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## ▶ TOP STORIES

### Riding the dragon with many tails

Some call China's economy a dragon with many tails. It's big, it's growing fast and it's a key link in global value chains. Canadian companies are doing well there, but Canada's Chief Trade Commissioner says more businesses need to run with this economic titan to stay competitive.

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### The virtuous circle of trade

Canadian companies looking to lower their costs with more competitive imports need look no further than Canada's Trade Facilitation Office, a non-profit agency that helps developing countries benefit from world trade. For conscientious but profit-minded companies, virtue is no longer its own reward.

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### Southern exposure: Basking in Canada's biggest market

Many Canadian companies look to the United States for their business. But doing your research, like packing sun block, ensures you won't get burned. There are differences and entrepreneurs should be prepared.

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Canada has signed an agreement to facilitate the international trade in wine by harmonizing certain labelling requirements among participants of the World Wine Trade Group.

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### ▶ Japan an ideal market for health ingredients

Tokyo, November 20-22, 2007 >

Canadian companies looking to explore opportunities in Japan's booming health food market may wish to be part of the Canadian pavilion at **Health Ingredients Japan**, the country's biggest exhibition of its kind. Last year, the fair welcomed some 45,000 visitors.

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### ▶ Canada's strong trade performance slows in 2006

Canada's trade performance was strong in 2006, but was showing some signs of weakness. Exports of goods and services grew 1.1% to \$523.7 billion, while imports grew 4.2% to \$486.5 billion.

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## Canada signs international agreement on wine labelling

Canada has signed an agreement to facilitate the international trade in wine by harmonizing certain labelling requirements among participants of the World Wine Trade Group.

Harmonized labelling requirements will help reduce production costs and regulatory barriers, and facilitate Canadian wine exports.

According to trade officials, this agreement demonstrates Canada's commitment to helping Canadian wine producers to prosper both domestically and in export markets and also protects them by preventing misuse of the term icewine on labels.

Created by like-minded wine producing countries, the wine group works to facilitate the international trade in wine and includes the United States, Argentina, Australia, Chile and New Zealand. The agreement was signed in Canberra, Australia.

For more information, contact the World Wine Trade Group at [www.wwtg-gmcv.org/](http://www.wwtg-gmcv.org/) or the Canadian Vintners Association at [www.canadianvintners.com/](http://www.canadianvintners.com/). ◀



## ICT opportunities at U.S. Air Force fair

Montgomery, Alabama, August 13-15, 2007 >The Canadian Consulate General in Atlanta is encouraging Canadian information and communications technology companies to participate in the annual **U.S. Air Force Information Technology Conference and Expo**.

The United States Air Force is the largest user of information and communications technology in the world. It is the largest customer of Microsoft, Symantec, Sun Microsystems, Dell and other prominent IT vendors.

Last year's conference featured security and wireless products, but the fair includes all aspects of ICT. Canadians

may also find opportunities at the fair's technical presentations and its popular breakout sessions.

A Canadian trade commissioner in Atlanta will meet with Canadian exhibitors and provide counselling and facilitate introductions.

Potential participants are being encouraged to act early. Last year, booths sold out and there was a large stand-by list of exhibitors.

**Contact:** Steve Adger Flamm, Trade Commissioner, Canadian Consulate General in Atlanta, tel.: (404) 532-2018, fax. (404) 532-2050, email: [steve.flamm@international.gc.ca](mailto:steve.flamm@international.gc.ca), website: : [www.mc2-afitc.com/afitc2007.htm](http://www.mc2-afitc.com/afitc2007.htm). ◀

### GENERAL INFORMATION

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## Canadian businesses need China to stay competitive

As an economy, China has been characterized as a dragon with many tails. To be sure, it is one of the most complex markets in the world today. Rapid growth in that country has had major implications for companies around the world—creating opportunities for export and at the same time presenting significant competitive threats.

As a market for Canadian exports, China is like no other. It is the fourth-largest economy in the world and has a gross domestic product growing at unparalleled rates. As the fourth-largest market for Canadian merchandise exports, it is expected to grow further in importance as China's infrastructure requirements continue to drive demand for goods and services.

At the same time, China poses a major threat to Canadian companies. Its low cost of labour has made China the leading destination for foreign direct investment and its companies are the main suppliers of goods to customers in China, Canada and other markets.

“In absolute numbers, the volume of Canadian exports to China is good. As a percentage of market share, it's not as good. And Canadian investment into China is lower than most of the industrialized West,” says Ken Sunquist, Canada's Chief Trade Commissioner.

