.

However, although Canada is a net exporter of FDI-out, our share of global FDI-out has actually fallen, from 4.4 percent to 3.5 percent. FDI-out is essential to ensuring Canada's competitiveness. By enhancing our presence in foreign markets it contributes to the growth of the Canadian economy, helps protect the domestic economy against the effects of cyclical downturns, and enables Canadian companies to participate in the globalization of business.

## **6. Exploiting the potential of Team Canada missions**

Team Canada missions have proven to be an effective tool to market Canadian products and services to the world's fastest-growing markets, and to raise awareness in Canada of the importance of trade to job creation and economic growth. To strengthen trade promotion and help increase our exports of goods and services, we must build on this cooperative model and expand the Team Canada partnership between the public and private sectors.

## 1.3 A REPORT CARD FOR CANADA

The government is addressing these challenges by focusing its activities in four key areas:

- **market access** — maintaining and improving secure access to overseas markets;
- **export capability and preparedness** — helping Canadian industries and firms to become internationally competitive and export-oriented;
- **international market development** — facilitating increased exports of higher value goods and services;
- **investment** — promoting increased business investment.

Chapter 3 of this Plan provides detailed information on the government's activities and anticipated results in each of these four key areas.

To achieve its international business development objectives, the Government of Canada has developed a range of policies, programs and services. In addition to specific evaluations, we track the overall impact of these activities against macro-economic indicators that allow us to gauge our standing relative to other industrialized countries. The "Baseline Macro-Indicators for Canada's IBD performance" chart below captures Canada's recent international business performance as a baseline for future comparisons.

The following reports and analyses provide regular assessments of Canada's trade performance:

- *Trade & Investment Report*: this biannual analysis presents trends in Canada's trade and investment performance vis-à-vis G7 and Organization for Economic Cooperation and Development (OECD) countries for priority and growth markets and sectors (available online at <http://strategis.ic.gc.ca> via the Economic Analysis and Statistics link);



Source: Statistics Canada

- *MICRO (Industry Canada's Micro-Economic Research Bulletin)*: a special issue presents the key findings of the Trade and Investment Report (available online at <http://strategis.ic.gc.ca> via the Economic Analysis and Statistics link);
- *Annual Report on Aggregate Macro-economic Performance Indicators*: indicators are monitored quarterly (available online at <http://strategis.ic.gc.ca> via the Economic Analysis and Statistics link);

### Baseline Macro-Indicators for Canada's IBD Performance

	1998 (\$ billion)	Annual percent change
Exports of goods and services	367.1	7.1
Goods exports (U.S. destination)	270.6	11.2
Goods exports (non-U.S.)	52.8	-8.5
Balance of Trade (goods)	19.4	-20.2
Balance of Current Account	-18.4	5.6
# of exporters total	88 897 (1996) *	
# of small exporters (sales <\$500K)	75 967 (1996) *	
# of "active" exporters (exports >\$1.6M)	6 378 (1995) *	
<b>FDI</b>	<b>191.8</b>	<b>8.5</b>

Source: Statistics Canada (1998)

\* new data to be available in autumn 1999

- *priority sector analyses*: year-to-year, international, and sector-to-sector comparisons (available online, as produced, at <http://exportsource.gc.ca> via the Sector Information\Trade Team Canada Sectors links);
- *Team Canada Inc Achievements Report*: an annual Report to Parliament by the Minister for International Trade (available online at <http://exportsource.gc.ca> via the Team Canada Inc link).

## 1.4 SETTING OBJECTIVES

Setting goals and objectives helps government and private sector work together more effectively because they establish common, measurable collaborative efforts. Last year's IBD Business Plan contained three goals to provide direction, encourage commitment and measure achievement in international business development:

- to double the number of "active" exporters to 10 000 by the year 2000;
- to recapture 4 percent of the world agri-food export market by the year 2005, and to reverse the current 60:40 ratio of primary/processed agri-food exports;
- to deploy more Trade Commissioners abroad to achieve a 70:30 field to headquarters ratio by the year 2006.

Team Canada Inc has been developing additional performance indicators, measures and objectives for both the government's IBD performance and for Canada's trade and investment performance.

Four types are envisaged:

- global or macro
- market
- sectoral
- program

Four criteria guide the development of performance objectives:

- variables must be closely related to the economic well-being of Canadians;
- progress on achievement should be verifiable by hard data;
- goals should be based on realistic expectations about the future economic outlook for both Canada and its main trading partners; and
- goals must be mutually consistent.

Over the course of the next year, consultations will be held with the private sector to discuss macro forecasts relating to Canada's trade and investment performance.

A number of new IBD program performance benchmarks and measures are contained in Annex 1 of the Plan.

## 1.5 THE TEAM CANADA CONCEPT

### Listening to our clients

Feedback from clients has resulted in a fundamental reassessment of the focus and structure of the government's trade and investment promotion efforts. With the growing recognition that programs supporting international business development are intimately linked with jobs and wealth creation, the government has refocused its efforts to help Canadian companies in their internationalization efforts. The result is an unprecedented effort to provide better service to the Canadian business community by integrating trade and investment promotion functions across more than 20 federal government departments and agencies, in partnership with the provinces.

### The Team Canada Philosophy

The International Business Development (IBD) Strategy draws heavily on private sector consultations, reflecting the government's priority of building a more innovative economy through partnerships. This approach harnesses the collective strengths of all participants to leverage resources, reduce overlap, set priorities, improve market intelligence and sourcing systems and simplify program and service delivery.

The Team Canada approach to international business development operates on two levels:

- internationally, the Prime Minister leads the provincial premiers on high-profile Team Canada trade missions to garner new business in emerging markets.
- domestically, Team Canada Inc — our online trade promotion agency — coordinates IBD activities between federal departments, the provinces and territories, and the private sector. In its second year of operation, the Team Canada Inc service network is streamlining the provision of IBD services to business — getting the right kinds of services, quickly and efficiently, to the companies that can benefit. These services educate, inform and support both the novice and the experienced exporter, supporting the growth of the Canadian export community and the jobs and growth priorities of the Government of Canada.

## Key Team Canada Inc Initiatives

Over the past two years, the new Team Canada Inc integrated approach has achieved impressive results:

### □ Enhanced Strategic Decision-Making

- creation of Regional Trade Networks that link federal and provincial departments and agencies with the private sector at the local level, to carry out joint planning of trade and export delivery services;
- creation of the Canadian Agri-Food Marketing Council (CAMC), a private-sector group to advise Ministers on tailoring strategies, programs and services to boost sales of agri-food products;
- appointment, by Order-in-Council, of a CEO-level private sector Team Canada Inc Advisory Board;
- expansion of the Team Canada Inc partnership from the original three founding members to 20 federal departments and agencies;
- implementation of a new investment promotion tool of “twinning” selected Deputy Ministers in a country champion and domestic call program;
- focus on the 12 high-performance Trade Team Canada Sectors that join government and industry with Posts abroad to plan trade promotion activities in Canada’s key markets.

### □ Consolidated Planning and Reporting

- publication of the first consolidated IBD Business Plan (1998-2001) across the three core IBD departments;
- presentation of annual IBD Reports to Parliament by the Minister for International Trade;
- creation of a federal/provincial IBD Task Force to improve cooperation in database sharing, ministerial missions and exporter preparation.

### □ Improved Communications Products

*For external clients:*

- adoption by all partners of a common Team Canada Inc logo, to promote brand recognition;
- implementation of the two key information sources: the toll-free phone service (1-888-811-1119), and the Internet web site (<http://exportsource.gc.ca>).

*For members:*

- a workspace on the *ExportSource* web site providing quick and easy access to TCI information.

## Revitalized Service Delivery

Team Canada Inc is committed to improving and expediting the access to available information and services for business clients by:

- redefining domestic and foreign services with a clear, business-like, “management by results” approach, designed to meet the needs of the IBD community;
- maintaining delivery agents throughout Canada and around the world: in Canada, 10 Regional Trade Networks, 10 International Trade Centres, 12 Canada Business Service Centres, 12 Trade Team Canada Sectors, regional offices of TCI partners, and community-level partners; abroad, 130 embassies and missions, with plans for more Trade Commissioners deployed abroad with a view to reaching a 70:30 ratio, field to headquarters, by the year 2006.
- creating common tools to assist clients, including a national toll-free Export Information Service and the ExportSource Internet site — both of which provide single-window access to our programs or services;
- creating the Agri-Food Trade Service (ATS) to provide, with the provinces and the private sector, specialized services for the agriculture and agri-food sector;
- creating Investment Partnerships Canada;
- establishing the International Business Opportunities Centre (IBOC) to make the business community aware of overseas sales opportunities;
- creating a new unit to focus on the special export needs of SMEs, women, youth and aboriginals;
- creating the Team Canada Inc Market Research Centre to produce 250 market studies a year;
- establishing a “Post-Referral” process, by which Posts can redirect Canadian exporters who may not yet be fully export-prepared back to the domestic TCI partners;
- improving and enhancing service standards for the Trade Commissioner Service.

## 1.6 TEAM CANADA INC: OUR "VIRTUAL" TRADE PROMOTION AGENCY

The 20 government members now on board to provide programs and services to Canada's exporter community are:

- Agriculture and Agri-Food Canada
- Atlantic Canada Opportunities Agency
- Canada Economic Development  
for Quebec Regions Agency
- Canada Mortgage and Housing Corporation
- Canadian Commercial Corporation
- Canadian Heritage
- Canadian International Development Agency
- Environment Canada
- Export Development Corporation
- Foreign Affairs and International Trade
- Human Resources Development Canada
- Indian and Northern Affairs Canada
- Industry Canada
- National Farm Products Council
- National Research Council of Canada
- Natural Resources Canada
- Revenue Canada
- Statistics Canada
- Transport Canada
- Western Economic Diversification Canada

The members of Team Canada Inc now offer a "single window" contact point to simplify business access to service. A key point of access is the national toll-free number (1-888-811-1119), established in February 1998. Callers are automatically connected to the Export Information operator at the local Canada Business Service Centre nearest to them, where they are provided with the appropriate information or referred to an appropriate TCI partner.

In addition, the *ExportSource* Internet site (<http://exportsource.gc.ca>) enables business clients to access helpful information through links to the federal TCI partners. (The site receives more than 13 000 hits a month from actual and prospective exporters.) Information available through this site includes market reports and a comprehensive listing of over 1 500 international trade fairs and promotional events. *ExportSource* is improving the site to include additional technical features and a number of new online products, such as A Step-by-Step Guide to Exporting, an Intellectual Property Guide, an Export Financing Guide, and an Interactive Exporter planner.

The day-to-day operation of this "virtual" trade promotion agency is directed by the TCI Management Board, which comprises the 20 federal department and agency members. In addition, the Team Canada Inc Advisory Board, which reports to the Minister for International Trade, ensures that the government has the benefit of private sector views and experience in its deliberations on international trade policy and international business development issues.

With guidance from both Boards and the Federal/Provincial IBD Task Force, TCI will continue to focus on consolidating the federal service network, marketing its single-window contact points to business, and working to involve provincial and territorial governments as more fully integrated working partners in the service network.

# 2

## PLANNING ENVIRONMENT FOR 1999 - 2002

### 2.1 EXPORT ENVIRONMENT

#### 2.1.1 OVERVIEW

*1998 was a year of turmoil in global markets. Prudent fiscal management policies helped to insulate Canada from the worst effects. Still, the "Asian flu", which has since spread to Russia and Latin America, has lowered commodity prices, created hardships for resource-based sectors, and slowed economic growth, especially in British Columbia. Nonetheless, Canada's economy continued to expand at a moderate pace in 1998, with exports of goods and services playing a major role.*

Despite recent turbulence in the global economy, government policies to promote higher levels of trade activity will continue to emphasize openness and to seek further progress on liberalization, harmonization and deregulation – particularly in high-growth, emerging markets. However, more emphasis will be placed on the need to make the regulatory environment for world trade more transparent and less corruptible.

Despite worsening financial market conditions in some regions and an unfavourable outlook for global economic growth over the short term, overall international economic activity continues to be characterized by rising levels of integrated cross-border investment and trade. The driving forces are liberalization, which makes globalization possible, and technological change, which leads to lower communication and transaction costs.

A number of significant trends are associated with the globalization of economic activity:

- transnational corporations (TNCs) are of growing importance, accounting for half of the world's foreign direct investment (FDI). Approximately one-third of world trade occurs within their networks. At one time, FDI was used to bypass trade barriers and gain access to foreign markets. Now, the emphasis is on making the best use of a company's

competitive advantage by locating production wherever it is most efficient. Most TNCs operate widespread networks of research, component production, assembly and distribution.

- the share of global sales owned by TNCs will continue to expand in coming years as merger and acquisition (M&A) activity picks up. M&A is now the most cost-effective means of obtaining a presence in foreign markets. This increase in mergers could translate into slower growth in the demand for plant and equipment.
- higher FDI by TNCs will likely lead to higher levels of intrafirm trade. As trade between affiliates and branches increases, and suppliers establish stable relationships with large creditworthy TNCs, the need for export credit assistance may grow at a slower rate.
- the worldwide pace of privatization, commercialization and deregulation has accelerated, bringing new investments. Over the next ten years, some 2 500 infrastructure projects are expected to get under way globally. This increasing economic activity presents new risks as more players engage in complex transactions requiring sophisticated financial structures.
- liberalization, and an increasing variety and number of financial instruments, are making it easier for firms – especially SMEs – to access capital. The growth in global capital markets, facilitated by pension and mutual funds, is increasing the pool of resources available for investment projects, international trade transactions and general financing. In coming years, as pension assets increase from US \$10 trillion to an estimated US \$14 trillion in 2002, the competition to provide financing is likely to become more intense.

For Canada, these trends indicate the importance of encouraging more SMEs to explore export opportunities, particularly in the area of technical, engineering, commercial and professional services; and the critical importance of working with TNCs to leverage more investment in Canada, particularly in R&D. Canada's forecast growth by industry sector is found in Chart 1.

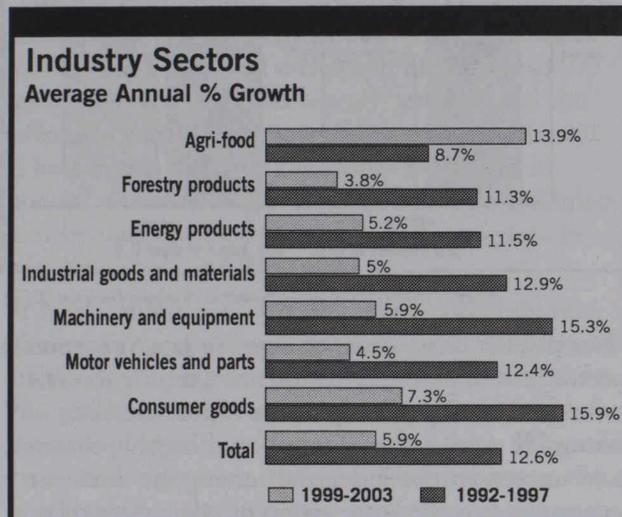


Chart 1

Source: Export Development Corporation

Canada's exports are expected to grow by approximately 6 percent in 1999 and 5.9 percent per year over the planning period. This growth is dampened somewhat by an anticipated continuation of weak commodity prices and slower economic growth in the U.S. A summary of our export forecast by geographic region is found in Chart 2.



Chart 2

Source: Export Development Corporation

## 2.1.2 OUTLOOK IN INDUSTRIALIZED COUNTRIES

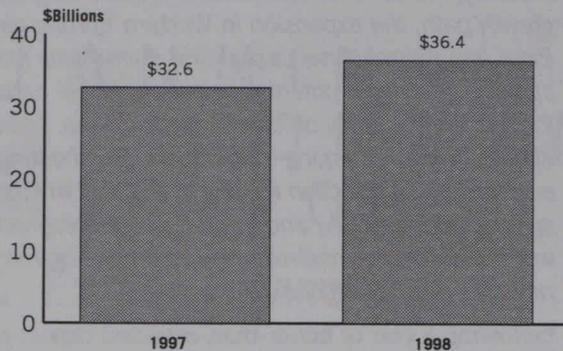
The world economy is expected to grow at a moderate rate – around 2 percent – in 1999, as Asia begins its recovery, North America moves to a more sustainable growth path, the expansion in Western Europe gains force and international capital and commodity markets stabilize. However, potential threats to global expansion include the possibility of reform fatigue in Asia, speculative attacks on key emerging markets, an overshooting of an equity market correction leading to a slump in consumer spending in the U.S., and the inter-connectedness of world markets themselves – with the ongoing risk of negative chain reactions.

Following a year of better-than-expected export growth of 7.4 percent in 1998, Canada's exports are expected to increase by at least 6 percent in 1999. Steady U.S. demand, an improving West European economy and gradual recovery in Asia should contribute to an average annual export growth of 5.9 percent over the remainder of the planning period.

