

Supplement
**MEXICO — CANADA'S OTHER
NORTH AMERICAN PARTNER**
(see insert)



Atlantic Craft Trade Show Reverse trade mission a success

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Trade fairs and missions

The 26th **Atlantic Craft Trade Show (ACTS)**, held in early February 2003 in Halifax, Nova Scotia, promotes crafts and giftware manufactured exclusively in the Atlantic provinces. The show was co-sponsored by the four Atlantic provincial governments (Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland-Labrador) and featured some 200 companies.

ACTS has a strong U.S. buyers' program, which last year resulted in American buyers purchasing more than \$10,500 at the show. This year, the organizers teamed up with the Canadian Consulate General in Chicago, the International
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Trudy Gallagher's Bejewel stand at the 2003 Atlantic Craft Trade Show

Government contributions to promote trade

In May 2003, International Trade Minister Pierre Pettigrew announced a contribution of \$3.4 million by the Government of Canada to 57 trade and industry associations to encourage the firms they represent to export their products and services abroad.

"Exports are the spearhead of Canada's economy," said Pettigrew. "One job in

every four depends on the success of our exports in global markets. That is why government programs of this type, which support the Canadian international trade development strategy, are so important."

This government assistance is being granted under the Assistance to Trade Associations component of the Program
continued on page 7 — Contributions

Electronic marketplace clicks with exporters

Since June 2001, Canadian companies have been putting the power of the Internet to work by using **SourceCAN** to access information on the international procurement market. With hundreds of new business opportunities being posted to the site each day, Canadian businesses can match their products and services with business opportunities. A particularly valuable tool for small and medium-sized businesses, SourceCAN has earned an award for Outstanding Product Achievement from the Canadian Advanced Technology Alliance (CATAAlliance).

The award from CATAAlliance is not the first to be won by SourceCAN. In fact, it was only a year ago that the e-marketplace for export opportunities was recognized at the GTEC awards, which are part of a major annual event that is dedicated to technology use in government. At that event, SourceCAN received a silver medal in the Enabling E-Government category.

The CATAAlliance award was presented at the Alliance's annual gala dinner, held in Ottawa on April 29, 2003. "When you consider that 80% of the members of CATAAlliance are active exporters, this award is a real vote of confidence in SourceCAN and how it's helping Canadian companies find and win new export contracts," said Ron Linton, Manager, Bid Matching Service at CCC (Canadian Commercial Corporation).

What is SourceCAN?

SourceCAN is the product of a public- and private-sector partnership involving CCC, Industry Canada, and HyperNet. It is a free, online service enabling Canadian businesses to more easily identify both domestic and export opportunities for their products and services.

Through a number of international tender feeds to which CCC has access, hundreds of new business opportunities are made available through SourceCAN every day. Using SourceCAN can save a business time and money when it comes to searching for potential opportunities. This is because CCC has already scanned the content of the opportunity announcements and filtered out those that Canadian companies are precluded from participating in, or those that would likely be deemed

Put the power of Canada behind your export sales



CCC (Canadian Commercial Corporation) is a Crown corporation mandated to facilitate international trade, particularly in government markets. Acting as a prime contractor, CCC signs export contracts providing access to markets for exporters and a government-backed performance guarantee for buyers. CCC also helps exporters to increase their pre-shipment working capital from commercial sources, and offers its international contracting expertise on a fee-for-service basis. When it comes to exports, CCC means credibility, confidence and contracts.

For more information, contact CCC, tel.: (613) 996-0034, toll-free in Canada: 1-800-748-8191, Web site: www.ccc.ca

non-competitive. In other words, only the most relevant opportunities are matched to supplier profiles.

Companies are also using SourceCAN as a marketing tool. When a company registers with SourceCAN, its profile is automatically placed in the Canadian Company Capabilities database, which thousands of domestic and international firms browse each month.

Once a company decides to respond to an opportunity, CCC can assist in understanding the procurement process, in obtaining bid documents and in giving guidance to users to enhance their bid responses, at no cost to the user.

For more information on SourceCAN and CCC, go to www.sourcecan.com or www.ccc.ca

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The Virtual Trade Commissioner puts a world of resources at your fingertips – literally! Password-protected, private and secure, the Virtual Trade Commissioner creates an online workspace for you to identify and investigate trade prospects in your industry sector and target markets. Take advantage of personalized services from Canada's trade commissioners all over the globe.

Trade Exhibition in Italy Showcases Opportunities in Information & Communications Technology Industry

Uninformed?

The Virtual Trade Commissioner gives you valuable information to a world of opportunity — only a password away!

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Register now at www.infoexport.gc.ca and find out why thousands of Canadian businesses already have!