Canadian entrepreneurs are active in several of China's industrial sectors such as information and communications technology, transportation, aerospace, autos and auto parts.

Moreover, China is a key link in global value chains, becoming a regional hub of manufacturing and a centre for research and development. Many global enterprises are establishing or seeking to establish a presence there to position themselves for future global competitiveness.

But China's formidable economic presence in the world has meant that many countries are vying for a share of this market, and Sunquist says that Canada needs to play a bigger role in China's evolving global supply chain.

“As China continues to rise in importance, Canadian companies will need to develop deeper commercial relations with Chinese companies or face them as competition,” Sunquist says.

He points out that more companies should take advantage of the Canadian Trade Commissioner Service when considering China as a market.



Chinese workers celebrate the opening of a Wal-Mart store in Shanghai.

Canada Pork International is a case in point. The organization has been active in China for the past seven years and its members export huge quantities of pork products to Chinese customers.

Established in 1991, it is the export promotion agency of the Canadian pork industry and represents a total of 30 trading houses and 20 packers.

Jacques Pomerleau, Executive Director of Canada Pork International, says much of Canada Pork's success was due to Foreign Affairs and International Trade Canada (DFAIT).

“The Chinese have tough regulations and complex bureaucracy. If not for DFAIT, it would have been extremely difficult for us to get in there,” Pomerleau says.

Government officials helped Canada Pork obtain export certificates from Chinese veterinary services and to understand how the meat inspection process works there. They also helped Canada Pork complete the required documentation and necessary inspections, as well as resolve labeling issues.

Pomerleau advises other Canadian companies looking to expand their business in China to pursue the same opportunities.

Pomerleau anticipates further substantial growth but points out that Canada Pork has just scratched the surface of the Chinese market, much like Canada has thus far.

Sunquist says the Canadian government aims to do its part by maintaining strong relations with China, building China's knowledge of Canada's commercial capabilities, and by improving the Trade Commissioner Service to better help Canadian enterprises in global markets.

For more information, go to [www.infoexport.gc.ca](http://www.infoexport.gc.ca) and [www.beijing.gc.ca](http://www.beijing.gc.ca).



## Habits of highly successful global entrepreneurs

What habits are linked to entrepreneurial success abroad? Is it all risk-taking and dynamic deal-making? And how important is it to look before you leap?

*CanadExport* sought to answer to these questions by interviewing three Canadian companies. All three companies place a high value on researching their target markets and all three have tapped into the Government of Canada's online Virtual Trade Commissioner to find information specific to their sectors and markets.

For Vancouver-based Falstaff Enterprises, a consulting and communications services business, market research is not only key to the company's past success, it has become an integral part of owners Hendrik Slegtenhorst and Gloria Steel's strategy for the future.

The husband and wife team is carefully developing a comprehensive plan to export primarily artistic goods to target markets in Europe and the U.S. As with any owner starting a new venture, the accuracy and timeliness of their sources of information is essential.

"The market reports I've downloaded have been thorough, current and of exceptional quality. One report in particular was right on the money. It helped me update and refine my research," says Slegtenhorst, who has configured his business profile within the Virtual Trade Commissioner to alert him to specific market overviews and briefs.

"It would be nice to follow what the motivational speakers say—just think it and it will happen—but that's not realistic. You have to learn everything you can before you make your move."

Kevin Russell, Vice President of Avcorp Industries Inc., which designs and builds aircraft structure assemblies for clients like Boeing, Cessna and Bombardier, knows he could search for similar market information elsewhere, but notes it would take more time and money. With 650 employees at its Delta, B.C. facility, annual revenues of about \$100 million, and 50 years in the global aerospace industry, Avcorp didn't get this far without being careful as well as confident.

"If we can access credible market research in one place, we're there," says Russell. "These reports are part of the preliminary groundwork you've got to do, and we always do as much homework as possible before we enter a market."

WorleyParsons Komex, a mid-sized environmental consulting company with offices in Calgary and abroad, also follows a "leave-no-stone-unturned" approach where market research is concerned.

"We've drawn a range of useful data from these reports: market dynamics, cultural aspects, business climate, key players and legislative frameworks, to name a few," says Roy Hunt, engineer and spokesperson for WorleyParsons Komex.

"To evaluate a new market we'll look at all the available information from our various sources, however, these market reports in particular offer a credibility and a Canadian perspective that's not available elsewhere."

Judging by the feedback from these three companies, doing your research using trustworthy sources may be obvious advice, but it bears repeating. One company described exporting as a bit like skydiving—better to learn all you can before you make the jump.

