



CANADEXPORT

TRADE + INVEST + PROSPER

WWW.CANADEXPORT.GC.CA

VOLUME 25 | NUMBER 10
June 6, 2007

▶ TOP STORIES

How do you get to Shanghai?

With China's market of several hundred million people, many would-be entrepreneurs think if they can just reach one percent of these new consumers they will be on their way to a life of idyll riches. But it's not so easy say the experts. You have to plan, plan, plan. [see page 3](#)



Iroquois cranberries cause a stir

The Wahta Mohawks in Ontario have been selling their cranberry products in the international marketplace for some time, but now they have their eyes on the health conscious markets of Southeast Asia. Too far sighted? Canadian trade commissioners don't think so. [see page 5](#)



Doing business on your own terms

Most entrepreneurs know that defining trade terms for export transactions can be challenging. In fact, choosing the wrong terms for the methods and timing of payments can mean the difference between profit and loss. So know your international commercial terms to maximize profit. [see page 6](#)



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Canada's official source of news and advice on trade, export and investment opportunities around the world, is now available by podcast. [see page 2](#)



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Montreal and Toronto, June 19-22, 2007 > Canadian entrepreneurs might want to meet with members of two Mexican delegations visiting Canada to attend the International Economic Forum of the Americas. [see page 2](#)

▶ **Canadian products win on U.K.'s "The Apprentice"**

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CanadExport via podcast

Canada's official source of news and advice on trade, export and investment opportunities around the world, is now available by podcast.

In the first of four audio shows available on our website, *CanadExport* Editor Michael Mancini talks to experts from the Trade Commissioner Service about doing business in California.

Mancini also talks to Dr. Ali Tehrani, the young CEO of Zymeworks, a Vancouver-based biotechnology firm that is bringing its enzyme technology to the golden state.

Dr. Tehrani shares his perspective on doing business in California and advice on how to get noticed in a big market.

In the same show, Mancini talks to Canadian Dr. Robert Dynes, the president of the University of California, one of the biggest university systems in the world, about R&D opportunities and the exciting partnerships that Canada and California are forging.

Users can download the podcasts or audio files and listen to them directly on their computers or portable media devices.



Our *CanadExport* podcasts will be produced quarterly and feature stories, interviews and commentaries to complement our twice monthly e-newsletter and sustain your future business growth.

To hear all about it, go to www.canadexport.gc.ca. ◀

Mexican economic development officials visit Canada

Montreal and Toronto, June 19-22, 2007 > Canadian entrepreneurs might want to meet with members of two Mexican delegations visiting Canada to attend the **International Economic Forum of the Americas**.

Part of the delegation from the Secretariat of Economic Development of Nuevo Leon is charged with promoting investment opportunities in the region—one of the fastest growing in Mexico.

Nuevo Leon, with its capital city Monterrey, is the industrial centre of northern Mexico. It is an excellent gateway to the Mexican market, it is close to the U.S. and has a similar business culture. Nuevo Leon is an important distribution hub and 10 out of the 20 largest conglomerates in Mexico are based in the Monterrey area.

“Canadian entrepreneurs who want to do business in Nuevo Leon, set up an operation there or find suppliers can benefit from meeting with members of this delegation,” says Ricardo Asemat of the Canadian Consulate General in Monterrey.

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GENERAL INFORMATION

CanadExport is published electronically twice a month by Foreign Affairs and International Trade Canada.

CanadExport paraît aussi en français.

ISSN 0823-3330

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Exporting to China's consumers

There are a lot of dizzying numbers when it comes to China these days: like several hundred million consumers and an impressive growth rate of about 10% annually.

But beyond the numbers hype are some important things for Canadian entrepreneurs to think about before doing business with China.

First, entrepreneurs need to plan carefully and conduct research about China to better understand this market, the associated costs to their businesses and the risks.

"It's not an overnight job and it can cost a lot to get into this market," says Paul Stinson, President of CAPRA International, the association of Canada Asia Pacific Rim Alliances for life sciences companies.

Stinson recently addressed the FITT national convention in Vancouver on the six p's of success in China which he described as planning, partnering, patience and perseverance.

The last two p's were "phind your niche and be phlexible," he said, prompting a laugh from the conference participants.

