

N O V A S C O T I A

EXPORT NEWS

The United States Mid-West

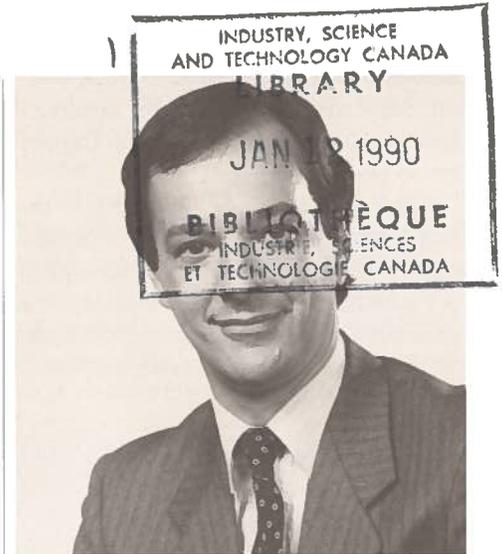
To make a successful break into a new export market you need a product that has some upbeat superlative attached to it: better, faster, flashier, more fashionable, tastefully different. At least that's the common assumption. But that's not what all markets want. Here's a surprising one that wants the opposite: the solid, the practical, the proven.

The place is the U.S. Midwest, the conservative heartland of industrial America where anything that smacks of glitz and glamour, that hints ever so slightly of New York and Los Angeles, is looked on with deep suspicion. Breaking into such markets is not always easy, says Bernard Adam, Canadian trade commissioner in Cincinnati, but

because tastes don't change much, "once you're in there you might be selling for a long, long time."

Adam suggests that this psychological profile of the Midwest should make it interesting to certain manufacturers in Atlantic Canada who, after all, are used to a somewhat similar market at home: one that looks for solid value and well-made goods and is not quick to change just because the winds of upscale fashion happen to be blowing one way or the other.

The Canadian trade office in Cincinnati is one of three Canadian posts covering Ohio, Kentucky, western Pennsylvania and West Virginia. Another mini-post in Pittsburgh and the consulate in Cleveland complete the



Bernard Adam, Trade Commissioner, Cincinnati

triad of Canadian representation in the eastern part of America's heartland. This arrangement, as opposed to the Consulate General concept of one large office overseeing a three-four state territory is part of the federal government's effort to more effectively reach U.S. business buying power.

Although the Midwest, like other areas of the U.S., imports large amounts of Canadian raw and semi-processed

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Clearwater Fine Foods Inc. President John Risley, (centre) recipient of a Canada Export Award and a Canada Award for Business Excellence, is presented with certificates by Senior Trade Commissioner Doug Rosenthal (left) and Industry, Science and Technology Canada Nova Scotia Executive Director Bob Russell (right).

Nova Scotia Firms Visit Boston on Export Mission

Representatives of 30 Nova Scotia firms visited Boston during September on an export familiarization mission known as New Exporters to Border States.

Immediately preceding the three-day trip, company representatives attended seminars on all aspects of exporting. In Boston, the group had a session on customs procedures, a tour of the World Trade Centre in Boston

and detailed briefings at the Canadian Consulate about consular services, as well as the services of customs brokers, manufacturers agents and import/

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Bernard Giroux, Deputy Consul General and Senior Trade Commissioner, Canadian Consulate, Boston, addresses the New Exporters to Border States group.



U.S. Customs officers provide their perspective on customs procedures for New Exporters to Border States group at Boston's Logan International Airport.



Mike Pearce, Kent Homes Ltd., meets Peter Wallstrom, a Boston manufacturers' representative, at the Canadian Consulate in Boston.

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materials, and although it generates a lot of economic activity through its "metal bashing" sector in particular, Canadian manufacturers have not looked upon it as a logical market to cultivate. "Canadians are generally interested in Washington, New York, Boston, Chicago and then the West Coast," says Adam. "Part of our problem is to make people realize that there's quite a good potential here that's been overlooked."

