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Building on a solid foundation:

Future is bright for Chicago-Canada relationship

With instability threatening many of the world's major oil-producing regions, Chicago's economy enjoys the rare benefit of importing about half of its petroleum from a nearby friend: Canada.

And as high oil prices worldwide accelerate the development of Canada's vast reserves, America's third-largest metropolitan economy will likely be fueled increasingly from the north via secure pipelines crossing our friendly border.

"The commercial and industrial capital of the American Midwest has from its earliest days been tied economically to Canada—first by water, then by rail, air, fibre optics and pipeline," says Paul O'Connor, Executive Director of World Business Chicago, a not-for-profit economic development corporation chaired by Chicago Mayor Richard M. Daley.

see page 2 - Chicago-Canada



Chicago

Canadian Consulate and Trade Office opens in Sapporo

In February, Canada's Ambassador to Japan Joseph Caron officially opened the new Canadian Consulate and Trade Office in Sapporo in the Hokkaido prefecture. He was accompanied by Yutaka Hayase, Director of the Japan External Trade Organization in Hokkaido, and Peter MacArthur, Senior Trade Commissioner at the Canadian Embassy in Tokyo.

"The opening is a renewal of Canada's commitment to Hokkaido which will further promote and solidify its relationship with this region of Japan," says Ambassador Caron. "The new Canadian Consulate and Trade Office can now provide better services to Canadian clients and Japanese contacts with the hope that this will generate more business for Canada."

In 2005, Alberta and Hokkaido celebrated the 25th anniversary of their sister province/prefecture relationship. Many cities in Alberta have special relationships with cities in Hokkaido and provide mutually beneficial economic and cultural opportunities for growth and understanding.

For more information, contact Shinichi Tsujio, Trade Commissioner, Canadian Consulate and Trade Office in Sapporo, tel.: (011-81-11) 708-8702, fax: (011-81-11) 708-8702, email: jpn.commerce@international.gc.ca, website: www.infoexport.gc.ca/jp.



International Trade
Canada

Commerce international
Canada

Canada

Chicago-Canada - from page 1

Market overview

Today, Chicago's home state of Illinois is Canada's fifth-largest export market, just behind Japan. In 2004, Canada exported \$21.2 billion to Illinois, up just under 20% from the preceding year. While crude oil, petroleum and trucks led the list of exports, virtually every category of Canadian production found a market in Chicago's economy.

Illinois exports to Canada grew by just over 7% across a broad spectrum of goods totaling \$11 billion. Not surprising perhaps is that a high volume of two-way trade is in automotive-related manufactured goods.

Not well appreciated is the huge international trading area of what World Business Chicago calls North America's mid-continental economy, comprising Ontario and the Great Lakes states of the American Midwest—among which an impressive \$3.1 trillion of business was done in 2005.

Ann Charles, Canada's Consul General in Chicago, and her colleagues have been working with Chicago's non-profit World Business Chicago economic development organization to heighten awareness of the importance and vitality of this growing two-way marketplace. Staff on both sides are working together closely to facilitate greater trade and investment.

On the Illinois side, exports to Canada were responsible for 237,000 jobs. And at last count, Canadian companies employed 268,000 in Illinois. In the nine-county Chicago metropolitan economy, 191 Canadian companies operated at 620 locations. Perhaps ironically, U.S. bank mergers have resulted in Bank of Montreal-owned Harris Bank advertising itself as Chicago's remaining home town bank. Harris is metro Chicago's largest Canadian-owned employer.

"The Harris Bank case is a good example of a huge but largely invisible relationship, a situation that suits a substantial number of business people who are content to go about quietly growing their businesses on both sides of the border," says O'Connor.

In fact, the Canadian Club of Chicago has, along with the Consulate General, been providing a sense of community since 1942 for ex-pat business executives. Also, with 51 daily nonstop flights linking Chicago and Canada's leading business centres, access to this huge market has never been easier.

The Canadian Consulate General in Chicago has worked aggressively in recent years to match emerging companies in growth sectors like life sciences, nanotechnology, and biotechnology, with cutting-edge counterparts in the Midwest. In fact, BIO2006—the biotechnology conference and exposition in Chicago taking place this week—expects to attract many businesses from across Canada.

One of the most significant developments for Canadian exports to the region has been the Atlantic provinces' discovery of Chicago's welcoming and eager marketplace. Historically, these provinces have focused their trade development efforts in New England, but after a successful export promotion exploration led by east coast premiers, Chicago has become a prime area for development. This is just an example of how much two-way market potential remains to be tapped.

"Business is good and getting better," adds O'Connor. "And in a troubled and unpredictable world, it's good to know that the greater portion of one's prosperity can be had by doing business with old friends."

For more information, contact the Canadian Consulate General in Chicago, tel.: (312) 616-1860, fax: (312) 616-1878, email: chcgo-td@international.gc.ca, website: www.international.gc.ca/chicago, or World Business Chicago, website: www.worldbusinesschicago.com.

Going to the market:

Establishing a direct-sales presence in the U.S.

All direct-sales strategies target the end user, who may be an individual, another company or a level of government. Depending on your product, you have a range of strategies for exporting to the United States.

One is to establish a U.S. presence, either by opening a branch of your company or by establishing a separate U.S. subsidiary. You'll need a lawyer well acquainted with American law to do this, but it will (for example) allow you to set up a retail outlet right in your target market. Your business will also seem more "American," which can help attract customers.

You can also sell by catalogue or by direct mail. In the first case, you produce a catalogue and distribute it using a well-targeted mailing list. In the second, you send promotional material to many potential customers, again using a mailing list. In both cases, you'll need a mechanism to take orders and payments, and a way to handle returns.

Another option is to use the Internet as a sales channel. Doing business electronically can be very convenient, but you'll still have to deal with traditional export procedures such as cross-border shipping and customs regulations. Furthermore, you'll need to convince potential customers that their transactions with you are secure, and that you'll protect their privacy and personal information.

If your business takes you to a lot of U.S. trade shows, this might be a fruitful sales opportunity. However—and it's very important to remember this—unless you have a U.S. work visa, you can't take money for your goods while you're in the U.S. You can, though, take orders for your goods, for later shipping from Canada.

