



Department of Foreign Affairs  
and International Trade

Ministère des Affaires étrangères  
et du Commerce international

Trade Commissioner  
Service

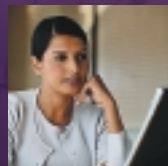
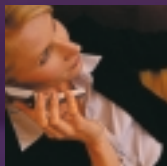
Service des  
délégués commerciaux

# ANNUAL *report*

2001-2002



## PROGRAM FOR EXPORT MARKET DEVELOPMENT



**Assistance to Companies and Associations**

Canada

# Introduction

The Program for Export Market Development (PEMD) is a component of the Government of Canada's international business development strategy. PEMD's mandate is to assist smaller companies that are either new to exporting or are expanding to new markets. The program helps these companies identify and exploit sales and capital project opportunities abroad by sharing the cost and risk of implementing export development plans in new markets.

The PEMD partnership with Canadian business is an investment in a company's commitment to develop international export markets. PEMD provides conditionally repayable contributions. Repayment of each contribution is based on contracts obtained or on incremental sales made by the recipient company as a result of PEMD-supported activities in the target market.

There are four elements of PEMD: Market Development Strategies (MDS), New to Exporting Companies (NEC), Capital Project Bidding (CPB), and Trade Associations (PEMD-TA). The latter element provides financial assistance to national sectoral trade and industry associations generically promoting the products and services of their members in the international marketplace. That assistance is non-repayable.

PEMD is managed by the Export Development Division, Trade Commissioner Service Overseas Programs and Services 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 Canada Economic Development for Quebec Regions assist with delivery of the program.

# Year in Review

The impact of September 11, 2001 on export development was significant, given that the United States continues to be Canada's largest export market. Not surprisingly, the impact on PEMD-supported activities of companies was substantial. As a result, expenditures for 2001-2002 were far lower than for 2000-2001.

During 2001-2002, PEMD supported 537 projects from 525 companies<sup>1</sup>. It also supported 20 associations. Total program expenditures were \$6.298 million, which is 31% lower than the previous year. Company expenditures decreased by 41% to \$4.71 million in 2001-2002, while trade-association expenditures increased by almost 40% from the previous year to \$1.59 million. Company repayments totalled \$3.99 million, approximately 17% higher than the \$3.40 million reported in 2000-2001. It should be noted that repayments are generally based on sales resulting from PEMD supported activities undertaken in previous years.

During 2001-2002, we witnessed a significant shift in the expenditure pattern among the elements of PEMD. The Market Development Strategies (MDS) element represented 58% of total expenditures – a considerable decline from

**Assistance by Program Element  
2001-2002 (\$ Millions)**



<sup>1</sup> Since there are three separate elements in the industry-related component of PEMD, a company may have more than one application approved in the same year.

<sup>2</sup> A portion of expenditures result from support authorized the previous year.

the previous year's figure of 74%. New to Exporting Companies (NEC) represented 10.4% of total expenditures; Capital Project Bidding (CPB) represented less than 7%. Trade Associations received more than 25% of total PEMD expenditures in 2001-2002.

In 2001-2002, \$206,000 was provided as grants to 8 colleges and universities to support their international business studies.

Following the Strategic Review of the trade association component undertaken last year, a web-based process for applications and claims was introduced in February 2002. Applications and claims are now filed online.

Our annual client survey demonstrated that PEMD continues to be well regarded by its clients and is seen to make an important contribution. We look forward to continuing to improve our program delivery to meet and exceed our clients' needs for targeted financial assistance in the pursuit of new export markets.

### PEMD Assistance Expenditures and Repayments (\$ Millions)

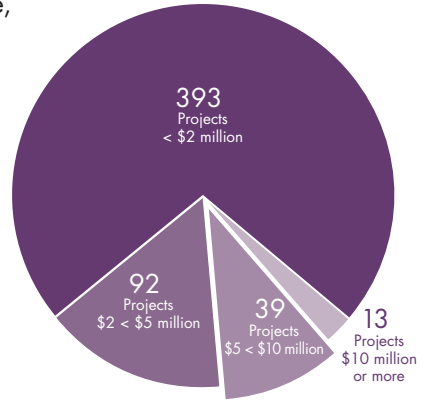


Patty Hughes, Director, Business Development,  
**Healthcare Information Technologies, Montreal, Quebec**

