Global Markets Action Plan

The Blueprint for Creating Jobs and Opportunities for Canadians Through Trade

Canada

© Her Majesty the Queen in Right of Canada, 2013

Ce document est aussi disponible en français.

Cat. No.: FR5-84/2013

ISBN: 978-1-100-54645-2

Table of Contents

A MESSAGE FROM THE MINISTER OF INTERNATIONAL TRADE 4

Framing the Environment 5

Introduction 6

1. Targeting Markets That Matter 7

Accessing emerging markets with broad Canadian interests 7

Accessing emerging markets with specific opportunities for Canadian businesses 8

Deepening Canada's competitive advantage in established markets 9

2. Entrenching Economic Diplomacy: A New Trade Promotion Plan 11

Focusing resources and services to maximize success 11

Promoting Canada's foreign trade zone advantage 12

Promoting Canada's innovation advantage 12

3. A Focused Pro-trade and Investment Plan to Open New Markets 13

Prioritizing trade and trade-related agreements 13

4. Enhancing Canada's Competitive Edge 14

An agile and adaptable trade strategy 14

Renewed and strengthened stakeholder linkages 15

Initiatives that play to Canada's strengths 15

Setting goals and measuring success 15

Moving Forward 16

Annex I – Priority Markets (Map)

Annex II – Priority Markets

A MESSAGE FROM THE MINISTER OF INTERNATIONAL TRADE

Canada has one of the most successful and prosperous economies in the world. One reason for this good fortune is our recognition that harnessing the power of trade and investment represents one of the most effective ways to drive economic growth and prosperity. In fact, today trade is equivalent to more than 60 per cent of our annual gross domestic product, and one in every five Canadian jobs is directly linked to exports.

That's why, in 2007, the Government of Canada launched its Global Commerce Strategy—a comprehensive and strategic plan for expanding Canada's trade network, strengthening our competitive position in our traditional markets, and extending our reach to new emerging markets. This strategy has been a resounding success, leading us to conclude seven different free trade pacts with no fewer than 37 countries.

At the same time, we are pursuing deeper trade and investment ties with many of the largest, most dynamic and fastest-growing markets in the world in order to enhance Canada's competitive edge in a global economy that is fiercely competitive. The rapidly changing global economic landscape requires Canada to remain nimble and agile. I believe that, to stay competitive, we must keep challenging ourselves.

To this end, our government's Economic Action Plan 2012 committed to building on the success of the 2007 Global Commerce Strategy by consulting extensively with Canada's business community to identify new markets, strengths and opportunities. These cross-country consultations included the critical small and medium-sized enterprises, which are the backbone of our economy. We were guided by an advisory panel of leading business and industry leaders. The result is the new Global Markets Action Plan.

Under the Global Markets Action Plan, the Government of Canada will concentrate its efforts on the markets that hold the greatest promise for Canadian business. We will do this through vigorous trade promotion and ambitious trade policy. Most importantly, the focus will be on core objectives within those markets. In short, the plan will play to our strengths and ensure that all Government of Canada diplomatic assets are harnessed to support the pursuit of commercial success by Canadian companies and investors. We fully understand that, when Canadian companies succeed abroad, all Canadians benefit from the jobs and opportunities that are created at home.

By concentrating on core objectives within our priority markets, the Global Markets Action Plan will also entrench the concept of "economic diplomacy" as the driving force behind the Government of Canada's trade promotion activities throughout its international diplomatic network. This new focus represents a sea change in the way Canada's diplomatic assets are deployed around the world. In so doing, we are ensuring that Canada's long-term economic success becomes one of our priority foreign policy objectives.

Notably, the plan also establishes ambitious yet achievable targets over the next five years to expand the export footprint of our SME community working in conjunction with government. That said, I firmly believe that our success will be defined not only by the number of new Canadian companies that begin to export but by the number and quality of the jobs that our plan will create.