That potential might come in the form of the metals industry, for example—Ohio alone has over 7,000 companies in die-making, machine tooling and related industries. "For anyone supplying those markets, this is where it's going on." There might also be potential in the fact that a lot of major multinationals have their headquarters in the Midwest—50 of them on the Fortune 500 list, says Adam—Westinghouse, Goodyear, Proctor & Gamble, U.S. Steel are just a few.

But perhaps most interesting of all, especially from the Atlantic Canadian

point of view, is the profile of the market.

"Here's where you'll find the conservative mid-American," says Adam. "It's family-oriented and a bit wary of change. Anything that comes here must have a practical reason, a practical use. Companies with products on the cutting edge of fashion simply for fashion's sake might find value-conscious mid-westerners a hard sell."

He points out that Proctor & Gamble does its market testing for new products elsewhere, and tells of a Montreal furniture manufacturer getting a negative reaction when he tested the market in Kentucky because his goods were just a tad too stylish.

"If you have something solid to sell and want to expand, however, you might get a foothold here and go on selling for a long time." No would-be exporter from Atlantic Canada has contacted him yet—the Cincinnati office has been open only a year—in the year since the office opened, but he's waiting. Adam speculates that "solid and well-made" must describe many a consumer product—furniture, outdoor equipment, food, clothing perhaps—

manufactured in Nova Scotia for the Atlantic Canadian market.

"I should also mention fish," says Adam. "The Long John Silver company (a large fish retailing and fast food outlet) which has its headquarters here, in Lexington, Kentucky, will issue specifications soon for some new fish products it hopes to promote."

The Cincinnati office offers the standard range of trade office services—it has the WIN database of Canadian exporters and would-be exporters to supply to customers; it can set up contacts for exporters and supply information and advice on participation in trade shows.

After only a year in business, however, the office is still primarily on a search for businesses that might be interested in Canada as a source of supply, and in informing them about that potential. This has included taking some importers on trips to Canada, primarily Toronto. "It's amazing how little they know about Canada around here," says Adam.

The trade office's address is 250 East 5th St., Cincinnati, Ohio 45202, Suite 1500. Phone: 513-762-7655. ■

— Ralph Surette



In foreground, Ron Wallet, Ven-rez Products Limited (right), Michael McAloney, Surfline Engineering Limited (centre), Dan Hunter, HRDA Enterprises Ltd. (left) consult documents during customs session at Boston's Logan International Airport.

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export management companies. During their brief stay, many of the participants did their own research and met with local distributors or possible business partners.

The mission was organized by the International Trade Centre of Industry, Science and Technology Canada, in co-operation with the Nova Scotia Department of Industry, Trade and Technology.

Another mission is planned for April, 1989. For further information, contact Ed Kendall, International Trade Centre, Industry, Science and Technology Canada, 426-7540. ■

Seagull Looks To Expand Markets

Having developed the U.S. export market to account for 70 per cent of its total sales, Seagull Pewterers & Silversmiths Ltd. is looking elsewhere to sell its comprehensive line of giftware items.

Seagull's owners, John Caraberis and Bonnie Bond, are contemplating the business opportunities in Australia, Japan and Europe—where Germany is high on the list because of the Frankfurt giftware trade show.

Already, the Pugwash-based firm's performance in North America has been "phenomenal," Caraberis says. Sales have consistently doubled each year to reach total revenues of \$4.7 million for 1987. He expects the number of staff will reach 180 workers by year end.

"We have accounts in every state and province," says Caraberis. "We're all over the map," adds Caraberis, who has several thousand customer accounts which include independent retail stores, tourist shops, country and craft shops and jewelry stores.

Seagull's product line is just as expansive. It includes more than 1,000 gift items—from \$5 bookmarks, Christmas ornaments and key chains to \$50 picture frames—up from around 100 in 1979. Caraberis ranks the firm's pewter line as the broadest in North America and its size as a manufacturer among the top 10.

To keep all those items circulating, Seagull employs its own sales representatives who concentrate on the territory from Maine to Florida. Those in-house salespeople are strengthened by dozens of other giftware distributors.

The firm also goes to a lot of trade shows with its merchandise being displayed at 40 to 50 shows throughout North America each calendar year. Show locations include Boston, Washington, New York, Dallas, Kansas City, Toronto, Montreal, Edmonton and

Halifax.

