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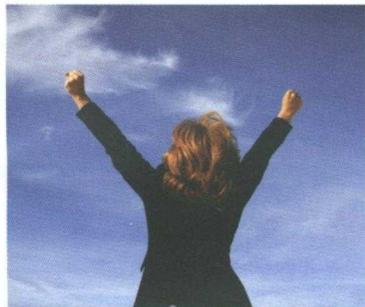
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▶ TOP STORIES

Riding the dragon with many tails

Some call China's economy a dragon with many tails. It's big, it's growing fast and it's a key link in global value chains. Canadian companies are doing well there, but Canada's Chief Trade Commissioner says more businesses need to ride this enormous beast to stay competitive in the global marketplace. [see page 3](#)



Taking down trade barriers for women

Many female business owners say that their gender puts them at a disadvantage when it comes to doing business. *CanadExport* looks at the state of women in international trade and finds that while women are starting companies faster than men—and finding success—barriers still exist. [see page 5](#)

The virtuous circle of trade

Canadian companies looking to lower their costs with more competitive imports need look no further than Canada's Trade Facilitation Office, a non-profit agency that helps developing countries benefit from world trade. For conscientious but profit-minded companies, virtue is no longer its own reward. [see page 7](#)



▶ ALSO IN THIS ISSUE

▶ Business tips: Steering clear of potential pitfalls

Brazil, South America's largest economy, offers great business opportunities for exporters who have researched and targeted this complex market. *CanadExport* offers a few quick tips to consider if you plan on taking your business to this challenging yet rewarding market. [see page 2](#)

▶ Mega opportunities abound in the Middle East and North Africa

Canadian companies are sharing in a wide range of ambitious infrastructure, technology and construction projects throughout the Middle East and North Africa. But what matters most, say Canadian companies doing business there, is people. [see page 8](#)

▶ Does the world's biggest customer want you?

Over 100 Canadian companies work hard to win contracts with a buyer that makes no commitment to buy anything. [see page 9](#)

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Business tips: Steering clear of potential pitfalls

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Get local, get in

There are many ways for Canadian companies to enter the Brazilian market. All the customary import methods exist including agents, distributors, import houses, trading companies, and subsidiaries of foreign firms. Most Canadian exporters use local sales representatives with technical capabilities or distributors.

As direct sales to the end user are rare, the key to success is to maintain a solid and reliable relationship with a suitable local firm, capable of protecting and promoting your company's interests. During sales contract negotiations, local buyers will almost always place an emphasis on quality, technical assistance and training.

The most common way for Canadians to do business in Brazil is through a sales representative or agent. Although some Brazilian companies import directly from overseas manufacturers without local representation, the presence of a local agent or distributor is essential in most cases. The selection of an agent requires careful consideration.

The ability of an agent to cover the country depends in large part on the item being sold. If your product has just a few buyers throughout Brazil, one agent may be enough. However, if your product sells to a wide potential market, the need for countrywide service facilities could place a much greater demand on a single agent.



Traders work on the floor of the Brazilian Mercantile and Futures Stock Exchange in Sao Paulo, in January 2007.

Culturally, Brazil is as diverse as all other countries that make up Latin America, so a business approach that is sensitive to this is required. Business is often conducted in English, but promotional material should be in Portuguese, Brazil's official language.

Know before you go

Local import regulations can be confusing to a first-time seller to Brazil. However, complying with local requirements are the responsibility of the importer, who will normally process necessary paperwork through a customs broker. Nevertheless, Canadian exporters should understand the process and be familiar with the regulations involved to avoid costly delays related to the non-compliance of regulations.

While patience and understanding are crucial for doing business in new markets, demonstrating a long-term commitment to the market is key. Make frequent visits to gain first-hand knowledge of the people and place. It will help steer you clear of potential pitfalls. ◀

GENERAL INFORMATION

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Canadian businesses need China to stay competitive

As an economy, China has been characterized as a dragon with many tails. To be sure, it is one of the most complex markets in the world today. Rapid growth in that country has had major implications for companies around the world—creating opportunities for export and at the same time presenting significant competitive threats.

As a market for Canadian exports, China is like no other. It is the fourth-largest economy in the world and has a gross domestic product growing at unparalleled rates. As the fourth-largest market for Canadian merchandise exports, it is expected to grow further in importance as China's infrastructure requirements continue to drive demand for goods and services.

At the same time, China poses a major threat to Canadian companies. Its low cost of labour has made China the leading destination for foreign direct investment and its companies are the main suppliers of goods to customers in China, Canada and other markets.

"In absolute numbers, the volume of Canadian exports to China is good. As a percentage of market share, it's not as good. And Canadian investment into China is lower than most of the industrialized West," says Ken Sunquist, Canada's Chief Trade Commissioner.