The screenshot shows a web browser window with the URL www.infoexport.gc.ca. The page is titled "Welcome James O'Neil of Ashley Canada". It features a navigation bar with tabs for various countries: Philippines, Italy, Japan, Bangladesh, and Taiwan. The main content area is personalized for the user, showing a "Hello, James O'Neil" message and a list of "WHAT'S NEW" items including Hardware Market, Construction, International Housing, Hotels and Travel, and More of Auckland. There are also sections for "POPULAR DOCUMENTS", "MY BRIEF-CASE", and "MY ACCOUNT". A prominent banner at the bottom of the page highlights the event "SMAU 2003 — 2-6 October — Milan, Italy".

Learn more about this service in future editions of CanadExport

For more information on the Virtual Trade Commissioner or to register, visit:

www.infoexport.gc.ca

THE CANADIAN
TRADE COMMISSIONER
SERVICE

Atlantic Craft Trade Show

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Trade Centre in Halifax, and the Nova Scotia Designer Craft Council to organize two information sessions on exporting to the U.S. market.

The first activity was a presentation on exporting to the U.S. market to 20 artists and craftspeople who exhibited at ACTS. The presentation featured basic information on how to price your work, ship across the border and develop channels for distribution.

The second activity was geared to high-end artists and galleries interested in the SOFA show in Chicago. A two-hour teleconference session was held with Mark Lyman, President and founder of SOFA Chicago. Held every fall, SOFA Chicago is a high-end art show with international galleries that feature three-dimensional art in the glass, ceramics, fibre and textile mediums. Lyman's two-hour presenta-

tion gave the audience of 25 artists an understanding of the opportunities available at SOFA.

According to Lyman, SOFA's mission is to bridge the worlds of decorative and fine art and to increase art collector



The Prince Edward Island collection at ACTS 2003

investment. Collectors from around the country visit SOFA to attend the educational session, meet other collectors and purchase artwork.

Canadian food and wine toast of Boston

In March 2003, the Canadian Consulate General in Boston teamed up with Agriculture and Agri-Food Canada to promote some of Canada's finest products with "Canada's Culinary Treasures...at a Snail's Pace." Ten companies from Atlantic Canada and Quebec participated in this two-part event that introduced them to both consumers and professionals.

Co-sponsoring the event was Slow Food Boston, the local chapter of Slow Food USA. This movement, which has almost 10,000 members throughout the U.S., embraces the philosophy that pleasure and quality in everyday life can be achieved by slowing down,

respecting the convivial traditions of the table and celebrating the diversity of the earth's bounty.

The day program was attended by distributors, brokers and Slow Food Boston members at the Canadian Consulate General. Each company showcased its products and offered samples for guests. Attendees were also treated to Canadian wine and hors d'œuvres expertly prepared by Chef Don Walker and his team from **Chefs by Design** of Halifax.

Following the day program was an evening of culinary discovery at the Boston residence of Robert Metcalfe, inventor of the Ethernet and founder of 3Com Corporation, and his wife

"At past SOFAs, Sheridan College has exhibited their glass-blowing techniques and artists. For Canadian artists and galleries, these opportunities increase their exposure to international collectors," said Lyman.

ACTS also provided new opportunities for exporting to the U.S. market. Many exhibitors at the show affiliated themselves with representatives in the U.S. and are now selling their products to American boutiques. Artist Trudy Gallagher of **Bejewel** in Fredericton, New Brunswick, is selling her jewellery to Scentamental Gardens, a high-end garden and crafts boutique in St. Charles, Illinois.

For more information, contact Ann F. Rosen, Business Development Officer, Canadian Consulate General in Chicago, tel.: **(312) 327-3624**, fax: **(312) 616-1878**, e-mail: ann.rosen@dfait-maeci.gc.ca

For more information on ACTS and SOFA Chicago, go to www.ednet.ns.ca/educ/acts/about.htm or www.sofaexpo.com ✪

Robin—both Slow Food members. Once again, Chef Don Walker and his team created an extraordinary five-course meal for more than 50 guests.

Dinner guests included the President of Slow Food USA, the President of the Epicurean Club of Boston, key local food distributors and brokers, Slow Food Boston members, representatives from the participating Canadian companies, and organizers from the Canadian Consulate in Boston and Agriculture and Agri-Food Canada. Participants and organizers alike contributed to making the event a great success. According to Paul Colville of **Goodspring Organic Ltd.** of Middleton, Nova Scotia, "Our company benefited directly from the Slow Food program in Boston. We established contacts with two brokers and with Slow Food members themselves—the foundation of the organic market."

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June 2003

Mexico Canada's Other North American Partner

Mexico: Part of the North American Business Cycle

Does anyone recognize Mexico's economy these days? Inflation is below 5 percent, the peso is strong, and investors consider Mexico tops among emerging markets.

Sound economic policies and its increasing economic integration with the U.S. and Canada as a result of the North American Free Trade Agreement (NAFTA) have allowed Mexico to escape the volatility recently experienced by some Latin American economies.

At a time of some uncertainty, Mexico's stability sets it apart from the rest of the region. Mexico still looks and feels Latin American, but economically now follows the North American business cycle.

