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▶ TOP STORIES

Risks to foreign investors increase

EDC Chief Economist Stephen Poloz says emerging markets are no longer competing for foreign investment—it is the foreign investors that are competing for emerging market investments. He says this shift has companies rethinking their foreign investment plans. [see page 3](#)



Be a better trade professional

For entrepreneurs who want to validate their expertise and bolster their image as international trade specialists, the Certified International Trade Professional designation from the Forum for International Trade Training is the country's highest level of accreditation. For business graduates of Toronto's Ryerson University, obtaining it just got easier. [see page 4](#)



Know what to expect in markets

Businesses and investors alike must have the right tools and business intelligence to help them understand and mitigate the risks of operating in foreign markets. Released in June, the 2007 edition of *Canada's International Market Access Report* is a valuable source of information if you are planning global operations. [see page 2](#)



▶ ALSO IN THIS ISSUE

▶ **Chile's forestry sector is hot**
Concepcion, Chile, November 7-10, 2007 > Expo Corma, an international conference and exhibition for the forest industries, will include a Canadian pavilion this year. [see page 5](#)

▶ **Nail down the French construction market**
Angers, October 19-22, 2007 > A French housing magazine is reporting that France will need to build some 500,000 homes per year until 2020 to meet the country's strong demand. But experts say that half of the demand for wood-frame housing cannot be met due to lack of supply. [see page 6](#)

▶ **The rise of the ubiquitous global value chains**
International business is increasingly being organized in global value chains, where development, production and after-sales service can be separated into individual functions and located across different countries and firms. [see page 6](#)

FACTS & FIGURES
see page 6

TRADE EVENTS
see page 7



Canada's international market access report now available

The Government of Canada will focus on an ambitious bilateral and regional commerce agenda aimed at securing enhanced access to key markets for Canadian companies, fostering two-way investment and supporting S&T collaboration, says David Emerson, Minister of International Trade, in the latest edition of *Canada's International Market Access Report*.

The 2007 edition outlines issues related to improving access for goods, services and investment in key foreign markets for Canadian exporters and investors. It also highlights significant market-opening results from 2006 and details Canada's involvement in multilateral, regional and bilateral market access initiatives.

Emerson says the publication is a key part of the Government of Canada's ongoing efforts to help firms and investors understand what they can expect in foreign markets, and what the Government of Canada is doing to provide the access they need to succeed on the world stage.

Some key initiatives for 2007 include increasing market access to the U.S. and North America by improving border effectiveness, like resolving issues related to the Western Hemisphere Travel Initiative.



International Trade Minister David Emerson announces the release of a report that can help Canadian exporters and investors in key foreign markets.

Another major focus for Canada is creating more business opportunities in Asia by pursuing foreign investment promotion and protection agreements with China and India, a free trade agreement with South Korea and a joint economic framework with Japan.

The Minister also used the occasion to announce that Canada and the European Free Trade Association countries (Iceland, Norway, Switzerland and Liechtenstein) have concluded free trade agreement negotiations.

The Government of Canada also released *The State of Trade 2007*, a report card on the performance of Canada's

economy. This document analyzes the key developments in Canada's international trade and investment performance against the background of economic trends at home and abroad.

In addition to the two reports, the Government of Canada has produced a trade and investment barriers database is targeted to Canadian businesses investigating their export options and which informs them of trade barriers they might encounter.

For more information, go to www.cimar.gc.ca and *The State of Trade 2007* at www.dfait-maeci.gc.ca/eet/trade/state-of-trade-en.asp. ◀

GENERAL INFORMATION

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Tables have turned for investors

Foreign investment has become a key growth strategy for North American firms, particularly investment in emerging markets.

But Stephen S. Poloz, Senior Vice-President of Corporate Affairs and Chief Economist of Export Development Canada, says a new investment reality has begun to emerge that is causing companies to recalibrate the risks they face in expanding globally.

Poloz explains that in the past, most emerging markets saw themselves in a competition for foreign investments.

That's why, during the 1990s, an investor-friendly standard came to be taken for granted in much of the emerging world. Emerging markets' commercial, legislative and regulatory regimes gradually evolved into a zone that the majority of foreign investors could tolerate, even welcome.

Lately, though, that balance seems to have shifted. Cross-border investment has blossomed, as low interest rates in the major economies have forced big investors to scour the earth for higher returns.

Consequently, emerging markets are no longer competing for foreign investment. On the contrary, it is the foreign investors that are competing for emerging market investments, he says.

This evolution in financial markets was driven by improving fundamentals.