The importance of careful planning was also reinforced by Alberta trade specialist Erin Wilkinson who said the planning process to establish a presence in China can take up to three years from market research to negotiating with buyers.

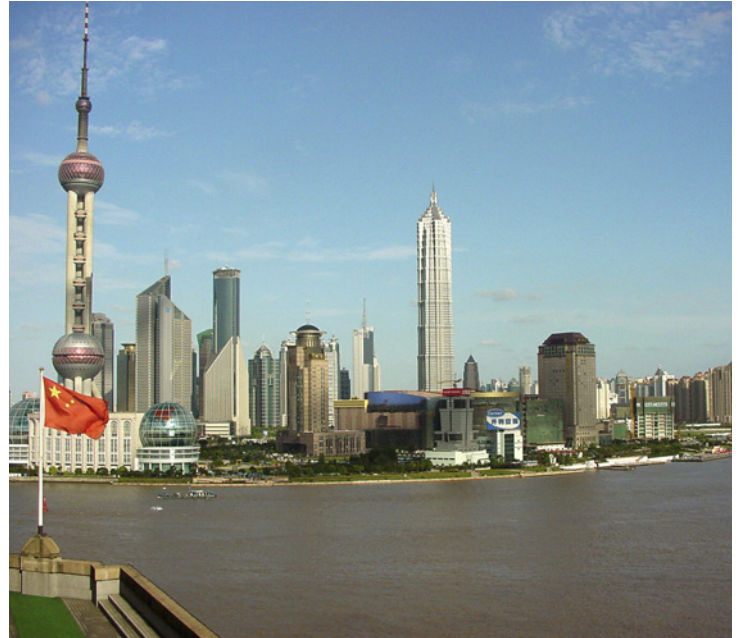
"It's important to look past research on the Internet and understand that it can take time," she said.

Wilkinson also said the key to success was identifying a niche within China and building up a consumer profile and the unique selling attributes of a product. But, she warned, Canadian entrepreneurs will not be alone in China.

"Your company will be competing with every company in the world who wants into this market," she said.

Partnering with Chinese companies was another key to success, the conference was told.

"There is still skepticism about quality in China but if you get the right partner that won't happen," says Paul Stinson, President of Canada Asia Pacific Rim Alliances International



Shanghai dreams: Getting your product into China means doing your homework beyond the Internet.

Stinson said there are many reasons why the Chinese want to partner with Canadian companies including the sense of credibility on this side of the Pacific that it brings. He also said that access to North American capital, through listings on stock exchanges, and the right to distribute western products in China, were driving forces behind the desire to partner with Canadian companies.

"There is still skepticism about quality in China but if you get the right partner that won't happen," he said.

On the other hand, partners can be valuable for Canadian companies by helping to negotiate the myriad of red tape in China, get state and regional approvals, and establishing a wholly owned foreign enterprise (WOFE) that will allow Canadians to take profits out of the country.

"The trick is for you to identify the company with the greatest reach," Stinson said.

Finally, Stinson said that entrepreneurs should take full advantage of government services such as the Canadian Trade Commissioner Service.

"Don't go it alone," he said. "Take advantage of them. You are paying their salaries with your taxes, so use them."

For more information, go to www.fitt.ca/conference/2007 or the Canadian Trade Commissioner Service at www.infoexport.gc.ca. ◀

Canadian products win on U.K.'s "The Apprentice"

Canadian products were showcased in a recent episode of the BBC's hit show "The Apprentice," in which young business hopefuls compete each week to win a six-figure job with U.K. multimillionaire Sir Alan Sugar.

Over 5 million tuned in to watch the teams compete to sell international goods to U.K. retailers.

"The victory of Team Stealth, which was selling the Canadian goods, is testimony not only to the creativity of the group but also to the high marketability of innovative Canadian goods and the proud reputation that Canada enjoys abroad," says Michelle Gartland, a trade commissioner with the Canadian High Commission in London.

The task required contestants to choose to sell products from one of five countries: Australia, Canada, Singapore, South Africa or Sweden.

Canada's products were pitched on air to the teams by Gartland, who successfully convinced Team Stealth to choose Canadian goods. The trade commissioner is responsible for a range of industry sectors, including consumer products, medical devices and environmental technologies.