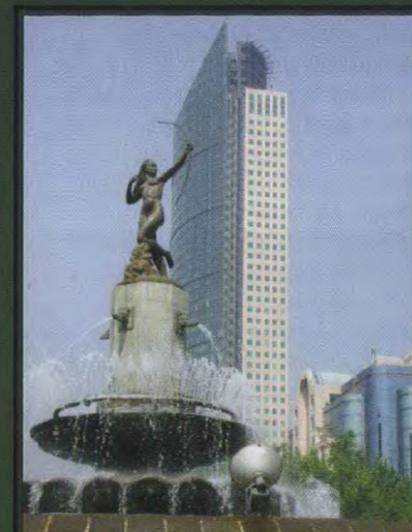
The country's strong performance peaked in 2000 with gross domestic product (GDP) growth at 6.9 percent. It then slowed along with the U.S. economy last year, but may reach 3 percent this year. Mexico's population of 100 million is growing by 1.5 percent annually.

Rating agencies have upgraded Mexico's investment standing, encouraging foreign investment. While the sale of a major Mexican bank spiked foreign direct investment (FDI) to \$33.5 billion in 2001, annual FDI runs at approximately \$20 billion.

Monterrey, Guadalajara: Two of Mexico's Strongest Economies

Mexico City (population 20 million) represents the largest economic region in the country, but two others continue to lead the way in Mexico's economic development.

Monterrey
Northern Mexico, with Monterrey as its core, is considered the industrial engine of the country. Its success has come in part as a



Torre Mayor – Latin America's tallest building developed by the Toronto company Reichmann International.

result of the synergy between educational institutions (TEC de Monterrey), private and government sectors. The region produces close to 25 percent of all manufactured products in Mexico and contributes 15 percent to the national GDP.

It is host to 10 of the 20 largest industrial conglomerates in Mexico (called *Grupos*) which exercise control over 50 percent of the national industries. The region is the industrial leader in glass, corn flour, synthetic fibres, cement, beer, ceramic products, steel, automotive and household appliances. Biotechnologies, software development and information technology (IT), and aerospace are the new developing sectors.

With 60 percent of Canada's trade with Mexico transiting through the Laredo/Nuevo Laredo border and 80 percent of U.S.-Mexico trade going through the Laredo and Brownsville crossings (second largest after Windsor, Ontario), Mexico's northern region is strategically located.

Guadalajara

Guadalajara is known as Mexico's Silicon Valley, with its large concentration of electronics manufacturing facilities, including IBM, Siemens and Flextronics. The state of Jalisco manufactures more than 60 percent of all computers and telecom equipment in the country and is Mexico's most important producer of pork, poultry, dairy, tequila, corn and confectionery products, and second in beef, foodstuffs and footwear. Due in part to its proximity to the country's consumer centres, Guadalajara is a key distribution point for food and other consumer products.

Guadalajara, Mexico's second biggest city, is located in Jalisco, the largest economy in the country outside the area of Mexico City. It exports more than \$20 billion a year to over 80 countries, and reports having almost doubled its Canadian imports in five years, up to \$611 million in 2001. The Consulate in Guadalajara identified IT, agriculture and agri-food, education, environment and manufacturing technologies as priorities for Canadian exporters.

Canada-Mexico trade growing by leaps and bounds

Canada-Mexico commercial relations have expanded dramatically. Canadian exports to Mexico grew at an average annual rate of about 17 percent from 1993 to 2002. Last year, Statistics Canada reported \$2.4 billion in exports and \$12.7 billion in imports, for total two-way trade of \$15.1 billion. Canada is now Mexico's second-largest export market. Mexican investment in Canada remains low, but Canadian investment in Mexico (according to Mexican sources) was estimated at \$6 billion in 2002.

Discrepancies exist between Statistics Canada and Mexican statistical agency INEGI trade data. This is largely due to transshipment or indirect trade through the United States. INEGI reported \$7 billion in imports from Canada in 2002, suggesting that \$19.7 billion may be a more accurate measure of two-way trade in 2002.

From food to cars, from phones to pipelines Opportunities Are Surging Down South

Mexico offers excellent opportunities for Canadian firms. With an increasingly open economy, competitive pressures are forcing Mexican manufacturers to enhance their efficiency and product quality. Mexican firms are also receptive to forming partnerships with Canadian companies to improve their ability to compete.

Environment

In Mexico, the environmental market is currently \$6 billion per year and is projected to hit \$35 billion by 2010. The greatest need for environmental infrastructure lies in solid and hazardous waste treatment, followed by water and wastewater treatment and renewable energy.

As only 21 percent of hazardous waste is properly handled, Mexico is in need of significant investment in hazardous waste and municipal solid waste management. Recently, Mexico's

Environmental Protection Agency stepped up efforts to enforce hazardous waste management, creating opportunities for confinement facilities, incinerators, recycling and landfilling, and contaminated sludge treatment.

