

past few years. The product has a clear competitive advantage in the domestic market and foreign markets in relative close proximity. Capacity expansion through new source springs and bottling plants provide it with supply capacity; however, high transportation costs (and more recently, a strong CDN dollar), plus the lack of brand awareness in the local market render it uncompetitive. Therefore, mission resources may be better used in serving another priority sector where Canadian companies demonstrate a stronger competitive advantage.

Can Canadian companies supply the market?

One other example of this condition not being met is lack of sufficient Canadian supply capacity. Some sectors have competitive advantage, there is market opportunity, but the Canadian industry is at or above capacity and cannot provide adequate supply to meet market demand. Canadian wine (and specifically ice wine) products come to mind as a case where there are physical limits to supply, which means that even though there is opportunity in many markets, and the sector has a clear competitive advantage, it can't supply the market demand, so the mission should focus its energies and resources on another priority sector.

Are there export-ready firms able to exploit opportunities?

A final example is that there are simply no Canadian companies that are export-ready or capable of meeting demand in the market. Where long-term market opportunities in many markets exist, the missions should alert the regional offices who in turn can share this information with the regional trade networks to assist in developing and counselling Canadian companies.

Canadian Interest

This side of the triangle is perhaps the one most overlooked by missions in deciding whether a sector is truly a priority. It is a constant challenge to attract the interest of Canadian companies when they have not selected that market as a priority for their own development and expansion. If an insufficient number of competitive Canadian companies are interested in the market, for whatever reason, then mission resources should be concentrated on areas where they *can make more of a difference*.

Canadian businesses have priorities too. What do you do if your market isn't one of them?

In many markets, attracting Canadian interest is a challenge in and of itself. In this case, we would recommend that this be identified in the business plan, and that initiatives be focused on raising awareness of capable Canadian businesses on concrete opportunities in the market. Other leading practices include adopting regional initiatives, "piggybacking" on missions to neighbouring countries (e.g. Poland, and other new E.U. members to try to attract or meet trade missions to Germany) and aggressive use of IBOC to disseminate leads.

When identifying priority sectors, remember all *three* conditions should be present. There should be a clearly identifiable market opportunity; AND, there must be Canadian capability in the sector to exploit that opportunity; AND, there must be interest among capable companies to exploit the opportunities in that market. However, even when sectors meet all three of these criteria, they should not necessarily all be priority sectors.