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Department of Foreign Affairs
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Ministère des Affaires étrangères
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Min. des Affaires étrangères

JUL 16 2003

Canada



Vietnam: A rising star

In this issue

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California seafood show coming up
- 5 Canada, Sweden get one-stop export credit
Survival Systems of Halifax catches a wave
- 7 Trade fairs and missions

It's difficult these days to open an economic journal and not find an article profiling Vietnam's unfaltering economic growth. After China, Vietnam has been Asia's top economic performer of the millennium and its ability to curtail SARS in Hanoi was impressive.



A bustling market in Ho Chi Minh City

Consistent economic growth, political stability, a young and educated population of 80 million, rising incomes, an expanding private sector and a commitment to trade and investment liberalization are some of the characteristics that are attracting investors to Vietnam. This year marks the 30th anniversary of diplomatic relations between Canada and Vietnam.

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SUMMER BREAK!

Next issue: September 2, 2003

Supplement
CANADIAN TRADE REVIEW
(see insert)

New frontier for Dessau-Soprin

Rural electrification project in Peru a success

Stories of Canadian consulting firms succeeding with the Japan Bank for International Cooperation (JBIC) are all too rare. Language and cultural barriers, not to mention stiff Japanese competition, make it extraordinarily

challenging to win projects financed by this major source of official development assistance (ODA). So when a Canadian engineering firm such as Montreal-based **Dessau-Soprin Inc.**

continued on page 2 — Dessau-Soprin

Dessau-Soprin Inc.

— continued from page 1

plays a major role in a US\$60-million JBIC-financed rural electrification project in Peru, it's an extraordinary success story.

Founded in 1957, Dessau-Soprin specializes in the fields of transportation, building engineering, water and wastewater, electrical energy, environment, geotechnics, materials engineering and quality assurance, and urban development. The company has been active in the international arena for over 30 years and has worked with most of the multilateral development banks.

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The US\$5-million JBIC Electric Frontier Expansion Project, awarded in November 2000 and completed in May 2002, was designed to extend the electricity transmission and distribution networks in rural areas of Peru. JBIC provided funding for the project, which was commissioned by the Peruvian Ministry of Energy and Mines and benefited some 300,000 people in more than 600 communities.

Dessau-Soprin was up against tough international competition, particularly from Japanese engineering firms. However, the Quebec firm put together an excellent proposal, obtaining the maximum score possible—1,000 points—under the evaluation system employed by the United Nations Office for Project Services, the organization hired by the Peruvian client to ensure transparency in the contract-awarding process. It was also awarded 100% responsibility for overseeing the whole project, without a Japanese partner.

Local capabilities key

Local presence and previous local experience were key to Dessau-Soprin's successful proposal. The company has been designing transmission lines and substations in Peru since 1992. In 1998, it won an award for international cooperation from Canadian Manufacturers & Exporters and the Canadian International Development Agency for a project to rehabilitate 1,600 kilometres of transmission lines in coastal Peru.

"This was a major project that gave us a good understanding of the Peruvian market and helped to position ourselves with other clients," explains Dessau-Soprin's Vice-President for South America, Homero Fuertes. "So when this JBIC project came up, it meant we were already in the market with the requisite experience,

capability and contacts among local engineers."

As Fuertes points out, working with local consultants is an important aspect of being competitive when it comes to JBIC-financed projects. "JBIC encourages Japanese consultants to form associations with consultants in the project country in order to overcome the language barrier and facilitate knowledge of local regulations, so that formed a big part of our proposal." In all, Dessau-Soprin hired and trained 180 local engineers.

Embassy: Source of information and contacts

For local regulations and other information, Dessau-Soprin also relies on the Canadian overseas trade network. "The Embassy in Lima has very good information on the country and the government, and we also turn to them when we need contacts," says Fuertes.

Although JBIC does not play an active role in evaluating proposals or overseeing the contract, it is by no means a silent partner. As Fuertes explains, representatives from the funding agency make an important follow-up site visit upon the completion of a project. On that count, Dessau-Soprin had no worries: "This is the only JBIC project in Peru that has been delivered on time and under budget; they were very happy."

Not surprisingly, the project is leading to other opportunities. In May 2002, Dessau-Soprin, in partnership with the Canadian Commercial Corporation, Export Development Canada and Investment Quebec, signed a memorandum of understanding with the Peruvian Ministry of Mines and Energy for a project to bring electricity to some 3,000 communities in Peru.

For more information, contact Homero Fuertes, Vice-President for South America, Dessau-Soprin Inc., tel.: **(514) 281-1033, ext. 2769**, e-mail: homero.fuertes@dessausoprin.com.

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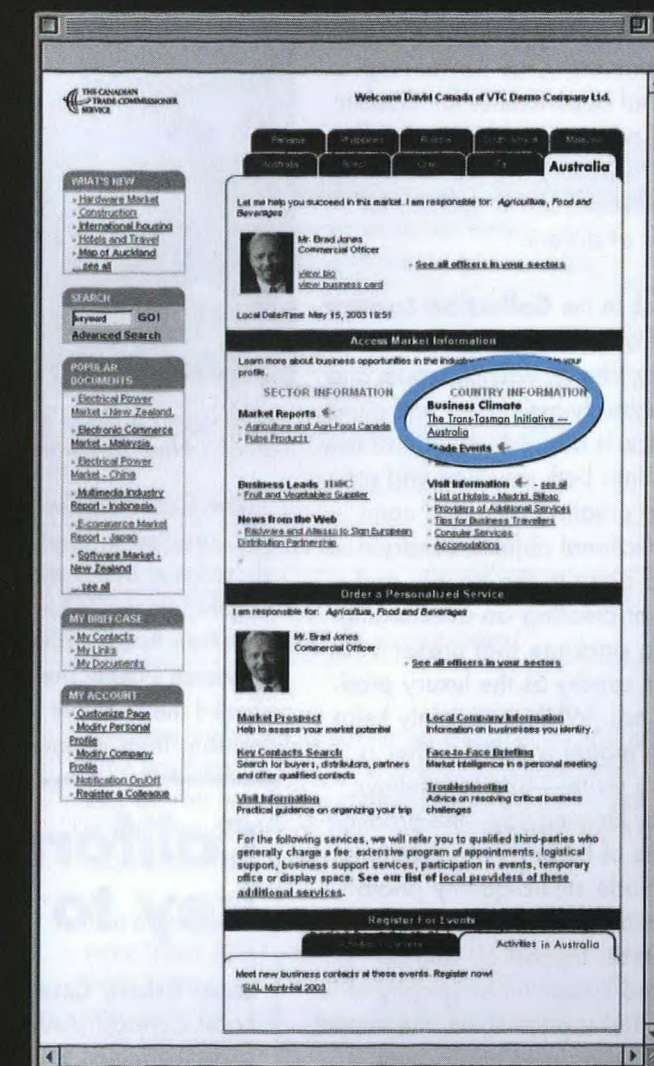
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The Collection Landry Window dressing New York

