

TEAM CANADA INC  
*Your Source for Export Services*

OUR VISION

Team Canada Inc's vision is to help Canadian businesses succeed in global markets by offering comprehensive, high quality export information and services.

OUR BUSINESS

***Exporter Capability and Preparedness***

TCI is working to increase Canadian companies' export-orientation and export-readiness by delivering the information, skills and tools they need to take their businesses global.

***International Market Development***

TCI actively promotes Canada as a source of high quality goods and services across a broad range of sectors.

In Canada and around the world, TCI offers relevant market intelligence, networking, risk management and financing support to help Canadian companies maximize their global trade opportunities.



TEAM CANADA INC • ANNUAL REPORT 2001



Team Canada Inc • Équipe Canada inc

Canada

exportsource.ca  
1 888 811-1119

## OUR NETWORK

In 1997, TCI was founded to facilitate greater coordination among the various departments and agencies that contribute to the Government of Canada's overall export development efforts.

TCI's members include:

### FEDERAL DEPARTMENTS AND AGENCIES

Agriculture and Agri-Food Canada; Atlantic Canada Opportunities Agency; Business Development Bank of Canada; Canada Customs and Revenue Agency; Canada Economic Development for Quebec Regions; Canada Mortgage and Housing Corporation; Canadian Commercial Corporation; Canadian Heritage; Canadian International Development Agency; Environment Canada; Export Development Canada; Fisheries and Oceans Canada; Foreign Affairs and International Trade; Human Resources Development Canada; Indian and Northern Affairs Canada; Industry Canada; National Farm Products Council; National Research Council of Canada; Natural Resources Canada; Public Works and Government Services Canada; Statistics Canada; Transport Canada; and Western Economic Diversification.

TCI collaborates with an extensive network of export service delivery partners across Canada and around the world. They include:

### REGIONAL TRADE NETWORKS (RTNs)

Located across Canada, the 10 RTNs consist of federal, provincial and regional governments and industry associations who have teamed up to help exporters gain the maximum benefit from available export services.

### INTERNATIONAL TRADE CENTRES (ITCs)

Located in every province, Industry Canada's 11 ITCs help companies, primarily small and medium-sized enterprises (SMEs), expand and diversify. The ITCs provide core services in the areas of export counselling and market-entry support to Canadian firms that are preparing to export and expanding into new markets.

### CANADA BUSINESS SERVICE CENTRES (CBSCs)

Located in every province and territory, each of the 13 CBSCs offers a combination of products and services, tailored to meet the needs of its distinctive client base, to ensure clients get accurate and comprehensive business information.

### TRADE TEAM CANADA SECTORS (TTCS)

The 11 TTCS bring government and industry together to coordinate national trade development planning and activities in key industries. Working closely with the Trade Commissioner Service abroad, they help Canadian companies make contacts and identify business opportunities through organizing events such as trade shows, incoming and outgoing missions and matchmaking events. The TTCS also provide information and intelligence to Canadian companies through online information products and events.

## CANADIAN TRADE COMMISSIONER SERVICE

Part of the Department of Foreign Affairs and International Trade, the Canadian Trade Commissioner Service is a network of 500 officers working for Canadian companies in 140 cities around the world. The services offered are designed to help companies assess their export potential, identify key foreign contacts such as buyers and distributors, and to provide them with the market intelligence and advice they need to succeed in their foreign markets.

## INTERNATIONAL BUSINESS OPPORTUNITIES CENTRE (IBOC)

IBOC works in cooperation with Canada's trade officers around the world to provide a matching service that connects foreign buyers with Canadian companies.

## PROVINCIAL, TERRITORIAL AND MUNICIPAL GOVERNMENTS

Provincial, territorial and municipal governments across Canada offer businesses valuable assistance through departments, agencies or economic development offices offering export programs and services.

## ASSOCIATIONS, EDUCATIONAL INSTITUTIONS AND PRIVATE INDUSTRY

Associations, educational institutions and private industry also play key roles in Canada's export development efforts. Trade and business associations often provide exporting advice and assistance to companies in a specific location or sector. Educational institutions frequently offer courses or other types of training in international trade, including the Going Global workshops and the FITTskills courses from the Forum for International Trade Training (FITT). And within private industry, a variety of companies offer valuable export services such as banking, freight forwarding, market research and legal assistance.

## OUR SERVICES

### THE EXPORT SERVICES CONTINUUM



---

# TABLE OF CONTENTS

<b>Message from the TCI Management Board</b> .....	2
<b>Introduction</b>	
Canada's Export Roots .....	4
TCI's Growth Formula .....	5
<b>Year in Review</b>	
Selected Achievements for 2000-01 .....	7
<b>Global Trade Environment</b>	
World Economic Conditions .....	8
Implications for Canadian Trade .....	9
...and for TCI .....	9
<b>A Look Ahead</b>	
Our Purpose .....	10
Our Vision .....	10
Our Strategic Goals .....	10
Our Focus .....	10
Plans and Priorities for 2002-03 and Beyond .....	11
Achieving the Vision .....	13
<b>Annex I: Achievements in 2000-01</b> .....	15
<b>Annex II: Economic Outlook for Canada's Trade Partners</b> .....	21
<b>Annex III: TCI Priority Sectors</b> .....	24
<b>Annex IV: Tools &amp; Information Products for Exporters</b> .....	38



## MESSAGE FROM THE TCI MANAGEMENT BOARD

*TCI focuses its energies where most needed – on Canada's knowledge-based, value-added, jobs-rich sectors that offer the most for Canada's continuing prosperity.*

Over the past year, the Team Canada Inc (TCI) management team conducted a comprehensive review of TCI's business objectives, practices and achievements to identify areas where re-alignment might be needed. That review has confirmed that the TCI business model is working for Canadian business. It has validated TCI's focus on the integrated delivery of export capability and preparedness and international market programs. It has also endorsed the notion that there are important links between TCI's work and that of the Government of Canada's ongoing market access and investment promotion activities.

This is the first Annual Report on TCI, combining information previously provided in two separate documents – *TCI Business Plan* and *TCI Achievements Report*. It provides information on TCI's programs and activities, for which all TCI members provide common funding, under the purview of the TCI Management Board. The TCI Management Board is made up of Directors-General from the 23 federal departments and agencies involved in international business development. It also provides information about other important aspects of export capability and preparedness, and international market development, coordinated through TCI but delivered by individual TCI members. The reporting period is for the period ending December 31, 2001.



Canadians have reasons to be proud – our economy has grown strongly in recent years and Canadian businesses are taking advantage of opportunities presented by the new global economy.

TCI has made important contributions to ensuring that globalization means expanded opportunity and improved well being for all Canadians across all regions. Our trade development efforts have enhanced Canada's capacity to engage in international trade and take full advantage of rapidly emerging opportunities. Our work on the integrated delivery of export capability and preparedness programs has helped bring the right information, support and services to Canadian business – quickly, efficiently, and in a form that is timely and useful.

**TCI Management Board Members**

Agriculture and Agri-Food Canada

Atlantic Canada Opportunities Agency

Business Development Bank of Canada

Canada Customs and Revenue Agency

Canada Economic Development for Quebec Regions

Canada Mortgage and Housing Corporation

Canadian Commercial Corporation

Canadian Heritage

Canadian International Development Agency

Environment Canada

Export Development Canada

Fisheries and Oceans Canada

Foreign Affairs and International Trade

Human Resources Development Canada

Indian and Northern Affairs Canada

Industry Canada

National Farm Products Council

National Research Council of Canada

Natural Resources Canada

Public Works and Government Services Canada

Statistics Canada

Transport Canada

Western Economic Diversification

*Focus where most needed*

TCI focuses its energies where most needed – on Canada’s knowledge-based, value-added, jobs-rich sectors that offer the most for Canada’s continuing prosperity. Sectors with a high percentage of small and medium-sized enterprises (SMEs), those reaching into all regions of Canada, including rural Canada, and those for whom high growth potential rests outside U.S. markets are key TCI priorities.

More specifically, TCI is working to:

- ▶ Ensure that Canada’s SMEs are aware of the benefits of going global and have the guidance and tools they need to enter foreign markets.
- ▶ Help Canada’s youth, women and Aboriginal entrepreneurs in all regions access the information, guidance and support they need to take their businesses global.
- ▶ Support Canada’s knowledge-based industries’ export activities, including those businesses that have grown in the service of our domestic natural resources sectors.
- ▶ Help Canadian companies pursue high growth markets beyond the U.S., while further strengthening Canada’s preferred trade position with the world’s largest economy.

*Links to related activities*

TCI’s main focus is on the integrated delivery of export capability and preparedness and international market development programs. TCI also recognizes the important links between its work and the Government of Canada’s ongoing market access and investment promotion activities.

*Building our capacity to do even more*

Even as the TCI network continues to deliver integrated, value-added export services to Canadian business, its members are seeking to further strengthen TCI’s capacity to identify and fill remaining service gaps and to monitor and respond to exporters’ changing needs. A number of specific institutional capacity-building efforts are now underway to ensure effective coordination among federal, provincial and other partners and to further strengthen linkages to the Government of Canada’s market access and investment development programs.

High quality, relevant, seamless service to Canadian exporters remains the overarching goal.

**TCI Management Board**

## CANADA'S EXPORT ROOTS

*Trade is at the heart of Canada's economic success today. It is fueling our innovation and emergence as a world-leading knowledge economy.*



Canada has long been a trading nation. Our rich natural resources, proximity to the world's leading economic power and relatively small domestic markets mean that we must look beyond our borders to grow and prosper. Globalization has only intensified our motivation – and opportunities – to do so.