The Canadian products featured in the programme were: Sole (www2.yoursole.com), a heat-mouldable insole for a variety of footwear; Litebook (www.litebook.com), a portable light therapy solution for Seasonal Affective Disorder (SAD), jet lag and sleeping disorders; and Area Rug In A Box (www.vizaniarearugs.com), an area rug which comes in self-assembly sections and which can be mixed and matched for choice of style and size.

The Canadian High Commission provides a variety of services to Canadian exporters to help them develop their business in the UK. In addition, the High Commission assists British companies interested in establishing a business in Canada.

For more information, go to www.london.gc.ca. ◀



The Canadian products on the U.K.'s "The Apprentice," from left: a heat-mouldable sole; Litebook, a light therapy product; and a self-assemble rug.

Cont'd from page 2 - Mexican economic development mission

Members will visit Toronto as well and they include Alejandro Paez, Secretary for Economic Development for the State of Nuevo Leon, Samuel Peña, Director for Foreign Investment for Nuevo Leon, and Marla Cano, Foreign Investment Coordinator.

The other delegation, led by the Canadian Chamber of Commerce in Monterrey, includes Albert Rajotte, President of the Canadian Chamber of Commerce in Monterrey, and Jeffrey Jones, Undersecretary for Agribusiness Promotion for Mexico's Secretariat of Agriculture, among others. "This delegation will focus on agri-business opportunities in

Mexico. Canadian entrepreneurs might want to get in touch with these delegates too while they're in Canada," says Assemat.

For more information on meeting members of these Mexican delegations, contact Edith Flores, Canadian Chamber of Commerce in Monterrey, email: edith@cancham.org.mx, tel.: (011-52-81) 8343-1899.

For more information on the forum, contact Ricardo Assemat, Canadian Consulate General in Monterrey, tel.: (011-52-81) 8344-3200, email: ricardo.assemat@international.gc.ca, websites: www.infoexport.gc.ca/mx or www.conferencedemontreal.com. ◀

Iroquois cranberries cause a stir

Iroquois Cranberry Growers, owned and operated by the Wahta Mohawks of central Ontario, began by planting half an acre of vines in the 1960s. Their farm has since expanded to over 68 acres, providing increased employment opportunities for community members.

While Iroquois Cranberry Growers has been selling its basic product—fresh and frozen cranberries—in the international marketplace for some time, it is identifying and pursuing new markets for its value-added products with the help of the Canadian Trade Commissioner Service.

It all began in 2001, when Marketing Manager Linda Commandant was preparing to take part in SIAL Montreal, one of the food industry's major annual trade fairs. Before the show, Commandant did some pre-show promotion with a number of trade commissioners who were meeting in Ottawa.

"I arranged to have samples of our products at the meeting so they would be familiar with our company prior to the show and it all took off from there."

Based on discussions at the trade fair, Commandant established working relationships with the trade commissioners who have clients with an interest in cranberries. She says the market with the most immediate potential was Poland.

"The trade commissioner had firm contacts with a buyer interested in our juice. We are now figuring out the size, price and packaging that will work best in that market. It takes a while to develop confidence in international relationships. You have to meet, talk through how you could work together and what you have to offer before supply arrangements can be established. The Trade Commissioner Service has been helping us throughout this process."

Commandant takes a methodical approach to identifying potential clients. She focuses on the health-food industry and studies high-end product trends.

"I do my initial research independently. When I get to the point that I feel ready to make contacts in a new market, I talk to the Trade Commissioner Service. It serves as a sort of check and balance—the trade commissioners are better acquainted with the market and can tell me if my thinking rings true, if I'm reading the markets correctly."

Commandant is pleased with the immediacy of the response she gets from the Trade Commissioner Service.



"Even when they don't know the answer, they reply right away and tell me how long they will need to figure it out. I'd advise anyone looking to export to check with the Trade Commissioner Service before they spend a dime—find out what the market is really like before you invest."

In terms of emerging markets, she has her eye on Southeast Asia. "There is such a high level of health awareness and interest in health-promoting products—our premium, pure, unsweetened juice, with its natural health benefits, should spark consumer interest."

As for its plans for the future, she says Iroquois Cranberry Growers is looking to find an affordable way to take part in more international trade shows, as the food industry holds two key shows every year that attract all of the important buyers.

"If you don't take part, you fall off the international radar," says Commandant.