It is a rare occasion when an exporter has not only a unique and beautiful offering, but also an extraordinary and enticing marketing package. The Canadian Consulate General in New York was able to generate some outstanding promotional opportunities for Quebec artist and engineer André Landry, from the small town of l'Annonciation, who creates all-wood clocks that sell for thousands of dollars.

Every clock in the **Collection Landry** is made from the finest selections of mahogany, cherry, walnut, maple and oak. Ingeniously assembled and glued, every piece is a transformation of raw materials into both machine and art.

Beyond creating rare and compelling functional objects, Landry's team had gone to the trouble and expense of creating an outstanding marketing package that presents his Collection Landry as the luxury products they are. While it certainly helps that each model is named after a legendary writer—like Longfellow, Molière or Hemingway—the production values of Landry's presentation folder include studio-quality photographs and the folder is printed on coated stock. Topped off with an upbeat and thoughtful biography of the artist and a price sheet, the impact of the marketing package is both impressive and high-end.

In addition to the photos and dimensions of each clock, mention is made of special features offered for each model. One such feature is the inclusion of a humidifier, and so the Consulate General pitched the story to the features editor of Cigar Aficionado magazine, who

was so taken with the clocks that he featured one in the December 2002 "10th Anniversary Edition", incorporating one of the images directly from Landry's presentation folder.



André Landry's clocks showcased in the Barney's New York window.

The Consulate General's approach also resulted in Landry's works being showcased in the windows of the flagship Barney's New York store on Madison Avenue and East 61st Street in March 2003. The Collection Landry shared the spotlight with the latest fashions from Versace and up-and-

coming designers Zac Posen and Behnaz Sarafpour.

To capitalize on this extraordinary opportunity, the Consulate General approached the gift shop at the American Folk Art Museum, which agreed to offer Collection Landry pieces while they were on display at Barney's. This was noted by signage in the store window at Barney's, together with André Landry's name and Web site (www.collectionlandry.com).

Helped by the publicity generated by his association with both the trend-setting Barney's New York and the blue-chip American Folk Art Museum, Landry is now looking to promote his collection in other major cities in the United States.

For more information, contact John McCabe, Business Development Officer, Canadian Consulate General in New York, tel.: **(212) 596-1657**, e-mail: john.mccabe@dfait-maeci.gc.ca.

Export USA Calendar

For information about:

- trade missions to the U.S.
 - seminars on the U.S. market
- Visit the Export USA Calendar at: www.dfait-maeci.gc.ca/can-am/export.

California seafood show key to western U.S. market

LONG BEACH, CALIFORNIA — October 12-14, 2003 — Agriculture and Agri-Food Canada (AAFC) is now recruiting for the Canadian pavilion at the **International West Coast Seafood Show**. This event is the perfect venue for companies wishing to tap into the potential offered by the burgeoning western U.S. seafood market.

Opportunities abound for coldwater shrimp, blue mussels, fresh halibut, sablefish, lobster, salmon, and value-added products of all kinds.

For more information on exhibiting, contact AAFC's Lauren Lavigne, tel.: **(604) 666-1067**, e-mail: lavignel@agr.gc.ca or Jane Barnett, tel.: **(905) 823-0122**, e-mail: barnettj@agr.gc.ca, Web site: www.westcoastseafood.com.

Canadian Trade Review

A Quarterly Review of Canada's Trade Performance
First Quarter 2003

S U P P L E M E N T
CanadExport

This quarterly review reports on Canada's economic growth in the first quarter of 2003, and highlights our trade and investment performance in key sectors and markets.

Energy Fuels Export Expansion while Imports Decline

The Canadian economy continued to expand in the first quarter of 2003, with real gross domestic product (GDP) increasing by 2.4% on an annualized basis.¹ The economy thus showed more robust growth than the 1.6% expansion registered in the fourth quarter of 2002; the Canadian rate was also ahead of the preliminary 1.9% rate registered in the U.S. for the same period. Strong inventory build-up was the primary factor sustaining Canadian economic growth for the quarter, supported by sustained consumer spending. Expenditure on housing and related renovations continued to expand, while spending on durable goods—in particular motor vehicles—levelled off in comparison to the previous quarter. Nevertheless, with respect to production, performance in the manufacturing sector was mixed. Although manufacturers of motor vehicles and parts expanded their production in the quarter, weaknesses in other sectors were evident; slowing sales in the weaker sectors contributed to the inventory build-up.

In current dollar terms, exports of goods and services grew by 0.5% in the quarter, compared to a 0.4% decline in the previous quarter. A steep rise in energy exports was offset by declining exports in other goods sectors and in services exports. Imports declined by 5.4% in the quarter—the result of falling goods and services imports in most sectors.

Canada's current account improved in the first quarter. In addition to the improvement in the trade balance, reduced (net) interest payments to owners of inward Foreign Direct Investment (FDI) in Canada also contributed to the improvement.

