

THE CANADIAN TRADE COMMISSIONER SERVICE



# PEMD Annual Report

*1998/1999*



Department of Foreign Affairs  
and International Trade

Ministère des Affaires étrangères  
et du Commerce international

Canada

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**T**he Program for Export Market Development (PEMD) assists smaller companies that are new to exporting or that are expanding their business into a new market by helping them identify and exploit sales and capital project opportunities abroad. The program does this by sharing the cost and risk of implementing their export development plans in new markets. It also shares the cost of preparing bids on major capital projects outside Canada. National trade associations are assisted in representing their member companies and generically promoting their products and services in the international marketplace.

# SUMMARY HIGHLIGHTS

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## APPLICATIONS/ASSISTANCE

In 1998-99, a total of 696\* applications submitted by Canadian companies were approved for PEMD assistance. Authorized assistance was valued at \$20.93 million. An additional 29 applications were approved for trade associations and totalled \$2.19 million in assistance.

Of the total authorized assistance, Canadian companies expended \$8.62 million in 1998-99 while trade associations spent \$1.76 million.

The PEMD program is designed to assist small companies in export markets. Of the 674 companies approved for PEMD assistance in 1998-99, 495 were very small (less than \$2 million in annual sales), 93 had annual sales of \$2 million to \$5 million, and 86 had annual sales of more than \$5 million.

Quebec, Ontario, British Columbia and Alberta-based firms received the highest amounts of total authorized assistance, and expended the most assistance. A table outlining the amount of assistance and expenditures by province can be found in the industry section of this report.

The manufacturing and service sectors had the largest number of approved applications and the highest amounts of authorized assistance.

## EXPENDITURES/SALES

On the industry side of the Program, North America Free Trade (NAFTA) countries, the U.S. and Mexico, accounted for two-thirds of PEMD expenditures by Canadian companies on market development activities. These two countries were followed by Western Europe and Asia which accounted for the second and third highest amounts of PEMD expenditures.

\* Since there are three different elements to the industry related component of the PEMD Program, a company may have more than one application approved in the same year.



The top market for PEMD-assisted development activities of Canadian companies was the U.S. which accounted for \$14.16 million in authorized assistance or approximately 68% of the total \$20.93 million approved and more than two-thirds of the total actual PEMD expenditures. France was the second most targeted market followed by China.

On the trade association side, almost half of the expenditures were incurred on market development activities in North America while Western Europe and Asia ranked second and third respectively. The country most targeted by trade associations was the U. S., followed by Germany and Japan.

The highest export revenue/sales reported by PEMD companies in a target market, as a result of PEMD assistance, were to the U.S., Japan, and the United Kingdom.

### SURVEY

A survey of program users showed 80% reporting that PEMD contributed to some success of their company in their target market.

The majority of survey respondents (83%) also indicated that they were satisfied with the accessibility of the PEMD program and the manner in which it is delivered.

Respondents identified both strengths and weaknesses of the program. The most frequently mentioned strength was that the program allowed SMEs to compete in a global market. The most frequently mentioned weakness was the scope of the application and the limited funding of the program.

The majority of improvements to the PEMD Program suggested by survey participants revolved around financial support and program flexibility.



## The Program for Export Market Development

(PEMD) is an element of the Canadian government's international business development strategy. Its mandate is to contribute to the improvement of Canada's performance in international markets by introducing smaller companies to exporting as well as to new markets. As a consequence, the program contributes to increased domestic production and employment growth. This was the fourth year of operation of a program refocused on smaller firms as a result of the International Business Development (Wilson) Committee's recommendations of 1994.



The PEMD partnership with Canadian business is an investment in a company's commitment to develop international export markets. It is not a grant, loan or entitlement, but rather a conditionally repayable contribution. Repayment of the contribution is based on contracts obtained or on incremental sales made by the recipient company as a result of the PEMD supported activities in the target market.

PEMD is managed by the Export Development Division (TCE), Trade Commissioner Service Overseas Programs and Service Bureau, of the Department of Foreign Affairs and International Trade (DFAIT), and jointly administered with Industry Canada (IC), through the

regional International Trade Centres. In Quebec, the regional offices of the Canada Economic Development for Quebec regions assist with the delivery of the program. The Department of Agriculture and Agri-Food also assists with the delivery of the Program through its regional offices across Canada.

The PEMD Program is comprised of four major elements: Market Development Strategies, New-to-Exporting Companies, Capital Projects Bidding and Trade Association Activities.

This report looks at the performance of all elements of the program in 1998-99. The report is divided into four sections. The first section describes the elements of the program's assistance in general. The second presents results of the program's performance with regard to Industry. The third focuses on the performance of the program with respect to trade associations. The final section presents summary findings from the 1998-99 PEMD user survey.

## EXPORT AWARD WINNERS

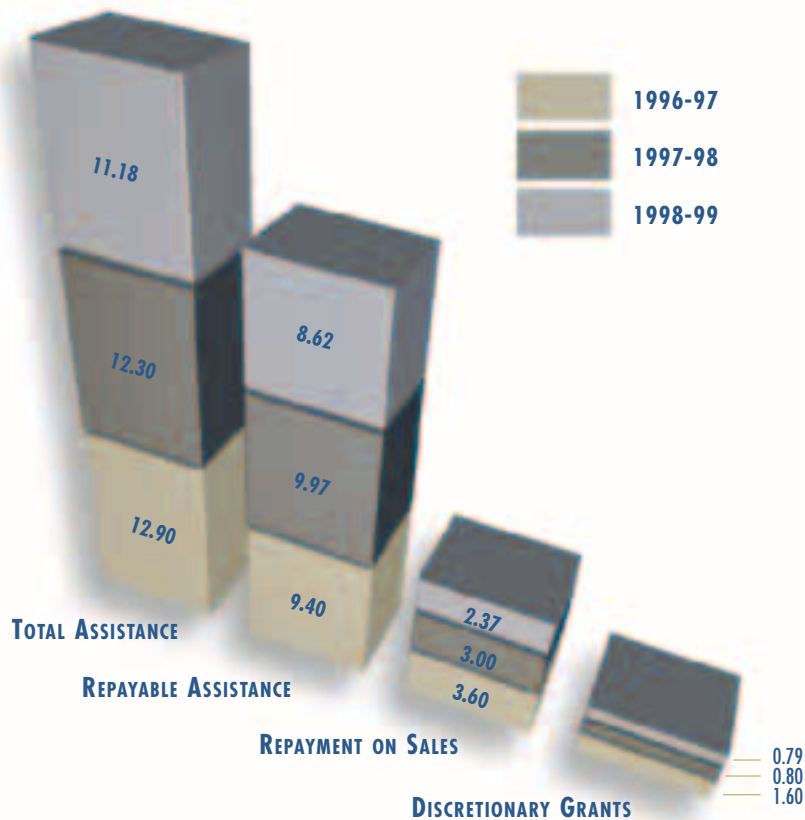
The "Canada Export Awards" are presented annually in October by the Department of Foreign Affairs and International Trade to Canadian companies in recognition of their achievements in exporting their products and/or services to markets around the world. Winning firms receive national publicity that recognizes their success and encourages others to emulate their performance as exporters. Of the 174 companies that were Canada Export Award Winners, 152 were PEMD users.