Payment and after-market service

Successful direct selling requires efficient methods of dealing with payments, returns and warranties. To begin with, you'll need to handle payments in U.S. funds, possibly by converting them to Canadian funds when you receive payment, or by using a U.S.-dollar account at your Canadian bank. Or you could simply set up a U.S. bank account.

Inevitably, some products will be returned. You could manage these in several ways: by having the buyer ship them back to Canada, by renting a U.S. warehouse to store them pending shipment to Canada, or by subcontracting a U.S. company to deal with them. While the costs of a return policy—such as customs-brokerage and shipping fees—can be quite high, many consumers won't buy from a business that doesn't accept returns. As for warranties and guarantees, you might consider hiring a U.S. subcontractor to handle repairs and replacements, rather than doing it yourself.

Selling services directly

Service exporters can often do well in direct sales by contracting their expertise directly to American clients. Deciding whether to do this will depend on the nature of your service, the resources available to you and the particular U.S. market you're entering.



To succeed with this approach, you'll need to establish an awareness of your firm in the target market and demonstrate your credibility, competence and professionalism. And, as with any customer, you'll have to ensure that your management and staff are sensitive to the culture, values and business practices of your U.S. clients.

For more information on doing business in the U.S., be sure to consult *Exporting to the United States*, the comprehensive online guide from Team Canada Inc. You'll find it at <http://exportsource.ca/unitedstates>, or you can call the Export Information Line at 1 888 811-1119.



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Virtual Trade Commissioner
Access a World of Trade Knowledge

Habits of highly successful exporters

What habits are linked to export success? Is it all risk-taking and dynamic deal-making? How important is it to look before you leap? We interviewed three Canadian companies, and found they all place a high value on researching their target markets. And all three have tapped into a source of information specific to their sectors and markets through Canada's Market Research Centre to assist them in making informed decisions related to international business—a service available online via your Virtual Trade Commissioner.

For Vancouver-based **Falstaff Enterprises**, a consulting and communications services business, market research is not only key to the company's past success, it has become an integral part of owners Hendrik Slegtenhorst and Gloria Steel's strategy for the future.

The husband and wife team is carefully developing a comprehensive plan to export primarily artistic goods to target markets in Europe and the U.S. As with any owner starting a new venture, the accuracy and timeliness of their information sources is essential.

"The market reports I've downloaded have been thorough, current and of exceptional quality. One report in particular was right on the money. It helped me update and refine my research," says Slegtenhorst, who has configured his business profile within the Virtual Trade Commissioner to alert him to specific market overviews and briefs. "It would be nice to follow what the motivational speakers say—just think it and it will happen—but that's not realistic. You have to learn everything you can before you make your move."

Kevin Russell, Vice President of **Avcorp Industries Inc.**, which designs and builds aircraft structure assemblies for clients like Boeing, Cessna and Bombardier, knows he could search for similar market information elsewhere, but notes it would take more time and money. With 650 employees at its Delta, B.C. facility,

annual revenues of about \$100 million, and 50 years in the global aerospace industry, Avcorp didn't get this far without being careful as well as confident.

"If we can access credible market research in one place, we're there," says Russell. "These reports are part of the preliminary groundwork you've got to do, and we always do as much homework as possible before we enter a market."

WorleyParsons Komex, a mid-sized environmental consulting company with offices in Calgary and abroad, also follows a "leave no stone unturned" approach where market research is concerned.

"We've drawn a range of useful data from these reports: market dynamics, cultural aspects, business climate, key players and legislative frameworks, to name a few," says Roy Hunt, engineer and spokesperson for WorleyParsons Komex. "To evaluate a new market we'll look at all the available information from our various sources. However, these market reports in particular offer a credibility and a Canadian perspective that's not available elsewhere."

Judging by the feedback from these three companies, doing your research using trustworthy sources may be obvious advice, but it bears repeating. One company described exporting as a bit like skydiving—better to learn all you can before you make the jump.

The Trade Commissioner Service's Market Research Centre offers more than 900 market information products, available online via your Virtual Trade Commissioner. To register, go to:

www.infoexport.gc.ca

SUPPLEMENT
CANADEXPORT

MEXICO

A FULL
CONTINENTAL
PARTNER

APRIL 2006

❖ The Canada-Mexico relationship is no longer just about the North American Free Trade Agreement (NAFTA). The unrivalled NAFTA success that has bound the two partners together since 1994 now underscores the even broader and deeper relationship of the Security and Prosperity Partnership (SPP) and the Canada-Mexico Partnership (CMP). The future for this strategic partnership could not be more promising.

Inflation has been tamed in Mexico, declining from 9% in 2000 to nearly 3% in 2005, and the peso has performed with strength and stability. Growth in 2005 was 3.3 percent. Mexico's enthusiastic liberalization of its economy has led it to sign 12 free trade agreements with 43 countries, becoming the world's eighth-largest trader. These developments separate Mexico from most other emerging markets, promising continued security and dynamism in the face of global competition.

As the Mexican population increases to 130 million by 2030, growth will centre in urban areas, exerting pressure on infrastructure and services and increasing the demand for housing, furnishing, agri-foods and consumer goods.

Canada is Mexico's second-most important export market, while Mexico is now Canada's fifth-largest export destination. The past

decade has seen record growth in trade, two-way trade in 2005 was an estimated \$17.8 billion. This growth and success, complemented by the stabilization of Mexico's economic and financial prospects, will contribute to the future promise of opportunities south of the Rio Grande.

Mexican presidential and legislative elections will take place on July 2, 2006 and all major parties have expressed a desire to work closely with Canada.

International Trade Canada (ITC), in collaboration with other government departments, federal agencies, provincial governments, associations and other contacts, is developing a five-year commerce strategy for Mexico. The strategy, developed in partnership with our private sector and with Mexico, targets a 50% increase in bilateral trade and a doubling of bilateral investment by 2010.





OIL AND GAS

Petróleos Mexicanos (PEMEX), the state-run oil monopoly, faces serious pressure to upgrade production infrastructure and develop oil and gas fields. In particular, Canadian companies with expertise in non-associated gas, enhanced oil recovery, deep-water drilling, oil and gas safety and environmental protection will find demand for their products and services—with either PEMEX, or through Mexican suppliers to PEMEX.

PEMEX is undergoing a multibillion dollar investment in pipeline installation and maintenance to repair approximately 60% of its 61,000 km pipeline network. These infrastructure needs are made even more pressing as the government moves to enhance refining capacities within the country.