Strong job creation continued in the first quarter of 2003, with a net quarterly increase of 67,300 jobs. Although full-time

Table 1: Canada's Economic and Trade Indicators

Percent Change at Annual Rates First Quarter 2003 over Fourth Quarter 2002	
Real GDP (annualized)	2.4
Employment (quarterly increase, level)	67,300
Rate of Unemployment (quarterly average)	7.4
Consumer Price Index (first quarter 2003 over first quarter 2002)	
All Items	4.5
Core (excludes food and energy)	3.1
Canadian \$ in U.S. funds (average for quarter, level)	0.6624
Exports of Goods and Services (annualized, current dollars)	0.5
Imports of Goods and Services (annualized, current dollars)	-5.4

Source: Statistics Canada

positions continued its strong expansion at 84,600 jobs, part-time positions declined. The average unemployment rate for the first quarter was 7.5%, comparable to the 7.6% rate recorded in the third quarter of 2002, but up somewhat from the 7.0% registered in the previous quarter.

The average twelve-month increase in the overall Consumer Price Index (CPI) was 4.5% during the first quarter of 2003, up from 3.8% in the last quarter of 2002. Similarly, the average core items CPI rate (excluding food and energy) reached 3.1% over the quarter, up from 2.8% recorded in the previous quarter.

The average U.S. dollar value of the Canadian dollar over the first quarter of 2003 was US\$ 0.6624—a 4.0% appreciation from the US\$ 0.6370 average for the fourth quarter of 2002.

¹ To make quarterly data comparable to annual data, the quarterly figures for trade in goods and services are adjusted for seasonality and are expressed at annual rates by raising them four times, i.e. seasonally adjusted annual rates - s.a.a.r. All figures, with the exception of investment figures, are expressed on an s.a.a.r. basis, unless otherwise noted.

Prepared by the Trade and Economic Analysis Division (EET)



Department of Foreign Affairs
and International Trade

Ministère des Affaires étrangères
et du Commerce international

Trade and Investment Highlights

Energy Sector Exports Rise, Mediocre Performance Elsewhere

Exports of Canadian goods and services expanded by 0.5% in the first quarter (Figure 1). A 2.4% increase in merchandise exports was offset by a 11.9% drop in services exports. Imports of goods and services fell by 5.4%, reflecting declines in both commodity and services imports.

Although merchandise exports did expand in the first quarter, increased energy exports masked deteriorating export performances in the other goods sectors. Price increases in the energy sector, particularly in the price of natural gas, resulted in the highest level of quarterly energy exports in the last two years (Figure 2). Elsewhere in the economy, export declines were especially pronounced for forestry products (down 19.5% or \$1.9 billion) and industrial goods (down 11.2% or \$2.0 billion). Merchandise imports of energy products also expanded (up 27.9% or \$1.2 billion) and were up for agricultural products (9.0% or \$0.5 billion), but these gains were more than offset by steep declines in imports of machinery and equipment (down 14.1% or \$4.0 billion) and automotive products (down 7.7% or \$1.7 billion).

Merchandise exports to the US increased slightly, up by 1.0% or \$0.9 billion, in the quarter. Increased merchandise exports to the European Union (up \$2.4 billion) and non-OECD countries (up \$1.2 billion) were the major factors contributing to the regional gains for merchandise exports in the quarter, while goods exports to Japan fell by \$0.3 billion and those to Other OECD countries declined by \$1.7 billion.

Merchandise imports from the US experienced a substantial decline in the quarter, down 6.4% or \$4.2 billion. Further abroad, a \$0.7 billion increase in imports from the EU was insufficient to offset substantive declines in all other major markets.

With exports growing and imports falling, the Canadian merchandise trade balance expanded by \$7.6 billion in the quarter. At \$5.0 billion the merchandise trade balance with the US registered the largest increase. The merchandise trade balance with the EU improved by \$1.7 billion—entirely due to an improvement in the trade balance with the UK. A decline in the merchandise trade balance with Other OECD countries (down \$1.2 billion) was more than offset by improvements in the trade balance with Japan and non-OECD countries.

Services Trade Deficit Worsened

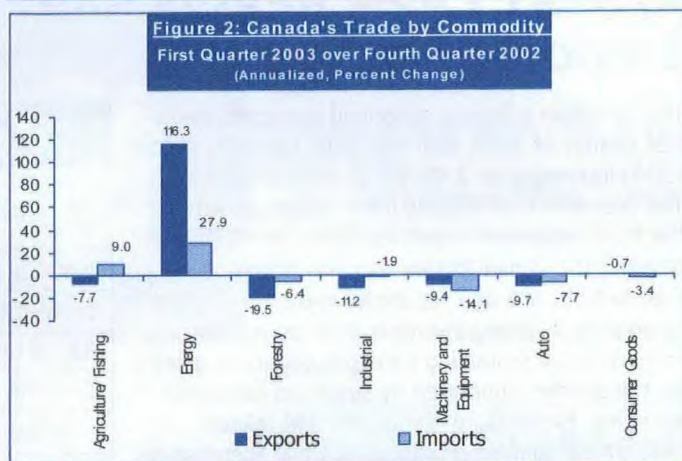
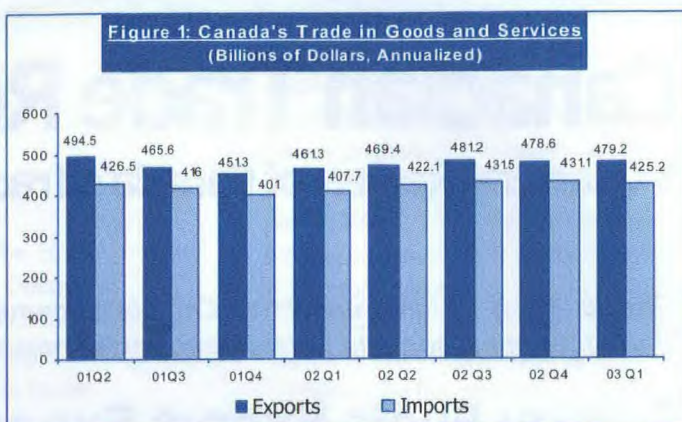
As noted above, services exports fell by 11.9% in the first quarter, primarily due to declines in travel (down 19.5% or \$900 million), transport services (down 20.2% or \$644 million) and commercial services. Advances in government services exports limited the overall losses (Figure 3). Services exports to the US and Japan fell in particular. Services imports also fell in the first quarter, but, at 4.7%, the decline in services imports was more moderate than the rate of decline in services exports. The most pronounced declines were for imports of transport services (down 16.8% or \$660 million) and for travel services imports (down 5.8% or 276 million). A \$140 million increase in imports of commercial services was insufficient to offset the declines in imports in all other services sectors.