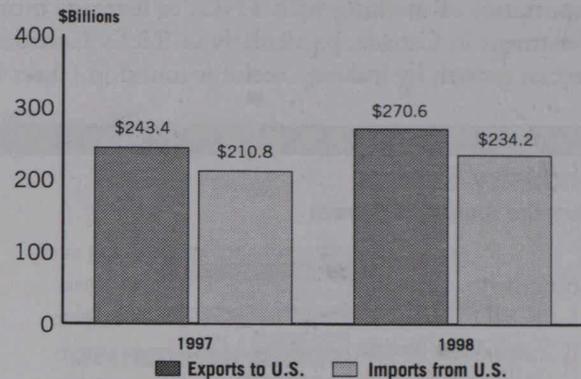
Canada's exports to the **United States** are forecast to grow by 6.4 percent in 1999, and the average annual growth rate over the planning period is anticipated to be 5.8 percent. The U.S. expansion is headed into its ninth year, and most key macroeconomic indicators continue to show a healthy economy. With the U.S. now accounting for over 82 percent of Canada's international sales, this strong market has been the mainstay of Canada's export growth. The expansion is expected to continue over the planning period for two reasons: sudden shifts in fiscal or monetary policy are unlikely, and U.S. business continues to demonstrate that it can achieve strong growth with moderate inflation. However, the pace of expansion is expected to slow as rising unit costs exert pressure on profit margins and a cooling economy slows sales growth. The U.S. has enjoyed the strongest investment boom in recent history. The run-up in the U.S. stock market since 1994 injected an extra \$10 trillion to the U.S. economy – which fuelled a boom in new industrial capacity, because companies have been able to finance their plant and equipment more cheaply. This increased competitiveness of U.S. products resulting from the new investment in machinery and equipment, might put competitive pressure on Canadian products exported to the U.S. in the near-term.

## Canada's 1998 goods trade grew because of its success in the U.S. market

Trade Balance with the U.S. increased



...as export growth to the U.S. outpaced import growth from the U.S.



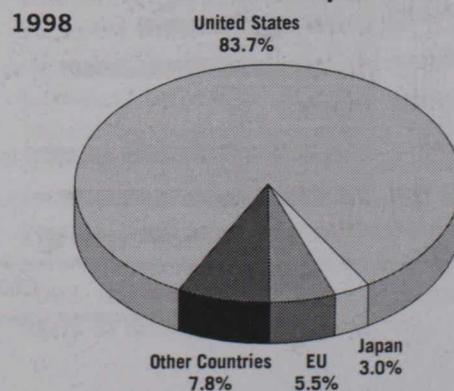
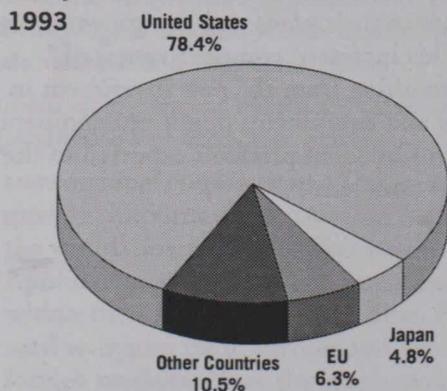
Source: DFAIT/Trade and Economic Analysis Division (EET)

Exports to **Western Europe** are expected to grow by nearly 4 percent in 1999. For the past several years, much of continental Europe has been caught in a "jobless recovery" characterized by major restructuring and cost-cutting in the private and public sectors; a strengthening corporate sector alongside a weakening household sector; and strong export demand alongside weak domestic demand. This has led to a significant improvement in credit quality conditions. Business failures have declined, though ongoing corporate restructuring in Germany and France is placing considerable pressure on SMEs serving larger corporations. While there is growing evidence that domestic demand is picking up steam, a strong performance is considered unlikely. Rather, a long-running expansion of modest growth is anticipated over most of the planning period.

The recession in **Japan** means Canadian exports to that market will likely remain weak in 1999, with decline forecast at near 1 percent. Japan is viewed as our weakest market over the planning period.

Two distinct classes have emerged in Japan's corporate sector: a core of highly competitive multinationals whose sales are primarily to the export market, alongside a much larger number of highly protected and uncompetitive industries serving the domestic economy. It is the latter group of companies that is experiencing a high degree of financial distress. This is the result of three forces: the poor state of the Japanese economy, which now borders on deflationary; Japan's credit crunch, which has arisen as a by-product of the banking crisis and the authorities' current attempts to correct it; and the severe repercussions on corporate Japan arising from the East Asian crisis. Adding to the latter woes, the Japanese authorities are expected to pursue measures to deregulate and liberalize the economy, which will expose protected industries to higher levels of competition. As a result, credit quality conditions in Japan are expected to remain poor through much of the planning period.

## The importance of the U.S. has increased, while that of the EU and Japan has declined



Source: DFAIT/Trade and Economic Analysis Division (EET)

However, once the banking sector deals with the bad-loan problem, and deregulation in the finance and retail sectors starts to take effect, the economy will have dropped so far below potential that a number of years of strong growth are anticipated.

### 2.1.3 OUTLOOK IN EMERGING MARKETS

The risk environment in developing countries deteriorated significantly in 1998. Southeast Asia underwent a financial meltdown of enormous proportions, and Russia recently experienced the effects of a significant loss of investor confidence. These events illustrate the ease with which, in today's intertwined global economy, financial crises can be transported from one economy to another via the global capital market.

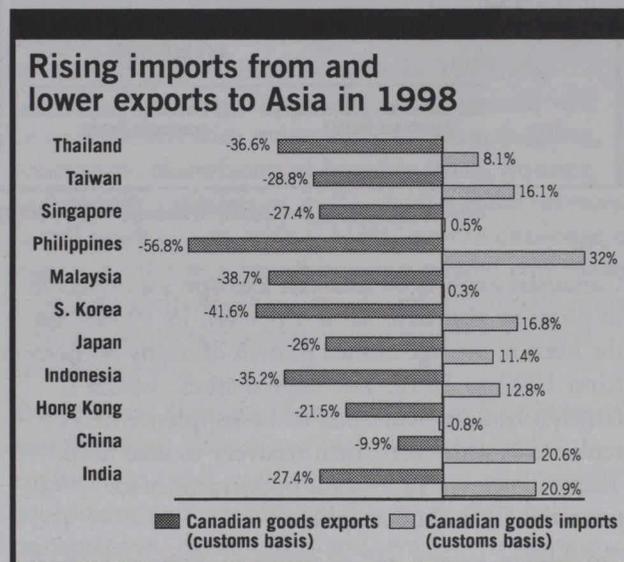
It is the volatility of this unbridled capital market that poses the greatest threat in the risk environment of the developing world. In the wake of the Asian flu, global investors are reassessing the risks and rewards of investing in emerging markets. However, over the longer term, they will likely return to these markets given the attraction of higher returns and the benefits of having a diversified portfolio.

A large portion of this investment will continue to be in the form of purchases of tradable bonds, equities and money market instruments – securities that can be readily sold at the first sign of trouble. The highly liquid nature of these instruments makes them susceptible to capital flight. To add to the volatility, much of this investment is concentrated in mutual funds dominated by American mutual- and hedge-fund investors, which operate with less-than-adequate information in an inadequately regulated world capital market. This “nervous money” could easily capsize many emerging economies, at the very time that many third-world governments are looking to their private sectors to assume greater responsibility for development.

At its core, the crisis in global emerging markets is a crisis of over-investment. From steels slabs to cars, from wood chips to computer chips, we have the capacity to produce far more than we currently consume. With so much excess capacity in virtually all sectors of traded goods, prices are under constant pressure. So the real issue for the Asian crisis economies, as for the world economy, is: Will there be enough growth in the rest of the world to absorb this surge of cheap exports?

The steady decline of commodity prices in recent years was partly due to over-capacity in the global commodity market. This deflationary pressure eroded the profit base of a good number of Canadian commodity producers.

In this sensitive environment, and because of Asia's ongoing economic and financial turmoil, Canadian exports to that region are expected to remain virtually flat in 1999 and for the rest of the planning period. A stronger performance is expected from the big economies of China and India: Canadian exports to these countries are expected to rise by 3 percent in 1999.



Source: DFAIT/Trade and Economic Analysis Division (EET)

The sharp depreciation in early 1999 of the Brazilian currency, the real, introduced some added volatility to world financial markets, though the effects have been so far limited largely to Brazil's regional trading partners. However, in the first quarter of 1999, Brazil's current account deficit was slightly smaller than in the same quarter last year. This is a sign that **Central/South America**, led by Brazil, may be bottoming out of the crisis.

The deepening economic crisis in Central/South America has worsened Canada's trade with these economies. For the first two months of 1999, Canadian exports to Mexico declined by 14.6 percent, to Brazil by 22 percent, and to Colombia by 40.8 percent. According to DRI forecasts, in 1999 the real GDP of Brazil is expected to decline by 3.1 percent and that of Argentina by 1.8 percent, before posting growth of 1.8 percent for Brazil and 2.8 percent for Argentina in 2000. Canada's exports to Brazil and Argentina in 1999 will remain lacklustre before recovering in 2000. Prospects for Canada's trade growth with Mexico remain solid in 1999 and 2000.

### ...and to South/Central America in 1998



Source: DFAIT/Trade and Economic Analysis Division (EET)

Canadian exports to **Eastern Europe** are expected to grow by approximately 4 percent in 1999 – on the heels of average annual growth of nearly 30 percent from 1992 to 1997. The capital stock, which is largely obsolete, will need to be supplemented or replaced in order for a firm recovery to take hold. This will present significant opportunities for potential Canadian suppliers.

Troubles in **Russia** will continue to dampen Canadian exports to this country, which are expected to fall by 1 percent in 1999. A turnaround in investor confidence will be difficult to achieve as long as the quality of corporate governance remains low; the fiscal crisis continues to fester and the country's industrial machine remains virtually obsolete.

A further cooling of markets is expected in the **Middle East and North Africa**, principally owing to the fall in energy markets and unprecedentedly low prices for crude. However, Canadian exports to this region are expected to grow by an average annual rate of 8 percent for the duration of the planning period.

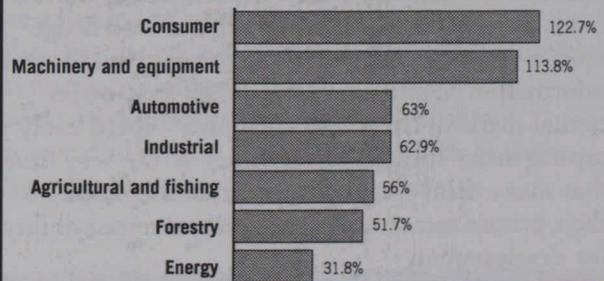
Economies in **Sub-Saharan Africa** continue to be affected by soft commodity prices, poor weather conditions, armed conflicts and economic mismanagement. There are some signs for optimism, with at least a few countries poised to gain economic momentum in the longer term.

## 2.2 INDUSTRY SECTOR HIGHLIGHTS

As all sectors of the Canadian economy export to some degree, the government engages in trade promotion initiatives across the broad spectrum of industry. Attention is focused, in particular, on twelve high-performance sectors in which government works with industry, through groups called Trade Team Canada Sectors (TTCSSs), to develop and implement trade promotion activities. These Trade Team Canada Sectors include both traditional, large exporting industries, and a number of new and emerging high-technology sectors, in both goods and services. They include the following:

**Trade Team Canada Advanced Manufacturing Technologies (AMT):** The AMT sector provides the key enabling technologies for firms to compete successfully and become world class. Canada has a growing and diverse community of suppliers, with some 550 companies making shipments of over \$3 billion annually – 70 percent of which is exported. Global exports are growing at a rate of more than 10 percent yearly, and now account for more than 6 percent of world trade. Almost three-quarters of industry exports are to the U.S.

### Canadian export growth between 1993 and 1998: the composition of exports continued to change...

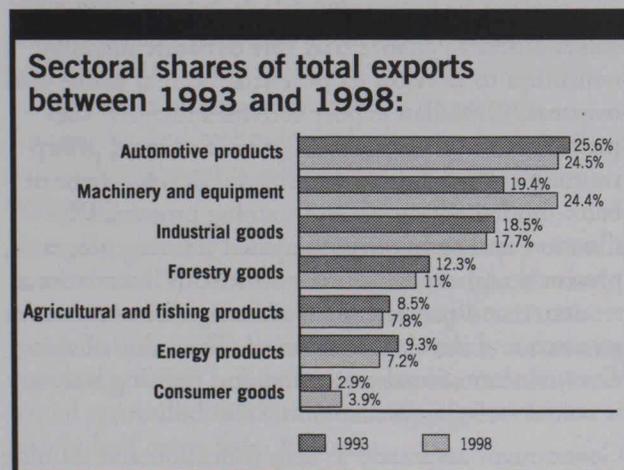


Source: DFAIT/Trade and Economic Analysis Division (EET)

**Trade Team Canada Aerospace and Defence:** The industry is a leading advanced technology sector, with over 70 percent of its production sold in export markets. The Canadian aerospace industry includes suppliers of regional and business jets, helicopters, propulsion, major systems, electronics parts and components.

**Trade Team Canada Agriculture, Food and Beverages:** The agri-food industry accounts for almost 9 percent of Canada's GDP and employs nearly 2 million people. Canadian consumer expenditure on food stands at slightly more than \$91 billion, while agriculture and agri-food exports currently account for almost \$21 billion. This represents roughly 3.3 percent share of the world agri-food trade; and the new goal of the Canadian Agri-Food Marketing Council (CAMC) is to increase this share to 4 percent by the year 2005. To meet this goal, the agri-food sector recognizes that it will have to capitalize on the strong trade performance of processed products. Estimates indicate that success could mean between 120 000 and 170 000 additional jobs.

**Trade Team Canada Automotive:** Canada's automotive industry is highly competitive, ranking sixth in the world in vehicle production, and fifth in exports. The sector, which includes producers of light-duty vehicles, heavy-duty vehicles, buses, original equipment parts, and after-market parts and service, accounts for 12 percent of manufacturing GDP. Globalization and consolidation in the industry, coupled with the competitive strength of the Canadian supplier base, will provide continuing opportunities for increased trade.



Source: DFAIT/Trade and Economic Analysis Division (EET)

**Trade Team Canada Bio-Industries:** Canada has the second-largest industrial biotechnology community in the world. The industry consists of some 500 companies, with revenues approaching \$2 billion annually. The enabling applications of biotechnology cross a wide range of industries, including agriculture and agri-food, aquaculture, environment, forestry, health care, mining and energy. Approximately 80 percent of Canada's international business activity in this sector is with the U.S.

**Trade Team Canada Building Products:** The industry produces a full range of commodities and value-added products, used in residential, commercial, industrial and institutional construction and renovation. Country-wide, in 1997 almost 6 000 separate operations posted \$33 billion in sales and \$13 billion in exports.

As part of this sector, the Canadian housing industry numbers some 100 000 firms. However, it is estimated that only a small percentage of these export as part of their regular business activity. In 1999, the Canadian Housing Export Advisory Council will be established, with representatives from builders, renovators, manufactured housing firms, housing component suppliers as well as professional services. It will work closely with CMHC on the challenge of increasing the number of housing-related companies engaged in international trade, and of strengthening Canada's competitiveness in key housing markets around the world.

**Trade Team Canada Electrical Power Equipment and Services:** This sector includes consulting engineers, as well as the manufacturers who supply equipment and services for the generation, transmission, distribution and retailing of electric power by utilities and other power producers. Exports by this sector now exceed \$4 billion annually. The U.S. accounts for some three-quarters of this total, but there is growing penetration in a number of non-traditional markets around the world.

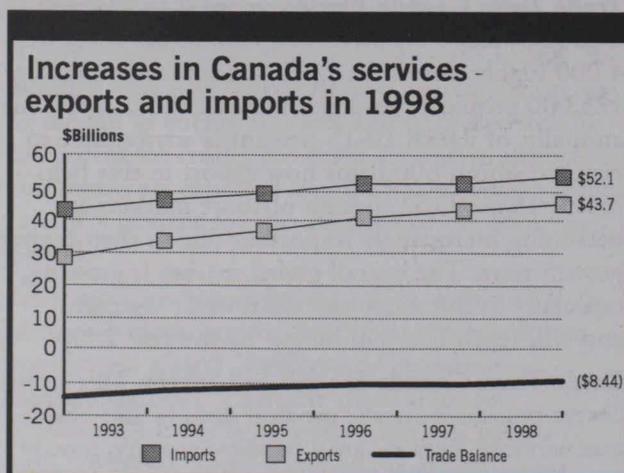
**Trade Team Canada Environmental Industries:** This knowledge-intensive sector comprises more than 4 000 highly innovative SMEs and directly employs 123 000 people. It generates some \$20 billion revenue annually, of which 10-15 percent is attributable to exports. About 800 firms now export in this field – mostly to the U.S., though offshore markets are becoming increasingly important due to their higher growth rates. The overall global market is growing, especially in the water and wastewater segments, and will reach US\$500 billion by the year 2000.