From February 12 to 17, 2006, ITC led a successful Canadian oil and gas pipeline mission to Mexico, focused on pipeline construction, maintenance and replacement as well as safety and environmental standards.

❖ **Additional information and procurement opportunities can be found at:**
www.pemex.gob.mx and www.compranet.gob.mx.

Upcoming Events:
Petroleum Exhibition of Mexico – Nov. 7-9, 2006.
<http://www.oilonline.com/mexico/default.asp>.

BUILDING PRODUCTS AND CONSTRUCTION

The housing market represents one of the most dynamic sectors in Mexico. The largest part of this market corresponds to low-cost housing, although the middle and high-end segments have also experienced significant growth. Due in large part to the changing demographics in Mexico and the increased availability of credit for mortgages and home renovation loans, it is estimated that the demand for houses until 2010 will be almost 800,000 a year.

As the middle class in Mexico grows, opportunities exist for higher-end products in this sector. Some of the best prospects are wooden and PVC doors and windows, electrical fixtures, thermal insulation, finishing materials and components. Wood products, such as structural engineered wood and wooden furniture, are also becoming increasingly popular.

❖ **Upcoming Events:**
EXPO CIHAC (Mexico City), October 17-21 2006
www.cihac.com.mx (Canadian pavilion on site)

INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT)

Mexico's ICT sector grew 15.8% in 2005 and is expected to grow 10.5% in 2006. This performance is driven by growth in telecommunications services, consumables and equipment.

Overall, telecommunications services account for 64% of market value in the Mexican ICT market. Most telecom equipment is imported. Main opportunities exist in mobile applications, voice over IP (VoIP), virtual private networks (VPNs) and Internet services.

In Mexico, large companies account for 52% of total IT spending, government spending accounts for 13% and small and medium-sized enterprises (SMEs) make up the remainder. Since 91% of Mexican companies have 15 or fewer employees and most lack personal computers, access to IT infrastructure is limited. Several private and public initiatives now exist to encourage SMEs to adopt ICT as part of a strategy to increase the country's competitiveness. Software applications such as enterprise resource platforms (ERPs) and business intelligence, as well as e-commerce, logistics solutions and IT security infrastructure, are increasingly in demand.

Currently, the Internet penetration rate in Mexico is 13.8%, or nearly 17.1 million users. The goal of the government's e-Mexico initiative is to have 98% of Mexican citizens on line by 2025. Opportunities for network and PC manufacturers, software-development companies and broadband communications (DSL, cable, Wi-Fi) providers are poised to rise with Mexico's increasingly middle class and technologically savvy market growth.

In February, Canadian companies from the ICT sector exhibited at Expo Comm 2006 and many took advantage of the matchmaking services offered through the Canadian Trade Commissioner Service at the show.

❖ **Upcoming Events:**
EXPO COMM (Mexico City) – February 13-16, 2007:
www.expocomm.com/mexico/
(Canadian Pavilion on site)



AGRI-FOOD

If you haven't been a part of Canada's rocketing agri-food trade with Mexico over the last few years then you've been missing out—the good news is that opportunities continue to expand and Canada's trade with Mexico is increasing rapidly. Mexico's agri-food import market is a massive US\$14.3 billion (2004), ranking it as the world's sixth-largest importer of food products. The fact that this import market continues to grow (5.9% last year), along with NAFTA duty-free access for almost all agri-food products, creates opportunities for Canadian agri-food exporters. Canada's export growth has been outstanding, increasing 58% year over year to \$1.5 billion in 2004. Canada is the second most important supplier of agri-food to Mexico, behind only the United States.

While Canadian exports to Mexico reported growth in all the agri-food and seafood product categories in 2004, the most impressive

ENVIRONMENT

The Mexican environmental market is expected to grow 10% annually from 2005 to 2007, generating significant opportunities for Canadian companies.

Although federal legislation requires cities of over 20,000 inhabitants to develop water treatment systems by 2007, most municipalities do not have the required infrastructure. Over 150 municipalities have approved plans to comply with new standards, thus generating opportunities for Canadian companies. Federal and state authorities are also putting pressure on municipalities to modernize their waste-management capabilities through controlled disposal sites, waste reduction and

FORESTRY

Mexico is increasingly dependent on imported wood products (over \$1.2 billion per year). More than half of total imports come from the U.S., a market that is becoming increasingly vulnerable to growing Canadian competition in both hardwood and softwood exports. Canadian wood exports to Mexico increased by 38.7% from 2002 to 2004. Exports reached almost \$57 million in 2004. Both deforestation and Mexico's substandard infrastructure—including a lack of logging and production equipment—are increasing Mexico's reliance on foreign sources.

❖ **Upcoming Events:**
Global Buyers Mission 2006 (Whistler, BC)
September 7-9, 2006
www.bcwood.com/Prod/AGMs/AGM05/gbm05main.asp
Expo Forestal (Veracruz, Mexico)
September 28-30, 2006
www.expoforestal.com

category was the 93% growth in value-added, consumer-ready food products. Mexico's growing middle and upper classes—representing more than 25 million consumers—are a key market for consumer-ready products, especially given the proliferation of modern hypermarkets, supermarkets, resorts and restaurants throughout Mexico.

Canadian companies are well positioned to continue this success. A good entrance strategy is the Canadian Pavilion at the Alimentaria International Food and Beverage Show.

❖ **Upcoming Events:**
Alimentaria 2006 (Mexico City), June 6-8, 2006
www.alimentaria-mexico.com
(Canadian pavilion on site)

more efficient waste-collection services. The solid waste-management industry offers opportunities in the areas of bio-gas generation and hazardous materials transport, confinement and recycling.

The presence of millions of tires in dumpsters and landfills represents a huge environmental problem in Mexico. Although the Mexican government has not yet dealt with this issue, Canadian companies that can develop good business models for tire recycling, reuse or conversion should have a competitive advantage.

❖ **Upcoming Events: EnviroPro 2006 (Mexico City),**
September 27-29, 2006 www.enviropro.com.mx

In addition to wood product exports, Canadian expertise in forestry services is sought in such areas as brigadier training, fire combat services and equipment, geographic information systems (GIS), carbon credits, education training programs and technologies, and forest inputs. Canadians have an excellent reputation in Mexico and are acknowledged as a global forestry leader.



