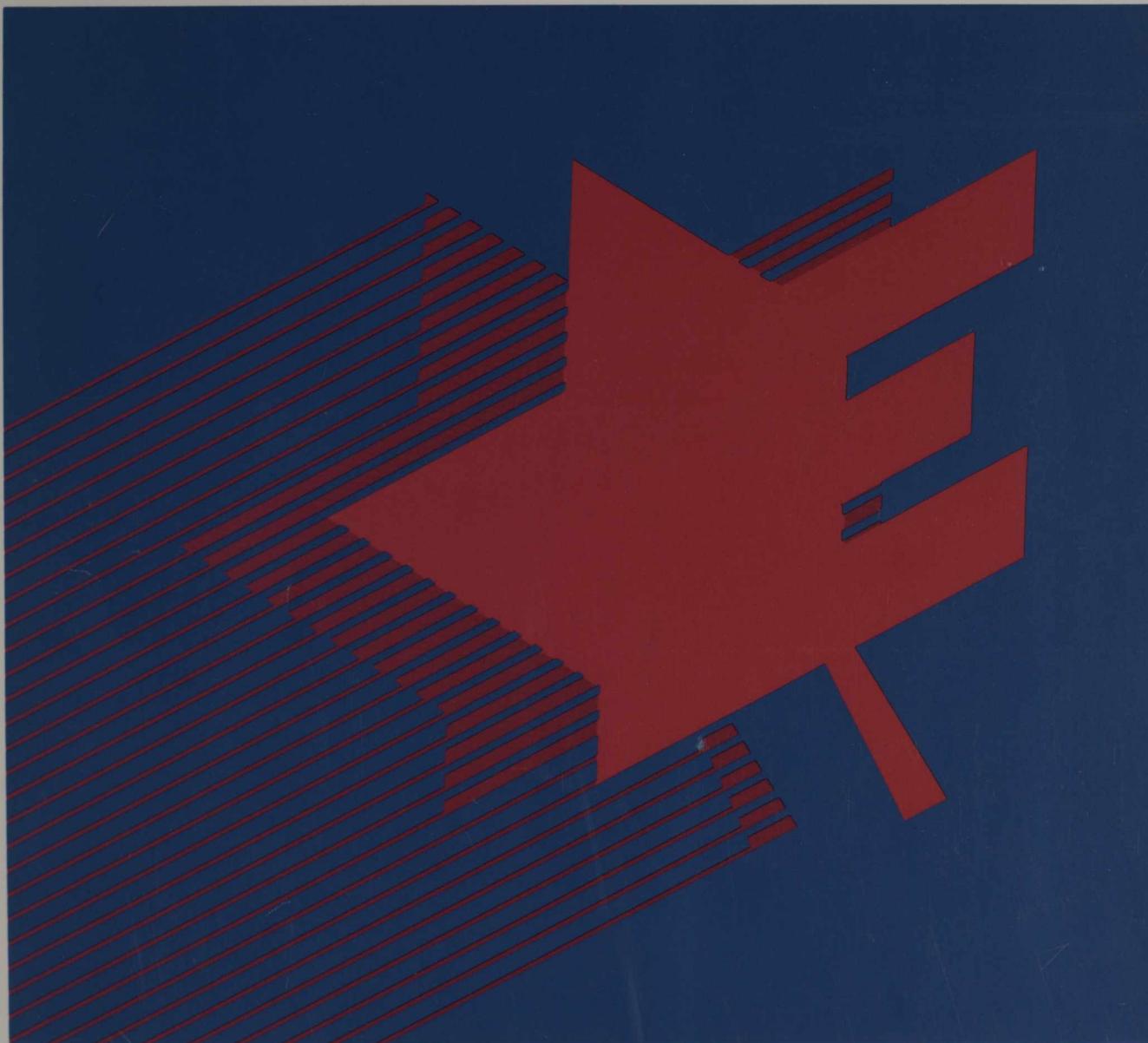


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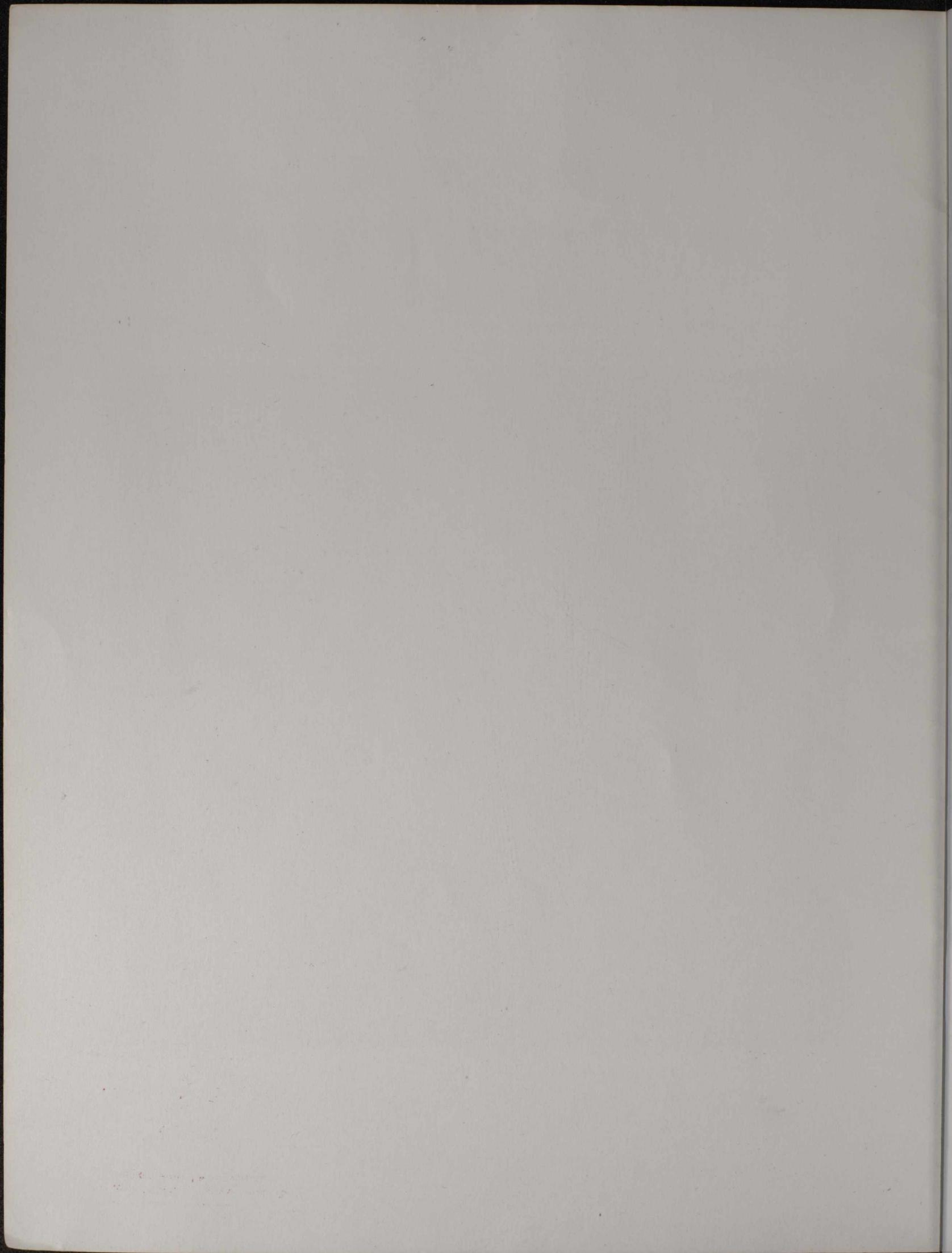
Program for Export Market Development

