



Foreign Affairs and  
International Trade Canada

Affaires étrangères et  
Commerce international Canada

# ANNUAL *report* 2005-2006



**Assistance to Companies and Associations**

Canada

# Introduction

Since 1971, the Program for Export Market Development (PEMD) has been a vital component of the Government of Canada's international business development strategy. PEMD's mandate is to assist smaller companies that are either new to exporting or are expanding to new markets. This assistance is now solely available through national sector-wide trade associations. The direct-to-companies element, known as PEMD-Industry, was closed in 2004. PEMD-Industry contracts made prior to March 30, 2004 were however honoured and the last payments under this element were made during the 2005-06 exercise.

PEMD-Associations provides results-focussed assistance on a cost-shared basis to Canadian, sectoral, trade associations that have a national mandate. These contributions made by PEMD to trade associations are non-repayable and are disbursed to associations after activities are completed. Throughout the year, associations utilize a rigorous self-evaluation structure to assess the effectiveness of their PEMD-supported initiatives.

When applying for funding, associations must identify specific performance indicators for each of their planned activities as well as projected key results for the overall contribution. In order to submit a claim for reimbursement on a package of activities, associations must report against the performance indicators they chose for each activity in the package. When an association completes its final package of activities for the year it must also submit a final report (called "results" report) comparing the anticipated key results and benefits to the actual results. The Department of Foreign Affairs and International Trade uses these reports each year to evaluate the effectiveness of PEMD-Associations as well as the performance of an individual association. Performance is an essential element in the evaluation of PEMD applications in years to come.

PEMD is managed by the SME Support and Services Division, Innovation and Partnership Bureau. This Bureau is part of the Department of Foreign Affairs and International Trade.

**<http://pemd-pdme.infoexport.gc.ca/pemd/>**

**1-888-811-1119**

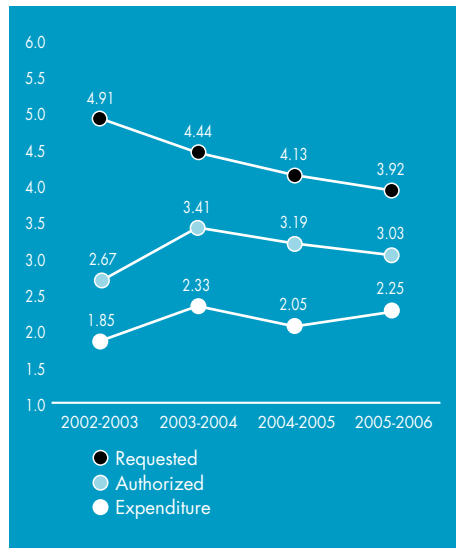
# Year in Review

Global economic growth was sustained in 2005 even if at a slightly lower rate than in 2004, largely influenced by high oil prices. Canadian growth performance was also sustained, showing overall net exports despite the Canadian dollar continued appreciation against the US dollar, the Euro and the UK pound. This environment, however, required adjustments and increased marketing efforts from the Canadian industrial sector in order to maintain its competitive edge.

Since PEMD-Industry closed down in 2004-2005, no new applications from individual enterprises were accepted. However, in the year 2005-2006, in honouring contracts signed prior to March 30, 2004, PEMD-Industry still supported 35 projects from 23 companies. In the same period, PEMD also supported 54 trade associations. Program expenditures for both PEMD-Industry and PEMD-Associations in 2005-2006 totalled \$2.7 million.

After 4 successful years of the reviewed and reengineered PEMD-Associations, it is evident that associations' initiatives, ideas and applications are more targeted, better organized and more attentive to program criteria than ever. Since the review of the program, the percentage of funds being approved has been consistently high. In 2005-2006, PEMD approved \$3.03 million out of a requested \$3.92 million or 77.2% of requested funds (same ratio as in 2004-2005). Furthermore, of the 58 applications PEMD received in this period, 55 were approved (in part or in full), or 94.8%. Although requested and approved funds were slightly lower in 2005-2006 than in the previous two years, actual expenditures were the highest in relative terms, which appears to demonstrate that associations are getting more efficient in planning and executing their proposed projects.