Going forward, we will continue to work closely with government and industry stakeholders to keep the plan attuned to global trends and to align our government's priorities and services with the needs of our exporters. Working together, we will build on our past successes to ensure a prosperous Canada that remains a global champion of trade.

The Honourable Ed Fast
Minister of International Trade

Framing the Environment

Peter G. Hall

Vice-President and Chief Economist, Export Development Canada

Since the onset of the global recession of 2008-09, exporters have faced significant challenges. International trade activity was pummelled by the largest drop in global GDP since the Great Depression. But it didn't stop there. In spite of the unprecedented outpouring of global stimulus, a short spurt of growth fizzled into on-again, off-again performance as the world economy lived off the excesses accumulated in the pre-recession "years of plenty."

That's all changing. Years of austere consumption and investment have created a groundswell of pent-up demand in OECD economies—we're getting to a point where people and businesses simply can't put off spending any longer. Leading indicators show that they are back at it: as we speak, a broadly based upswing in momentum is under way. At the same time, the cloud of gloom that has shrouded the world economy for half a decade is lifting. Confidence is up sharply in the United States, the European Union and Japan, hitting heights that we haven't seen in years.

Another key development is adding to the momentum. Around the world, deep cuts to public spending have been a significant drag on growth for a number of years now. Those cutbacks are rapidly coming to an end, giving a significant lift to the global economy in 2014 and beyond.

Together, these recent developments strongly suggest that international trade activity is turning a very significant corner, and Canadian exporters are poised to benefit.

Launching a trade strategy that reflects current global conditions and remains adaptable to changes will ensure that Canada is poised to continue to achieve success in global markets and enhance its competitive edge.

Global Markets Action Plan: How we got here

- Conducting consultations with more than 400 Canadian business and industry stakeholders;
- Soliciting strategic advice from the advisory panels on the Global Commerce Strategy and the International Education Strategy; and
- Building on the successes of the Global Commerce Strategy, first launched by the government in 2007.

By providing Canadian businesses with the support they need to expand in international markets, the government is demonstrating its commitment to strengthening ties with our global partners.

— Hon. John Manley,
President and CEO,
Canadian Council of Chief Executives

Did you know?

- International trade represents more than 60 percent of Canada's GDP.
- One in five jobs in Canada is linked to exports.
- There would be 3.3 million fewer jobs without international trade.
- Canada's unemployment rate would skyrocket to more than 25 percent without exports.

Introduction

"To further promote the success of Canadian exporters, our government will launch a comprehensive new plan to assist Canadian businesses as they expand abroad."
– Speech from the Throne, to open the second session of the 41st Parliament, October 16, 2013

As the 2013 Speech from the Throne states, Canada has been a trading nation from its earliest days:

"From the days of the coureurs de bois and the Hudson's Bay Company, Canada has been a trading nation. Today, with one in five Canadian jobs dependent on exports, our prosperity hinges on opening new markets for Canadian goods, services and investment".

Trade continues to define this country's economic geography and prosperity. However, the global economy is changing and Canada must adapt. The changes include intense competition from countries around the world, as well as those stemming from the worst economic recession in a generation (2008-09), which had a negative impact on Canada's trade with its traditional partners; advances in transportation and communication, which are transforming the way we do business; and the growth and maturing of the world's emerging markets. Canada's Global Commerce Strategy, first launched in 2007, enabled Canada to weather the economic downturn better than most of its trading partners. It has placed Canada on a strong economic footing. For example, Canada currently has the lowest net debt-to-GDP ratio in the G-7 and has posted the fastest employment growth in the G-7 since July 2009: over a million more Canadians are working today than when the global economic recession ended. The new Global Markets Action Plan will continue to guide Canada's strong economic growth now and into the future. Key elements of the plan include targeting the markets that matter to Canadian businesses and ensuring that Canada's interests are advanced in those markets. By sharpening our trade policy tools, putting boots on the ground, and promoting business-to-business links with partners globally—links that are so often precursors to new ideas, new commercial activity and new opportunities—the approach is designed to keep the plan squarely aligned to the needs of Canadian business.