# PEMD PROGRAM – GENERAL

In 1998-99, total program expenditures were \$11.18 million. Conditionally repayable assistance declined from \$9.97 million in 1997-98 to \$8.62 million in 1998-99. These contributions are repayable based on any incremental sales or contracts a company has in the target market over a four year reporting period. Additionally, there was \$785 thousand in the form of non-repayable discretionary grants,

principally to Canadian Universities under the Centres for International Business Studies (CIBS) Program. Repayments in 1998-99 totalled \$2.37 million, leaving a net government investment of \$6.27 million. When compared to conditionally repayable assistance expenditures for 1998-99, this represents a repayment of 27.4%.

## PEMD ASSISTANCE AND REPAYMENTS (\$ MILLIONS)



### PEMD SUCCESS STORY

**Mr. Michael Hooper**  
President  
Fiberbuilt Manufacturing Inc.  
Calgary, Alberta

".. PEMD has contributed to the success of Fiberbuilt. We have been able to increase the number of distributors throughout the U.S. and establishing good relationships with them. Our market share has also increased through those dist. as well as direct sales."

**PEMD ASSISTANCE BY PROGRAM ELEMENT**

In 1993, the program was restructured to facilitate the provision of assistance for the execution of a company’s multi-activity one or two year Market Development Strateg (MDS). This is considered to have significantly improved the effectiveness of the program. In addition to reducing paperwork and administration costs for both industry and government, it has also contributed to a long-term planned approach that is more market-focussed.

The total amount of assistance expended (or claimed) by PEMD applicants can be more or less than the amount of assistance actually approved in the current

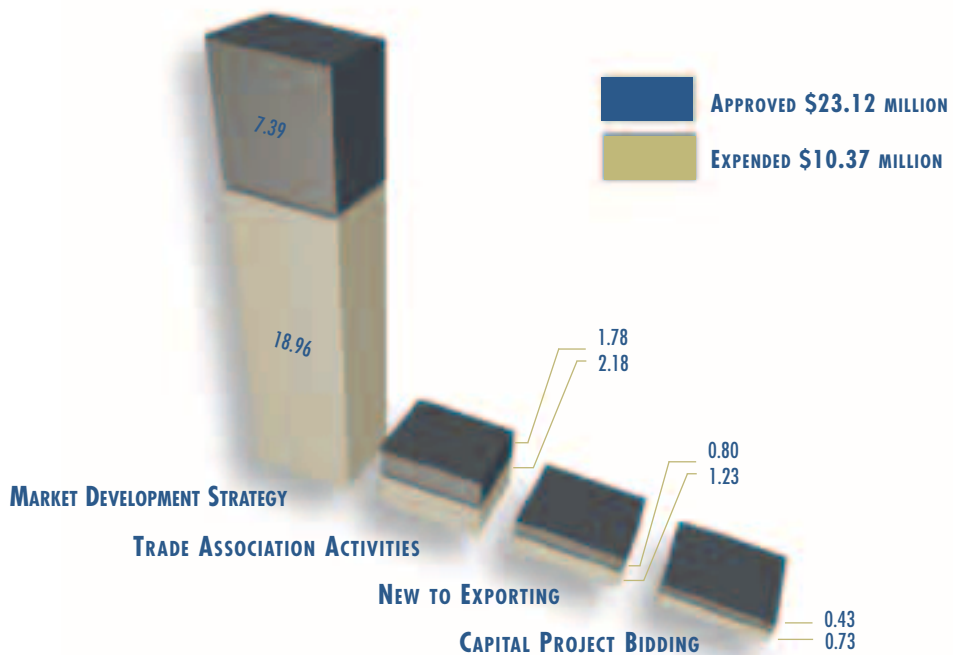
fiscal year for two reasons. Firstly, the amount of assistance approved is based on an estimate of the amount of money that the applicant company proposes to spend and the amount spent is usually less than anticipated. Secondly, since an applicant can have a one or two year marketing plan with activities occurring over a 24 month period, PEMD assistance may have been approved in the 97-98 fiscal year but the claims only filed in the 98-99 fiscal year. Therefore, there is no direct relationship between the total amount of assistance expended and the total amount of assistance approved in the same fiscal year.

**PEMD SUCCESS STORY**

**Mr. Joe Wiseman**  
 President  
 INNOVA Multimedia Ltd.  
 Stephenville,  
 Newfoundland

*“We secured a distributor in Hong Kong and are in negotiations in Japan.”*

**ASSISTANCE BY PROGRAM ELEMENT 1998-99 (\$ MILLIONS)**



The \$23.12 million in approved assistance pertains to applications which were approved in the current fiscal year.

The \$10.37 million in assistance expenditures pertains to claims against PEMD applications which were approved in previous fiscal years and in the current fiscal year.



### ASSISTANCE BY PROGRAM ELEMENT 1998-99

SECTION	APPROVED	EXPENDED
Market Development Strategies (MDS)	\$18,964,078	\$7,386,316
Trade Association Activities	\$2,188,713	\$1,758,567
New to Exporting	\$1,230,945	\$798,535
Capital Project Bidding	\$733,495	\$430,360

#### PEMD SUCCESS STORY

##### Mr. Blake Cowan

Vice President,  
Sales and Marketing  
Ingenuity Works Inc.  
Burnaby, British Columbia

*"PEMD has allowed Ingenuity Works Inc. to introduce our newest educational software products ... into the US. We had a primary location at the National Education and Computing Conference in Atlantic City ... the NECC conference led to approximately \$10,000 in sales attributable to our presence... Currently, as a result of these initiatives and our US dealer representatives we will see over 60% of our sales come from the U.S."*

#### MARKET DEVELOPMENT STRATEGIES (MDS)

In total, \$18.96 million of MDS assistance was approved in 1998-99. Over the same period, \$7.39 million was expended, which accounted for 71% of the total \$10.37 million in PEMD assistance expended by companies and associations.

#### TRADE ASSOCIATION ACTIVITIES

The trade association activities component of PEMD provides non-repayable support to non-profit national trade organizations that undertake generic promotional, market intelligence or market access improvement activities on behalf of their member companies. In 1998-99, \$2.19 million in assistance was approved for twenty-nine trade associations and \$1.76 million was expended.

#### NEW TO EXPORTING COMPANIES

Implemented in 1993-94 with the MDS element, this program component focuses on the specific needs of smaller companies with little or no export experience. Such a company can receive up to \$7.5 thousand in

assistance for a market visit or trade fair participation in a market it wishes to investigate. In 1998-99, \$1.23 million was approved for these companies and \$799 thousand was expended which represented 7.7% of the \$10.37 million PEMD budget.

#### CAPITAL PROJECT BIDDING

PEMD assists companies by sharing the costs associated with bidding on major capital projects outside Canada. This element accounted for \$733 thousand in approved PEMD assistance and \$430 thousand in expenditures in 1998-99.

In 1995, the company size eligibility criterion was reduced from companies of any size to smaller companies with sales of \$10 million or less. The high risk and cost of bidding on international capital projects, coupled with its very competitive nature, is an activity of lower appeal to small firms.