Trade is at the heart of Canada's economic success today. It is fueling our innovation and emergence as a world-leading knowledge economy. It continues to create high-paying and rewarding jobs in dynamic areas such as biotechnology, health and the environment. It has highlighted our strengths in natural resources management and continues to present exciting opportunities for the many niche companies that provide technical equipment and services in agriculture, energy, forestry, mining and geosciences.

Trade is also delivering unprecedented opportunities for us to share our unique “Canadian way” through our wide range of cultural products and services. Trade is at the heart of Canada's social success as well. It helps finance the social system Canadians cherish and which is a reflection of our values of fairness, inclusion and equality. All Canadians, in all reaches of the country, have a stake in our nation's continuing trade success.

The continued expansion of trade relative to GDP is indicative of Canada's increasing integration into the global economy. Achievements vis-à-vis North American free trade and a worldwide reduction of trade barriers have paved the way for this phenomenal trade performance. Robust demand from the U.S. has also contributed greatly to our trade gains.



## TCI'S GROWTH FORMULA

*TCI was created to help ensure that Canadian businesses receive the export assistance they need effectively and efficiently. TCI members remain strongly committed to working together to meet this objective.*

Although most Canadian exports occur with little help from government, many businesses still require significant support to go global. SMEs are often lean in human and financial resources and require help (information, guidance, skills training and capacity-building) to prepare for competition against larger firms in dramatically different markets. For sectors where the number of SMEs is high, federal, provincial and municipal government support is key.

Government support can be critical in ensuring that Canada's regions, and rural communities within regions, have full opportunity to participate in global trade. The same is true for Canada's women, youth and Aboriginal entrepreneurs.

Government and partners can also play a significant and valuable role in "branding" Canada as a knowledge economy and world-class producer of value-added products and services. Finally, government and its partners are uniquely positioned to offer valuable guidance and support in risky, but potentially rewarding markets around the world.



While governments at all levels have pursued many of the activities mentioned above, it was recognized in 1997 that a more coordinated approach was needed. TCI was created to help ensure that Canadian businesses receive the export assistance they need effectively and efficiently. TCI members remain strongly committed to working together to meet this objective.





---

## SELECTED ACHIEVEMENTS FOR 2000-01

Together, TCI members and partners:

- ▶ Delivered export information and services to Canadian businesses through over 16,000 calls to the 1-888 **Export Information Service**.
- ▶ Welcomed more than 230,000 visits to the **exportsource.ca** website.
- ▶ Provided support to Canadian exporters in foreign markets on 36,000 separate occasions through Canada's network of 130 posts worldwide.
- ▶ Delivered over 1,000 workshops, seminars and other outreach activities to more than 28,000 businesses across Canada.
- ▶ Organized 556 missions, trade fairs and other trade-related events, bringing together some 4,800 Canadian companies with thousands of potential buyers around the world.
- ▶ Helped over 2,900 Canadian businesses become "export-ready" and another 785 earn the title of "active exporters".
- ▶ Provided trade financing and risk management services to more than 6,300 Canadian exporters who sold or invested more than \$44 billion abroad in 2001.
- ▶ Launched **Trade Routes**, a three-year, \$23-million program that seeks to expand international markets for Canada's arts and cultural products and services sector.
- ▶ Launched a three-year, \$9-million "branding" program to raise the profile and improve the image of Canada internationally at key global and regional trade shows in TCI priority sectors.

*For further information on TCI Achievements in 2000-01, see Annex I.*

## WORLD ECONOMIC CONDITIONS

*Medium-term prospects for the global economy remain bright as macroeconomic fundamentals are sound in Canada, the U.S. and Western Europe.*

In 2000, the world economy posted the strongest annual growth in over 15 years (4.7%). However, growth slowed considerably late in 2000, triggered by a dramatic downturn in the technology sector that effectively ended a U.S. 10-year economic expansion. Through trade links, this weakening of the U.S. economy spread rapidly to East Asia, Western Europe, Mexico and most of Latin America. Despite posting a 4.4% expansion for 2000, Canada's economy posted real GDP growth of only 1.5% in 2001.

The horrific attacks on the World Trade Center and Pentagon on September 11, 2001 impacted on a global economy that had already lost most of its forward momentum. The disruption of economic activity, including the impacts on air transport and trade flows, contributed materially to the 3<sup>rd</sup> quarter decline in U.S. real GDP. Growth in Canada's real GDP moderated to 1.2% in 2001 from 4.1% in 2000.

For 2002, the world economic outlook remains clouded by the many unknowns, including expectations for U.S. business and consumer confidence. Other uncertainties include how effectively Japan deals with its structural issues, and how quickly financial market confidence is restored in key emerging markets.

The recovery is not anticipated to begin before the second half of 2002 and will be weaker than previously forecast<sup>1</sup>. Private sector forecasts for the U.S. economy were projecting average annual growth of about 1% in 2001. Slightly stronger growth rates are expected in Europe. Continuing decline is expected for Japan. For Canada, real GDP is projected to expand about 1.5% in 2002.

Medium-term prospects for the global economy remain bright as macroeconomic fundamentals are sound in Canada, the U.S. and Western Europe. While Japan continues to face serious economic challenges, China's sustained growth is an increasingly important anchor for East Asian economic performance. With the technology cycle showing signs of having bottomed out, the prospects for recovery in the technology-dependent East Asian economies are also improved. However, developing economies that depend on international capital markets may continue to experience the high costs of international borrowing in the face of weak confidence.

*For further information on the economic outlook for Canada's major trade partners, see Annex II.*

<sup>1</sup>In its October 2001 *World Economic Outlook*, the International Monetary Fund forecast global growth to slow to 2.6% in 2001, just above the threshold of 2.5% that commonly marks a global recession.

Note: This section is based on the most recently available information at the time of publication.

## IMPLICATIONS FOR CANADIAN TRADE



Following a 14.6% increase in exports of goods and services in 2000, Canadian export growth slowed sharply over the course of 2001<sup>2</sup>. By the 3<sup>rd</sup> quarter 2001, Canadian exports of goods and services stood 6.4% below their year-earlier level. It is likely that 4<sup>th</sup> quarter exports will fall well below their year-earlier level. On an average annual basis, Canadian merchandise exports are expected to fall short of their 2000 average level by 1-2%.

The year 2002 will likely see a resumption of quarterly export growth. However, given the expected starting point for exports and downward pressures on prices, a steep recovery in 2002 would be needed to match average export levels for 2001. For 2003 and beyond, the prospects for renewed robust growth in exports appear to be solid.

## ...AND FOR TCI

*TCI's work to ensure Canadian businesses get the information, tools and support they need to compete is more important now than ever.*

In the tougher economic environment in which we find ourselves, the prospects of "going global" can be even more daunting for businesses with limited export experience. Even the most experienced traders have to work harder to secure international contracts. TCI's work to ensure Canadian businesses get the information, tools and support they need to compete is more important now than ever.

TCI members are focusing on Canada's knowledge-based, value-added sectors that offer the most for Canada's continuing prosperity. Sectors with a high percentage of SMEs, those which are important to the various regions of Canada, including rural Canada, and those with high growth potential, including beyond the U.S. market, are TCI priorities.

Priority sectors include:

- ▶ Aerospace and Defence
- ▶ Agricultural Products, Agri-food and Seafood
- ▶ Automotive
- ▶ Bio-Industries
- ▶ Cultural Products and Services
- ▶ Environmental Industries
- ▶ Health Industries
- ▶ Information and Communications Technologies
- ▶ Natural Resources Technologies and Services
- ▶ Plastics
- ▶ Services
- ▶ Wood Products and Other Building Materials

*For further information on these sectors, see Annex III.*

<sup>2</sup>Total exports reached \$477.8 billion in 2000. Quarterly exports peaked in the 4th quarter 2000, while monthly merchandise exports peaked in December 2000.

## OUR PURPOSE

To provide Canadian businesses with single-window access to fully integrated export services.

## OUR VISION

To help Canadian businesses succeed in global markets by offering comprehensive, high quality export information and services.



## OUR STRATEGIC GOALS

During 2001, the TCI Executive Committee refined and articulated TCI's strategic goals. For the next three years, TCI will:

- ▶ Provide seamless and practical access to fully integrated export services.
- ▶ Fill gaps in export service offerings.
- ▶ Expand the TCI network of service delivery partners.
- ▶ Promote an integrated trade agenda within the Government of Canada.

## OUR FOCUS

Since its inception in 1997, TCI has grown in the service of Canadian exporters. Today, TCI is making a difference to thousands of Canadian businesses each year, helping them take on the world and win.

To achieve its vision, TCI will focus on finding even more ways to increase the number of active exporters in Canada.

That means intensifying TCI's focus on priority sectors and encouraging Canadian exporters to diversify beyond U.S. markets. It means expanding TCI's reach and further augmenting TCI products and services offerings. It also means continuing to build and hone TCI's own capacity to deliver value to Canadians.