Under the Global Markets Action Plan, the Government of Canada is concentrating on the markets that hold the greatest promise for Canadian business through vigorous trade promotion and ambitious trade policy. In short, the Global Markets Action Plan will ensure that all Government of Canada assets are harnessed to support the pursuit of commercial success by Canadian companies and investors in key foreign markets, to generate new jobs and new opportunities for workers and families here at home.

The economic analysis carried out to identify the priority markets of the Global Markets Action Plan included advice and input from businesses across Canada. This information was reviewed and endorsed by an advisory panel composed of eminent Canadians (see "Members of the advisory panel for the Global Markets Action Plan").

1. Targeting Markets That Matter

Canada's Global Markets Action Plan consists of comprehensive actions to advance the interests of Canadian businesses in a specific group of key foreign markets. Priority markets were identified through a multi-stage process that included:

- economic modelling to identify markets with high-growth potential given Canadian industrial capabilities and competitive advantages;
- analysis of potential sources of capital, technology and talent;
- key regional trading blocs and Free Trade Agreement (FTA) partners for Canada;
- core hubs in global value chains; and
- guidance from key Canadian industry sectors.

By focusing efforts where Canadian opportunities and interests have the greatest potential for success, the plan plays to Canada's existing strengths and identifies three priority market types:

- emerging markets with broad Canadian interests;
- emerging markets with specific opportunities for Canadian businesses; and
- established markets with broad Canadian interests.

Accessing emerging markets with broad Canadian interests

Emerging markets with the best potential for broad Canadian commercial interests are defined as those:

- that demonstrate high potential for economic growth;
- where Canadian capabilities have the best potential for success;
- where government support can have the greatest impact;
- that are priorities for foreign direct investment, technology and/or talent; and/or
- that are part of regional trading platforms.

These markets have been identified as:

ASIA PACIFIC
• China
• Hong Kong SAR
• India
• Indonesia
• Malaysia
• Singapore
• South Korea
• Thailand
• Vietnam

Members of the advisory panel for the Global Markets Action Plan

Catherine Swift, Chair, Canadian Federation of Independent Business

Paul Reynolds, President and CEO, Canaccord Genuity Group

Kathleen Sullivan, Executive Director, Canadian Agri-Food Trade Alliance

Hon. Perrin Beatty, President and CEO, Canadian Chamber of Commerce

Hon. John Manley, President and CEO, Canadian Council of Chief Executives

Murad Al-Katib, President and CEO, Alliance Grain Traders

Jayson Myers, President and CEO, Canadian Manufacturers & Exporters

Brian Ferguson, President and CEO, Cenovus Energy

Serge Godin, Founder, CGI Group

Indira Samarasekera, President, University of Alberta

> *The Canadian Association of Importers and Exporters applauds the government's decision to refresh the Global Commerce Strategy. This action plan removes barriers and cuts red tape, which facilitates trade, [and] leads to job growth and economic prosperity for Canadians.*
>
> — Joy Nott, President, Canadian Association of Importers and Exporters

LATIN AMERICA AND THE CARIBBEAN

- Brazil
- Chile
- Colombia
- Peru

NORTH AMERICA

- Mexico

MIDDLE EAST AND AFRICA

- Israel
- Saudi Arabia
- South Africa
- United Arab Emirates

EUROPE

- Russia
- Turkey

Did you know?

Deeper trade with partners such as India and the European Union could provide Canadian businesses with improved access to markets that have a combined GDP of nearly $20 trillion and more than 1.7 billion people, creating thousands of jobs in Canada.

