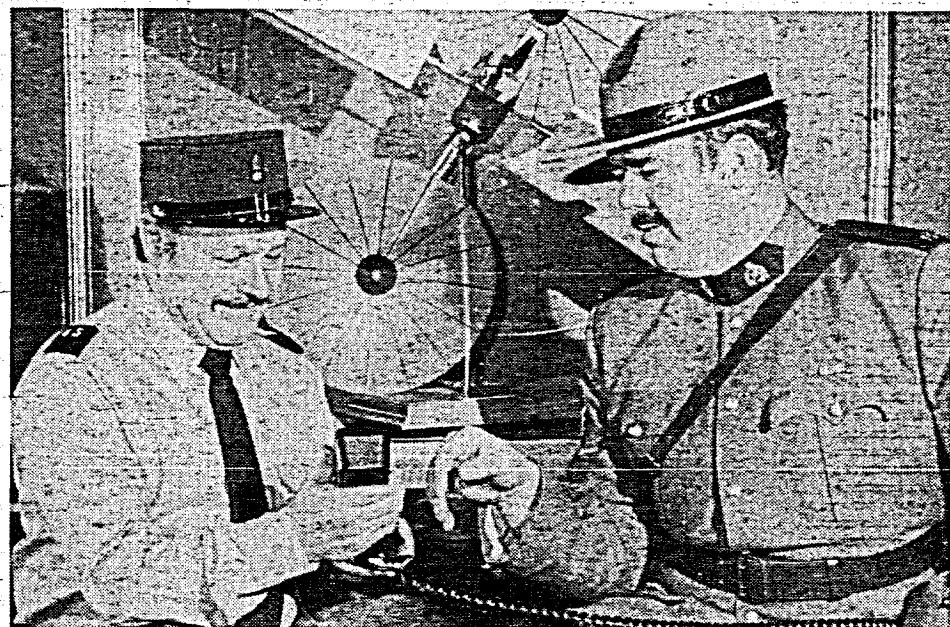


Export Programs Help Open New Markets

By Ken Mark



Trade fairs put Canada on display to the world

Meet Your Customers Go Trade Fair Route

Want to export but don't know where to start? Do as so many others are doing: Go the trade fair route. It can take you into just about any market with just about any product.

Trade fairs have been bringing buyers and sellers together since the dawn of commerce. They continue to do so, in ever greater numbers, because no better way of making direct contact between the two has yet been devised.

The requirements for a successful participation in a trade fair are, however, exacting ones.

Exhibitors must have the right product at the right price. Their production facilities must be geared to meet delivery terms. They must know about custom, freight and insurance charges. Depending on their products, they must make provision for financing.

Exhibitors must also be careful to choose the trade fair which is most appropriate to their products. The number of trade fairs being held each year is growing rapidly. Inevitably, some are better than others in their choice of site, quality of exhibits, and the customers they draw.

Trade fairs are also becoming highly specialized. Selecting the trade fair whose exhibits will complement your product line, to your best advantage, can be difficult.

Through the Promotional Projects Program (for national exhibits) and the Program for Export Market Development (for individual company exhibits) the Department of External Affairs can help you in this as in all other aspects of your participation. If you decide to go the trade fair route, the Department will provide knowledgeable and experienced guides.

First, though, you have some homework to do. You may want to export but have you an exportable product? Is it superior or at least competitive in price, design or utility? Is it unique in other ways that would make it attractive to foreign customers?

External's trade officers can often help

you with the answers to such questions. If additional market research is required, you might also apply for assistance through the Program for Export Market Development (PEMD).

You must also establish in advance whether you have the plant capacity to satisfy export customers. If you make an export sale and then can't meet the delivery date, you'll be in trouble. And what of operating margins? Will they be adequate to cover future costs of servicing those new and distant customers?

Once you are confident you have a product which you can export profitably, where should you exhibit it, how and when? The Fairs and Missions Division can provide you with a select list of upcoming fairs and shows in the markets of interest to you. If a national exhibit is planned, the Department will book exhibition space, design and install the "Canada" booth, and look after the numerous details of creating a showcase for your product.

If a national exhibit is not planned, you can apply for direct support for your company's exhibit under PEMD. You'll still have expenses — personal travel and accommodation expenses, for example, and some or all (depending where the fair is held,) of your shipping expenses. You'll have advertising and hospitality expenses, some of which you might share with other exhibitors, some of which you might assume on your own. External's trade development officers can give you an advance reading on what to budget and how much.

