













Assistance to Companies and Associations

Canadä

Introduction

The Program for Export Market Development (PEMD) is 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. The program helps these companies identify and exploit sales and capital project opportunities abroad by sharing the cost and risk of implementing export development plans in new markets.

The PEMD partnership with Canadian business is an investment in a company's commitment to develop international export markets. PEMD provides conditionally repayable contributions. Repayment of each contribution is based on contracts obtained or on incremental sales made by the recipient company as a result of PEMD-supported activities in the target market.

There are four elements of PEMD: Market Development Strategies (MDS), New to Exporting Companies (NEC), Capital Project Bidding (CPB), and Trade Associations (PEMD-TA). The latter element provides financial assistance to national sectoral trade and industry associations generically promoting the products and services of their members in the international marketplace. That assistance is non-repayable.

PEMD is managed by the PEMD and eServices Division, Trade Commissioner Service Overseas Programs and Services Bureau. This Bureau was part of the Department of Foreign Affairs and International Trade (DFAIT) until December 12, 2003; it is now under the new Department of International Trade.

http:/www.dfait-maeci.gc.ca/pemd/

Year in Review

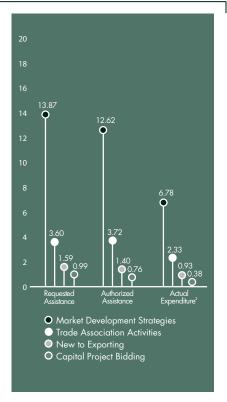
In 2003-2004, Canadian companies and associations continued to improve on their export market development. PEMD-supported activities and expenditures for both companies and trade associations increased substantially in that period.

During 2003-2004, PEMD supported 623 projects from 617 companies¹. It also supported 57 associations compared to 50 last year. Total program expenditures were \$10.42 million, which is 22.4% higher than the previous year. Company expenditures increased by 21.5% to \$8.094 million in 2003-2004, while trade-association expenditures increased by 25.7%

from the previous year to \$2.326 million. Company repayments totalled \$2.53 million, lower than the \$3.11 million reported in 2002-2003. It should be noted that repayments are generally based on sales resulting from PEMD-supported activities undertaken in previous years.

During 2003- 2004, we witnessed a minor shift in the expenditure pattern among the elements of PEMD compared to the previous year. The Market Development Strategies (MDS) element represented 65% of total expenditures – a slight increase from the previous

Assistance by Program Element 2003-2004 (\$ Millions)



¹ Since there are three separate elements in the industry-related component of PEMD, a company may have more than one application approved in the same year.

² A portion of expenditures result from support authorized the previous year.

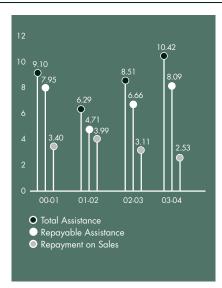
year's figure of 64%. New to Exporting Companies (NEC) represented 9% of total expenditures; Capital Project Bidding (CPB) represented 3.7%. Trade Associations received more than 22.3% of total PEMD expenditures in 2003-2004.

In 2003-2004, \$365,000 was provided as grants to 10 colleges and universities to support their international business studies.

The 2002-2003 PEMD client survey demonstrated that PEMD continues to be well regarded by its clients and confirmed that the program is successful in helping clients develop export markets.

The PEMD Industry is presently undergoing a strategic review which will be completed in 2005.

PEMD Assistance Expenditures and Repayments (\$ Millions)



These figures are the combination of assistance for associations and industry.

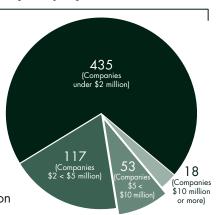
Industry

This section of the report deals with the 3 components of the PEMD Industry, namely the Market Development Strategy (MDS), the New to Exporting Companies (NEC) and the Capital Project Bidding (CPB). The MDS focusses on assisting companies with the implementation of a simple marketing plan designed to penetrate an international market. The NEC provides assistance to companies that are new to exporting to introduce them to export markets without undue financial strain. Finally, the CPB supports Canadian companies in bidding for major capital projects outside Canada by contributing to the costs of bid preparation or proposal preparation at the pre-contractual stage.

As in previous years, more than 2/3 of projects approved came from very small companies. Of the total \$8.094 million PEMD

assistance in 2003-2004, \$5.62 million, or 69.5%, was spent on companies with less than \$2 million in annual sales. Another \$1.59 million, or about 20% of total assistance expenditures, was provided to companies with annual sales between \$2 and \$5 million. A further \$0.644 million was received by companies with sales from \$5 million to \$10 million; those with sales over \$10 million received \$0.24 million.

Number of Projects Approved, by company size.