Canadian entrepreneurs are active in several of China's industrial sectors such as information and communications technology, transportation, aerospace, autos and auto parts.

Moreover, China is a key link in global value chains, becoming a regional hub of manufacturing and a centre for research and development. Many global enterprises are establishing or seeking to establish a presence there to position themselves for future global competitiveness.

But China's formidable economic presence in the world has meant that many countries are vying for a share of this market, and Sunquist says that Canada needs to play a bigger role in China's evolving global supply chain.

"As China continues to rise in importance, Canadian companies will need to develop deeper commercial relations with Chinese companies or face them as competition," Sunquist says.

He points out that more companies should take advantage of the Canadian Trade Commissioner Service when considering China as a market.



Chinese workers celebrate the opening of a Wal-Mart store in Shanghai.

Canada Pork International is a case in point. The organization has been active in China for the past seven years and its members export huge quantities of pork products to Chinese customers.

Established in 1991, it is the export promotion agency of the Canadian pork industry and represents a total of 30 trading houses and 20 packers.

Jacques Pomerleau, Executive Director of Canada Pork International, says much of Canada Pork's success was due to Foreign Affairs and International Trade Canada (DFAIT).

"The Chinese have tough regulations and complex bureaucracy. If not for DFAIT, it would have been extremely difficult for us to get in there," Pomerleau says.

Government officials helped Canada Pork obtain export certificates from Chinese veterinary services and to understand how the meat inspection process works there. They also helped Canada Pork complete the required documentation and necessary inspections, as well as resolve labeling issues.

Pomerleau advises other Canadian companies looking to expand their business in China to pursue the same opportunities.

Pomerleau anticipates further substantial growth but points out that Canada Pork has just scratched the surface of the Chinese market, much like Canada has thus far.

Sunquist says the Canadian government aims to do its part by maintaining strong relations with China, building China's knowledge of Canada's commercial capabilities, and by improving the Trade Commissioner Service to better help Canadian enterprises in global markets.

For more information, go to www.infoexport.gc.ca and www.beijing.gc.ca. ◀

Corruption: The high cost of bad business

What's the global bill for a year's worth of corruption in international trade? A trillion dollars U.S., say experts, which is just about equal to Canada's entire GDP for 2005. Every year, in other words, Canada's total economic output barely covers the sum lost to criminals around the world.

Corruption is not only expensive, it's pervasive as well. It can range from small "facilitation payments" for merely signing a form, and "consulting fees" that never results in any consultation, to a million-dollar secret payment guaranteeing a mining license.

But according to Sunny Pal, corporate governance counsellor for the law firm of Lang Michener LLP, all these criminal acts are identical in one way.

"They all," Pal says, "involve the misuse of power or authority for unlawful, private gain."

What can businesses do?

Corrupt practices are more common in some countries than in others. Before doing business in a particular market, an exporting company should try to assess the level of corruption it's likely to encounter. Transparency International (TI), the largest international NGO dedicated to monitoring and reporting on global corruption, can assist.

Every year, TI publishes its Corruption Perceptions Index, which ranks the world's countries according to the perceived level of their corruption in demanding bribes. TI also compiles a Bribe Payers Index, which evaluates the perceived propensity of firms from industrialized countries to bribe in the places where they do business.

Another tool developed by TI is the Integrity Pact, in which the host government and all would-be bidders for a public contract agree beforehand that no party to the negotiations will offer or accept bribes. Astounding as it may sound, TI claims to have achieved success with Integrity Pacts in some of the world's most chronically corrupt countries.

National corruption levels aren't the only factors involved, though. Some industrial sectors are well known to be more corrupt than others, like oil and gas, construction and armaments among them. A firm negotiating a deal in one of these sectors, in a country ranking poorly on the TI corruption index, should be especially sensitive to improper behaviour.

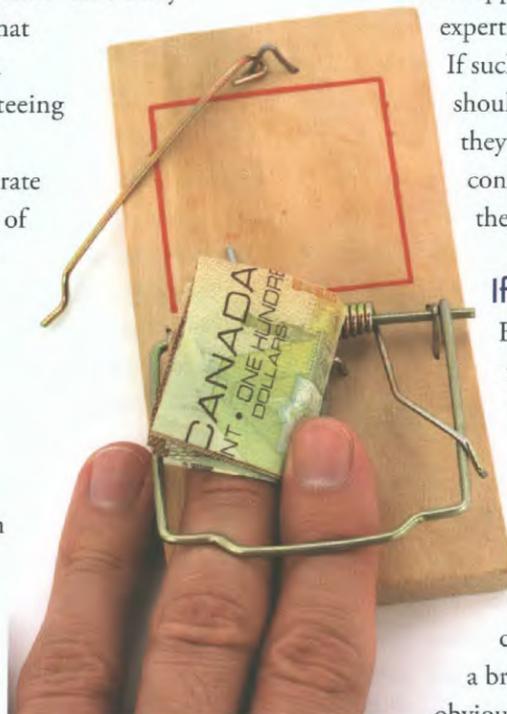
Warning flags—which can, of course, apply to any sector—might include unjustifiable delays in signing a contract, indirect messages suggesting extra compensation, or the appearance of "experts" who have no apparent expertise but must be paid for their services anyway. If such behaviour arises, the company's negotiators should be prepared to walk away from the deal. If they are to do this, however, they must be confident that senior management will support their decision.

