Sub-Saharan Africa merits second look

While social conflict and poverty are still pervasive, many African countries today have dynamic, thriving economies on par with the world's emerging nations. The countries of sub-Saharan Africa (those south of the Sahara Desert that are not part of North Africa) present major opportunities for entrepreneurs willing to do the homework.

Statistics Canada estimates that market opportunities for untied aid, for example, are valued at $25 billion and are expected to more than double by 2010. It's no surprise then that there are more than 670 Canadian firms active there.

"Growth in sub-Saharan Africa is under-recognized," says Ken Sunquist, Canada's Chief Trade Commissioner.

Ron Davidson, a government official responsible for commercial relations with Africa, explains why. "The political division of the subcontinent into 47 different countries masks its significance when compared to large countries. In addition, media reporting tends to focus on the region's challenges rather than the opportunities," he says.

Sunquist concurs. "Growth is spotty, but in the pockets where it is occurring—without political or environmental impediments—it is considerable. Sub-Saharan Africa is not an easy or predictable place to conduct business; the risks are high, but the rewards are equally so. Canada's best corporations, both small and large, are very creative. And you need to be creative in these kinds of markets."

Compelling statistics

In many ways, the opportunities in sub-Saharan Africa's developing countries are equivalent to those in emerging countries such as Brazil, Russia, India and China, the so-called BRIC countries, Davidson says.

According to Statistics Canada, sub-Saharan Africa imports approximately the same value of Canadian merchandise exports (more than $1 billion in 2005) as Brazil and India, and significantly more than Russia.

Tecsult International is a case in point. One of Canada's leading engineering consulting firms, it has been active in Africa for more than 40 years. In 1995, Tecsult made Africa a priority for further business development—a strategic decision that has paid off tremendously, the company says.

"Critics laughed at us for focusing on Africa with the Asian and eastern European markets opening at the time," says Marc Parent, president of Tecsult. But he says that the competition from European companies was strong and the resources required to pursue business in Asia, given its distance from Canada, was better spent in Africa. "It was the right move," he adds.

Competitive advantages

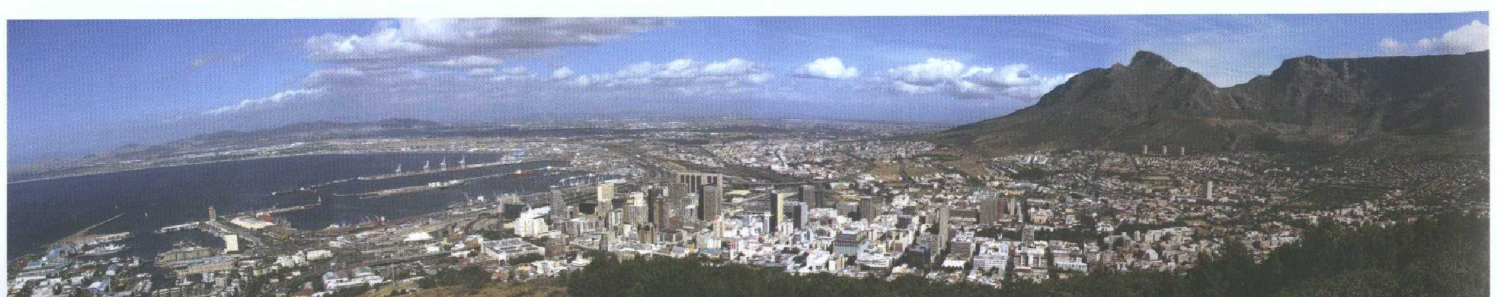
Parent attributes Tecsult's success to several factors. These include the attraction of North American technology, a desire among African countries to diversify their supplier base and decrease reliance on European companies, as well as cultural sensitivity and a commitment to technology transfer.

"Canadians take the time to show Africans how to operate equipment and implement systems. There is a different tone than with suppliers from other countries," Parent says.

Some question whether the political instability in parts of Africa, the lack of strong democratic roots, and human rights abuses stand in opposition to trade with countries on that continent. Ken Sunquist challenges that notion.

"The vast majority of Canadian companies export Canadian values and ideals along with their goods and services," he says. "Companies that can identify areas of opportunity and organize to meet the demands of African customers for Canadian goods and services stand to prosper."

For more information, go to **www.infoexport.gc.ca**.



