

Additional Eligibility Criteria for Industry-Initiated Activities

Industry-initiated activities must meet the following specific eligibility criteria in addition to the general criteria listed earlier in this publication:

1. The activity must fit into the applicant's marketing plan.
2. The proposed activity must be **unlikely to be undertaken without PEMD support**. It must represent an **increase of normal business operations**, and must also involve a **level of risk higher than that normally assumed by the applicant**. The activity must differ from the applicant's regular international marketing activities in at least one of the following ways:
 - the proposed activity is in a **geographic area that is new to the applicant**;
 - the activity is aimed at introducing an applicant's **new product or service** to the market;
 - the intended **clientele is new**;
 - the activity is directed towards a **substantial increase in the applicant's penetration of a particular market**, or towards **recovery of a lost market**;
 - the activity is directed towards, or arises from, **substantial changes in market circumstances or competition**.
3. The activity must have a **reasonable probability of success**, considering the technical aspects of the activity, the applicant's past performance in export markets, the competition, the availability of financing, and the size of the financial undertaking.
4. The activity must provide **potential benefits to Canada**. External Affairs and International Trade Canada (EAITC) must be satisfied that the following conditions can be met:
 - expected sales benefits accruing to the applicant will be sufficient to **ensure repayment** of the PEMD contribution;
 - **Canadian content** of the goods or services to be sold will be **at least 60 per cent**. Elements considered when calculating Canadian content include production costs (such as Canadian labour, engineering and development costs); sales expenses; general administrative costs; shipping costs; and profit before taxes.

Other factors taken into consideration include:

 - the magnitude of **additional production and employment** that could be generated in Canada;
 - **potential future benefits to Canada** that could result from penetrating the target market.
5. If provincially organized, the activity must be **consistent with the International Marketing Plan for the region co-ordinated by EAITC**.