**Trade Team Canada Health Industries:** This sector covers pharmaceuticals, medical devices and health-care services. Exports are a primary activity, mostly to other industrialized countries, but increasingly to the developing world. Canadian companies are well positioned to capture opportunities in growing fields such as medical imaging, home telecare, telecardiology and consumer health information systems.

**Trade Team Canada Information and Communications Technologies:** The sector generates revenues of \$70 billion a year, with manufacturing exports of \$21 billion. It is made up of some 17 000 separate establishments, many of them new and innovative SMEs, and employs over 400 000 people. The Canadian government works closely with the industry to ensure that standards and regulatory regimes do not pose barriers to market access.

Converging trends in technologies and markets, promoted by digitization, are eroding the distinctions between traditional industries such as broadcasting, telecommunications, computers, and information services industries. This creates new global markets and opportunities for Canadian firms, as new products and services – such as those linked to the Internet – emerge at an unprecedented rate. To take full advantage of the trade opportunities presented by this growth in the digital economy, Canada must continue its efforts to develop and maintain a highly skilled workforce.

**Trade Team Canada Plastics:** The sector includes manufacturers of synthetic resins, plastics processing machinery and moulds, and plastic products. There are 1 900 establishments in the sector, mostly SMEs, employing more than 91 000 workers. In 1998, industry shipments were \$21 billion, more than half of which were exported. Canada ranks as the sixth-largest exporter worldwide, with a market share of 4 percent.



Source: DFAIT/Trade and Economic Analysis Division (EET)

**Trade Team Canada Service Industries and Capital Projects:** Exports by this sector continue to grow rapidly, and show excellent prospects for increasing growth. Canadian companies are well-equipped to compete successfully in international markets.

In addition to the Trade Team Canada sectors, the following sectors also play an important role in Canada's export mix, and figure prominently in the government's IBD strategy:

**Cultural Industries:** The cultural sector embraces a variety of sub-sectors: visual and performing arts, broadcasting, book publishing, films and videos, sound recordings, multimedia, arts and crafts (aboriginal and non-aboriginal), tourism, and education services. It also includes conservator services (arts) and Museum Collection Networks.

Canada's cultural exports are growing at an unprecedented rate. In 1995, cultural exports (\$2.5 billion) accounted for almost 12.5 percent of the cultural GDP (\$20 billion), and for 5.6 percent of jobs in the cultural sector. In 1997, exports of cultural commodities reached \$1.5 billion – representing 0.5 percent of Canada's total domestic exports of \$278 billion. While the U.S. remains the priority market, accounting for more than 89 percent of exports, Western Europe (specifically U.K., Germany, France and Spain) have been identified as priority markets by various cultural sub-sectors.

**Education Services:** Recognizing the strategic role of the education and training sector in developing Canada's capacity to participate in a knowledge-based economy, the government assists public and private stakeholders to ensure that this dynamic industry continues to develop its potential both at home and overseas. Canadian export activities include: the procurement of corporate, government and group training contracts; the multilateral development of bank-funded education and training projects; sales of distance- and technology-mediated learning programs, products and expertise; recruitment of international students; and procurement of foreign investment for research and development work. The value of this diverse international education and training industry is conservatively estimated at \$100 billion.

Government assistance to help education and training providers to successfully export their goods and services include: the development of education centres overseas; partnership conferences; a web site containing market information and guidelines for government export programs; individual consultations; broad policy development; and linkages with industry associations.

**Forest Industries:** The forest sector includes over 13 000 establishments composed of some 9 600 logging operations, 2 800 wood manufacturing facilities, and 700 pulp and paper mills and manufacturing plants. The sector produced \$68.2 billion in products in 1996 and provided direct employment for 365 000 people. Canada is recognized as a world leader in forest management, protection services and technology, including management of forest fires and pests.

The Canadian forest sector is the world's largest exporter of wood and paper products, with a global share of 19 percent. In 1998, the sector exported \$40 billion and contributed \$31.6 billion to Canada's balance of trade. Although the sector exports products to every corner of the globe, the primary market is the United States (78 percent). The EU and Japan are significant secondary markets.

**Minerals and Metals Sector:** Exports of domestic mineral and metal products in 1998 were valued at \$33.6 billion, while imports totalled \$20.4 billion. The sector includes roughly 300 major mines and 3 000 stone/sand/gravel quarries; some 50 non-ferrous smelters, refineries and iron plants produce about 60 different mineral products. Canada is the world's largest producer of potash and uranium, and in most years ranks second in the production of asbestos, cobalt, nickel, magnesium, elemental sulphur, zinc and cadmium. Some 370 000 people are directly employed in mineral extraction. The sector's innovation and technological advances have made it one of the most productive in the Canadian economy.

Canadian mining companies now have operations in more than 100 countries and control approximately one-third of the world's budgeted exploration expenditures. Canada is the world centre for mining financing: when public companies around the world raised more than \$10 billion in equity in 1997, nearly half came from Canada.

The minerals and metals sector includes a well-developed mining-related equipment and services sub-sector that sells to Canadian and foreign mining companies operating around the world. This sub-sector – once limited to diamond drillers and geoscience/geophysical services – has grown to incorporate less traditional areas, including legal, accounting, recycling and environmental services.

**Tourism:** This sector directly employs 518 300 people in more than 70 000 companies of all sizes in every province and territory. It injected \$47 billion into Canada's economy in 1998, a 7 percent gain over 1997. Visitor spending increased by 13 percent to \$13.7 billion, making Canada the world's ninth-largest earner of international tourism receipts. Although the overall benefit to the economy from tourism continues to increase, the source of the growth has shifted from overseas to North American markets. This is partly due to a 19 percent decrease in short-term trips from Asian markets, and partly to Canada's increased appeal to U.S. tourists, whose travel to Canada rose over 11 percent from 1997. As a result, in 1998 Canada's Travel Account deficit fell to \$1.9 billion – down 45 percent over 1997, and its lowest level in 12 years.

## 2.3 COMPOSITION OF THE EXPORT COMMUNITY

Canadian exporters of goods and services represent a small proportion of the total number of Canadian firms. Exporter numbers are estimated to range from year to year between 60 000 and 90 000 firms out of a total of nearly one million registered companies in Canada.

Nearly 90 percent of these exporters are small businesses – defined by Statistics Canada as those with fewer than 100 employees in the manufacturing sector or fewer than 50 in the service sector, and with annual sales of less than \$10 million. Medium-sized businesses are defined as those with 100 to 500 employees, and annual sales of less than \$50 million. Despite their numbers, SMEs account for less than 10 percent of the value of Canadian exports.

Canada has become a world-class trading nation, but we are not yet a nation of traders. Most exports are still concentrated in a disproportionately small number of firms. In 1995, the top five exporters accounted for 21.1 percent of Canadian exports; the next 45 for 26.9 percent; the next 50 for 9.2 percent; the next 100 for 8.7 percent; and all other exporters – about 4 800 – for the last 34 percent of export value.

In 1996, Canada had an estimated 88 897 exporters – 75 967 of which were classified as small. In 1995, small- and medium-sized exporters were divided into the following categories by number and percentage of total SME exporters:

Export sales category	Company count	Share of SMEs
Micro	63 924	74.4 %
Small	13 539	15.71 %
Medium	8 715	10.15 %

Source: Statistics Canada (1995)

Small- and medium-sized exporters reported a total of \$21 billion in goods and services exports, representing 8.6 percent of total Canadian exports in 1995. The average SME exporter undertook less than three export transactions per year. Therefore, for the average SME exporter, just one more export sale per year would increase its export activity by 30 percent. The large number of SME firms not currently being served by TCI members represents significant potential for future growth in its client base.

To better track these trends, TCI (in conjunction with Statistics Canada) is developing a statistically reliable annual profile of the Canadian exporting community. The first results, with data for 1993-97, are expected in the fall of 1999. This project will enable TCI to monitor the growth, development and diversification of active Canadian exporters. Expected outputs include estimates of the exporter population by industry, province of origin, firm size, and destination country of exports. Over time, it will be possible to identify the numbers and locations of exporters by municipal concentrations, by size (small, medium or large) and by frequency: regular, sporadic, first-time or new-to-market. In addition, plans are under way to combine this data with other industry-related data – such as financial performance, ownership and control, and employment – to provide a comprehensive picture of Canadian exporter demographics.

This database will be updated annually, and will be used to track the changing trends in the composition and behaviour of the exporting component of the business community. It will complement annual client surveys undertaken by TCI service providers, strengthening efforts to refine and improve the mix of programs and services offered to Canadian business to encourage export expansion.

## 2.4 INVESTMENT

Globalization is increasingly driven by investment flows. During the 1990s, FDI growth was 2.5 times that of exports. Previously, FDI was used to bypass trade barriers, gain access to foreign markets and take advantage of government incentives and cheap labour. Today, FDI decisions focus on locating business functions wherever they are most efficient in a company's global supply network. Thus, the growth in FDI flows is related to the fact that firms rely increasingly on sales from international production, rather than exports, to serve foreign markets. In this sense, trade and investment are increasingly complementary.

There are strong links between Canadian trade and investment: about 40 percent of Canada's exports represent intra-firm trade. More inward investment has a major long-term impact on jobs and growth, boosting export capacity. While foreign direct investment in Canada is at record levels, we are losing global market share to the United States as a destination for such investment. Over the past decade, Canada has lost 6 percentage points of global FDI, while the U.S. has gained 5 points.

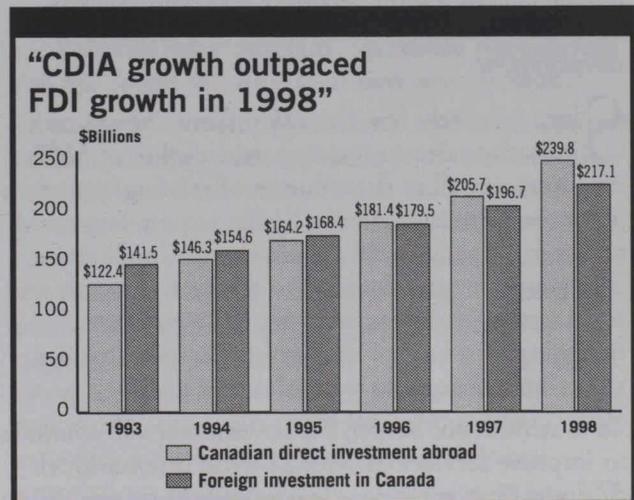
Canadian direct investment abroad (CDIA) is increasing faster than FDI, but is concentrated in a very narrow base of companies. There are over 1 300 Canadian-based transnational firms, but only three of the top 100 in the world are Canadian. A 1994 Statistics Canada study found that only 136 firms accounted for almost 90 percent of Canadian direct investment abroad. In the last decade, the growth and value of Canadian direct investment abroad has outpaced that of FDI into Canada. Canada has now joined the group of net capital exporting countries, reflecting the further integration of the Canadian business into the world economy. The destination of Canadian corporate investment abroad has diversified away from the U.S. to Europe, the Pacific Rim and Latin America. This is occurring more and more as a result of Canadian firms entering into strategic alliances through joint ventures, R&D consortia, co-marketing, and cross-licensing agreements. Such partnering delivers competitiveness and productivity benefits to Canadian industry.

As a result of this recognition of international investment, Canada's formal investment rules have been liberalized. Canada has been a leader in promoting international rules for investment. These rules would protect Canadian investors and remove foreign barriers to investment in a variety of international fora. Investment policy initiatives will therefore continue to focus on making the Canadian environment attractive to investment, and on providing access and protection for Canadian investors abroad.

The planning environment is dominated by such considerations as:

- Canada's falling share of both inward- and outward-FDI in the face of increased competition;
- an incorrect perception abroad of Canada's competitiveness (according to the KPMG study, *The Competitive Alternatives: Comparison of Business Costs in North America, Europe and Japan*);
- the need for more effective marketing tools to promote Canada's strategic partnerships and technology flows associated with FDI and productivity;
- cost-sharing and coordination between federal and provincial governments, municipalities and the private sector;
- unprecedented pressures on delivery capacity at embassies and consulates abroad.

The challenge is to make Canada a location of choice for new business investment in the NAFTA region. Global Product Mandates (GPMs), under which subsidiaries undertake a range of activities for the world market, are fundamental to the long-term growth prospects of TNCs – and are becoming increasingly common as operations are rationalized and merged. Securing and maintaining GPMs is a critical factor to reversing the erosion of FDI into Canada. This strategic thrust can also be bolstered by the federal government's communications efforts seeking to inform investors of Canada's economic renewal, and the extent to which Canada's international competitiveness continues to improve, for example as highlighted by KPMG's annual study of business costs among G-7 countries.



Source: DFAIT/Trade and Economic Analysis Division (EET)

# 3

## STRATEGY

### 3.1 OVERVIEW

*Canadian prosperity and employment are prime objectives of the Government of Canada's foreign policy. To achieve these, the government intends to pursue several initiatives over the next few years as part of its international business strategy. Initiatives will fall in four main areas: market access, export capability and preparedness, international market development, and investment development.*

Since relatively few Canadian firms export, our initiatives aim to increase the number of SME exporters as well as the volumes of existing exporters. To succeed internationally, SMEs require improved access to financing and timely market intelligence. The government is looking to the private sector and to its own agencies to facilitate SME access to financing; but lack of market intelligence is still a major impediment to potential exporters.

To overcome this barrier, the government will continue to improve services delivered by the International Business Opportunities Centre, created to respond to specific trade leads identified by posts abroad. As well, Team Canada Inc's web site ExportSource provides SMEs with international business information, and the Agri-Food Trade Service Online provides agri-food exporters with trade and market information relevant to the sector. It is also expected that the government will continue to lead Team Canada missions abroad, providing more opportunities for Canadian exporters to win potential contracts.

The government's strategy, developed in consultation with industry, is to improve our international economic performance by expanding Canada's trade base and becoming a location of choice for global investment. The centrepiece of this strategy is Team Canada Inc, which provides better service to Canadian businesses by integrating IBD functions across various government departments and with other levels of government. By tapping into the federal government's international network of trade officials, it serves as an information resource centre for Canadian firms.

#### **Further trade policy priorities include:**

- managing the Canada-U.S. economy relationship;
- strengthening the World Trade Organization as an institution capable of overseeing the operation of the multilateral trading system and conducting multilateral negotiations while providing a stable, transparent, rules-based international trading climate;
- expanding the network of free trade partners;
- improving international rules governing foreign direct investment and anti-competitive behaviour.

For decades, the government has played an active role in international trade and investment, balancing the many considerations that have led to current policies and programming. The government is already committed to several elements of its policy agenda for the future, such as the WTO agricultural and services negotiations in 1999. Moreover, Canadian policy is already strongly committed to supporting international business development. Rather than endeavouring to change the direction of Canadian IBD policy, many of the strategic options focus on questions of scope, resources, process and timing, while meeting domestic policy concerns as effectively as possible. The top priority is to expand and defend Canada's international business interests.

### 3.2 MARKET ACCESS

#### **3.2.1 INITIATIVES**

Canada's access to foreign markets is dependent on a rules-based system that provides the certainty and predictability to enable long-term business planning. Before investors will commit to plants, equipment, services, and production investments, they need to have secure access to markets. At the same time, increased import penetration and inward investment ensures competition at home that leads to competitiveness abroad for Canadian firms.

Canada's market access objectives must serve the public interest and remain compatible with domestic policy interests. The prime objective is to secure improved access for Canadian exports of goods and services to foreign markets. Priorities include the elimination or reduction of tariff rates and non-tariff barriers affecting goods that we now export or will likely export in the future. Improving access in sectors and markets targeted by Canadian service providers and investors is also a priority.

International rules are now moving beyond the traditional focus on tariff and non-tariff border measures. They are now beginning to address questions of domestic regulation with trade impacts. The key management challenge remains to find the right balance between domestic interests and concerns, and the pressures of accelerated globalization and market liberalization. To this end, several initiatives are being pursued concurrently:

#### **□ Identifying trade and investment barriers**

Government will consult with private-sector and non-government organizations to develop a coherent trade policy strategy to promote the domestic policy agenda and be supported by key domestic constituencies. Canada must identify whether and if so, how further liberalization and rule-making would be in our national interest, and where our market access priorities lie. We must anticipate issues that our trading partners will put forward. Preparations for trade negotiations entail extensive consultation with Canadian stakeholders, including provincial governments, industry and other non-governmental interests. These consultations will also serve to enhance public understanding of the role of trade in the Canadian economy.