PEMD Handbook

A Financial Assistance Program for Canadian Exporters



*An External Affairs
Trade Publication*

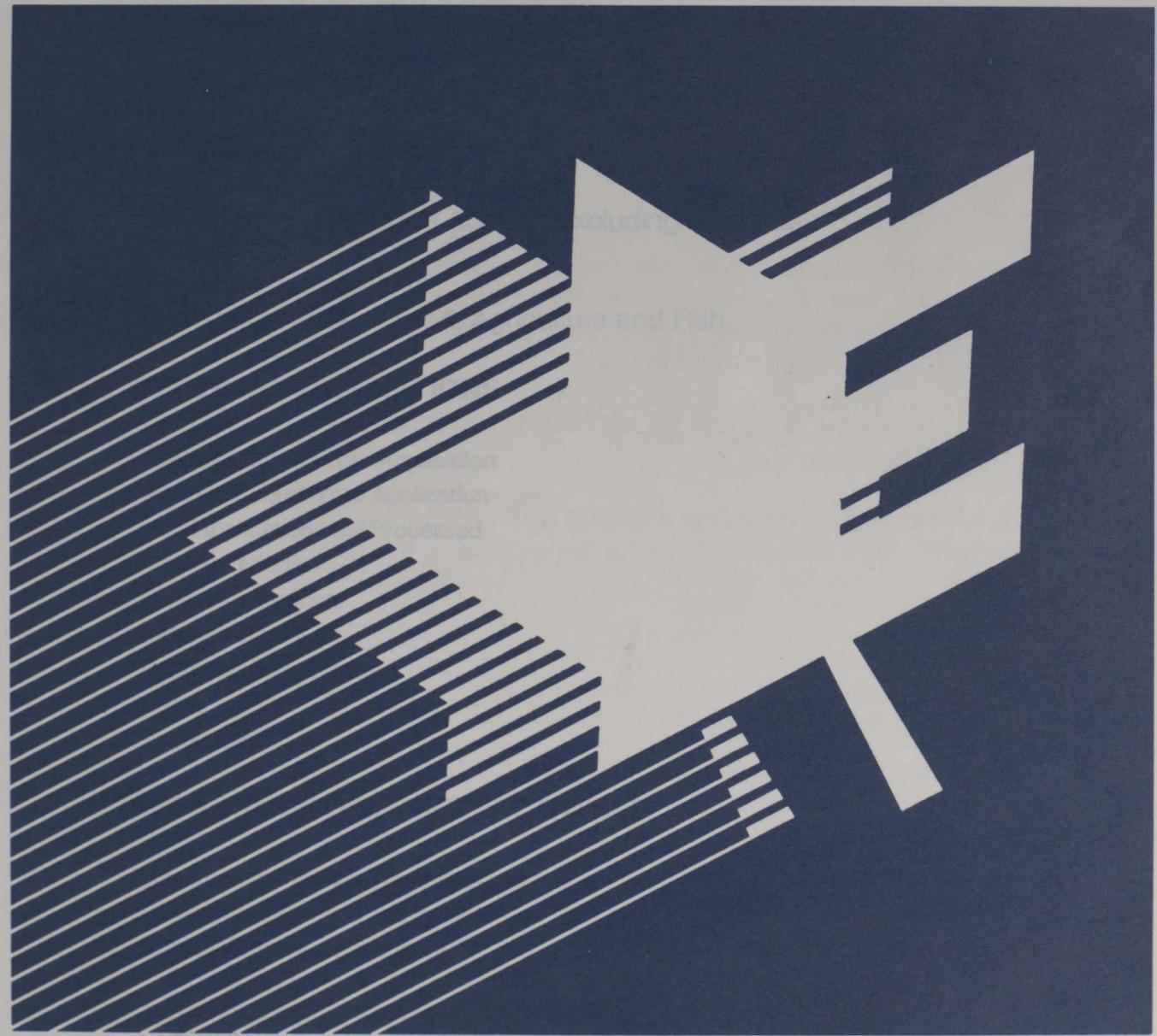


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FOREWORD

This handbook provides an overview of PEMD, the Program for Export Market Development, which is one of the major trade promotion instruments of the Department of External Affairs. The program is managed by the Export and Investment Programs Division of the Department of External Affairs (DEA) and jointly implemented with Industry, Science and Technology Canada (ISTC). PEMD offers assistance to Canadian business to undertake or participate in various types of export promotion activities. PEMD covers both projects initiated by industry and those planned by government and is designed to share the risk of international market development.