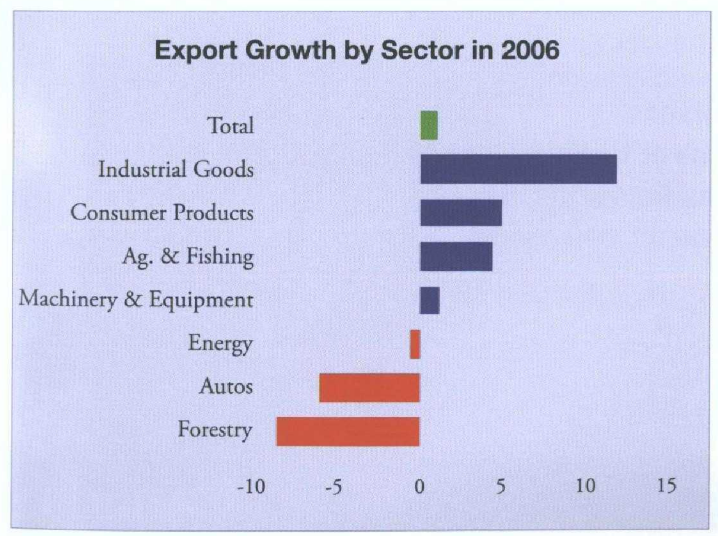
Cape Town, South Africa's biggest port, situated on one of the world's busiest trade routes.

Canada's strong trade performance slows in 2006

Canada's trade performance was strong in 2006, but was showing some signs of weakness. Exports of goods and services grew 1.1% to $523.7 billion, while imports grew 4.2% to $486.5 billion. With import growth roughly four times that of exports, the trade surplus decreased sharply to stand at $37.2 billion by the end of 2006, down $13.9 billion. However, data for January 2007 looks more promising.

Exports in 2006 were driven primarily by industrial goods, but this advance was due to a rise in prices; actual volumes of exports barely budged. Prices also played a role in lower energy exports, with both prices and volume of crude petroleum rising, but offset by lower volumes and significantly lower prices in natural gas exports. Meanwhile, exports of automotive and forestry products dropped substantially too, dragging down overall export growth. The story is not all gloom, though, as some high-technology sectors experienced strong export growth recently. Exports of pharmaceuticals and communications equipment grew over 30% from 2004 to 2006, while medical equipment and scientific instruments rose over 20% over the same period. As international competition continues to pose challenges to traditional sectors of Canada's economy, growth in technology intensive industries may offer greater opportunities.

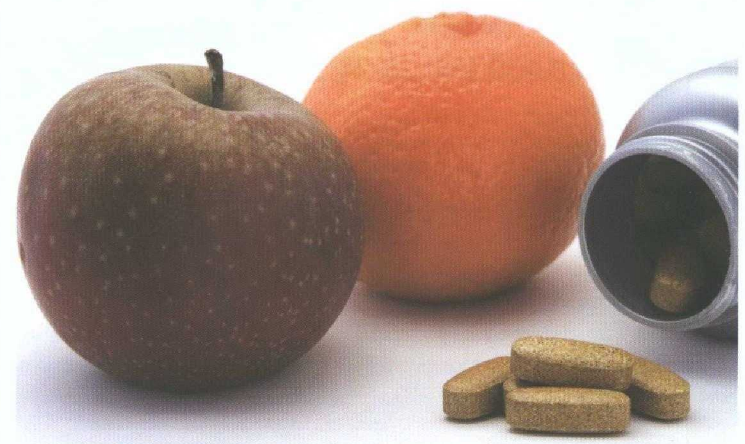
*Provided by the Office of the Chief Economist, Foreign Affairs and International Trade Canada (**www.international.gc.ca/eet**).*



Data: Statistics Canada, Balance of Payments basis.

Japan an ideal market for health ingredients

Tokyo, November 20-22, 2007 > Canadian companies looking to explore opportunities in Japan's booming health food market may wish to be part of the Canadian pavilion at **Health Ingredients Japan**, the country's biggest exhibition of its kind. Last year, the fair welcomed some 45,000 visitors.



The Japanese market is made up of some 128 million consumers who are very knowledgeable about the benefits of healthy food ingredients, functional foods and nutraceuticals. According to Functional Foods Japan, a report on nutrition, the Japanese nutraceutical market is estimated to be worth $27 billion. Moreover, Japan is the second-largest market in the world for nutraceutical products, second only to the United States. In fact, Japanese per-capita consumption of nutraceuticals is actually higher, at $166 per year, with the U.S. at $136 and Europe at $92.

The market is also growing fast for the nutritional supplement sector. As deregulation in Japan continues, demand for Western ingredients gets ever stronger. In 2005, the Japanese nutritional supplement market accounted for some $12 billion in sales.

For more information on the Canadian pavilion, contact: Anne Woo, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7840, email: **wooa@agr.gc.ca**, websites: **www.hijapan.info** and **www.functionalfoodsjapan.com**.