That's very much key to the firm's strategy. "We probably get a little more coverage than most," he says. "We're a little more rigorous in getting out there in the marketplace for a small business. You've got to be there to build up your reputation, to build up your clientele."

It's a pattern that Bond traces back to one of the earliest major trade shows the two attended in Washington in 1983. Then, she recalls, "It was a process of asking sales representatives to work with us and now they will come to us."

And all along Seagull has been investing heavily in giftware design to keep the catalogue current, comprehensive and consumer-oriented. Maintaining the right overall mix is crucial, Caraberis says, because attractive items will largely sell themselves.

"You have an ever-moving, ever-changing, organic development of product," he explains. "You add this, delete that and refine others to come up with new ideas."

That can be hectic, Bonds adds, given the giftware industry typically launches two product lines a year. Indeed, she says, the downfall of many small firms is not really developing their products and failing to find out what the public wants. For their part, Bond and Caraberis constantly buy industry magazines, exhibit at trade shows and design as well as critique new products. For



John Caraberis, chief executive officer, Seagull Pewterers and Silversmiths Ltd., Pugwash, receives an award for small business excellence from Industry, Science and Technology Canada Minister Robert de Cotret, during the awards ceremony in Ottawa.

example, the firm spent \$2,000 to come up with the prototype for a liqueur glass with a pewter stem. The shape turned out to be too stubby and too fat for Seagull's taste—approving or vetoing a prospective pewter piece is very much based on consensus among a number of the firm's employees. However, a model champagne goblet, housed in a sculpted and carved-out handle, came off with elegance and visual appeal. It will join the product line in about a year's time.

This January, Bond plans to bring out at least 50 more offerings, all of which were first sketched out and made into models in-house by the firm's 14-person design team. Says Bond: "It's not technological development but it's very demanding and takes a lot of work and money." ■

— Brent King

The Pacific Rim: High Returns for Long-Term Commitment

For Nova Scotia companies that can invest the necessary time and financial resources to explore the rapidly developing Pacific Rim, the rewards can be large contracts.

Some Nova Scotia firms have already established trade links in the region. Sydney Steel, for example, sells steel rails to Indonesia. Clearwater Foods sell seafood to Hong Kong. At the same time, Nova Scotia exporters are actively investigating markets for a wide variety of goods and services, from blood testing equipment to engineering expertise.

The most obvious markets are for Nova Scotia companies involved in sectors that serve a maritime economy: fish processing, aquaculture, marine products (from pleasure craft to navigational equipment) and oceanographic and environmental consulting. In addition, firms in forestry, coal mining or telecommunications & informatics may participate directly or as sub-contractors in large-scale projects.

The Pacific Rim includes the highly developed "Five Dragons"—Japan, Korea, Taiwan, Singapore and Hong Kong. There are also the "NICs"—newly industrialized countries such as Indonesia, Malaysia, Thailand and the Philippines—where Nova Scotia exporters are establishing links with emerging markets. "In 10 years," says Christopher Thornley, Manager of the World Trade Centre, Halifax, "these countries will be where the Five Dragons are today."

The country with the largest potential market in the world is the giant Peoples Republic of China [PRC]. David Mulrone, just returned from two years as a Trade Commissioner in the Canadian Consulate General in Shanghai, describes the PRC as having a high level of technical expertise for a devel-

oping nation. He says the country has major requirements for upgrading its infrastructure in transportation, communication, etc. and sees opportunities for Nova Scotia exporters in instrumentation and navigational equipment and in environmental consulting and services.

Although foreign exchange is tightly controlled, Mulrone says partnerships are possible with PRC companies and a range of market development assistance is available to Nova Scotia exporters from the Export Development Corporation, Canadian International Development Agency (CIDA), and international development banks.

Hong Kong, which has some of the same specific export opportunities as the PRC, has no restrictive import regulations—which may help explain why its broadly-based import market is

the third largest in Asia after Japan and China. Well-developed transportation, communication and financial systems make Hong Kong a good place for a Canadian exporter to "learn the ropes" of trading in the Far East.