*“Our corporation is most grateful for the PEMD program. We would not be as bold in our efforts to export should we not have this assistance.”*

# Industry

As in previous years, more than 2/3 of projects receiving assistance were from relatively small companies. Of the total \$4.713 million PEMD assistance in 2001-2002, \$3.358 million, or 72%, was spent on companies with less than \$2 million in annual sales. Another \$0.742 million, or about 15% of total assistance, was provided to companies with annual sales between \$2 and \$5 million. A further \$0.478 million was received by companies with sales from \$5 million to \$10 million; those with sales over \$10 million received \$0.133 million.



## Number of Projects and Total Expenditure (\$ Million) by Province and Territory

PEMD assistance was expended for 537 projects for the three industry elements (MDS, CPB, NEC) for a total amount of \$4,713,178.00. Ontario- and British Columbia-based firms had the highest number of assisted projects followed by Alberta and Quebec. A similar distribution was reported in 2000-2001. Ontario companies were paid the highest amount of assistance followed by British Columbia and Quebec firms. (see Annex A)

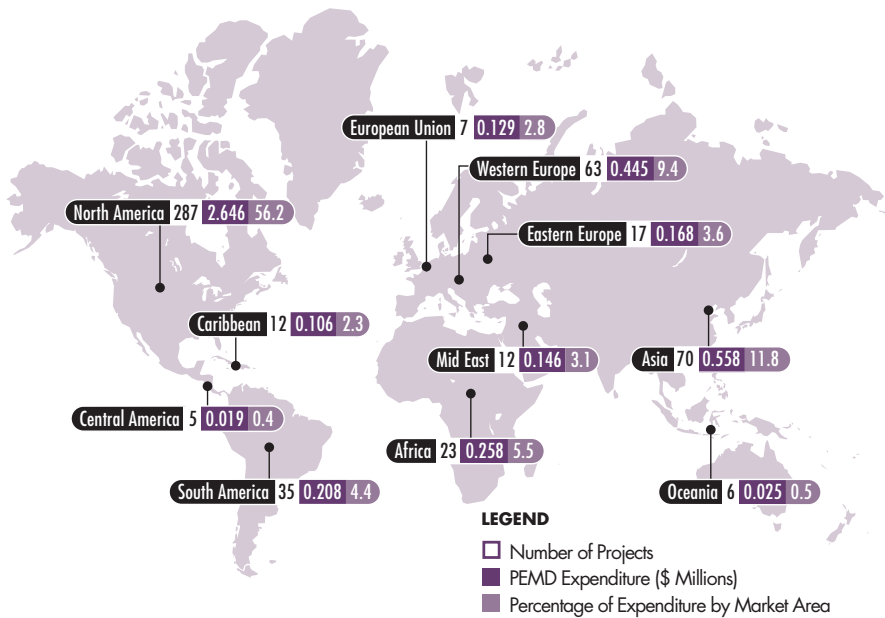
## Number of Projects and Total Expenditure by Industry Sector

The manufacturing, along with the professional, scientific, technical sectors, with both the highest number of projects as well as the highest expenditures in 2001-2002 continued to receive the lion's share of assistance (see Annex B).

## PEMD Assistance by Market Area

North America, including Mexico, continued to be the most commonly targeted market, accounting for the majority (56%) of PEMD expenditures by Canadian companies. However, that number is down from 69% last year, another illustration of the impact of September 11. North America was followed by Europe (15.8%) and Asia (11.8%).