**PEMD-Associations  
Requested Assistance,  
Authorized Assistance,  
and Actual Expenditures  
since Program Review  
in 2002 (\$ Millions)**



Tina Mattila, Market Affairs

**Forest Products Association of Canada**

*PEMD has allowed FPAC to take groups on visits of Canadian forestry operations allowing first hand understanding of Canadian forest management practices on-the-ground. These tours provide a clear picture of the environmental, social and economic context for forest management in Canada, and participants have the opportunity to meet with the people who are making a difference on the ground, with a special focus on: SFM certification, legislative framework, community and stakeholder engagement, conservation projects, and manufacturing processes.*

# PEMD-Associations

The Program for Export Market Development, for Associations, provides financial support (contributions) to Canadian national sectoral associations for the generic export promotion of their industry's products or services. Eligible activities must relate to the improvement of market access or the development of market intelligence. In addition, activities must be for the benefit of the association's entire industry; members and non-members alike. These activities are particularly important for small and medium-sized enterprises, which are often unable to afford such undertakings on their own.

There are three types of international business promotion activities that are funded by PEMD-Associations: direct contacts (such as trade shows, outgoing missions and incoming visits); marketing tools (such as web site development targeting foreign customers, print materials and other materials that promote the export of associations' goods and services); and other marketing activities (such as research, awards programs, and indirect marketing that promotes relationship building, or improves access to foreign markets).

The cost of these activities is shared between the association and the federal government. Annual non-repayable contributions range from a minimum of \$20,000 to a maximum of \$100,000 (*the maximum was increased to \$150,000 of April 1, 2006*). Through its assistance to associations, the program aims to meet the changing needs and expectations of the Canadian business community.

Each year, associations work alongside trade commissioners in Ottawa and at posts to develop their application. Trade Commissioner Service Officers at over 140 embassies and consulates around the world provide current information and advice on the merits of applications from the market viewpoint. This feedback on proposed PEMD-supported events from our posts is an essential criterion in the evaluation of a PEMD application. In addition to the post feedback, applications are also assessed according to export strategy, incrementality (the presence of new or expanded international market development initiatives), membership benefits and the association's performance in the past two years.

The number of Associations participating in the program has kept steadily in the range of 55 to 60 since the 2002 program changes. There were 55 associations approved for PEMD funding in 2005/06, with 54 of them

actually using approved funds. A total amount of \$3,029,506 was approved for projects to be carried out in the year, and an actual \$2,248,761 was spent in the execution of these projects.

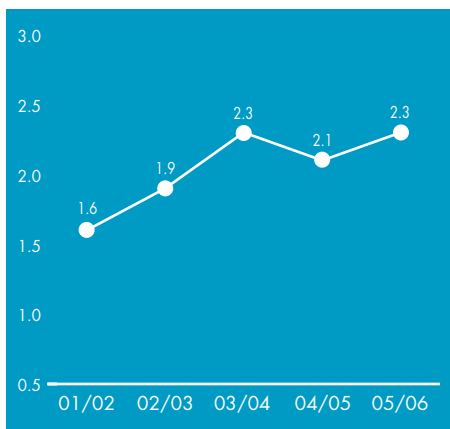
Several of the recommendations made when the Treasury Board authority for the program was renewed in April 2005 have been put in place in time for the 2006/07 PEMD-Associations application round. This is especially evident in the increased ceiling to \$150,000, partnering with other organizations, and bringing companies along in PEMD funded events/activities. Details will be found in the 2006/07 handbook at [www.international.gc.ca/pemd](http://www.international.gc.ca/pemd).