A first step toward exporting to the region is circulating product information to the region are the WIN Export system and the World Trade Centre NETWORK. The next step can be a trade mission like the one led by Chris Thornley in November. Co-sponsored by the WTC and the Canadian Exporters Association, representatives of six Nova Scotia companies visited Indonesia, Singapore and Thailand, following a series of seminars designed to acquaint them with the market environment of each country. ■

—Eric Hustvedt



David Mulrone, a trade commissioner who has recently returned from Shanghai, discusses export opportunities in the Pacific Rim with two local businessmen during Marketplace '88 in Halifax.

A Challenging and Attractive Market: Scandinavia

If local companies can sell to the U.S., why not to Scandinavia?

Bill Roberts, Trade Commissioner at the Canadian Embassy in Stockholm, Sweden, quietly drops the question as a challenge.

Of course, there are the hurdles of language and a distance of several time zones, but Scandinavia is both a very attractive and a competitive market. "There are opportunities if Canadian exporters are willing to pursue a very large market outside North America," he says. It is all a question of attitude.

Comprised geographically of Denmark, Finland, Norway, and Sweden, Scandinavia has a population of some 20 million, a relatively high purchasing power, and is highly industrialized.

More comfortable on his home turf, Roberts prefers using Sweden as an example to build his case.

Sweden has more industrial robots per 1,000 workers than any other country in the world; everything is automated. Swedish multi-nationals tend to be both very technologically advanced and very large. The roll call is impressive: Atlas Copco, Alva Laval, Stora Forest Products, Electrolux, Saab, Volvo...

Rather than being daunted by this, Roberts says, the Canadian would-be exporter should direct his energy towards supplying, for example, process equipment and machinery to the pulp and paper industry, not the final product. Faced with a country currently building submarines for Australia and an aviation industry producing the Saab Griffin fighter and the 340 turboprop airliner, exporters might think of supplying electronics and other advanced systems.

"The largest Swedish multi-nationals typically do 85 to 90 percent of their business outside Sweden," says Roberts. "They are in business to supply the world, which is a major part of



Bill Roberts, trade commissioner in Sweden, discusses export opportunities during Marketplace '88 in Halifax.

their success." And the figures reflect this.

Total annual sales between Canada and Sweden are about one billion dollars, of which \$800-million was exported from Sweden against \$225-million from Canada.

Whereas only a few Canadian companies have ventured into Scandinavia—Moore Paragon has been there for years and Cognos introduced its computer software more recently—more can follow.

Volvo has a state-of-the-art climatic wind-tunnel ... from Canada. To the Swedish buyer the most important concern is value for money combined with advanced technology. But Roberts suggests other possibilities as well: chainsaw parts, fish, hockey and gymnastics equipment, and windshield wiperblades.

And what applies to Sweden is largely true for all of Scandinavia, keeping in mind the differences between the countries.

Norway, rich in oil and gas, is smaller, more rural, and less industrialized. Once heavily into fishing, it has turned successfully to aquaculture. Finland, which did not become an independent country until after WW1, has since developed a high standard of living; market opportunities there are very similar to Sweden. The only Scandinavian member of the Common Market, Denmark is a country of mercantile traders, with an intensive agricultural and manufacturing base.

Interested exporters can get a list of potential distributors through the embassy, says Roberts, as well as an initial analysis of market potential. The next step is up to the exporter: to go over, meet and establish a personal relationship with an agent or distributor. Reliability and consistency in the relationship, Roberts emphasizes the point, are just as important as production and service provided. ■

—Anko Hofland

DISTCOVERY System Introduced in Nova Scotia

The introduction of the DISTCOVERY business opportunities information system will offer Nova Scotia entrepreneurs easier entry into the world's technology race.

At this point, the system provides access to more than 14,000 data base entries on technology products and services for sale in countries around the world. Much technology is bought and sold through licensing, a system which transfers rights to products or services from a licensor to a licensee for a fee. In Nova Scotia, Industry, Science and Technology Canada (ISTC) will act as an information broker for licensing or other transactions.

Bob Russell, ISTC's executive director for Nova Scotia, says the department wants to help companies "work smarter" in getting more technology into Canadian businesses.