If the worst happens

But what should a company do if it discovers that it has, unwittingly, become involved in corruption? "First," says Pal, "seek legal advice, because what's been done is potentially a criminal act in both Canada and the other country. Second, do your best to get out of the contract, while being very careful that the reasons you give for this can't be construed as libellous—a demand for a bribe is almost always made orally and will, obviously, be denied. You'll probably take a loss, but that's preferable to criminal prosecution. And be sure to preserve your documentation."

Companies are less likely to end up in such a situation if they establish and implement a corporate anti-corruption program before venturing into risky markets. A firm wanting to do this will find very useful guidelines in TI's free publication, *Business Principles for Countering Bribery*, available on the TI Web site at www.transparency.org.

Establishing such a program, and making very sure that everyone in the company understands it and follows it, will help establish strict standards of behaviour for the company. Coupled with due diligence, alertness and a disciplined sales force, this will go a long way toward protecting any firm from the potentially disastrous consequences of bribery and corruption. ◀



Taking down trade barriers for women

Canadian businesswomen are starting companies at twice the rate of men. What's more, they're exporting all over the world and finding success. Yet in spite of these successes, women are still facing barriers when it comes to pursuing trade opportunities.

One Canadian woman who has had export success is Kathy Kastner, CEO of Health Television System Inc., whose Toronto-based company delivers patient education to teaching hospitals across North America. Kastner participated in the first Canadian trade mission for businesswomen in 1997.

Prior to joining that historic team effort, Kastner did not export. Today, over 60% of her sales are to the U.S. "Without that trade mission, I don't even think we'd be in the U.S.," she says. "It was that powerful. I was able to take advantage of what was offered and change my perception, course and strategy."

Kastner is just one successful Canadian entrepreneur among many who have no doubt faced challenges in getting their export businesses going. Some of the biggest obstacles for anyone looking to export include international marketing, the cost of developing new markets, as well as finding local partners and distribution channels.

In addition, Helena Guergis, Secretary of State for Foreign Affairs, International Trade and Sport, says women face unique, gender-based challenges in the pursuit of trade opportunities.

"Cultural differences—such as those faced by businesswomen in the Middle East, South Africa, India and South America—and not being taken seriously as business owners are two such challenges," says Guergis.

A 2004 study published in the *Journal of Small Business and Entrepreneurship* found that 75% of female business owners believe that their gender has an influence on their ability to export. Among this group, many find that their gender is a disadvantage, citing lack of respect from male business owners, and a perceived bias against women on the part of financial institutions as key challenges.

Another report found that some women-owned firms were not performing as well as male-owned firms, and cited the lack of mentors and role models, smaller professional networks, and even a lack of spousal or peer support as possible reasons.

"The challenges become even more acute for women in developing countries," says Guergis, who says that the barriers



are exacerbated by poor education and training, and a lack of knowledge of international trade regulations.

That's where Foreign Affairs and International Trade Canada (DFAIT) can help. It funds research and provides resources such as a website, newsletters and trade missions to help accelerate Canadian exporting success for women.

"Whether women want to know how to begin exporting or whether they want assistance in tapping into new global markets, we can help steer the way," says Josie Mousseau, a Canadian trade commissioner.

The Canadian Trade Commissioner Service is a network of more than 900 trade commissioners working in Canada and overseas and helps companies succeed in foreign markets by providing timely advice, valuable business intelligence and in-market assistance.

"Since fewer than 10% of Canadian women entrepreneurs are exporting now, there are huge opportunities for women to grow and expand their businesses internationally."

Women entrepreneurs can look to *Businesswomen in Trade* (previously known as *Going Global: Women Entrepreneurs in International Markets*), an annual newsletter published by DFAIT that showcases pioneering Canadian women exporters who are contributing to the country's competitiveness.

The newsletter also features resources across Canada that businesswomen can use to help them succeed in foreign markets.

For more information, contact Josie Mousseau, Foreign Affairs and International Trade Canada, email: josie.mousseau@international.gc.ca, tel.: (613) 943-4556, website www.infoexport.gc.ca. ◀

Habits of highly successful global entrepreneurs

What habits are linked to entrepreneurial success abroad? Is it all risk-taking and dynamic deal-making? And how important is it to look before you leap?

