N O V A S C O T I A

EXPORT NEWS



# Mexico is a Hot Market

Mexico has very quickly moved from being a closed, bureaucratic country towards an open, entrepreneurial one which is becoming increasingly integrated in the North American economy. Suddenly it's a hot market for exporters, and a surprising number of Nova Scotia companies are either selling there already or are trying to.

The fact that it has a population of 83 million (21 million in Mexico City) and an increasingly active economy means that "you can sell practically anything here," says Jim Leach, head of the trade section of the Canadian Embassy in Mexico City. "The opportunities are really quite extraordinary here now."

For Nova Scotian exporters in particular, says Leach, "my advice is, if they're exporting in the U.S. and the Caribbean they can export to Mexico as an extension of their market."

Some do. The best known Nova Scotian exporter is Sydney Steel Corporation, which has been supplying steel rails to Mexico for some years, as Mexico expands its transportation and communications system. However, about two dozen Nova Scotia companies have done business in Mexico and more are trying to enter the market. These companies are supplying a surprising array of goods and services: among others, computer software, various kinds of consulting, crafts, biotechnology, wood products, Christmas trees, oceanographical and other research equipment, fabricated metal products, industrial machinery, automotive components (camper truck bodies, trailer hitches, etc.) and equipment and, of course, fish.

**Mexico has been upgrading all its major sectors, including transportation (railways, ports, airports and highways), communications, energy, forestry, mining and consumer goods.**

Fish, in fact, is a particular case in point. Mexican importers have been looking for more, says Leach. But, of course, with the stocks in bad shape and quotas restricted the fish isn't there at the moment—at least cod isn't. Cod and hake are particularly desired by the Mexicans. But while cod is short there's plenty of hake. Is there a potential market in Mexico for silver hake, that abundant but "underutilized" species off Nova Scotia which could ease problems of fish shortages if it could be sold?

Two-way trade between Canada and Mexico in 1989 amounted to $2.3 billion, making Canada Mexico's fifth largest trading partner. Of that amount, Canada exported $600 million worth and Mexico sold $1.7 billion worth to Canada. These were mostly, perhaps surprisingly, automobiles and auto parts. They are exported mainly by American and other large auto-makers who manufacture and assemble in-bond on the Mexican side of the Mexico-U.S. border—the so called maquiladora arrangement.

The most important Canadian exports were canola or rapeseed, sulphur, rails (from Sysco), wood pulp, and seed potatoes (also mostly from the Maritimes). Over all, says Leach, "agriculture is our most important sector" with markets for cattle, swine and other breeding stock as well as various seedstock. Meanwhile Mexico has also invested heavily in developing its fisheries, although its output remains low. Thus, there's a market for fishing technology, which some Nova Scotia companies have already tapped.

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*continued from page 1.*

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The country has undergone a considerable transformation over the past decade—from a highly protected, debt-ridden economy to a more open one in which the climate is one of "cautious optimism" and of growing confidence in the business community, says Leach, a native of Moncton whose formal title is Minister-Counsellor for economic affairs at the Canadian Embassy.

Mexico joined the GATT in 1986 and has dropped tariff barriers progressively since then. Also, a large number of state-owned enterprises were privatized, Mexico's crippling debt was renegotiated, and now there are moves afoot for the country to join in a free trade arrangement with the U.S. and possibly Canada.

As a result, there is increasing trade activity between Mexico and Canada. Mexico has emerged as Canada's second-largest trading partner in the North American hemisphere.

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Ministerial and trade delegations have been increasing. Prime Minister Mulroney visited Mexico in March, and in April, Minister of International Trade John Crosbie led a delegation of senior Canadian business executives from companies that specialize in Mexico's priority sectors.

In terms of actually doing business in Mexico, old clichés about the complications and pitfalls of transacting affairs in Mexico apply less and less, says Leach. "Doing business is becoming easier all the time."

– Ralph Surrette

# Opportunities

Mexico is Canada's largest trading partner in Latin America—two-way trade reached $2.28 billion last year, up 25 per cent over 1988—but more remains to be done to take advantage in this growing, dynamic market.

In Mexico City alone—the world's largest and most polluted city—major investments are to be made in water, sewerage, waste handling, non-polluting transport and transit connections with other cities. These include:

- **Water supply**: the repair of old mains and the laying of new ones are major budget items—the City is concentrating less on tapping new sources and more on economizing on water (low-water-use toilets) and recycling water;
- **Emission reduction** from transport vehicles—close consideration is being given to expanding the subway system and increasing the size of the trolley-bus fleet.