Provincial governments expect to play a greater role in international trade negotiations when issues within their responsibility are affected. We want to build on the close working relationship that already exists, and ensure that provinces are involved in the policy-making process. This reflects both their constitutional responsibilities and our interest in their full participation in the evolution of the trading system. In turn, the provinces' involvement and commitment to results is critical to ensuring effective implementation of negotiated undertakings.

#### **□ Negotiating trade agreements**

Bilateral, regional and multilateral trade negotiations present significant opportunities to improve the framework for enhanced trade and investment. They can complement and reinforce efforts to expand and diversify Canadian exports and to increase Canada's share of foreign direct investment, while contributing to domestic and foreign policy goals.

In December 1999, Canada will participate in the Third WTO Ministerial Conference, which is expected to launch new negotiations on trade in services, agriculture and possibly other issues or sectors that affect market access. To prepare for this conference, WTO Members are working to identify issues that warrant attention and to prepare recommendations to trade ministers. These recommendations will cover the implementation of existing agreements, the ongoing work program, mandated negotiations and the scope and format of new negotiations.

To prepare for such negotiations, and in recognition of the increasing interdependence of domestic and international trade policy issues, the Canadian government is engaging in an extensive outreach and consultation process with the Canadian business sector, the provinces, other interest groups and the public. By developing clear, practical and well-supported objectives, Canada will be well prepared to engage fully, constructively and effectively in the continuing development of an open and fair international trading system. Canada's initial negotiations position will be articulated in late 1999 and will reflect the domestic consultation process.

The focus in Latin America in 1999 will be on the FTAA negotiations, and enhanced trade relations with MERCOSUR. In Asia, APEC has agreed to send the results of its work on sectoral trade liberalization to the WTO to seek expanded participation. In Europe, we are negotiating a free trade agreement with EFTA and working actively with the EU on a trade action plan.

Given the growing influence of developing countries and emerging economies, the need to build consensus on a complex array of issues, and the diverse number of regional and other trading arrangements, Canada should capitalize on its experience in trade policy to build a stronger network of trade policy partners. We place a high priority on providing trade policy technical assistance to developing countries, to help them fulfil their Uruguay Round obligations. This will enable Canadian exporters to benefit from improved access to those markets.

### □ Resolving trade irritants and barriers

Continuing to expand the trade and investment relationship with the United States will be critical, as will ensuring the integrity of the NAFTA. Challenges will include managing disputes in the agricultural and agri-food, cultural and forestry sectors, as well as an unpredictable stream of trade remedy cases involving Canadian interests. Canada will deploy either WTO or NAFTA dispute settlement procedures, as appropriate, to defend its interests against protectionist actions and unilateral trade measures taken by the U.S. and other trading partners. We will continue to defend Canadian programs against challenges. The Canadian government will require vigilance as the U.S. continues to enact legislation with extraterritorial application, and apply trade sanctions to support its foreign policy objectives.

### 3.2.2 PERFORMANCE MEASUREMENT

The performance measurement strategy for strengthening market access is presented in Annex 1.

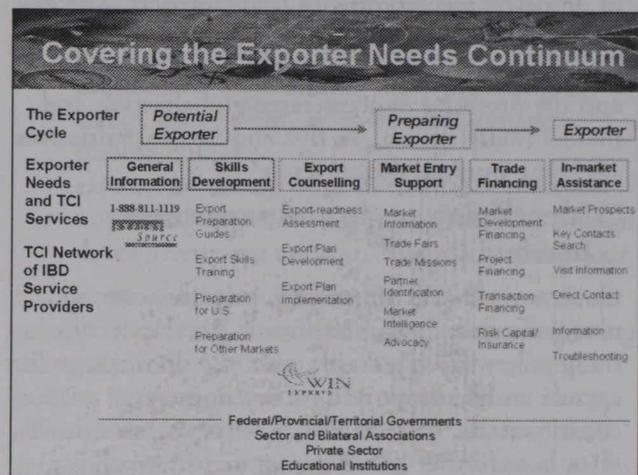
## 3.3 EXPORT CAPABILITY AND PREPAREDNESS

The government's products and services to prepare and inform exporters are designed to:

- raise awareness of global market opportunities and promote exports as a growth option;
- provide export-preparedness training to meet the needs of potential exporters;
- align TCI services with the needs of individual firms;
- customize self-help tools and Internet-based information sources with the provinces, linked through TCI's *ExportSource* web site.

TCI's domestic services involve many partners from federal, provincial, regional and municipal governments, as well as the private sector. A federal/provincial Assistant Deputy Minister task force was formed in 1998 to undertake, in part, an analysis of existing exporter development services and to identify gaps, overlaps and best practices. Under the leadership of Industry Canada's International Trade Centres, input is being obtained from the Regional Trade Networks in each province.

Consensus has been reached on five broad service areas to be provided to the export community by the TCI network: General Information, Skills Development, Export Counselling, Market Entry Support and Trade Financing. As a priority, core services were defined for Skills Development (Export Preparation Guides, Export Skills Training, Preparation for U.S. Markets, and Preparation for Other Markets) and Export Counselling (Export-Preparedness Assessment, Export Plan Development, and Export Plan Implementation). Action Plans have been developed by Federal/Provincial working groups to implement these core services.



Export advice for potential and existing exporters is available from many sources of government. Because of their large SME client base, the federal regional development agencies – Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions Agency (CED) and Western Economic Diversification Canada (WD) – as well as the Federal Economic Development Initiative for Northern Ontario (FedNor), and other TCI partners, are ideally positioned to contribute significantly to developing and delivering export capability and preparedness services.

### 3.3.1 INITIATIVES

The TCI network of government departments and agencies is pursuing the following initiatives:

#### □ Expanding Awareness of Global Market Opportunities

A key element of the export capability and preparedness strategy is to make Canadian firms aware of the global market. The provinces and federal regional development agencies provide services such as trade awareness sessions, export preparedness seminars, networking breakfasts and self-help diagnostics. Publicizing company profiles and Export Award winners helps to raise the profile of successful exporters.

The Canadian Tourism Commission will continue to provide tourism industry decision-makers with credible, research-based marketing, product development and economic business intelligence, and will encourage them to use this information in their business decision-making processes.

#### □ Engaging Strategic Partners in Exporter Preparation (with particular emphasis on SMEs)

The Regional Trade Networks coordinate regional exporter service resources, and a continuing priority will be to recruit additional strategic partners to prepare businesses (particularly SMEs) for export. Some innovative partnerships involve the academic community – for example, matching export-potential firms with MBA students for market-specific research. Other programs include International Co-op Internships, International Student Partnering, and WD's International Trade Personnel Program.

#### □ Targeting Team Canada Inc Services to Meet Exporter Needs

**General Information:** One of TCI's main priorities is to raise awareness of services available to business clients. A national toll free number (1-888-811-1119) now connects callers to TCI's Export Information Service, which provides direct access to the programs and services of member departments (such as Industry Canada's CBSCs and International Trade Centres, and AAFC's Agri-Food Trade Service). Walk-in inquiries are also served at CBSCs across Canada.

TCI's *ExportSource* web site (<http://exportsource.gc.ca>) also allows clients 24-hour access to international business information. The site's popularity increased during 1998, averaging over 13 000 visits a month. A 1997 "performance snapshot" of the site revealed an overall satisfaction rate of 64 percent; when changes were made in response to this feedback, the satisfaction rate increased to 68 percent in 1998. To respond to the changing needs of clients and the advances in information technology, the site is being redesigned to include an improved organization, an upgraded search engine, and a new look for the new millennium.

**Skills Development:** An important activity for firms early in their export preparation is the development of export knowledge and skills. Core services include export preparation guides, export skills training, preparation for U.S. markets, and preparation for other markets.

In partnership with TCI, the Forum for International Trade Training (FITT) now offers introductory "Going Global" seminars aimed at enhancing the export awareness, skills and knowledge of potential and existing SME exporters. The three-hour workshops, delivered locally through the RTNs, include introductions to international trade, market research, and international marketing.

**Export Counselling:** Export counselling services range from assessing a company's export preparedness, to assistance in developing an Export Plan and the identification and selection of target market(s). Core services include: export preparedness assessment; export plan development; and export plan implementation.

**Market Entry Support:** These support services are designed to help export-prepared companies to obtain the necessary decision-making information to enter markets, participate in trade fairs, join trade missions or identify and find partners.

**Trade Financing:** Financing for exporters, in the form of market development financing, working capital, foreign buyer financing and insurance, is available through a consortium of TCI providers – EDC, CCC and the federal regional development agencies ACOA, CED and WD – as well as BDC.

These services are designed to equip clients with the skills and information necessary to initiate and establish sales in particular markets. (Specific examples are presented in Annex 2.)

### □ **Renewing the International Trade Centres**

IC's International Trade Centres are key regional service points in helping export-prepared companies enter international markets. They are currently undertaking a major initiative to redefine their core and enhanced services within the context of the federal/provincial analysis of exporter development services, and to focus efforts in areas of greatest value to clients. Under the heading, *A new approach to serving business in Canada and abroad*, staff are working with their regional partners and DFAIT to reach consensus on a common set of core services. As part of this review, national standards are being developed and will be implemented across the country to ensure a consistent level and quality of service.

### □ **Broadening and Diversifying the Exporter Base**

Initiatives to broaden and diversify the exporter base include making customized training material available to industry associations and other organizations for its members; tapping Canada's ethno-cultural diversity to create a competitive advantage; and promoting strategic alliances to pursue international contracts such as offshore capital projects and International Financial Institution opportunities. Through existing mechanisms such as the Canadian Business Networks Coalition, and the Business Network Program of the Canadian Chamber of Commerce, industry associations can play a stronger role in helping to set up such consortia and identify possible networks of companies.

Aboriginal Business Canada (ABC) has identified international trade as a key priority. Through its Aboriginal Trade and Market Expansion Initiative, ABC will continue to identify and profile Aboriginal exporters and growth-oriented firms, ensure that they are introduced to TCI partners, and work directly with them in a range of capacity-building initiatives. In addition, ABC is a key partner with DFAIT, INAC and AAFC in developing an Aboriginal Trade Strategy to build on ABC's success. This strategy will offer comprehensive support to firms in various sectors and in various stages of the export development cycle. ABC will also focus on key sectors of the Aboriginal economy, including indigenous-to-indigenous international consulting, cultural products, and other growth-oriented sectors.

The Trade Research Coalition is a government initiative to promote export development on the part of women entrepreneurs. A number of government departments and agencies (including DFAIT, the Industry Canada Portfolio and Status of Women Canada), as well as various private sector associations, are actively involved. The Coalition has worked to:

- conduct a comprehensive literature review on women entrepreneurs and trade;
- develop an Internet site for women entrepreneurs interested in export and trade issues;
- develop a database of women exporters;
- host a Trade Summit for Women Entrepreneurs (May 1999), drawing on the support of IC's network of International Trade Centres.

TCI will encourage more companies to adopt a global-market mindset and make their products and services export-prepared, in order to enhance Canada's position as a reliable supplier of high-quality, value-added products. Partnerships will continue to expand to reach new client-segments and identify new sectors with export potential, especially in emerging technologies. This will require an ongoing review of local capabilities to match offshore opportunities.

### **3.3.2 PERFORMANCE MEASUREMENT**

*The performance measurement strategy for strengthening export capability and preparedness is presented in Annex 1.*

## 3.4 INTERNATIONAL MARKET DEVELOPMENT

The international marketplace for goods, services and investment is evolving quickly and becoming more complex and competitive. This dynamic environment contains both threats and opportunities for Canada. These factors are compounded by new phenomena such as the introduction of the euro currency, preparations for the Y2K computer challenge and the rise of e-commerce worldwide. In response to these forces, IBD activities must ensure that Canadian firms exporting or seeking strategic investment or technology alliances abroad have access to the quality services and support they need to competitively pursue business opportunities. This includes guidance on how to best capitalize on market access openings and economic liberalization abroad. The federal government cannot operate independently in this environment, and should play a leadership role in involving the provinces, business associations and other private sector partners, with the objective of securing more business and greater economic prosperity for Canada. Team Canada Inc is ideally structured to act in that capacity.

### 3.4.1 INITIATIVES

#### Improving Service to Canadian Business

TCI will expand and broaden its information dissemination network to improve access for both novice and experienced exporters. The International Business Opportunities Centre (IBOC), an integral part of TCI, continues to enhance its client services. IBOC distributes, in a timely manner, market intelligence and export business leads, identified by trade officers abroad, to Canadian suppliers who are often looking to make their first export sale. The Market Research Centre continues to produce and update sectoral foreign market reports. These are distributed over the Internet to meet the market information needs of prospective Canadian goods and services exporters.

TCI's export financing and insurance provider, the Export Development Corporation (EDC), plans to serve more exporters, support greater business volumes and generate a rate of return that will support future growth. EDC's strategic direction is to improve further its contribution to Canada's export efforts by specifically increasing the number of SMEs served. This will be achieved by expanding EDC's network of intermediaries/partners and researching new distribution channels. It will also develop a strategy to attract larger accounts. These measures are expected to increase the number of EDC clients, and improve client satisfaction and retention rates. Improvement efforts will focus on internal management adjustments to deal with increased client demand, and on developing relationships in key markets for international projects, including high-risk business.

Canadian Commercial Corporation (CCC) in its export sales agency role will continue to provide advice and assistance to exporters in difficult markets. CCC's contracting expertise, particularly in foreign government and multilateral organization procurement, will continue to benefit an overwhelming proportion of SMEs in its expanding client community. Like EDC, CCC will strive to increase both the volume of transactions and the number of clients served.

The computer-based WIN Exports Client Management System, which includes Posts abroad, federal and provincial departments and agencies, continues to be upgraded as an internal client management tool for TCI. The system allows more effective business sourcing and matching, client communications, networking and service transaction tracking. WIN is also becoming a central feature in the annual client survey process, aimed at identifying strengths and improving weaknesses in support of further service improvements.

The Agri-Food Trade Service (ATS) will continue to expand its services, including on-line information dissemination, to a range of potential, new and experienced exporters of value-added food products. The ATS Online Internet facility is expected to be used by a growing number of clients.

TCI will be instituting a more strategic approach to the management of trade and investment missions to overseas markets. This will include improved mission coordination among federal departments and the provinces, as well as a broader consensus on best practices for effective missions. It will also include the development of a standard agreement, for use by all overseas Posts and mission organizers, to clearly define respective responsibilities and appropriate time-lines in the preparation of missions. This will help to ensure more consistent service to business clients as well as more effective missions.

#### □ **Renewing the Trade Commissioner Service**

TCS's Expand your Horizons program will continue to implement and consolidate its new "management by results" approach: a new service policy aimed at providing better service to Canadian clients abroad. Employee training and learning support programs will be pursued through the implementation period, taking into account the results of the 1998-99 employee and client surveys (to be repeated in the coming year). This program is expected to improve the six core services offered (Market Prospect, Key Contact Research, Visit Information, Local Company Information, Face-to-Face Briefing, and Troubleshooting) as well as additional services, including trade missions, delivered by trade officers at Post.

#### □ **Broadening the Exporter Community**

The financial risk of entering new markets, especially those far from the North American continent, is a major deterrent for Canadian business. The Program for Export Market Development (PEMD) was specifically designed to address this obstacle. To help meet the policy goal of doubling the number of active Canadian exporters, the government continues to re-allocate limited resources to increase first-time and new-to-market exporters by facilitating their success abroad. This is in accordance with the continued re-focusing of PEMD to support approximately 700 SMEs per year.

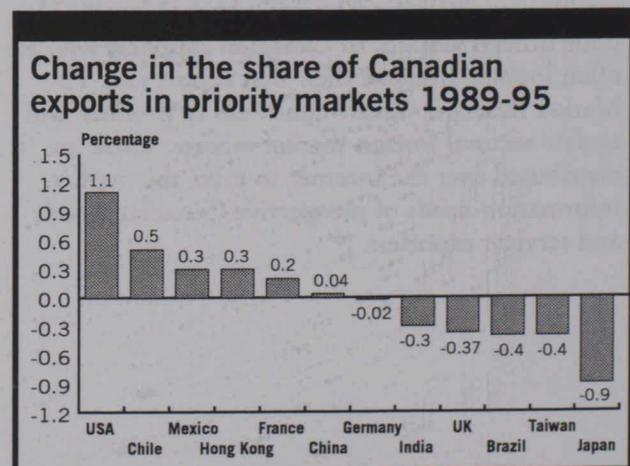
The long-standing New Exporters to Border States program (NEBS) is also being continuously improved, as a means to graduate exporters from U.S. regional markets to third markets. For example, a new NEXSA program has been established to assist exporters in South America.