CanadExport sought to answer to these questions by interviewing three Canadian companies. All three companies place a high value on researching their target markets and all three have tapped into the Government of Canada's online Virtual Trade Commissioner to find information specific to their sectors and markets.

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 sources of information 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. ◀

Trade agency makes virtue profitable

A majority of Canadian exports are made up of products that are first imported. That's the concept behind the global value chain and one that is not lost on Canada's Trade Facilitation Office (TFOC), a non-profit organization which acts as a partner for importers looking to source from emerging or developing markets.

Since 1980, the Canadian International Development Agency-funded organization has been trying to make virtue profitable by linking up Canadian companies looking for more cost-competitive imports with developing countries trying to take advantage of opportunities in global trade.

"We help developing countries and economies in transition to increase their involvement in world trade and to open the door for Canadian importers to find new suppliers which can lower their costs, increase their competitiveness and lead to long-term investments in new markets," says Dwayne Wright, the executive director.

Over the years, TFOC has helped stimulate growth between Canada and some developing countries. While the organization works mainly with Canadian importers, Wright says exporters benefit too.

"The virtuous circle of lower input costs, lower product prices, a wider variety of goods and increased sales benefits both producers, exporters and consumers in Canada," says Wright.

Lower labour and material costs

Labour and raw material costs in emerging and developing markets are lower, and in the case of suppliers from the least-developed countries, their goods are not subject to quotas or duties. They are also increasingly competitive, continually improving quality and directly targeting the Canadian market he says.

Wright cites the example of Worldwind Canada, an importer of produce, which met with Costa Rican exporters during a trade mission in 2004. Within a few months,

the company was importing about half a million dollars a year of habañero peppers.

Wright says these types of missions have enabled Worldwind to add green papayas and mixed vegetables such as yucca, chayote, pumpkin, yams and other tubers to their inventory. It is now doing millions of dollars of trade annually with Costa Rican suppliers and the products are lining Canadian supermarket shelves.

"We have found that participants of these missions are willing to work hard for the business and we take full advantage of the services offered by the TFOC and the missions they set up, as well as their assistance in finding new suppliers and products," says Naren Singh of Worldwind Canada.

As a result, Canadian businesses like Worldwind are gaining entry to the world's fastest-growing economies in Asia, Africa, Latin America and the Caribbean through the matchmaking services provided by TFOC.

But the benefits also reach

beyond Canada's borders.

Overall, imports from developing countries to Canada have shown a strong increase since 1999, with imports from the least-developed countries tripling in that period.

"This translates into jobs, business for ancillary services, and increased savings, investment, foreign exchange and consumer spending in the countries of origin. It also puts some of the world's poorest countries on the path to economic self-sufficiency, freeing up aid dollars to be used elsewhere," says Wright.

Interested Canadian importers should visit the agency's new website at www.tfoc.ca which provides Canadian companies with practical advice, a searchable database of export offers from more than 2,000 suppliers, and a customized news bulletin to help source new products or suppliers from developing and transition economies.

Companies can register automatically online, at no cost, and then manage their own files using private passwords. This enables companies to tailor their profiles to ensure that they receive the most accurate and useful information available. Business contact information remains confidential. ◀



Virtual Trade Commissioner
Access a World of Trade Knowledge



www.infoexport.gc.ca

Mega opportunities abound in the Middle East and North Africa

Canadian companies are sharing in a wide range of ambitious infrastructure, technology and construction projects throughout the Middle East and North Africa. But what matters most, say Canadian companies doing business there, is people.

Many Canadian businesses are active players in this region of 20 countries. In the Arabian Peninsula, Canadian exports of goods climbed 42% between 1998 and 2004 to a total of \$1.3 billion, with exports of services and know-how adding up to a similar amount.

Canadian firms are cracking a wide range of markets from the Persian Gulf and the Levant to the Maghreb countries of North Africa.

In Libya, for example, the Great Manmade River Authority turned to Canadian entrepreneurs for technology to spot flaws in pre-stressed concrete water pipelines.

In 2000, after early success in the U.S. market, Pressure Pipe Inspection Company caught the attention of the Libyan pipeline's project managers, who were plagued during the project's early phase by costly cracks and breaks in the underground line. "When we came in with solid technology that worked, we amassed a pretty good reputation quickly," recalls company president Brian Mergelas.

On a larger scale, Canadian engineering and construction giant SNC-Lavalin was hired to dig 700-metre-deep wells below the Saharan desert to tap Libya's aquifers for the water pipeline. Since then, SNC-Lavalin has steadily landed bigger contracts for the project.