If your business meets the general eligibility criteria described in the first chapter, and those specific to the activities of special interest to you, as outlined in chapter 2, you may wish to submit an application. Before doing so, carefully read chapter 3 of this handbook which explains, among other matters, **reporting and repayment requirements**. Additional information and application forms can be obtained from the appropriate International Trade Centre in the regional office of Industry, Science and Technology Canada listed in the last section of this handbook.

This handbook is meant to serve only as a general guide and is subject to change.

Final decisions regarding eligibility and interpretation of the criteria rest with the officials responsible for assessing applications.

1. GENERAL INFORMATION

Program Objective

The main objective of PEMD is to increase export sales of Canadian goods and services. The program accomplishes this by sharing the costs of activities that companies normally could not, or would not, undertake alone, to reduce the risks involved in penetrating a foreign market. PEMD encourages Canadian companies not previously involved in exporting to become exporters. PEMD also encourages existing Canadian exporters to enter new geographic markets and new product markets.

Kinds of Assistance Available

The Program offers Canadian businesses financial assistance to undertake or participate in various types of trade promotion activities. All activities must be commercially oriented; that is, they must focus on generating export sales. These activities are categorized as either industry-initiated or government-planned.

Industry-initiated activities are:

- C • participation in recognized **trade fairs** outside Canada;
- B • **visits outside Canada** to identify markets;
- D • **visits of foreign buyers** to Canada;
- A • **project bidding** for specific projects outside Canada involving international competition/formal bidding procedures;
- F • the establishment of **permanent sales offices abroad** (excluding the U.S.) in order to undertake sustained marketing efforts in an area where the applicant is currently active;
- **marketing agreements** aimed at medium-sized companies experienced in exporting;
- R • **special activities for non-profit, non-sales food, agriculture and fish organizations, marketing boards and agencies** (for the benefit of their members).

E - discontinued
S - April 1987

Government-planned activities are:

- **trade missions** to markets outside Canada, and for foreign business persons and government officials coming to Canada or to trade shows where Canadian business participation is substantial; **trade fairs** abroad.

General Eligibility

To be eligible for PEMD assistance applicants must be one of the following:

- an incorporated business (includes trading houses, co-operatives, and food, agriculture and fish sales organizations);
- an independent firm of professionals, such as architects or engineers;
- a non-sales organization, association, marketing agency or board, specializing in food, agriculture or fish (for special activities only);
- a national private sector, non-profit trade organization or association, such as the Canadian Exporters' Association or the Canadian Chamber of Commerce (for government-planned missions only).

Applicants must also be **export-ready**. Incorporated businesses and firms of professionals must:

1. be established and operating in Canada and have either sales performance data for at least two years, or annual sales exceeding \$100 000;
2. have satisfactory marketing and managerial capabilities;
3. be financially able to successfully complete the project (positive working capital and tangible net worth);
4. have an exportable product or service that meets Canadian content criteria of 60 percent;



5. be registered with DEA's World Information Network for Exports (WIN Exports) or with ISTC's Business Opportunities Sourcing System (BOSS), or be in the process of registering;
6. have fulfilled reporting and repayment requirements on all previous PEMD assistance. Companies delinquent or in default at the time of invitation or application must first fulfill all requirements before final approval may be given.

Non-profit trade organizations are considered export-ready if they are judged competent to carry out the project and are registered with Win Exports.

Ineligible Participants and Applicants

PEMD assistance is not available to:

- unincorporated companies and divisions (other than firms of professionals);
- municipal, provincial or federal Crown corporations or their subsidiaries;
- incorporated applicants in which a government has 50 percent or more ownership;
- educational institutions, their affiliates and subsidiaries;
- applicants who, in a government fiscal year, have already either received the maximum amount of assistance or the maximum of four activity approvals;
- applicants who have been consistently unsuccessful in generating export sales as a result of previous PEMD assistance;
- companies that are majority South African owned as per the following definition: South African beneficial ownership of shares to which are attached more than 50 percent of the voting rights required to elect a board of directors.



2. INDUSTRY-INITIATED ACTIVITIES

The financial assistance for export marketing activities initiated by industry is not a grant but a repayable contribution. Application must be made prior to incurring any costs for the activity as assistance cannot be applied retroactively.

Additional Eligibility Criteria

Industry-initiated activities must meet the following eligibility criteria in addition to those listed in chapter 1:

1. The activity must fit into the applicant's **marketing plan**.
2. **The proposed activity must be unlikely to be undertaken without PEMD support.** It must represent an increase of normal business operations, and must also involve a level of risk higher than that normally assumed by the applicant. The activity should differ from the applicant's regular international marketing activities in at least one of the following ways:
 - the proposed activity must be located in a geographic area that is new to the applicant;
 - the activity must be aimed at introducing an applicant's new product or service to the market;
 - the intended clientele must be new;
 - the activity must be directed towards a substantial increase in the applicant's penetration of a particular market, or to the recovery of a lost market;
 - the activity must be substantially larger or riskier than any previous activity undertaken by the applicant in that market;
 - the activity must be directed towards, or arise from, substantial changes in market circumstances or competition.
3. The activity must have a reasonable **probability of success**, considering the technical aspects of the activity, the applicant's past performance in export markets, the competition, the availability of financing, and the size of the financial undertaking.
4. The activity must provide potential **benefits to Canada**. DEA must be satisfied that the following conditions can be met:
 - that expected sales benefits accruing to the applicant will be sufficient to ensure repayment of the PEMD contribution;
 - that the Canadian content of the goods or services to be sold will be at least 60 percent. Elements considered when calculating Canadian content include production costs, such as Canadian labour, engineering and development costs; sales expenses; general administrative costs; shipping costs; and profits before taxes;
 - other factors to be taken into consideration are:
 - the magnitude of additional production and employment that could be generated in Canada;
 - potential future benefits to Canada that could result from penetrating the target market.
5. If provincially organized, the activity must be consistent with **DEA's trade objectives** for the region and must support the federal government's industrial and international marketing strategies.
6. **Applicants must contribute at least 50 percent of the costs from their own funds** to carry out the activity. If the activity is being funded by both the federal and provincial governments, PEMD will not contribute to specific costs being paid for by the province. Activities receiving support under CIDA's Industrial Co-operation Program or government-planned PEMD (except for trade fair information booths) and activities sponsored