For more information, go to www.infoexport.gc.ca and contact Linda Commandant, Iroquois Cranberry Growers, tel.: (705) 762-2354, email: Linda@iroquoiscranberries.com, website: www.iroquoiscranberries.com. ◀

Profit is in the details

Alfred North Whitehead, the British mathematician, logician and philosopher, was noted for saying that we think in generalities, but we live in details. This is also true when doing business abroad, as mastering the details, especially those related to international commercial terms, can make or break an export venture.

The International Chamber of Commerce (ICC) recognized this dilemma 80 years ago and developed international commercial terms—usually referred to as Incoterms—to standardize the terms for both buyers and vendors.

Incoterms make international trade easier and help traders in different countries to understand one another. There are 13 Incoterms in four categories and serve as the rules defining both the rights and obligations of the parties involved in an international trade transaction.

While the terms have been reviewed and revised several times since the 1920s, the goal has remained essentially unchanged: to define the extent of the vendor's obligations with respect to delivering goods and to define the point when ownership of the goods shifts from the vendor to the buyer.

Departure

E terms are referred to as departure terms and are the most favourable to the vendor. For example “Ex works”, or EXW, clarifies that the buyer arranges transportation and pays costs to obtain goods from the vendor's place of business.

The vendor minimizes its risk by making the goods available at its location only, thereby avoiding transportation, insurance and other costs associated with getting a product into the buyer's possession. Clearly, any exporter demanding these terms may wish to consider the competitive disadvantages of such risk avoidance when negotiating with potential buyers.

Main carriage not paid by seller

Incoterms relating to shipping contracts, often referred to as “carriage”, are divided into Group F and Group C terms. Under F terms, the shipper is taking responsibility for the transportation and associated costs within the country of export.

For example, a Canadian exporter arranges for and pays the costs of getting its product to a warehouse in Canada designated by the buyer or to the dock beside a ship specified



Standard trade terms minimize confusion between vendor and buyer.

by the buyer or over the rail of the ship in question. The main carriage—the costs to get the goods beyond any of these three stages—becomes the buyer's responsibility.

Main carriage paid by seller

Under Group C terms, the vendor also pays for the main carriage but does not assume the risk. The risk still transfers to the buyer when the goods pass the ship's rail, for example, or when the goods have been delivered to the carrier. The costs might transfer at the port of destination or at the place of destination, depending on the terms.

Arrival

Incoterms in Group D are often considered the least favourable to a vendor or exporter because the costs and risks of the shipment remain the vendor's responsibility until the goods arrive at the agreed destination.

Using the right Incoterm for the right transaction can maximize the return on an export venture. Fewer disputes and misunderstandings contribute to more profitable and rewarding business experiences.

The full published texts of the 13 Incoterms are available at www.iccwbo.org/incoterms.

For a helpful chart that explains each category, go to www.iccwbo.org/incoterms/wallchart/wallchart.pdf. ◀

Canada's State of Trade for 2007

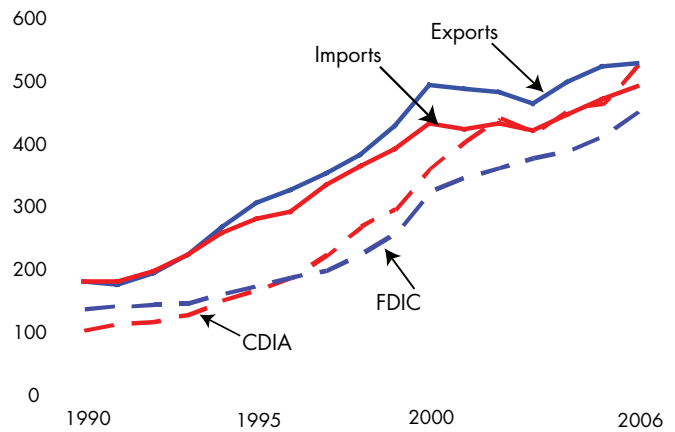
The annual publication *Canada's State of Trade*, produced by the Office of the Chief Economist, reviews Canada's trade and investment performance over the course of the previous year. This year's edition will be released on June 7, 2007.

The report shows that 2006 saw slower growth in the U.S. economy and a strong Canadian dollar. But despite this, Canada's goods and services exports reached a record high of \$523.7 billion. The total values of Canada's direct investment abroad, and foreign direct investment in Canada, also reached all-time highs of \$523.3 billion and \$448.9 billion respectively.