"You do one project, then you do another, and the fact you are there gives you an advantage," explains Sami Bébawi, executive vice-president of SNC-Lavalin. Bébawi says that local partners are key allies for Canadians to understand conditions on the ground.

Easy pickings?

But Bébawi, who came to Canada 33 years ago from Egypt and speaks a number of languages including Arabic, English, French and Spanish, warns that the dazzling size and pace of regional mega-projects—from gas expansion in Algeria to urban renewal in Kuwait and giant entertainment complexes in Dubai—might give a false impression of easy pickings.

"There is a lot of money and a lot of projects but the competition is fierce," says Bébawi. "Don't think this is a big and easy catch."

Those who succeed in the region underscore the power of personal relationships.

"Decisions are often made by a very few people, so if you have a trusted-advisor-relationship with the decision makers, things can move quickly," observes Jim Metcalfe, president and CEO of Cansult Ltd. The Markham, Ontario, engineering and project management firm carries out 75% of its total business in the Arab world and has four permanent offices in the United Arab Emirates and Qatar.

"Developing these relationships across different cultures and crossing the language barriers can take time but, once established, they are very lasting and powerful," observes Metcalfe, a 32-year veteran of the region who now lives in Abu Dhabi.

No matter how—or where—the opportunities come, veteran Canadian companies offer the same advice to newcomers dazzled by the prospect of mega-dollars in the region: invest in people and relationships.

"You start small and deliver, you live up to expectations and slowly, slowly, they will come to respect you tremendously," says Bébawi of SNC-Lavalin.

Like others, he sees a bright future for Canada in a fast-modernizing region. "The opportunities are amazing," he says. "It is up to Canadians to decide how much we want our share to be." ◀



The building never stops. Some liken Dubai to one enormous construction site.

AP Photo/Kamran Jebreili

Does the world's biggest customer want you?

Over 100 Canadian companies work hard to win contracts with a buyer that makes no commitment to buy anything.

The U.S. federal government, the world's biggest customer, uses a special procurement system to pre-negotiate the purchase of products and services so that it doesn't need to go through a complex process each time it wants to purchase things like pens, chairs or office furniture.

The system, known as General Services Administration Schedule Contracts (or GSA schedules), is an indefinite-delivery, indefinite-quantity agreement. The U.S. federal government centrally negotiates the pricing and other conditions under which vendors offer government buyers over 53 different kinds of products and services that they already supply to the commercial market. American government buyers prefer these GSA schedules among the kinds of contracts they can use to purchase high-volume, common-use items.

Canadian businesses have been doing well using GSA schedules. Last year, 103 of the 707 Canadian companies who won U.S. government contracts sold over \$62 million through GSA schedule contracts.

Canadian successes

Office furniture manufacturers led the way with over \$20 million in sales. Top vendor Krug Furniture of Kitchener, Ontario, is among 25 Canadian furniture companies with GSA Schedule contracts.

A total of 57 Canadian IT providers with combined GSA sales came a close second, with just over \$19 million. David Martin, Co-CEO of leading vendor SMART Technologies of Calgary, Alberta, learned early on about GSA schedules. "When we began to pursue U.S. government buyers, prospects kept asking us if we were on a GSA. So we realized that this was important," says Martin.

"At the initial stages, we got experts to help us prepare our proposal for GSA. After all, just because you read the solicitation doesn't mean you have all the knowledge you need to navigate your way through the complex terms and conditions."

A GSA schedule doesn't guarantee any sales. The proposal and negotiation process costs every company a unique combination of time and money, and takes special marketing



expertise and careful relationship-building. The top companies have taken 10 or 15 years to build that level of sales, from signing a GSA schedule contract and seeing the first dollars flow, to making a consistent profit.

"Relationships are of critical importance, both with GSA contract administrators and federal agency customers," says Mike Boehmer, Director of GSA Sales for Krug. His team managed to turn early difficulties into an advantage.

"GSA believed there were deficiencies in testing data for one of our product lines," he said. "But even though we didn't win that contract, we gained a lot of credibility and respect by being honest and graceful in the way we did things."

Krug went on to foster very good long-term relationships with key senior GSA personnel. "Our GSA business has grown double digits every year since 1995," said Boehmer, whose efforts landed over \$10 million in U.S. government contracts last year.

Washington D.C.-based consultant Judy Bradt, a former Canadian trade commissioner and now principal of Summit Insight, points out that a specially-designed marketing campaign to drive GSA sales is key. "You can adapt a marketing campaign from your commercial market with modest expense. Government buyers notice when you tailor your online and print materials to them—and when you don't," she says.

