

# In depth news assignment

Business



Canadian Government recently announced a plan to invest \$400 million in the local venture capital industry in order to help increase the private sector investment over the period of next 7 to 11 years. This was announced in last March's budget and Prime Minister finally announced this year in order to provide more support to the private sector investment. (the canadian press, 2013)

It is critical to note that the increase in private sector investment can actually help to not only stimulate the local economy but it can also help Canada to focus on improving its exports. Since the fund will also be used for recapitalizing existing large private funds, it is therefore important that the private funds should channel such funds in activities which can generate export revenue for the country.

Over the period of time, domestic pool of private funds has actually declined thus making it extremely difficult for the private and new ventures to have an access to such pool of funds. An increase in the pool of funds therefore would further result into availability of new funds which can further bolster the economy. The new trends are increasingly suggesting the rapid increase in the technology based ventures with strong probability to become international businesses. New start-ups have actually grown into large and profitable international businesses because of getting local funding support. It is also critical to allow provinces to make their own strategies too in order to ensure that they can take greater benefit of the new proposed plan.

Some argue that the overall size of pool of the funds to be made available is relatively small and may not create the required stimulus for the private sector to actually develop the new businesses which can make their name at the international level. For expansion into the international markets and to

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capture the larger base of customers through forming international joint ventures and strategic alliances, Canadian firms will require lot more capital and resources to be successful at the international level. (The Canadian Press , 2013)

It is also considered that the overall business environment in Canada is risk averse and private sector is actually not been able to achieve the kind of investment it must require in order to thrive at the international level. In order to effectively form good strategic alliances as well as the joint ventures, it is extremely important that private sector must also develop the ability to generate its equity funds. The government's efforts to mobilize funds for the private sector may not be a sustainable issue and private sector itself also has to come up with the new funds so that it can deploy them with more efficiency. (Heartfield, 2013)

Over the period of time, Canadian government has actually made agreements with different countries. The trade related agreements can provide Canadian SMEs a new way to make entry into international markets and get the required concessions in tariff. Venture capital support from government can really help SMEs to take better advantage of the opportunities created by Canadian government at international level.

#### References

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