At the same time, unemployment dropped to a 30-year low, inflation remained low and stable and government debt continued to fall, with Canada being the only G7 country to post a budgetary surplus in 2006.

But the picture is not all rosy. Canada's trade surplus has continued to shrink and the surplus posted in 2006 was due almost entirely to natural resources. Natural resources were also the driving force behind most of the new flows of foreign direct investment into Canada. Meanwhile, the high Canadian dollar has made importing machinery and equipment more affordable, but has created difficulties for the manufacturing sector when combined with the U.S. slowdown and increased

Canada's Trade and Investment
(billions CAD)



Data: Statistics Canada. Trade is trade in good and services.

competition from emerging markets. Canada's productivity also continues to lag that of major competitors. More details will be available in *Canada's State of Trade 2007*, which will be available on the Office of the Chief Economist's website as of June 7. ◀

Provided by the Office of the Chief Economist, Foreign Affairs and International Trade Canada (www.international.gc.ca/eet)



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AEROSPACE & DEFENCE

Singapore, October 31- November 2, 2007 > **Safety & Security Asia** has been recognized as a leading annual security conference which attracts industry professionals looking to network and promote their products as well as business consumers looking for the latest in cutting edge security technology and solutions.
Contact: Conference and Exhibition Management Services, tel.: (011-65-6) 278-8666, email: info@cems.com.sg, website: www.safetysecurityasia.com.sg.

AGRICULTURE, FOOD & BEVERAGES

Hong Kong, August 16-20, 2007 > **Food Expo** is the ideal place for exhibitors to introduce their products to distributors, importers, supermarkets, hotels, restaurant chains and other industry players. Last year, some 300,000 visitors and 9,000 buyers came to this show.
Contact: Houston Wong, Canadian Consulate General in Hong Kong, tel.: (011-852) 2847-7414, fax: (011-852) 2847-7441, email: houston.wong@international.gc.ca, websites: <http://hkfoodexpo.tdctrade.com> and www.infoexport.gc.ca/hk.

Amman, September 4-8, 2007 > **Food Expo** is the main event in Jordan's food and drink calendar, and brings together suppliers and buyers from across the food and drink industry, food services, retail, manufacturing and wholesale, giving entrepreneurs an opportunity to discover the newest and most innovative food and drink products available on the world market.
Contact: Wafa Herzallah, Canadian Embassy in Jordan, tel.: (011-962-6) 520-3351, email: wafa.herzallah@international.gc.ca, website: www.infoexport.gc.ca/jo and www.expojordan.org.

Miami, October 29-31, 2007 > **The Americas Food and Beverage Show and Conference** provides a great opportunity for companies to interact with retailers and food service buyers from the U.S. and all of the Caribbean, Latin America and South America. The show focus this year will be on organic and natural foods and energy drinks. However, fish and seafood products are still highly in demand by buyers and have been a successful product in past years.
Contact: Robert Grison, Canadian Export Development Inc., tel.: (613) 825-9916, email: cced@sympatico.ca.

BIO-INDUSTRIES

Finland, September 3, 2007 > **The Canada BioEnergy Partnership Forum** is a leading alternative energy conference that focuses on the importance of research, technology development and commercialization with our European counterparts. With 20 Canadian companies in attendance, this will be a perfect opportunity to develop new relationships and promote your organization to the world.
Contact: Nina Tiittanen, Canadian Embassy in Finland, email: nina.tiittanen@international.gc.ca, tel.: (011-358-09) 2285-3355, website: <http://seminaarit.ohoi.fi>.

FISH & SEAFOOD PRODUCTS

Lima, November 15-17, 2007 > **ExpoPesca**, Peru's leading event specialized in fishing and aquaculture, joins worldwide suppliers of equipment, supplies and services with decision-makers in Peru and Latin America. Fish and seafood producers also meet with international importers and distributors.
Contact: Nima Ghomeshi, Canadian Embassy in Peru, email: nima.ghomeshi@international.gc.ca, tel.: (011-51-1) 444-4015, website: www.thaiscorp.com/expopesca_new/site/index_en.html.

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Barbara Giacomini, Trade Commissioner
 San Francisco, United States



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