The new SME Support Unit concentrates on the special needs of SMEs in export markets and to ensure that all trade promotion services appropriately reflect those needs. The unit continues to be conscious of the special requirements of women, aboriginal and young entrepreneurs, and to look for ways to bring these new constituents into the export fold. For example, an Aboriginal Trade Strategy is being formulated with IC, INAC and AAFC, and the Businesswomen in Trade web site now offers new information for exporter clients. The Unit's efforts will continue to build on the recent practice of having more young entrepreneurs join members of other under-represented business groups in trade missions and promotional initiatives.

#### □ **Increasing Market Share in Key Emerging and Fast-Growth Markets**

While Canada has experienced impressive expansion of trade in the past five years, much of the growth is concentrated in a limited number of markets and sectors. Dependence on the U.S. market has grown to 85 percent of all merchandise exports; our goods exports are highly concentrated in certain key sectors (40 percent in natural resources, 23 percent in automotive); and export gains have been concentrated in sectors already experiencing the best net performance. At the same time, we have lost market share in many of the world's rapidly growing markets. The economic turbulence in Asia and Latin America has added risk and competitive pressures to the mix of factors faced by exporters.

*Canadian exports are losing ground to foreign competitors in several major markets, particularly India, Brazil and Japan.*



Source: DFAIT/Trade and Economic Analysis Division (EET) (1997)

While diversifying exports, we should not downplay or undercut our success in existing markets and mature sectors such as the U.S. – where, after ten years of free trade, our market share of the world's richest market is the envy of every major trading nation. Initial success in U.S. regional markets can strengthen competitiveness and confidence, and can act as a springboard to ventures in offshore markets. On the other hand, concentrated exposure to a single market makes us vulnerable – in this case to the U.S. business cycle and to the Canada/U.S. dollar exchange rate.

Declining government resources for trade support require a difficult program choice: whether to allocate resources to where short-term results are more readily achieved (the U.S.), or to deploy them to newer markets which require greater effort for longer-term success.

The Team Canada partnership is heavily engaged in raising awareness of new and expanding opportunities abroad. In 1999-2000, a series of high profile Inter-American summit meetings hosted by Canada will continue to expand awareness of business opportunities in Latin America. This builds on the Team Canada mission to Argentina, Brazil, Chile and Mexico and the launch of FTAA negotiations in 1998, which helped increase interest in one of the world's high-potential emerging regions.

To respond to these initiatives, and to the increased exporter interest they will generate, we intend to increase the number of Trade Commissioners abroad by transferring positions from headquarters and sponsoring Global Opportunities (GO) Teams. The ultimate objective is to attain a 70:30 deployment ratio between our offices abroad and Canada. We are also redeploying Trade Commissioners in the field from low- to high-priority posts, and are exploring the legalities of hiring locally-engaged commercial officers on a term basis to give us more flexibility in allocating resources in response to market pressures. To sustain such a shift of IBD staff to the field, new net resources will be necessary.

A second tier of major emerging markets has been identified and added to the list of key priority markets. Starting with a series of cost-shared pilot projects, an important element in our strategy will be to build partnerships with trade and industry associations and multi-cultural communities to leverage their international experience. The Team Canada trade missions provide a good example of the partnership approach. The Prime Minister, supported by provincial premiers, has led three missions to Asia and two to Latin America, bringing home \$24 billion in business deals since 1994, and helping open the world's fastest-growing markets to Canadian business.

The missions represent a significant investment by both government and the private sector. They are highly visible and they work. For this reason, a Team Canada Mission Unit has been established to plan and coordinate all related events and to develop a longer-term strategic approach to such missions (timing, destinations, themes, participation, pre- and post-mission activities). The next Team Canada trade mission is scheduled to visit Japan in the autumn of 1999.

In the international context, Canada's International Business Strategy has been refocused to concentrate on more targeted priority sectors and their key markets. Major impediments to access will be identified, and strategies developed to deal with them as part of a comprehensive market development plan for each priority country. This national approach is harnessed at the sectoral level through a more refined, better-coordinated strategy that will help to coordinate sector stakeholders' IBD efforts. Private sector members join public sector representatives at both the federal and provincial level to develop and implement coordinated, sectoral IBD strategies and action plans. Through extensive consultation among team members and Canada's Trade Commissioners abroad, future plans and activities are identified that reflect the interests of Canadian companies, ensure focused and coordinated use of IBD resources, and match Canadian capabilities with foreign opportunities. The streamlined and more appropriately resourced planning framework allows resources to be directed wherever opportunities for Canada are greatest. This networked approach helps TCI to set macro, program and sector-specific objectives in conjunction with the private sector.

#### **□ Broadening the Export Product Range**

An efficient and effective trade development program must remain consistent with the changing composition of Canadian exports. Over the past 32 years, resource-based exports fell from 43 percent to 18 percent as a proportion of total merchandise exports. Meanwhile, end products (including high tech) and semi-manufactures increased from 57 percent to 82 percent. At the same time, Canada's exported commercial services (telecoms; computer and information services; insurance and financial services; and engineering, architectural and other services) expanded from 20 percent of the total in 1969 to 37 percent in 1994. The shift away from a resource-based to a more advanced economy is set to continue as Canada's foreign trade pattern moves towards a post-industrial, knowledge-based economy.

In order to tap this growing potential, the Government of Canada plans to:

- establish additional Canadian Education Centres (similar to the network in Asia and Latin America) in francophone and European countries (such as Germany);
- continue to explore opportunities in the Caribbean region to recruit more foreign students and to market Canadian education services;
- market abroad (in partnership with the private sector) its public sector expertise in areas such as elections management and auditing practices;
- reinforce the ability of Canada's cultural sector to market its products internationally;
- capture more statistical data on service industries;
- improve training of trade staff (under the Expand your Horizons program) to encompass services to new economy goods and services sectors;
- target expansion of PEMD Trade Association agreements to the New Economy sectors;
- promote Canada as a top choice tourist destination, to capitalize on the fact that world tourism is projected to grow 7 percent annually until 2005.

These initiatives require funding from one of two primary sources: incremental resources for IBD program spending or re-allocation of existing resources within the envelope. In the current climate of fiscal restraint, it is extremely difficult to formulate and implement new trade development strategies. Without new resources, we are faced with relying on better management and more effective implementation, focussed on sectoral and market priorities and improved delivery.

#### **Expanding Export Awareness**

Now that Team Canada Inc is established, the brand name needs to be marketed to clients, stakeholders and the general public across the country. A multi-year domestic strategy to develop TCI's profile is designed to increase client numbers, build export awareness and help meet exporter development objectives. Apart from letting potential and existing clients know about the easier access to services, the marketing campaign will focus on the importance of IBD and the complementary role played by market-access initiatives such as NAFTA and the new WTO negotiations. This wider communications campaign will reinforce the existing Trade Commissioner contacts through Outreach and Expand your Horizons. It will take the form of direct mailings, print and electronic media, Internet upgrades, public consultations and other marketing targeted to business

travelers through Canadian airports airline advertising campaigns, and passport application flyer inserts.

#### **Celebrating Excellence: Canada Export Awards**

Each year, the Minister for International Trade presents Canada Export Awards to a select number of firms, chosen by a panel of their peers from across Canada. The panel looks for:

- an ability to compete globally
- a spirit of innovation
- a dedicated workforce
- an appetite for risk
- a commitment to excellence

Winners use the Canada Export Award logo in their advertising and promotional materials for three years following receipt of the award, and are recognized by the media for their outstanding achievements as Canadian export champions. In addition, special recognition is given to three award winners by program sponsors:



**CIBC Job Creation Achievement**



**EDC Smaller Exporter Achievement**

**TELEGLOBE**

**Teleglobe Innovation and Technology Achievement**

Over 3 000 entrants have competed for the Canada Export Awards in the program's 16-year history, with the 200 winning companies ranging in size from small business to large multi-nationals. The winners represent a broad spectrum of Canadian business, from food processing to transportation equipment, electronics, consulting engineers, consumer products and telecommunications. The 1999 winners will be honoured at a gala presentation ceremony in Toronto in October, at which an "Exporter of the Year" will be selected.

The focus in 1999 will be on raising the profile of the awards ceremony. During the week of the gala, EDC will sponsor and organize a number of regional export seminars and workshops across Canada. It will also organize a small Executive Trade Symposium to address inward and outward FDI flows.

The modest number of regional events in October 1999 is seen as a transition to a full-blown "Canada Export Week," scheduled as a millennium event in the spring of 2000. EDC will take the lead in establishing the export concept nationally in partnership with its corporate sponsors, Team Canada Inc, Chambers of Commerce, The Alliance of Manufacturers and Exporters Canada, and the provinces. Three key elements of Canada Export Week are:

- export seminars, workshops and round-tables across Canada targeting SMEs, young entrepreneurs and educational institutions;
- an Executive Trade Symposium targeting executives of major Canadian enterprises, senior government trade, finance and industry officials and the academic community;
- the Awards gala, an evening of tribute to Canada's top exporters and an annual celebration of Canada's success as one of the world's leading trading nations. This will target a business and government audience.

These elements will seek to create a critical mass of related activities to focus awareness and attention on the importance of trade and investment to Canada's current and future prosperity.

### 3.4.2 PERFORMANCE MEASUREMENT

*The performance measurement strategy for international market development is presented in Annex 1.*

## 3.5 INVESTMENT DEVELOPMENT

### 3.5.1 INITIATIVES

The continuing process of globalization has brought about substantial changes in international business trade and investment. This is contributing to a pattern whereby sources of goods, services, and materials are increasingly global, but delivery of end products is becoming increasingly localized. For successful global companies, investing abroad has become critical to securing and enhancing markets. Investment and trade are thus complements, not substitutes.

One critical dimension of the ongoing process of globalization has been the tremendous growth in FDI. Between 1980 and 1995, global FDI stock as a percentage of world GDP doubled to 10 percent. In 1996 the stock of FDI-in reached US\$3.2 trillion, a 13-percent increase over 1995.

Canada is heavily integrated into the global economy, and its continued economic well-being is highly dependent on both FDI in Canada by foreign-owned enterprises, and increasingly on FDI outside Canada by Canadian-owned companies. While Canada continues to draw large amounts of inward FDI in absolute terms, our relative share has either stagnated or declined. For example, Canada's share of global FDI-in has remained constant at 4 percent of world total, after falling from 11 percent between 1980 and 1995. Canada's decline in share of world FDI-in is the result of intense competition for international investment not only from such emerging markets as China, India, Mexico and Brazil, but also from developed countries like the U.S., the U.K. and Ireland.

The factor has been compounded by increased competition among TNC affiliates in various countries for Global Products Mandates (GPMs), as well as generous incentives offered to foreign investors by competing jurisdictions, particularly by a number of states and municipalities in the U.S. One key factor in reversing this trend is attracting and building GPMs within Canada. GPMs, under which a subsidiary undertakes a range of activities for the world market, are fundamental to TNCs' long-term growth prospects. These are becoming increasingly common as TNCs rationalize and merge their operations.

The strategy to attract and build GPMs could be juxtaposed to the federal government's strategy, begun in 1996, to attract, retain and expand international investment in Canada. This strategy, an integral part of the government's Jobs and Growth Agenda, provided a broad framework for federal foreign investment promotion activities and involved a focused marketing approach in respect of priority markets, target sectors and specific firms in the world's top investing countries.

The strategy has five elements:

- marketing "Brand Image Canada" as the cost-competitive NAFTA location of choice, and highlighting the country's investment strengths;
- vigorously pursuing the attraction, expansion and retention of investment from Canadian and foreign MNEs in priority sectors and key markets;
- continuously evaluating Canada's investment climate with a view to addressing potential concerns from foreign investors;
- assisting Canadian SMEs to pursue appropriate partnering opportunities with foreign companies in selected sectors and venues;

- forging a strong Team Canada approach to attracting, expanding and retaining foreign investment by working in close collaboration with the provinces, municipalities, businesses, and academic/research institutions.

### □ Enhanced Marketing of Canada

The purpose of this strategy is to systematically market Canada as the investment location of choice within the NAFTA region, and to replace outdated misconceptions of Canada with a more realistic view. In this context:

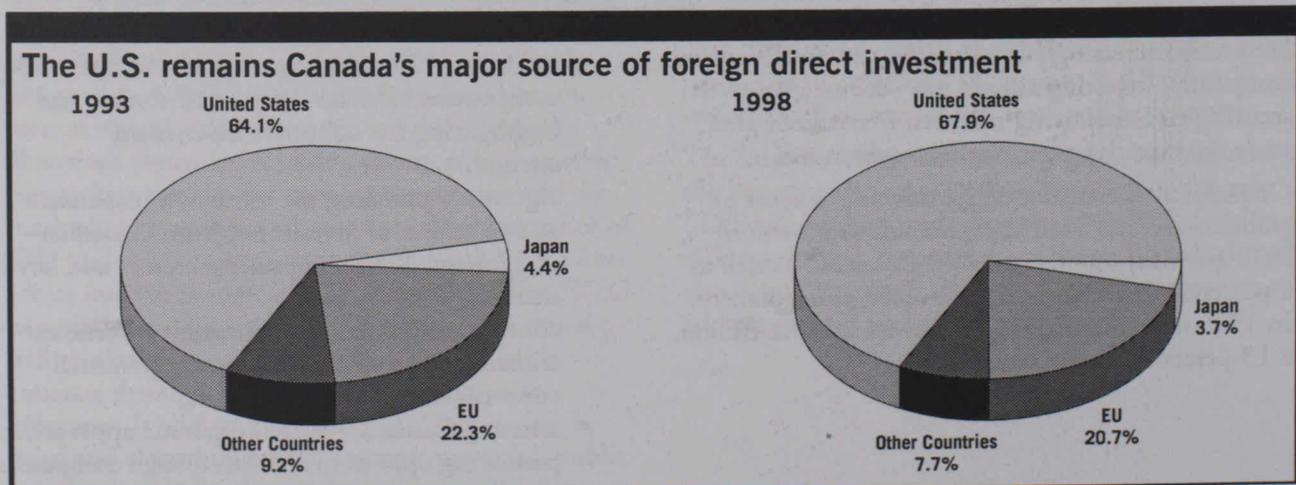
- DFAIT commissioned an international study in late 1997 to compare business costs in selected cities of Canada, the U.S. and Europe. *The Competitive Alternative*, prepared by the international firm KPMG, endorsed Canadian cities as the most cost-effective locations among the countries surveyed. The findings of this study were communicated to potential investors, investment intermediaries and business media in Canada and abroad. An updated version, including findings from cities in Japan and Austria, was released in the spring of 1999, and is also being marketed around the world.
- Canada's economic renewal, including the soundness of macro- and micro-economic policies as well as its enhanced competitiveness, are being increasingly recognized around the world by bodies such as the World Economic Forum, the Economist Intelligence Unit and the UN Human Development Index. These positive messages are being communicated in Canada and abroad, particularly to investors and influential intermediaries such as Site Selectors in the U.S.

- the Prime Minister, the other first ministers, federal and provincial ministers, and senior business executives are increasingly involved in making the business case for investing or expanding in Canada. For instance, they recently participated at various investment events at the World Economic Forum in Davos, Switzerland.
- an "Invest in Canada" web site has been set up to provide investors with timely information on Canadian federal, provincial and municipal programs and services.

### □ Selective Targeting of MNEs in Priority Sectors and Key Countries

Under this element of the Investment Strategy, Investment Partnerships Canada (IPC), a joint IC/DFAIT unit, manages focused and comprehensive corporate campaigns:

- the Deputy Minister Country Champion Program (DMCCP) brings together seven federal deputy ministers to champion FDI opportunities from targeted markets of the U.S., the U.K., Germany, France, Japan, Sweden and the Netherlands. The DMCCP identifies appropriate MNE targets, enhances the awareness of Canada's investment strengths among key decision-makers, and addresses the specific needs and concerns of target MNEs.
- the DM Country Champions will promote Canada as a competitive location for investment, and obtain feedback on perceptions of Canada and its policies for integration into our public policy formation process.
- to complement the government's goal of building a knowledge-based economy, sector-based investment strategies and promotional tools are being developed for sectors such as information and communications technologies,



Source: DFAIT/Trade and Economic Analysis Division (EET)

life sciences, agri-food, aerospace, automotive and chemicals. Identification and strategic analysis of appropriate objectives are also ongoing.

- investors will be able to access government services through a restructured network led by IPC and supported by DFAIT Posts abroad and IC's industry branches and other sectoral departments domestically.