## PEMD APPLICATIONS

**In 1998-99**, PEMD received 977 applications from 939 companies. A total of 696 applications were approved in respect of 674 companies, with authorized assistance valued at \$20.93 million. A total of \$8.62 million was expended in 1998-99.

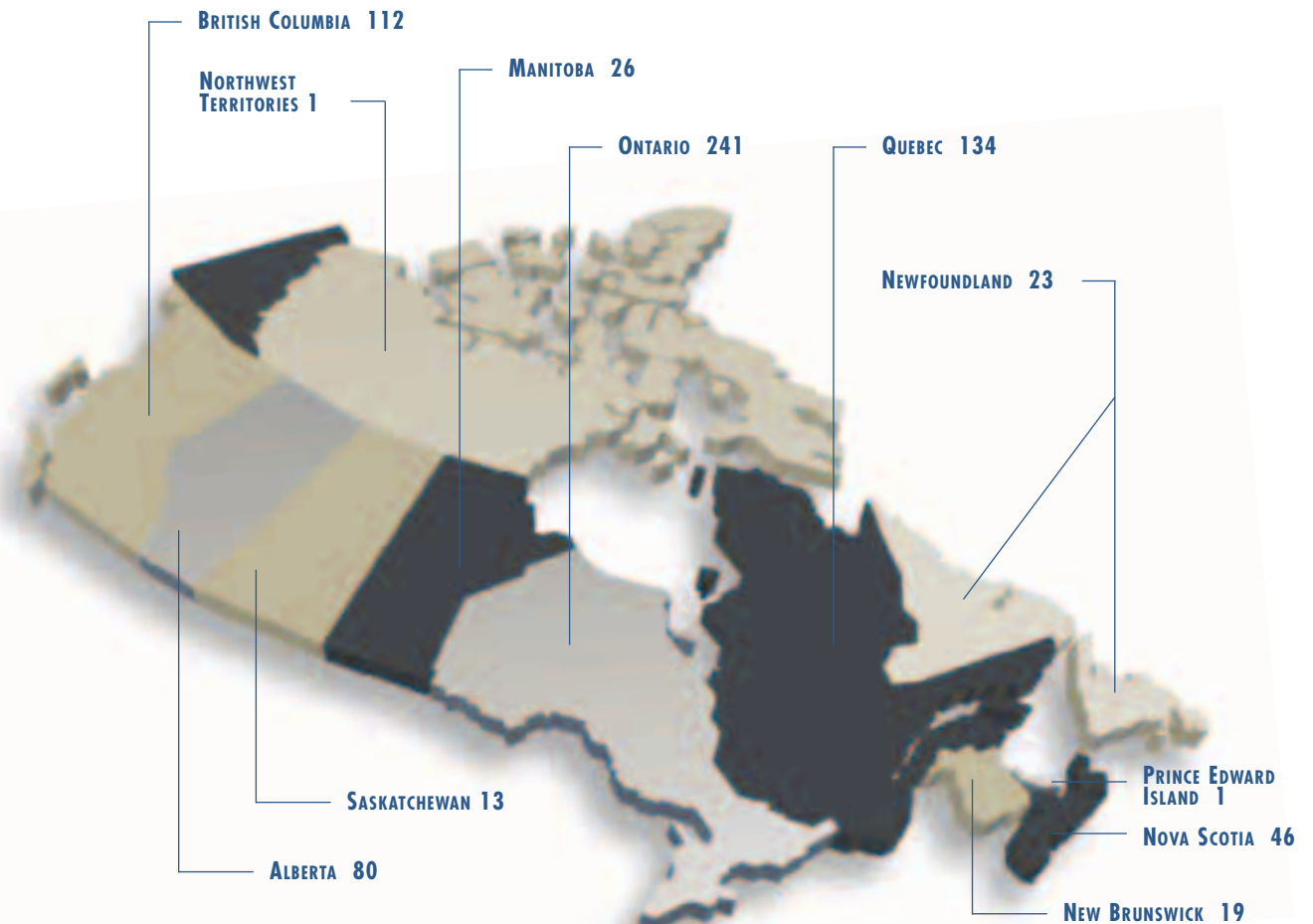
## PEMD APPLICATIONS BY PROVINCE

Two-hundred and thirty-three Ontario based firms accounted for 241 or 35% of the 696 applications which were approved for Canadian companies in

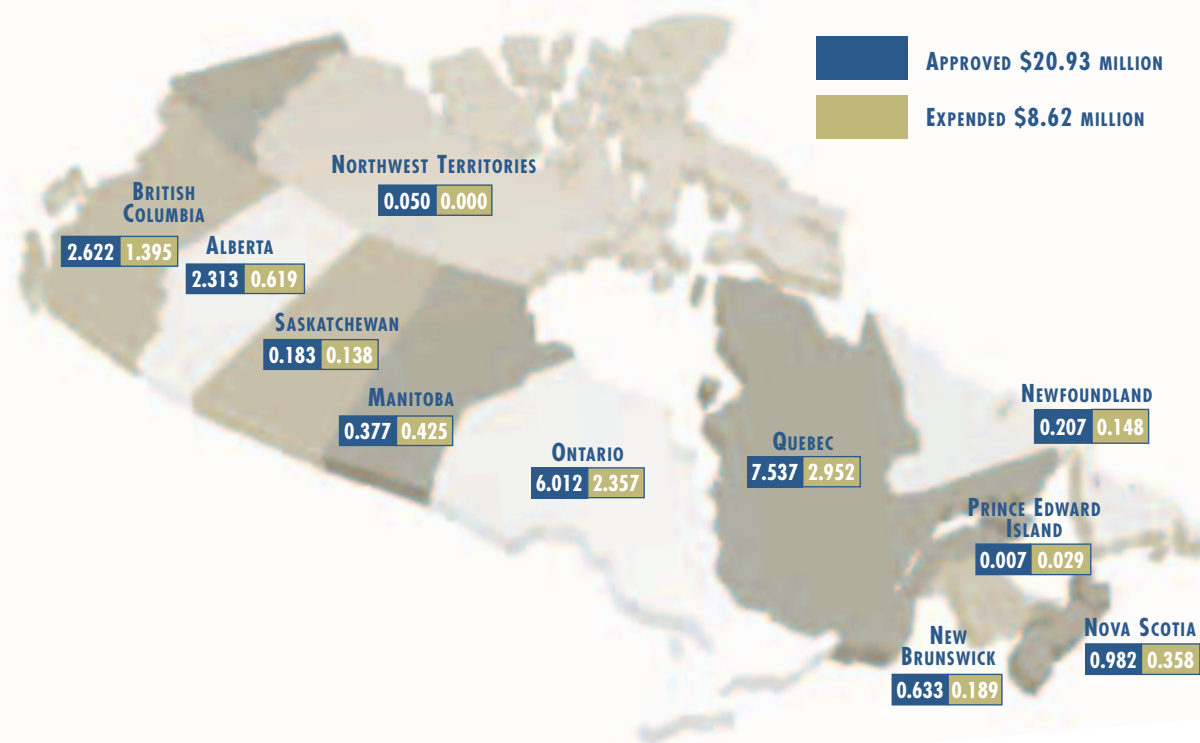
1998-99. This was followed by 134 Quebec-based companies with 134 or 20% of the approved applications, 105 British Columbia-based companies with 112 or 16% of the approved applications, and 78 Alberta companies with 80 or 12% of the approved applications.