Accessing emerging markets with specific opportunities for Canadian businesses

Emerging markets with specific opportunities for Canadian business include those:

- where Canada has investment links;
- where Canada could hold a first-mover advantage;
- where the corporate social responsibilities of Canadian companies gives them an advantage;
- where Canada sees opportunities to develop infrastructure or talent; and/or
- that are potential treaty partners.

The Global Markets Action Plan identifies these markets as:

ASIA PACIFIC

- Brunei
- Burma
- Mongolia

LATIN AMERICA AND THE CARIBBEAN

- Costa Rica
- Panama
- Paraguay
- Uruguay

MIDDLE EAST AND AFRICA

- Bahrain
- Benin
- Burkina Faso
- Cameroon
- Côte d'Ivoire
- Ghana
- Kuwait
- Madagascar
- Mali
- Morocco
- Nigeria
- Senegal
- Tanzania
- Tunisia
- Zambia

EUROPE/EURASIA

- Kazakhstan
- Ukraine

Deepening Canada's competitive advantage in established markets

Although emerging markets are increasingly important, Canada needs to continue building on existing relationships with our traditional international partners. Business and industry leaders have been clear: a focus on emerging high-growth markets should not come at the expense of Canadian commercial interests in other strategic markets where Canada already has major trade interests and where Canadian companies still face the challenge of penetrating the lucrative global supply chains of multinational corporations.

Canada's established markets are as follows:

NORTH AMERICA

- United States

> *"The new Global Markets Action Plan is a strategy that responds to the needs of Canadian exporters today and to the realities of international business in the future. It provides exporters with the tools they need to succeed abroad. It will be instrumental in supporting business growth and jobs in communities across Canada."*
>
> — Jayson Myers,
> President and CEO,
> Canadian Manufacturers & Exporters

Accessing New Opportunities for Businesses

During extensive consultations, five streams of activities informed the establishment of priority markets in order to ensure that Canadian businesses had the tools and support needed:

1. Access to key global markets
2. Access to capital
3. Access to technology
4. Access to support services
5. Access to talent

> *The Global Markets Action Plan is a comprehensive international trade strategy that will help businesses of all sizes expand and grow in new markets around the world. By prioritizing markets, focusing on core strengths and ensuring that government services reflect the needs of exporters, the plan is right for the times, and its adaptability will help Canada increase its competitiveness over the long term.*
>
> — Hon. Perrin Beatty,
> President and CEO,
> Canadian Chamber of Commerce

EUROPE

European Union

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom

European Free Trade Association

- Iceland
- Liechtenstein
- Norway
- Switzerland

ASIA PACIFIC

- Australia
- Japan
- New Zealand

2. Entrenching Economic Diplomacy: A New Trade Promotion Plan

By concentrating on core objectives within priority markets, the Global Markets Action Plan will entrench the concept of "economic diplomacy" as the driving force behind the Government of Canada's activities through its international diplomatic network. Other countries are doing the same, and Canada cannot be complacent. We must be more aggressive and effective than the intense competition we face. Under the plan, all diplomatic assets of the Government of Canada will be marshalled on behalf of the private sector in order to achieve the stated objectives within key foreign markets.

The Global Markets Action Plan will promote and support Canadian international business interests in order to:

- open doors, generate leads and resolve problems;
- advance Canada's core industrial capabilities and competitive advantages;
- continue the creation and development of various trade-promotion bodies, including bilateral joint economic commissions, joint CEO forums, business councils and other trade and investment-enhancing tools (e.g. Canada-ASEAN Business Council);
- assist small and medium-sized enterprises (SMEs) in successfully "making the leap" to exporting;
- continue promotion of Canada's various trade facilitation advantages and infrastructure enhancements (e.g. Asia-Pacific Gateway and Corridor Initiative);
- help SMEs expand into new markets through the development of comprehensive market access reports that identify opportunities and challenges;
- attract talent to address Canada's labour shortages;
- improve and coordinate branding and marketing of Canada abroad; and
- build exporting dimensions into key sectoral strategies (e.g. defence procurement).