For small companies in particular—in

Canada 97 per cent of businesses have fewer than 100 employees—licensing permits the purchase of technology without the normally high research and development costs. The federal department, whose acronym is incorporated in the system's name, provides three main services, says Mr. Russell.

The first step is to make business people more aware of licensing and other opportunities. This is done through seminars and presentation, often with licensing consultants as guest speakers.

"Primarily, people want to expand and they want to grow," says Lou Eckebrecht of Burlington, Ont., president of a licensing consulting company. "To do so, they have to have a product." In one case history, Mr. Eckebrecht said an American company used a license for a Canadian product to increase annual sales from \$300,000 to \$6 million.

Companies with a general interest in licensing will need the "tools" to help determine the specific products or services that may be appropriate for them, says Mr. Russell.

For stage two, enter DISTCOVERY.

Developed during the past 18 months by ISTC officials in Moncton, N.B., DISTCOVERY is a huge shopping list of business opportunities. By simply punching a key word into the computer system, a company can have almost instant access to the names of numerous companies in the world offering licenses or other opportunities on related products.—For example, the word "software" fed into the system produced 155 entries.

The system has more than doubled in size during the past year, and further growth is planned. Every day, some-

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During Marketplace '88, agencies such as the Canadian International Development Agency and companies such as Kuehne an Nagel, provided local business people with information about the services they offer.

...DISTCOVERY

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where in the world, new technology is being offered for sale. Helping scout the world's marketplace for advances in technology are Canada's trade commissioners in 102 cities.

Companies that decide to buy or sell a chunk of technology can then make use of the department's third service: follow-up. "If they think they see something they like, says Mr. Russell, "officials will help them "move forward on it." The department offers information and services, but won't provide major capital assistance.

Dale Blair, a senior ISTC development officer, says increased use of technology should benefit the country's economy. "What's important to me is that our companies find technology that will allow them to use existing facilities or expand facilities, and that will create jobs."

Janet Boak, an accountant for Tibbetts Paints Ltd., of Trenton, said a recent seminar in New Glasgow provided valuable information for company executives to consider. Tibbetts has developed its own technology in the manufacture of paints, yet might consider expanding into related areas using technology developed elsewhere. The DISTCOVERY computerized business opportunities information system gives a company options. ■

—Steve Harder



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Nova Scotia Export News is published quarterly by Industry, Science and Technology Canada, 1496 Lower Water Street, P.O. Box 940, Station M, Halifax, N.S., B3J 2V9. Telephone (902) 426-6687. Editor: Valerie Bachynsky. Production by PageCraft in Halifax. Contributions and comments welcome.

Canada

Upcoming Trade Shows

America East Building Materials Expo	Jan. 13/89
Boston	
Salon des Metiers Bouche	Jan. 21/89
Lyon, France	
Berlin Green Week	Jan. 29/89
Berlin	
Atlanta Men's Apparel Market	Jan., Mar./89
Atlanta, Georgia	
Chicago Womens, Mens, and Childrens Market	Jan., Mar./89
Chicago	
Just Kids Stuff	Jan. 28-Feb. 1/89
New York	
8th Indian Engineering Trade Fair	Feb. 2/89
New Delhi Asia	
Telecom'89	Feb. 20/89
Singapore	
Batibouw'89	Feb. 23/89
Brussels	
Seafare '89	Feb./89
Los Angeles	
Atlanta Apparel Mart	Feb., Apr./89
Atlanta, Georgia	
Miami International Boat Show	Feb. /89
Miami	
SIA'89 International Agricultural Fair	Mar. 5/89
Paris, New York	
Pret	Mar. 5-7/89
New York	
CEBIT/Computer Business Equipment	Mar. 8/89
Hanover, West Germany	
Leipzig Spring Fair	Mar. 12/88
Leipzig, Poland	
10th Industrial Trade Show	Mar. 31/89
San Juan, Puerto Rico	
California Kids Show	Mar. /89
Los Angeles	
Allure Intimate Apparel & Hosiery Show	May /89
New York	Nov. /89
Boston Seafood Show	Mar. /89
Boston	