ADVANCED MANUFACTURING TECHNOLOGIES (AMT)

For the past seven years, Mexico has imported \$23 billion in capital equipment each year, testament to the fact that AMT is a driving force behind the Mexican economy. Approximately 16% of Mexican GDP is produced by the manufacturing sector, which is turning to technology to meet growing international competition. However, very few Mexican companies produce AMT, so 80% must be imported.

The automotive and plastics industries are drivers of Mexico's manufacturing sector, but other opportunities lie in appliances, packaging, electronics and the emerging aerospace sector. A large window of opportunity exists in the Maquiladora industry (2,400 manufacturing companies, mostly foreign, located in the border region with the U.S.), where highly technological manufacturing processes, not available in Mexico, are in demand.

Opportunities for SMEs exist in vertical software and ERP solutions. Other technologies in demand include prototyping, test equipment, peripherals (brushers, washers), probes, etc. Also, sales in the AMT high-end segment look promising, particularly for CAD/CAM software, moulds, tools and dies, computerized numerically controlled machines, automation and robotics machinery.

Upcoming Events:
ISA ExpoControl (Mexico City) June 13-15, 2006
www.isaexpocontrol.com

Expo Manufactura (Monterrey, Mexico) March 2007
www.expomanufactura.com.mx

TECMA (Monterrey, Mexico) March 6-9, 2007
www.tecma.org.mx

UPCOMING EVENTS

Second Annual North American Summit Hemispheria
Winnipeg, May 31-June 2, 2006
www.hemispheria2006.com

The International Economic Forum of the Americas
Conference de Montreal
June 5-8, 2006
www.conferencedemontreal.com

VII International Mining Congress
Hermosillo, Mexico
October 17-20, 2006
Contact:
mexico.commerce@international.gc.ca

Canada-Mexico Partnership

The Canada-Mexico Partnership (CMP) was launched on October 24, 2004, within the context of the 60th anniversary of our diplomatic relations and the 10th anniversary of NAFTA. It complements the strong advances already made under NAFTA and the trilateral Security and Prosperity Partnership (SPP).

In September 2005, the Prime Minister of Canada hosted Mexican President Vicente Fox in Vancouver, where they received a report of accomplishments from representatives of the CMP's five working groups: competitiveness, sustainable cities, housing, human capital, and agribusiness. During this event, a new working group on energy was established. Furthermore, the competitiveness working group announced its goal of increasing bilateral trade by 50 percent and doubling investment by 2010. The first CMP Report to Leaders highlights a year's worth of collaboration and accomplishments. For a full account of the working groups' results and objectives, please visit www.itcan-cican.gc.ca/cmp-en.asp.



The CMP unites business leaders, key economic actors and senior policy makers from the private and public sectors of both Canada and Mexico to foster the creation of strategic networks and partnerships and to promote dialogue at senior levels. This relationship has permitted further cooperation on everything from bilateral trade, investment and business-to-business links to housing, water infrastructure, student mobility and citizen-focused government.

On March 7 and 8, 2006 all six CMP working groups met in Mexico City to discuss progress and accomplishments and set priorities for the coming months. The meetings culminated with a CMP luncheon hosted by the Mexican government as well as a reception at the residence of Canada's Ambassador to Mexico, Gaetan Lavertu. In a parallel event, Canadian and Mexican CEOs as well as senior government officials, met with the President of Mexico, Vicente Fox, to discuss bilateral commerce and the challenges of competitiveness.

NEW INITIATIVES

THE HALTON REGION EXPORT PROGRAM FOR MEXICO

The Export Alliance, to be launched in April 2006, will offer a unique approach to export market diversification. Begun as a core partnership between Halton region, ITC, Ontario region, Export Development Canada (EDC), Sheraton College and the Trade Commissioner Service (TCS) abroad, the Export Alliance will welcome other regional trade and investment stakeholders to participate as partners in international business development initiatives. The objective of the *Export Program for Mexico* pilot project is to identify a select number of Halton region companies that are active exporters to the U.S. and assist them with their efforts to further diversify their exports.

"The majority of Halton region's 1,100 exporters sell to the U.S. market. It is our objective to help companies acquire the knowledge and experience to expand their export activities beyond the U.S. marketplace," said John Ayling, Director of the Halton Business Development Centre. Since Canada enjoys a natural link to Mexico through NAFTA and because of Mexico's advantageous position as a gateway to the broader Latin American marketplace, it was chosen as the target market for this initiative. The long-term objective is to build on the success of this initiative and replicate the formula for other international markets.

Halton region and ITC will work with the selected companies to develop product and service profiles, identify specific opportunities and develop market entry strategies. These efforts will be supported by EDC and by business students from Sheraton College who will work on gathering market intelligence and developing market entry strategies. From there, the TCS in the three Canadian missions in Mexico will work with the companies to identify potential partners and to facilitate their introduction.



IT/SOFTWARE VIRTUAL TRADE MISSION QUEBEC-MONTERREY

Late in 2005, a virtual trade mission (VTM) was organized by ITC's Quebec Regional Office and the Canadian Consulate General of Monterrey, Mexico. This marked the first time these two bodies worked in cooperation with two key economic development agencies, Laval Technopole and Economic Development of the Longueuil region (DEL). The VTM showcased four Quebec companies to 15 IT distributors/representatives from Monterrey. Maude Martin, Director of Laval Technopole, says, "The VTM gives companies the strategic information they need to go further in this market. It helps start serious discussions with potential representatives. These discussions are ongoing. We find this stimulating because it lets our companies test markets first-hand without spending considerable time and money."

This VTM proved that collaboration between organizers benefits everyone involved. Alonso Restrepo, International Trade Commissioner at DEL Export, commented that "the synergy this partnership created is impressive. Cooperating seamlessly together brings out the best value from each partner. For example, Monterrey gave us feedback we required to match our companies with the best potential partners. Their intimate knowledge of the sector helped us do our part."

Claude Coté, Director of Sales and Marketing from participating company INFO-KIT Technologies, can attest to the value of this VTM. "The VTM gave INFO-KIT the opportunity to lay the groundwork in this region, which it sought to do for quite some time. In fact, a local representative was recruited and is presently part of the company's team of business development in Mexico."

Positive follow-up surveys were received by all participants, and more VTMs are being planned for 2006.