For more information, go to www.gsa.gov, <https://fsstraining.gsa.gov>, www.international.gc.ca/sell2usgov and www.summitinsight.com. ◀

Sub-Saharan Africa merits second look

While social conflict and poverty are still pervasive, many African countries today have dynamic, thriving economies on par with the world's emerging nations. The countries of sub-Saharan Africa (those south of the Sahara Desert that are not part of North Africa) present major opportunities for entrepreneurs willing to do the homework.

Statistics Canada estimates that market opportunities for untied aid, for example, are valued at \$25 billion and are expected to more than double by 2010. It's no surprise then that there are more than 670 Canadian firms active there.

"Growth in sub-Saharan Africa is under-recognized," says Ken Sunquist, Canada's Chief Trade Commissioner.

Ron Davidson, a government official responsible for commercial relations with Africa, explains why. "The political division of the subcontinent into 47 different countries masks its significance when compared to large countries. In addition, media reporting tends to focus on the region's challenges rather than the opportunities," he says.

Sunquist concurs. "Growth is spotty, but in the pockets where it is occurring—without political or environmental impediments—it is considerable. Sub-Saharan Africa is not an easy or predictable place to conduct business; the risks are high, but the rewards are equally so. Canada's best corporations, both small and large, are very creative. And you need to be creative in these kinds of markets."

Compelling statistics

In many ways, the opportunities in sub-Saharan Africa's developing countries are equivalent to those in emerging countries such as Brazil, Russia, India and China, the so-called BRIC countries, Davidson says.

According to Statistics Canada, sub-Saharan Africa imports approximately the same value of Canadian merchandise exports

(more than \$1 billion in 2005) as Brazil and India, and significantly more than Russia.

Tecslut International is a case in point. One of Canada's leading engineering consulting firms, it has been active in Africa for more than 40 years. In 1995, Tecslut made Africa a priority for further business development—a strategic decision that has paid off tremendously, the company says.

"Critics laughed at us for focusing on Africa with the Asian and eastern European markets opening at the time," says Marc Parent, president of Tecslut. But he says that the competition from European companies was strong and the resources required to pursue business in Asia, given its distance from Canada, was better spent in Africa. "It was the right move," he adds.

Competitive advantages

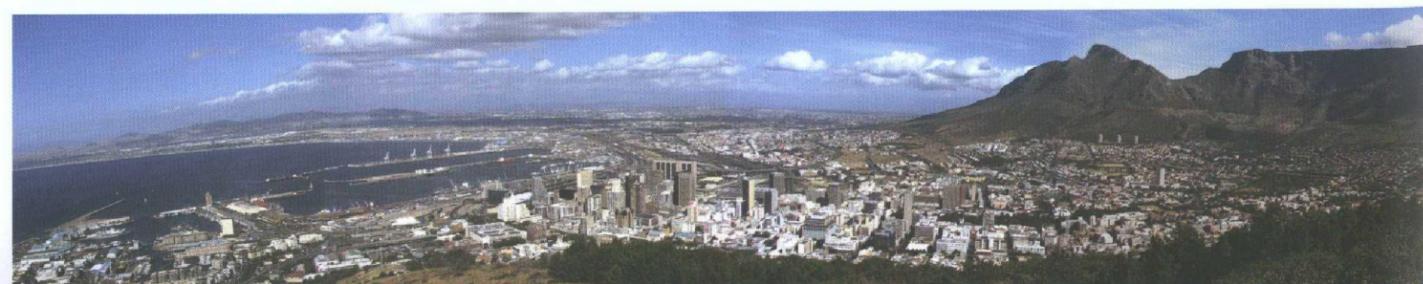
Parent attributes Tecslut's success to several factors. These include the attraction of North American technology, a desire among African countries to diversify their supplier base and decrease reliance on European companies, as well as cultural sensitivity and a commitment to technology transfer.

"Canadians take the time to show Africans how to operate equipment and implement systems. There is a different tone than with suppliers from other countries," Parent says.

Some question whether the political instability in parts of Africa, the lack of strong democratic roots, and human rights abuses stand in opposition to trade with countries on that continent. Ken Sunquist challenges that notion.

"The vast majority of Canadian companies export Canadian values and ideals along with their goods and services," he says. "Companies that can identify areas of opportunity and organize to meet the demands of African customers for Canadian goods and services stand to prosper."

For more information, go to www.infoexport.gc.ca.