Currently, close to 40 percent of municipal wastewater in Mexico is being treated by private operators. It is forecast that Mexico will require water-related investments of \$2.7 billion annually until 2025.

More than 5 million Mexicans in 88,000 small towns are not connected to the national distribution network, lacking access to a reliable energy supply. The most attractive renewable energy opportunities are private projects in rural communities and those associated with mining projects. There are opportunities to supply renewable energy equipment, technology and consulting services to Mexican contractors, end users and industries, including solar panels and wind power. A market for industrial energy-saving technologies is also emerging. It involves the use of high-performance motors, software for power demand control, energy management systems, water heating, lighting control and heat recovery.

Agriculture and Agri-Food

Mexico's total agri-food imports have doubled since the mid-nineties and are currently valued at over \$15.5 billion, making it the world's sixth-largest importer of food products. It is also one of Canada's five key priority markets in the agri-food, fish and seafood sectors. With close to \$850 million of Canadian agri-food exports in 2002, Mexico is one of Canada's fastest-growing export markets, having increased by almost 40 percent since 1996.

The country's growing middle and upper classes—estimated at 26 million—are looking for more consumer-ready products. Value-added Canadian food

Canada's Border Clearance Representative (BCR), Nuevo Laredo, Mexico

The Canadian Government hired a full-time BCR at the Nuevo Laredo border to provide pre-clearance and border assistance to Canadian companies shipping agri-food products to Mexico. Canadian agri-food exporters can consult with Mr. Luis Pérez before shipping to ensure that documentation is in order. The BCR also troubleshoots when shipments are held up at the border.

Contact: luispere@nlaredo.globalpc.net

exports to Mexico reached \$600 million in 2002, an increase of almost 300 percent since 1996, and now account for 70 percent of Canada's total agri-food exports to Mexico.

Canada is well positioned to continue to increase its exports of agriculture and agri-food exports to Mexico. Excellent opportunities exist for exports of Canadian value-added food and beverage products, given the proliferation in Mexico of modern hypermarkets, supermarkets, tourist hotels, resorts and restaurants.

As of January 1, 2003, NAFTA tariff and tariff rate quotas on most agri-food products were eliminated making the Mexican market even more promising for Canadian agri-food exporters.

Automotive

With increasing economic liberalization, Mexico's auto and auto parts industry has grown significantly making it a promising market for Canadian exporters.

Mexico's automotive industry produced some 1.8 million vehicles in 2002, and it is the second most important supplier after Canada of auto parts and components to the U.S., with production approaching \$20 billion in 2001. In 2001, out of Mexico's total imports from Canada, 23 percent was automotive-related whereas motor vehicle auto parts and accessories accounted for 13 percent.

"We identified a real need for our resilient floor coverings in Mexico, and once the NAFTA was implemented, our work in Mexico multiplied by five."

XAVIER GARCIA
International Marketing Coordinator
Baultar Inc., Windsor, Quebec

Mexico imported \$765 million in auto parts and accessories from Canada in 2001. A significant portion of these imports is Canadian parts for vehicle bodies, gear boxes, steering wheels, columns and boxes, brakes and servo-brakes, non-driving axles and bumpers. Other Canadian automotive products showing significant demand in recent years include suspension shock absorbers, radiators, mufflers and exhaust pipes.

Further opportunities for Canadians may be found in products Mexico currently imports from other countries, namely road wheels, clutches, safety seat belts and mounted brake linings.

Information and Communication Technologies (ICT)

The Mexican telecommunications market has grown four times faster than the economy as a whole in the last eight years. The market for equipment and services is estimated to top \$7.5 billion annually for the next three years.

Opportunities vary from mobile communications to fixed lines. With strong growth expected in Internet services, data transmission services hold considerable potential. As well, opportunities exist in smaller-scale applications, including cable television operators, wired buildings, local and wide area networks, teleconferencing and distance education. By 2004, 95 percent

of cellular phones will be fully digital, also offering excellent opportunities.

Demand for add-on storage devices should grow as small and medium firms increase their use of more data-intensive software and engage in electronic commerce. Substantial opportunities are anticipated in the software industry, mainly in management software (accounting and administrative software for micro, small and medium companies as well as applications for business management and inventory control), educational software (for studying foreign languages or technical activities ranging from software design to language programming and other school subjects), and software applicable to the transport industry (solutions for shipments tracking, maintenance, support, administration of fleets, logistics and customer control and schedule management software).

"We really didn't notice any borders in our negotiations with Mexico. Although we've had success internationally in the past, the scale of this latest project [in Mexico] brings FTS and our technology to an entirely new level. We expect tremendous spin-offs from this contract."

BRIAN BOLTON, President
Forest Technology Systems Ltd.,
Victoria, B.C.