Because services exports declined at a more rapid rate than services imports, the deficit on services trade widened to \$8.1 billion in the first quarter—up from \$7.1 billion in the previous quarter.

Outward Foreign Direct Investment (FDI) Flows Exceed Inward FDI Flows

Canadian Direct Foreign Investment Abroad (CDIA) was \$5.6 billion in the first quarter of 2003 - down from \$6.7 billion recorded in the first quarter in 2002. Although the energy and machinery & transport sectors registered increases in quarterly flows compared to the same quarter a year earlier, declining quarterly flows in the finance & insurance and in the services & retailing sectors more than offset these gains. In terms of destination, outward flows to the US and the EU increased, but were down for all other major markets.

Foreign Direct Investment (FDI) flows into Canada amounted to \$3.1 billion in the first quarter of 2003 - less than one fifth of the \$16.8 billion registered in the same quarter a year earlier. Most of the decrease in FDI flows



Source: Statistics Canada

occurred in the energy and machinery & transport sectors, which were down some 90% over the same quarter last year. The reduction in FDI flows stemmed from a decline in FDI from the US, which lowered its inflows to \$1.5 billion in the first quarter of 2003 from \$15.5 billion in the same quarter the previous year. Only partially offsetting this decline was the re-establishment of \$0.4 billion in FDI from the UK, which was absent in the first quarter of 2002. Overall, outward flows exceeded inward flows in the first quarter by \$2.6 billion, a reversal of the situation in the same quarter the previous year when FDI exceeded CDIA by some \$10.1 billion.

Canada Draws Down on Its Official International Reserves

Canada reduced its official reserves of assets in the first quarter of 2003 by \$2.7 billion, compared with an \$696 million increase recorded in the same quarter in 2002.

Canada's Exports to the United States by Province of Origin

This special feature reviews Canada's merchandise exports to the United States on a provincial basis to determine to what extent the provincial origin of exports to the US corresponds with the province of clearance, i.e. the geographic location where the exported goods are deemed to have left Canada to enter into the US. The data used provides information on three distinct modes of transport for exports to the US; road, rail and other modes (the latter thus includes mail, air, sea and pipeline).

Canadian Exports to the US by Province

Table 1 shows total Canadian merchandise exports to the United States by province for the year 2002. The table presents provincial export shares by Province of Origin and by Province of Clearance, where Province of Origin denotes the province in which the good was extracted, manufactured, or grown, while Province of Clearance represents the province where the border crossing took place and the good physically crossed the border into the US.

From Table 1, it is clear that Ontario and Québec account for the bulk of merchandise exports to the US—accounting for roughly three-quarters of the total exports by either measure. In terms of provinces producing goods for export to the US, Ontario produced 55.8% of the total Canadian exports to the US and Québec for another 16.6%. By the gauge of where the goods left Canada and entered the United States, 65.8% of Canadian merchandise exports to the US traversed the border from an Ontario border crossing and a further 11.0% from a Québec border crossing.

The last column of Table 1 establishes a simple relationship between the shares by Province of Origin and by Province of Clearance. If the difference between the two is positive (that is, the share of the Province of Origin less the share of the Province of Clearance), then the province produces a greater share of goods for export to the US than actual goods are cleared through the province. Thus, Québec, the Atlantic provinces (with the exception of New Brunswick), and, particularly, Alberta, produce more for export to the US than crosses the border from their respective provinces. On the other hand, the Western provinces (except Alberta) and, especially, Ontario clear relatively more goods from their border crossings than they produce for export to the US.

Of course, there are many reasons why goods produced in one province are not exported from that province. For example, pipeline exports of oil and gas can only cross the border where the pipeline networks cross the border

between the two countries. Further, exports that take place via mail may be routed to regional or national centres and then transported across the border from these depots. Simple geography also helps to influence the pattern of provincial export production and border crossing. In the next section, the cross-provincial reliance on other provinces for clearance of goods is examined.

Cross-provincial Clearance of Exports to the US

Table 2 presents a cross-tabulation of export to the US by Province of Origin and Province of Clearance for 2002. The diagonal (in bold) indicates the extent to which goods produced in

a province are physically exported (i.e., cleared at the border) from that province. Of note from this table is the strong role Ontario plays in clearing goods from other provinces, especially for goods of Québec origin. This also helps to explain why Ontario's share in exports by Province of Clearance in Table 1 was 10 percentage points higher than its share in exports by Province of Origin.

In terms of self-importance of producing and exporting goods (i.e., the diagonal entries of Table 2), Ontario cleared some 94.4% of its exports to the US in 2002 followed by BC (72.7%) and Manitoba (71.1%), New Brunswick (56.8%) and Québec (54.9%). The Atlantic provinces, with the exception of Newfoundland & Labrador, favour

Table 1: Canadian Exports to the United States, Year 2002

	All Modes of Transport				Province of Origin compared to Clearance
	Province of Origin		Province of Clearance		
	EX \$ million	Share	EX \$ million	Share	
Canada	\$346,457	100.0%	\$346,457	100.0%	
Newfoundland and Labrador	\$4,160	1.2%	\$1,162	0.3%	0.9%
Prince Edward Is.	\$626	0.2%	\$36	0.0%	0.2%
Nova Scotia	\$4,507	1.3%	\$3,558	1.0%	0.3%
New Brunswick	\$7,383	2.1%	\$8,719	2.5%	-0.4%
Quebec	\$57,344	16.6%	\$38,072	11.0%	5.6%
Ontario	\$193,308	55.8%	\$228,031	65.8%	-10.0%
Manitoba	\$7,678	2.2%	\$15,042	4.3%	-2.1%
Saskatchewan	\$7,011	2.0%	\$13,501	3.9%	-1.9%
Alberta	\$43,877	12.7%	\$12,382	3.6%	9.1%
British Columbia	\$20,516	5.9%	\$25,934	7.5%	-1.6%
Northern Territories	\$48	0.0%	\$20	0.0%	0.0%