The crisis-ridden 1997-2001 period gave way to solid world economic growth, strong commodity prices and rising incomes during 2002-2006. Add to this mix the re-emergence of populism in politics in a number of countries, itself prompted by evidence of rising prosperity and persistent income inequality, and you have a recipe for resurgent nationalism and tougher attitudes toward foreign investment.

Accordingly, Poloz suggests that foreign investors are feeling somewhat less secure than before in countries such as Venezuela, Bolivia, Botswana, Tanzania, Zambia, South Africa, Kyrgyzstan and Russia. He says even India and China, with the growing influence of left-leaning politics, are raising questions about the pace of structural reform and the emerging capitalist fundamentals on which foreign investors have come to rely.

This shift in attitudes toward foreign investment is by no means prohibitive, nor is it universal.

The reality is that these economies will need foreign investment for a long time. Even major economies like Canada



EDC's Stephen Poloz suggests that foreign investors are feeling somewhat less secure than before in some countries.

and the U.S. cannot afford to offend foreign investors. Poloz says all governments, regardless of their populist inclinations, will discover that their aspirations depend on economic growth, which in turn will mean foreign investment and participation in global supply chains.

On the other side of the equation, companies in major economies must go global to be competitive.

This deterioration in the treatment of foreign investors is not likely to be permanent, either. The economic slowdown that is underway will lead to increased risk and lower commodity prices and will make global investors more discerning, says Poloz.

As risk capital begins to retreat, expect at least a partial return to the healthy competition for capital that prevailed before the financing boom.

The bottom line? Poloz says that political risks to foreign investors have increased, but the underlying situation remains healthy. Furthermore, the emerging global slowdown means that the risk pendulum has already begun to swing in the other direction, and political attitudes will respond accordingly.

For more information, contact Stephen S. Poloz, email: spoloz@edc.ca, Senior Vice-President, Corporate Affairs and Chief Economist, Export Development Canada. ◀

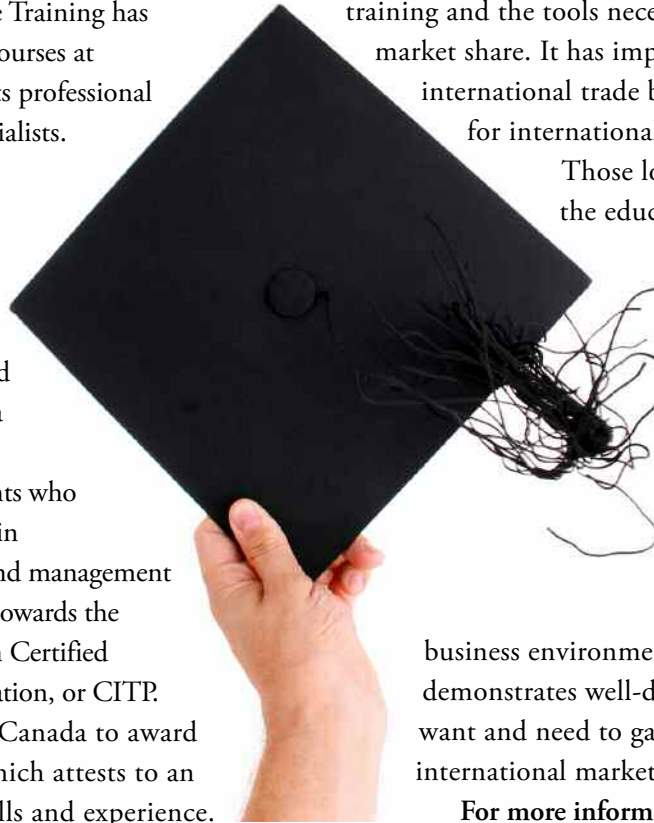
Get certified as an international trade professional

Canada's Forum for International Trade Training has accredited four international business courses at Toronto's Ryerson University towards its professional designation for international trade specialists.

Ryerson joins some 26 educational partners across Canada that offer accredited programs towards the CITP designation. These include the universities of Calgary, Lethbridge and Saskatchewan, as well as Seneca and Fanshawe colleges in Ontario and Nova Scotia Community College.

The nod means that Ryerson students who have successfully completed the courses in international business, marketing, law and management can now leapfrog to advanced standing towards the educational requirements of FITT's own Certified International Trade Professionals designation, or CITP.

FITT is the only organization in Canada to award the CITP designation, a credential which attests to an individual's international business skills and experience.



It is the highest level of professional accreditation available in the country.