Other sector opportunities in Mexico include:

**Communications:** $5 billion to $10 billion will be spent on the development of telecommunications over the next five years—a new telecommunications satellite should be in orbit in 1993.

**Transport:** railroads: the country will require new rolling stock,new locomotives and assistance and technology in renovating existing ones; radial rail connections are being planned from Mexico City and the other two metropolitan areas to the surrounding centres: new aircraft are being procured by the two Mexican airlines.

**Energy:** thermal and hydro-electric generating plants will be needed to increase power generation by 10,000 MW during the next three years.

A major renovation and expansion of the electricity distribution system is being planned, with a World bank loan of over $4000 million being negotiated.

**Mining:** Mexicans are impressed by Canadian mining expertise and are drawing lessons from it. Restrictions of foreign investment in mining are being reviewed and will be relaxed in the nest few months. Taxes on mining are being reduced. There is a need for Canadian mining machinery and expertise.

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**Petrochemicals:** this industry will grow by some 14 million tonnes in capacity over the next five years—creating opportunities to sell Canadian technology for the production of certain products new to Mexico, and to supply requirements for petrochemicals that Mexico will not be producing.

**Agri-food:** priorities include the production of more food and the improvement of the conditions of food producers—both offer opportunities for the sale of Canadian expertise, stock and equipment; initiatives to increase the production of milk, swine, fowl and beef will offer opportunities to Canadian suppliers fo livestock, feed components, herd management techniques and equipment, and expertise in finished food products processing and distribution.

Although Canada still imports far more ($1.68 billion in 1989) than it exports ($600 million in 1989) to Mexico, there has been a substantive change in the composition of Canadian exports since the 1970s.

# Dal Students Participate in Unique European Mission

Nine Dalhousie international business students have participated in a unique European mission on behalf of four Nova Scotia companies.

The mission is a joint project of Dalhousie's Centre for International Business Studies and the International Trade Centre of Industry, Science and Technology Canada (ISTC), and four participating companies—Internav Limited, Sydney, Aerovox Canada Limited, Truro, Poly Cello Limited, Amherst, and Reinforced Plastics Inc., Mahone Bay.

The students travelled to the United Kingdom, France, Belgium, the Netherlands and West Germany for meetings, arranged by Canadian posts abroad, with business leaders, government officials and academics and made separate business calls on behalf of sponsoring firms.

Before she left for Europe, student participant Karen Radford expressed her and fellow students' excitement about the chance to see how the real world works, to get a feel for cultural variations in doing business, and to gain information about "Europe 1992".

Dalhousie Professor Don Patton accompanied the students to Europe and provided direction for them. He sees the project as a unique way to meet the student's educational objectives while, at the same time, provide participating Nova Scotia companies with useful market research and recommendations re European business.

"There's no question," according to ISTC Senior Trade Commissioner Doug Rosenthal, "that the opportunity provides the students with an eight-week experience unmatched by any course they could take. I'm also confident that their experience will yield results for the companies involved."

Aerovox President Ben Griffen, who is hoping to use the mission to identify new products his company might manufacture for the North American market, is also optimistic. "So far, we've been impressed that the people involved are highly qualified, and the mission will afford us opportunities we could not have easily pursued on our own."

Prior to departure in May, mission participants attended a series of lectures on the European business environment and worked closely with their client companies, to clarify individual company goals. On their return to Canada in June, the students presented written and oral reports on the mission to their client companies and academic and government sponsors.

Student participants are Karen Radford, Faith Outerbridge, Kirsten Tisdale, Robert Chin, John Layton, Naida Hyndman, Greg Ho Yuen, Bruce Levitt and Aftab Ahmad, all of whom are Master of Business Administration students at the Centre for International Business Studies, School of Business Administration at Dalhousie.

**...the project [is] a unique way to meet the student's educational objectives while, at the same time, provide participating Nova Scotia companies with useful market research and recommendations re European business.**

# ISTC Office to get new Senior Trade Commissioner

As of August, 1990, Halifax native Michael Whalen replaces Doug Rosenthal as Senior Trade Commissioner in the Halifax International Trade Centre, at Industry, Science and Technology Canada.

Mr. Whalen, who was educated at St. Mary's and Dalhousie, where he received a Master of Business Administration, joined the federal government's Trade Commissioner Service in 1979. During his career in the foreign service, he has served overseas at Canadian missions in Seoul, Republic of Korea; Sydney, Australia; and Kingston Jamaica. Prior to taking up his position in Halifax, Mr. Whalen completed assignments in the International Trade Development and Corporate Management groups at External Affairs and International Trade Canada headquarters in Ottawa.