In 2001, the Mexican government initiated the E-Mexico initiative to develop the country's ITC industry, foster an internal market for ITC products, promote an adequate regulatory framework for the use of electronic media and e-commerce, and digitize government services. This initiative will offer various opportunities for Canadian companies in the coming years.

One Canadian company that is taking advantage of opportunities in this sector is Privasoft, an Ottawa-based software firm specializing in access to information software. In light of the new Mexican law on Transparency and Access to Information, Privasoft is well positioned to become a provider to various Mexican government bodies. Good management

and extensive market experience has enabled Privasoft to identify a niche market for its products and make its first export experience a success.

Energy

A priority of President Fox has been to restructure and modernize Mexico's energy sector. To achieve this, a six-year plan was announced in 2001 that requires \$170 billion in investment, mostly in projects to be managed by the Comision Federal de Electricidad (CFE) and by PEMEX, for oil and gas exploration, production and transmission, and for refinery and petrochemical expansion.

To meet the anticipated 7-percent annual growth rate in energy demand, new power generation stations will be constructed and operated, many by independent power producers, and using natural gas to take advantage of Mexico's extensive but largely untapped gas deposits.

Opportunities for exporters are promising in all areas of gas and oil exploration, development and in downstream hydrocarbon activities. Already many Canadian oil companies such as Precision Drilling have established themselves as suppliers to PEMEX. In 2003, PEMEX intends to award multiple service contracts for gas development. These "fee-for-service" contracts will improve PEMEX's efficiency by integrating some 30 services into individual project bids (i.e. processing and seismic interpretation, gas fields engineering, and production).

For its part, CFE announced this year a 10-year investment program of almost \$85 billion, including \$32 billion for generation (to add 28,000 MW of power to the national grid) and \$28 billion to expand the transmission system. Canada is well established as a supplier to CFE; Transalta has already built two large power generation stations for CFE.

Additional information on the investment programs of CFE and PEMEX can be found at www.cfe.gob.mx and www.pemex.gob.mx respectively. Information on procurement opportunities can also be found at these sites, and at the general Mexican Government site at www.compranet.gob.mx.

"The Mexicans really want to deal with Canadian companies, but prior to the NAFTA there were trade obstacles, most of which have now been removed."

ARIE VAN DER LEE, Vice-President
Alternative Fuel Systems Inc., Calgary, Alberta



Are You Ready to Tackle the Mexican Market?

Companies that succeed in Mexico are generally the ones with export experience. Successful companies take the time to thoroughly assess the market and define an appropriate entry strategy. They also take advantage of the many available federal and provincial government programs.

Export Development Canada (EDC) has doubled its support for Canadian firms in Mexico and now has representatives based in Mexico City and Monterrey. Local representation helps EDC better serve the financial needs of Canadian exporters and investors and their Mexican partners. Further, EDC is establishing lines of credit and other credit facilities with targeted Mexican buyers. These steps will encourage key

Mexican buyers to focus on Canadian suppliers and facilitate the timely conclusion of transactions through pre-approved credit facilities.

Contacts and Web sites

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Canadian Consulate in Guadalajara
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Mexican Embassy in Canada
info@nafta-mexico.org

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

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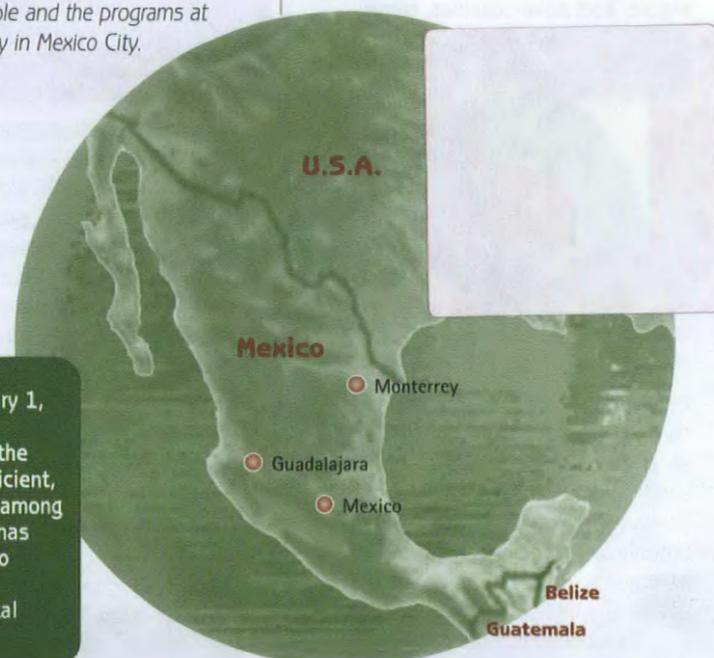


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NAFTA Celebrates 10 Years of Success

As we approach the tenth anniversary of the NAFTA on January 1, 2004, it is clear that the agreement has been a resounding success. Not only did it create the largest free trade area in the world, it has made North America one of the world's most efficient, integrated and competitive regions. Total merchandise trade among the three partners—Canada, Mexico and the United States—has increased by about 150 percent (from \$374 billion in 1993 to \$944 billion in 2002) since the agreement came into force. Canada-Mexico trade has also benefited enormously, with total two-way trade up 233 percent over the last 10 years.

