

The U.S. Connection

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BIO2002

Toronto abuzz with biotech

Like bees to honey, biotech professionals will be swarming to **Toronto June 8-12, 2002**, for **BIO2002** (www.bio2002.org), the largest annual biotech conference in the world. The conference will be a hive of activity, attracting venture capitalists and other investors, biotech companies at all stages of development, policy makers, governmental and non-governmental officials and, of course, scientists. The Canadian government will be there too, taking full advantage of our country's position — front and centre — on the world's biotech stage.

BIO2002 is a creation of the Biotechnology Industry Organization (BIO), a U.S. group, and the largest biotechnology umbrella organization in the world. Canada has, however, slowly but surely worked its way into the top spot as the destination of choice for venture capitalists (VC) in this arena.

In Canada, 10.8% of VC investment is in biotechnology, compared with 2.2% in Europe and 1.2% in the U.S. The Department of Foreign Affairs and International Trade (DFAIT) has been working hard to capitalize on Canada's favorable investment climate and is organizing numerous activities to coincide with **BIO2002**.

Springboard to success

Canadian activities at **BIO2002** will begin before the start of the actual conference with the Springboard Mentoring Program (SMP) for early stage companies. The SMP will focus on preparing firms to develop the kind of strong and effective business proposals that will attract VC. The program will also serve as a network link between these firms and members of the biotech community. Networks will form more easily as a result of the preparation and mentoring.



The program will culminate with short presentations delivered by the firms. A panel of experts in biotech finance, law, human resources, and marketing will critique these presentations and offer suggestions about how to make them more effective.

A networking reception will be held June 11 to enable representatives from Canadian and foreign VC firms with an interest in biotechnology to get to know each other and plant the seeds for future cooperative investments in the Canadian biotech sector. The

reception, which is "by invitation only", will take place in the auspicious Horizon's Café and attendance will be limited to 100 guests.

Meet the experts

Conference participants are invited to visit the Canadian Pavilion to see for themselves just how healthy the Canadian biotech industry is. The pavilion will feature 200 companies, industry associates, research institutes and provincial and federal governments, and 40 trade officers from abroad will be on hand at the Trade Commissioner Service booth to meet with Canadian companies. As well, several regional partnering events will be held on the weekend following the conference. Watch for details in upcoming issues of *CanadExport*.

Close to 800 Canadians — the largest non-U.S. group — visited **BIO2001** last year in San Diego. This year, Toronto will provide an ideal setting to spread the word: Canada is the sweetest spot on earth for investment capital.

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Where are we going?

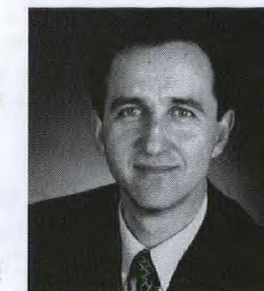
Canada's future export markets

by Glen Hodgson, Vice-President and Deputy Chief Economist, Export Development Canada (EDC)

The future of Canadian exporting is bright, but not all foreign destinations glow with the same intensity. We are in a world of growing trade regionalism, due largely to the practical reality of negotiating complex agreements with many partners. While export opportunities will be found in many regions, Canadians will have their greatest market access advantage in the Americas, building on the success of NAFTA. And our trade with China will test how truly global we are.

American Free Trade Agreement (NAFTA), created a new foundation for investment, efficiency and sales between Canada and the United States.

Canada and the U.S. have enjoyed a boom decade. Looking ahead, Canada-U.S. foreign direct investment (FDI) will grow further and expanded two-way trade will follow.



Glen Hodgson, VP and Deputy Chief Economist, EDC

Canada has ridden the coat-tails of U.S. economic growth for much of the past decade, and exporters have enjoyed the ride. We therefore don't want to reduce exports to the U.S.; we want to expand our exports to and investment in the most open, dynamic economies. So where might Canadian exports and foreign investors find those dynamic opportunities over the coming decade?

Job One: do even more with the U.S.

The first and foremost dynamic export relationship that we will foster and grow over the next decade is with ... the United States.

That may surprise you, given that we already send 87% of our goods exports to the U.S. market. However, the Free Trade Agreement (FTA) with the United States, later expanded to the North

Europe and Japan: not the best candidates
Much as we would like to increase the growth rate of trade and invest with other mature industrial countries, they are not always the best candidates for diversification.

Europe would seem an attractive and logical destination for Canada's exports, based on economic size, real incomes and a shared political history. However, Europe's share of Canadian exports has been declining for more than fifty years, and now represents under 5% of Canadian exports. Why? A principal factor is the impact of European economic integration which has made trade more difficult with outside countries. Canadian exporters will have to work harder therefore to maintain or grow their market position.

Japan, another apparently desirable candidate for enhanced exports, has been mired in the economic doldrums for a decade and might need a full-blown financial crisis to recover.

A few emerging markets

There are excellent opportunities for faster Canadian export growth in selected emerging markets such as Korea, Hungary and Brazil. These countries have their policy houses in order, some degree of political stability and are open to foreign private capital, especially direct investment.

As its economic management principles continue to mature, Mexico has moved to the head of the class for Canadian export growth potential. Canadian exports to Mexico have grown by 14% per annum over the past five years, accelerating to 25% in 2001, and there is every reason to believe that we can sustain this high rate despite perceived differences in business culture.

Finally there is China, which has by far the greatest untapped trade potential for Canadians — and everyone else. Canadian exports

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