### PEMD Assistance by Market Area (\$ Million)



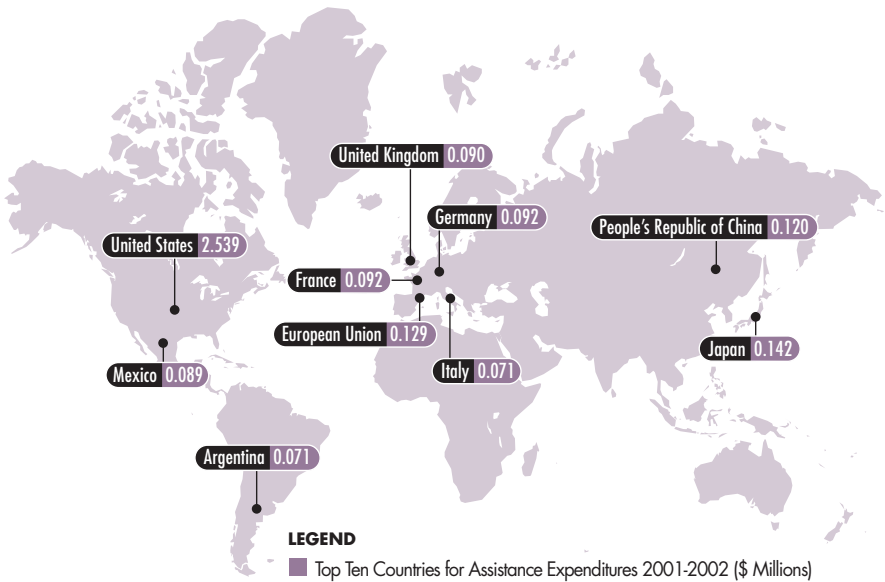
Isbrand Funk, President,  
**Euroline Windows Inc., Delta, British Columbia**

*“Our marketing efforts used to be fairly timid and ineffective. With PEMD’s support, however, we’ve made our first appearances at several trade shows, helping us become more established in the American market.”*

### Top Ten Countries for Expenditure (\$ Million)

The country most targeted by PEMD-assisted Canadian companies was the United States, which accounted for more than \$2.5 million or 54% of total expenditures followed by: Japan, European Union, China, Germany, France.

### Top Ten Countries for Expenditure (\$ Million)



Keith Stoodley, Director, Marketing and Sales,  
**Lotek Wireless Inc., Newfoundland**

*“Identifying and developing foreign markets is a high-risk activity; PEMD helps Lotek manage that risk successfully. Lotek now exports more than 90 percent of its products to clients in 36 countries, and earned an Exporter of the Year award in 2002.”*

# Trade Associations

Trade and Industry associations receiving PEMD support have mounted a variety of sectorally based export-promotion initiatives on behalf of their members. These initiatives are particularly important for small and medium-sized enterprises, which are often unable to afford such undertakings on their own.

## Overview of Trade Associations – 7-year Period

Year	Approved Applications	Expenditures \$
1995-96	29	1,536,740
1996-97	25	1,304,606
1997-98	32	1,526,047
1998-99	29	1,758,567
1999-2000	22	1,444,380
2000-01	23	1,144,667
2001-02	21	1,585,817

### Applications and Total Expenditure

Between 1995 and 2002, trade associations had an average of 25 applications approved per year, and spent an annual average of \$1.47 million. In 2001-2002, \$1.58 million was spent through the trade associations component, up from \$1.14 million in 2000-2001

## Trade Association Expenditure by Sector

Sector	Actual Expenditure \$	%
Manufacturing	731,195	46.1
Professional, Scientific, Technical and Education	295,180	18.6
Agriculture, Forestry, Mining	202,023	12.7
Information and Culture	183,156	11.5
Transportation and Warehousing	82,965	5.2
Wholesale, Retail Trade	49,831	3.1
Construction	28,202	1.8
Accommodation and Food Services	13,265	.8
<b>Total</b>	<b>1,585,817</b>	<b>100</b>

As in previous years, manufacturing was the dominant sector in 2001-2002, accounting for nearly half of all PEMD trade-association assistance. Other prominent sectors included Professional, Scientific, Technical products and Education with 18.6% of all assistance, Agriculture, Forestry and Mining, with 12.7%, and Information and Culture with 11.5%.



## Trade Association Expenditures by Market Area

Region	Actual Expenditures \$	%
North America	886,650	55.9
Asia	256,735	16.2
Western Europe	155,976	9.8
Oceania	143,467	9.0
Eastern Europe	112,378	7.1
South America	16,045	1.0
Middle East	14,567	.9

56% of total trade association assistance was spent in the U.S. and Mexico. Asia accounted for 16%, while Europe accounted for 17%. Compared with the previous year, expenditures in Oceania tripled, while in South America they dropped by nearly 90%.