> *Senior-level economic diplomacy should be used in a considered and explicit way to encourage foreign governments and companies to give favourable consideration to Canadian aerospace products.*
>
> — Recommendation from *Beyond the Horizon: Canada's Interests and Future in Aerospace* (Review head, Hon. David L. Emerson, November 2012)

Focusing resources and services to maximize success

Canadian firms, and SMEs in particular, face an uphill struggle expanding into emerging markets, where the business culture, regulatory environment and language can be particularly challenging, even with a trade agreement. To meet these challenges, the Government of Canada maintains a roster of effective trade promotion tools and constantly deploys resources and services that match identified priority markets with Canada's core economic interests and capabilities. Trade promotion tools include market expansion services as well as market expansion programs provided by the Canadian Trade Commissioner Service.

As Canada's original economic diplomats, trade commissioners operate abroad to promote Canadian capabilities, gather and send leads to Canadian businesses, foster investment and innovation linkages, and conduct general, sectoral and company-specific advocacy. The TCS provides real-time, real-world advice to Canadian firms, especially SMEs, on how best to enter new markets.

In order to better assist current and prospective exporters, the Global Markets Action Plan will drive further improvements to the trade promotion and support services efforts of the TCS by:

Did you know?
Canada's TCS:

- is free of charge for eligible Canadian companies
- serves over 13,500 clients a year
- is on the ground in more than 160 cities at home and abroad
- received a client satisfaction rating of 83 percent in 2012-13

> *The evolution of Canada's foreign trade zone policies and programs is critical to the continued growth of our economy, and [the Foreign Trade Zone Coalition] welcomes the leadership the federal government has shown in building Canada's gateways by taking concrete steps we believe will grow Canada's international competitive capacity.*
>
> — Foreign Trade Zone Coalition

- aligning staff to priority markets via redeployments and strengthening the TCS network by opening new offices, such as in China's centres of growth;
- providing greater focus on and alignment with Canada's key sector strategies, including attracting talent via education, and tourism;
- improving and coordinating the branding and marketing of Canada;
- developing and maintaining the tools and partnerships needed to communicate the benefits of new and existing trade agreements to Canadian businesses;
- organizing sector-specific, targeted trade missions to priority markets, creating investment-attraction initiatives and highlighting SME success stories;
- realigning funding programs to priority markets and via deepened partnerships with key industry associations;
- helping SMEs access global value chains and promoting inward investment and innovation partnerships in markets where the TCS can have the greatest impact; and
- enhancing alignment among Export Development Canada, the Business Development Bank of Canada and the Canadian Commercial Corporation to ensure effective financing support for Canadian businesses in priority markets.

Promoting Canada's foreign trade zone advantage

An important aspect of fostering opportunities for Canada is attracting foreign direct investment that creates jobs for Canadians, supports innovation and increases our exports. One way this is done under the Global Markets Action Plan is by promoting Canada's foreign trade zone (FTZ) advantage. Canada's FTZ policies and programs facilitate manufacturing, processing and warehousing for exporters.

> *We applaud the government's commitment to helping SMEs grow and expand their business interests around the world. I know from personal experience how the hands-on service, market intelligence and business links that the Canadian Trade Commissioner Service provides [are] an essential part of their success.*
>
> — Murad Al-Katib, CEO, Alliance Grain Traders

Promoting Canada's innovation advantage

As the global economy becomes ever more competitive, Canada must continue to generate the highly skilled individuals and new ideas that will help our businesses innovate, secure new markets and create well-paying jobs.

The Global Markets Action Plan will promote linkages to international business partners, international research, venture capital and entrepreneurial services and help high-potential Canadian businesses maximize access to these opportunities.