## PLANS AND PRIORITIES FOR 2002-03 AND BEYOND

*TCI will continue to build partnerships, and identify and close remaining gaps in the already extensive TCI services offering.*

### *Intensify TCI's efforts*

Over the next three years, TCI will intensify its efforts to reach and support Canada's existing and emerging exporters in sectors that offer the most for Canada's continuing prosperity. TCI will:

- ▶ Focus on Canada's knowledge-based, value-added, job-rich sectors, including those businesses that have grown in the service of our natural resources sectors.
- ▶ Take full advantage of advanced information and communication technologies to enhance access to our services in all parts of the country and to all groups of exporters.
- ▶ Help Canadian companies consolidate existing export successes and pursue high growth markets beyond the U.S.
- ▶ Assist Canadian entrepreneurs as they further strengthen the preferred trade position Canada enjoys with the world's largest economy, the U.S.

### *Expand TCI's reach*

Over the next three years, TCI will continue to build partnerships, and identify and close remaining gaps in the already extensive TCI services offering. TCI will:

- ▶ Make even more Canadian businesses, particularly SMEs, aware of the benefits of going global and of the TCI services available to guide and support them.

- ▶ Find creative new ways to help Canada's youth, women and Aboriginal entrepreneurs access the information, guidance and support they need to export.
- ▶ Strengthen existing partnerships with the Regional Trade Networks and other levels of government to ensure that businesses across all regions have what they need to take their businesses global.
- ▶ Expand TCI's network of service delivery partners to ensure that businesses in communities large and small have easy access to TCI services.

### *Build on TCI's products and services offerings*

Over the next three years, TCI will continue to identify new products and services that help Canadian businesses export. TCI will:

- ▶ Continue to encourage single-window service and client relationship management by all members and partners.
- ▶ Establish agreed service standards and clear referral processes for all members and partners.
- ▶ Promote the sharing of best practices among service delivery partners.
- ▶ Make "best in class" products and services available at more service points.



*“Team Canada Inc (TCI) is recognised as a bench-mark in the provision of support to exporters, in particular through its impressive tools.”*

*International Trade Centre  
WTO/UNCTAD, Geneva*

► Emphasize the use of innovative online technologies and approaches to further facilitate fast and efficient delivery of services, while maintaining TCI’s commitment to multi-channel service delivery (e.g. via the Internet, telephone, in-person and print).

► Enhance TCI’s contributions on behalf of the exporter community to the Government of Canada’s international business development planning and priority setting efforts, promoting the development of an integrated trade agenda.

### *Building TCI’s capacity to add value*

Over the next three years, TCI will continue to strengthen its own management and administration practices with a view to further enhancing its capacity to function effectively and efficiently on behalf of the Canadian exporter community. TCI will:

► Implement its new governance framework adopted in 2001. This framework will ensure that TCI has the senior management commitment, resources and operating practices it needs to achieve maximum results.

► Introduce the new performance measurement framework for implementation beginning in mid-2002. The framework will bring greater consistency and commonality in terms of performance measures, allowing even more meaningful transparency about TCI’s achievements and results over time.

► Continue talks with the International Trade Centre in Geneva, an agency operated jointly by the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). Various TCI products may be adapted to assist with export development work in developing nations.

*TCI’s most popular products and services are described in Annex IV.*

Further information about TCI’s products and services is available at [exportsource.ca](http://exportsource.ca) or by calling **1 888 811-1119**

## ACHIEVING THE VISION

Team Canada Inc's vision for the future is ambitious and achievable only through focused effort and the continued cooperation of all TCI members and partners. It is this teamwork that makes the Team Canada Inc concept work.

Each year, TCI's Management Board approves an action plan that outlines priorities under five key business lines. Action plan activities are funded by contributions from TCI's members and managed by the TCI Directorate.

In 2002-2003, TCI plans to undertake the following activities:

### **Maintain and enhance core TCI tools**

- Continued work to make TCI's [exportsource.ca](http://exportsource.ca) Internet portal even more effective for exporters will include efforts to streamline and personalize content.
- The Canada Business Service Centres (CBSCs) will continue to deliver and enhance TCI's valuable toll-free Export Information Service.
- The CBSCs will begin to offer their innovative "Talk to Us" service, allowing [exportsource.ca](http://exportsource.ca) users to be guided via telephone by an export information officer to relevant information on the website.
- TCI will contribute financially to DFAIT's Market Research Centre, strengthening the Centre's capacity to meet increasing exporter demand for market reports.

### **Market TCI products and services**

- Building on the "Team Canada Inc: Your Source for Export Services" marketing campaign adopted last year, a wide range of advertising and promotional activities will further enhance exporter awareness of what TCI has to offer.

### **Develop export information products and services**

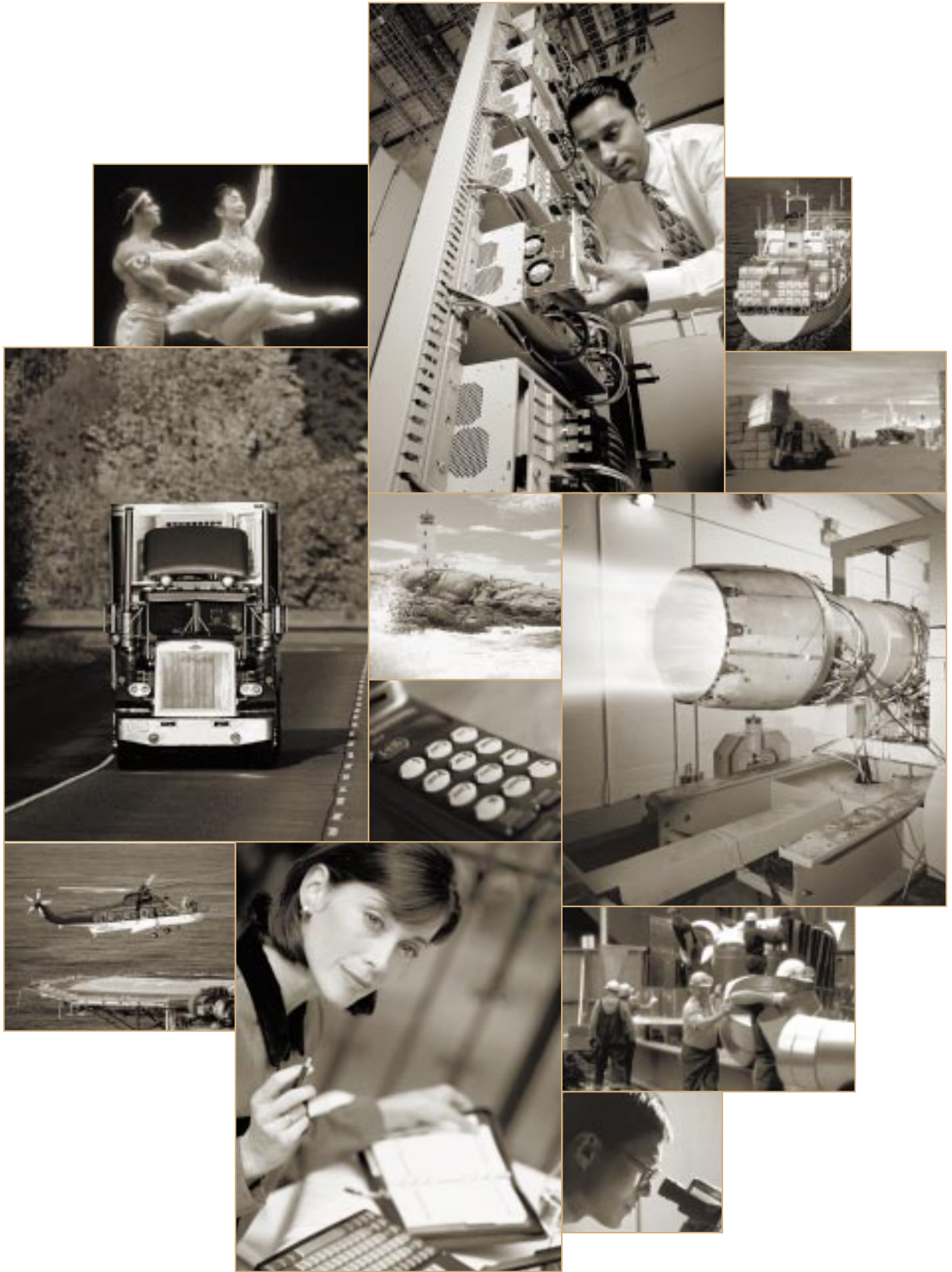
- TCI's popular Step-by-Step Guide to Exporting will be updated and an innovative online version will be developed.
- A new edition of the informative Roadmap to Exporting will also be launched.
- The widely used online Interactive Export Planner will be upgraded to allow faster, more reliable service.
- A new Exporter's Guide to Transportation will provide critical information and guidance on the challenges of global distribution.

### **Build the TCI partnership**

- Orientation sessions for TCI's growing network of members and partners will be organized across Canada.
- TCI member communications will continue to be enhanced.
- Expanded efforts will be taken to engage new export service delivery partners.

### **Coordinate and report on results**

- TCI will continue to refine and expand its capacity for coordinating, planning and reporting on its collective results.




## ACHIEVEMENTS IN 2000-01

The following results deal with TCI's two main results commitments – export capability and preparedness and international market development. Although TCI members are also involved in investment development and market access activities, the results of these are captured in reports by Investment Partnerships Canada, DFAIT and others.