Quebec saw an increase in approved applications from 120 in 1997-98 to 134 in 1998-99. Alternately, the number of approved applications for British Columbia declined from 128 in 1997-98 to 112 in 1998-99.

## PEMD APPLICATIONS APPROVED BY PROVINCE AND TERRITORY



## ASSISTANCE APPROVED AND EXPENDED BY PROVINCE AND TERRITORY 1998-99 (\$ MILLIONS)



## PEMD ASSISTANCE BY PROVINCE

Out of a total of \$20.93 million in approved PEMD assistance for Canadian companies in 1998-99, a total of \$8.62 million was expended. Quebec-based firms had \$7.54 million in assistance approved and expended \$2.95 million. This was followed by Ontario-

based firms with \$6.01 million in assistance approved and \$2.36 million expended, British Columbia-based firms with \$2.62 million in assistance approved and \$1.40 million expended and Alberta with \$2.31 million in assistance approved and \$620 thousand expended.

## ASSISTANCE APPROVED AND EXPENDED BY PROVINCE AND TERRITORY 1998-99

PROVINCE	APPROVED	EXPENDED
Quebec	\$7,537,684	\$2,952,848
Ontario	\$6,012,815	\$2,357,373
British Columbia	\$2,622,379	\$1,395,784
Alberta	\$2,313,059	\$619,999
Nova Scotia	\$982,801	\$358,387
New Brunswick	\$633,156	\$189,036
Manitoba	\$377,896	\$425,103
Newfoundland	\$207,661	\$148,700
Saskatchewan	\$183,567	\$138,202
North West Territories	\$50,000	\$0
Prince Edward Island	\$7,500	\$29,780
<b>Total</b>	<b>\$20,928,518</b>	<b>\$8,615,211</b>

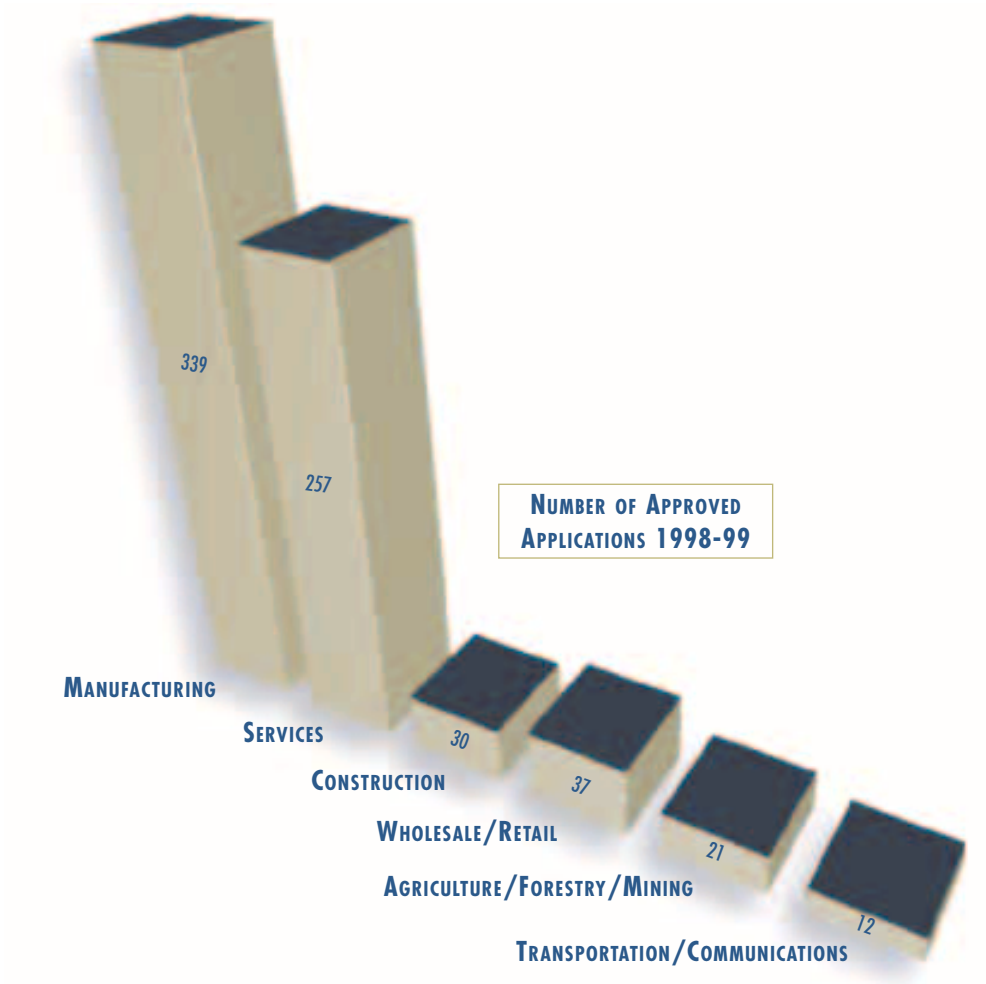
**PEMD APPLICATIONS BY INDUSTRY SECTOR**

The 696 applications that were approved in 1998-99 were received from 674 companies and represented the full range of Canada's industry sectors.

The manufacturing sector had 339 projects approved, which was the highest of all industry sectors. Following

this, 257 applications were approved within the service industry, 37 were approved for the wholesale/retail sector and 30 for the construction sector. The agriculture/forestry/fishing/mining sector had 21 applications approved and the transportation/communication sector had 12.