### Overview of Expenditures of PEMD-Associations

(\$ Million) – 5-year period

*When financially possible, PEMD-Associations offers a supplemental round of funding that lasts from late summer to late fall. Supplemental funding allows well performing associations to easily apply for extra funding*

*in order to undertake activities that have arisen on short notice and could thus not be part of the initial application. There was no supplemental round of funding in 2004/05 due to budgetary constraints. There was however such a round in 2005/06 and close to \$500,000 in new projects to be executed before March 31, 2006, were approved for 19 associations.*



# PEMD-Associations

## Results 2005-2006

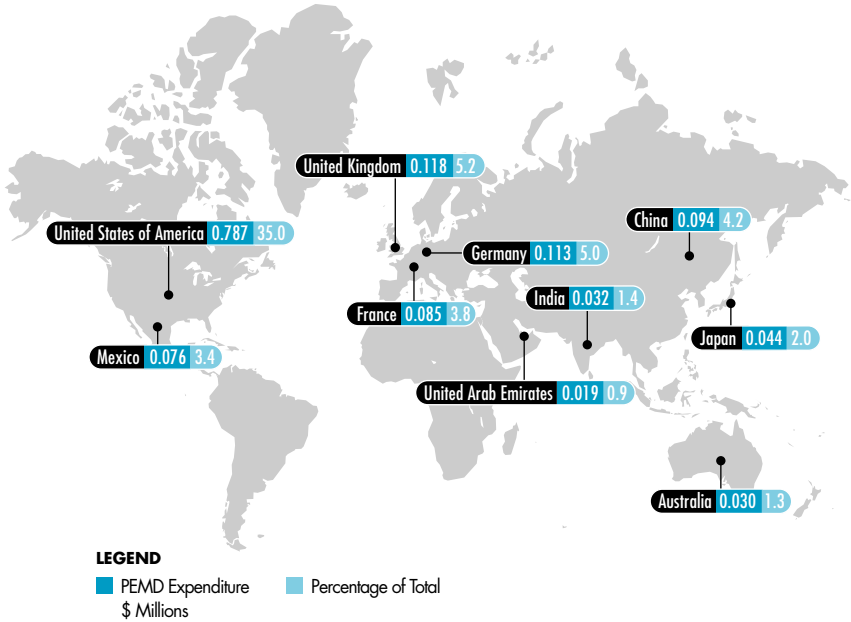
In 2005-2006 PEMD-Associations spent \$2.25 million in helping trade associations undertake the generic export promotion of their industry sectors. This number represents 74% of the amounts approved in that period – a record high for the program. In key markets, expenditures were divided as follows: \$786,912 in the USA; \$378,746 in Europe; \$141,605 in Asia (minus Japan); \$75,791 in Mexico; \$41,168 in South America; \$44,364 in Japan and \$32,336 in India. Claims were also paid out for \$679,524 to assist associations with export-related marketing activities taking place in Canada.

Tracking the actual quantifiable results from the program's contributions is challenging for two key reasons. First, associations can only report to the program that which their member firms have reported to them (given that associations receiving PEMD funding do not sell products but it is the members who do). Second, results from export market development activities may generate leads and opportunities, but do not always have immediate quantifiable results. Nonetheless, for 2005-2006, two associations reported in excess of \$16 million each in generated export sales; another one reported doubling export sales to \$85 million, while another saw its sector's export sales increase by 3 to 5%, and yet this other one reported a 10% increase in exports, and another a 15% to the European market; this other association reported increased exports by 408,000 cubic metres to the USA; another association reported 10 new Licencing/Joint Venture agreements.

François Michaud, Chief Executive Officer  
**Quebec Furniture Manufacturers Association**

*The Program for Export Market Development (PEMD) supports the efforts of Canadian furniture manufacturers in promoting the "Quality Canada" brand and its attributes on international markets.*

## Top Ten Countries for Expenditure for PEMD-Associations



Shawn Dolan, P.Eng, MBA, Director, Corporate Affairs  
**Canadian Wood Council**

*PEMD support allows CWC to do a better job of evaluating the market forces that affect our members' sales. It also provides us with enhanced opportunities for reaching potential customers in new markets and gathering market intelligence on competing building products. PEMD support is much appreciated and the online reporting systems are thorough and easy to use while providing full accountability.*