This assistance will include supporting innovative Canadian companies participating in international business and research partnership initiatives. The plan will expand the capacity of Canada's business incubators by helping Canadian companies access international business accelerators through programs such as the Canadian Technology Accelerator Initiative, which has hubs in New York City, Boston and Silicon Valley. These accelerators are important for venture-financed Canadian businesses, offering hands-on advice, mentoring by successful international business leaders and helping to gain a strategic advantage in a competitive international marketplace.

In addition to increasing TCS funding to help innovative Canadian businesses access international opportunities in global hubs, the government is also providing financing (via the Business Development Bank of Canada) to help firms graduating from business incubators bring their new products and services to market even faster. It is also providing financing (via the National Research Council's Industrial Research Assistance Program) to support the growth and development of investment-ready early-stage firms through qualified Canadian business accelerators and incubators.

Through the government's Venture Capital Action Plan, the Global Markets Action Plan is helping Canadian businesses adopt new and innovative technologies to increase productivity, which will help them to compete globally while creating jobs and growth at home.

Finally, as stated in Economic Action Plan 2013, the government is also committed to addressing the growing skilled trades shortage within Canada.

3. A Focused Pro-trade and Investment Plan to Open New Markets

Prioritizing trade and trade-related agreements

New, improved and preferential access to foreign markets for Canadian businesses of all sizes helps grow Canada's economy and creates jobs and opportunities for workers and business. The Government of Canada has several tools to help facilitate trade and remove growth-stifling barriers. These tools include:

- Free trade agreements
- Foreign investment promotion and protection agreements
- WTO agreements
- Double taxation agreements
- Air transport agreements
- Science and technology agreements
- Nuclear cooperation agreements

In 2006, Canada had free-trade agreements with just five countries. Since then, the Government of Canada has pursued the most ambitious pro-trade plan in Canadian history. A central element of the plan was the launch of the Global Commerce Strategy in 2007. This has driven Canadian leadership on the world stage in support of trade, job creation, economic growth and prosperity for hard-working Canadians.

Canadian business needs competitive and reciprocal access to priority markets. Under the Global Markets Action Plan, Canada's interests will be advanced by establishing advantageous trade policy frameworks in order to:

- advance and conclude FTAs with major economic impact;
- modernize existing FTAs to maximize the benefits to Canadian workers, exporters, businesses and investors;
- improve "international connectivity" for Canadians (that is, the ability to reach international destinations from various points in Canada) and enhance market access for passenger and cargo services through targeted, higher-quality air transport agreements;
- pursue foreign investment promotion and protection agreements (FIPAs) in markets where Canadian investors and businesses are active and where Canadians' needs and interests are greatest;
- reinforce the multilateral system through various next-generation agreements (within and outside the WTO), including the Trade in Services Agreement; and modernize and expand product coverage under the Information Technology Agreement;

> *As a former Governor General, Lord Tweedsmuir, once observed, 'Canada is a nation of bridges.' This government is committed to building those bridges. Between employers and job seekers. Between skilled immigrants and Canadian opportunities. Between hard-working Canadians and long-term prosperity.*
>
> — Hon. Jim Flaherty, Minister of Finance, Economic Action Plan 2013

Capitalizing on Canada's competitive advantage

The Canada-European Union trade agreement will make Canada the only G-8 nation to have preferential access to the world's two largest markets—the European Union and the United States, with their more than 800 million consumers—providing Canada with free trade access to over half of the entire global marketplace.

> *Small and medium-sized enterprises benefit from less red tape and lower taxes, which allow[s] them to expand in international markets. The Global Markets Action Plan provides businesses all of sizes with the tools they need to achieve success in Canada and abroad.*
>
> — Catherine Swift, Chair, Canadian Federation of Independent Business

