

EDC export trends and tips

Open the door to new opportunities in the U.S.

Knowing your neighbour is the first step to taking advantage of exporting to the United States, by far the most popular export destination for Canadian small businesses.

After a rocky ride for the past couple of years, the U.S. economy is showing signs of recovery. Astute businesses armed with their entrepreneurial spirit and a well thought-out export strategy should consider initiating or expanding their export activity into the U.S.

To begin, develop or review your export plan identifying existing and potential buyers, target markets, and new competitive factors or forces—

everything from pricing to insurance and after-sales service requirements.

The first rule of thumb is: Exporter beware. Many Canadian exporters have learned the hard way that in spite of its geographic proximity and linguistic and cultural similarities, the U.S. market, and selling into it, is not just like the domestic market.

One pitfall is the sheer size of the U.S. market. Exporters often find that bigger opportunities evolve out of smaller markets. Try focusing on a particular region—such as the West, Midwest, South or Northeast—by attending regional or specialized trade shows, where you can get closer to potential customers. You might also consider soliciting the services of sales agents with experience in the part of the market you're targeting.

Of course, a big attraction of the U.S. market is that it has 10 times Canada's population. But that could also mean getting an order 10 times bigger than you have ever delivered. Ensure you have the financial and production capacity in place to service the market you are after—or know how to get it on time—before you commit to "supersizing" your shipments.

American and Canadian laws can be significantly different, which can also cause difficulties. For example, you may need to be aware of U.S. federal and state tax liabilities or tariff classifications under NAFTA. Early advice from a knowledgeable lawyer, accountant or export consultant could save you money down the line.

To be competitive today, you often have to sell on credit. Your biggest risk in this case is not getting paid. U.S. bankruptcies have increased 20% year-over-year for the past two years, affecting companies in all industry sectors, including many marquee

names. Be prudent and check your buyer's credit history prior to extending favourable payment terms. And remember, even a single loss can have a big impact on your business.

Insuring your hard-won sales (accounts receivable insurance) can be an important part of your exporting strategy. It can also help you get more working capital from your bank and enhance your competitiveness by allowing you to offer better payment terms to your buyers. A growing number of companies are recognizing this and using accounts receivable insurance to make them more confident and competitive in the U.S.

By doing some homework, setting realistic goals and using the right tools, there is good opportunity to grow your export business in the U.S.

For a free copy of Export Development Canada's (EDC) booklet *Doing Business with the United States: A guide for Canadian Exporters*, go to www.edc.ca/USrisk.

EDC helps Canadian businesses expand their sales internationally and ensures they get paid for them. A Crown corporation, EDC provides trade finance and credit insurance services for its Canadian clients, 90% of whom are small and medium-sized enterprises.

For more information, contact EDC, tel.: **1 866 297-1255**, Web site: www.edc.ca/smallbusiness.

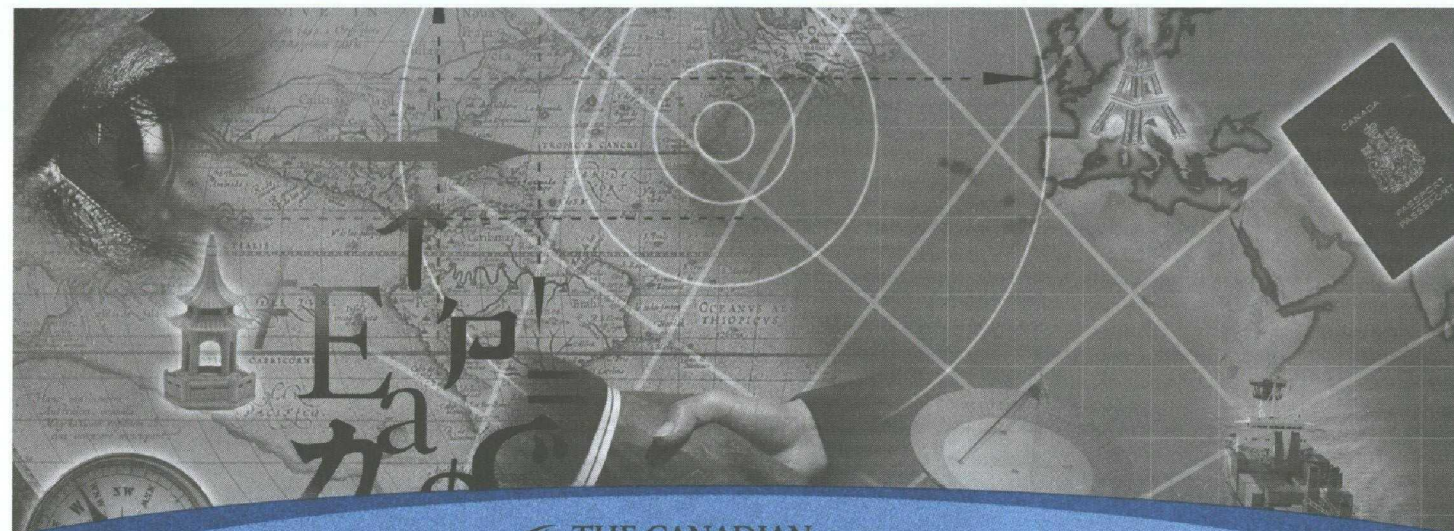
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VANCOUVER — March 31-April 2, 2004 — **GLOBE 2004** is the eighth event in a series of trade fairs and conferences on the business of the environment. This event brings together business leaders, policy makers and solutions providers to discuss current trends and showcase technology solutions to the world's environmental problems.

Over 400 leading technology companies from around the world will present a wide range of environmental solutions including alternate energy sources, air quality management, fuel cell technologies, green building products and technologies, industrial and solid waste management, and recycling.

With representatives from over 70 countries expected to attend from Asia, Europe, Latin America, the Middle East and Africa, GLOBE 2004 provides an exceptional opportunity for export-ready Canadian companies in the environmental field looking to reach international markets.

The Globe 2004 Conference covers three major themes:

- **Corporate Sustainability**
Information on the trends, systems and tools that are driving competitiveness to the next level under tough social, shareholder, consumer and accountability standards;
- **Energy and Climate Change**
A comprehensive update on emerging priorities, creative solutions, and new technologies; and
- **Building Better Cities**
Leading planners, architects, urban design specialists and municipal leaders share how they are incorporating sustainability principles in the design and construction of buildings, transportation systems, and energy and water systems.

The Export Café at Globe 2004

The Canadian Trade Commissioner Service is once again hosting an Export Café at GLOBE 2004. The

Export Café provides Canadian exporters with access to over 50 Canadian trade commissioners stationed around the world. Companies looking to export for the first time or enter new markets will have the opportunity to meet trade commissioners in small group or one-on-one discussions to discuss international business opportunities.

For more information on the Export Café or to register, contact Suzanne Drisdelle, Trade Commissioner, DFAIT, tel.: **(613) 996-1758**, e-mail: suzanne.drisdelle@dfait-maeci.gc.ca.

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