by missions abroad are not eligible for additional PEMD assistance.

7. Activities undertaken by **trading houses** must be oriented toward a specific geographic area, and must concern the marketing of specific products or services. For member trading houses of the Council of Canadian Trading Houses this includes products listed in the CCTH Directory. For other applicants, the products must be covered in agency agreements. All applicants must have control over the products or services for the same period and market as covered by the PEMD legal agreement.
8. Activities involving the development of export markets for **used equipment** are not eligible unless the equipment is reconditioned and it can be demonstrated that the reconditioning includes substantial Canadian content.
9. **Applications** must be submitted at least four weeks prior to the planned activity to ensure adequate processing time. All efforts will be made to shorten the processing time, but companies cannot presume support until written approval is obtained through the legal agreement.
10. Applicants for PEMD industry-initiated assistance are **limited** to a maximum of:
 - four approvals per government fiscal year;

OR

 - one marketing agreement covering a one- or two-year period.

5. INDUSTRY-INITIATED ACTIVITIES

The financial assistance for export marketing activities initiated by industry is not a grant but a repayable contribution. Applicants must be made prior to incurring any costs for the activity as assistance cannot be applied retroactively.

Additional Eligibility Criteria

Industry-initiated activities must meet the following eligibility criteria in addition to those listed in chapter 7:

1. The activity must fit into the applicant's marketing plan.
2. The proposed activity must be designed to be undertaken without PEMD support. It must represent an increase of normal business operations and must also involve a level of risk higher than that normally assumed by the applicant. The activity should offer the applicant's regular international marketing activities in at least one of the following ways:
 - the proposed activity must be located in a geographic area that is new to the applicant;
 - the activity must be aimed at introducing an applicant's new product or service to the market;
 - the intended clientele must be new;
 - the activity must be directed towards a substantial increase in the applicant's penetration of a particular market, or to the recovery of a lost market;
 - the activity must be substantially larger or riskier than any previous activity undertaken by the applicant in that market;
 - the activity must be directed towards or arise from substantial changes in market circumstances or competition.



Trade Fairs

PEMD financial assistance is available to foster participation in recognized trade fairs outside Canada. Effective April 1, 1986, a company is eligible to participate in the same event on three separate occasions.

Applicants are eligible for assistance to participate independently at a trade fair abroad where there is a national stand only if they were not invited to participate at the national stand or if the national stand is fully subscribed to at the time of application.

Applicants must exhibit under their company's or product's name.

PEMD Contribution

The PEMD contribution towards participation in a trade fair is 50 percent of:

- return economy airfare (or equivalent) for a maximum of two company representatives;
- space rental;
- display construction, transportation, erection, operating and dismantling costs (display operating costs may include interpreters, video rental, electricity and any other factors considered reasonable by the project officer assessing the application);
- promotional material (PEMD contribution of up to \$2 500). Promotional material may include artwork, reproduction and printing costs, marketing aids (e.g. pens) or any other element considered reasonable by the officer assessing the application. Also eligible are advertising costs related to trade fair participation, as in catalogues or special editions of a trade publication;
- return freight of products not sold (PEMD contribution of up to \$5 000).

Applicants are responsible for all other costs.

Application Requirements

A completed application form must be accompanied by the following additional information:

- your company's latest financial statements;
- your company's promotional brochure and any pertinent product literature.

Existing sales to the geographical market for which the application is being made must be clearly indicated and substantiated, as they will constitute the basis for repayment calculations.

Visits – Incoming and Outgoing

PEMD funding is available for Canadian business persons wanting to:

- visit potential agents, distributors and clients to identify markets;
- attend symposia or conferences (where significant potential exists to market their products) in a foreign country;
- sponsor the visit of foreign buyers to Canada, or another approved location (installation, trade fair, etc.) to facilitate the sale of Canadian products.

Applicants with total annual sales greater than \$10 million are not eligible to receive assistance for a visit to or from the U.S.

Agents of the Canadian applicant are not eligible.

PEMD Contribution

Successful applicants will receive 100 percent of the return economy airfare (or equivalent), for a maximum of two company representatives for outgoing visits or a maximum of two incoming potential buyers.

Applicants are responsible for all other costs.

Application Requirements

A completed application form must be accompanied by the following additional information:

- your company's latest financial statements;
- your company's promotional brochure and any pertinent product literature.

Existing sales to the geographical market for which the application is being made must be clearly indicated and substantiated, as they will constitute the basis for repayment calculations.



Project Bidding

PEMD support for project bidding or proposal preparation at the pre-contractual stage of a project is designed to assist Canadian firms in bidding for specific projects outside Canada involving **international competition/formal bidding procedures**. It covers the supply of Canadian goods and services for major capital projects including consulting services, engineering, construction and equipment.

There must be international competition for the project (except in state-controlled markets). The project must also be substantially larger and riskier than one the applicant would undertake without PEMD assistance, yet must have a reasonable probability of success.

No assistance can be provided if there is Canadian competition for the project.