China's product mark deadline extended

As mentioned in the March 1 issue of CanadExport, China has created regulations for a new compulsory product certification mark called the China Compulsory Certification (CCC). The new regulations were to be fully implemented in May 2003, but in light of recent public health concerns, **the Chinese government has extended the deadline to August 1, 2003.** As of this date, the 132 products covered by the regulations will need to obtain the compulsory CCC mark before being exported to China. For a listing of the products covered by the new regulations, go to www.cqc.com.cn/ccc/catalogueeng.pdf

The new mark replaces the old CCEE mark (quality assurance symbol for China-made products) and the CCIB mark (quality assurance symbol for imported products). The CCC scheme will standardize technical regulations, certification marks and fee schedules for both domestic and imported products. These



changes stem from China's commitment to conform to the World Trade Organization's Agreement on Technical Barriers to Trade. Canadian companies exporting to China are urged to prepare for the new system and take necessary action to receive the CCC mark. More information on how to apply for the

CCC mark is available on the China Quality Certification Centre Web site at www.cqc.com.cn/index-e.htm

In addition to the application, product inspection and label costs, applicants are also responsible to pay for factory and annual inspections. Companies applying for the CCC mark must also provide the inspection body with a detailed list of production and testing equipment and key components for all products being exported to China.

For more information, contact Eric Pelletier, Trade Commissioner, China and Mongolia Division, DFAIT, tel.: **(613) 996-7177**, e-mail: eric.pelletier@dfait-maeci.gc.ca or Pierre Pyun, Trade Commissioner, Canadian Embassy in Beijing, tel.: **(011-86-10) 6532-3536**, e-mail: pierre.pyun@dfait-maeci.gc.ca

(For the unabridged version, see www.dfait-maeci.gc.ca/canadexport and click on "Roadmap to China and Hong Kong".)

Going the extra steps

Canadian successes in Japan

Who can predict which meeting, trade show or mission will lead to results? Offshore markets do require lots of time and energy, and the following three success stories are examples of Canadian companies that have gone the extra steps, leading them to deals with Japanese companies.

IDELIX is a Canadian leader in 2D and 3D graphics technology. System IO is a Japanese systems integrator based in Tokyo. After meeting for a few minutes at a JETRO (Japan External Trade Organization) information technology mission in Vancouver in 2001, the two companies made a connection. Shortly after this first meeting, negotiations started and lasted for more than one year, until a deal was struck. In January 2003, IDELIX launched its

visualization software toolkit called Pliable Display Technology (PDT) in Tokyo. IDELIX and System IO hope for strong business in Japan through the integration of PDT technology in various visual and graphic applications like aerial mapping, games and online publishing, to name a few.

Ottawa-based **Databeacon**, a company specializing in Web reporting and data analysis solutions, was invited to a reception in Ottawa during the visit of the Kansai Information System Industry Association delegation—a group of Japanese business representatives from the Kansai. In this informal setting, Databeacon met Wescom, one of Japan's most successful integrators and developers specializing in microcomputer systems, OSI integration, and system installation support services. This short meeting set the tone for what was to

come, and within seven months the two companies had a formal agreement. Wescom will adapt Databeacon's software for Japanese users and sell it in Japan on a non-exclusive basis.

As soon as **Infinity Technology Services (ITS)**—an Ottawa firm that developed a unique intrusion detection system—filled out its application form to participate in the Canadian Security Solutions Showcase in Tokyo in February 2003, the Embassy started promoting its profile to Japanese companies. Among them, Daikin—a Japanese firm active in electronics, computer networks and security—insisted on meeting with ITS even before the showcase. Less than two months later, a letter of intention was signed outlining the two companies' objectives for the next 12 months including marketing, sales and support of ITS products by Daikin in Japan, the creation of a joint venture and the co-development of future products.

continued on page 8 — Success

Dig into Italy's thriving agri-food sector

With a population of 57.7 million, Italy is a major market within the European Union (EU) for Canadian agri-food exporters. Although markets in Italy are generally small and spread out, Canadian agri-food companies interested in doing business in Italy will find them to be very prosperous.

Market overview

Italy is the world's fifth-largest exporter of agri-food products, accounting for 6% of global food exports. While Italy is a net exporter of traditional Mediterranean crops and products such as fruits, vegetables, olive oil, wine, pasta and cheeses, it is a net importer of beef, pork, cereals and fish products. In the first five months of 2002, Italy imported approximately \$13.3 billion of agri-food products and exported just over \$10.1 billion, resulting in a trade deficit of just over \$3 billion.