SUCCESS STORIES

QNX: SOFTWARE SUCCESS IN MEXICO

QNX Software Systems is a global software provider that offers secure, reliable operating systems for everything from cars to medical instruments to the International Space Station. Headquartered in Ottawa, QNX has been serving the complex needs of the embedded market—with millions of installations worldwide—for more than 25 years. QNX currently has 35 distribution partners around the world.

In early 2003, QNX decided to explore possibilities in Mexico and contacted the Canadian Consulate in Guadalajara to enlist the help of Trade Commissioner Fernando Banos, who prospected potential representatives that could help QNX refine and implement their market entry strategy. This helped QNX find *Gopac Soluciones Integrales S.A. de C.V.*, and a partnership was formed. Gopac is now a “charter distributor” of QNX products and represented QNX at a software seminar in 2004 and an AMT seminar and matchmaking in 2005, both organized by the Canadian Consulate in Guadalajara.

“QNX wanted to put its best foot forward in the Mexican market, and the Canadian Trade Commissioner Service made that possible, by breaking down barriers and quickly identifying the most appropriate distribution partners for our products,” said Kimm Krueger, Director of Indirect Sales Channels at QNX. “Thanks to Fernando’s help, and to the expertise of our distributor Gopac, we are now well positioned to achieve our growth targets in Mexico.”

Raúl Gómez, Director General of Gopac, could not agree more. “Our relationship with QNX has been a successful business experience since day one. They have the best and most reliable product in the market for RTOS and a great engineering and commercial team.” Together, Gopac and QNX have secured contracts with some of Mexico’s most innovative companies.



NOURISHING SUCCESS FOR CANADIAN AGRI-FOOD COMPANIES IN MEXICO

Canadian agri-food companies will find ample opportunities for success in Mexico. Just ask the Northern Quinoa Corporation (NorQuin) from Kamsack, Saskatchewan. In 2003, they opened an importation and distribution office in Monterrey, after participating in a trade mission to Monterrey and exhibiting in the Canadian Pavilion at the Alimentaria International Food and Beverage Exhibition in Mexico City. Now, their vacuum-packaged NorQuin brand milled flaxseed product is found throughout Northern Mexico in stores such as GNC, H.E.B., Sanborns and Soriana.

According to NorQuin, “Alimentaria gave us extraordinary exposure to the best food distributors in Mexico.” Many other Canadian companies that have exhibited at Alimentaria would agree. In 2005, the pavilion more than doubled in size from the previous year, with 23 Canadian companies and organizations participating. With direct contact to more than 10,000 buyers whose purchasing budget exceeds \$300 million, exhibiting Canadian companies have access to some of the most important players in the Mexican agri-food sector.

Maxi Canada, an innovative Montreal company specializing in processed chicken products, can also attest to the positive impact of exhibiting in the Canadian Pavilion. Maxi Canada’s Vice President of Sales and Marketing, Steven Silverman, commented that “Alimentaria is a great vehicle to see who is out there and understand the market. During the show we were delighted with the high-calibre decision makers that we were able to connect with.” Through one-on-one matchmaking services offered by the Government of Canada, Maxi was able to solidify contact with key decision makers at Wal-Mart and Sam’s. More importantly, the “Alimentaria experience” allowed exposure to key players in the marketplace as well as a very successful launch of Yummy Chick’n Teasers.



INTERVIEWS

COMMENTS FROM JOANNE BUTLER, PRESIDENT OF THE CANADIAN CHAMBER OF COMMERCE IN MEXICO (CCCM)

Advice... Mexico is a country with amazing opportunities. Canadian companies should thoroughly research their market potential, making use of the many readily available products from the Internet. NAFTA has levelled the playing field and provides clear and transparent rules for doing business, but companies must prepare well to ensure that they understand the processes involved. Canadian companies entering the market should also draw on the support the Chamber and its members can offer, such as contacts and counselling.

Mexican Perception of Canadian Business... The Canadian business community is recognized as adapting well to both the culture and the language. Mexican clients tend to identify with Canada since we share the U.S. as our largest trading partner.

Canada-Mexico Relationship... As NAFTA turns 12, we are beginning to look beyond the trade agreement at ways to improve and enhance our regional competitiveness and to reinforce and build on existing commercial and political links. CCCM and its members have taken an active role in the CMP to improve opportunities for economic development and investment. We need to continue looking for ways to improve our competitiveness, to improve productivity through regulatory cooperation, and to reduce the costs of doing business by the more efficient movement of goods and by promoting sectoral collaboration in a number of areas.

Services Offered by the Chamber... The mission is to facilitate trade and investment between the two countries. It offers on-the-ground support to Canadian companies that are doing business with Mexico, or even thinking about it. As well as hosting high-level business events, the CCCM offers matchmaking and market reports to companies interested in Mexico. The CCCM also has contacts in various fields that can help mentor Canadian businesses that are still getting their feet wet. In fact, there are CCCM Chapters in Mexico City, Monterrey, Matamoros and Guadalajara with almost 400 members nation-wide.

CCCM Events for 2006

Monthly events

- Breakfast conference
- Networking cocktail
- SME workshop

Flagship events

- CANCHAM Day – 2006 CEO Forum on Competitiveness (keynote speaker President Fox)
- Lobster gala dinner (fundraiser)
- Canadian Thanksgiving gala dinner



For more information: www.canchammx.com

THE MEXICO-CANADA CHAMBER OF COMMERCE (IN MONTREAL)

The chamber is a non-profit organization dedicated to promoting trade and investment between Mexico and Canada. Members are kept abreast of all aspects of the Mexican economic and commercial climate and enjoy many benefits, including networking cocktails and conferences with high-level executives and government officials, access to valuable key contacts in Mexico and Canada, facilitation of matchmaking, and the possibility of promotion and advertising through the Chamber.

The Chamber also assists Canadian and Mexican companies in joint ventures, finding financial support from both governments, investment projects, developing new markets, and looking for distributors and agents of both products and services.

The Chamber will hold breakfast conferences throughout 2006 focusing on topics such as financing in both countries, logistics, border issues, success stories and opportunities. Two major events planned for this year are Tequila Night in September and Success Story: Mexican Wine in November. The traditional Mexican Christmas party, *La Posada Navideña*, is held in December.