Table 2: Provincial Origin of Exports to the US versus Province of Clearance

Province of Clearance	Province of Origin										
	NFL & Labrador	P.E.I.	Nova Scotia	NB	Quebec	Ontario	Man.	Sask.	Alberta	B.C.	N.T.
Newfoundland and Labrador	26.6%	N/A	0.0%	0.2%	0.0%	0.0%	N/A	0.0%	0.0%	0.0%	N/A
Prince Edward Is.	N/A	5.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nova Scotia	25.4%	0.1%	5.8%	19.1%	0.3%	0.3%	0.4%	0.1%	0.1%	0.2%	0.0%
New Brunswick	12.0%	81.0%	56.4%	56.8%	0.4%	0.3%	0.3%	0.1%	0.0%	0.2%	0.4%
Quebec	14.5%	1.4%	6.3%	5.4%	54.9%	2.0%	1.1%	0.5%	1.8%	3.0%	0.0%
Ontario	2.4%	11.4%	29.0%	13.8%	43.5%	94.4%	19.9%	23.1%	28.3%	12.1%	31.6%
Manitoba	0.0%	0.1%	0.0%	0.1%	0.1%	0.8%	71.1%	21.4%	13.6%	2.4%	0.8%
Saskatchewan	N/A	0.0%	0.0%	0.0%	0.0%	0.3%	1.3%	29.4%	20.4%	8.8%	0.3%
Alberta	0.0%	0.0%	0.0%	0.1%	0.1%	0.5%	1.6%	20.8%	21.8%	0.6%	34.2%
British Columbia	19.1%	0.3%	2.5%	4.6%	0.7%	1.3%	4.3%	4.7%	13.9%	72.7%	10.3%
Northern Territories	N/A	N/A	N/A	N/A	0.0%	0.0%	N/A	0.0%	0.0%	0.0%	22.4%

Table 3: Provincial Origin of Exports to the US by Mode of Transport, 2002

	Provincial share of Canadian Exports to the US, \$		
	Road	Rail	Other
Newfoundland and Labrador	0.3%	0.0%	4.9%
Prince Edward Is.	0.3%	0.0%	0.1%
Nova Scotia	1.3%	0.9%	1.8%
New Brunswick	1.4%	1.3%	5.0%
Quebec	19.2%	11.7%	14.3%
Ontario	64.4%	67.9%	20.3%
Manitoba	2.6%	1.7%	1.8%
Saskatchewan	1.1%	2.8%	3.7%
Alberta	4.0%	6.2%	42.6%
British Columbia	5.6%	7.3%	5.4%
Northern Territories	0.0%	0.0%	0.0%

New Brunswick as their primary out-of-province point of clearance, followed by Ontario – i.e. Quebec played a limited role as a point of clearance for exports to the US from the Atlantic provinces in 2002. As much as 43.5% of Quebec exports to the US in 2002 were cleared through Ontario in 2002. Although Manitoba cleared over 70% of its exports to the US in the province in 2002 it also relied on Ontario to clear 19.9% of its US exports and on BC to clear 4.3%. Both Saskatchewan and Alberta have a fairly wide geographic spread of clearing their exports to the US, which incorporates Ontario, the Prairies and BC. Transportation of fossil based energy exports (oil and gas) from Saskatchewan and Alberta by pipeline, which largely enters the US in other provinces, is a major factor contributing to the wide geographic dispersion of province of clearance for exports originating from Alberta and Saskatchewan. Based on US data for imports from Canada by province¹ for goods transported by surface freight, which includes pipelines, Alberta accounted for 84.7% of US imports from Canada transported by pipeline in 2001 while US imports of energy products originating in Alberta accounted for 72.6% of total US imports from Alberta the same year. As noted, BC clears over 70% of its export production within the province, but also relied on Ontario to clear 12.1% and Saskatchewan to clear 8.8% of provincially-produced goods last year.

Provincial Exports to the US by Mode of Transport

As alluded to earlier, differences between provincial exports by Province of Origin and by Province of Clearance might be affected by the method, or mode, of transport (MoT) across the border. Table 3 shows exports to the US by Province of Origin for three types of transport – road, rail, and all other types of transportation (including air, sea, pipeline, and mail) – for last year. Exports to the US transported by road or

rail in 2002 exhibit a similar pattern in respect of provincial origin; Ontario has an overwhelming lead accounting for about two thirds of the value of all shipments, followed by Quebec, BC and Alberta. However, for Other MoT, energy exports by pipeline plays an exceedingly important role and Alberta accounted for as much as 42.6% in 2002. Shipments to the US from Ontario and Quebec by Other MoT predominantly reflect exports to the US by air.

Canadian Exports to the US by Port of Clearance

With the bulk of merchandise exports crossing from Ontario, it comes as no surprise that the three customs stations that handle the most exports are all situated in this province (Table 4). The three border crossings – Windsor's Ambassador Bridge, Sarnia, and Fort Erie – accounted for almost \$191 billion of bilateral goods exports, or just under one-half of total Canadian exports to the US in 2002. That is, these three customs clearance stations processed nearly two-thirds of all exports transported by road, and nearly three quarters of all exports shipped by rail. However, they accounted for only about one-eighth of merchandise exports not sent by road or rail.

A few border crossings are dominated by exports shipped by road transportation in 2002: Lansdowne (ON) (100.0%), Philipsburg (QC) (87.0%), Lacolle (QC) (83.5%), the Ambassador

Bridge (ON) (76.7%), Pacific Highway (BC) (76.6%), and Fort Erie (ON) (74.5%). Rail dominated goods cleared at Fort Frances (ON) (87.2%) and accounted for about half the value of goods cleared through Sarnia (ON) and North Portal (SK) last year. Exports to the US by other modes of transportation are dominated by air shipments and the transfer of fossil fuels by pipeline. Pearson Airport in Toronto and Mirabel Airport outside of Montreal combined to account for about one-quarter of all exports to the US by other modes of transport. Pipeline shipments accounted for an overwhelming share of exports to the US through Monchy (99.7%) and Gretna (98.5%) last year. Significant amounts of energy exports were also cleared through Huntington (B.C.), Coutts (Alberta), and Emerson (Manitoba). However, Sarnia cleared the greatest value of energy exports to the US by pipeline in 2002, although the large values of exports by road and rail also cleared through Sarnia masks this fact.