Italian consumers typically demand high-quality, traditional Italian products. Its high per-capita spending on food—second largest in the EU, following Portugal—demonstrates

consumers are willing to pay a high price for quality.

An overall shift toward healthy living has led to a rise in demand for light or dietetic products. The demand for fish and seafood products—believed to be a healthy, low-fat option to meat—has flourished in Italy. Furthermore, Italians acknowledge the importance of breakfast and snacking in the diet, attracting them to innovative and convenient products in the health and processed food sectors.

EUROPE

Opportunities

Consumption of fish and seafood in Italy is expected to continue to rise. Opportunities exist in the supply of fish—especially tuna—and seafood for the canning industry. In addition, the Italian retail sector will look for frozen fish fillets such as hake, cod and plaice to meet the demand for convenient, ready-to-prepare products. Peeled and processed shrimp would do well in the Italian market, and the growing consumption of frozen seafood will

provide good opportunities for exporters of squid, cuttlefish, octopus and flying squid.

Opportunities also exist to supply a wide range of processed food products to the market, including canned fruit and vegetables, frozen prepared food, maple syrup and sweet snacks and bakery items.

Per capita, Italians consume approximately 6 kilograms of pulses per year. With a 30.7% market share, pulses follow tomatoes as the second-largest selling commodity in the vegetable sector. In 2001, two of Canada's top exports to Italy were pulses: lentils (5.8% of total exports) and dried peas (3.5%). Although pulse products are grown domestically, local production cannot meet the growing demand. Italy will therefore continue to be a strong market for Canadian pulses in the years ahead.

Companies will find some advantages in being Canadian in this competitive market. Italy is Canada's 10th-largest export destination. Also, Canada stands as an alternative to Italy's northern EU partners, ensuring competitive quality and price and thus offering Italy a certain independence in a market largely dominated by northern EU interests. At the same time, Canada offers high reliability compared with many non-EU suppliers, as well as quality guarantees that are second to none.

For more information on Italy's agri-food sector, read the full market report at www.infoexport.gc.ca/ie-en/MarketProspect.jsp?cid=117&oid=199#592 or contact Pier Paolo Chicco, Business Development Officer, Canadian Consulate General in Milan, tel.: (011-39-02) 6758-3355, fax: (011-39-02) 6758-3900, e-mail: pierpaolo.chicco@dfait-maeci.gc.ca or Patrizia Giuliotti, Business Development Officer, Canadian Embassy in Rome, tel.: (011-39-06) 44598-3352, fax: (011-39-06) 44598-3754, e-mail: patrizia.giuliotti@dfait-maeci.gc.ca

Plug into India's electricity market

After China, India is the world's largest market for electricity, with an annual growth rate of almost 10%. Even though investment in India's electricity sector has averaged approximately 6% of gross domestic product (GDP) each year over the past four decades, this is not enough. To meet infrastructure demands in a country with a projected GDP growth rate of 7%, the power supply must increase by 9 to 10% annually.

In response to the limited funding of India's electricity sector by international financial institutions, the Government of India opened up the electricity generation sector to the private sector in 1991. However, private power initiatives to date have not been successful in narrowing the gap between supply and demand for energy. The private sector was expected to increase installed capacity by 10,000 megawatts (MW) per year, but has actually added only

about 6,500 MW of installed capacity in 10 years.

The Government of India is now focusing on upgrading the distribution systems and rejuvenating the thermal generation sector through repair, modernize and upgrade (RMU) activities. By October 31, 2001, India had a total installed capacity of 102,907 MW—up from 1,400 MW in 1947—out of which approximately 61,000 MW was steam-based thermal power. The majority of RMU opportunities will be for work on the 35% of steam-based thermal power that was commissioned in, or before, 1979. The Central Electricity Authority estimates that the RMU costs for these older stations will amount to \$328,000 per MW, approximately 25% of the cost (per MW) of generating new power.

The major problems with RMU projects have traditionally been the lack of funding and the bidding and award process. In 2001—to promote RMU work in the generation and distribution

sectors—the Government of India created the Accelerated Power Development and Reform Program, which requires that stringent processes be followed and that soft funding be provided.

Although India has a well-developed power engineering and equipment supply industry and the needs of the RMU market can be met locally, there is always room for new players who bring experience, expertise and new and improved technologies at an affordable cost. For all initiatives in the generation, transmission and distribution sectors, including energy efficiency, the total investment required over a period of 10 to 12 years is around \$254 billion.

For more information on the RMU market in India, read DFAIT's full market report (Opportunities in the Thermal, Transmission and Distribution Market in India) at www.infoexport.gc.ca

For more information on India, contact Janet Chater, Trade Officer (Infrastructure), South Asia Division, DFAIT, tel.: (613) 944-1632, e-mail: janet.chater@dfait-maeci.gc.ca

Contributions

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for Export Market Development (PEMD), to enable non-profit national trade or industry organizations to promote the products and services of small and medium-sized businesses in international markets. The focus will be on businesses preparing to export for the first time or interested in penetrating a new market.