### *Export Capability & Preparedness*

**Strategic Goal: Increase the number of active exporters in Canada**

Goals	Achievements
<p><b>Provide single-window access to Government of Canada export services</b></p> 	<p>TCI's toll free 1-888 <b>Export Information Service</b> handled more than 16,000 enquiries in 2000-01. This represented an 8% drop in the number of enquiries received in 1999-00, in part due to the increased use of online information sources. A survey undertaken in 2000-01 showed that 90% of TCI users felt the service met or exceeded their expectations. Some 94% would call again for further export information.</p> <p><b>Exportsource.ca</b>, Canada's most comprehensive online source for export information, recorded some 230,000 visits in 2000-01, up 28% over 1999-00 levels. User surveys show high client satisfaction with the service. Improvements to the site were made in 2000-01 in response to client feedback.</p>
<p><b>Produce and disseminate relevant, useful information about exporting</b></p>	<p>The <b>Step-by-Step Guide to Exporting</b> and <b>Roadmap to Exporting</b> continue to be the most popular TCI information products. To date, TCI has distributed 75,000 Step-by-Step Guides and 25,000 Roadmaps.</p>
<p><b>Increase awareness about exporting among key small business audiences</b></p>	<p>A number of advertising, marketing and promotional activities were undertaken to brand TCI to exporters as <b>Your Source for Export Services</b>. This was initiated in response to studies showing that many Canadian businesses are unaware of the wide range of export products and services available through TCI.</p> <p>A new program was developed to raise awareness of the network of International Trade Centres (ITCs) across Canada. Fact sheets on ITC core services and other programs of interest in the regions, as well as a new ITC website accessible through <b>exportsource.ca</b>, have been produced.</p> <p>TCI developed <b>Passports to the Global Market</b> for the Regional Trade Networks to help serve exporters in six provinces. The passports list regional contacts and sources of export assistance, as well as outline government programs and web sites for exporters.</p>

*Export Capability & Preparedness (cont'd)***Strategic Goal: Increase the number of active exporters in Canada**


Goals	Achievements
<p><b>Deliver export skills training to clients preparing to take their businesses global</b></p>	<p>TCI members delivered some 1,023 seminars, <b>Going Global workshops</b> and other outreach events to over 28,000 clients across Canada.</p> <p>TCI members helped over 2,900 Canadian businesses become “export-ready” and another 785 earn the title of “active exporters”.</p>

*International Market Development***Strategic Goal: Enhance Canadian competitiveness in specific sectors and markets around the world**

<p><b>Deliver market sector intelligence, advice and guidance</b></p> 	<p>Operating in Canada and abroad, TCI members produced hundreds of sector-specific studies, containing information on projects funded by international financial institutions, market intelligence, specific opportunity identification, bid matching and competitive intelligence.</p> <p>A TCI partner initiative called the <b>International Business Opportunities Centre (IBOC)</b> provides a matching service, connecting foreign buyers with Canadian companies. Working in concert with Canada’s trade officers abroad, IBOC delivers sales leads to Canadian companies, many of which translate into export sales, potential deals, new partners, new suppliers and even new products. To date, IBOC has responded to 13,500 trade lead inquiries from Canadian missions worldwide and contacted 21,000 companies across Canada. It has also helped register over 500 companies in the <b>WIN Exports</b> database.</p>
<p><b>Help more Canadian companies recognize and respond swiftly to foreign market opportunities</b></p>	<p>Working in over 130 posts abroad and in locations across Canada, TCI members supported dozens of buyers’ missions to Canada from countries around the world, conducted key contacts searches on behalf of hundreds of Canadian clients, and advised Canadian business about specific sectors, markets and business problems. Client surveys show that these services are highly regarded by Canadian exporters with 80% satisfaction reported. A majority of clients surveyed regularly use the market prospect and key contacts search services.</p>



***International Market Development (cont'd)*****Strategic Goal: Enhance Canadian competitiveness in specific sectors and markets around the world**

Goals	Achievements
<p><b>Support Canadian participation in missions, fairs and trade-related events</b></p> 	<p>Through the Trade Team Canada Sectors (TTCS) and the Trade Commissioner Service (TCS) abroad, TCI supported more than 4,800 Canadian companies through some 556 missions, trade shows, seminars and workshops. By priority sector, some key achievements include:</p> <p><b><i>Aerospace and Defence:</i></b> TCI supported some 77 Canadian firms' attendance at major international air and defence shows, including Farnborough Air Show (U.K.), Eurosatory (France) and ExpoNaval (Chile).</p> <p><b><i>Agriculture and Agri-food:</i></b> A number of agri-food trade events around the world attracted more than 200 Canadian exhibitors, yielded some \$22.4 million in on-site sales and generated in excess of 800 more business leads. For example, the International Grains Council 2000 conference exposed Canadian suppliers to 500 delegates from 59 countries and resulted in the on-site sale of \$13 million of wheat to Indonesia and Egypt. At SIAL (France), some 65 Canadian exhibitors received an average of 21 new leads each, posted some \$2.5 million in on-site sales and had sales leads for another \$14.5 million. Foodex 2000 (Japan) featured 35 Canadian exhibitors who obtained a total of 600 new leads and on-site sales of \$2.5 million. Table-top food shows in four Japanese cities attracted 330 Japanese buyers. The 40 Canadian exhibitors made sales of \$2.4 million. The Taiwan International Food Show 2000 had 30 Canadian exhibitors who generated a total of 225 new leads and posted on-site sales of \$2 million.</p> <p><b><i>Automotive:</i></b> With TCI help, some 30 Canadian companies participated in such trade fairs as SAE (U.S.) and Automotive Industry Week (U.S.), successfully profiling Canada's auto industry and exposing participants to new opportunities around the world. A number of successful missions to the U.S., Germany and Mexico helped 33 Canadian companies secure business opportunities in these high growth markets.</p> <p><b><i>Bio-technology:</i></b> First organized for BIO 2000, space in the Canadian Pavilion sold out for BIO 2001 as some 85 Canadian bio-tech companies and more than 500 Canadian individuals again took part in an impressive international demonstration of Canadian bio-tech expertise. A <i>Canadian Capabilities</i> seminar held at Biotechnology 2000 (Germany) brought together some 40 Canadian and German bio-tech companies to discuss Canadian bio-tech expertise and mutual opportunities. A similar seminar in Princeton, New Jersey attracted 35 U.S. participants. Through an incoming mission to Quebec City, 10 U.K. companies met with over 50 Canadian suppliers. One visible result was the announcement of an R&amp;D collaboration between KS Biomedix Holding (U.K.) and Aurelium BioPharma (Canada).</p>



*International Market Development (cont'd)*

**Strategic Goal: Enhance Canadian competitiveness in specific sectors and markets around the world**

Goals	Achievements
<p>(continued)</p> <p><b>Support Canadian participation in missions, fairs and trade-related events</b></p> 	<p><b>Cultural Products and Services: Trade Routes</b>, a new \$23-million initiative to support cultural trade development, was launched. The objective is to facilitate access to international business opportunities for Canada's arts and cultural sector. Also, more than 40 new media companies participated in a Virtual Trade Show (VTS) established by TCI members. VTS is a cost-effective and innovative vehicle through which Canadian companies promote their products and services to buyers and potential partners in Canada and around the world.</p> <p><b>Environmental Industries:</b> TCI members supported dozens of Canadian participants on outgoing trade missions and several major international trade shows and fairs worldwide, including Pollutec 2000 and Americana 2000. A number of buyer missions from Mexico and Chile brought 120 potential buyers together with dozens of potential Canadian suppliers.</p> <p><b>Health Industries:</b> Some 55 Canadian companies exhibited in Medtrade 2000 and Medica 2000, two major international trade shows that exposed Canadian suppliers to hundreds of potential buyers from dozens of countries. As well, a Canada-Brazil video conference on telehealth allowed seven Canadian companies and a half dozen telehealth academics to connect with potential Brazilian health industry buyers.</p> <p><b>Information and Communications Technologies:</b> TCI members organized 10 visits by high profile officials from key ICT markets, including China's Vice Minister of Information Industry, Jordan's King Abdullah, El Salvador's Minister of Economics, Poland's Minister of Post and Telecom, Hong Kong's Secretary of the Information Technology and Broadcasting Bureau, Morocco's Secretary of State, Post and IT, as well as Morocco's Minister of Industry. Such visits provide key opportunities to further Canada's profile as a leading supplier of ICT products and services. Over two dozen trade missions to Canada from countries such as Japan, China and Hong Kong, Thailand, Singapore, Malaysia, Mexico, Venezuela, Brazil, Colombia, El Salvador, France, Italy, Poland, Greece, Jordan, India and Pakistan were also supported. In all, hundreds of international visitors met with potential Canadian partners and suppliers.</p> <p><b>Natural Resources Technologies and Services:</b> TCI members supported Canadian participation at such oil and gas industry events as Offshore Technology Conference (U.S.), the Rio Oil &amp; Gas Show (Brazil) and the World Petroleum Congress (Canada). As well, 15 trade missions abroad helped showcase Canadian capabilities in earth sciences. With TCI member support, 20 Canadian geomatics and geosciences companies won international contracts worth over \$40 million.</p>