When totaled, the 16 customs clearing posts listed in Table 4 collectively accounted for over 85% of the total value of merchandise exports to the US in 2002. They cleared 92.3% of the value of all goods shipped by road last year, as much as 96.1% of all exports to the US shipped by rail, and over 60% of all exports by other modes of transport.

Table 4: Canadian exports to the US by Port of Clearance, 2001

Rank	Port of Clearance	Province	All Mode of Transport			Of which Exported by		
			Exports \$ million	Share of Canadian Exports	Cumulative share	Road	Rail	Air, mail, sea & other pipeline,
1	Windsor - Ambassador Bridge	Ontario	\$76,995	19.4%	19.4%	76.7%	19.0%	4.3%
2	Sarnia	Ontario	\$63,778	16.1%	35.5%	44.2%	48.0%	7.7%
3	Fort Erie	Ontario	\$50,016	12.6%	48.1%	74.5%	23.1%	2.4%
4	Lacolle	Quebec	\$17,601	4.4%	52.6%	83.5%	6.4%	10.1%
5	Pacific Highway	British Columbia	\$12,347	3.1%	55.7%	76.6%	19.9%	3.6%
6	Lansdowne	Ontario	\$11,072	2.8%	58.5%	100.0%	0.0%	0.0%
7	Emerson	Manitoba	\$10,755	2.7%	61.2%	63.3%	15.5%	21.2%
8	Coutts	Alberta	\$9,519	2.4%	63.6%	63.0%	5.8%	31.2%
9	Toronto - Pearson Int. Airport	Ontario	\$9,024	2.3%	65.9%	0.0%	0.0%	100.0%
10	Montréal - Mirabel Int. Airpor	Quebec	\$7,733	2.0%	67.8%	0.0%	0.0%	100.0%
11	Fort Frances	Ontario	\$7,520	1.9%	69.7%	6.2%	87.2%	6.6%
12	North Portal	Saskatchewan	\$6,013	1.5%	71.3%	48.7%	48.0%	3.3%
13	Philipsburg	Quebec	\$5,136	1.3%	72.5%	87.0%	12.3%	0.8%
14	Huntington	British Columbia	\$4,473	1.1%	73.7%	34.2%	3.0%	62.8%
15	Monchy	Saskatchewan	\$3,799	1.0%	74.6%	0.3%	0.0%	99.7%
16	Gretna	Manitoba	\$3,461	0.9%	75.5%	1.5%	0.0%	98.5%
	All ports	CANADA	\$346,457	100.0%	100.0%	56.9%	21.9%	21.2%

¹ US Department of Transportation, Transportation Statistics from the Transborder Surface Trade Database

Canada, Sweden get one-stop export credit

Swedish companies that work with Canadian companies on either export transactions or projects in other markets will benefit from a new agreement between Export Development Canada (EDC) and its Swedish counterpart, the Swedish Export Credit Guarantee Board (EKN).

Under the terms of the agreement—which is the foundation for a formal

framework—EDC and EKN will re-insure each other in situations where either is providing insurance or guarantee support for a transaction involving goods and services supplied from both countries. Because exporters will only have to deal with one institution, the credit approval process will be both easier and faster for the exporter and the buyer, as well as reduce exporters' costs.

EKN is a government agency established in 1933 to promote Swedish

exports by issuing guarantees. EKN can cover political and commercial risks in connection with export transactions and political risks in connection with investments abroad.

EDC provides trade finance and risk management services to Canadian exporters and investors in up to 200 markets. Founded in 1944, EDC is a Crown corporation that operates as a commercial financial institution.

For more information, contact Jean Cardyn, Director, International Relations, EDC, tel.: (613) 598-2904, e-mail: jcardyn@edc.ca, Web site: www.edc.ca or www.ekn.se.

Survival Systems of Halifax catches a wave

At first glance, Albert Bohémier is the most unlikely of Maritime success stories. A self-described Franco-Manitoban "prairie duster", he became a helicopter pilot in the military, lived in various places across Canada and finally settled in Halifax. In 1982, looking at the expanding market for services in the offshore oil industry, he formed **Survival Systems**. His company struggled at first, but it is now one of the leaders in its field.

In 1995 and again in 2000, Bohémier's initiative was rewarded with the presentation of a **Canada Export Award**; the second award was presented in his adopted hometown of Halifax. He says it was a moment of enormous pride for the company: "Getting a Canada Export Award means a lot. It gave us greater confidence in ourselves, especially when DFAIT came to our plant for a special ceremony."

Survival Systems has two components: manufacturing and training services. It manufactures simulators that permit pilots to experience "ditching" (accident at sea) in various kinds of weather, and it also provides training and expertise on how to survive such marine accidents. The company grossed \$13 million last year, \$3 million of which was in Canada. It employs 15 people in manufacturing and 45 in training in Canada and 43 trainers abroad.

A natural promoter, Bohémier got Survival Systems into the news in April, when he convinced International Trade Minister Pierre Pettigrew to take a dunk in the company's testing tank. The photos of the dunked minister in the wet suit made the newspapers and drew even more attention to Bohémier's company.

"It helped us with our customers," says Bohémier, "and people felt that if Minister Pettigrew was willing to trust our product, it must be good." Bohémier is also involved in encouraging



Photo: Dan Callis

Minister for International Trade Pierre Pettigrew in the Modular Egress Training Simulator (METS™) at Survival Systems in Dartmouth, Nova Scotia.

other Francophone entrepreneurs as part of the National Committee for Canadian Francophonie Human Resources Development.

The **20th Canada Export Awards** will take place in Toronto on **November 24**, as part of the **Canadian Exporters Conference**, organized by Canadian Manufacturers and Exporters (www.cme-mec.ca).

For more information on the awards, contact Andrew Caddell, Team Canada Inc Trade Liaison Unit, DFAIT, tel.: (613) 944-0118, e-mail: andrew.caddell@dfait-maeci.gc.ca or check the Canada Export Awards Web site: www.infoexport.gc.ca/awards-prix/menu-e.htm.