The Trade Commissioner Service's Market Research Centre offers more than 900 market information products, available online via your Virtual Trade Commissioner. **To register**, go to [www.infoexport.gc.ca](http://www.infoexport.gc.ca). ◀



Virtual Trade Commissioner  
*Access a World of Trade Knowledge*



[www.infoexport.gc.ca](http://www.infoexport.gc.ca)

## Trade agency makes virtue profitable

A majority of Canadian exports are made up of products that are first imported. That's the concept behind the global value chain and one that is not lost on Canada's Trade Facilitation Office (TFOC), a non-profit organization which acts as a partner for importers looking to source from emerging or developing markets.

Since 1980, the Canadian International Development Agency-funded organization has been trying to make virtue profitable by linking up Canadian companies looking for more cost-competitive imports with developing countries trying to take advantage of opportunities in global trade.

"We help developing countries and economies in transition to increase their involvement in world trade and to open the door for Canadian importers to find new suppliers which can lower their costs, increase their competitiveness and lead to long-term investments in new markets," says Dwayne Wright, the executive director.

Over the years, TFOC has helped stimulate growth between Canada and some developing countries. While the organization works mainly with Canadian importers, Wright says exporters benefit too.

"The virtuous circle of lower input costs, lower product prices, a wider variety of goods and increased sales benefits both producers, exporters and consumers in Canada," says Wright.

### Lower labour and material costs

Labour and raw material costs in emerging and developing markets are lower, and in the case of suppliers from the least-developed countries, their goods are not subject to quotas or duties. They are also increasingly competitive, continually improving quality and directly targeting the Canadian market he says.

Wright cites the example of Worldwind Canada, an importer of produce, which met with Costa Rican exporters during a trade mission in 2004. Within a few months, the

company was importing about half a million dollars a year of habañero peppers.

Wright says these types of missions have enabled Worldwind to add green papayas and mixed vegetables such as yucca, chayote, pumpkin, yams and other tubers to their inventory. It is now doing millions of dollars of trade annually with Costa Rican suppliers and the products are lining Canadian supermarket shelves.

"We have found that participants of these missions are willing to work hard for the business and we take full advantage of the services offered by the TFOC and the missions they set up, as well as their assistance in finding new suppliers and products," says Naren Singh of Worldwind Canada.

As a result, Canadian businesses like Worldwind are gaining entry to the world's fastest-growing economies in Asia, Africa, Latin America and the Caribbean through the matchmaking services provided by TFOC.

But the benefits also reach beyond Canada's borders.

Overall, imports from developing countries to Canada have shown a strong increase since 1999, with imports from the least-developed countries tripling in that period.

"This translates into jobs, business for ancillary services, and increased savings, investment, foreign exchange and consumer spending in the countries of origin. It also puts some of the world's poorest countries on the path to economic self-sufficiency, freeing up aid dollars to be used elsewhere," says Wright.

Interested Canadian importers should visit the agency's new website at [www.tfoc.ca](http://www.tfoc.ca) which provides Canadian companies with practical advice, a searchable database of export offers from more than 2,000 suppliers, and a customized news bulletin to help source new products or suppliers from developing and transition economies.

Companies can register automatically online, at no cost, and then manage their own files using private passwords. This enables companies to tailor their profiles to ensure that they receive the most accurate and useful information available. Business contact information remains confidential. ◀



## Southern exposure: Basking in Canada's biggest market

For many decades now, Canadian businesses have prospered in the U.S. market. Their efforts have made our southern neighbour, with its huge population and vast range of needs, into our largest trading partner and our biggest customer.

Just how big a customer? In 2005, trade in goods and services between the two neighbours was about \$710 billion. That's over \$1.9 billion worth of goods and services crossing the border every day.

This makes the U.S. a very attractive target for aspiring Canadian entrepreneurs, especially since our cultural similarities give us a unique advantage over businesses from other nations.

But experts warn these similarities can obscure the very real differences between Canada and the U.S. A Canadian business strategy for the U.S. must allow for these differences, and for the fact that Canadian companies compete with U.S. businesses on their home ground.

The U.S. possesses an enormous variety of market segments, which often differ in their demands and needs. A Canadian business must therefore be especially careful to identify the precise market segment that suits it best, and focus its energies on that segment.

*CanadExport* therefore offers some advice so you don't get burned down south.

### Researching U.S. market demand

Identifying the best market for your company begins with research. A good way to start is to identify the annual value of U.S. imports related to your industry sector. This will tell you how much export business your sector carries on in the U.S., and where the demand is strongest. Industry Canada's online trade data tools, available at [www.strategis.gc.ca](http://www.strategis.gc.ca), is a good place to start.