**International Market Development (cont'd)**

**Strategic Goal: Enhance Canadian competitiveness in specific sectors and markets around the world**

Goals	Achievements
<p><i>(continued)</i></p> <p><b>Support Canadian participation in missions, fairs and trade-related events</b></p> 	<p><b>Plastics:</b> TCI members supported more than 90 Canadian plastics producers at such international trade shows and fairs as Argenplus (Argentina), Les journées européennes de composites 2000 and 2001 (France), National Plastics Exhibition (U.S.), Plast Imagen (Mexico), Composites (U.S.), Brasilplast (Brazil) and Catalogue Show (Peru).</p> <p><b>Services:</b> TCI members supported Canadian education and training companies and institutions at the World Education Market (WEM) in Vancouver. WEM attracted some 1,084 companies from 64 countries, providing Canada's 400 exhibitors with a key opportunity to showcase their expertise. At the Shopping for Solutions trade fair associated with the 14<sup>th</sup> Conference of Commonwealth Education Ministers, a Knowledge Canadian booth featured the Virtual Trade Show (VTS), providing dozens of Canadian companies with a cost-effective platform for their services offerings. There were also over 50 Canadian booths on-site.</p> <p><b>Wood and Building Products:</b> Canadian representation was strong at such international trade fairs as Interbuild (U.K.), Carrefour du bois (France), BAU 2001 (Germany) and a Canadian Building Products Showroom (China) with over 350 Canadian companies participating in the various exhibitions. As well, more than 500 Canadian building products companies benefited from the 35 seminars, 22 trade shows, 5 missions abroad and other events designed to market Canadian products and services to Japan.</p>
<p><b>Provide market development funding</b></p> 	<p>Program for Export Market Development (PEMD) assistance facilitated about \$137 million in export sales in 2000-01. Some 518 Canadian company applications were approved for assistance worth about \$12.01 million. Another 23 applications totaling \$2.12 million in assistance were approved under the trade association component of PEMD. Of those companies approved for PEMD assistance, 368 were small entities with less than \$2 million in annual sales, 89 had sales from \$2-5 million and 44 had sales above \$5 million.</p> <p>TCI members delivered some \$40 million in funding to help 110 agricultural products and agri-food companies achieve their international marketing objectives.</p>

***International Market Development (cont'd)*****Strategic Goal: Enhance Canadian competitiveness in specific sectors and markets around the world**

Goals	Achievements
<p><b>Provide Canadian companies with world-class risk management and trade financing solutions</b></p>	<p>In 2001, more than \$44 billion of sales and foreign investments by Canadian companies were concluded in 180 markets with the support of trade finance and risk management services. These services were provided to more than 6,300 Canadian companies, 90% of whom were small and medium-sized businesses. Nearly \$11 billion – or 25% – of these sales and investments were in developing countries worldwide.</p> <p>As part of a pilot project, TCI members helped six Canadian agri-food exporters enter new markets by providing funding to trading houses in Japan and Korea.</p> <p><b>SourceCan</b> integrates a cross-government electronic corporate registry and international tender feed system. This single database of corporate information and capabilities is designed to reduce the burden of multi-registrations across government and is an effective way to promote Canadian companies to the world. <b>SourceCan</b> is a collaborative partnership arrangement between several TCI partners and HyperNet Inc. It has received extensive support from the provinces and Canadian industry.</p>

***TCI Capacity-building*****Strategic goal: Further strengthen the TCI network**

<p><b>Conduct a comprehensive review of strategic directions, purpose and mandate</b></p>	<p>TCI members undertook a comprehensive review of business objectives, practices and achievements to identify areas where re-alignment or greater emphasis might be needed. The review resulted in the adoption of new strategic goals for TCI (see “A Look Ahead”) and a confirmation that the TCI business model is working for Canadian business.</p>
<p><b>Adopt a clear governance framework for TCI</b></p>	<p>To further strengthen the TCI partnership, TCI management has formalized a governance framework to ensure the TCI network is achieving its objectives in the most effective and efficient manner possible. The framework will be implemented throughout 2002.</p>
<p><b>Establish a common performance measurement framework for TCI members</b></p>	<p>The TCI management team began work on a new TCI performance measurement framework, which is expected to be adopted by mid-2002. This will establish the data collection and management indicators required to better monitor how the TCI network is performing against its strategic goals and business objectives.</p>

# ECONOMIC OUTLOOK FOR CANADA'S TRADE PARTNERS

*Canadian exports to the U.S. are expected to show renewed growth over the medium-term, but at substantially more moderate rates than were experienced in the 1990s.*



## *United States*

Canadian exporters enjoyed favourable conditions in the U.S. market in 2000, with exports of goods and services growing by 16.5%. This performance boosted the U.S. share of Canadian exports to 82.9%.

During 2001, Canadian exports to the U.S. slowed as the U.S. economy slipped into recession. The impact of slower growth in 2001 was felt differently across sectors. For example, during the first half of 2001, the brunt of the impact was felt in the automotive sector, whereas energy and aerospace sales were quite strong. As energy prices fell, however, export receipts for oil and natural gas plummeted. Forestry exports also were affected by U.S. trade actions in the second half of the year.

For the medium-term, the U.S. economy is likely to experience a moderate rebound. Excess capacity will likely continue to dampen sales of machinery and equipment. Weak auto sales are expected, as the average age of U.S. passenger cars is low and as current low-interest financing offers expire. Having escaped a downturn, the U.S. housing market will not be in a position to fuel the early years of recovery with pent-up demand. Having injected considerable fiscal and monetary stimulus to contain the current downturn, U.S. authorities can be expected to start withdrawing those stimuli over the medium-term.

Canadian exports to the U.S. are expected to show renewed growth over the medium-term, but at substantially more moderate rates than were experienced in the 1990s.

Note: This information is based on Export Development Canada's *Global Export Forecast Fall 2001*, and the Department of Foreign Affairs and International Trade's *Trade Update 2001*. It is the most recently available information at the time of publication.





### *European Union*

Canada's exports to the EU increased 13.8% in 2000, despite a weakening of the Euro relative to the Canadian dollar. This largely reflected strengthened growth in that region.

As most trade occurs between EU members, the EU is somewhat insulated from events in North America. However, financial markets, consumer and business confidence serve as separate conduits for transmission of economic shocks. Growth in the Euro-zone is expected to decline to 1.9% in 2001 and rebound to 2.2-2.4%.

Canadian merchandise exports to the EU remained unchanged through the first nine months of 2001, but are expected to fall short of their 2000 levels. Medium-term prospects will depend on the composition of demand that EU growth will generate. EU investment in high-tech equipment recently reached a level similar to that of the U.S. in 1996, suggesting that the next several years might see Europe outpace the U.S. in terms of both investment and growth.

Some degree of catch-up in both technological uptake and corporate restructuring will result.

### *Asia*

In line with the economic recovery from the financial and economic crisis that hit the region in 1997, Canadian exports to major markets in East Asia staged a marked recovery in 2000. Canadian exports to Japan recovered by 7.6%, reflecting in part the 5% depreciation in the value of the Canadian dollar versus the yen. Canada's exports to the nine other major East Asian economies increased 20%, reaching \$10.6 billion in 2000.

The picture in 2001 was sharply different. With Japan sliding back into recession, exports to that economy were down 5.2% over the first nine months of 2001. Exports fell even more steeply to the technology-exposed newly industrialized economies of South Korea (-18.7%), Singapore (-8.9%), and Taiwan (-16.1%), as well as to Hong Kong (-6.3%). China, however, has maintained a strong internal growth dynamic and Canadian exports to that economy surged 8.6% (following an increase of 40% in 2000). With the exception of Thailand, exports are also down steeply to the Southeast Asian economies.

*For the medium-term, the reforming Latin American economies continue to offer bright prospects to exporters.*

Over the course of 2002, a bottoming out of the technology cycle and a rebound in the U.S. should stimulate a rapid increase in East Asia trade flows. China continues to be an increasingly important pillar for growth in that region. Indeed, as China's growth becomes increasingly based on domestic demand, it provides an ever stronger support for growth in the region and globally. The weakest link is Japan, which continues to have difficulty implementing microeconomic reforms and has been deeply affected by the global technology stock meltdown. Canadian exports to Japan are unlikely to show any increase in 2002 and indeed could continue to decline as Japan's GDP is widely expected to contract in 2001 and 2002. Exports to the newly industrialized countries are likely to rebound as the technology cycle moves back into an upswing. Meanwhile, exports to the ASEAN-4<sup>3</sup> are also likely to increase only marginally in 2002.

### *Latin America*

The widespread recovery in economic activity in Latin America in 2000 resulted in substantial gains in Canada's exports to most major countries in the region. Canada's merchandise exports to Central America increased by 8.7%, while exports to South America increased 12.3%. Canadian exports to Canada's free trade partners all grew significantly – Mexico (26.5%), Costa Rica (25.2%) and Chile (23.6%). Overall, the major Latin American economies (including Mexico) absorbed 1.15% of

Canada's merchandise exports in 2000, an improvement over 1.13% in 1999, but still substantially below that of 1.7% posted in 1997.

In 2001, economic growth stalled in many of the major Latin American economies, reflecting a combination of slower growth in their own exports and increased difficulty in accessing international capital markets. Already experiencing a sharp reduction in industrial production, Mexico is expected to be the most affected by the U.S. downturn. However, Mexico also stands to benefit the most as the U.S. economy begins to recover in 2002 and beyond. Since most of the small economies of Central America also depend heavily on U.S. demand, they will feel the impact of the U.S. downturn. With stronger ties to Europe, the bigger economies of South America may be somewhat cushioned from the U.S. slowdown.

For the medium-term, the reforming Latin American economies continue to offer bright prospects to exporters. These prospects will be significantly boosted as a result of the Free Trade Agreement of the Americas initiative.

Argentina's crisis is not apparently spilling over on the regional economy or on other emerging markets. Insofar as the peso depreciation and associated reforms resolve an underlying competitiveness problem, this may help restore growth in this important regional market after four years of recession.