**PEMD-Associations Expenditures by Sector**

<b>Sector</b>	<b>Number of Associations</b>	<b>% of Total</b>	<b>Expenditures</b>
Service Industries & Capital Projects	12	19.0%	\$ 427,528
Forest Industries	7	12.6%	\$ 282,509
Consumer Products	4	12.5%	\$ 281,689
Building Products & Construction	7	10.5%	\$ 235,003
Arts & Cultural Industries	3	9.1%	\$ 204,987
Bio-Industries	1	7.9%	\$ 176,910
Information & Communications Technologies	6	6.1%	\$ 136,786
Health Industries	2	5.9%	\$ 133,321
Plastics	2	4.4%	\$ 98,780
Metals, Minerals and Related Equip, Services and Technology	1	3.6%	\$ 81,015
Aerospace & Defence	3	3.2%	\$ 71,163
Manufacturing Technologies	2	2.4%	\$ 53,372
Automotive	1	1.2%	\$ 26,579
Environmental Industries	1	0.8%	\$ 17,443
Ocean Technologies	1	0.6%	\$ 14,242
Rail & Urban Transit	1	0.3%	\$ 7,434
<b>TOTAL</b>	<b>54</b>	<b>100.0%</b>	<b>\$2,248,761</b>

The largest portion of contributions to associations went to Service Industries and Capital projects (with 12 associations), accounting for 19% of all PEMD-Associations assistance. Other prominent sectors included Forest Industries (7 active associations) with 12.6%, Consumer Products (4 active associations) with 12.5%, and Building Products & Construction (7 active associations) with 10.5%. Although funds were approved for 55 associations, there were 54 who undertook activities in 2005-2006.

# Success Stories 2005-2006

Peter Barnes, President and CEO

**Canadian Wireless Telecommunications Association**

*PEMD has been invaluable in assisting Canada's wireless industry in bringing our story of success and innovation to the international marketplace. The PEMD program has also greatly supported Canadian wireless industry SMEs with access to new markets and opportunities – opportunities that these small firms would not have been able to achieve on their own. The assistance of the PEMD program has allowed CWTA members to grow their business in key markets, sign new contracts and make lucrative business connections. At our largest PEMD-assisted event, the CTIA Wireless 2006 trade show, participating members experienced between 10 and 20 qualified leads, which have since resulted in between one to 10 contracts for each member. In fact, at least one CWTA member reported they were able to sign a contract right at the show itself!*

Lynn Johnston, President / CSTD

**Canadian Society for Training and Development**

*The commercial education industry in Canada is made up of a number of small businesses, making international marketing virtually impossible. Through PEMD support, many of these firms have become export-ready and have been able to exhibit their products and services in the US and abroad. The model of showcasing expertise from Canada, in a group pavilion or through group marketing print pieces, has worked very well.*

Nicole Bureau-Tobin, Strategy Advisor

### **Association of Health Technologies Industry (AITS)**

*Demand for maintaining or developing health services is experiencing near-exponential growth everywhere. Emerging and industrialized countries alike are looking for medical technologies, equipment and supplies. This industry sector is fairly young in Canada and is in large part made up of SMEs. In order to grow, these innovative companies must be able to export. That is where the PEMD program comes in. Provincial and national health technology associations work together to organize participation in trade fairs, conferences and missions, thanks to financial support from the PEMD. This absolutely vital support, combined with the work done by the trade officers in our embassies, not only fosters companies' sales and growth, but establishes the reputation of this Canadian industrial sector.*