For more information, contact:
Maria Esperanza Zuccolotto
Interim President: Mexico-Canada Chamber of Commerce
ccmc03@hotmail.com

EXPORT DEVELOPMENT CANADA



EDC is a Crown corporation that provides trade finance and risk management services to Canadian exporters and investors. It helps to assess the long-term potential and manage the increasing complexity of exporting. In Mexico, EDC assisted 420 Canadian exporters and investors in 2005, with services totalling over \$1.7 billion. Nearly 90 percent of EDC's customers are smaller companies. EDC's financial services include credit insurance, bonding and guarantees, political risk insurance, direct loans to buyers and lines of credit in other countries to encourage buyers to "buy Canadian". EDC also provides limited recourse financing arrangements, and joint ventures for projects involving long-term leasing arrangements and equity participation.

For more information, visit: www.edc.ca.

CIDA-INC

Canada has contributed over \$100 million in development assistance to Mexico since 1960. Active among Canada's development cooperation partners is CIDA's Industrial Cooperation Program, CIDA-INC. The principal motivation of CIDA-INC projects is to encourage the industrial and technological development of eligible countries through the promotion of technology transfer, technical training, and, most essentially, strategic alliances between Canadian and local firms. The program typically has about 20 active projects at any given time in different parts of Mexico. Included among these is the \$600,000 commitment CIDA-INC and private-sector partners have contributed toward a bulk water supply project in the Lower Rio Bravo region of northern Mexico and the \$350,000 committed by CIDA-INC for a 2005 feasibility study on transforming a waste dump into a green energy facility in the northern city of Matamoros.

For more information, visit: www.acdi-cida.gc.ca/inc

IMPORT-EXPORT DATA

Canada-Mexico Facts

Exports to Mexico: \$3.24 billion (estimate for 2005); \$2.99 billion (2004)

Imports from Mexico: \$14.6 billion (estimate for 2005); \$13.4 billion (2004)

Canadian Direct Investment in Mexico: \$2.8 billion (2004)

Mexican Direct Investment in Canada: \$427 million (2004)

Visitors from Canada: 754,000 (2004)

Mexican visitors to Canada: 169,000 (2004)

Immigration to Canada: 2,258 (2004); 1,754 (2003)

Mexico Facts

Population: 106,451,679 (2005)

Cities: (Capital) Mexico City - 20 million (metro area)

Guadalajara - 4 million (metro area)

Monterrey - 3.15 million (metro area)

Total Area: 1,972,550 km



THE CANADIAN TRADE COMMISSIONER SERVICE / LE SERVICE DES DÉLÉGUÉS COMMERCIAUX DU CANADA

CONTACTS IN CANADA AND MEXICO

Contacts in Mexico

Canadian Embassy in Mexico
mexico.commerce@international.gc.ca

Canadian Consulate in Monterrey • monterrey@international.gc.ca

Canadian Consulate in Guadalajara • gjara@international.gc.ca

Export Development Canada Offices in Mexico

Mexico City • dfortney@edc.ca

Monterrey • nelizondo@edc.ca

Contacts in Canada

International Trade Canada – Mexico Division
war@international.gc.ca

Relevant websites

Mexican Embassy in Canada • www.embamexcan.ca

Canadian Embassy in Mexico • www.canada.org.mx

The Canadian Trade Commissioner Service • www.infoexport.gc.ca

Access country-specific information, including hundreds of market studies and profiles

Team Canada Inc • www.exportsource.gc.ca

A great source of information to help prepare companies for export opportunities

Finding your niche in international markets

Everyday, it seems that the stakes in international business get higher and the competition becomes fiercer. On some levels of international business, this may be the case; however, there are abundant opportunities for Canadian product and services firms in lucrative markets around the world. The key is finding your niche.

Developing a specialized product or service or focusing on an underserved market can create different competitive advantages for Canadian businesses of all sizes.

A niche is defined as "a place, employment or activity for which a person or thing is best suited." This term has been adapted to marketing to describe specialization in narrowly focused products and services. It is also used to describe focused markets for these specialized products and services.

For example, a Canadian company that designs and manufactures portable photovoltaic cells for solar energy collection is not producing a mass appeal product that you would find at the local department store. The company is producing a leading edge renewable energy product that is in demand in certain areas where alternative and renewable energy sources are becoming a necessity. It is also producing a valuable product for remote environments that require an energy supply. The company has found a niche that is not being widely addressed because it is perceived as too small. Yet when the company begins to research potential clients on a global scale, the business can be quite lucrative.

Niche marketing is a valuable strategy for Canadian firms that are exporting or are considering exporting. Canada's largest corporations are often secondary players to foreign firms in terms of size and resources. Offering better service, better quality products and more competitive prices can help offset some of this disadvantage. However, it remains difficult to compete on a global scale.

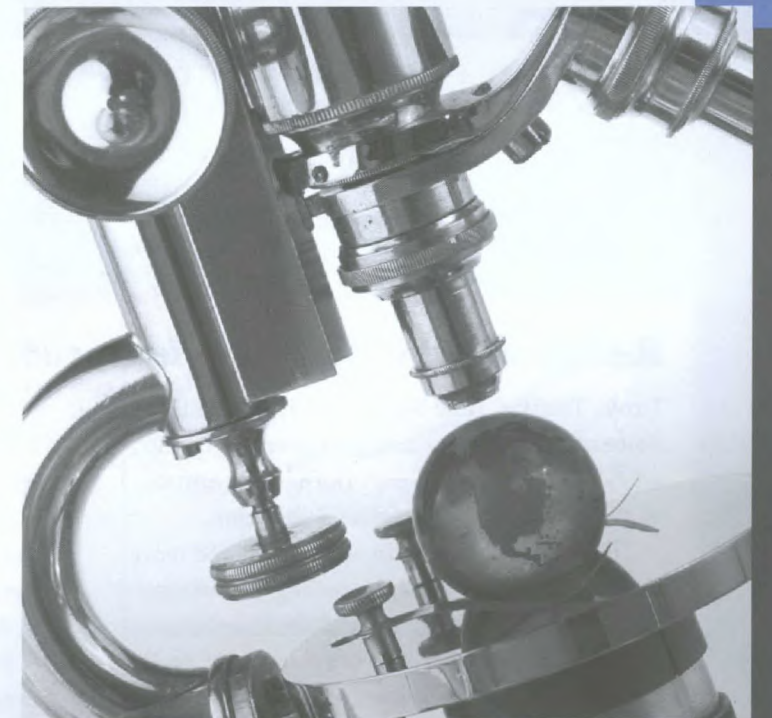
Developing a specialized product or service or focusing on an underserved market can create different competitive advantages for Canadian businesses of all sizes. A technology firm specializing in enterprise manage-

ment software solutions might get lost in a sea of competitors offering similarly named products. However, the firm that develops customized and cost-effective enterprise software for small and medium-sized medical offices may develop a reputation within this niche sector.

