

# News Release

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## TRADE PROGRAMS TO FOCUS ON SMALLER BUSINESSES

Smaller businesses will benefit as a result of a number of improvements to the Government's international business development programs announced today by International Trade Minister Roy MacLaren.

The changes respond to some of the recommendations made in the final report of the International Business Development Review (IBDR), released last October by a private-sector steering committee. The committee examined the Government's international business development programs in light of increasing global competitiveness and current fiscal restraints.

The improvements, to go into effect April 1, 1995, include the following:

- Support under the Program for Export Market Development (PEMD) will be focussed on smaller enterprises, defined as companies with annual sales of less than \$10 million and/or less than 100 employees for a manufacturing firm, and less than 50 employees for a services firm.
- Participation in government-sponsored trade fairs will be cost shared for smaller businesses, based on a sliding scale formula. All other companies will participate at their own expense.
- Participants in government-sponsored outgoing business missions will cover their own costs.

Taken together, these changes will generate savings of more than \$20 million over three years.

"These modifications will enhance the efficiency and cost-effectiveness of our programs and will focus the government's support on smaller businesses, where it is most needed," Mr. MacLaren said. "They will also ensure that our trade programs are in line with Canada's fiscal realities."



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The Minister also pointed out that other recommendations made in the IBDR Report are continuing to be examined, such as better export financing support, particularly for smaller firms, and the further strengthening of the Trade Commissioner Service.

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The attached background document provides information on the government trade program changes.

For further information, media representatives may contact:

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## Backgrounder

### GOVERNMENT TRADE PROGRAM CHANGES

Effective April 1, 1995, the Department of Foreign Affairs and International Trade (DFAIT) will put into place a number of improvements to its international business development programs.

The changes respond to some of the recommendations made in the final report of the International Business Development Review (IBDR), released last October by a private-sector steering group chaired by L. R. "Red" Wilson, Chairman, President and Chief Executive Officer of Bell Canada Enterprises Inc. of Montreal. The Committee examined the Government's international business development programs in light of increasing global competitiveness and current fiscal restraints.

The changes include the following:

- Financial support under the Program for Export Market Development (PEMD) will be limited to smaller companies, i.e., those with annual sales of less than \$10 million and/or less than 100 employees for a manufacturing firm, and less than 50 employees for a services firm. The existing minimum sales threshold of \$250 000 is unchanged. Previously, support was given to companies with annual sales of up to \$50 million. PEMD is DFAIT's main market development assistance program. It shares up to 50 per cent of eligible expenses and must be repaid upon export success.
- The component of PEMD that provides financial assistance to firms bidding on capital projects will also be limited to small businesses defined by the same criteria. Up until now, companies of any size were eligible for support.
- Companies will now be able to receive PEMD financial assistance for the implementation of a two-year marketing plan. Previously, firms were eligible to receive assistance for only a one-year plan.
- Mechanisms will be set up to allow recovered PEMD funds to flow back into the program. New applicants will directly benefit from the success of previous PEMD users.
- Participation in government-sponsored trade fairs will be cost shared for companies meeting the small business definition. A sliding scale based upon the number of times they participate in a particular country will be used in determining departmental contributions, i.e., 67 per cent for first participation, 50 per cent for second participation, 33 per cent for third participation, and 0 per cent beyond that. All other companies will

participate at their own expense. Previously, companies were eligible for cost sharing without differentiation by size. More emphasis will also be put on participation in large international trade shows, complemented to a lesser degree by smaller, regional shows that have high market potential.

- All participants in government-sponsored outgoing business missions will cover their own costs. Previously, the Government shared these costs.
- International business development programs that are government-initiated will be consolidated into one program. Such consolidation will help develop an integrated, strategic approach ensuring that resources are directed to the markets where the greatest opportunities exist. Over the coming year, the Government will examine further consolidation of trade programs, including private-sector initiated PEMD support.