**APPROVED APPLICATIONS BY INDUSTRY SECTOR 1998-99**

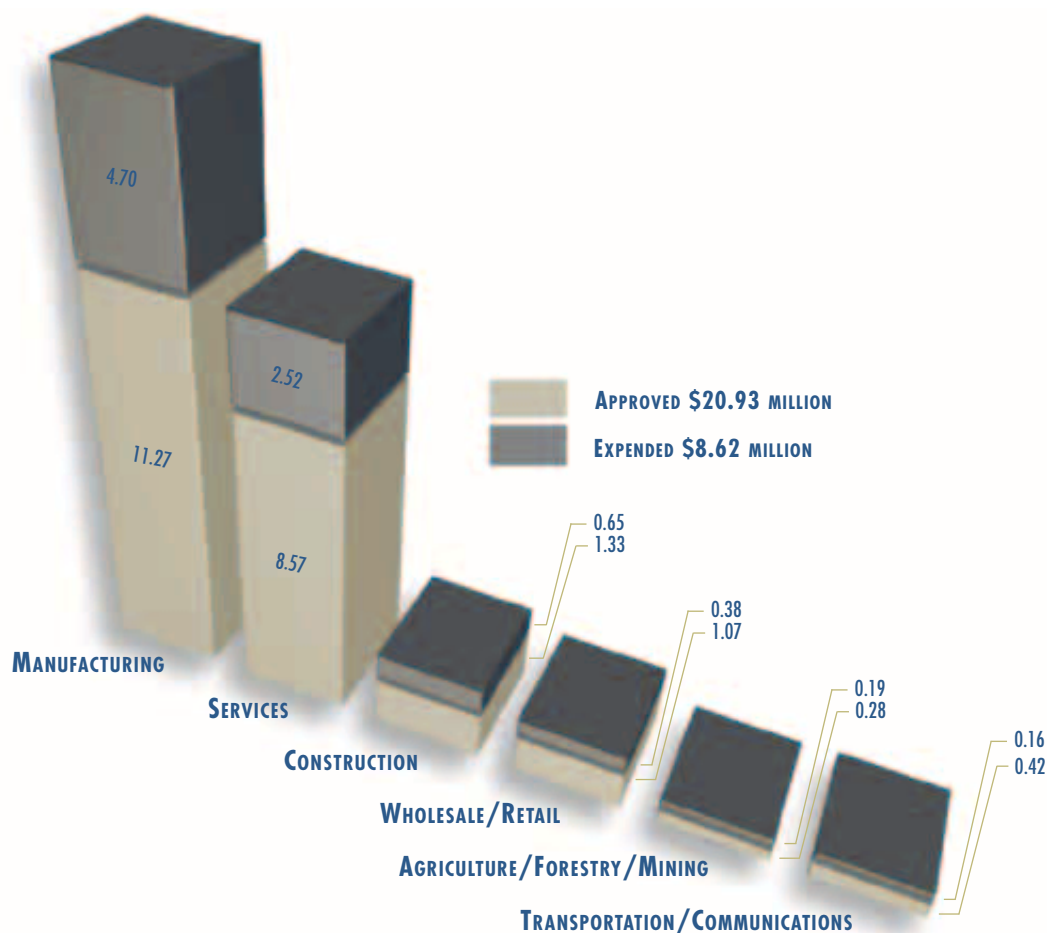


*PEMD SUCCESS STORY*

**Mr. John Scoffield**  
 Director  
 Westland Incinerator Co.  
 Ltd.  
 Edmonton, Alberta

*"PEMD has helped us a lot in marketing in India, Egypt and Israel. We have appointed distributors in these countries.... In Egypt we have filled in a tender for 60 units...., in India we are negotiating technology transfer in West Bengal. In Israel our agent expects to sell 2-3 units by end of year."*

## AUTHORIZED ASSISTANCE AND EXPENDITURES BY INDUSTRY SECTOR 1998-99 (\$ MILLIONS)

**PEMD SUCCESS STORY****Mr. Bernard J. Hamel**

President -  
Director of Finances  
BHM Medical Inc.  
Magog, Quebec

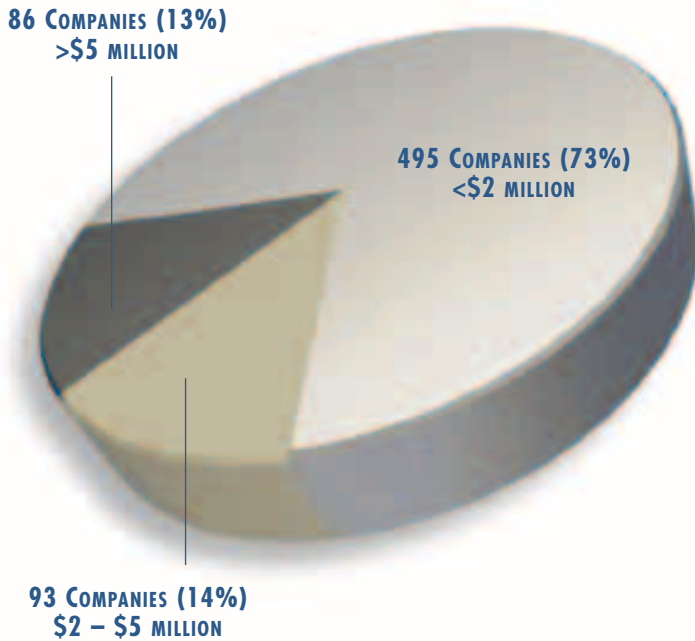
*"PEMD has contributed to increase our contacts in the USA and elsewhere in the world. Sales figures have not yet increased materially in the U.S. However contracts and sales have been signed in Japan and Australia as well as in Europe."*

**PEMD ASSISTANCE BY INDUSTRY SECTOR**

In the manufacturing sector, \$11.27 million in PEMD assistance was approved and \$4.70 million expended. Within the service industry, \$6.57 million was approved and \$2.52 million was expended. The retail/wholesale/other sectors were approved for \$1.33 million and spent \$652 thousand dollars while the construction sector was approved for \$1.07 million and spent \$382 thousand. The agriculture/forestry/fishing/mining sector was approved for \$277 thousand and the transportation/communication sector was approved for \$418 thousand and spent \$192 thousand and \$161 thousand respectively.



**PEMD ASSISTANCE BY COMPANY SIZE**



**PEMD ASSISTANCE BY COMPANY SIZE**

Of the 674 companies approved for PEMD assistance in 1998-99, 495 companies were very small (less than \$2 million in annual sales), 93 had annual sales of \$2 million to \$5 million, and 86 had annual sales of more than \$5 million.

An amount of \$13.83 million in PEMD assistance was approved for the group of companies with annual sales of less than \$2 million, which represented two-thirds of total approved company assistance for 1998-99. A further \$3.73 million in assistance was approved for companies with \$2 million to \$5 million in annual sales and \$3.37 million approved for companies with annual sales of more than \$5 million. These amounts represented 18% and 16% respectively of total approved company assistance.

**PEMD ASSISTANCE EXPENDED BY MARKET AREA (\$ MILLIONS)**



**PEMD ASSISTANCE EXPENDITURES BY MARKET AREA**

Canada's North America Free Trade (NAFTA) partners, the U.S. and Mexico, accounted for the highest amount of PEMD expenditures on market development activities, with \$5.70 million or 66% of total expenditures. Western Europe followed with \$957 thousand (11%) in expenditures, and Asia with \$716 thousand (8%).

