

**SECTOR: Services Not Elsewhere Specified**

**SUB-SECTOR: NEW EXPORTERS TO BORDER STATES**

**Officer: D. Shaw**

**U.S. Market Opportunities:** The U.S. border states represent markets that are rich, diversified and often more conveniently located for Canadian producers than their own domestic markets. The FTA has increased the accessibility of these markets to Canadian SME's but a variety of barriers to entry remain. Some of these inhibiting factors may be intangible, such as differing methods and ethics of doing business, while others are very practical: ie Customs clearance procedures, product labelling requirements and local distribution channels to mention a few.

**Canadian Capabilities:** Each year in Canada, over 30,000 new businesses are formed. Many go out of business just as quickly but a significant percentage establish themselves domestically and go on to provide the majority of new jobs in the Canadian economy. These small and medium sized companies are a major source of innovation and competitiveness and are geographically well placed within 200 miles of major American markets. With progressive implementation of the FTA, nearby markets in the border states will become more and more a logical extension of Canadian companies' home markets. However, knowledge barriers to expansion internationally can be particularly daunting for a small company with limited financial and human resources.

NEBS has been a highly successful educational tool that has assisted thousands of small and medium sized Canadian firms to enter nearby U.S. markets. Studies have shown that about 50% of participants have gone on to make export sales in the year or two following participation. However, the capacity of Canadian border posts to deal effectively with increased numbers of NEBS participants is reaching the saturation point. At the same time ITCs are experiencing difficulty in identifying and qualifying the numbers of export ready companies accommodated in past years. These and other patterns suggest that the NEBS program is in need of refocusing and revitalization.

**Strategy:** The essential educational focus of the NEBS program will be maintained. Increased priority will be accorded to sector specific missions that respond to identified host market opportunities. Geographic limitations on NEBS destinations will be relaxed to permit sector specific missions of screened and qualified potential exporters to such destinations as New York, Cleveland, Chicago and elsewhere on an exceptional basis. Increased attention will be given to publicizing the program to the small business community, to the pre-screening and qualification of participants, pre-mission preparation and especially to post-mission follow-up. The NEBS program will be integrated and coordinated with other federal or provincial trade education and development programs. Reporting and evaluation criteria will also be strengthened.

- Specific NEBS will target U.S investment and strategic alliances in order to attract high technology-based firms to Canada.