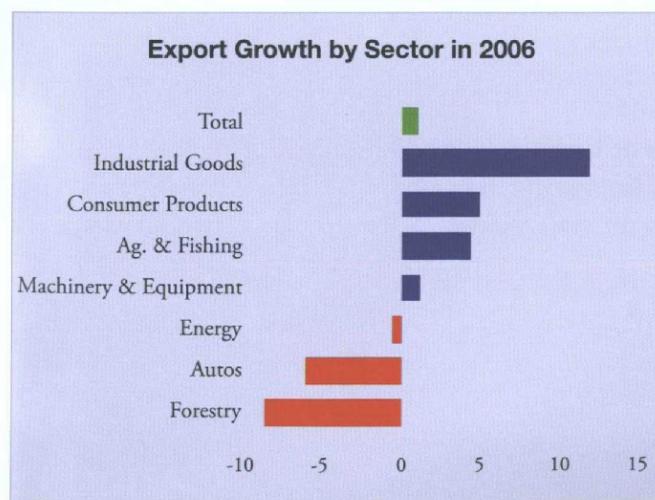
Cape Town, South Africa's biggest port, situated on one of the world's busiest trade routes.

Canada's strong trade performance slows in 2006

Canada's trade performance was strong in 2006, but was showing some signs of weakness. Exports of goods and services grew 1.1% to \$523.7 billion, while imports grew 4.2% to \$486.5 billion. With import growth roughly four times that of exports, the trade surplus decreased sharply to stand at \$37.2 billion by the end of 2006, down \$13.9 billion. However, data for January 2007 looks more promising.

Exports in 2006 were driven primarily by industrial goods, but this advance was due to a rise in prices; actual volumes of exports barely budged. Prices also played a role in lower energy exports, with both prices and volume of crude petroleum rising, but offset by lower volumes and significantly lower prices in natural gas exports. Meanwhile, exports of automotive and forestry products dropped substantially too, dragging down overall export growth. The story is not all gloom, though, as some high-technology sectors experienced strong export growth recently. Exports of pharmaceuticals and communications equipment grew over 30% from 2004 to 2006, while medical equipment and scientific instruments rose over 20% over the same period. As international competition continues to pose challenges to traditional sectors of Canada's economy, growth in technology intensive industries may offer greater opportunities.

Provided by the Office of the Chief Economist, Foreign Affairs and International Trade Canada (www.international.gc.ca/eet).



Data: Statistics Canada, Balance of Payments basis.

Japan an ideal market for health ingredients

Tokyo, November 20-22, 2007 > Canadian companies looking to explore opportunities in Japan's booming health food market may wish to be part of the Canadian pavilion at **Health Ingredients Japan**, the country's biggest exhibition of its kind. Last year, the fair welcomed some 45,000 visitors.



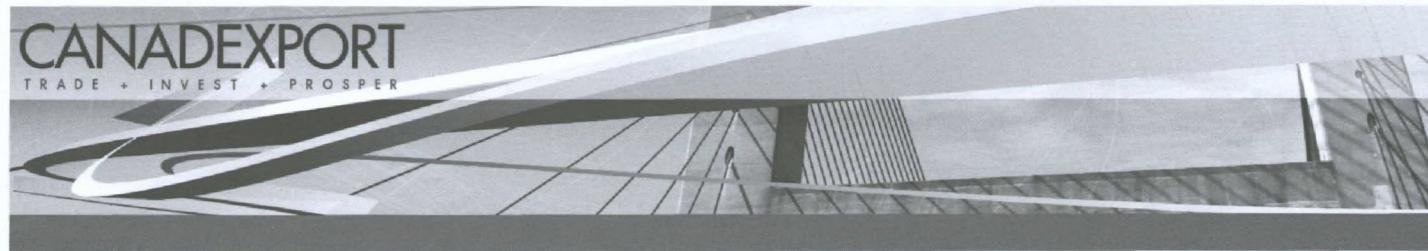
The Japanese market is made up of some 128 million consumers who are very knowledgeable about the benefits of healthy food ingredients, functional foods and nutraceuticals. According to Functional Foods Japan, a report on nutrition, the Japanese nutraceutical market is estimated to be worth \$27 billion. Moreover, Japan is the second-largest market in the world for nutraceutical products, second only to the United States. In fact, Japanese per-capita consumption of nutraceuticals is actually higher, at \$166 per year, with the U.S. at \$136 and Europe at \$92.

The market is also growing fast for the nutritional supplement sector. As deregulation in Japan continues, demand for Western ingredients gets ever stronger. In 2005, the Japanese nutritional supplement market accounted for some \$12 billion in sales.

For more information on the Canadian pavilion, contact: Anne Woo, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7840, email: wooa@agr.gc.ca, websites: www.hijapan.info and www.functionalfoodsjapan.com.