<sup>3</sup> Indonesia, Malaysia, Philippines and Thailand.

TCI members are focusing on Canada's knowledge-based, value-added sectors that offer the most for Canada's continuing prosperity. Sectors with a high percentage of SMEs, those which are important to the various regions of Canada, including rural Canada, and those with high growth potential are TCI priorities.

## AEROSPACE AND DEFENCE

- ▶ **2000 sales of \$20 billion**
- ▶ **Exports of \$15 billion**
- ▶ **700 firms employing some 92,000**

Over the next five years, global aerospace and defence output is expected to grow in excess of 4% annually, reaching US\$321 billion by 2005<sup>4</sup>. During that period, equipment manufacturers in Europe and the U.S. are expected to continue to consolidate, cut costs, rationalize supplier bases and shift responsibilities to sub-assembly and parts producers. Larger companies will also take advantage of e-commerce opportunities to centralize procurement and introduce new quality control methods.

Canada's many high-quality industry players have much to gain in this process. Canada's position as a world market leader in such high-growth areas as regional and business aircraft, small gas turbine engines, commercial helicopters, landing gear, commercial flight simulators and training devices will continue to drive growth. Our nation's global leaders in such areas as space technologies, repair and overhaul, electronic systems, advanced composites and fabricated parts will make a significant

contribution to growth. Our world-leading niche producers of such products as multiplexers and switches for communication satellites and satellite earth observation ground stations will also be key players.

To achieve their growth objectives, Canadian aerospace and defence companies will need to secure necessary risk capital, lever technology more aggressively, seek risk-sharing partners worldwide and diversify into additional markets.



*Business is booming for Quebec-based **ACCESSAIR Systems Inc.**, manufacturer of boarding bridges, air stairs, passenger shuttles and a variety of efficient maintenance vehicles for the global airline industry. The company has emerged as a leading edge supplier of products to an industry dominated by conventional techniques. About 80% of company revenues are generated abroad. The firm has sold its products to airline companies and airports in the U.S., Japan, Turkey and Egypt.*

<sup>4</sup> Rolls-Royce Market Outlook

## AGRICULTURAL PRODUCTS, AGRI-FOOD AND SEAFOOD

- ▶ 2000 sales over \$110 billion
- ▶ Exports of \$24 billion
- ▶ Employing one in seven Canadians



World agriculture today is being shaped by powerful change. New concerns about food safety are changing markets. Citizens are increasingly concerned about the environmental impacts of agriculture.

Technological advances are changing products and production techniques. NAFTA and the WTO Agriculture Agreement have opened new markets and reduced unfair subsidies.

Today, Canadians are positioned to compete and win globally. Boasting world-class management, our agriculture and agri-food sector is fueled by innovation and squarely based on the highest standards of food safety and environmental protection. Investments in science and innovation have dramatically increased the sector's productivity and given world consumers a secure supply of high-quality food. Our food inspection system is internationally recognized as being among the best in the world and key to our reputation as a producer of safe, high-quality food.

Continued Canadian investment into new products, new production techniques and environmentally sound agricultural practices will be key to realizing the sector's global opportunities in the years ahead.

*In the remote woodlands of La Ronge, Saskatchewan, **Kitsaki Meats** has built an international reputation as a leading producer and exporter of superior meat products and as the world's biggest and most successful producer and supplier of organic wild rice. Kitsaki's Organic Wild Rice is sold throughout North America and in Germany, the Netherlands and the U.K. To the Cree Indian Tribe that controls the company, Kitsaki has emerged as a model of community empowerment for Indigenous people around the world. The La Ronge Band has been producing wild rice for 26 years and Kitsaki Meats has been marketing its Northern Lights brand since 1998.*

## AUTOMOTIVE

- ▶ **Contributing 14% of GDP**
- ▶ **Exports of \$23 billion**
- ▶ **171,000 jobs**

Canadian automotive assembly and parts manufacturers are competitive on a world scale and command a 17% share of global automotive volumes. Key Canadian competitive advantages include a strong quality record, investments in leading edge technologies and the emergence of some Canadian-based multinational enterprises as major world players. Firms such as Magna International and ABC Group have successfully introduced leading edge technologies on a global basis. The technical research capabilities of firms like B.C. Research Corporation and Ortech International are considered areas of Canadian strength. So too are the technologies of firms such as Ballard and Alcan.

Canadian assembly plants will need to continue targeted efforts to maintain their strong product mandates during the current economic downturn. At the same time, parts manufacturers will be required to keep pace with technology to ensure their competitiveness and maintain and increase their market share.




---

*Founded in 1947, Quebec-based **Fonderie Poitras Ltée** manufactures engine components, transmission and axle parts for the automobile and transportation equipment markets. In February 2001, the company signed a long-term contract with General Motors in the U.S. that could exceed \$10 million, providing a significant boost to Fonderie Poitras' export successes.*

## BIO-INDUSTRIES

- ▶ 2000 sales of \$1.9 billion
- ▶ Exports of \$718 million
- ▶ 358 firms, mostly SMEs

A key element of Canada's knowledge-based economy, the biotechnology sector has expanded and diversified rapidly over the past decade. Canada's steady growth is due largely to its strong base of scientific expertise and its continuous research and development (R&D) investment<sup>5</sup>. R&D investment is projected to rise to almost \$1.5 billion in 2002.

Biotechnology is an enabling technology that can improve competitiveness across a wide range of industries, including agriculture and agri-food, aquaculture, environment, forestry, health care, mining and energy. Canada has positioned itself as a leader in several fields of research, with a special emphasis on genetics, cancer and cardiovascular disease, as well as particular areas of product development, such as new drug therapies for neuro-degenerative diseases, bone disease and viral infections.



*In the picturesque rural setting of Lakefield, Alberta, **Lakefield Research** has grown into a multi-disciplinary, multi-national facility, exporting cutting-edge Canadian technology and expertise to clients around the world. The company provides a range of laboratory services to the mining, metals, minerals and environmental industries, from analysis of rocks, soils and water samples for metals and minerals, to leading edge process development for metallurgical extraction, operations improvement, and environmental testing and consulting. "We're creating jobs for Canadians and we're bringing high-tech work back to Canada from around the world," says company President and CEO, Dr. Larry Seeley.*

<sup>5</sup> Canada's biotechnology industry invested \$827 million in R&D in 1999, up 19% over the \$695 million invested in 1998.



## CULTURAL PRODUCTS AND SERVICES

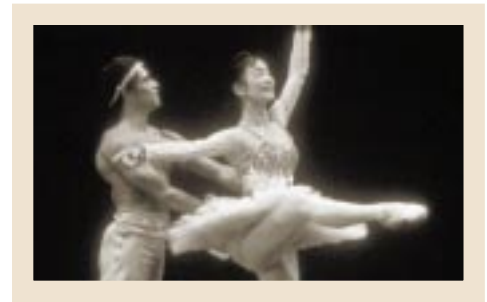
- ▶ **Annual sales above \$22 billion**
- ▶ **Exports of \$4.47 billion**
- ▶ **640,000 jobs**

Canada's cultural sector is a diverse industry that is making significant contributions to Canadian prosperity and jobs in every region of the country. In addition to its economic contributions, the sector's artistic and cultural content represents an important reflection of Canadian identity, values and diversity.

The sector includes: cultural goods (e.g. books, newspapers, periodicals, printed music, film, recordings, CD-ROMs and Internet-based products); cultural services (e.g. traditional or interactive broadcasting, editorial or design services that support the creation and dissemination of cultural products); and intellectual property (e.g. royalties, licensing and subsidiary rights of ownership).

Recognized for unique, high-quality content, the sector offers a wide range of regional products and services building on Canada's bilingual, Aboriginal and multicultural heritage, as well as urban and rural communities.

Technological convergence and globalization are increasing both



international competition and opportunities for cultural content. While Canada's arts and cultural sectors have sought to capitalize on the resulting opportunities, they have not yet reached their full potential.

Today, Canada's cultural sector is poised to capitalize on growth opportunities that continue to emerge as a result of an ongoing global shift towards the knowledge-based economy. The primary destination for Canadian cultural exports will likely continue to be the U.S., which currently accounts for 94% of exports. Cultural entrepreneurs will need to diversify their export markets to take advantage of the strengthening world demand for content. Europe presents significant growth opportunities, as do emerging markets in Asia and Latin America.

*Since its inception 29 years ago, **Mermaid Theatre of Nova Scotia** has brought the magic of the performing arts to more than two and a half million spectators on four continents. The Windsor company boasts an international reputation for imaginative family-oriented productions that incorporate sophisticated puppetry, original music and spectator scenic effects. Mermaid's vibrant, creative homegrown children's theatre has been enjoyed by audiences across Canada, the U.S., Mexico, Japan, Ireland, Scotland, Wales, Holland and Australia. During the summer of 2001, Mermaid extended its reach to Hong Kong and Macau.*

## ENVIRONMENTAL INDUSTRIES

- ▶ 2000 output of over \$22 billion
- ▶ Exports of \$1.5 billion
- ▶ 221,000 jobs

The global market for environmental products and services is projected to reach \$816 billion by 2005<sup>6</sup>. This growth will be driven by continuing population and urban growth, rising health concerns, climate change and rising demand for industrial ecosystems monitoring. As public concerns about the environment continue to mount, the notion of corporate responsibility and liability will continue to drive business demand for leading edge solutions to environmental issues. For example, water and wastewater solutions are already in high demand globally, spurred by a need for clean water that is reaching crisis proportions.