Vietnam: A rising star

— continued from page 1

Our commercial relations are reaching record levels, as Canadian exports to Vietnam grew by 18% and imports by almost 20% in 2002. There are also noteworthy Canadian investment success stories, such as **Manulife** which currently has over 6,000 employees in Vietnam. However, as only the 22nd largest source of foreign direct investment and with only 0.5% of the import market in Vietnam, Canada may be falling short of achieving its full potential in this vibrant economy.

Two Canadian trade commissioners are packing their bags; Michael Danagher (M.D.) and Francis Uy (F.U.), who have served in Hanoi and Ho Chi Minh City respectively, are leaving after seven years of combined service. *CanadExport* (CE) spoke with the two trade commissioners recently about opportunities and emerging trends in Vietnam.

CE: What would you say was the biggest change in Vietnam's economic environment during your assignment there?

M.D.: We have seen very high, sustained rates of growth in Vietnam for over a decade, although admittedly from a very low base. The cumulative effect has been, at least in the cities and adjacent areas, a real improvement in people's standards of living. Vietnam has one of the world's most successful poverty alleviation records, with the number of those living below the poverty line decreasing from 60% of the population to less than 20% in a decade. Many observers have made a parallel between Vietnam and China of the late 1980s.

F.U.: I would agree with Michael and add that we are seeing the emergence of a middle class in the two biggest cities, Hanoi and Ho Chi Minh City. Over the past three years, I have been surprised by the increases in vehicle

traffic, construction, tourism and services. Overseas education and travel, which were unimaginable five years ago, are becoming established market opportunities. For example, between 1998 and 2001, the number of Vietnamese students studying in Canada increased by over 200%.

CE: Where do you see opportunities for Canadian companies in Vietnam and what are the emerging sectors?



Canada's incoming and outgoing trade commissioners in Vietnam (from left): Michael Danagher, Pierre Delorme, Robert Coleman and Francis Uy.

M.D.: For a country that is developing at a breakneck pace, but with still relatively low per capita incomes, you could say that just about every product or service has a market here. Canadian companies have had export success in sectors as diverse as marine systems (lighting, inland waterway navigation systems, ship design), telecommunications (Internet backbone, fibre-optic cable, consulting), and environment (consulting services, incineration equipment).

Although incomes are still low, the urban population is consuming products such as insurance, overseas education, health products and services, and contributing to a construction boom. We also closely monitor sectors which are export-dependent, such as agricultural technology, oil and gas services and tourism infrastructure. Also, Vietnam is endowed with considerable natural resources, so opportunities exist in

sectors such as oil and gas, mining, forestry and fisheries.

F.U.: I would re-emphasize one sector that Michael mentioned above: agriculture and agri-food. This has been a big sector for us, with successes in sales of dairy cattle and other livestock, wine, canola, and swine genetics and equipment. There are also several Canadian companies active in agri-food processing for export to North America.

CE: What kind of companies succeed in Vietnam?

M.D.: In general, the bigger companies find more success here. This is a country where marketing costs can be high, decision cycles can be long and client expectations border on the unreasonable. Larger companies, which have the resources to pursue a project over several years, can better absorb these costs. At the same time, in some product areas, margins can be quite high, and projects in Vietnam can be very profitable.

F.U.: We don't want to give the impression that small or medium-sized enterprises (SME) should avoid Vietnam. The increasing sophistication of Vietnamese companies, along with further private sector development, means that there are potential partners here for smaller companies. We have also seen smaller companies considering Vietnam as a low-cost production platform, and several of the most successful Canadian companies in Vietnam are SMEs.

CanadExport's full interview with Michael and Francis can be found at www.dfait-maeci.gc.ca/canadexport/menu-en.asp. The two trade commissioners provide insight on future challenges facing Vietnam, advice for Canadian companies considering doing business there, Canadian success stories and why we should have confidence in Vietnam's commitment to trade and investment liberalization. CanadExport also introduces Pierre Delorme and Robert Coleman (Francis Uy and Michael Danagher's successors). ❁

Trade events calendar

AGRICULTURE, FOOD AND BEVERAGES

SYDNEY, AUSTRALIA — September 9-12, 2003 — **Fine Food Australia 2003** is an international food and drink exhibition not to be missed. **For more information**, contact Pierre Desmarais, Second Secretary (Commercial/Economic), Canadian Embassy in Canberra, tel.: (011-62-2) 6270-4000, fax: (011-62-2) 6270-4069, e-mail: pierre.desmarais@dfait-maeci.gc.ca, Web site: www.foodaustralia.com.au/.

SINGAPORE — December 9-11, 2003 — Be a part of **Food Ingredients Asia 2003**. **For more information**, contact Anne Woo, Senior Market Development Officer, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7480, e-mail: woo@agr.gc.ca, Web site: <http://singapore.fi-events.com>.

AEROSPACE AND DEFENCE

LONDON, U.K. — September 9-12, 2003 — **Defence Systems & Equipment International** is a leading international defence show. **For more information**, contact Robyn Hori, Defence Industries, Industry Canada, tel.: (613) 946-6730, fax: (613) 998-6703, e-mail: hori.robbyn@ic.gc.ca, Web site: www.dsei.co.uk.

BUILDING PRODUCTS

GUADALAJARA, MEXICO — September 4-6, 2003 — **ConstruExpo 2003** is a major international construction show. **For more information**, contact Fernando Baños, Senior Commercial Officer, Canadian Consulate in Guadalajara, tel.: (011-52) 3615-6215, fax: (011-52) 3615-8665, e-mail: fernando.banos@dfait-maeci.gc.ca, Web site: www.construexpo.com.mx.

ENVIRONMENTAL INDUSTRIES

GÖTEBORG, SWEDEN — September 8-10, 2003 — **Ecology 2003**, the largest environment-related conference in Scandinavia, will be held in conjunction with **Ecoprocura 2003**, a major international environmental conference for decision-makers, buyers and suppliers. **For more information**, contact Inga Lill-Olsson, Business Development Officer, Canadian Embassy in Stockholm, tel.: (011-46-8) 453-3000, fax: (011-46-8) 24-24-91, e-mail: inga-lill.olsson@dfait-maeci.gc.ca, Web site: www.swefair.se/ecology.