The dates for trade fairs are announced well in advance because of the detailed planning by organizers as well as exhibitors which is necessary to their success. A would-be exporter, conceivably, might make a strong last-minute entry into a show but most would be better advised to wait until the next one.

If you are going the trade fair route, you have to be fully prepared if you are to have a profitable journey.

The Department of External Affairs, which assumed responsibility for trade policy and promotion in 1982, has trade officers in the regional offices of the Department of Regional Industrial Expansion which it uses as the domestic delivery system for its export assistance programs.

It is by contacting trade officers in the DRIE offices that a growing number of small and medium size businesses take their first step towards entering the export market.

The trade officers advise businesses of the requirements they must meet to qualify as exporters, the markets towards which they should direct their sales efforts, and types of federal assistance for which they can apply.

The latter include the Program for Export Market Development (PEMD) and the Promotional Projects Program (PPP). Additionally, trade officers can draw in representatives of other government agencies such as Export Development Corp. (EDC), the Canadian Commercial Corp. (CCC) and the Canadian International Development Agency (CIDA), each with specialized export assistance functions.

At the other end of the information pipeline are the regional desk officers in Ottawa and the 500 trade commissioners and officers in 90 posts in 65 countries. The latter maintain a continual flow-back of commercial intelligence directed towards keeping Canadian exporters fully informed of developments and opportunities in their respective markets.

Potential exporters can also test the waters by contacting trade officers in the markets in which they think their products will

sell. In doing so, they should provide full details about their businesses as well as their products which can then be passed on to appropriate distributors and potential customers.

The Canadian exporter may find that the next step should be a personal visit to follow up his initial contacts. If qualified, he could apply for a PEMD contribution to help finance his sales trip. In its first 12 years, 76.5% of PEMD applications were made by companies with less than \$5 million in sales. In fiscal 1982-83, \$20.9 million was paid out to 3,900 applicants compared to \$9.9 million to 1,726 applicants in 1978-79.

The program pays up to 50% of the cost of penetrating new foreign markets. If the sales effort results in a contract, the amount is repayable. Otherwise, it is written off after three years.

To complement PEMD, External Affairs offers the Promotional Projects Program through which it invites selected Canadian companies to participate in government initiated trade promotion activities such as outgoing missions, seminars, trade exhibits and foreign visits to Canada. Since External initiates these activities, the procedure for participation reverses the one used to award PEMD contributions.

On visits to foreign countries, Canadian industry participants benefit from being part of an official Canadian delegation with their travel expenses totally paid by the program.

Potential exporters can tap into this network of programs and services by keeping their local DRIE office informed of their needs and capabilities.

Other Aids To Exporters

Among the meatier portions of the federal government's alphabet soup of agencies for helping small and medium-size exporters are:

Government-to-Government Sourcing

The Canadian Commercial Corp. (CCC) was established in 1946 to serve as a government-to-government contractor for sourcing the needs of foreign governments and international agencies from Canadian suppliers.

Qualified businesses interested in exporting need only indicate this when registering with Supply & Service Canada (SSC) for inclusion in its sourcing list. When foreign governments and agencies submit tenders for goods and services which Canadian companies can supply, the CCC invites qualified businesses to submit bids.

The prospect of selling to such high-powered customers might frighten some potential bidders. But in fiscal 1982-83, 46% of CCC's suppliers were small businesses with less than \$5 million in annual sales and fewer than 100 employees. At the same time, 83% of contracts awarded were for less than \$100,000.

Trade-Aid

The Canadian International Development Agency (CIDA) provides, through its Industrial Co-operation Program, grants

ranging from \$15,000 to \$250,000 for starter and viability studies, for its Canadian Project Preparation Facility (CPPF) and other programs.

CIDA's major concern is transferring technology to third-world countries. Since foreign aid is part of its mandate, Canadian firms must specify in their grant applications how their products and services will boost the economy of the receiving nation.

Export Financing.

Unlike other government agencies and departments which help Canadian firms find overseas markets, the Export Development Corp. (EDC) is in business to ensure that these companies get paid.

EDC will insure any product or service as long as its four major criteria are met: (1) the buyer is creditworthy; (2) the country is acceptable; (3) the supplier is both technically and financially viable; and (4) the product or services has at least 60% Canadian content.

EDC also offers financing packages. For exports of capital goods such as equipment and machinery sold on terms exceeding two years, funds are loaned directly to the buyer.

Under lines of credit, EDC makes funds available to a foreign bank to facilitate that country's purchase of Canadian goods and services.