Number of Projects and Total Expenditure (\$ Million) by Province and Territory

PEMD assistance was expended for 623 projects for a total amount of \$8.094 million. Ontario- and British Columbia-based firms had the highest number of assisted projects followed by Quebec and Alberta. A similar distribution was reported in 2002-2003. Quebec companies were paid the highest amount of assistance followed by Ontario and British Columbia firms. (see Annex A)

Number of Projects and Total Expenditure by Industry Sector

The industrial sectors receiving the largest assistance were the manufacturing sub-sectors and the professional, scientific and technical sectors. (see Annex B)

PEMD Assistance by Market Area

The NAFTA area continued to be the most targeted market, accounting for the majority (66.9%) of PEMD expenditures, up slightly from last year.

PEMD Industry Assistance by Market Area (\$ Million)



■ PEMD Expenditure (\$ Millions)

Percentage of Expenditure by Market Area

Douglas Judge, President

Inventive Marine Products Ltd., Nova Scotia (Animal Aquaculture)

"The PEMD program allowed us to send a technician and one of our fish pumps to Australia for demonstration, resulting in a sale to the client."

Top Ten Countries for Expenditure (\$ Million)

The country most targeted by PEMD-assisted Canadian companies was the United States, which accounted for more than \$5.3 million or 66% of total expenditures, followed by France, United Kingdom, United Arab Emirates, Japan and Chile.

Top Ten Countries for Expenditure for PEMD Industry (\$ Million)



LEGEND

■ Top Ten Countries for Assistance Expenditures 2003-2004 (\$ Millions)

Doug Macnamara, President

Banff Executive Leadership Inc., Alberta (Management Consulting Services)

"PEMD was an excellent support. The first visit would not have happened without PEMD assistance, and the support of the Canadian embassy trade commissioner."

Trade Associations

Associations receiving PEMD support have mounted a variety of sectorally based export-promotion initiatives on behalf of their members. These initiatives are particularly important for small and medium-sized enterprises, which are often unable to afford such undertakings on their own.

Overview of Trade Associations - 8-year Period

Approved Applications	Expenditures \$
25	1,304,606
32	1,526,047
29	1,758,567
22	1,444,380
23	1,144,667
21	1,585,817
50	1,851,320
57	2,326,486
	25 32 29 22 23 21 50

Applications and Total Expenditure

Between 1996 and 2004, trade associations had an average of 32 applications approved per year, and spent an annual average of \$1.62 million. In 2003-2004, \$2.33 million was spent through the trade associations component, up from \$1.85 million in 2002-2003.

Trade Association Expenditure by Sector

	Actual	
Sector	Expenditure \$	%
Manufacturing		
Sub-sectors	\$952,676	40.9
Professional, Scientific,		
Technical and Education	518,269	22.3
Information and Culture	263,158	11.3
Agriculture, Forestry,		
Mining	259,971	11.1
Other Services (except		
Public Administration)	94,305	4.1
Retail Trade	83,642	3.6
Transportation and		
Warehousing	80,488	3.5
Administrative & Support	t,	
Waste Management	40,990	1.8
Misc.	32,987	1.4
Total	2,326,486	100.0

As in previous years, the largest portion of contributions to associations went to manufacturing sub-sectors, accounting for 40.9% of all PEMD trade-association assistance. Prominent sectors included Professional, Scientific, Technical products and Education with 22.3% of all assistance, Information and Culture with 11.3%, and Agriculture, Forestry and Mining with 11.1%.

Trade Association Expenditures by Market Area

Region	Actual Expenditures \$	%
North America	1,319,204	56.7
Europe	436,433	18.8
Asia	309,101	13.3
South America	136,837	5.9
Africa	74,519	3.2
Caribbean	40,990	1.7
Oceania	9,402	0.4

56.7% of total trade association assistance was spent in the U.S. and Mexico. Western Europe accounted for 19%, Asia for 13.3% and South America for 5.9%. Compared with the previous year, there were no expenditures in Central America, the Middle East or Eastern Europe while Africa and the Caribbean emerged as new markets.

Top Ten Countries for Trade Association Expenditures

Country	Expenditure \$	%
United States	1,151,539	49.5
Japan	157,424	6.8
Korea	114,039	4.9
Germany	112,795	4.8
Argentina	93,738	4.0
Spain	82,579	3.5
Italy	73,537	3.2
Belgium	72,462	3.1
Mexico	67,835	2.9
France	61,33 <i>7</i>	2.6

As in 2002-2003, the country most targeted in 2003-2004 by trade associations for PEMD-assisted market development activities was the United States, where \$1,151,539 was spent, or 49.5% of total expenditures.

Jon Baird, Managing Director CAMESE, Ontario (Mining)

"It is not possible for a Canadian business association like CAMESE to organize international trade events without the kind of government support offered by the PEMD Trade Association Activities program."

PEMD Client Survey 2002-2003

With the assistance of an independent firm, the PEMD & eServices Division of the Department of International Trade, which manages PEMD, conducted an online survey of PEMD's 2002-2003 clients. Of the 689 companies and Trade Associations sent surveys, 189 responded, a participation rate of 30%.

Purpose

The purpose of the survey was twofold: to obtain feedback from companies and trade associations on levels of satisfaction with programs and delivery, and provide them with an opportunity to suggest improvements to the PEMD program; and, secondly, to track program performance and service over time. The survey examined several aspects of client satisfaction, including overall satisfaction with the program, service quality expectations prior to using PEMD, overall assessment of PEMD after using it, future intentions, and the actual and perceived value of the program's contributions to export results. Ultimately, the results will help to improve PEMD.