Entrepreneurs should also explore U.S. statistical sources, including the U.S. Census Bureau and the U.S. Bureau of Economic Analysis for information about American demographics and economic performance.

### Identifying potential target markets

Once you've verified that there's a demand for your type of export, it's time to investigate two or three specific market



segments, such as regions or demographics where your products might do well. For this, you can use U.S. sectoral market studies, such as those prepared by Foreign Affairs and International Trade Canada's Trade Commissioner Service at [www.infoexport.gc.ca](http://www.infoexport.gc.ca).

The website of the Canadian Embassy in Washington, D.C., at [www.canadianembassy.org](http://www.canadianembassy.org), also has contact information for Canadian trade officers across the U.S. These specialists are familiar with local business conditions and can provide you with valuable information about them.

### Getting ready for the U.S. market

Your next step is to decide whether your company has the human resources and the financial and production capacity to supply your potential target markets. Ask yourself what advantage does your product or service have over its competition? Can you obtain the working capital needed for any necessary expansion?

The questions don't stop there. Do you have enough cash flow until you receive payment from your customers? Will your exports, along with necessary packaging and promotional materials, need to be adapted to the U.S. market? And can you obtain the financing needed to promote your exports in the U.S.?

Creating a detailed readiness assessment can be complicated. However, there's help available in the form of Team Canada Inc's online Export Diagnostic at [www.exportdiagnostic.ca](http://www.exportdiagnostic.ca).

**For more information** on doing business in the U.S., consult *Exporting to the United States*, the comprehensive online guide from Team Canada Inc at [www.exportsource.ca/unitedstates](http://www.exportsource.ca/unitedstates), or call the Export Information Line at 1 888 811-1119. ◀

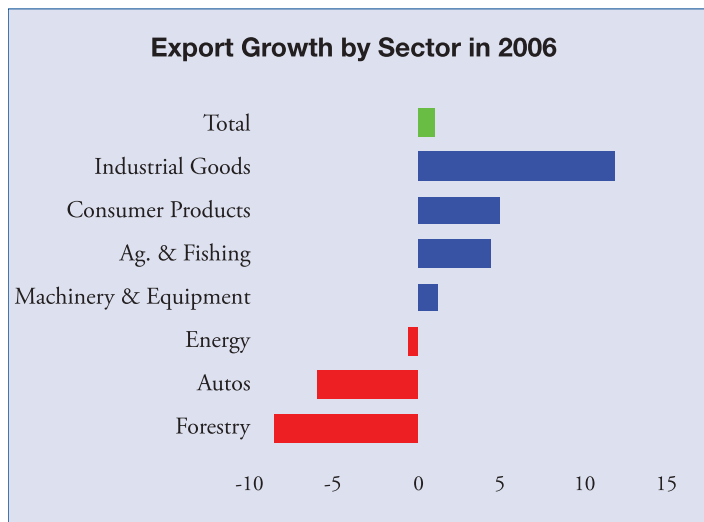


## Canada's strong trade performance slows in 2006

Canada's trade performance was strong in 2006, but was showing some signs of weakness. Exports of goods and services grew 1.1% to \$523.7 billion, while imports grew 4.2% to \$486.5 billion. With import growth roughly four times that of exports, the trade surplus decreased sharply to stand at \$37.2 billion by the end of 2006, down \$13.9 billion. However, data for January 2007 looks more promising.

Exports in 2006 were driven primarily by industrial goods, but this advance was due to a rise in prices; actual volumes of exports barely budged. Prices also played a role in lower energy exports, with both prices and volume of crude petroleum rising, but offset by lower volumes and significantly lower prices in natural gas exports. Meanwhile, exports of automotive and forestry products dropped substantially too, dragging down overall export growth. The story is not all gloom, though, as some high-technology sectors experienced strong export growth recently. Exports of pharmaceuticals and communications equipment grew over 30% from 2004 to 2006, while medical equipment and scientific instruments rose over 20% over the same period. As international competition continues to pose challenges to traditional sectors of Canada's economy, growth in technology intensive industries may offer greater opportunities.

*Provided by the Office of the Chief Economist, Foreign Affairs and International Trade Canada ([www.international.gc.ca/eet](http://www.international.gc.ca/eet)).* ◀



*Data: Statistics Canada, Balance of Payments basis.*

## Japan an ideal market for health ingredients

**Tokyo, November 20-22, 2007** > Canadian companies looking to explore opportunities in Japan's booming health food market may wish to be part of the Canadian pavilion at **Health Ingredients Japan**, the country's biggest exhibition of its kind. Last year, the fair welcomed some 45,000 visitors.