## Top Ten Countries for Trade Association Expenditures

Country	Expenditure \$	%
United States	880,085	58.5
Australia	143,467	9.4
Russia	112,377	7.4
Taiwan	101,010	6.4
Ireland	63,743	4.0
Japan	60,765	3.8
People's Republic of China	58,080	3.7
Italy	52,710	3.3
France	21,216	1.3
Indonesia	20,379	1.3

As in 2000-2001, the country most targeted in 2001-2002 by trade associations for PEMD-assisted market development activities was the United States, where \$880,000 was spent, or 58.5% of total expenditures.

# PEMD Client Survey

With the assistance of an independent firm, the Export Development Division of the Department of Foreign Affairs and International Trade, which manages PEMD, conducted an online survey of PEMD's 2001-2002 clients. Of the 555 companies and Trade Associations sent surveys, 207 responded, a participation rate of 44% which is quite high for this type of survey and higher than the past two surveys.

## Purpose

The purpose of the survey was twofold: to obtain feedback from companies and trade associations on levels of satisfaction with programs and delivery, and to track program performance and service over time. The survey examined several aspects of client satisfaction, including overall satisfaction with the program, service expectations prior to using PEMD, overall assessment of PEMD after using it, future intentions, and the actual and perceived value of the program's contributions to export results. Ultimately, the results will help to improve PEMD.

## Overall Satisfaction

Impressively, 92% of respondents recorded a score of at least 6 out of 10 (up from 88% in 2001). The 2002 average satisfaction score was 7.98 which is slightly higher than the overall satisfaction scores in the past two years (7.94 in 2000 and 7.84 in 2001).

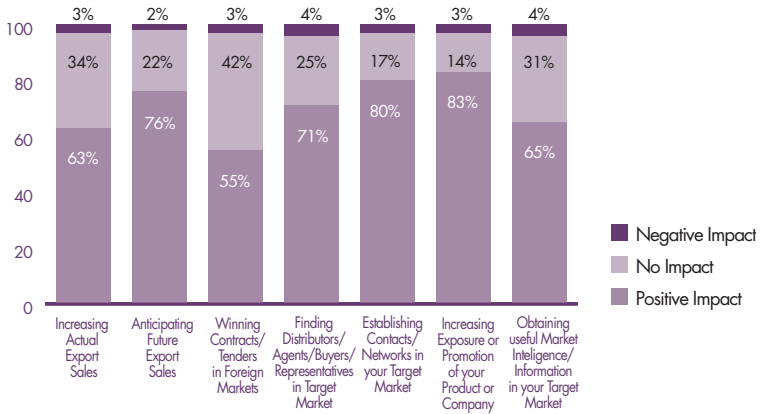
Ann-Marie Snook, Customer Service Manager,  
**Nienkamper**

*"Thanks, in part, to support from PEMD, exports account for a growing percentage of our overall business. As a result, we've expanded our facilities to continue to develop the value-added products that complement the sophisticated technologies being applied in today's boardroom."*

## Overall Value and Worth

Survey respondents were asked to assess the overall value and worth of not only the program, but also the service provided by PEMD staff during the past fiscal year. Eighty-two percent of respondents stated that the service they received was well worth the time and costs associated with the program. Furthermore, 90% of respondents said they would recommend PEMD to other organizations.

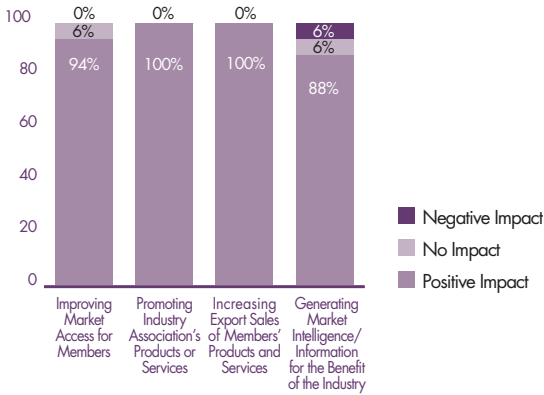
## Contribution to Industry Clients' Results



