

CMHC helps Icynene Inc. with U.S. expansion

Icynene Inc., the Ontario-based manufacturer of a polyisocyanurate foam-based insulation system, celebrated the grand opening of its new facility in Mississauga on June 21, 2003. "This new plant will increase our production capacity to four times the current levels and will allow us to expand our export shipments as this plant is the only production facility for our proprietary formula," said Alan Rankin, Icynene's President and Chief Executive Officer.

The company is one of Canada's leading and most innovative building material exporters currently exporting to the U.S., Japan and Korea. The company is also in the process of developing new markets in Mexico and China. Icynene currently has a dealer network in 46 U.S. states and is expanding its presence. Its products conform to "Energy Star" and is the only insulation material with an enviroidesic certification in addition to complying with the BOCA, SBCCI, NES, CCMC and ICBO uniform building codes.

The Icynene insulation system is sprayed as a liquid and expands to 100 times its initial volume in seconds to create a superior insulation and air barrier, without ozone destroying gases (HFAs or HCFCs) or formaldehyde. It is extremely durable, resistant to mold and mildew and controls air leakage resulting in up to 50% energy savings.

This system has been used for various healthy home projects across the U.S. and was the selected insulation for the American Lung Association's "health houses" in Florida, Michigan, Washington, Oregon, Iowa and Minnesota. Icynene was also the insulation of choice for Orlando House, a Florida-based progressive green building project which displayed the latest environment-friendly and energy efficient building products and constructions.

Icynene is also getting some support from the **Canada Mortgage and Housing Corporation (CMHC)** to expand its operations south of the border. CMHC International is currently

working with Icynene Inc. to conduct Canadian housing technology seminars entitled "Control of Condensation and Mold in Buildings." The seminar



Alan Rankin, Icynene President and CEO, with Mississauga Mayor Hazel McCallion, at the grand opening of Icynene's new facility.

highlights innovative Canadian technologies that impact building performance by improving energy efficiency

and indoor air quality. U.S. architects that attend the seminar receive an educational credit through the American Institute of Architects.

This is one of several initiatives by which CMHC International helps to support and promote the export of Canadian housing products to U.S. markets. CMHC International supports Canadian exporters of building products through its trade missions, match-making activities, market-specific reports, incoming delegations, seminars on distribution channels and building codes and standards.

For more information on the Icynene insulation system, go to www.icynene.com, or e-mail inquiry@icynene.com. For more information on CMHC International's programs for exporters, contact Paulina Barnes, Trade Consultant, CMHC International, tel: **(416) 218-3331**, e-mail: pbarnes@cmhc.ca, or go to www.cmhc.ca.

Export USA Calendar

For information about:

- trade missions to the U.S.
 - seminars on the U.S. market
- Visit the Export USA Calendar at: www.dfait-maeci.gc.ca/can-am/export.

Defence mission — continued from page 1

doors for Canadian defence companies to opportunities in the larger EU market and in Eastern Europe.

Companies participating in the mission will meet with key military and government decision makers and network with potential local partners. Canadian defence companies may also be interested in co-exhibiting at the **C+D Central European Defence Equipment and Aviation Exhibition (www.cplushungexpo.hu/nyito_kiall_eng.php)** held in Budapest from **November 5 to 7, 2003**.

For more information, contact Mona Ip, Canadian Embassy in Warsaw, e-mail: mona.ip@dfait-maeci.gc.ca, Krisztina Molnár, Canadian Embassy in Budapest, e-mail: krisztina.molnar@dfait-maeci.gc.ca, or Martina Taxova, Canadian Embassy in Prague, e-mail: martina.taxova@dfait-maeci.gc.ca.

Canadian Trade Review

A Quarterly Review of Canada's Trade Performance
Second Quarter 2003

This quarterly review reports on Canada's economic growth in the second quarter of 2003, and highlights our trade and investment performance in key sectors and markets.

Canadian Economy Contracts in Second Quarter

The impacts of SARS, mad cow disease (bovine spongiform encephalopathy or BSE) and a stronger dollar rippled through the economy in the second quarter of 2003, as Canadian economic activity contracted for the first time in six quarters. Real gross domestic product (GDP) registered a 0.3% (annualized)¹ decline. Much of the weakness came in April at the height of the SARS outbreak. The economy posted small gains in May and June.

Canada's economy had grown faster than the U.S. economy for the preceding two quarters. This quarter, in contrast, preliminary estimates indicate that U.S. GDP expanded 3.1%.

A slowdown in inventory investment held the Canadian economy back in the April to June period, as wholesalers and retailers built up inventories at a slower pace. More than half of this slowdown was due to motor vehicle inventories. On the other hand, consumer spending and business investment continued to support the economy, although at slower rates than in the previous quarter. Spending on services accounted for three quarters of the increase in consumer spending, while strong demand for housing and renovation activity drove business investment.

The export sector was hit by a series of blows (lower energy prices, soft demand in the automotive and other transportation equipment sectors, BSE, and the impact of a rising dollar) and experienced a sharp downturn, falling 17.9% in current dollar terms, compared with a slight increase the previous quarter. Imports of goods and services were off by a comparable rate, declining 16.7% for the quarter.

The current account balance also worsened in the second quarter, largely as a result of the deterioration of the trade balance.

¹ To make quarterly data comparable to annual data, the quarterly figures for trade in goods and services are adjusted for seasonality and are expressed at annual rates by raising them four times, i.e. seasonally adjusted annual rates - s.a.a.r. All figures, with the exception of investment figures, are expressed on an s.a.a.r. basis, unless otherwise noted.

Table 1: Canada's Economic and Trade Indicators

Percent Change at Annual Rates Second Quarter 2003 over First Quarter 2002	
Real GDP (annualized)	-0.3
Employment (quarterly increase, level)	17,000
Rate of Unemployment (quarterly average)	7.7
Consumer Price Index (second quarter 2003 over second quarter 2002)	
All Items	2.8
Core (excludes food and energy)	2.2
Canadian \$ in U.S. funds (average for quarter, level)	0.7158
Exports of Goods and Services (annualized, current dollars)	-17.9
Imports of Goods and Services (annualized, current dollars)	-16.7

Source: Statistics Canada

Job creation continued, with a net quarterly increase of some 17,000 jobs. The gains came from part-time positions, as full-time positions declined by 3,500. Despite the overall gains in employment, the average unemployment rate jumped to 7.7% from the 7.4% registered in the first quarter.

Inflation tumbled, falling to 2.8% from 4.5% the previous quarter. Likewise, core inflation dropped in the second quarter—from 3.1% to 2.2%.

The Canadian dollar appreciated 8.0% against the American dollar in the second quarter, marking the largest quarterly exchange rate shift in over a half century. The average value of the loonie for the quarter was US\$71.58.

Prepared by the Trade and Economic Analysis Division (EET)



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Canada