Established in 1992, FITT was developed to provide the training and the tools necessary to increase Canada's export market share. It has improved the quality of training in international trade by establishing national standards for international business and trade specialists.

Those looking for certification must meet the educational requirements of the

FITT skills program, have a minimum one-year work experience in an international trade environment, and pass the CITP professional exam.

Trade practitioners say the CITP designation identifies the holder as a highly qualified international trade professional in tune with today's global business environment. They say that the designation demonstrates well-developed skills that employers want and need to gain advantage in the competitive international marketplace.

For more information, go to www.fitt.ca ◀



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www.infoexport.gc.ca

Connect at Jordan construction event

Amman, October 28-31, 2007 > **Jordan Build 2007**, an international exhibition for construction and building materials, will provide Canadian exhibitors with an opportunity to meet local buyers and decision makers in the housing industry. These include senior government officials, representatives of prime contractors as well as regional and international contractors, subcontractors and importers.

Organizers say the show is an especially good forum to establish contacts with companies that have been awarded infrastructure projects in Jordan, which will need massive supplies of material and equipment to make good on these commitments.

According to Jordan's Ministry of Public Works and Housing, the country can expect \$21 billion of investment in the construction sector over the next few years.

Chile's forestry sector is hot

Concepcion, Chile, November 7-10, 2007 > **Expo Corma**, an international conference and exhibition for the forest industries, will include a Canadian pavilion this year.

Trade officials say opportunities in Chile for Canadian suppliers exist in all facets of the forest industry including harvesting machinery and services, wood processing, and pulp and paper processing equipment.

Canadian Export Development Inc., a private company that works in cooperation with the Canadian Embassy in Chile, is inviting Canadian entrepreneurs to participate in the pavilion.

In addition, embassy officials will organize a series of activities, including an introductory briefing workshop on

Jordan's construction industry is opening up and collaborating more with international partners. Many joint ventures are being formed between international consultants and contractors and local firms in order to improve competitiveness and capitalize on increased investment in infrastructure projects such as airports, hotels, refineries, communications and broadcasting ventures.

Elecon Jordan, an electricity and power expo, and Stone Jordan, a stone and marble expo, will be held concurrently with Jordan Build. Thousands of visitors from both the private and public sectors are expected to attend.

For more information, contact Expo Jordan (organizers), tel.: (011-962-6) 582-9771, fax: (011-962-6) 582-9774, email: info@expojordan.org, website: www.expojordan.org, or Wafa Herzallah, Canadian Embassy in Jordan, tel.: (011-962-6) 520-3351, fax: (011-962-6) 520-3394, email: wafa.herzallah@international.gc.ca, website: www.infoexport.gc.ca/jo. ◀

the Chilean forestry sector. They will also organize a networking event and seminar, and a local plant visit according to group interest.

The Chilean forestry industry is going through one of its most active and fastest growing periods. In fact, it has already become the second most important sector of the Chilean economy after mining. Canadian exports to Chile in this sector have surpassed \$50 million in 2006.

Interested Canadian companies should note that space at Expo Corma is limited and participation is booked on a first-come, first-served basis.

For more information, contact Robert Grison, Canadian Export Development Inc., tel.: (613) 825-9916, fax: (613) 825-7108, email: cced@sympatico.ca, website: www.expocorma.cl. ◀

Spain hosts frozen products fair

Vigo, Spain, October 2-4, 2007 > **Conxemar** is one of Europe's leading exhibitions for frozen food products. Canadian companies interested in participating can exhibit with the Canadian pavilion to get a share of the important Spanish and wider European market in this sector.

Conxemar is also an association of Spanish wholesalers, importers, manufacturers and exporters of fish products and

fish farming and it is considered an essential contact for entrepreneurs interested in the Spanish frozen products sector.

The Canadian Embassy in Spain and Portugal invite Canadian entrepreneurs to be part of the Canadian pavilion. Book now, as space is booked on a first-come, first-served basis.

For more information, contact Marc Lionel Gagnon, Canadian Embassy in Spain, tel.: (011-34-91) 423-3228, fax: (011-34-91) 423-3252, email: marc.l.gagnon@international.gc.ca, website: www.conxemar.com. ◀

Nail down the French construction market

Angers, October 19-22, 2007 > A French housing magazine is reporting that France will need to build some 500,000 homes per year until 2020 to meet the country's strong demand. But experts say that half of the demand for wood-frame housing cannot be met due to lack of supply.