Demand for energy solutions is projected to grow by 3.4% annually over the next few years. Concurrently, global demand for water equipment, chemicals, instrumentation and analysis is expected to grow by more than 10% annually.

The outlook for Canada's continued growth in the export of environmental products and services is strong. This is due in part to the increased attention being given to climate change in the international community and Canada's leadership in helping developing countries build capacity to effectively implement environmental protection and conservation initiatives.

Although the U.S. will remain important, emerging markets in Eastern Europe, Africa, the Middle East, Asia and Latin America offer the greatest growth potential for Canadian expertise in water management, emissions monitoring, clean air, urban planning, intelligent transportation systems and marine sciences.

*The **Pressure Pipe Inspection Company** started underground in its founder's unfinished basement. Since then, the Mississauga, Ontario company has grown and revolutionized an entire industry. Until five years ago, the huge underground pipes that carry water under high pressure were not subject to rigorous testing. In 1998, Pressure Pipe inspected just over three kilometres of pipe. By 2000, that had jumped to more than 640 kilometres. This pioneering effort is poised to grow even more dramatically and could potentially save millions of dollars in replacements to utilities and water works around the world.*

<sup>6</sup> Environment Business International Inc., 2000

## HEALTH INDUSTRIES

- ▶ 2000 output of over \$10 billion
- ▶ Exports of over \$3 billion
- ▶ 1,300 firms
- ▶ 43,600 jobs

The global market for health products and services is enormous – estimated at more than \$2 trillion dollars annually. Population aging, urbanization, environmental impacts on health, the emergence of virulent and drug-resistant diseases, growing emphasis on preventive medicine, health education and self-managed health regimes, technological change affecting the research, development and delivery of health products, and cost containment efforts in industrialized countries are all influencing world demand for health products and services.

Canada's health industries export more than \$3 billion in pharmaceutical and medical device products each year. The sector's exports have been growing at a rate in excess of 20% each year, largely because Canadian companies bring unique comparative advantages and competitive values to the international marketplace.

Indeed, Canadian suppliers are well positioned to capture a growing share of world health markets. Canada has already established world leadership in a number of



medical devices areas including nuclear medicine and heart monitors. As well, Canadian telehealth companies offer world-class expertise in medical imaging, home telecare, distance medicine, telecardiology, continuing medical education and consumer health information systems.

Greater investment in the development of new products and services will be necessary to further build the sector's export potential. Also key to growth will be the harmonization of world regulatory systems for health products and health services professional certifications. Promotion of Canadian health companies as global "health keepers" who offer knowledge-based solutions to the health challenges of the 21<sup>st</sup> century will also be critically important to realizing the sector's full global potential.

*Ontario-based Northern Digital Inc. (NDI) lays claim to being the world's leading manufacturer of optical three-dimensional measurement products. Over the past 20 years, NDI has penetrated markets in 20 countries. NDI solutions are being used in many fields, from medical and industrial, to entertainment and human performance measurement. In medical image-guided surgery, special markers can be attached to a surgeon's instruments. Plotted against recorded imagery, the NDI systems help guide the surgeon in critical work. The movie and entertainment industry also uses NDI systems for replicating motion and actions in computer-generated sequences and video games. NDI's primary markets are the U.S. and Europe.*

## INFORMATION AND COMMUNICATIONS TECHNOLOGIES

- ▶ Exports of \$44 billion
- ▶ 26,000 firms
- ▶ 500,000 jobs

In 1999, worldwide spending on information and communications technologies (ICT) was US\$2.15 trillion<sup>7</sup>. After 10 years of growth that peaked at unsustainable levels in 2000, the ICT industry is experiencing a global slowdown, particularly in telecom. Industry analysts predict that the ICT industry will bounce back in due course to more sustainable average annual growth of 10%.

Accounting for almost 85% of ICT manufacturing exports, the U.S. downturn is expected to have a significant impact on the Canadian sector. Indeed, the downturn in capital spending by telecom and Internet service providers in the U.S. has been deeper than initially expected and is reflected in a drop of 45% in Canadian communication and networking equipment exports during the first half of 2001.

Telecom exports to Japan and the rest of Asia are holding up quite well, with annual growth of 15% in the first half of 2001. The strongest growing ICT markets are expected to be Asia and Mexico where

governments see ICT investment as critical to sustaining economic recovery. Falling prices for telecom services, Internet access and computer equipment are also bringing more consumers into the market.

Canada offers world-class capabilities in telecommunications and networks, optical technologies, software development, semiconductor design, wireless technologies and electronic manufacturing services. Despite these competitive advantages, however, Canada's share of global ICT trade has been stagnant. Positioning Canadian companies as excellent suppliers of leading edge ICT products and services will be key to future growth.



*As company after company failed in the high-tech collapse of 2000, **Open Text Corporation** has found a formula for growth, profitability and business leadership. In just five years, more than five million users around the world have adopted the Waterloo, Ontario company's Livelink collaborative commerce software for e-business. Livelink lets individuals, teams, organizations and global trading companies work together more efficiently through the Internet. It is used by customers in financial services, telecommunications, construction, aerospace and the military. In 2000, Open Text had captured 47% of the global market for collaboration software.*

<sup>7</sup> Source: *Digital Planet 2000: The Global Information Economy*, published by the World Information Technology and Services Alliance based on data provided by International Data Corporation.

## NATURAL RESOURCES TECHNOLOGIES AND SERVICES

*Canada is an important producer of natural resources. Technologies and services support some \$150 billion of these exports and more than 900,000 jobs.*



Canada has long been a world leader in extracting, managing and exporting natural resources. The sector's huge players need little by way of export preparedness or market development support. For the hundreds of niche companies supplying specialized machinery, equipment and services to our natural resources sectors, however, TCI support is essential.

Today, smaller Canadian firms doing business in aquatic and marine technologies, blasting and drilling, electric power equipment, forest management, surveying and mapping, mining, oil and gas, remote sensing, renewable and alternative energy and energy efficiency promotion offer some of the world's most technologically-advanced solutions.

### *Aquaculture*

Canada's aquaculture sector is located mainly in rural and coastal areas, creating an environment that promotes employment opportunities and economic growth, both in aquaculture and its supporting equipment and services industries.

Canada's young, vibrant industry is facing strong growth in world demand. Indeed, Canada has real potential to emerge as a world leader in aquaculture development, particularly in equipment and services that specifically support the industry's pursuit of growth and sustainability. High quality research and innovation by Canadian companies represent key competitive advantages.

### *Electric Power*

In electric power, Canada's over 1,000 electric power equipment and services companies operate in a dynamic environment undergoing tremendous transformation due to rationalization, increased competition, environmental pressures and technological change and convergence. There has also been an emergence of Canadian "global" companies ready to invest abroad as well as at home.

*Newfoundland-based Guigné specializes in the use of acoustics for the development of unique products for the international marketplace. TCI members helped the company market its technology for land mine detection and retrieval in Croatia and make contacts in Chile's aquaculture sector. TCI members also helped the company better understand the Norwegian market and secure the needed export financing to close the deals.*

Canada has become a world leader in a number of areas within the power sector including: large hydro turbines and generators, low head hydro turbines and control systems, fossil and nuclear steam generators, gas turbines, high voltage direct current transmission technologies, supervisory control and data acquisition (SCADA) management systems, fuel cells, and engineering services.

### *Mining*

In minerals and metals, Canada's position as a world leader in mining exploration, extraction, processing and refining will continue to present growth opportunities for Canadian equipment and service suppliers. Canadian companies are involved in thousands of projects in more than 100 countries. This activity is creating unprecedented opportunities for domestic suppliers to provide expertise, goods and services to Canadian and other customers offshore. Canadian suppliers are notable for products related to underground mining,

the environment, exploration, feasibility studies, mineral processing and mine automation.

### *Forestry*

Canadian forestry equipment and services suppliers are recognized around the world. The Canadian machinery manufacturers produce a large variety of products, ranging from log-harvesting technologies to technologically-advanced equipment used in the manufacture of value-added wood and paper products. Exports of equipment to the pulp and paper sector alone surpass \$250 million annually. Canadian firms are also active suppliers of forest-related consulting services, offering a comprehensive range of services (e.g. forest management and silviculture, design and implementation of small sawmill facilities, wood-based panel manufacturing, pulp and paper facilities). Other related services include marketing, transportation, environmental and product distribution.

---

*Calgary-based **Global Thermoelectric** was established in 1975 to commercialize thermoelectric generating technology created in the 1960s for the Apollo space program. Thermoelectric generation creates power by converting heat directly into electricity – ideal for remote facilities, oil and gas pipelines, navigational aids and telecommunications systems. “This is very much a niche business,” says Jim Perry, Global Thermoelectric CEO. “When a major pipeline is built anywhere in the world, we are one of the bidders.” The company now sells to 47 countries around the world. In the past two years, major new projects in South America and Southeast Asia have resulted in Global Thermoelectric deriving in excess of 75% of its revenues from outside Canada.*





### *Oil and Gas*

Many Canadian oil and gas firms have achieved international recognition, experiencing rapid growth in both the domestic and export markets. Canada is a leading supplier of advanced petroleum equipment in niches such as sour gas, oil sands and development in extreme climatic conditions<sup>8</sup>. Canadian firms are therefore well placed to take advantage of emerging opportunities abroad due to their state of the art technologies, expertise and technical personnel, which have been developed over time in response to the country's extreme climatic and physical conditions.