NEW DELHI, INDIA — September 10-12, 2003 — The Canadian High Commission in India is organizing a Canadian pavilion at **Water Asia 2003**, an excellent introduction to the \$5 billion Indian water and wastewater treatment market. **For more information**, contact Viney Gupta, Advisor (Trade), Canadian High Commission in India, tel.: (011-91-11) 687-6500, fax: (011-91-11) 687-5387, e-mail: viney.gupta@dfait-maeci.gc.ca.

HEALTH INDUSTRIES

TOKYO, JAPAN — October 7-9, 2003 — **Health Ingredients Japan** is the leading health food ingredients exhibition in Japan, and includes the **Safety & Technology Japan** exhibition, the only exhibition for food safety and quality control in that country. **For more information**, contact Anne Woo, Senior Market Development Officer, Agriculture and Agri-Food Canada, tel.: (613) 759-7857, fax: (613) 759-7480, e-mail: woo@agr.gc.ca, Web site: www.hijapan.info.

ICT

MUNICH, GERMANY — October 20-24, 2003 — **SYSTEMS 2003** is the second largest ICT trade fair in Germany. **For more information**, contact Brian

Young, Vice-Consul, Canadian Embassy in Munich, tel.: (011-49-89) 21-99-57-0, fax: (011-49-89) 21-99-57-57, e-mail: brian.young@dfait-maeci.gc.ca, Web site: www.canada-unlimited.com.

METALS AND MINERALS EQUIPMENT, SERVICES AND TECHNOLOGY

AREQUIPA, PERU — September 15-19, 2003 — Be a part of the Canadian pavilion at **Extemin 2003**, South America's premier mining show. **For more information**, contact Oscar Vasquez, Commercial Officer, Canadian Embassy in Peru, tel.: (011-511) 444-4015, fax: (011-511) 444-4347, e-mail: oscar.vasquez@dfait-maeci.gc.ca, Web site: www.camese.org.

MULTI-SECTORAL

DOHA, QATAR — December 17-19, 2003 — The **1st International Franchise Expo for the Middle East and Gulf Region** assembles the world's industrialists, companies and institutions and introduces them to the regions' entrepreneurs interested in franchise opportunities in a variety of sectors. **For more information**, contact the Xperimental Group, tel.: (011-971-4) 321-1164, fax: (011-971-4) 321-1165, e-mail: president@mefex.com, Web site: www.mefex.com.

OIL AND GAS EQUIPMENT AND SERVICES

ALGIERS, ALGERIA — September 28-October 1, 2003 — Be a part of **Alger Energy 2003**, the 2nd international energy, mines, petrochemical and electrical engineering trade fair. **For more information**, contact Rachid Benhacine, Trade Officer, Canadian Embassy in Algeria, tel.: (011-213-21) 91-49-51, fax: (011-213-21) 91-47-20, e-mail: rachid.benhacine@dfait-maeci.gc.ca. ❁

Canada-Spain networking opportunities

Biocontact Quebec 2003

QUEBEC CITY — October 1-3, 2003 — Canadian companies interested in discussing partnering opportunities with Spanish companies should attend **Biocontact Quebec 2003**, a biopharmaceutical partnership symposium. At this event, Spanish organizations and companies will attend the bi-partnering sessions and one-on-one meetings.

Genoma España (www.gen-es.org), one of the Spanish organizations attending Biocontact, is developing and coordinating public policy, producing foresight studies and assessing

national and international technologies. In addition to supporting genomic and proteomic research, Genoma España also promotes business cooperation and technology transfers, stimulates the creation of biotechnology companies and develops relationships with domestic and international institutions. Genoma España will be accompanied by a number of Spanish biotechnology companies interested in discussing business and partnering opportunities.

Another key participant will be the Catalonia Investment Promotion Agency (www.gencat.net/cidem/

www.gencat.net/cidem/). This agency provides tailor-made, value-added services including: investment opportunities; strategic alliances and technological partnership with local companies, universities and research centres; technology transfers and innovation; access to venture capital; recruitment and training; site location (science parks, biocubators); and incentives and support programs for technology start-ups.

For more information, contact Isidro Garcia, Commercial Officer, Canadian Embassy in Madrid, e-mail: isidro.garcia@dfait-maeci.gc.ca, Web site: www.biocontact.qc.ca/ or www.canada-es.org *

Major events bring big opportunities

China prepares for Olympics and World Expo

*The market for security products in China is growing fast, and presents foreign suppliers with significant opportunities. As China increasingly attracts international events, such as the **2008 Olympic Games** in Beijing and the **World Expo 2010** in Shanghai, it plans to upgrade and enhance safety and security measures and equipment.*

Beijing's municipal government has announced that a total of US\$22 billion will be invested in the next seven years to improve the city's infrastruc-

ture. This could lead to opportunities in China for Canadian suppliers of security products, such as personal protection gear and equipment, detection systems and devices, surveillance systems, asset protection equipment, access control devices, information and communication channels protection, intellectual property protection technologies, security hardware and software, etc.

Approved by China's Ministry of Public Security and Ministry of Science and Technology, **Security China 2003**—the country's largest security

exhibition—will be held in Beijing from **October 29 to November 1, 2003**. The Canadian Embassy in Beijing plans to establish a Canadian pavilion at the show. Based on feedback from Canadian companies, a mission may be planned with follow-on visits to Guangzhou, Hong Kong and Shanghai.

For more information, contact Pierre Pyun, Trade Commissioner, Canadian Embassy in Beijing, tel.: **(011-86-10) 6532-3435, ext. 3356**, fax: **(011-86-10) 6532-4072**, e-mail: pierre.pyun@dfait-maeci.gc.ca or Jim Zhou, Commercial Assistant, tel.: **(011-86-10) 6532-3435, ext. 3375**, fax: **(011-86-10) 6532-4072**, e-mail: hongjin.zhou@dfait-maeci.gc.ca *

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