During 2001-2002, the program was thoroughly reorganized to enhance its effectiveness and to solidify partnerships between government and trade or industry associations.

For more information on PEMD for trade associations, go to www.dfait-maeci.gc.ca/pemd/tradeassociations/assistNews-en.asp

Rail Meeting Point in Spain

BARCELONA, SPAIN — October 6-8, 2003 — Rail Meeting Point is an international conference and fair aimed at professionals in the rail and urban transport sectors. The objective is to provide a forum for companies in the rail sector on technological advances, products and services as well as to establish contacts with clients and providers. The conference and fair will provide a platform for the main players in the business and institutional rail world to present and discuss the most relevant issues affecting the development of the sector.

For more information, contact organizers Natalia Boisson (French) or Alison Burgess (English), Foro del

Ferrocarril y del Transporte, tel.: (011-34) 917-994-500, fax: (011-34) 917-994-501, e-mail: rmp@masnou.net Web site: www.masnou.net/rmp.htm or Máximo Hurtado, Commercial Officer, Canadian Embassy in Madrid, tel.: (011-34) 914-233-226, fax: (011-34) 914-233-252, e-mail: maximo.hurtado@dfait-maeci.gc.ca Web site: www.canada-es.org or Roberta Cross, Consul and Trade Commissioner, Canadian Consulate in Barcelona, tel.: (011-34) 934-127-236, fax: (011-34) 933-170-541, e-mail: roberta.cross@dfait-maeci.gc.ca

Spain's frozen food show

VIGO, SPAIN — October 7-9, 2003 — Conxemar 2003 is the world's second-largest frozen food products exhibition. Conxemar 2002 boasted 302 exhibitors from 25 countries and 16,000 visitors from 52 countries.

Last year's event was the first time Canadian companies participated. The four companies that attended made full use of the Canadian booth that was set up to promote their products. Given Canada's success at Conxemar 2002, its presence at next year's event will include a larger booth to raise the profile of Canadian products.

For more information on participating in Conxemar 2003, contact Marc Lionel Gagnon, Commercial Officer, Canadian Embassy in Spain, tel.: (011-34-91) 423-3228, fax: (011-34-91) 423-3252, e-mail: marc.l.gagnon@dfait-maeci.gc.ca Web site: www.canada-es.org or www.conxemar.com

U.S. medical industry event rescheduled

NIAGARA FALLS, ONTARIO — September 12, 2003 — Formerly scheduled for mid-May in Niagara-on-the-lake, Ontario, the **Cross-border Exchange** initiative has been fostering collaboration in the medical industry between Canada and the United States since 1996. Over 100 medical manufacturers, service firms and research

institutions from both sides of the border attend each year to network, receive regulatory updates and find partners to sell their products and services to the rest of the world.

For more information, contact Mary Mokka, Business Development Officer, Canadian Consulate General in Buffalo, tel.: **(716) 858-9556**, e-mail:

mary.mokka@dfait-maeci.gc.ca
Web site: **www.aommcanada.com/cbe** *

(For the unabridged version, see **www.dfait-maeci.gc.ca/canadexport**)

Caribbean export showcases

PUERTO RICO and **U.S. VIRGIN ISLANDS** — October 27-31, 2003 — Canadian Export Development Inc (CEDI), together with the Canadian Consulate General in Atlanta and Consulate in Miami, is once again organizing Canadian food and beverage and construction and building products showcases in the Caribbean. Canadian companies participating in these shows can display their products and services under one umbrella as they pursue business opportunities in the Caribbean markets. Key Caribbean decision makers and buyers, both in government and the private sector, will visit the shows. This is an excellent opportunity to introduce your company to important emerging markets, and could be very rewarding in obtaining sales or initiating business relationships with Caribbean partners.

For more information, contact Robert Grison, Director of Operations, CEDI, tel.: **(613) 825-9916**, fax: **(613) 825-7108**, e-mail: **cced@sympatico.ca** *

Successes in Japan — continued from page 5

For more information, contact Doug Fraser, Vice-President, Business Development, IDELIX Software Inc., tel.: **(604) 656-6300**, Web site: **www.idelix.com** or Greg Singleton, Vice-President, International and Channel Sales, Databeacon, tel.: **1-888-921-8360**, ext. 309, e-mail:

gsingleton@databeacon.com
Web site: **www.databeacon.com**
or Claude Giorgi, Vice-President, Marketing and Sales, ITS, tel.: **(613) 567-9444**, ext. 307, e-mail: **cggiorgi@infinity-its.com** Web site: **www.infinity-its.com** *

New dates for Filmart 2003

HONG KONG — September 24-26, 2003 — **Filmart 2003**, the Hong Kong International Film and TV Market, has been rescheduled (originally set for June 2003). *

(For the unabridged version, see **www.dfait-maeci.gc.ca/canadexport**)

Boston food and wine

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