#### □ **Improved Investment Climate**

In order to increase Canada's relative share in the world stock of FDI, we must continue to benchmark and improve Canada's investment climate compared to that of competing jurisdictions. In this context:

- federal departments and agencies involved in IBD, together with other TCI partners, are continuing the ongoing work on removing or minimizing perceived impediments to investment in Canada. In addition to maintaining sound macro and micro economic policies, horizontal policy issues and developments that could be perceived as irritants to investment are being examined under the DMCCP in order to find suitable solutions.
- work on identifying and addressing perceived impediments to new or expanded investment in Canada will continue, using the network of Canada's foreign Posts as well as through an expanded outreach program for Canadian companies.

#### □ **International Partnering Opportunities for SMEs**

International partnerships give Canadian companies access to new technologies, innovative management practices, sources of venture financing and networks of contacts to further enhance their business activities. Recognizing the unique needs of SMEs, a partnering service offers Canadian companies the opportunity to identify and contact foreign companies to form joint ventures and strategic alliances.

This service assists Canadian SMEs to better understand the benefits, responsibilities and pitfalls of partnerships. Educational material on this subject is available to Canadian companies. Materials are also available to organizations to supplement both market- and sector-specific promotional efforts.

Promotional activities are staged in selected foreign markets in conjunction with high-profile trade events and missions to inform others of Canadian capabilities and opportunities in identified key technology sectors.

The partnering service responds to requests from abroad to match Canadian companies with interested foreign companies.

#### □ **Partnership Among Team Canada Players**

IPC, as the focal point for investment within the federal government, now reports directly to the DM's of IC and DFAIT and the investment function is overseen by a Board of Directors, comprised of Deputy Minister Country Champions.

The federal government is working with the provinces, municipalities, utilities, and national/regional organizations (such as the Federation of Canadian Municipalities (FCM) and the Economic Developers Association of Canada (EDAC)) in promoting and communicating Canada's investment strengths to investors and key decision-influencers. This is achieved through joint initiatives such as Canada Hospitality/Networking events at World Congresses of the International Development Research Council (IDRC), Canada booths at trade and business fairs/expositions, etc. Regional Executive Directors of Industry Canada, Regional Departments and Agencies, and Senior Trade Commissioners across the country are the key contact point for other government departments.

Recognizing the unique needs and the wide variance in the ability of local communities to attract foreign investment, DFAIT has recently instituted an extension to the government's popular Program for Export Market Development (PEMD) to include foreign investment promotion. The new program, called PEMD-I, delivered across Canada by International Trade Centres, will help local governments and their private-sector partners in their efforts to attract foreign investment to their communities. PEMD-I support will be available to non-profit, public-private sector partnerships working at the local level to attract new foreign investment to their communities. The federal contribution will act as a catalyst for contributions from other levels of government and from the private sector. Private sector involvement is required for federal participation under PEMD-I. Support will be based on a two-tier approach to defining and meeting community level needs. Communities must also present a business case for their project proposals.

### □ Canadian Direct Investment Abroad

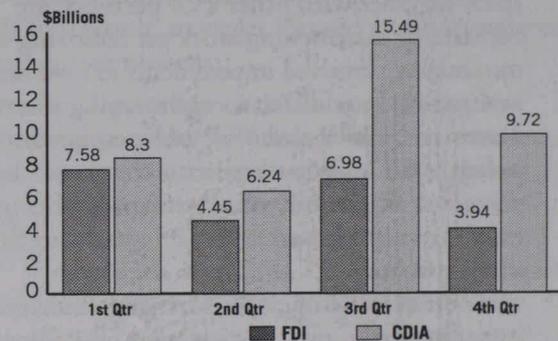
Canada has a small but growing base of domestically owned transnational corporations. Canadian direct investment abroad (CDIA) is growing rapidly, to almost \$200 billion in 1997, reflecting today's reality of an increasingly integrated world market and the participation of Canadian business in that integration. These firms have recognized that investment abroad can be an essential element of their strategy to access new markets, especially in resource and high-growth markets that often demand local presence.

Given the interrelationship that has been shown to exist between trade and investment, a trading nation like Canada has much at stake in the expansion of international investment undertaken by Canadian-based firms. Currently, the federal government does not overtly promote CDIA, even though the resulting benefits (trade, profits, dividends, technology transfer to Canada) may be substantial. The benefits are demonstrated by the success abroad of Canada's chartered banks.

Some of our competitors (notably the U.K. and the U.S.) have recognized the significant benefits related to outward investment and have made its promotion an important element of economic policy. Promotion activities include direct programming, priority in international investment negotiations, or political support.

In many circumstances, CDIA helps expand trade and generates net benefit and employment in Canada. However, some Canadians see CDIA as exporting jobs and growth.

### Foreign Direct Investment (FDI) into Canada and Canadian Direct Investment Abroad (CDIA), 1998



Source: DFAIT/Trade and Economic Analysis Division (EET)

### 3.5.2 PERFORMANCE MEASUREMENT

The performance measurement strategy for strengthening investments is presented in Annex 1.

# ANNEX 1

## PERFORMANCE MEASUREMENT TEMPLATE

### MARKET ACCESS

**OUTCOME (What we want to achieve):** Maintained and improved secure market access

INITIATIVES: EXPECTED RESULTS (The results we want)	PERFORMANCE INDICATORS (What reflects progress on key expected results?)	PERFORMANCE MEASURES (How do we measure progress?)	PERFORMANCE OBJECTIVES (How much do we try for?)
<p><b>Identifying with industry, significant trade and investment barriers in priority markets:</b></p> <ul style="list-style-type: none"> <li>• Clarification of Canada's market access priorities following analysis and consultations including sector-specific consultations;</li> <li>• Strengthening of domestic support for trade liberalization through outreach programs and consultations;</li> <li>• Enhancement of public understanding and consensus on trade agendas through consultation;</li> <li>• Development of Canadian strategy for upcoming market access negotiations in multilateral and regional fora (WTO, FTAA);</li> <li>• Development of Canadian positions on trade policy with respect to emerging issues of corporate governance, codes of conduct, trade and environment, labour and culture;</li> <li>• Identification of irritants and responses regarding Canada/U.S. relations through private sector consultations.</li> </ul> <p><b>Negotiating multilateral, regional and bilateral trade agreements:</b></p> <p>a) Multilateral:</p> <ul style="list-style-type: none"> <li>• Strengthening of WTO rules-based multilateral trading system by promoting greater transparency;</li> <li>• Fully implementing the Uruguay Round commitments by all WTO members;</li> <li>• Expanding of WTO membership to include all major trading partners;</li> <li>• Resumption of WTO negotiations on agriculture (1999) and services (2000), and possible launch of new negotiations in 2000;</li> <li>• Consultations with provinces, industry and other stakeholders on their interests of negotiating priorities;</li> <li>• Broad WTO participation the work done by APEC to advance sectoral trade liberalization;</li> <li>• Expanding the Information Technology Agreement in terms of country participation, product coverage and inclusion of non-tariff measures;</li> <li>• Broadening and strengthening of government procurement disciplines;</li> <li>• Analysing the extent to which current agreements address issues arising from the use of electronic commerce;</li> <li>• Conclusion of negotiations to achieve common rules of origin for non-preferential trade;</li> <li>• Development of WTO rules on trade facilitation;</li> <li>• Concluding Bio-Safety Protocol negotiations;</li> </ul>			<ul style="list-style-type: none"> <li>• Performance related to improved bilateral and multilateral market access pursued:             <ul style="list-style-type: none"> <li>• traditional markets</li> <li>• priority markets</li> <li>• emerging markets</li> </ul> </li> <li>• Performance related to negotiations to remove/reduce trade barriers identified by industry:             <ul style="list-style-type: none"> <li>• Canadian priorities reflected in WTO accessions</li> <li>• Canadian priorities reflected in preparatory work for new negotiations in the WTO and FTAA</li> </ul> </li> <li>• Performance related to the resolution of trade irritants             <ul style="list-style-type: none"> <li>• dispute settlement</li> </ul> </li> <li>• Performance in advancing Canadian interests internationally             <ul style="list-style-type: none"> <li>• representation of Canadian interests in international fora (WTO, APEC, FTAA, OECD, FAO)</li> </ul> </li> </ul>

## MARKET ACCESS (CONT'D)

**OUTCOME (What we want to achieve):** Maintained and improved secure market access

INITIATIVES: EXPECTED RESULTS (The results we want)	PERFORMANCE INDICATORS (What reflects progress on key expected results?)	PERFORMANCE MEASURES (How do we measure progress?)	PERFORMANCE OBJECTIVES (How much do we try for?)
<ul style="list-style-type: none"> <li>• Providing detailed technical information on energy, mining, forestry and earth sciences issues to help Canadian negotiators reach best possible agreements.</li> <li>b) Regional:               <ul style="list-style-type: none"> <li>• Greater transparency and discipline in the application of trade remedies within NAFTA;</li> <li>• A strong start for FTAA negotiations with priority and emerging markets;</li> <li>• Momentum for trade and investment liberalization in APEC;</li> <li>• Development of uniform customs procedures and trade facilitation measures in international trade agreements (NAFTA, FTAA, EFTA).</li> </ul> </li> <li>c) Bilateral:               <ul style="list-style-type: none"> <li>• Strengthened Canadian advocacy efforts to inform the U.S. and other opinion makers of the adverse impact of protectionism, and strategic alliances with importers affected by such protectionist measures developed and supported;</li> <li>• Increased protection for Canadian investors abroad through Foreign Investment Protection Agreements (FIPAs);</li> <li>• Development of new partnerships with priority and emerging markets;</li> <li>• Expanding trade and investment links and cooperation with MERCOSUR and the EU;</li> <li>• Negotiating a free trade agreement with EFTA.</li> </ul> </li> <li><b>Resolving specific irritants and barriers to trade:</b> <ul style="list-style-type: none"> <li>• Promotion and defence of Canadian WTO rights in dispute settlement proceedings;</li> <li>• Continuous management and improvements of Canada-U.S. trade relations;</li> <li>• Minimization of the impact of Helms-Burton and similar legislation on Canadian firms;</li> <li>• Support of Canadian interests in dialogue with the U.S. regarding special import and export measures and controls;</li> <li>• Engagement of industry, provincial and sectoral interests in efforts to resolve disputes;</li> <li>• Bilateral consultative technical mechanisms used to address specific irritants with various countries</li> <li>• Resolution of specific trade barriers in priority and emerging agri-food and housing markets.</li> </ul> </li> <li><b>Advancing Canadian interests through international bodies:</b> <ul style="list-style-type: none"> <li>• Through influence in international organizations such as WTO, APEC, OECD, FAO, WCO, World Bank and Regional Development Banks;</li> <li>• In other multilateral/international fora that influence and guide international trade policy agenda, including G7, Quad, Cairns Group, Invisible Group, various FTA Trade Commissions (NAFTA, CCFTA, CIFTA), and Heads of Customs Conference.</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>• Closer collaboration with TECA partners on international trade agenda and increased trade and investment opportunities</li> </ul>

# EXPORT CAPABILITY AND PREPAREDNESS

**OUTCOME (What we want to achieve):** Internationally competitive and export-oriented industry

INITIATIVES: EXPECTED RESULTS (The results we want)	PERFORMANCE INDICATORS (What reflects progress on key)	PERFORMANCE MEASURES (How do we measure progress?) expected results?)	PERFORMANCE OBJECTIVES (How much do we try for?)
<p><b>Expanding awareness of global market opportunities:</b></p> <ul style="list-style-type: none"> <li>• Recognition by business, particularly SMEs, of exports as a growth option;</li> <li>• Increased focus by firms on exporting as a major business objective;</li> <li>• Production of credible research-based business intelligence by tourism industry decision-makers.</li> </ul> <p><b>Engaging strategic partners in exporter preparation:</b></p> <ul style="list-style-type: none"> <li>• More federal departments, provinces and business associations providing front-line exporter services and who are active partners in Regional Trade Networks and Trade Team Canada Sector Teams (TTCS) with “seamless” delivery of services among partners;</li> <li>• Promotion of partnerships and strategic alliances among exporting companies and other partners such as the Community Futures Development Corporations.</li> </ul> <p><b>Targeting Team Canada Inc services to meet exporter needs:</b></p> <ul style="list-style-type: none"> <li>• Increased awareness and use of TCI exporter-development services under 5 broad areas: General Information, Skills Development, Counselling and Advice, Market Entry Services and Trade Financing;</li> <li>• Internet-based information sources to meet individual needs, e.g. <i>ExportSource</i> and <i>Strategis</i> web sites;</li> <li>• Toll-free phone line with direct links to more TCI partners;</li> <li>• Export-preparedness training (e.g. Export Preparedness Guide, available on the Internet (<i>ExportSource</i>) or hard copy);</li> <li>• Export counselling and advice to firms (through tools such as the Interactive Exporter);</li> <li>• Market development financing and advisory support;</li> <li>• Revenue Canada Business Number expanded to allow exporters to include programs of other government departments;</li> <li>• Increased use of electronic reporting by exporters through the Canadian Automated Export Declaration Program.</li> </ul> <p><b>Broadening and diversifying the exporter base, with particular emphasis on SMEs:</b></p> <ul style="list-style-type: none"> <li>• Increased numbers of export-prepared or export-oriented firms, including small firms, ethnic groups, Aboriginal enterprises, women entrepreneurs and firms in rural areas, with focus given to firms in priority sectors and those interested in priority markets;</li> <li>• Broader range of sectors recognizing export opportunities;</li> <li>• Broader range of export-prepared products and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Level of interest in exporting</li> <li>• Level of use of TCI services</li> <li>• Number of export-prepared firms</li> <li>• Number of clients attending export preparedness seminars or receiving one-on-one advice and counselling</li> <li>• Number of firms in target groups</li> </ul>	<ul style="list-style-type: none"> <li>• Export attitude surveys</li> <li>• Number of visits to the <i>ExportSource</i> web site</li> <li>• Number of calls to the toll-free number</li> <li>• WIN Exports registrations</li> <li>• Enhanced exporter community statistics from Statistics Canada</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage increase in SME exports</li> <li>• High use of TCI services</li> <li>• Objective of 16 000 calls to the toll-free number</li> <li>• Increased number of export-prepared firms</li> <li>• Increased number of firms in target groups</li> </ul>

# INTERNATIONAL MARKET DEVELOPMENT

**OUTCOME (What we want to achieve):** Increased exports of Canadian value-added goods and services

INITIATIVES: EXPECTED RESULTS (The results we want)	PERFORMANCE INDICATORS (What reflects progress on key expected results?)	PERFORMANCE MEASURES (How do we measure progress?)	PERFORMANCE OBJECTIVES (How much do we try for?)
<p><b>Improving service to Canadian business:</b></p> <ul style="list-style-type: none"> <li>• Distribution by the International Business Opportunities Centre (IBOC) of export leads from posts abroad to WIN Exports suppliers across Canada;</li> <li>• Production of 250 market studies to identify product and service opportunities in key overseas markets;</li> <li>• Expansion of exporter registration in WIN Exports sourcing system;</li> <li>• WIN Exports linked to the provinces, and on-line to overseas posts;</li> <li>• Increase in synergy on federal-provincial high-level trade missions;</li> <li>• Improvement in access to exporter development services in rural areas;</li> <li>• Establishment of Regional Housing Export Centres.</li> </ul> <p><b>Renewing the Trade Commissioner Service:</b></p> <ul style="list-style-type: none"> <li>• Restoration of pride in the Trade Commissioner Service (TCS) through the Expand Your Horizons program;</li> <li>• Provision of standardized core TCS services at Posts abroad;</li> </ul> <p><b>Broadening the exporter community:</b></p> <ul style="list-style-type: none"> <li>• Increase the number of SMEs, youth, women and Aboriginal entrepreneurs using IBD programs;</li> <li>• Use of PEMD to target SMEs, new exporter constituencies and novice exporters.</li> </ul> <p><b>Broadening the export product range:</b></p> <ul style="list-style-type: none"> <li>• Targeting of knowledge-based growth sectors such as educational services and cultural products;</li> <li>• Aggressive marketing of Canadian public service expertise;</li> <li>• Marketing Canada as a tourist destination;</li> <li>• Increasing the share of value-added products in Canada's export mix;</li> <li>• Developing a cultural trade action plan.</li> </ul> <p><b>Increasing market share in key priority and emerging markets:</b></p> <ul style="list-style-type: none"> <li>• Adoption of strategic approach to planning and follow-up for Team Canada missions;</li> <li>• Establishment of a GO Team for short-term opportunities in key priority and emerging markets;</li> <li>• Transfer of 10 trade positions from HQ to field annually, to achieve an historical ratio of 70:30 by 2006;</li> <li>• Designation of markets as "priority" or "emerging" to allocate program and personnel resources;</li> <li>• Implementation of action plans for key export sectors such as housing and agri-food.</li> </ul> <p><b>Expanding export awareness:</b></p> <ul style="list-style-type: none"> <li>• TCS Outreach Program: 130 officers meeting 950 firms in 110 cities across Canada;</li> <li>• Launch of Canada Export Week as a TCI/business association partnership initiative;</li> </ul> <p><b>Celebrating excellence: Canada Export Awards:</b></p> <ul style="list-style-type: none"> <li>• Recognition of the Canada Export Awards as achievements in succeeding in the global trade arena.</li> </ul>	<ul style="list-style-type: none"> <li>• Level of use of TCS services</li> <li>• Export business generated</li> <li>• Support to the export community</li> <li>• Composition of export community</li> <li>• SME use of PEMD</li> <li>• Growth of foreign student community</li> <li>• Market segment for Canadian travel</li> <li>• Growth of services exports</li> <li>• Export business generated</li> <li>• Applications received</li> <li>• Media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• TCS Client Survey: client satisfaction rating</li> <li>• Business generated by IBOC</li> <li>• Growth of new constituencies in export community</li> <li>• PEMD funding to SMEs and the associated business generated</li> <li>• Foreign students in Canada</li> <li>• Tourism receipts from targeted export markets</li> <li>• Percentage of services in export mix</li> <li>• Dollar value of contracts awarded</li> <li>• Business resulting from Team Canada Missions</li> <li>• Media impact analysis</li> </ul>	<ul style="list-style-type: none"> <li>• A ratio of 70:30 for field/HQ deployment of Trade Commissioners by 2006</li> <li>• Two program objectives: 15 000 leads distributed by IBOC, plus the business they generate; and baselines established for TCS client satisfaction</li> <li>• Two objectives: doubling the number of active exporters to 10 000 by the year 2000; and recapturing 4 percent of the value of the world agri-food export market by 2005, while reversing the current 60:40 ratio of primary/processed agri-food exports</li> <li>• An 18.9 percent increase in international tourism receipts in 2000, to \$15.1 billion</li> <li>• Increase of \$30 million</li> <li>• Establish baseline for Team Canada Mission business</li> <li>• Exceed 300 applications for the first time</li> </ul>