Ad hoc consortia are not eligible to apply as a group for project bidding support. Each company must apply on its own for its own portion of the work and must meet program eligibility requirements.

A **subcontractor** bidding to a Canadian or foreign prime contractor on a foreign project may be eligible for PEMD assistance if (1) travel outside Canada is required to negotiate directly with the foreign client or the client's agent, or to obtain information necessary to prepare the bid, (2) the prime contractor has requested, or intends to request, foreign bids, (3) the products or services provided to the prime contractor are an essential part of the export package, or (4) follow-up services must be provided outside Canada by the subcontractor. The subcontractor is ineligible if its responsibility ends with delivery of supplies in Canada to the Canadian prime contractor.

A letter or telex of intent to submit an application is acceptable for project bidding assistance in order to establish an effective date for eligible expenses. A completed application form, however, must follow within three weeks of that date.

PEMD Contribution

The PEMD contribution to project bidding is a per diem allowance of \$100 in Canada, and \$150 outside Canada, for the applicant's professional-level employees working on bid preparation and other aspects of the project (excluding support and administrative personnel such as secretaries, clerks). The Program will also pay 50 percent of the cost of:

- return economy international airfare (or equivalent) for company officials or incoming potential clients to Canada or another approved location;
- the following costs, if incurred at arm's length to the applicant:
 - printing, computer and word processing;
 - legal and translation services;
 - international courier, freight and shipping of project documents and supporting material;
 - obtaining bid or performance bonds;
 - purchase of bid or tender documents;



- consultants' fees, including local agents' fees (up to 25 percent of the total PEMD contribution).

Applicants are responsible for all other costs.

Application Requirements

A completed application form must contain the following information:

- a description of the project on which your company wishes to bid, including a description of the total project;
- financing details for the total project and for the portion covered in this application;
- whether this is part of a joint bid, and if so, with whom (name and address);
- identification of competition for the project;
- the benefits to Canada in relation to the products and services to be sold, their Canadian content, potential suppliers and other potential benefits;
- the benefits to your company;
- a breakdown of the steps required to bid on the contract. Include for each step the estimated eligible PEMD contribution in relation to the following costs:
 - full-time technical or professional personnel working in Canada;
 - personnel working outside Canada;
 - international transportation;
 - special costs incurred at arm's length;
- a summary of related export experience and your company's qualifications for the project, including:
 - previous sales made to this or similar clients;
 - export experience, if any, in this market and in general;
- your company's latest financial statements.



Permanent Sales Office Abroad (excluding the United States)

PEMD assistance to establish **permanent sales offices abroad** (excluding the United States) is designed to enable exporters currently active in an export market to more fully exploit that market through a sustained marketing effort.

Establishment of a permanent sales office abroad must represent part of the company's overall marketing effort and demonstrate a long-term commitment to the target market. Trading houses must show evidence of long-term exporting commitment to specific Canadian products. The company **must already be selling in the target market**, but through methods other than sales offices.

The office to be established must employ a full-time employee of the company as manager.

Technical and support operations centres, retail stores and show rooms are not eligible.

PEMD Contribution

The PEMD contribution to the establishment of a permanent sales office abroad is 50 percent of the cost of:

- office rental;
- office equipment rental;
- one support staff member;
- a general manager (PEMD contribution of up to \$37 500 a year);
- legal fees to establish and incorporate outside Canada.

The applicant is responsible for all other costs.

The maximum PEMD contribution is \$125 000 over two years with a limit of two approvals (not concurrent). If one of the projects was successful and the PEMD contribution fully repaid, the company is eligible to submit a new application.

Application Requirements

In addition to the information to be completed on the application form you must provide:

1. A market study, outlining:

- the reasons for selecting the target market;
- the reasons for opening an office rather than utilizing other methods (e.g. agents);
- a full description of your past and present activities in the market;
- activities that you will undertake to achieve the expected volume of sales (market penetration plan);

- annual sales in the target market for the last two years and the date of your first sale in that market;
 - the present total demand for the specified products or services in the target market;
 - the suitability of your products or services to market requirements;
 - projections of total demand for the products or services in the target market for each of the next five fiscal years;
 - your anticipated share of the target market for each of the next five years (state projected sales in percentages and dollar value);
 - the revenue that will be produced by the marketing activity over the next five years;
 - an analysis of the level of sales necessary for the marketing effort to become self-sustaining;
 - a description of the main competitors in the target market, their products and services, respective market shares and competitive strengths;
 - the benefits to Canada in terms of employment, profit, purchase of Canadian equipment and supplies from Canadian suppliers, sub-contracts with Canadian companies and increased manufacturing activities in Canada;
2. A certification that the general manager will be a full-time employee of the company;
 3. A detailed description of the estimated costs of establishing the office;
 4. An estimate of the eligible PEMD contribution;
 5. Your company's latest financial statements.

Existing sales to the geographic market for which the application is being made must be clearly indicated and substantiated, as they will constitute the basis for repayment calculations.



Marketing Agreements

PEMD applicants who wish to undertake a concentrated marketing program may enter into a marketing agreement.

This is not a new PEMD activity but a method of packaging PEMD industry-initiated activity assistance over a one- to two-year period. Marketing agreements are most suitable for medium-sized experienced exporters who also meet the applicant eligibility criteria. Only activities already outlined in industry-initiated PEMD are eligible for cost-sharing under a marketing agreement.

This type of agreement is tailored for companies that would utilize the PEMD program to undertake a series of market identification trips and/or trade fair participations.

Visits and trade fair attendance may not qualify if a sales office exists in the geographic target market area.

A marketing agreement must be aimed at a specific geographic area.

PEMD Contribution

The PEMD contribution to a marketing agreement covers the eligible costs as per each specific marketing activity involved ... trade fairs or visits.

