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Thanks for having me here tonight. It's great to be home—well, sort of. As you may know, I grew up just up the road in Fergus. I actually started my political career representing a riding that at that time included parts of Waterloo.

I've been asked to speak to you about Canada's trade agenda and how we get more of our companies to take advantage of the opportunities that lie outside our borders.

Of course, people from around here are no strangers to the opportunities that come from trade. Since I was young, I've watched with pride as the community has embraced, adapted and thrived in an increasingly integrated global economy.

In the early days, farming was the staple industry. Much of it was to feed a growing Canadian population, but the fertile soil and access to the St. Lawrence Seaway meant that some could also be sold for export. This led to growth of other businesses too, like my family's manufacturing operation, which got its start by supplying equipment to local farmers.

Trade continued to fuel the growth of manufacturing. The Auto Pact and subsequent Canada-US Free Trade Agreement created the foundation for an auto industry that would serve both the Canadian and American markets.

I still remember attending the opening of Honda's plant in Alliston in 1986. I owned one of the first Accords that were built there. Toyota put its own plant in Cambridge just a couple years later.

Then there's the IT industry—an industry that was in many ways 'born global'. At its height, Blackberry had over a fifth of the world smart-phone market. And despite the company's recent woes, I picked up an interesting statistic the other day: 80 percent of Indonesians use BBM, Blackberry's trademark chat service, on a daily basis.
This outward orientation and willingness to reinvent itself is why Waterloo today continues to be one of Canada's most diverse and vibrant export economies, and a preferred destination for foreign investors.

But when you're competing on a global playing field, this type of success is never assured. It needs hard work and the right policies. And the truth is that communities across the country are struggling.
It's no secret that Canada's trade is in trouble.

Stephen Poloz, Governor of the Bank of Canada recently noted that our exports remain $40 billion below potential. We've lost over 9,000 exporting companies since the recession. Our market share in the U.S. has dropped significantly.

And we aren't doing much better elsewhere. Aside from China, the share of our exports going to emerging markets is smaller today than it was four years ago.

Many are quick to point to the strong dollar as the culprit. And there's something to that. But a strong dollar should've at least encouraged us to invest abroad, right?

In the early days of the recession, there was a real opportunity for our companies to run around the world with their strong balance sheets, snatching up underpriced assets and positioning themselves for a return to growth.

That didn't happen. Canadian businesses did increase their global investments, but at a slower pace than their counterparts in Japan, the U.S., Australia, and even Italy.

And, like our exports, they haven't been going to high-growth markets. According to UNCTAD, only one-and-a-half percent of our investment stock is located in developing Asia or Africa—by far the lowest share among the G7.

This brings me to the crux of the problem: we seem to be seeing a wide-scale reluctance of Canadian firms to go global. So what do we need to do to turn around this increasingly dire situation?

Before we can answer this question, we need to understand the dramatic changes to the global trade landscape in recent years, and the new challenges and complexities these have brought. I'd like to highlight three.

First is the rising clout of new markets, where—as I've pointed out—Canadian companies are having trouble making inroads. Developing countries now account for half of global GDP, and they are not easy places to do business.

Legal and regulatory institutions are underdeveloped. Business often takes place through political channels. Consumer tastes are heavily influenced by local conditions. And competition from other multinationals, not to mention well established local firms, is intense.

Second is the rise of global supply chains, where business functions are fragmented across multiple countries and firms. Finding your place in these networks is quite a different problem than selling a more or less finished product. It also puts a premium on the free flow of not just production inputs, but capital, services, skills and digital information too.

Third is the return of industrial policy. The crisis has shaken trust in the free market system, and policies that at one point seemed destined for the dustbins of history are reemerging. I'm not just talking about China's state capitalism or France's targeted support for national champions.

We're seeing more and more U.S. states using generous incentive packages and aggressive marketing techniques to land anchor investments. One of our members recently told me about letters sent to Ontario-based manufacturers offering perks for them to relocate their operations south of the border.

So what do these trends mean for Canada's trade strategy?
A lot of time and effort is focused on trade agreements. Europe, Korea, India, Japan, the Trans-Pacific Partnership: these will open new market access for our goods and services, reduce regulatory discrepancies and protect our investments and intellectual property.

But they're no panacea. They may open the door, but there's no guarantee our companies will go through it. Moreover, most trade negotiations are long and arduous. And we can't afford to wait.

We need to team up these efforts with aggressive trade and investment promotion, as the government outlined in the Global Markets Action Plan announced last year. This means a strong diplomatic presence abroad and a robust set of services to help companies and communities discover new opportunities and connect with new partners.

Direct involvement and support from political leaders is essential, especially in markets like China. In April, Australian Prime Minister Tony Abbott led a 700-person delegation made up of top CEOs, regional governors and even sports stars. Chinese media outlets provided generous coverage of the visit, calling it a demonstration of Australia's commitment to deepen their ties with the country.

Business groups have a key role to play here too. I've been struck on several occasions during my travels abroad by the ubiquitous presence of groups like the German Chamber of Commerce. In India, for instance, they partnered with Germany's international aid agency to establish a training centre that would supply skilled workers for German firms in the area.

This is not to say that Canadian business groups aren't internationally active. The Canada-China Business Council has an incubation centre for Canadian SMEs in Shanghai. The Ontario Chamber of Commerce delivers an export support program that covers the costs of new marketing materials. They can also subsidize half the salary of an in-house trade consultant to help companies get export ready.

Municipal chambers of commerce have also been active in this space. I believe the Cambridge Chamber of Commerce brought their members on a tour of China in 2012.

It's great to see this type of energy. I'd argue, however, that Canada's approach to date has been too fragmented. Hundred of trade support programs are offered by dozens of federal and provincial agencies, often without each other's knowledge. Businesses find the system difficult to navigate, meaning that valuable services often go unused.

Delegations are uncoordinated, with Premiers, federal cabinet ministers and even the Prime Minister often visiting the same country at different times throughout the year. This splits business participation, exhausts the local audience and limits our impact. We need to be better at presenting a unified, national brand.

There are some bright spots. One is the Consider Canada city alliance, within which the Canadian Technology Triangle is deeply involved. This is a coalition of municipal development and investment attraction agencies that team up to market themselves abroad. We need more of these mechanisms.

In a recent report, we recommended that the federal government establish a forward planning committee involving government and private sector that would identify synergies and help coordinate Canada's trade promotion activities.

We also pointed out the need for a one-stop-shop or single window that would help companies find the services they need and allow organizations to post their activities.

In most cases, it's not so much about doing more or changing what we do. What we really need is to harness the energy that is already out there. It's really a governance problem more than anything.
It's not an easy problem to solve. But to confront the rapid and fundamental changes we're seeing around the world, it's an increasingly urgent one.

With the right focus and vision, Canada can take the steps it needs to be more than a sum of its parts and restore our reputation as a trading nation at the forefront of global business community.

At least Waterloo is off to a good start and I hope others can seek inspiration from your successful examples.