Robert Corriveau, President of CIPI and member of the Board

### **Canadian Photonic Consortium**

*The Canadian Photonics Consortium (CPC) is a cluster of clusters whose mandate is to promote and support the Canadian industries. Since the market of high-tech companies is international, the PEMD grant is key to enable CPC to provide suitable support to the industry. With the help of PEMD, CPC has organized the gathering of many SMEs in a Canadian booth at international trade shows such as Photonics North, Laser 2005, ECOC, Photonic West and Defence Security Symposium. As example of impact, CPC led a very successful Canadian delegation to Photonics West securing a 40x10ft exhibition area under the banner "Canadian Photonics Showcase." The Canadian delegation included 3 regional clusters (Ottawa Photonics Cluster, Quebec Photonic Network and Optic Photonic Toronto Industry Cluster), the Canadian Photonics Fabrication Facility (CPFC) and 6 SME photonic companies from Ontario and Quebec. This was the first time the Canadian clusters have collaborated in a booth for such an event and all participants indicated it should be repeated in 2007. It was an excellent opportunity for the industry and clusters to get strong exposure at the show. For this event, CPC has also generated an eight-page pamphlet entitled "Northern Lights at your Service" which presented the Canadian Photonic expertise and this pamphlet was very well received by the visitors.*

# PEMD-Industry

This section deals with PEMD-Industry funds already committed before the program's closure and it covers the three components: Market Development Strategy (MDS), New to Exporting Companies (NEC) and Capital Project Bidding (CPB). The MDS was focussed on assisting companies with the implementation of a simple marketing plan designed to penetrate an international market. The NEC provided assistance to companies that were new to exporting to introduce them to export market without undue financial strain. Finally, the CPB supported Canadian companies in bidding for major capital projects outside Canada by contributing to the costs of bid or proposal preparation at the pre-contractual stage.

A strategic review of the program in 2003/04 determined that PEMD-Industry was no longer in line with clients needs. That program element was closed in April 2004 as part of the government-wide effort to reallocate funds. Small and medium size enterprises, however, continue to receive assistance through the Virtual Trade Commissioner, through the Department's regional offices in each of Canada's provinces, and through more than 140 embassies and consulates abroad. Furthermore, in 2005/06, the Government of Canada continued with its Enhanced Representation Initiative (ERI) in the United States. The US has long been identified as the most important target market for PEMD-Industry clients. Despite the program's closure, the commitment of funds prior to the closure was honoured. Contracts for those funds were to expire in 2006.

Throughout 2005/06, some 23 companies still benefited from previously committed funding on some 35 projects, for a total of \$487,116. Most of the projects (33) were under MDS which accounted for disbursements totalling \$469,010. Two projects were executed under CPB for an amount of \$18,106. There were no funds spent on NEC projects.

PEMD-Industry contributions were repayable based on certain levels of sales realized over two to four years as a result of activities funded under the program. Company repayments in 2005/06 amounted to \$368,032 which is understandably less than in previous years given that funding is no longer available, but it still represents 75% of the disbursements made to companies in that period. Sales resulting from activities initiated under PEMD during that period were reported at \$13,257,107.

# Contact Centres

## Assistance to Companies

### **British Columbia/Yukon**

Tel.: (604) 666-0434

Fax: (604) 666-0954

### **Alberta (Edmonton)**

Tel.: (780) 495 2944

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### **Alberta (Calgary)**

Tel.: (403) 292-4575

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### **Saskatchewan (Saskatoon)**

Tel.: (306) 975-5315

Fax: (306) 975-5334

### **Saskatchewan (Regina)**

Tel.: (306) 780-6124

Fax: (306) 780-8797

### **Manitoba/Nunavut/NWT**

Tel.: (204) 983-5851

Fax: (204) 983-3182

### **Ontario**

Tel.: (416) 973-5053

Fax: (416) 973-8161

### **Quebec**

Tel.: (514) 283-6328

Fax: (514) 283-8794

### **New Brunswick**

Tel.: (506) 851-6452

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### **Prince Edward Island**

Tel.: (902) 566-7382

Fax: (902) 566-6859

### **Nova Scotia**

Tel.: (902) 426-7540

Fax: (902) 426-5218

### **Newfoundland and Labrador**

Tel.: (709) 772-5511

Fax: (709) 772-5093

## Assistance to Associations

Tel.: (613) 996-1408

Fax: (613) 995-5773

## General Information

<http://pemd-pdme.infoexport.gc.ca/pemd/>

OR

**1-888-811-1119**

# Notes

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