Application Requirements

Your completed application form must be accompanied by the following additional information:

1. A marketing plan including:
 - a full description of past and present export activities (years and sales);
 - identification of the target market and reasons for its selection (including suitability, demand for products, competition, etc.);
 - identification of types and scheduling of activities to be undertaken and total estimated costs;
 - a description of products or services to be promoted including their Canadian content;
 - a summary of how this activity relates to the company's overall marketing plan;
 - sales projections for the activity period and for the following three years;
2. An estimate of the eligible PEMD contribution;
3. Your company's promotional brochure and any pertinent product literature;
4. Your company's latest financial statements.

Existing sales to the geographic market for which the application is being made must be clearly indicated and substantiated, as they will constitute the basis for repayment calculations.

Special Activities – Food, Agriculture and Fish

Special activities assistance is for non-profit, non-sales, food, agriculture and fish organizations, marketing boards and agencies. Activities undertaken by these organizations must be for the benefit of their members and include participation in trade fairs, visits, technical trials, product demonstrations, seminars and training, and commodity promotion.

PEMD Contribution

The PEMD contribution to a special activity is:

- per diem allowances of \$100 in Canada, and \$150 outside Canada for officers of the organization;
- 50 percent of the return economy airfare (or equivalent);
- 50 percent of the following:
 - consultants' fees to undertake studies or provide technical services;
 - legal, translation and interpretation services;
 - technical trials and demonstrations of food products, and plant and animal material;
 - advertising and promotional materials, sales aids, and printed matter designed for export promotion activities;
 - design, material and construction costs relating to the production of exhibits for trade fairs or exhibitions, as well as operating costs such as space rental, hydro, set-up and dismantling;
 - seminar and training costs, such as room rental, audio-visual aids, printed matter, simultaneous translation and honorariums;
 - transportation costs for shipment of food products, plant and animal material, exhibits and promotional material;
 - other costs that may have a direct bearing on the success of the activity, but excluding hospitality, entertainment and items that could lead to countervail actions.

The applicant is responsible for all other costs.

The PEMD contribution is non-repayable.

A maximum of \$125 000 per activity and two activity approvals per government fiscal year are allowed.

Application Requirements

In addition to the information to be completed on the application form, you must provide:

- a detailed description of the project, including objectives, personnel involved, and products and services to be sold;

- a market study that includes a forecast of commercial benefits likely to result from the activity;
- a detailed cost breakdown for the project;
- an estimate of the eligible PEMD contribution;
- your organization's qualifications for the activity and the relationship of the activity to your overall marketing plan. Provide details including number of years in operation, number of full-time staff, export budget and number of members. (Submit annual report if available.)

Activity Period

PEMD activities are defined as those activities that are conducted during the period of the activity. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted.

Activity Period	Eligible Contribution
1 or 2 years	100%
3 to 5 years	75%
6 to 10 years	50%
11 to 15 years	25%
16 to 20 years	10%
21 to 25 years	5%
26 to 30 years	0%

Any activity that is conducted during the period of the activity is eligible for PEMD. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted.

PEMD activities are defined as those activities that are conducted during the period of the activity. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted.

When to Submit Your Application

You should submit your application at least 10 weeks before your planned activity is to begin. A letter of intent to submit an application is acceptable for project bidding purposes. A completed application form, however, must follow within 10 weeks of bid date.

How Applications are Processed

Once your application has been received, it will be examined by a review committee. The review committee will evaluate the application and project eligibility. The review committee will evaluate the application and project eligibility. The review committee will evaluate the application and project eligibility.

PEMD activities are defined as those activities that are conducted during the period of the activity. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted. The activity period is the period during which the activity is conducted.

3. OTHER CONSIDERATIONS

Where to Submit Your Application

Submit visits, trade fairs and marketing agreements applications to the appropriate International Trade Centre located in the regional offices of Industry, Science and Technology Canada, as per the list at the end of this handbook.

Project bidding, permanent sales offices abroad and special activities – food, agriculture and fish – applications are to be submitted to the Export and Investment Programs Division (TPE) of External Affairs in Ottawa at the address noted in the last chapter of this handbook.

When to Submit Your Application

You must submit your application at least four weeks before your planned activity is to begin.

A letter or telex of intent to submit an application is acceptable for project bidding assistance in order to establish an effective date for eligible costs. A completed application form, however, must follow within three weeks of that date.

How Applications are Processed

Once your application has been received, it will be examined by a project officer, who will evaluate it according to the applicant and project eligibility criteria and the availability of program funds. The project officer will also obtain comments on the activity, the market, or other relevant considerations from External Affairs missions abroad; International Trade Centres; Industry, Science and Technology Canada; and other federal and provincial departments. The project will be assessed in detail in light of any comments received, and the estimated costs will be examined to see whether they need to be revised or reduced.

If your application is approved, you will be notified and a legal agreement will be prepared and sent to you.

If your application is turned down, you will be notified in writing with an explanation.

You may cancel or withdraw your application at any time, as long as a legal agreement has not been signed.

Activity Periods

Duration of the activity periods, from the project's effective date or date of receipt of the application to the activity expiry date is outlined below:

Type of Assistance	Activity Period
- Trade Fairs	6 months
- Visits	6 months
- Project Bidding	2 years*
- Establishment of Permanent Sales Office Abroad	2 years
- Marketing Agreements	1 or 2 years (to be specified)
- Special Activities	1 or 2 years (to be specified)

* Extensions of up to one year to the activity period for project bidding only may be considered. The maximum time for which assistance may be approved, including extensions, is three years. A written request for an extension must be submitted to the project officer no later than 30 days prior to the activity expiry date and must be approved in writing by the appropriate signing authority. If the extension is approved, the legal agreement must be amended. Any other form of extension is not valid.