# INVESTMENT

## OUTCOME (What we want to achieve): Increased business investment

INITIATIVES: EXPECTED RESULTS (The results we want)	PERFORMANCE INDICATORS (What reflects progress on key expected results?)	PERFORMANCE MEASURES (How do we measure progress?)	PERFORMANCE OBJECTIVES (How much do we try for?)
<p><b>Improving awareness of Canada as an investment location of choice:</b></p> <ul style="list-style-type: none"> <li>• Increased promotion of Canada's investment strengths by PM, First Ministers and federal ministers;</li> <li>• Promotion of Canada as the investment gateway to NAFTA;</li> <li>• Promotion of Canada as a leading-edge, knowledge-based economy;</li> <li>• Enhancement of capacity at Posts to promote inward investment;</li> <li>• Creation of information products, aimed at potential investors in key markets, to create a brand image that situates Canada as an investment location of choice within the NAFTA region;</li> <li>• Promotion of minerals investment conferences overseas to promote potential for foreign investors in Canadian mineral industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Canada's image for investment</li> <li>• International ranking on competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Survey of investor awareness</li> <li>• Survey of competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced perception/reality gap on Canada's international competitiveness ranking</li> </ul>
<p><b>Improving domestic and international investment climate:</b></p> <ul style="list-style-type: none"> <li>• Sectoral and horizontal policies developed, benchmarked and adjusted to enhance the international competitiveness of Canada's business climate;</li> <li>• Canada benchmarked against the competition with respect to perceived regulatory barriers;</li> <li>• Examination of investment attraction strategies of key competitors;</li> <li>• Progress towards resolution of key impediments to investment;</li> <li>• Improvement in access to investment capital;</li> <li>• Launch of new KPMG study;</li> <li>• Updates and improvements to investment web sites.</li> </ul>	<ul style="list-style-type: none"> <li>• Relative share of FDI-inward</li> </ul>	<ul style="list-style-type: none"> <li>• Inward-FDI rates compared to economy, sector, source</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Canadian share of world FDI flows.</li> </ul>
<p><b>Increasing attraction and retention of MNE investment in Canada:</b></p> <ul style="list-style-type: none"> <li>• Implementation of the Deputy Minister Country Champion Program to lead focused targeting;</li> <li>• Development of sectoral strategies to retain and attract key firms;</li> <li>• Delivery of investment services to Canadian firms and foreign MNEs, through ministerial missions or sector-specific campaigns in priority sectors aimed at new investment or re-investment in Canada;</li> <li>• Facilitation of the international expansion of globalizing Canadian MNEs;</li> <li>• Implementation of a "rapid response team" for investment projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Relative share of outward-FDI</li> </ul>	<ul style="list-style-type: none"> <li>• Program audit</li> <li>• Outward-FDI rates compared to economy, sector, source</li> <li>• Tracking system results</li> </ul>	<ul style="list-style-type: none"> <li>• Increased international investment promotion</li> <li>• Increased Canadian outward FDI flows</li> </ul>
<p><b>Increasing SME partnering:</b></p> <ul style="list-style-type: none"> <li>• Undertaking venture-capital and strategic-alliance missions to the U.S., Asia and Europe;</li> <li>• Increased use of intra-government expertise in identifying partnership-ready Canadian SMEs;</li> <li>• Focussing on technology-driven partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership initiatives</li> <li>• Partnership discussions</li> </ul>		<ul style="list-style-type: none"> <li>• More technology-driven partnerships</li> </ul>
<p><b>Promoting new partnerships in federal/provincial/municipal investment efforts:</b></p> <ul style="list-style-type: none"> <li>• Establishment of a domestic database profiling Canadian municipalities for local/foreign Site Selectors;</li> <li>• Development and implementation of sectoral federal/provincial investment strategies;</li> <li>• Introduction of PEMD-I.</li> </ul>			

# ANNEX 2

## TEAM CANADA INC PRODUCTS AND SERVICES FOR INTERNATIONAL BUSINESS DEVELOPMENT

The three original core departments of Team Canada Inc (TCI), which devote the greatest amount of resources to international business development, are the Department of Foreign Affairs and International Trade (DFAIT), Industry Canada (IC), and Agriculture and Agri-Food Canada (AAFC). In the last year, 17 new members have joined, bringing current membership up to 20. To prepare this joint business plan, TCI drew on the common business lines of members' existing business plans for 1999-2002.

### Department of Foreign Affairs and International Trade (DFAIT)

**Market Access:** Canada's market access priorities are to be clarified through consultation and analysis. New and more reliable access to international markets will be achieved through:

- advocacy of Canadian positions;
- negotiations in the WTO and the FTAA, as well as other bilateral, regional or multilateral fora;
- full implementation of trade agreements; and
- use of formal dispute resolution mechanisms in trade agreements.

**International Market Development:** DFAIT will contribute to increased export value of goods and services through:

- improving Trade Commissioner Service and other DFAIT services to the Canadian business community under the "Expand your Horizons" client service policy, including annual client feedback surveys;
- broadening the base, both number and activities, of Canadian firms looking to do business abroad, particularly with respect to SMEs, women, youth and Aborigines;
- diversifying the range of products exported, especially to knowledge-based and service industries;
- expanding Canadian market share in key markets, capitalizing on improved access; and
- increasing domestic awareness of the benefits accruing from international business development.

**Investment:** Foreign direct investment in Canada will be increased by:

- the attraction, expansion and retention of foreign investment and technology flows;
- more effective partnerships with provinces and municipalities to generate investment success stories under the new PEMD-I program;
- marketing Canada as a competitive investment destination; and
- promoting strategic alliances between Canadian SMEs and foreign partners.

### Industry Canada (IC)

**Market Access:** Canada's market access is best served by a predictable system that allows for the certainty of long-term business planning. Through agreements with various trading partners, Canada has already negotiated a liberal trade environment. To build on these successes, the framework of international trade rules must be further strengthened by:

- reducing barriers to trade within Canada and ensuring that our domestic market functions effectively, to achieve the economies of scale necessary to confront international competition;
- working to improve access to key markets through tariff liberalization initiatives, and by eliminating any technical barriers and regulations, subsidies, government procurement restrictions and environmental measures that distort trade or investment decisions.

**Export Capability and Preparedness:** IC will take steps to enhance the export capability and preparedness of Canadian firms by:

- helping companies (primarily SMEs), through its International Trade Centres (ITCs), expand and diversify exports and support investment initiatives. Core functions of the ITCs include service delivery management, access to market specialization, and strategic leadership of Team Canada Inc and coordination within the Regional Trade Networks;

- providing information to both experienced and new-to-exporting firms through ExportSource (<http://exportsource.gc.ca>), TCI's award-winning Internet access point for leading-edge trade and export information; and through its telephone Export Information Service, a national toll-free number (1-888-811-1119) with direct links to TCI partners;
- promoting awareness of export development services to both active and potential exporters through the federal/provincial Regional Trade Networks. The five areas of service include: General Information, Skills Development, Export Counselling, Market Entry Support and Trade Financing.

**International Market Development:** The international marketplace is evolving quickly and becoming more complex and competitive. IC is working to increase exports of Canadian goods and services, and to diversify to other markets beyond the U.S., by:

- developing and implementing, with industry members, priority sector trade strategies and programs through the Trade Team Canada Sectors (TTCS), to improve market share in priority sectors and markets;
- promoting the participation and expansion of Aboriginal businesses in domestic and international trade, and among Indigenous peoples;
- identifying and matching Canadian sources of supply, in particular small businesses, with foreign trade opportunities through the International Business Opportunities Centre;
- supporting, through the Canadian Tourism Commission, a cooperative relationship of some 1 200 private-sector, federal, provincial and territorial government partners to market Canada as a travel destination to more than 25 countries.

**Investment:** IC is working to attract new FDI and retain existing foreign investment by:

- marketing Canada's advantages as an investment site, assisting the growth of SMEs through international investment partnerships;
- improving the investment climate and removing investment impediments;
- targeting and customizing services of specific MNEs in priority sectors;
- forging new partnerships across all levels of government and the private sector.

Investment Partnerships Canada plays a coordinating role in securing high-profile, strategic investments in Canada's key growth sectors, and in retaining investments that are at risk.

## **Agriculture and Agri-Food Canada (AAFC)**

AAFC's departmental vision is that of "a growing, competitive, market-oriented agriculture and agri-food industry that is profitable and responds to the changing food and non-food needs of domestic and international customers, is less dependent on government support, and contributes to the well-being of all Canadians and the quality of life in rural communities while achieving farm financial security, environmental sustainability and a safe, high-quality food supply".

One of AAFC's four business lines is Expanding Markets. The objective is to work with industry and other partners to improve and secure market access; to enable the agri-food sector to capture opportunities for trade in domestic and export markets, with a focus on processed agricultural products; and to increase domestic and foreign investment in the sector:

**Market Access:** where the expected outcomes are improved and more secure access to international markets and a reduction in internal barriers to trade. These outcomes are achieved by:

- negotiating and maintaining trade agreements;
- resolving/reducing barriers to domestic and international trade;
- advancing Canadian interests through the activities of international bodies.

**International Market Development:** where the expected outcome is a contribution to increased sales of Canadian agriculture and agri-food products. AAFC promotes increased sales of Canadian agriculture and agri-food products by:

- coordinating a strategic federal, provincial and industry partnership approach to export market development;
- providing programs and services to promote growth in export and domestic markets for both products and companies;
- fostering supply chain management and development of alliances to improve industry competitiveness.

**Investment:** where the expected outcome is a contribution to enhanced capability to supply competitive Canadian agriculture and agri-food products. AAFC promotes increased sales of Canadian agriculture and agri-food products by:

- coordinating a strategic approach to investment in Canada's agriculture and agri-food sector with all levels of government;
- providing programs and services and supporting alliances to encourage domestic and international investment in the Canadian agriculture and agri-food sector;

- supporting the Canadian agri-food sector to increase its capability and capacity to supply competitive products.

The Agri-food Trade Service (ATS) is dedicated to providing services to Canadian exporters:

- ATS Online (Internet services);
- Enhanced Market Information and Intelligence Products;
- Canada's International Business Strategy for agriculture, food and beverages;
- AgFITT (International Trade Training);
- Agri-Food Specialists Abroad;
- International Trade Shows/Food and Investment Promotion;
- Organization of Trade and Investment Missions;
- Agri-Food Industry Market Strategies process;
- Agri-Food Trade 2000/ PEMD Agri-food (funding program).

### **Atlantic Canada Opportunities Agency (ACOA)**

ACOA works to strengthen the international business performance of the Atlantic region by enhancing the capabilities of SMEs to establish and expand export activity. As a member of each Atlantic province's Regional Trade Network, ACOA has helped to coordinate trade activities and deliver services that complement and reinforce member services. Export has been incorporated into our Federal/Provincial Bilateral Agreements, and all Atlantic provinces have included trade as a key element in their Cooperation Economic Diversification Agreements.

ACOA's Business Development Program provides financial assistance to firms wishing to develop new export markets or other trade-related activities such as business expansion, export consultation services, product development or productivity improvement. Funding is also available to non-profit organizations such as trade associations, export business networks, export clubs and training institutes that provide export support services.

ACOA targets potential exporters and equips them with "export readiness" skills. The Export Option is promoted through information training and awareness sessions such as "Trade Outreach" and "Trade Orientation" seminars. The Agency has compiled a Trade Tool Kit to assist staff, provincial colleagues and export associations in counselling potential exporters. Access to market information and intelligence has also been an integral part of ACOA's trade strategy, with emphasis placed on the initiation of market and sector studies. As well, the trade strategy ensures that Atlantic exporting companies

are registered in WIN Exports, so that they may access DFAIT's Market Intelligence Information System.

### **Canada Economic Development for Quebec Regions (CED-Q)**

CED-Q's market development priorities are: to take an active role within Team Canada Inc; to strengthen its partnerships with stakeholders, in order to allow more SMEs from various regions in Quebec to access government export resources; and to develop activities that will enable SMEs wishing to export to the U.S. to better define their target markets and become more export prepared.

#### **Team Canada Inc:**

As a network member, the Agency provides export advice and skills development support to companies, as well as access to strategic market information. The agency provides funding support to exporting companies through DFAIT's Program for Export Market Development (PEMD). It also seeks to increase Quebec SMEs awareness of international business opportunities by encouraging trade commissioners from abroad to visit the regions, and by mounting Export/Contact seminars. Finally, the agency promotes the use of the ExportSource web site by companies and intermediary groups.

#### **Partnerships:**

CED-Q helps develop and strengthen organizations that respond to enquiries from SMEs on market development, and has developed a trade mission service especially for new exporters in cooperation with the Montreal World Trade Centre. The agency has also helped bring about some fifteen partnership agreements with sector organizations in all regions of Quebec, in order to make the international network of Canadian Government expertise more easily accessible to Quebec SMEs.

#### **Exports to the U.S.:**

The Agency contributes to making Quebec SMEs export-prepared through NEXPRO-type export preparation programs, and by recruiting companies for NEBS programs. Following a partnership agreement with the École des hautes études commerciales, and in cooperation with DFAIT, young graduates prepare U.S. market studies in preparation for NEBS missions.

### **Canada Mortgage and Housing Corporation (CMHC)**

CMHC is a Crown Corporation, created in 1946 to promote the construction of new houses, the repair and modernization of existing homes, and the improvement of housing and living conditions. Today, its mandate is in the areas of housing finance, assisted

housing, housing export promotion, and research and information transfer. CMHC uses its position as the federal government's housing agency to help Canadian housing companies take advantage of international business opportunities.

CMHC offers the Canadian housing industry the following international business development products and services:

#### **Market Access:**

- identifying and resolving non-tariff trade barriers, such as following up on the Canadian application for certification of the Canadian Wood Frame Construction System with German authorities.

#### **Export Capability and Preparedness:**

- research and market analysis, including consumer preference and needs studies, and comparisons of housing codes and standards in priority and emerging markets;
- production of the Canadian Wood Frame House Handbook and the Glossary of Housing Terms into German, Spanish, Russian, Japanese and Korean;
- exporter training and counselling, and facilitation of the participation of Canadian housing firms in projects abroad.

#### **International Market Development:**

- matchmaking services, CMHC-led trade missions ensure a Canadian housing presence at international trade shows (Canada will be the featured nation at the Baufach Trade Show in Germany in October 1999);
- an international marketing team comprised of Canadian housing experts to deliver seminars promoting Canadian housing construction systems and technologies to international housing industry members and other key audiences;
- marketing and delivering CMHC expertise in housing finance and mortgage loan insurance.

#### **Canadian Commercial Corporation (CCC)**

CCC is a federal Crown Corporation which develops trade as an export sales agency, enabling foreign buyers to access the best which Canada has to offer in a broad range of services. CCC's participation in a sale provides a foreign buyer with a unique guarantee that a contract will be performed on quality, service and price. This is particularly effective in selling to foreign government departments and agencies, and international organizations. CCC's participation in an export deal increases buyer confidence, helping exporters to land sales on better terms than they could on their own.