A law firm with expertise in establishing regulatory and legislative infrastructures may be able to attract foreign government clients in nations currently developing or overhauling their regulatory regimes. While the firm may not have worked in the country before, its track record on previous projects, its credibility and impartiality and its specialization in this particular area of legal work will all serve as advantages as it exports its services to new clients worldwide.

Canadian firms seeking to explore new markets will benefit from identifying and researching niche opportunities for their products or services. It is a critical element of the export plan. And finding your niche in the global marketplace will make exporting much more enjoyable.

If you want to improve your export efforts, move into new markets or simply get exporting, connect with Team Canada Inc, your source for export services, at 1 888 811-1119 or online at <http://exportsource.ca>.



Abu Dhabi oil fair among biggest in the world

Abu Dhabi, United Arab Emirates, November 5-8, 2006 > The **Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC)** is now one of the largest oil and gas events in the world.

The last show in 2004 was a success as it attracted 1,225 exhibitors from over 53 countries. Over 28,000 industry professionals visited the event from 71 countries. The conference theme was *Managing Resources and Opportunities for the Maturing Oil & Gas Industry*, featured 138 technical papers and was attended by over 2,600 delegates.

The Middle East holds two-thirds of the world's oil reserves and is working towards meeting the rising global demands for oil by investing billions on oil exploration, production, processing, maintenance and infrastructure development. New project announcements and exploration in the region have

resulted in a need for superior products and services. Accounting for 85% of the U.A.E.'s actual oil output, Abu Dhabi plans huge investment to raise oil production from 2.4 million barrels per day to 3 million by 2007.

This trade fair will feature manufacturers of oil and gas products, services, as well as important end users.

Canada will have a pavilion at ADIPEC and the cost to exhibit includes a furnished booth, the use of a hospitality lounge, power, carpets, security, lighting, a name board and a listing in the Canadian Exhibitor Directory.

For more information, go to www.adipec.com, or contact Venky Rao, the organizer's agent in Canada, tel.: (905) 896 7815, email: venkyrao@rogers.com, or Imad Arafat, Trade Commissioner, Canadian Embassy in Dubai, tel.: (011-971) 2-407-1300, email: imad.arafat@international.gc.ca, website: www.international.gc.ca/abudhabi.

See what's in store at Middle East design fair

Dubai, United Arab Emirates, November 7-11, 2006 >

Recognised globally as the Middle East's premier interiors event, **Index 2006** will be bigger and better this year.

Over the years, the strength of Index has been its focus on key areas of the interiors industry like furniture, flooring, lighting, textiles, wall covering and accessories. Having placed great importance on developing the show to make it a true 'one-stop' for architects, designers and specifiers, this year's focus will be further broadened.

The development of residential real estate continues to expand across the region. With more properties under development and ownership becoming easier, this event will

stimulate the growth of the interiors industry. Given the dynamic nature of the real estate sector and the positive long-term projections for the industry throughout the Middle East, billions of dollars are being invested by the public and private sectors in the region.

Last year, 31,140 trade visitors attended the show, which made it the region's biggest interiors industry showcase ever with exhibitors from 56 countries.

For more information, contact Sanam Shahani, Canadian Consulate in Dubai, email: sanam.shahani@international.gc.ca, or Index Dubai, the Canadian show agent, email: indexdubai@rogers.com, website: www.dmgdubai.com.

Range of services to be featured at Tunis exhibition

Tunis, Tunisia, June 8-9, 2006 > The Canadian Embassy in Tunis encourages exporters in the services sector to take part in the 2006 edition of the **International Services Exhibition**.

The first event, held in 2004, attracted more than 1,000 participants, including 365 foreign visitors from 30 countries and six international financial institutions and organizations. In fact, 97% of exhibitors expressed a desire to participate in the next International Services Exhibition.

With over 200 exhibitors to be showcased, the exhibition will bring together a broad sample of the services sector: from high-tech, health, engineering, to education, finance, marketing, communication and tourism. Development banks and international financial institutions will also be there to provide information on assistance for projects in Africa and the Middle East.

For more information, contact Lassaad M. Bourguiba, Canadian Embassy in Tunis, tel.: (011-216-71) 104-056 or (011-216-71) 104-193, email: lassaad.bourguiba@international.gc.ca.

Aid opportunities at International Development Days

Winnipeg, May 3-5, 2006 > Canadian Manufacturers and Exporters' **International Development Days: Investment in Developing Countries** will bring together representatives from international organizations, development agencies, and the Canadian and international private sectors to discuss opportunities for Canadian firms in the international aid market.

Representatives from the World Bank, Inter-American Development Bank, United Nations, Canadian International Development Agency, and other organizations will participate in sessions on topics such as tapping

project financing in developing countries, opportunities in the renewable energy, agri-food and water management sectors, and procurement for international development projects. Participating firms can meet with international decision makers individually and through a variety of networking events.

For more information, contact Leigh Wolfrom, International Financing Division, International Trade Canada, tel.: (613) 992-0747, fax: (613) 943-1100, email: leigh.wolfrom@international.gc.ca, website: www.cme-mec.ca/idd.

Export breakfast seminar

Selling business services in the United States

Oakville, Ontario, May 18, 2006 > Are you wondering about U.S. immigration requirements for performing service work in the U.S.? How about your exposure to U.S. state or federal taxes, or banking issues? Wondering how to get started? The Ontario Ministry of Economic Development and Trade (MEDT), in partnership with the Canadian Consulate General in Buffalo, is presenting a breakfast seminar designed exclusively for service-based companies interested in beginning or expanding their export sales to the U.S.

Back for a third year, this seminar will address business immigration and visa requirements, border programs, corporate taxation and tips for marketing your business south of the border. To register for this seminar, go to www.ontarioexports.com/events and search events by keyword "services." Space is limited so register early.

Contact: Trevor McPherson, Trade & Investment Division, Ontario Ministry of Economic Development & Trade, tel.: (416) 325-4691, fax: (416) 325-6509, email: trevor.mcpherson@edt.gov.on.ca.