The Japanese market is made up of some 128 million consumers who are very knowledgeable about the benefits of healthy food ingredients, functional foods and nutraceuticals. According to Functional Foods Japan, a report on nutrition, the Japanese nutraceutical market is estimated to be worth \$27 billion. Moreover, Japan is the second-largest market in the world for nutraceutical products, second only to the United States. In fact, Japanese per-capita consumption of nutraceuticals is actually higher, at \$166 per year, with the U.S. at \$136 and Europe at \$92.

The market is also growing fast for the nutritional supplement sector. As deregulation in Japan continues, demand for Western ingredients gets ever stronger. In 2005, the Japanese nutritional supplement market accounted for some \$12 billion in sales.

**For more information** on the Canadian pavilion, contact: Anne Woo, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7840, email: [woo@agr.gc.ca](mailto:woo@agr.gc.ca), websites: [www.hijapan.info](http://www.hijapan.info) and [www.functionalfoodsjapan.com](http://www.functionalfoodsjapan.com). ◀



## AGRICULTURE, FOOD & BEVERAGES

**Astana, May 30 - June 1, 2007 > Agrihort Astana 2007** is Kazakhstan's international agriculture exhibition which gives exporters the chance to present their products and services to buyers and find partners for cooperation not only in Kazakhstan but also in the whole Central Asian Region.  
**Contact:** Ada Terechshenko, Canadian Embassy in Kazakhstan, tel.: (011-7-3272) 5011-51/52/53, fax: (011-7-3272), email: [ada.terechshenko@international.gc.ca](mailto:ada.terechshenko@international.gc.ca), website: [www.agrihort.iteca.kz/en/2007](http://www.agrihort.iteca.kz/en/2007).

## BIO-INDUSTRIES

**São Paulo, May 3-6, 2007 > Natural Tech** is an international natural products and complementary medicine and therapies fair and was designed to showcase nutraceuticals, supplements, medicinal herbs, natural products, diet and light lines, functional food, cosmeceuticals and complementary medicine.  
**Contact:** Angela Santos, tel.: (011-55-61) 3424-5400, fax: (011-55-61) 3424-5492, email: [angela.santos@international.gc.ca](mailto:angela.santos@international.gc.ca), website: [www.naturaltech.com.br](http://www.naturaltech.com.br).

**Boston, May 6-9, 2007 > BIO 2007** is an international convention for the biotechnology sector and includes an exhibition that features products in health, food and agriculture, and industrial and environmental biotechnology.  
**Contact:** Christine Sarkisian, Canadian Consulate General in Boston, tel.: (617) 262-3760, fax: (617) 262-3415, email: [boston.commerce@international.gc.ca](mailto:boston.commerce@international.gc.ca), website: [www.bio2007.org](http://www.bio2007.org).

## BUILDING PRODUCTS

**Astana, May 16-19, 2007 > Astana Build 2007** is Kazakhstan's international exhibition for building and construction, interiors, heating and ventilation, windows and doors. Every year, this fair attracts some 8,000 construction specialists.  
**Contact:** Artur Iralin, the Canadian Embassy in Kazakhstan, tel.: (011-7-3272) 501151/52/53, email: [artur.iralin@international.gc.ca](mailto:artur.iralin@international.gc.ca), website: [www.astanabuild.kz/en/2007](http://www.astanabuild.kz/en/2007).

## ICT

**Johannesburg, May 15-18, 2007 > The Futurex & Equip 2007** is the leading annual business-to-business information and communications technology and electronics event in South Africa.  
**Contact:** Gwenaele Coubrough, tel.: (011-27-11) 442-3130, fax: (011-27-11) 442-3325, email: [jobrg@international.gc.ca](mailto:jobrg@international.gc.ca), website: [www.futurexequip.co.za](http://www.futurexequip.co.za).

## OIL & GAS

**Jakarta, May 14-16, 2007 > The Indonesian Petroleum Association** is holding its annual convention and exhibition. This year's theme is *Promoting Investment Through Partnership* and the exhibition booths are selling fast.  
**Contact:** Immanuel Hasada Purba, Canadian Embassy in Jakarta, tel.: (011-62-021) 2550-7800, fax: (011-62-021) 2550-7812, email: [immanuel-hasada.purba@international.gc.ca](mailto:immanuel-hasada.purba@international.gc.ca), Website: [www.ipa2007exhibition.com](http://www.ipa2007exhibition.com).

# Let us make the INTRODUCTIONS

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