So for Canadian companies interested in selling products in this sector, France is a hot market. The **Salon Maison Bois d'Angers**—a major housing exhibition—is also considered one of the best platforms to promote wood products and identify potential customers and partners. This fair, and others like it across France, are helping to deliver contracts to Canadian participants. For example, government officials report that four Canadian construction companies exhibited recently at the

Salon Résidence Bois, a wood home show in Lyon. Maison Bondu, Maison Laprise, Modulex and PanExpert used the event to introduce their products and services to the region and within one month, four sales contracts were signed and a number of other promising follow-ups are being pursued.

The growth of France's construction industry confirms the country's solid interest in wood-frame housing. In fact, while demand for single-family homes in general increased 18% in 2005, the rate for wood-frame housing was up by 46%.

All these signs point to France being a promising market with a great long-term outlook. The upcoming Salon Maison Bois in Angers should not be missed.

For more information, contact Denis Trottier, Canadian Embassy in France, tel.: (011-44) 43- 23-82, email: denis.trottier@international.gc.ca, website: www.salon-maison-bois.com. ◀

The rise of global value chains

International business is increasingly being organized in global value chains, where development, production and after-sales service can be separated into individual functions and located across different countries and firms. This change in the structure of international commerce has affected both trade and investment, as trade is increasingly made up of intermediate inputs and services, and investments are made in order to take advantage of

location-specific benefits. As all stages of a product's value chain, from conception to consumption, become increasingly mobile, the challenge for Canada is to set in place the economic environment that will attract and retain the stages that are most beneficial for Canadians. **For more information** on this issue, please see the special feature in the 2007 edition of *Canada's State of Trade*, available on the Office of the Chief Economist's website. ◀

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



An example of a global value chain. This represents the organization of an imaginary company headquartered in Montreal.



AEROSPACE & DEFENCE

Beijing, September 19-22, 2007 > China Aviation Summit 2007 will bring together leading international aviation industry executives, government regulators and industry associations to discuss developments, challenges and opportunities in China. The conference will present new technologies, the latest market trends and opportunities for networking and face-to-face meetings with industry peers.

Contact: Shirley Guo Er Qing, tel.: (011-86-13) 9010-10395, email: Cpbj@cpbjlf.com or Bj@beijingaviation.com, website: www.cpexhibition.com/aviation.

AGRICULTURE, FOOD & BEVERAGES

Sydney, September 24-26, 2007 > Join buyers and sellers at **Wines & Spirits Australia**, the country's leading trade exhibition for the liquor industry, to showcase and sample the latest products, and to learn about a new overseas buyers program. There is also a series of free seminars conducted by local and overseas experts.

Contact: James Liang, tel.: (011-61-3) 9261-4527, email: wine@divexhibitions.com.au, website: www.wineandspirits.com.au.

BUILDING PRODUCTS

Kingston, September 28-30, 2007 > The biennial **Home & Hardware Show**, organized by the Hardware Merchants Association of Jamaica, features the latest products, methods and trends in the industry with exhibitions and information booths set up by industry experts, retailers, wholesalers, distributors, importers and exporters.

Contact: Hardware Merchants Association, tel.: (876) 978-4065, email: hmajamaica@anbell.net.

ICT

Dubai, September 8-12, 2007 > There will be a Canadian Pavilion at **GITEX 2007**, the leading ICT exhibition in the Middle East. GITEX provides a platform for every sector of the vast IT industry to network, promote and showcase the latest technologies and services. Last year, the show attracted more than 130,000 visitors.

Contact: Venky Rao, tel.: (905) 896-7815, email: dwtc@rogers.com or Fouad Soueid, Canadian Consulate in Dubai, email: fouad.soueid@international.gc.ca, website: www.gitex.com.

MULTI-SECTOR

Zagreb, September 11-16, 2007 > The **Zagreb International Autumn Fair** is one of the largest events in Croatia and a traditional general samples fair that encompasses all economic branches. The event will feature key segments relating to energetics, textiles and leathers, Croatian products and other key components of the Croatian economy.

Contact: Mirjana Leskovic Cesmadziski, tel.: (011-385-1) 6503-533, email: automn@zv.hr, website: www.zv.hr/.

TOURISM

São Paulo, September 11-14, 2007 > **Equipotel 2007** is an international fair of equipment, products and services for hotels, motels, restaurants, bars, fast food restaurants and industrial kitchens. Last year show attracted over 1,000 exhibitors and 45,000 visitors.

Contact: Alessandra Leite, tel.: (011-55-11) 5574-5166, email: internacional@equipotel.com.br, website: www.equipotel.com.br. ◀

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