Doug Rosenthal assumes a position as Consul and Senior Trade Commissioner in Munich, West Germany.

# Making Sense of the Trade Assistance Programs of ISTC, ACOA and DITT

If you're in business in Nova Scotia and you're interested in selling your products outside the province or outside the country, there is a wide variety of government programs available to help you. Industry, Science and Technology Canada (ISTC), the Atlantic Canada Opportunities Agency (ACOA) and the Nova Scotia Department of Industry, Trade and Technology (DITT) all offer trade assistance programs. The key is to figure out which one is right for you.

The programs offered by ISTC, ACOA and DITT can provide everything from market information and expert advice to help with the cost of developing a marketing plan, participating in trade shows or producing promotional materials. But each agency places some conditions on the type of firm and the type of project it will support.

Representatives of all these agencies stress that their programs are intended to support "incremental" trade activities—activities that are in addition to a firm's normal, ongoing marketing effort.

Which department you deal with depends on the market you are targeting. ISTC assists businesses interested in selling outside Canada, while the "Business Futures Program" offered by DITT helps businesses who want to sell outside the Maritimes, including outside Canada. ACOA's new "Marketing Development" programs places limited restrictions on the target market—it can even be within Nova Scotia.

Most sectors/industries are eligible for trade assistance. Programs administered by ISTC—including the Program for Export Market Development (PEMD), which provides financial assistance to potential exporters—have minimal sector restrictions. The programs offered by ACOA and DITT can assist firms in goods-producing industries and many service-sector industries. The major exclusion is businesses in wholesale or retail trade.

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Exactly what types of trade assistance are offered by ISTC, DITT and ACOA? Here's a summary of the agencies' main programs:

**Market Education and Identification.**

ISTC's International Trade Centre in Halifax helps firms identify possible new markets, and learn about the latest marketing techniques, via initiatives such as: one-on-one counselling by resident trade commissioners; group workshops and seminars (e.g. a March 1990 seminar on how to be successful at trade shows); New Exporters to Border States (NEBS) and other missions; access to export-related publications; and the annual Marketplace event, when trade commissioners from Canadian trade posts around the world come to Halifax and meet with Nova Scotia business people. The Trade Centre's outgoing senior trade commissioner, Doug Rosenthal, says that of all the trade assistance programs available via ISTC, "information on markets and marketing is the most popular service we offer."

Both ISTC and DITT offer firms access to "WIN Exports," a data bank in which a firm registers its export interests and capabilities. This data bank is used by Canada's trade commissioners abroad when they want to know which Canadian firms can provide a specific product to a potential customer.

ISTC (through PEMD) and DITT also both offer financial assistance to firms that want to undertake trips to attend market education seminars (DITT) or

investigate potential markets (DITT and ISTC).

**Product Development and Marketing.**

ISTC, DITT and ACOA all offer programs to help firms develop and market their products. One or more of these agencies offers programs that can share the cost of: hiring a consultant to devise/implement a marketing plan; developing a new product; developing packaging, promotional materials and advertising; participating in trade missions and attending trade shows; and bringing potential buyers to Nova Scotia.

Representatives of ISTC, DITT and ACOA all recognize there's some overlap in their trade assistance programs. ACOA's Dick Miles speaks for all three agencies when he says, "We're working together to increase coordination and eliminate overlap." Miles, like his counterparts at ISTC and DITT, stresses that his agency seeks to ensure that firms do not "stack" trade assistance—that is, obtain assistance for a single project from similar programs at different agencies.

When providing financial assistance to a firm, all three agencies usually will finance no more than half the cost of a given project; the firm must supply the rest. This is to ensure that the firm itself is committed to the project. Financial assistance under some programs, such as PEMD, is repayable by firms if they land new business as a result of receiving the assistance.

What's the first step a Nova Scotia business should take if it wants to learn more about trade assistance programs, or if it wants to apply for assistance? For services and programs of ISTC, call the International Trade Centre in Halifax at 426-7540. ACOA can be reached at 426-8361, or at its toll-free inquiry line: 1-800-565-1228. Regarding DITT's Business Futures Program, contact Alex Horne in Halifax at 424-5315.

Although the wide variety of trade assistance programs could at times seem a bit confusing, the programs all have the same objective: to help Nova Scotia's businesses expand their markets and sales.