Claims for Payment

Companies must submit their claim for payment, with a summary of the activity, no later than 30 days after the activity expiry date. **Claims received later than 30 days after the activity expiry date will not be accepted.**



Only the specific costs covered in the PEMD legal agreement can be claimed. Receipts must be provided for all travel and other activities. When full airfare is provided, only the original carrier's (airline) tickets (not a photocopy) are acceptable as a receipt. For incoming visits, original proof of payment and photocopies of the tickets are acceptable if the original cannot be obtained. All receipts become the property of the Crown and will not be returned. In exceptional cases, where the passenger coupon of the airline ticket cannot be produced, an affidavit may be required.

If the company cannot provide bills or receipts for per diem expenses being claimed outside Canada, satisfactory evidence must be provided for the number of days that are eligible for the per diem allowance (project bidding and special activities.)

Interim or progress claims may be processed for the following activities: project bidding, establishing permanent sales offices abroad, marketing agreements and special activities.

If requested, companies must provide financial statements prepared by a certified accountant, attesting that expenses claimed were actually incurred and are accurate and reasonable.

Amendments

Any change or revision to the scope of the activity or to the approved estimate of costs must be requested in writing prior to the change taking effect or the costs being incurred.

Reporting Requirements

Recipients of PEMD assistance **must provide a revenue/sales report at the end of the activity period, and every year thereafter for three years, unless otherwise specified.** These four reports are used to assess the success of the activity, and are also helpful in evaluating the success of the program.

Revenue/sales reports are required for all activities, even if your business did not make export sales or win a project bid. **In such cases, a NIL report is required.**

In the case of establishing permanent sales offices abroad, marketing agreements and special activities, a status report is also required at the end of each year of the activity period.

Audits

All expenditures claimed under PEMD during the lifetime of the legal agreement are subject to a random or detailed specific audit, at the discretion of the government. Reported export sales may also be audited. Both successful and unsuccessful activities may be audited.

Repayment

Each legal agreement contains a repayment clause that stipulates the terms under which the applicant will repay the Crown.

Repayment is based on any revenue/sales made, or on any contract entered into, as reported on the revenue/sales reports.

The rate of repayment for trade fairs, visits, establishing permanent sales offices abroad and marketing agreements is 2 percent of gross incremental sales for each reportable year. Companies may repay more than 2 percent up to the amount of the PEMD contribution on sales made in the market area covered by the agreement.

For project bidding, repayment is to be made in two installments: the first installment within two months after the company receives its first payment on the contract obtained from the client; the second within two months of receipt of the second payment, but not later than the end of the reporting period.

If PEMD assistance is provided more than once to the same applicant for activities in the same market area, the reportable sales in that market area must be reported for each of the PEMD projects and repayment made accordingly.

Recipients of PEMD funds that do not comply with the reporting requirements, or that are in repayment default, may be invoiced or otherwise be subject to recovery action for the total amount outstanding.



4. GOVERNMENT-PLANNED ACTIVITIES

Government-planned activities covered by PEMD are organized by the Department of External Affairs (DEA), and are planned up to 18 months in advance. Events are chosen after extensive consultation with industry, Canadian trade commissioners abroad, other departments, and the provinces. Businesses are invited to participate in these events. The Department tries to provide as much lead time as possible to enable potential participants to prepare for the event.

There are two types of government-planned activities: trade missions and trade fairs.

Government-Planned Trade Missions

Trade missions seek to promote the sale of Canadian goods and services abroad, and gather market intelligence for Canada's industrial sectors.

PEMD assistance covers both trade missions abroad and trips by foreign business persons and government officials to Canada or to other approved locations. The types of missions covered by PEMD include:

- ministerial missions;
- missions organized on behalf of the federal government, by an association, or by the private sector;
- federally sponsored seminars;
- economic and industrial co-operation missions.

PEMD Contribution

PEMD participates in trade missions by contributing:

- management/administration of the event;
- official hospitality;
- 100 percent return economy airfare and local ground transportation abroad.

In addition, the participants of incoming missions receive per diem living allowances (hotel, meals and incidentals, under Treasury Board regulations) and 100 percent of economy airfares for domestic travel. First class air travel may be approved, if appropriate and necessary.

Participants are required to pay all costs not mentioned above. In addition, participants may be required to pay a participation fee to help defray expenses.

Government-Planned Trade Fairs

Government-planned participation in recognized trade fairs abroad is usually limited to a specific industrial sector or type of product. The selection of trade fairs is based on the track record of the event; the degree of international competitiveness of Canadian producers of such products; the level of potential demand for the products in the fair's market area; the expected cost-benefit ratio of sales per dollar invested; and the priority attached to the fair's target markets and the products being promoted.

Trade fairs include participation in a national stand at an organized trade fair, solo show organized by the Department, information booths, in-store promotions or catalogue shows.

PEMD financial assistance is available for a company to participate in the same event on three separate occasions since April 1, 1986.

A company that has participated in the event on three previous occasions is eligible to participate in a government-planned trade fair if it pays the full amount of the direct additional cost to government of including the company in the national booth.

Participants in PEMD government-planned trade fairs (except for information booths) are not eligible for PEMD industry-initiated trade fair assistance for the same event (except for cases where, due to overbooking, an invited company is forced to exhibit outside the government area of the trade fair).

PEMD Contribution

PEMD provides participating firms with a complete exhibition service for which the company pays a participant's fee to help defray expenses. The service includes:

- provision of a core area at the exhibition site, which may include the provision of a reception and/or business lounge for participating firms and potential buyers, hospitality, and/or an information booth;
- advance booking of space;
- event management;
- standards (image, etc.);
- marketing counsel at the exhibition, including assistance in arranging contacts with local buyers.

The financial contribution to stand and space costs varies from event to event. PEMD may contribute to any of the following costs:

- exhibit space;
- exhibit design and construction;
- display transportation, erection and dismantling, which includes the unpacking, set-up and re-packing of exhibitors' materials;
- return by freight of goods not sold from the site to the company's plant (PEMD contributes up to \$5 000);
- stand operating costs, which include janitorial and guard service and all utilities except telephones for individual participants;
- a co-ordinated publicity program, which may include press releases, brochures, video presentations, give-aways, advertising and media interviews;
- return economy airfare for a maximum of two company representatives.