As world concern about sustainable development grows, Canada's reputation for applying environmentally-friendly technologies and for efficient development and use of resources will continue to create exciting trade opportunities for the hundreds of small companies that have grown in the service of Canada's own natural resource global giants.

### *Earth Sciences*

In earth sciences, Canadian companies have captured 70% of the world market share for airborne geophysical equipment, while Canadian geophysical equipment manufacturers, software developers and data interpretation companies hold some 60% of the world market. Canadian firms are expected to maintain 5-10% of the expanding world geomatics market. Land administration, mapping and other geomatics applications in developing countries are projected to be significant growth areas.

<sup>8</sup> Canada ranks second worldwide in advanced drilling technologies, first in specialized equipment for oil sands extraction and processing, first in the treatment of sour gas, second in enhanced recovery techniques and second in horizontal drilling technologies.

## PLASTICS

- ▶ **Annual output of \$25.1 billion**
- ▶ **Exports of \$13.3 billion**
- ▶ **113,000 jobs**

Propelled by the development of new plastic products, as well as ongoing substitution of plastic for traditional materials such as wood, metal, glass and paper, the industry is among the fastest growing sectors in Canada and worldwide.

Over the next five years, global demand for plastics is expected to increase by 6-8% annually, with higher rates of growth for the new and advanced technology areas. In developing countries in particular, plastics consumption rates are climbing rapidly and driving increased demand for machinery and moulds. As the worldwide plastics industry continues to restructure, downsize and cut costs in response to competitive challenges, this growth is creating tremendous export opportunities for Canadian producers.



Canadian plastics producers offer world-class expertise in a number of niche areas where growth prospects are good. Canadian plastics exports are expected to grow at an average annual rate of 7.6% on the strength of this competitive advantage. While the bulk of exports continues to go to the U.S., the industry is making headway into new markets in Asia, Latin America and Western Europe.

*Established in 1988, Montreal-based **FieldTurf Inc.** exploded onto the international sport surfacing market with a product that simulates real grass and is durable and inexpensive to maintain. FieldTurf Inc. has grown almost entirely as a result of its international success – 95% of total revenues of \$36 million in 2000 were generated through sales abroad. Today, FieldTurf Inc. manufactures and installs its top product on football, soccer and baseball fields in Canada, the U.S., Mexico, Great Britain, Germany, China, South Africa, Russia and many other countries.*

## SERVICES

- ▶ **Contributing 2/3 to annual GDP**
- ▶ **Exports of \$56 billion**
- ▶ **3/4 of total jobs in Canada**

Knowledge-intensive services represent one of the fastest-growing components of world trade. As governments around the world continue to reduce their activities as owner/operator of infrastructures, opportunities are emerging for companies offering both capital projects and social infrastructure expertise. Indeed, some 950 privately-financed infrastructure projects, totaling some US\$700 billion, are estimated to be in the planning stages around the world. The global market for capital and construction projects already exceeds US\$150 billion annually, offering enormous export opportunities for Canadian consulting engineers, architects, planners, developers, construction firms and equipment suppliers. The demand for soft infrastructure services is expected to grow rapidly as countries increase their focus on improving their economic and social conditions and on attracting capital project investors.



In virtually every service industry, Canada has successful exporters, ranging from large multinational firms to sole practitioners. To actively pursue global opportunities, Canadian firms must become export-ready, identify prime markets, position themselves for world opportunities and assemble the necessary financing. In many cases, Canadian firms competing for international projects are hampered by sector fragmentation that impedes the formation of the kind of consortia and partnerships necessary for the execution of large scale projects.

---

*The Richmond, B.C.- based **Fincentric Corporation** is a leading global provider of web-enabled financial services that has enjoyed immense growth. Fincentric's solutions are now used by more than 300 financial institutions globally. "Global finance is a reality and we believe we have the most experience when it comes to developing multi-currency and multi-language platforms for use by the most sophisticated financial firms," says President and Chief Executive Officer Mike Cardiff. Recently, Fincentric entered into a strategic alliance with PricewaterhouseCoopers in Asia. Fincentric has also developed significant relationships with other corporate giants including Microsoft, Compaq Computer Corporation and Japan's Nomura Research Institute.*

## WOOD PRODUCTS AND OTHER BUILDING MATERIALS

- ▶ 2000 output of \$40 billion
- ▶ Exports of \$10 billion
- ▶ Over 200,000 jobs

Canadian building products are sold in over 100 countries. Annual output surpassed the \$40 billion mark in 2000, thanks to continuing significant growth in exports which reached \$10 billion following average growth of over 11% for the previous 10 years.

Annual global imports of building products now exceed US\$300 billion, with demand greatest from developed world markets such as the U.S., Japan and Western Europe. Canadian building products exports are projected to grow by 5-6% per year over the next five years, as housing starts in these developed markets recover in step with economic growth.

Canadian companies produce commodity and specialty wood products such as softwood and hardwood lumber, structural and non-structural wood-based panels, engineered wood products, as well as hundreds of finished building components as varied as windows and doors, cabinetry, manufactured housing, electrical fixtures,



builders' hardware, and heating, ventilating and air conditioning equipment. These products are used in all types of construction projects from homes to schools, stores, hospitals, dams, bridges, airports, factories and office towers.

Manufactured wood, engineered wood products and pre-engineered buildings constitute areas where Canada is expected to capture a larger share of world markets. Population and income growth throughout Asia's emerging markets (particularly China) is expected to create new opportunities for sales of wood products and Canadian home building systems.

*Papineauville, Quebec-based **Lauzon Distinctive Hardwood Flooring** began exporting its products in 1990 and quickly acquired a reputation for excellence and reliability in the international marketplace. The company's reputation has been matched by its business successes: since 1989, its revenues have risen from \$3 million to in excess of \$100 million and its workforce has expanded from 19 to over 500. Today, 75% of the company's sales are made abroad. Lauzon's new generation of fusion engineered flooring, and its line of prefinished and unfinished hardwood flooring are recognized on the Canadian, American, Asian and European markets for their high level of quality. This success places Lauzon among the top three hardwood flooring manufacturers in North America.*

In addition to the specialized export programs and services offered by its 23 members, TCI has developed a wide range of tools and information products aimed at helping potential, preparing and active exporters plan their international business ventures.

## exportsource.ca

**Exportsource.ca** is Canada's most comprehensive online source of export information. ExportSource delivers information and tools designed to assist Canadian businesses in exporting abroad or expanding into new markets. Through a single portal, visitors can search TCI member and partner web sites and link to non-government and private-sector information sources.

## 1 888 811-1119

The toll-free **Export Information Service** is operated on behalf of TCI by 13 Canada Business Service Centres, one located in each province and territory. By calling **1 888 811-1119**, Canadian entrepreneurs can:

- ▶ Obtain general information on export programs, services and expertise.
- ▶ Be connected with specific export development service providers.
- ▶ Make a request for export publications.

## **ROADMAP** to EXPORTING SECOND EDITION

The **Roadmap to Exporting** is a tool to help exporters locate the best sources of export services. It is specifically designed to assist in all stages of development ranging from the potential exporter to the preparing and experienced exporter. It is available in three formats – print, CD-ROM and online.

## A Step-by-Step Guide to Exporting

The **Step-by-Step Guide to Exporting** is the principal export preparation manual for small and medium-sized enterprises (SMEs) preparing to export. Available in print and online, it explains how to:

- ▶ Assess a company's export potential.
- ▶ Build an export plan.
- ▶ Research and select target markets.
- ▶ Market products and services internationally.
- ▶ Determine the best methods of delivering products and services to target markets.
- ▶ Develop a sound financial plan.
- ▶ Deal with the legal aspects involved in international transactions.



The **Export Readiness Diagnostic** is designed to help exporters assess their strengths, weaknesses, objectives and possible strategies as they begin to explore international business development opportunities. It also helps exporters identify priorities as they prepare to export.

## **Interactive Export Planner**

The **Interactive Export Planner** is an online tool that assists exporters in preparing an export plan for a new or growing business. Through a question-and-answer format, it helps users analyze prospective export markets, develop a market-entry strategy, prepare financial projections and develop a detailed export plan.



The **Going Global workshops** are offered in conjunction with the Forum for International Trade Training (FITT). The workshops introduce preparing and potential exporters to the critical basics. They include:

- ▶ Introduction to International Trade
- ▶ Introduction to Market Research
- ▶ Introduction to International Marketing
- ▶ Introduction to International Finance
- ▶ Introduction to International Trade Logistics and Distribution

TCI also offers online guides, available only on **exportsource.ca**:

- ▶ Successful International Trade Show Marketing
- ▶ Speaking Globally: An Exporter's Guide to Effective Presentations
- ▶ International Project Bids
- ▶ Responding to Unsolicited Orders
- ▶ Planning a Business Trip Abroad



---

***Photo credits***

National Research Council Canada, Harry Turner, cover and pages 6, 14, 19, 22 and 27

Natural Resources Canada, cover and pages 32 and 34

Bombardier Aerospace, cover and page 24

Health Canada, pages 4, 5, 6, 14, 17, 18, 30 and 37

Nortel Networks, page 14

Sable Project/Prisma Productions, page 14

Environment Canada, A. Scullion, pages 6 and 29

Husky, page 35

Images on pages 6, 9, 14, 19, 21, 22, 24, 27, 32 and 36 were provided by  
Investment Partnerships Canada, Industry Canada