PEMD SUCCESS STORY

Mr. J.W. Fickes

President & CEO  
F & S Manufacturing Inc.  
Martins Point, Nova Scotia

*"PEMD has supplied us with the financial support we needed to attend more trade shows therefore increasing the exposure and awareness of our product."*

PEMD ASSISTANCE  
EXPENDITURES BY COUNTRY

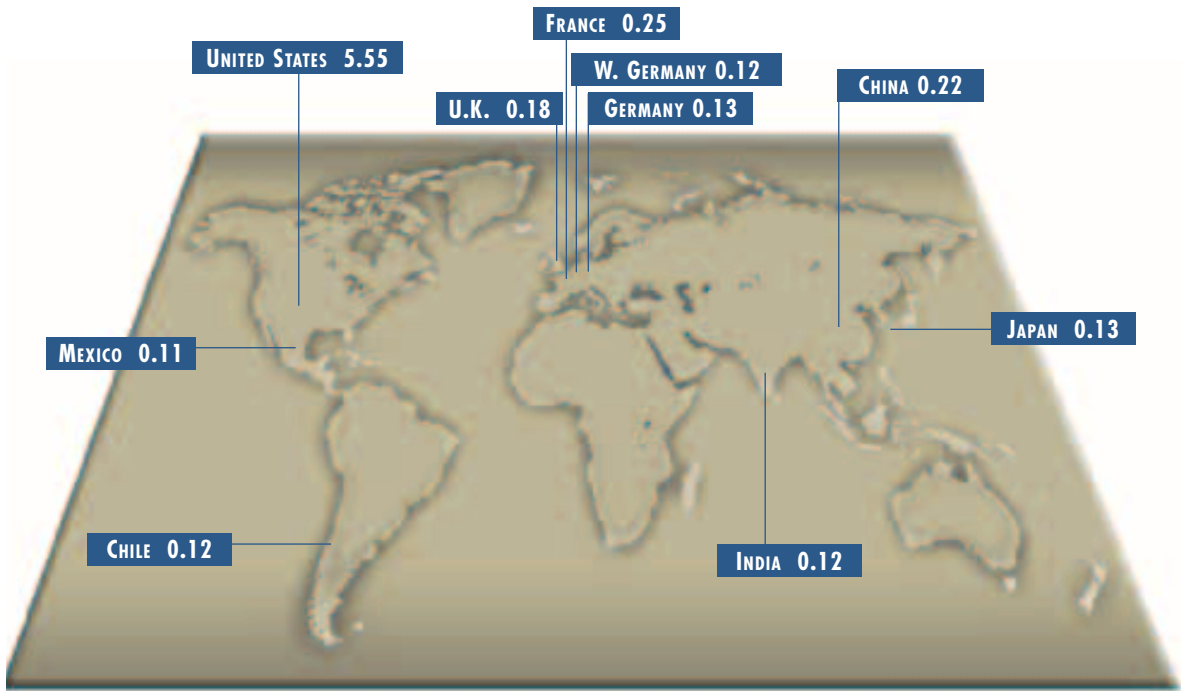
The top country targeted for PEMD-assisted market development activities by Canadian companies in 1998-99 was the U.S. with \$5.55 million or 64% of total expenditures. France was the second most targeted country, with \$247 thousand in expenditures (3%), followed by China with \$223 thousand (2.6%)

The United Kingdom was once again the fourth highest target market with \$181 thousand in expenditures (2%). Following this was United Germany with \$128 thousand in expenditures (1.5%) and Japan with \$127 thousand in expenditures (1.5%). Japan's expenditures decreased substantially from \$483 thousand in 1997-98.

Rounding out the top ten countries was Chile with \$117 thousand (1.4%), India with \$116 thousand (1.3%), West Germany with \$115 thousand (1.3%), and Mexico with \$112 thousand (1.3%).



TOP TEN COUNTRIES FOR ASSISTANCE EXPENDITURES 1998-99 (\$ MILLIONS)



ASSISTANCE EXPENDED \$8.62 MILLION

**PEMD SUCCESS STORY****Mr. Brian Keown**

Sales, Marketing & Contracts Manager  
IMRIS (Innovative Magnetic Resonance Imaging Systems Inc.)  
Winnipeg, Manitoba

*"The funds helped us to attend a significant conference of neurosurgeons. The leads are still being followed-up at this time, and we expect that at least one of these will result in a sale."*

**COMPANY RESULTS**

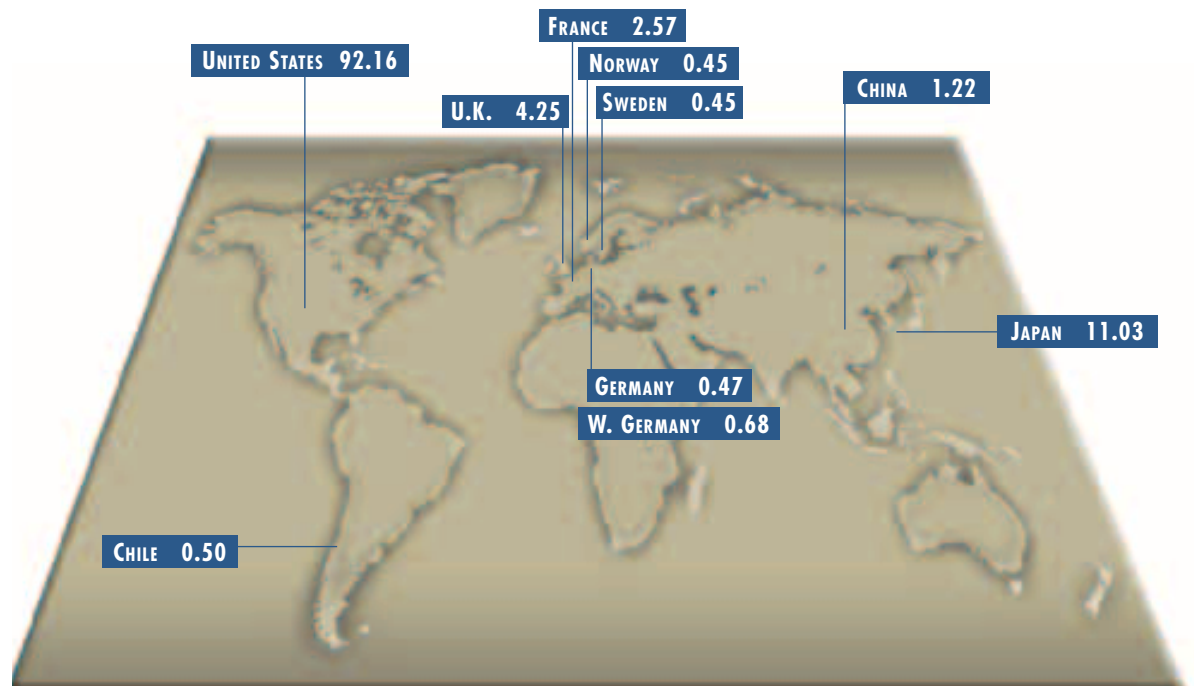
Under the program, recipients of PEMD assistance are required to report any incremental sales in the target market during the activity period and for three years thereafter. Repayment of the assistance is based on 4% of these annual sales increments.

In 1998-99, 309 companies reported \$117 million in export sales as a result of their PEMD-assisted market development activities. Total reported sales for PEMD companies in 1997-98 were \$441.8 million which included a \$275 million capital project bidding contract won by a PEMD supported company.

Reported sales to the U.S. were the highest with \$92.16 million, which accounted for 79% of total reported export sales. This was followed by Japan with \$11.03 million (9%) and the United Kingdom with \$4.25 million (4%).

Since the inception of the program in 1971, export sales or contracts reported by companies as a result of PEMD assisted initiatives, total \$14.48 billion. Sales reported in 1998-99 were \$117 million. The \$8.62 million invested in industry initiated activities resulted in a sales to investment ratio of approximately 14 to 1.

For additional information, please refer to the results of the PEMD User Survey which are outlined in the last section of this Report.