Canadian leadership since 2006

- Reached an historic agreement-in-principle with the European Union, which will give workers and businesses preferential access to the largest and most lucrative market in the world and expand Canada's competitive edge and duty-free reach to 42 countries, representing more than half of the world's economy;
- Concluded new free trade agreements with nine other countries, improving access to markets of over 100 million people and a combined GDP of almost US$2 trillion;
- Continued deepening trade and investment ties and supply chain links between Canada and the U.S. through initiatives that increase regulatory alignment and efficiency at the border;
- Concluded or brought into force FIPAs with 20 countries;
- Concluded new or expanded air transport agreements covering almost 80 countries;
- Eliminated close to 1,900 tariffs, including those on imported machinery, equipment and manufacturing inputs, to make Canada the first tariff-free manufacturing zone in the G-20. These actions are providing more than $525 million in annual tariff relief to Canadian businesses;
- Stood up for Canadian farmers' ability to trade freely by removing the Canadian Wheat Board's monopoly power.

- address barriers to trade and investment through targeted advocacy, troubleshooting and dispute settlement, especially in established markets and priority emerging markets;
- connect Canadian businesses with the extensive international networks in Canadian embassies and offices and offices abroad to help address market access issues and concerns; and
- leverage development programming to advance Canada's trade interests.

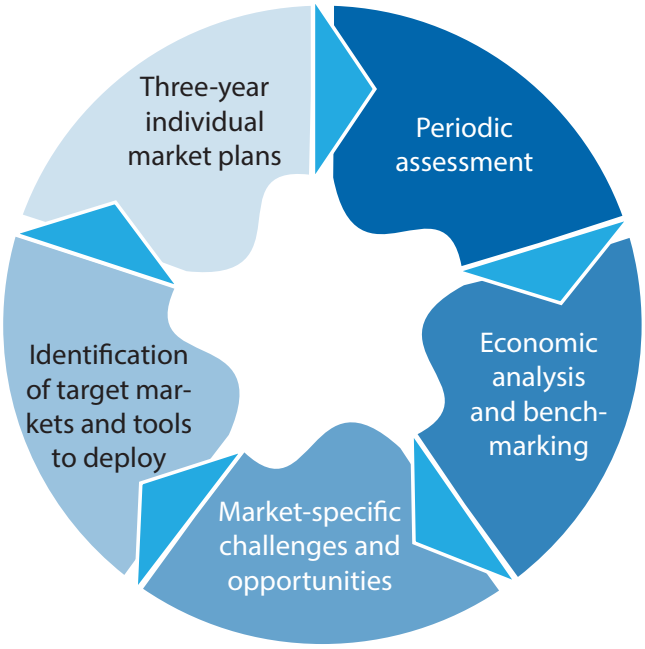
4. Enhancing Canada's Competitive Edge

An agile and adaptable trade strategy

Under the Global Markets Action Plan, three-year market access plans for each priority market will be developed and implemented. These plans will be updated regularly and will mobilize partnerships across the federal government and the private sector to make the pursuit of Canada's commercial interests in identified markets a truly coordinated national effort. Furthermore, actions to capitalize on Canada's preferential access to over half of the global marketplace thanks to NAFTA and the Canada-European Union trade agreement will be taken to ensure that this unrivalled competitive edge benefits workers and businesses across Canada.

A new advisory council will be created for the Global Markets Action Plan that will include two standing subcommittees, one on emerging markets and the other on established markets. Comprising business and industry leaders, experts in international business and key representatives from the SME community, the subcommittees will bring together the voices of all businesses, big and small. They will provide strategic insight, advice and real-world perspectives on how to keep the market access plans relevant to Canadian business needs.

An Agile and Adaptable Global Markets Action Plan



Priority markets and market access plans will be periodically reviewed based on strategic advice and consultations with key stakeholders, including representatives from the critical SME sector.

Renewed and strengthened stakeholder linkages

In addition to a new advisory council and the two standing subcommittees, deeper ties with stakeholder representatives from priority sectors and other levels of government will ensure that all efforts are focused squarely on achieving commercial success in priority markets.