Nezar Freeny, President,  
**Amanah Tech Inc., Saskatoon, Saskatchewan**

*“PEMD helps small companies such as ours focus and target their marketing efforts more effectively and efficiently. Your support and expertise are greatly appreciated.”*

## Contribution to Trade Associations' Results



When asked about the impact of PEMD on their operations, both industry and trade-association clients reported many positive outcomes. Industry clients were most positive about the program's ability to help them increase exposure, establish contacts and networks, and promote their products in foreign markets. Trade associations were overwhelmingly convinced that PEMD improved market access and increased export sales of their members' products and services. These results are very similar to those recorded in 2000 and 2001.

Ted Callighen, President,  
**Canadian Association of MoldMakers**

*"PEMD helps Canada's mold and tooling companies compete successfully in the global marketplace. With PEMD's support, our members are better able to increase awareness, develop quality leads and generate export sales across North America and around the world."*

# Annexes

## Annex A

### Number of Projects and Total Expenditure (\$ Million) by Province and Territory

Province	Number of Projects	Expenditure (in \$ Millions)	Percentage of Total Expenditure
Ontario	143	1.101	23.4%
British Columbia	122	1.098	23.3%
Quebec	59	0.780	16.6%
Alberta	78	0.738	15.7%
Manitoba	36	0.293	6.2%
Nova Scotia	33	0.252	5.3%
Newfoundland & Labrador	27	0.165	3.5%
New Brunswick	14	0.130	2.8%
Saskatchewan	19	0.071	1.5%
Nunavut	1	0.050	1.1%
Prince Edward Island	2	0.020	0.4%
Northwest Territories	3	0.010	0.2%
Yukon	0	0.000	0.0%
<b>Total</b>	<b>537</b>	<b>4.71</b>	<b>100.0%</b>

## Annex B

### Number of Projects and Total Expenditure (\$ Million) by Industry Sector

Sector	Number of Projects	Expenditure (in \$ Millions)	Percentage of Total Expenditures
Manufacturing	206	1.87	39.60%
Professional, Scientific, Technical and Education	105	0.95	20.20%
Wholesale, Retail Trade	65	0.53	11.20%
Information, Cultural Industries	52	0.49	10.30%
Construction	32	0.33	7.20%
Agriculture, Forestry, Mining	27	0.17	3.60%
Administrative and Support, Waste Management	13	0.12	2.60%
Services	10	0.08	1.80%
Miscellaneous	21	0.01	3.50%
<b>Total</b>	<b>537</b>	<b>4.71</b>	<b>100.00%</b>

# Contact Centres

## Assistance to Companies

International Trade Centres

British Columbia/Yukon

Tel.: (604) 666-0005

Fax: (604) 666-0954

Alberta (Edmonton)/NWT/Nunavut

Tel.: (780) 495-4413

Fax: (780) 495-4507

Alberta (Calgary)

Tel.: (403) 292-6070

Fax: (403) 292-4578

Saskatchewan (Saskatoon)

Tel.: (306) 975-5315

Fax: (306) 975-5334

Saskatchewan (Regina)

Tel.: (306) 780-6124

Fax: (306) 780-8797

Manitoba

Tel.: (204) 983-4540

Fax: (204) 983-3182

Ontario

Tel.: (416) 973-5013

Fax: (416) 973-8161

Quebec

Tel.: (514) 283-6328

Fax: (514) 283-8794

New Brunswick

Tel.: (506) 851-6411

Fax: (506) 851-6429

Prince Edward Island

Tel.: (902) 566-7426

Fax: (902) 566-7450

Nova Scotia

Tel.: (902) 426-6360

Fax: (902) 426-5218

Newfoundland

Tel.: (709) 772-5511

Fax: (709) 772-5093

## Assistance to Associations

DFAIT

Arts and Cultural

Tel.: (613) 944-7009

Fax: (613) 992-5965

Education

Tel.: (613) 992-6289

Fax: (613) 995-3238

Industry and Service

Tel.: (613) 996-7319

Fax: (613) 944-0050

## General Information

<http://www.dfait-maeci.gc.ca/pemd/>

OR

**1-888-811-1119**