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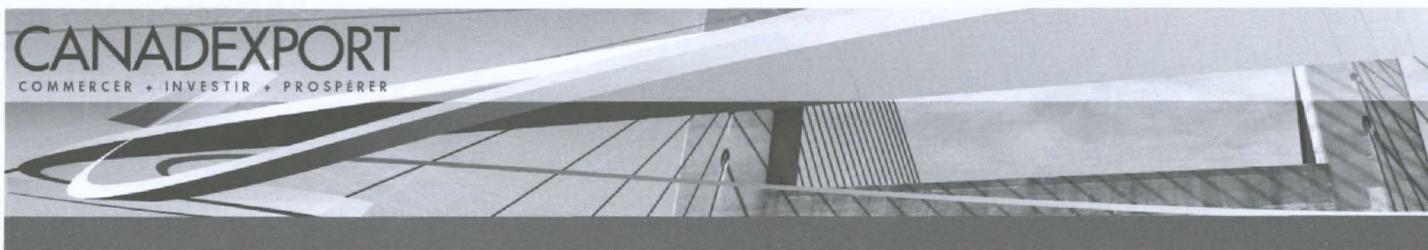
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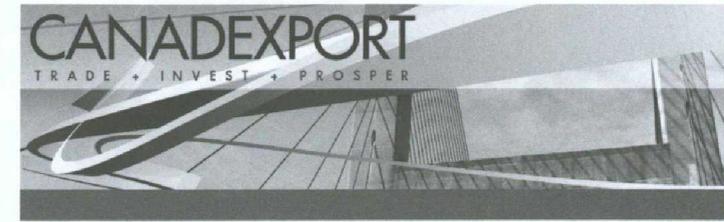
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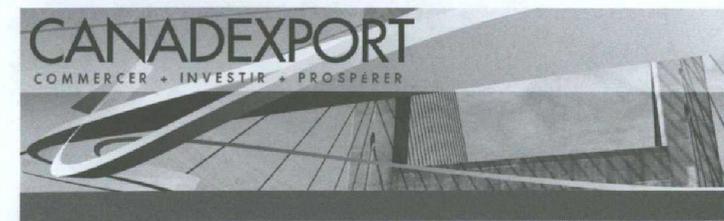
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AGRICULTURE, FOOD & BEVERAGES

Hong Kong, August 16-20, 2007 > Food Expo 2007 is the ideal place for exhibitors to introduce their products to distributors, importers, supermarkets, hotels, restaurant chains and other industry players. Last year, some 300,000 visitors and 9,000 buyers came to this show.

Contact: Houston Wong, Canadian Consulate General in Hong Kong, tel.: (011-852) 2847-7414, fax: (011-852) 2847-7441, email: houston.wong@international.gc.ca, website: www.infoexport.gc.ca/hk/index.htm.

ARTS & CULTURAL INDUSTRIES

Chicago, November 2-4, 2007 > The Canadian Consulate General in Chicago is organizing a trade mission to SOFA, the Sculpture, Objects & Functional Art Show and high-end gallery owners and artists might want to attend.

Contact: Ann F. Rosen, Canadian Consulate General in Chicago, email: ann.rosen@international.gc.ca, websites: www.chicago.gc.ca and www.sofaexpo.com.

FISH AND SEAFOOD PRODUCTS

Cape Town, October 24-26, 2007 > Fish Africa and Aquaculture Africa is southern Africa's leading event for the commercial fishing and aquaculture industries. This event is co-located with Maritime Africa, which covers all aspects of the maritime industry such as shipbuilding and repairs, marine equipment, paints and coatings, insurance and finance.
Contact: Brennen Young, Canadian High Commission in Johannesburg, tel.: (011-27-11) 442-3130, fax: (011-27-11) 442-3325, email: jobrg@international.gc.ca, website: www.fishafrica.net.

HEALTH INDUSTRIES

Buenos Aires, September 6-8, 2007 > ExpoMedical 2007 is the leading international show for healthcare products, equipment and services targeting the Spanish-speaking markets in the Americas.
Contact: Paula Solari, Canadian Embassy in Argentina, tel.: (011-54-11) 4808-1000, fax: (011-54-11) 4808-1111, email: bairs-commerce@international.gc.ca, websites: www.expomedical.com.ar and www.buenosaires.gc.ca.

INFORMATION & COMMUNICATIONS TECHNOLOGIES

Istanbul, October 2-7, 2007 > CeBit Eurasia is the largest ICT trade show in the region and covers the entire spectrum of information technology, telecommunications, software and ICT-related services.

Contact: Can Ozguc, Canadian Embassy in Ankara, email: can.ozguc@international.gc.ca, tel.: (011-90-312) 409-2753, fax: (011-90-312) 409-2715, website: www.cebitbilisim.com.

Munich, November 13-16, 2007 >

Productronica Munich is the only event in the world to feature the complete electronics production value chain, from production technologies for semiconductors, to displays and printed circuit boards and more.

Contact: Thorsten Henke, Canadian Consulate General in Munich, tel.: (011-49-89) 21-99-57-0, fax: (011-49-89) 21-99-57-57, emails: thorsten.henke@international.gc.ca and munich-td@international.gc.ca, websites: www.productronica.de and www.canada.de.

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