**TOP TEN COUNTRIES FOR REPORTED EXPORT SALES/REVENUES 1998-99 (\$ MILLIONS)**

**TOTAL EXPORT SALES/REVENUE \$117 MILLION**



# TRADE ASSOCIATIONS

**The Trade Association** Activities' component of PEMD provides non-repayable support to not-for-profit national trade or industry organizations that undertake generic promotional, market intelligence or market access improvement activities on behalf of their member companies.

The program contributes to the costs of activities that range from developing an international web page and industry capability guides to organizing seminars and mounting trade show pavilions in key markets. The program allows associations to target niche markets for their member companies and/or provide quality promotional materials. Industry associations receiving PEMD—Trade Associations support have mounted a

variety of sectorally based export promotion initiatives. These initiatives are particularly important for small and medium-sized enterprises, which could not afford such undertakings on their own.

The trade association component is administered by three Divisions of the Department of Foreign Affairs and International Trade; namely:

**ACA** – THE ARTS AND CULTURAL INDUSTRIES PROMOTION DIVISION

**ACET** – THE EDUCATION MARKETING UNIT OF THE INTERNATIONAL ACADEMIC RELATIONS DIVISION; and

**TCM** – THE MARKET SUPPORT DIVISION.

## APPLICATIONS/ASSISTANCE/ EXPENDITURES

In 1998-99, 29 trade association applications were approved. A total of \$2.19 million in assistance was authorized and \$1.76 million expended.

During the five year period from 1994 to 1999, trade associations had an average of 27 applications approved per year, \$2.25 million in assistance authorized and spent \$1.5 million in expenditures.



### OVERVIEW OF TRADE ASSOCIATIONS - 5 YEAR PERIOD

YEAR	APPROVED APPLICATIONS	AUTHORIZED ASSISTANCE \$	EXPENDITURES \$
1994-95	18	2,595,903	1,450,403
1995-96	29	2,014,557	1,536,740
1996-97	25	1,812,303	1,304,646
1997-98	32	2,617,763	1,526,047
1998-99	29	2,188,713	1,758,567

## APPLICATIONS/ASSISTANCE BY INDUSTRY SECTOR

The 29 applications that were approved for trade associations represented the full range of Canada's industry sectors.

The Table below indicates the number of projects, the amount of assistance approved and the amount of assistance spent by industry sectors in 1998-1999. Although not specifically mentioned, both the education and cultural arts sectors have been included in the statistics shown.

### TRADE ASSOCIATIONS BY INDUSTRY SECTOR - 1998-99

INDUSTRY SECTOR	APPROVED APPLICATIONS	AUTHORIZED ASSISTANCE \$	EXPENDITURES \$
Manufacturing	12	848,325	761,574
Services	11	810,468	668,611
Wholesale/Retail	2	200,000	221,726
Transportation/Communication	2	156,050	86,645
Mining/Quarry/Oil Well	2	173,870	20,012

## ASSISTANCE EXPENDITURES BY COUNTRY

The country most targeted in 1998-99 by trade associations for PEMD-assisted market development

activities was the U.S. The Associations spent \$826 thousand or 47% of their total expenditures in that market. The following table ranks the top 10 countries by trade association expenditures.

### TRADE ASSOCIATION ASSISTANCE EXPENDITURES BY COUNTRY - 1998-99

RANK	COUNTRY	EXPENDITURES \$	% OF TOTAL EXPENDITURES
1	U.S.	825,846	47%
2	United Germany	163,635	9%
3	Japan	160,239	9%
4	Chile	93,535	5%
5	Spain	72,736	4%
6	Indonesia	57,917	3%
7	Mexico	53,075	3%
8	Russia	40,126	2%
9	Belgium	36,574	2%
10	United Kingdom	35,574	2%

#### PEMD SUCCESS STORY

**Mr. Ed Kennedy**  
President  
Geomatics Industry of  
Canada  
Ottawa, Ontario

" We have used PEMD for several projects in our export market strategy during the past 10 years. This support has been invaluable in allowing us to undertake initiatives that have enhanced our member services, and introduced Canadian firms in our sector ... to valuable business opportunities, prospective clients and partners in large export markets."

## ASSISTANCE EXPENDITURES BY MARKET AREA

In 1998-99, trade association expenditures on market development activities totalled \$1,758,567. North America accounted for the highest amount of these expenditures with \$879 thousand or 50% of total trade association assistance expenditures. Western Europe

followed with \$345 thousand in expenditures, Asia with \$325 thousand in expenditures and South America with \$134 thousand.

Eastern Europe had \$40 thousand in expenditures, the Caribbean \$19 thousand and Central America \$17 thousand.

### PEMD SUCCESS STORY

#### Mr. Anthony P. Pollard

President  
Hotel Association of  
Canada  
Ottawa, Ontario

" Over the course of the last four years our Association has successfully engineered goods and services sales in more than 20 countries worldwide with a value exceeding \$250 million. Very clearly we would not have achieved these results without PEMD support."

### TRADE ASSOCIATION ASSISTANCE EXPENDED BY MARKET AREA - 1998-99

MARKET AREA	ASSISTANCE EXPENDITURES \$	% OF TOTAL EXPENDITURES
North America (includes Mexico)	878,921	50%
W. Europe	344,633	19.6%
Asia	324,934	18.4%
S. America	134,131	7.6%
E. Europe	40,126	2.3%
Caribbean	18,746	1.1%
Central America	17,076	1.0%

## TRADE ASSOCIATION RESULTS

Through contacts it made using \$3,000 in PEMD funding, the Hotel Association of Canada helped Canadian hotel suppliers to export more than \$18 million in products to refurbish the Regency Hotel in Amman, Jordan. As the Association representative notes, "We couldn't have done it without PEMD, but

we also think we provide an excellent return on investment." In another instance, the Canadian Plastics Industry Association reports that from a PEMD supported matchmaking activity at K'98 (a trade show in Dusseldorf, Germany), 4 of 14 companies surveyed estimated on-site sales totalling \$575,000, while 6 companies estimated sales of \$48.5 million over the next 12 months. As a result of a 1998 trade mission to South America led by the Geomatics Industry Association of Canada, a network of 14 Canadian firms is now pursuing two World Bank- financed projects with the Argentine government for early flood warning systems. These are but a few examples of the successes that national industry associations and their members are achieving.



## The Export Development Division,

which manages PEMD, conducted a mail survey of Canadian businesses that used the PEMD program during the 1998-99 fiscal year. Of the 1,000 companies that were sent a survey, 184 were completed for a return rate of approximately 18%.