Specifically, under the Global Markets Action Plan, strengthened relationships with key stakeholders will include:

- expanded consultations with key economic sectors, including advisory boards as required;
- embedded Government of Canada personnel within key industry associations in order to gain better insight into sectoral needs and ensure these are reflected in services provided; and
- a strengthened and renewed structure with the Federation of Canadian Municipalities to ensure that communities of all sizes across Canada benefit from, contribute to and work alongside the Government of Canada toward shared objectives.

Initiatives that play to Canada's strengths

Canada has become a world leader in providing capabilities and expertise across a vast array of industries. The Global Markets Action Plan has identified 22 priority sectors where existing capabilities and expertise provide Canada with a strong competitive advantage vis-à-vis other countries, or where there are dynamic opportunities to grow and develop Canadian business.

Under the plan, these strengths will be developed into comprehensive strategies that will keep Canada at the forefront of key economic sectors and strengthen Canada's trade, investment and people-to-people ties in priority markets. These will include:

- the launch of an international education strategy to attract international students to Canada and entrench the ties of world-class Canadian educational institutions with their global counterparts;
- the development of an extractive sector strategy to further the interests of Canadian companies abroad; and
- the launch of a defence procurement strategy with a clear export-oriented component.

Setting goals and measuring success

SMEs are the backbone of the Canadian economy. The Global Markets Action Plan sets targets for the government and SMEs, working together, to grow Canada's SME footprint in emerging markets and create new jobs for Canadians.

Of more than 1.09 million SMEs operating in Canada, just 41,000 are currently exporting. The share of those exporting to the United States, Canada's largest and most important trading partner, is understandably high. In 2000, 89 percent of Canada's SMEs that were exporting were active in this market. As of 2011 (the last year of available data), the share was still dominant, but had fallen 12 percentage points to 77 percent. At the same time, SMEs that reported exporting activity in emerging markets

Global Markets Action Plan Priority Sectors include:

- Aerospace
- Agriculture and processed foods
- Automotive
- Chemicals
- Consumer products
- Defence and security
- Education
- Financial services
- Fish and seafood
- Forestry and wood products
- Industrial machinery
- Information and communications technologies
- Infrastructure
- Life sciences
- Mining
- Ocean technologies
- Oil and gas
- Professional services
- Sustainable technologies
- Tourism
- Transportation
- Wine, beer and spirits

Five-Year Target to Increase SMEs Exporting to Emerging Markets

- Grow Canada's SME export presence in emerging markets from 29 percent to 50 percent by 2018.
  - This would grow Canada's SME footprint in emerging markets from 11,000 to 21,000 companies.
  - This growth would create more than 40,000 net new jobs.

Source: Export Development Canada

rose from 12 percent in 2000 to just under 29 percent by 2011. This is a sign that some significant diversification of export activity has occurred at the SME level. However, that share has not changed materially since 2009, suggesting that the trend is on hold.

Now that international trade activity is beginning to once again reflect pre-recession levels, SMEs are poised to significantly grow their presence in key emerging markets.

The Global Markets Action Plan combines trade promotion and the pursuit of preferential access to large, dynamic and fast-growing markets through trade agreements. Under the plan, the government is working with business to meet targets to grow Canada's SME footprint in emerging markets.

Moving Forward

Trade has long been a powerful engine for Canada's economy. The Government of Canada understands that jobs and opportunities for Canadians are generated by the business we do with other countries. That's why opening new markets for our exporters and attracting prosperity-generating investment are key elements of Canada's Economic Action Plan. The new Global Markets Action Plan represents the path forward that will help ensure the long-term prosperity of all Canadians in a global economy that is fiercely competitive.

The Global Markets Action Plan aligns Canada's trade and investment objectives with specific priority markets and ensures that Canada is branded to its greatest advantage within each of those markets. Above all, the plan will harness all of the Government of Canada's tools in order to achieve commercial success for Canadian businesses, with a particular emphasis on growing Canada's SME footprint in emerging and key markets.