# THE ASIAN EQUATION

**Pursuing opportunity or hoping to reduce costs and remain competitive, Canadian business is looking to the East.**

When Research in Motion Limited (RIM) of Waterloo, Ontario, introduced its BlackBerry service to India last October, the company knew it had potential.

Sales of the portable phone and e-mail devices have been exponential in North America; it took RIM five years to reach the 1 million subscriber mark and just 10 months to double it. The same snowball effect in India would add up to jaw-dropping results: some 50 million people in the country subscribe to mobile service, a fairly modest five percent of the population, although between 1.5 and 2 million more sign up each month.

Already, since RIM launched its star product on the subcontinent along with mobile service provider Airtel, business people across corporate India are thumb-typing on their BlackBerrys, with some 50,000 users expected by this spring.

photo: courtesy of Research in Motion Ltd.

Exponential potential: RIM's BlackBerry 7730 handheld is newly available in India and will soon be coming to other Asian markets.

For Patrick Spence, Asia Pacific Vice-President for RIM, this latest move is part of a four-year push into the region. RIM is actively looking for a partner in China, where more than 230 million people use cellphones.

"Participating in those markets is important to our long-term health and viability as a business," says Spence.

Like RIM, almost every sector of Canadian business is compelled to look to the East. Asia Pacific's big markets offer unprecedented opportunity for growth, while the capacity for low-cost production there redefines the terms under which companies the world over compete.

"We are an externally oriented nation," says Bob Keyes, Senior Vice-President International for the Canadian Chamber of Commerce in Ottawa. "It's important we be there."

Market opportunities are to be found with Canada's oldest and most mature trade and investment partner in the region, Japan. Much potential remains untapped in this market, especially with the two emerging giants of China and India. Within the next few decades, China will be the largest economy in the world, followed by the United States and India, reports the Goldman Sachs Group.

International Trade Canada (ITCan) is developing a strategy for these emerging markets, says Kapil Madan, Deputy Director for Trade with the China and Mongolia Division at ITCan. Manufacturers have no choice but to analyze China's effect on their industries, he says. "Frankly, if a company has not considered its China strategy, it is already behind its competitors."

Mega Bloks Inc., a toymaker in Montreal, began buying electronic parts from a factory in Shenzhen in southern China in 1997, to be installed into products in its Montreal plant. By 2002, the company was having its Dragon series of wing-flapping beasts, fortresses and warriors entirely made in Shenzhen, considered the new toy capital of the world.

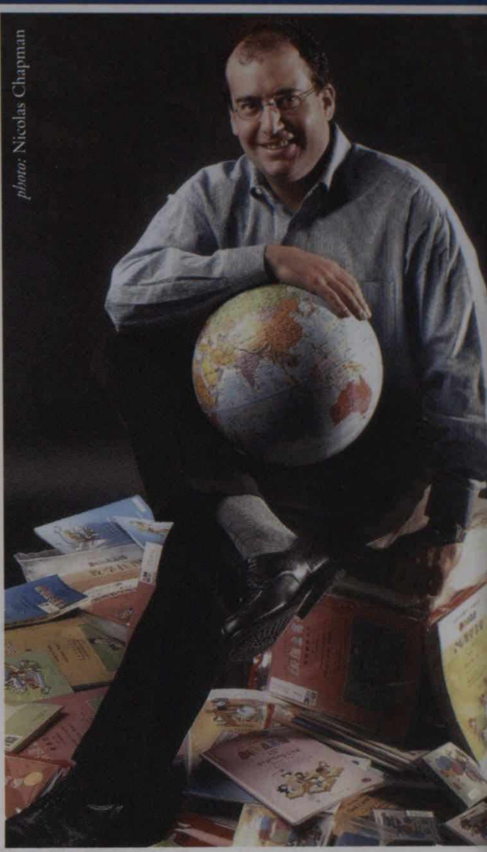

photo: Nicolas Chapman

Building relationships: Michael Kraft, President and CEO of Lingo Media, a textbook company in Toronto, invested time and money and found the right partner to succeed in the Chinese market.

Eric Phaneuf, Manager of Finance and Investor Relations for Mega Bloks, says that having some of its products made in China allowed the company to carve out a place for itself in a market dominated by toy multinationals. The Mega Bloks staff of 1,000 in Montreal has remained stable, but there are now fewer plant workers and more engineers, industrial designers and marketing experts.

Manufactured goods are only one element of the Asian trade and investment equation. Resources figure prominently; forest products, minerals, potash, wheat and other agricultural products are a major part of Canadian exports to the region, and resource-hungry economies