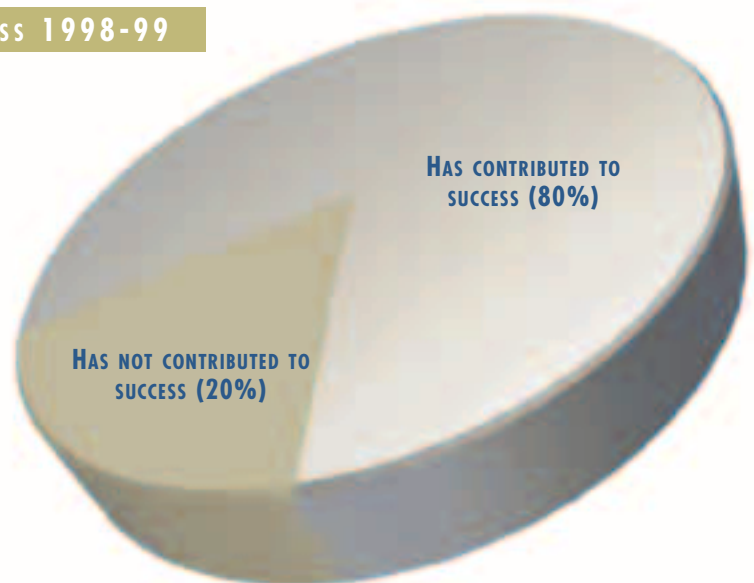
Respondents to the survey represented all regions in Canada. Almost one-third were from Ontario, 24% from Quebec, 17% from the Prairies, 15% from British Columbia and 12% were from the Maritimes.

The objective of the survey was to determine the degree to which the PEMD Program contributed to the success of companies in developing their target export markets and also to identify the strengths and weaknesses of the program including its accessibility and, the changes necessary to make the program more effective and useful to the Canadian exporter.

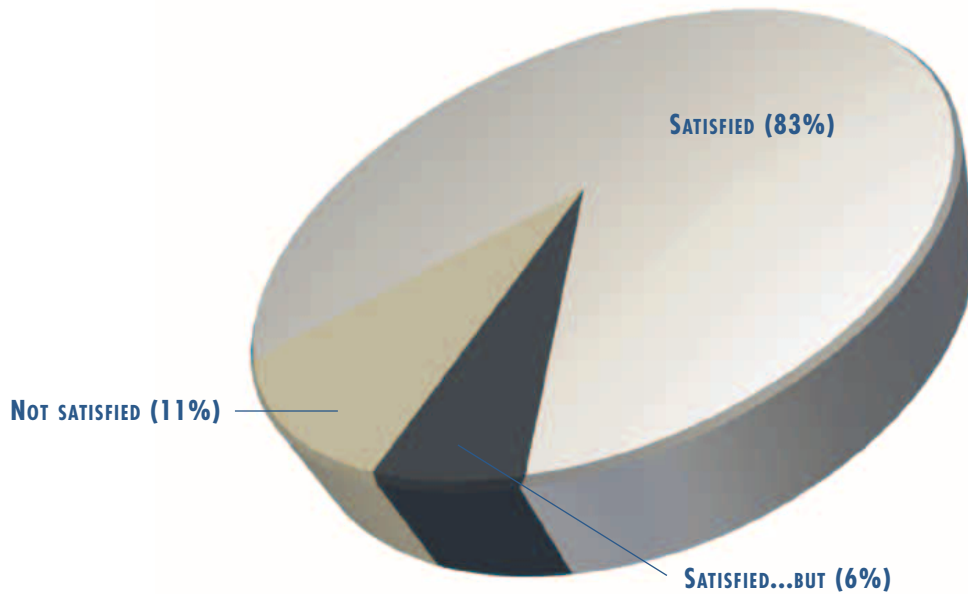
One hundred and twenty-nine respondents provided descriptions of how PEMD contributed to the success of their business. The most frequently mentioned contributions were export sales or contracts (e.g. secured new contracts, won tenders etc.), increased exposure or promotion of their product through trade show participation or the development of visual marketing materials, the identification of potential representatives/distributors/agents or buyers or, the garnering of useful market intelligence/information in the target.

Of those who indicated that the PEMD program did not contribute to their success, the most frequently mentioned reasons were: a non-competitive product, cash flow problems and barriers created by governments of the target export markets.

### CONTRIBUTION TO SUCCESS 1998-99



## SATISFACTION WITH ACCESSIBILITY AND DELIVERY OF PROGRAM



### PROGRAM'S STRENGTHS AND WEAKNESSES

Regarding the Program's strengths, respondents cited the financial support, the versatility and clarity of the Program which allows SMEs to compete in a global market and to address their export needs, helpful staff, program accessibility and, the provision of important market intelligence.

In contrast, the most frequently mentioned weaknesses were the scope of the application and the lack of Program funding.

### PROGRAM ACCESSIBILITY

The majority (83%) of respondents indicated that they were satisfied with the accessibility of the PEMD program and the manner in which it was delivered. Another 6% of the respondents indicated that they were satisfied but provided comments that were more negative in nature. The most frequently cited reason for satisfaction was the competency of staff.

Of the 11% who indicated that they were dissatisfied, some stated that it was overly bureaucratic and hard to administer, the approval process was too lengthy, there were geographical limitations on markets and that there should be a better exchange of information and a broader network of personnel/contacts.

#### PEMD SUCCESS STORY

##### **Mr. Jean-Yves Martel**

Vice president finance  
Pascal Blais productions/animation  
Montreal, Quebec

*"Special IMAX projects - A \$... Canada-Japan-Russia partnership for the production of an IMAX film project. The investment in the development phase of this type of project, before the final signature, was colossal. Japan and the United States have invested more than \$... in Montreal to produce the project, which was completed in June 1999. Since then, the product has been exported to Japan, Australia as well as the cities of Oslo, Paris and London, and other countries are in the process of signing agreements."*

*"Current Affairs - Over the past year, the United States and Mexico have generated...(outstanding) revenue... as a result of our advertising activities. A 40% increase thanks to the marketing campaigns."*

*Note: Pascal Blais won an Oscar in March 2000 for the production of The Old Man and the Sea.*



### PEMD SUCCESS STORY

#### **Mr. Robert Libbey**

President and CEO  
BeaverTails Canada Inc.  
Ottawa, Ontario

*"The assistance PEMD provided to BeaverTails Canada Inc. enabled us to move forward with our penetration of the US market. As an added benefit, it also allowed us to garner important market intelligence, increase the branding of our product and image on an international level, and identify a number of potential partners interested in investing in our unique Canadian product through participation in international trade fairs.*

*To have initiated this export development plan as an SME would have been difficult without the assistance received through PEMD. We would not have had the opportunity to enter into a relationship with an international developer, IntraWest with the ensuing outcome of new stores being developed in Colorado and West Virginia. This partnership will eventually lead to further expansion in the US and Europe. Due to the nature of the expansion program we expect positive returns within the next two to five years as a direct result of PEMD support."*

### CHANGES RECOMMENDED

Survey participants were asked what changes were necessary to make the program more effective and more useful to the Canadian Exporter. \*

The majority of respondents suggested changes that revolved around the financial support and flexibility of the program. The most frequently recommended changes included expanded financial coverage to include the costs of accommodation, meals and local transport and greater flexibility regarding financial support (e.g. provide contribution *prior to* actual export activities, offer tax credits rather than direct funds).

Other recommendations included allowing greater flexibility in applying the rules to uncontrollable situations, increasing assistance in preparing for entry into export markets, streamlining and simplifying the application process and the reporting requirements and, improving the Program's repayment plans.

\* Respondents' suggestions and recommendations will be taken into consideration in the on-going revision of the PEMD program.