The participant is responsible for all other costs including the hook-up of demonstration equipment and the employment of individual interpreters and staff.

How to Become a Participant

If you are interested in participating in a government-planned trade mission or trade fair, contact the International Trade Centre in the nearest regional office of Industry, Science and Technology Canada, or the appropriate geographic trade development division at External Affairs by calling the Info Export hotline at 1-800-267-8376.

If your company is invited to participate in a trade mission or trade fair, you can indicate your acceptance by responding to the written invitation and by signing the accompanying contract. **You must ensure that you have no outstanding obligations under PEMD.**

When invited to participate in a trade fair, reply quickly, since space is filled on a first-come, first-served basis. Make sure that you have submitted your participation fee with the signed contract. In all cases final approval is subject to eligibility.



5. ADDRESSES, TELEPHONE, TELEX AND FAX NUMBERS

International Trade Centres

British Columbia

International Trade Centre
Industry, Science and Technology Canada
Scotia Tower, Suite 900
650 West Georgia Street
P.O. Box 11610
Vancouver, B.C.
V6B 5H8
Telephone: (604)-666-0434
Telex: 04-51191
Fax: (604) 666-8330

Manitoba

International Trade Centre
Industry, Science and Technology Canada
330 Portage Avenue, Suite 608
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Telephone: (204) 983-4540
Telex: 07-57624
Fax: (204) 983-2187

Alberta

International Trade Centre
Industry, Science and Technology Canada
The Cornerpoint Building, Suite 505
10179-105th Street
Edmonton, Alberta
T5J 3S3
Telephone: (403) 420-2944
Telex: 037-2762
Fax: (403) 420-4507

Ontario

International Trade Centre
Industry, Science and Technology Canada
Dominion Public Building, 4th Floor
1 Front Street West
Toronto, Ontario
M5J 1A4
Telephone: (416) 973-5064
Telex: 065-24378
Fax: (416) 973-8714

Saskatchewan

International Trade Centre
Industry, Science and Technology Canada
105-21st Street East, 6th Floor
Saskatoon, Saskatchewan
S7K 0B3
Telephone: (306) 975-4353
Telex: 074-2742
Fax: (306) 975-5334

Quebec

International Trade Centre
Industry, Science and Technology Canada
Stock Exchange Tower, 38th Floor
800 Victoria Place
P.O. Box 247
Montreal, Quebec
H4Z 1E8
Telephone: (514) 283-8185
Telex: 055-60768
Fax: (514) 283-3302

New Brunswick

International Trade Centre
Industry, Science and Technology Canada
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Telephone: (506) 857-6452
Telex: 014-2200
Fax: (506) 857-6429

Newfoundland

International Trade Centre
Industry, Science and Technology Canada
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Telephone: (709) 772-5511
Telex: 016-4749
Fax: (709) 772-5093

Nova Scotia

International Trade Centre
Industry, Science and Technology Canada
1496 Lower Water Street
P.O. Box 940 Station "M"
Halifax, Nova Scotia
B3J 2V9
Telephone: (902) 426-7540
Telex: 019-22525
Fax: (902) 426-2624

Department of External Affairs

Export and Investment Programs Division
(TPE)
Department of External Affairs
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Telephone: (613) 996-7155
Telex: 053-3745
Fax: (613) 996-9103

Info Export
Hotline Service: 1-800-267-8376
Ottawa Callers: 993-6435

Prince Edward Island

International Trade Centre
Industry, Science and Technology Canada
Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown, P.E.I.
C1A 7M8
Telephone: (902) 566-7443
Telex: 014-44129
Fax: (902) 566-7450

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Program for Export Market
Development - PEMD handbook: a
financial assistance program for
Canadian exporters - 8438583

International Trade Centre
 Industry, Science and Technology Canada
 50 O'Leary Avenue
 P.O. Box 8833
 St. John's, Newfoundland
 A1B 0B8
 Telephone: (709) 735-5244
 Telex: 916-4749
 Fax: (709) 735-5082

Department of External Affairs

Export and Investment Promotion Division
 (TSE)
 Department of External Affairs
 125 Sussex Drive
 Ottawa, Ontario
 K1A 0G2
 Telephone: (613) 993-7185
 Telex: 905-9745
 Fax: (613) 993-8193

Info Export
 Hotline Service: 1-800-587-8378
 Ottawa Callers: 925-6488 (toll) or 925-7231
 1-800-587-8378

International Trade Centre
 Industry, Science and Technology Canada
 2nd Floor, 100 Victoria Park
 Montreal, Quebec
 H2X 2V4
 Telephone: (514) 975-4355
 Telex: 974-2742
 Fax: (514) 975-4354

New Brunswick
 International Trade Centre
 Industry, Science and Technology Canada
 Assumption Place
 770 Main Street
 P.O. Box 1210
 Moncton, New Brunswick
 E1C 8P8
 Telephone: (506) 857-6425
 Telex: 014-2290
 Fax: (506) 857-6425

Nova Scotia
 International Trade Centre
 Industry, Science and Technology Canada
 1488 Lower Water Street
 P.O. Box 940 Station 'M'
 Halifax, Nova Scotia
 B3J 2V9
 Telephone: (902) 428-5540
 Telex: 016-2282
 Fax: (902) 428-5540

Prince Edward Island
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 Industry, Science and Technology Canada
 Confederation Court Mall
 127 Kent Street, Suite 400
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 Charlottetown, P.E.I.
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 Telephone: (902) 866-7443
 Telex: 014-4422
 Fax: (902) 866-7480

Quebec
 International Trade Centre
 Industry, Science and Technology Canada
 2515-332 (114) 263-8188
 Telex: 95709-560
 Fax: (514) 263-3302

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Canada

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Canada