– Jim Houston

*Some of the participants in a two-day seminar sponsored by the Canadian Consulate General in Boston were: Neil Trenholm, Hudson & Morley Craftsmenship by Design; Carol Smeraldo, One Off Studio; Clayton Dickson Jr., People: Clayton Dickson Jr.; Pat Burstal, Pinehurst Group Ltd.; Tom McMillan, Canadian Consul General; Monica Valle-Cavero, Victorian Elegance; Brent Kowalczyk, Victorianna Designs; and Peg Madigan, Atlantic Gulf Marketing Ltd.*

*Other participants in the seminar, which was designed to help craftspeople determine if exporting would be right for them, were: Steve Kay, Purcell's Cove Pottery; Suzanne Amos, Amos Pewterers; Tom McMillan, Canadian Consul General; W. Jim Murray, The Village Pottery; Jennifer Stevens, Jenny Stevens Sweaters.*

# How to make trade shows profitable

Do you practice good boothmanship? Can you distinguish a "just looker" from a "ready buyer" in four minutes flat? Did your last presentation at a trade show pay off?

Trade and consumer shows are recognized world-wide as a great way to tap new sales sources, but participation can involve a significant marketing investment. Over the last 10 years, the number of annual national and international shows has doubled from 5,000 to 10,000, with exhibitors spending over $21 million to raise their company profile. Barry Siskind, trade and consumer show training consultant with the International Training and Management Company, says most exhibitors don't make that investment in this powerful marketing instrument pay off because they fail to plan properly for the big event.

"What you want to do is choose the right show, know what you want to get out of it, and go get it. The correct planning process, ideally, should take a year," Suskind told regional business people during a trade show workshop in Halifax sponsored by Industry, Science and Technology Canada. Organization is the key and exhibitors are encouraged to set measurable, prioritized goals reflecting the benefits they want to reap from their trade show effort. "Find your number one reason for doing a show; make it realistic but don't set your sights too low. And keep focused on that number one goal."

**Regardless of how well you've planned for the big event ... everything comes down to show time: presentation, performance in the trade show booth, and the ground laid for reaping post-show payoffs.**

Once the priorities are set, start the practical planning process and prepare to run your show as a hard-nosed, short-term business proposition: line up the trade show "team"; outline your budget, know how you're going to make your profit; and book hotel space when you book your trade show space—well in advance of the event.

Organizing a trade show "team", according to Suskind, should be done early and should involve everyone who has a direct or indirect interest in your success: from the shipping representatives, suppliers and dealers your company works with to your upper management, customers and your banker. When you've organized your "team", write a letter to each member outlining basic show data and international considerations, and inviting their expertise.

"All these people, in their own way, are specialists—and their advice is free. You may have to pay for it down the road, but you'd have to pay for it anyway so get it when you need it," says Suskind. "And don't forget to have someone on your team who understands how to do business in the (host) country. Also, an international lawyer will cost you some money, but can be a wise investment."

Regardless of how well you've planned for the big event, Siskind stresses that everything comes down to


*The Federal Minister of International Trade, John Crosbie, (second from the left) was in Boston in March to show his support for the 74 Canadian companies participating in the 1990 Boston Seafood Show. He spent some time at the Clearwater Fine Foods display, chatting with (from left to right) Tom MacNeil, Graham Roome, John Risley, and Steve Greene.*

show time: presentation and and performance in the trade show booth, and the ground laid for reaping post-show payoffs.

According to figures compiled by the International Training and Management Company, 92 per cent of trade show attendees are there because "nobody in sales calls them," says Siskind. "So, the bottom line is that most companies are missing 92 per cent of their market." The average amount of time people spend at a trade show is eight hours; a national trade show may involve as many as 500 exhibitors, whereas regional shows draw approximately 60 participants on average.

"We measure shows by the number of people who come ... So you've got to learn to cope with volume numbers," Suskind told his Halifax audience. "At an average show you may have 35,000 people, or about 18 people a minute walking by. So you have a problem with time: you basically have next to none, and you have to establish a business relationship in the little you have."

The best way to tackle this problem is head-on, and hard-sell. Separate the people passing by your booth into three groups: the "just lookers," the "reinforcement" brigade, and the "ready buyers." Siskind says 80 per cent of those strolling trade show floors have come to see a specific vendor and are "just lookers" as far as any other booth is concerned. ("Get them out of your booth fast; you don't want them!")

The second group, who represent 10 to 15 per cent of your trade show audience, want nothing more than reinforcement of their predetermined buying decision. ("Remember, you've made a major investment getting to this show and your goal is not research or information. It's new customers. Keep focused on whatever your objective is.")