Overall Satisfaction

While the proportion of clients in the very satisfied category was similar to 2002 with 68% of respondents recording a score of at least 8 out of 10 in terms of overall satisfaction, an impressive 91% of all respondents recorded a score of at least 6 out of 10. The 2003 average satisfaction score was 7.86 which is slightly lower than the overall satisfaction scores in two of the past three years (7.94 in 2000, 7.84 in 2001 and 7.98 in 2002).

Jocelyn Hogue, Director of Finance

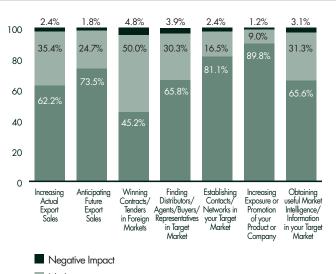
Mirador DNA Design, Québec (Professional Machinery & Equipment)

"The PEMD program has supported us financially in our efforts to finalize a distribution agreement for our leading product."

Overall Value and Worth

Survey respondents were asked to assess the overall value and worth of not only the program, but also the service provided by PEMD staff during the past fiscal year. 82% of respondents indicated that they were impressed by the quality of service and were of the view that the service was well worth the time and costs associated with the program. Furthermore, 88% of respondents said they would recommend PEMD to other organizations.

Contribution to Industry Clients' Results



No Impact

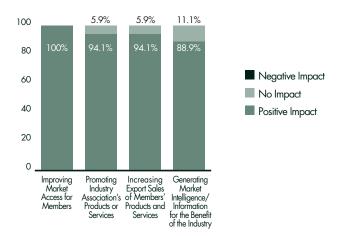
Positive Impact

James Gordon, President

Klimer Manufacturing Inc., Ontario (Manufacturing)

"PEMD funding allowed us to access marketing and advertising resources we would not otherwise have had available to us as a small company. This enabled us to enter target markets successfully and acquire new business and increase our export sales."

Contribution to Trade Associations' Results



When asked about the impact of PEMD on their operations, both industry and trade-association clients reported many positive outcomes. Industry clients cited the program's ability to help them increase exposure of their companies and their products and establish contacts and networks. As indicated in the above chart, trade associations were, once again, overwhelmingly convinced that PEMD improved market access, promoted their members' products and services and increased export sales. These results are very similar to those recorded in 2000, 2001 and 2002.

Annexes

Annex A

Number of Projects and Total Expenditure (\$ Million) by Province and Territory (Companies only)

Province	Number of Projects	Expenditure (in \$ Millions)	Percentage of Total Expenditure
Quebec	93	2.389	29.5%
Ontario	233	2.064	25.5%
British Columbia	148	1.805	22.3%
Alberta	43	0.789	9.8%
Manitoba	21	0.287	3.5%
Saskatchewan	12	0.276	3.4%
Nova Scotia	45	0.238	2.9%
Newfoundland & Labrador	22	0.158	2.0%
New Brunswick	6	0.088	1.1%
Prince Edward Island	0	0	0%
Yukon	0	0	0%
Northwest Territories	0	0	0%
Nunavut	0	0	0%
Total	623	8.094	100.0

Annex B Number of Projects and Total Expenditure (\$ Million) by Industry Sector (Companies only)

Sector	Number of Projects	Expenditure (in \$ Millions)	Percentage of Total Expenditures
Manufacturing Sub-sectors	230	3,041,124	37.6%
Professional, Scientific, Technical and Education	133	1,731,859	21.4%
Wholesale, Retail Trade	87	1,154,879	14.3%
Information, Cultural Industries	58	769,218	9.5%
Construction	27	333,658	4.1%
Services	10	301,647	3.7%
Administrative and Support,			
Waste Management	19	256,074	3.2%
Agriculture, Forestry, Mining	20	169,670	2.1%
Misc.	39	335,894	4.1%
Total	623	8,094,023	100.0%

Contact Centres

Assistance to Companies

British Columbia/Yukon Tel.: (604) 666-0434 Fax: (604) 666-0954 Alberta (Edmonton)/NWT

Tel.: (780) 495-4413 Fax: (780) 495-4507

Alberta (Calgary) Tel.: (403) 292-4575 Fax: (403) 292-4578

Saskatchewan (Saskatoon) Tel.: (306) 975-5315 Fax: (306) 975-5334 Saskatchewan (Regina)

Tel.: (306) 780-6124 Fax: (306) 780-8797

Manitoba

Tel.: (204) 983-4540 Fax: (204) 983-3182

Nunavut

Tel: (204) 983-2575 Fax: (204) 983-3182 Ontario

Tel.: (416) 973-5053 Fax: (416) 973-8161

Quebec

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Nova Scotia

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Assistance to Associations

Tel.: (613) 944-0018 Fax: (613) 995-5773

General Information

http://www.dfait-maeci.gc.ca/pemd/

OR

1-888-811-1119