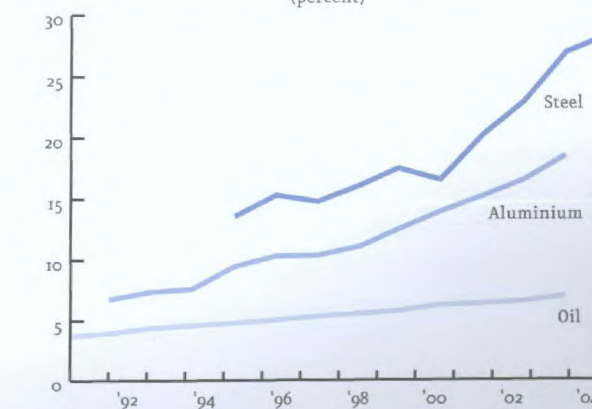
China's appetite for natural resources continues to grow

China's consumption of global resources has increased rapidly over the past decade and a half. Since the early 1990s, for example, China's shares in world consumption of oil, aluminum and steel have doubled, increasing 6.9% (5.6 million barrels per day), 18.6% (5.1 billion metric tonnes), and 28.5% (302 billion metric tonnes) respectively. China's growing demand has been driven primarily by a rise in manufacturing facilities located there and the inputs these facilities require. For some resources, such as steel, China is the main driver of current prices. If such prices stay high, this will have significant implications for Canada. However, supply increases may mean the current highs are only temporary. In steel's case, China has tripled domestic production in the past decade and is now a net exporter; prices have fallen accordingly.

Provided by the Trade and Economic Analysis Division (www.international.gc.ca/eet).

FACTS & FIGURES

China's Share of Global Resource Consumption (percent)



Data: Various sources

TRADE EVENTS

AEROSPACE & DEFENCE

Berlin, Germany

May 16-21, 2006

The biennial **International Aerospace Exhibition (ILA)** is one of Europe's largest air shows and covers the entire spectrum of civil and military aerospace and technology, will include an extended conference program and a Canadian stand organized by the Canadian Embassy in Berlin.

Contact: Nathalie Niedoba, Canadian Embassy in Berlin, tel.: (011-49-30) 2-03-12-370, fax: (011-49-30) 2-03-12-115, email: nathalie.niedoba@international.gc.ca, website: www.ila-berlin.com.

ENVIRONMENTAL INDUSTRIES

Hamburg, Germany

May 16-19, 2006

WindEnergy 2006 is an international trade fair and conference that will focus on financing, exports and offshore wind technology. This event is an excellent opportunity for Canadian companies to explore the German wind energy sector and meet with firms from other countries.

Contact: Canadian Consulate in Hamburg, tel.: (011-49-40) 46-00-27-0, fax: (011-49-40) 46-00-27-20, email: hmborg@international.gc.ca, websites: www.windenergy.de and www.canada.de.

Chiba, Japan

October 11-13, 2006

The **Renewable Energy 2006 International Exhibition** is the first event in Japan to showcase all renewable energy technologies and is expected to attract 45,000 visitors.

Contact: Christian Hallé, Trade Commissioner, Canadian Embassy in Japan, tel.: (011-81-3) 5421-6200, e-mail: jpn.commerce@international.gc.ca, website: www.cnt-inc.co.jp/energy.

METALS & MINERALS

Hermosillo, Mexico

October 17-20, 2006

The 8th **International Mining Congress** is the second-largest mining show in Mexico.

Contact: Karra-Lee Gerrits, Trade Commissioner, Canadian Embassy in Mexico City, tel.: (011-52-55) 5724-7900, fax: (011-52-55) 5724-7982, email: karra-lee.gerrits@international.gc.ca, website: www.canada.org.mx.

MULTI-SECTOR

Winnipeg, Manitoba

May 31-June 2, 2006

Hemispheria is a high-profile conference aimed at developing and strengthening economic and social partnerships among regions located along the international mid-continent trade and transportation corridor. This year's theme is Security, Prosperity and Quality of Life.

Contact: Andrea Scholtes, International Trade Canada, tel.: (613) 944-2780, email: andrea.scholtes@international.gc.ca, website: www.hemispheria2006.com.

Montreal, Quebec

June 5-8, 2006

The **International Economic Forum of the Americas'** principal mission is to provide a wide-ranging and completely open discussion of the major international economic issues, and brings together businesses, governments and international agencies as well as members of the academic world and civic society, thereby encouraging international exchanges.

Contact: International Economic Forum of the Americas, website: www.conferecedemontreal.com.

OIL & GAS

Hamburg, Germany

June 4-9, 2006

The 25th **International Conference on Offshore Mechanics and Arctic Engineering** is being organised by the International Petroleum Institute and the German Society of Marine Technology and will bring together members of the scientific community to advance the development and exchange of information regarding ocean, offshore and arctic engineering.

Contact: Canadian Consulate in Hamburg, tel.: (011-49-40) 46-00-27-0, fax: (011-49-40) 46-00-27-20, email: hmborg@international.gc.ca, websites: www.OMAE2006.com and www.canada.de.

Ho Chi Minh City, Vietnam

October 12-14, 2006

The **Vietnam Oil & Gas Expo** will provide opportunities to display advanced equipment and technologies in the oil and gas sector to Vietnamese companies.

Contact: Canadian Consulate General in Ho Chi Minh City, tel.: (011-84-8) 827-9899, email: hochi-td@international.gc.ca, website: www.vfabric.com/vnoffshore.

SERVICE INDUSTRIES

Montreal, Quebec

May 21-26, 2006

The **Association of International Educators 2006 Annual Conference and Expo (NAFSA)** will attract over 7,000 education professionals from around the world and is the premier forum in North America for networking and partnering in the education, training and education products sectors.

Contact: NAFSA, tel.: 1 800 350-0111, fax: (212) 460-9700, email: conference@nafsa.org or nafsa2006@nafsa.org, website: www.nafsa.org/annual_conference.

ENQUIRIES SERVICE

International Trade Canada's Enquiries Service provides departmental information, publications and referral services to Canadian exporters. Contact us at: **1 800 267-8376** (National Capital Region: (613) 944-4000), TTY: (613) 944-9136, email: enqserv@international.gc.ca, website: www.international.gc.ca.

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