That focus should centre on the remaining five per cent: "the Ready Buyer." Don't waste valuable time and information on those who aren't qualified to receive it, Siskind advises, but when you recognize a ready buyer ... take A.C.T.I.O.N.

**A** stands for **Authority**: ask the potential customer who makes decisions in their company; focus them on what they're looking for.

**C** means **Cash**: in one or two questions you should find out fast if they're in the market, what their budget may be and whether the potential purchase is a wish or a reality.

**T** stands for **Time**. Time is short, and must be strictly managed. Suskind says the art of the hardsell is an essential tool to realizing the trade show goal. If you think you have a prospective customer, with cause, find out when they plan to buy.

**I** is **Identity**. Put together "lead cards", pre-printed file cards which can be used to put down the vital client information you've solicited.

**O** stands for **Operational constraints**: find out what's in the way of preventing you from making a sale.

And, finally, **N** is **Need**. Your first question to a prospective buyer should identify whether or not you can meet a specific need. Don't generalize. "Are you looking for a way to line up you're payroll system" focuses your audience better than "Are you looking for a computer, etc."

**"Find your number one reason for doing a show; make it realistic but don't set your sights too low. And keep focused on that number one goal."**

The work doesn't end with the show. In order to know whether the effort and expenditure has paid off, businesses should do a post-trade show evaluation. Look at the results, complete the budget, compare budget to results. Then do some teleconferencing with your company's trade show "team": seek out reactions and informal opinions, find out how different members rate the trade show effort. Listen to the advice you've gathered, look at your final financial accounting. Then, analyze the vital trade show data compiled on your company and decide whether to go back and do it all again next year.

– Joanne Napier

# Atlantic Canada Trade Initiative Announced

International Trade Minister John C. Crosbie has announced the launch of the Atlantic Canada Trade, Tourism and Investment Initiative. This initiative is designed to assist businesses to expand and diversify their activities in New England.

In announcing the initiative, Mr. Crosbie noted that it was designed to support Atlantic Canada businesses' efforts to take full advantage of the Canada/United States Trade Agreement.

The initiative consists of sector-specific market development missions from Atlantic Canada; 10 New Exporters to Border States missions; an Invest In Atlantic Canada conference to be held in Boston in January, 1991; promotional activities such as a seminar in Boston on under-utilized fish species (June 1990); and tourism initiatives such as Sea-Sell and tourism missions. All activities are planned to take place during the 1990/91 fiscal year.

Missions to develop New England markets are planned for fish technology, environmental services, construction, defense, ocean technology products, software and building materials.

# October is Canada's International Trade Month

October is shaping up to be a busy month, and Halifax will be the scene of various high-profile trade events.

The Canadian Exporters' Association's 47th annual convention, to be held in Halifax at the Sheraton Hotel on September 30, October 1 and 2, will focus on Export Competitiveness for the 1990s. Distinguished private and public sector panelists will examine a number of key issues for the exporting community. These include: changes in the international trading environment, Canadian competitiveness in the global market, export success stories, what's new in export programs, the new Europe, and USA: the world's largest market.

October 1st, 1990 is the date of the Canadian Exporters' Association's Annual Dinner and presentation of External Affairs and International Trade Canada's Export Awards. The Honourable John Crosbie, Minister for International Trade, is expected to be the keynote speaker at the event and present the export awards.

The annual Marketplace event, which provides an opportunity for business people to meet individually with Trade Commissioners stationed in Canadian posts abroad, takes place October 3.

# Trade Fairs & Missions

## July—October, 1990

Aug. 90 ..... American Marine Trades Expo Atlantic

Aug. 90 ..... Canada/Norway Offshore Working Group to Norway

Aug. 16/90 ..... Food Pacific Vancouver (Buyers from around the World)

Aug. 28/90 ..... Offshore Northern Seas, Stavenger, Norway

Sept. 90 ..... Husker Harvest Days, Grand Island, Nebraska

Sept. 11/90 ..... Networld, Dallas (Networking, connectivity products and services)

Sept. 19/90 ..... Federal Computer Conference, Washington

Sept. 20/90 ..... Florida Lumber and Building Materials Orlando

Sept. 25/90 ..... CENIT Asia 90, Hong Kong (Information and telecommunications)

Oct. 90 ..... Solo Food Show, Indianapolis

Oct. 18-20/90 ..... Boston Fish Expo '90, Boston (Equipment and services)

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