**Clients:** CCC's customized, hands-on advice and support are useful to all exporters, regardless of size or experience level.

SMEs most often value CCC for its ability to reduce red tape, minimize risks and negotiate contracts. For larger companies with established international reputations, CCC's government-to-government role frequently facilitates sole-source sales. Regardless of size, exporters value CCC's expertise at customizing a solution to the needs of a client. In 1997-98, 1 750 Canadian companies accessed CCC's services, resulting in business valued at \$1.02 billion with customers in 48 countries.

**Services:** CCC's areas of expertise extend to all phases of the procurement process, and include identifying opportunities, evaluating and formulating bids and proposals, negotiating and administering contracts, facilitating payments, contract auditing, and assistance in resolving contract disputes. Its services complement those offered by other TCI members, and include:

- providing and maintaining the special access Canadian exporters have to the U.S. defence and space markets under the Canada/U.S. Defence Production Sharing Agreement;
- acting as prime contractor in the sale of goods and services at the request of Canadian exporters or their customers abroad;
- facilitating access by SMEs to commercial sources of pre-shipment financing for export sales through the Progress Payment Program (PPP);
- identifying U.S. federal government business opportunities and matching them to the profiles of qualified Canadian firms registered to do business in that market;
- providing export contract risk analysis and contract management services.

#### **Canadian Heritage (CH)**

In July 1998, the Department of Canadian Heritage established a Trade and Investment Branch (DGTI) within the Cultural Development Sector. The Branch was created in response to the need for government to broaden its knowledge of domestic and foreign markets in the cultural domain, and to seek innovative ways to ensure access to, and support for, the distribution of cultural products and services. DGTI is the focal point within the Department of Canadian Heritage for international trade and investment issues.

To promote Canadian cultural exports, the Department's Trade and Investment objective is to identify cultural services/products that have the potential to perform on the export market. This objective will be achieved through:

- improving access to the government's international business development programs and services to potential and new-to-market exporters;
- enhancing the export capability of cultural goods and services, and Canadian business preparedness for cultural trade initiatives;
- partnering with TCI members, the provinces and Regional Trade Networks for better service delivery;
- providing seamless trade information and services for the business community through TCI tools/services;
- enhancing the cultural trade component in future Team Canada missions;
- increasing access for government resources for priority sectors trade development, as a result of elevating the cultural sector to the rank of Trade Team Canada Sector (TTCS);
- enhancing market intelligence to improve the cultural share of Canada's overall trade balance;
- increasing advisory role for international trade and investment negotiations/disputes;
- increasing the representation of Canadian cultural industries at international trade/investment forums;
- preparing cultural exporters through information and training sessions.

### **Canadian International Development Agency (CIDA)**

CIDA recognizes that the private sector makes a significant contribution to sustainable development, and has made private sector development a priority. One means of action is the Industrial Cooperation Program, CIDA-INC, which supports business partnerships in developing countries. The program supports projects that involve the transfer of Canadian know-how and technology, and constitute profitable and sustainable partnerships.

CIDA- INC has three objectives for Canadian firms:

- to promote Canadian investment in developing countries;
- to help Canadian firms to transfer their expertise to developing countries;
- to help Canadian firms to increase the infrastructure base in developing countries.

To this end, CIDA-INC financially supports Canadian firms interested in working in developing countries, to enable them:

- to invest in a joint venture, licence agreement or other long-term partnership;
- to secure major service contracts;
- to participate in Private Participation in Infrastructure (PPI) projects.

CIDA-INC recognizes the high costs and risks of working in developing countries. To encourage Canadian firms to venture into these markets, CIDA-INC can reduce their initial expenses by sharing the costs of feasibility studies of planned projects.

Firms must then find project funding or ensure that they secure a service contract from the local government.

To ensure that projects are successful and well-integrated into their environments, CIDA-INC can also contribute to training, social and environmental activity, and WID (integration of women) components.

### **Export Development Corporation (EDC)**

EDC is the recognized leader in providing groundbreaking commercial financial solutions to companies of all sizes, helping them to succeed in the global marketplace and create prosperity for Canada.

EDC's mandate is to support and develop, directly or indirectly, Canada's export trade, and Canadian capacity to engage in that trade as well as to respond to international business opportunities. Its aim is to provide the highest-quality service to Canada's export community. Three EDC priorities aimed at increasing Canadian capacity to engage in trade are:

- increasing the number of export-ready small- and medium-sized enterprises (SMEs) and improving their access to financing. EDC has, and continues to develop, effective delivery mechanisms to reach and support an expanding number of SMEs with a range of innovative products and services tailored to their needs;
- diversifying into international business markets and, in particular, supporting exporters in developing markets. EDC helps absorb risk on behalf of exporters, beyond what is possible by other financial intermediaries. It aims to diversify its business both on a country and sector basis, and to support exports in markets that may be considered too risky for commercial lenders;

- building strong partnerships with other intermediaries in the private and public sectors to derive maximum benefit from available resources. EDC recognizes that providing complete solutions for its customers entails creating partnerships with banks and other financial intermediaries (private or public, domestic or international).

### **Human Resources Development Canada (HRDC)**

HRDC provides a wide range of programs and services that benefit children, youth, seniors, workers, persons with disabilities, employers, unions and communities.

HRDC works with Canada's provincial governments, the Canadian private sector and non-government organizations (NGOs) to make its experience and expertise in human resources development available to other countries. The International Business Development Division of HRDC's International Affairs Branch was created to help Canada respond to international demands for technical assistance.

These activities include:

- developing and managing a capacity to respond to requests for HRDC expertise abroad, and promoting (where appropriate) the products and services of the non-government sector;
- working with other federal departments to focus on the promotion of the HRD sector abroad;
- supporting the private sector in providing international business to governments;
- undertaking international business development initiatives throughout the world, with technical assistance projects currently in negotiation or execution;
- participating in Team Canada Inc activities, and in an ongoing government-wide DFAIT-led initiative to market public sector expertise.

**Market Access:** Through its International Affairs Branch, HRDC acts as a broker to assist Canadian companies in generating more business in international markets. This supports the delivery of social infrastructure projects that include HRDC products and services. The department provides knowledge and expertise to Canadian firms which need consulting services on projects that are unique to government and exportable to global markets.

**International Market Development:** The changing political structures in the world, together with the growing prosperity of some countries, require the development of modern social security and employment systems and programs. HRDC has initiated a strategic and pro-active approach to internationally marketing its expertise and knowledge. The Department is opening up opportunities for Canadian businesses in need of international consulting services, for the delivery of public sector management projects, and allows them to become export-ready in the provision of social infrastructure systems.

### **National Farm Products Council (NFPC)**

Created in 1972, the National Farm Products Council (NFPC) is a federal body which oversees national supply management agencies in agriculture. Four such agencies presently control the supply of chicken, turkey, eggs, and broiler hatching eggs in Canada, and promote their marketing. The Council's role is to ensure that the supply management system balances the interests of both producers and consumers.

One of NFPC's major goals is to work with stakeholders in the poultry and egg industries to improve competitiveness, enhance profitability and expand markets. Exports of poultry and egg products have grown from virtually nothing a few years ago, to \$176 million in 1997. The council is helping the sector increase these exports even further by:

- facilitating development of an export markets strategy;
- identifying opportunities for generic product promotion based on Canada's sound reputation for safety and quality;
- improving the level of export readiness;
- working with government and industry partners to develop trade rules that ensure fair access to export markets.

### **National Research Council Canada (NRC)**

As Canada's foremost research and development (R&D) organization, NRC works in partnership with industry, universities and other government departments to play a leading national role in the promotion of technological and industrial innovation, competitiveness and economic growth. This leadership is recognized with a mandate to assist and promote science, and to undertake industrial research in fields of importance to Canada.

In the global context, national competitiveness is highly dependent on leading-edge technology development and innovation. NRC has a variety of programs to help companies to become export-prepared and compete successfully. These programs and facilities are important parts of the Canadian innovation infrastructure, and serve as major attractions for foreign direct investment in R&D and manufacturing. NRC also uses its increasingly strong international networks to help promote the formation of joint ventures between Canadian firms and those abroad.

In addition, NRC contributes to international agreements leading to mutual recognition of the equivalence of measurement standards, which contribute to the expansion of trade.

### **Natural Resources Canada (NRCan)**

Natural Resources Canada's mission is to provide knowledge and expertise for the sustainable development of Canada's natural resources, and to improve the global competitiveness of the resources sector (and related sectors) for the well-being of Canadians.

**Market Access:** NRCan works to maintain and expand access to international markets for Canadian resource commodities and resource-based products, knowledge, technologies, and services. This is achieved through participation in policy discussions and international trade agreements, international commodity study groups and bilateral working groups, and also by promoting exports of technical expertise and advice. Through international negotiations and in conjunction with other departments, NRCan is:

- working toward acceptable protocols of accession to the World Trade Organization that reflect Canadian industry interests and other non-tariff items;
- working in bilateral and multilateral fora to encourage market liberalization, and to ensure a level playing field for Canadian energy, mining, forestry and geoscience interests;
- working to negotiate lower tariffs and eliminate unjustifiable non-tariff barriers for natural resources;
- seeking adoption of an acceptable heavy-metals protocol under the United Nations Convention on Long-Range Transboundary Air Pollution (LRTAP);
- working toward an international sea-bed mining code under the Law of the Sea Convention;

- providing key scientific data and socio-economic forest products information in support of Canada's actions on forest products trade issues;
- undertaking bilateral and international partnerships in forest fire science, sharing NRCan information technologies for fire prediction and management with international partners, and working toward a common international agenda for addressing wildland fire events;
- working multilaterally and bilaterally on energy efficiency standards to ensure that their implementation does not create barriers to trade;
- working to ensure that restructuring of the U.S. electricity market does not impose trade barriers to Canadian electricity exporters;
- promoting risk-based approaches to international measures aimed at management of metals and minerals throughout their life cycle.

**International Market Development:** NRCan provides focused international support to resource-related companies in areas such as market intelligence, export marketing assistance, trade promotion, government-to-government dialogue, and brokering of contracts. Many resource-related SMEs looking to break into international markets can benefit from federal expertise to strengthen their innovation capacity and trade orientation. NRCan's activities include:

- undertaking Team Canada-style international trade missions, led by the Minister of Natural Resources, to safeguard and improve Canada's trade and investment position in natural resources in key markets;
- facilitating the international market development of earth sciences through various incoming/outgoing geomatics and geosciences missions with federal, provincial and private participants;
- commercializing and marketing internationally, in partnerships and cooperative ventures, Canadian geomatics and geoscience capabilities such as spatial reference infrastructure technologies, to increase Canadian market exports;
- operating a new trade post in Buenos Aires to develop the geomatics market in Latin America while reducing the business risks;
- creating markets abroad by promoting adoption of efficient alternative energy technologies developed by CANMET Energy, in some cases with industrial partners;

- compiling a directory of Canadian forestry services for export, which include pest and fire management, land utilization, forest renewal and training;
- tracking Canadian foreign mining investment to facilitate more exports of related Canadian services and equipment;
- facilitating international science and technology exchanges, especially with developing countries, in order to develop new markets for Canadian equipment, services and expertise;
- maintaining a web site (cmt-net.nrcan.gc.ca) to disseminate information on the latest technological developments applicable to the mineral industry;
- facilitating joint government/industry research and development to develop mineral industry-related products and services for export.

**Investment:** NRCan seeks to improve Canada's investment climate by:

- organizing mineral promotion conferences to increase foreign interest in Canada's minerals and metals industries, and to promote Canadian advances in mining, mineral processing and related technologies;
- participating in the Investment Partnerships Canada program, through which NRCan has established high-level relationships with Japanese firms to increase knowledge of Canada's strengths, and which aggressively markets Canada as the North American investment destination of choice.

### **Revenue Canada (RC)**

Given its strong business orientation and its mandate for administering trade agreements and controlling the movement of goods and people at Canada's borders, Revenue Canada plays an active role in international business development. A key strategic international objective is to facilitate trade and investment in order to enhance the competitiveness of Canadian industry.

**Market Access:** Revenue Canada participates in a number of international organizations and fora with the aim of simplifying procedures, advancing the harmonization of customs rules, and fostering international cooperation.

### **The World Customs Organization:**

- works on revising the Kyoto Convention, the *International Convention on the Simplification and Harmonization of Customs and Procedures*;
- promotes the continued development and application of the Harmonized System;
- develops rules of origin, and clear guidelines and procedures consistent with the International Valuation Agreement.

### **The APEC Sub-Committee on Customs Procedures:**

- works to harmonize the customs procedures of APEC economies by implementing a 12-point Action Plan;
- participates in the development of harmonized customs policies, procedures and standards in support of trade agreements such as NAFTA, EFTA, and the FTAA;
- moving from domestic data reporting requirements to a harmonized international set of data elements, to streamline the export of commercial goods, beginning with our G7 and APEC trading partners;
- works bilaterally to facilitate the movement of commercial goods, with the U.S. under the Canada-U.S. Shared Border Account and through regional organizations such as the Caribbean Customs Law Enforcement Council;
- provides a tailored outreach program, as well as general services, to domestic exporter clients;
- expands the Single Business Number for reporting to allow exporters to include programs of other government departments;
- encourages, through the Canadian Automated Export Declaration Program (CAED), the continuing move for exporters away from paper-based reporting and toward electronic reporting. CAED software streamlines the collection of export data, and simplifies the process of reporting exports.

### **Transport Canada (TC)**

Safe, efficient, affordable, reliable transportation is critical to sustaining Canada's trade and tourism competitiveness. Transport Canada, through the development and implementation of a broad range of policies, programs and activities, contributes to sustaining Canada's trade and tourism competitiveness.

**Market Access:** Transport Canada makes a major contribution by:

- promoting and protecting the interests of Canadian providers and consumers of transportation and related services in bilateral and multilateral negotiations;
- representing Canadian interests in various bilateral, regional and multilateral fora dealing with transportation issues (including the International Civil Aviation Organization, APEC, OECD, NAFTA transportation consultative groups);
- establishing transportation policies that provide the legal foundation for access to international transportation markets, such as “open skies” and trucking deregulation;
- developing, with DFAIT, mandates to negotiate bilateral air agreements to provide access to international air freight and passenger markets;
- representing Canadian interests at numerous intergovernmental fora (International Maritime Organization, International Civil Aviation Organization, NAFTA transportation consultative groups) to harmonize transportation rules and standards, and to facilitate Canadian access to foreign markets.

**International Market Development:** The International Cooperation Branch of Transport Canada actively markets Canadian public sector expertise and supports the department’s technical cooperation agreements in transportation. In doing so, Transport Canada supports the Canadian private sector by:

- assisting Canadian firms to access opportunities with international financial institutions (IFIs) and international organizations, and promoting Canadian expertise to these institutions;
- increasing international awareness of Canadian capabilities in the transportation sector;
- augmenting the abilities of Canadian firms by providing public sector expertise on specific transportation projects;
- obtaining market information on opportunities in the international transportation sector, and distributing it to Canadian private sector firms;
- participating in federal government initiatives aimed at expanding markets for Canadian products and services, such as the National Sector Teams.

## **Western Economic Diversification Canada (WD)**

As a Regional Development Agency and a member of the Industry Portfolio, Western Economic Diversification (WD) is responsible for promoting the development and diversification of the western Canadian economy. WD also coordinates federal economic activities in the West and reflects western Canadian interests in national decision-making.

WD is the single point of contact for the delivery of federal services, including export services, to small and medium-sized enterprises (SMEs). It has developed a network of partnerships with other service deliverers (including the Community Futures Development Corporations, the Canada Business Service Centres, and the Women’s Enterprise Initiatives) to provide the exporter development services critical to the entrepreneurial success of small business.

As a member of Team Canada Inc, WD led in the development of the Interactive Exporter planner. It also has an important responsibility for:

- promoting exporting as a means of growth and diversification to SMEs;
- assisting SMEs become export prepared: WD helps export-unaware firms become export-interested businesses, and export-interested companies to become export-ready companies;
- providing a range of export skills development services (including counselling services, training seminars and workshops), and helping clients to assess their export-readiness, consider their export options and prepare their export plans;
- providing trade financing and general export information through its International Trade Personnel Program and the Loan Investment Funds with bank partners;
- participating in the planning processes and information delivery of the DFAIT/Industry Canada-led Regional Trade Networks.



DOCS  
CA1 EA673 B76 ENG  
1999/2002  
Team Canada Inc  
Business plan  
62717015

LIBRARY E A / BIBLIOTHÈQUE A E



3 5036 01044980 2

[exportsource.gc.ca](http://exportsource.gc.ca)

1-888-811-1119