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Small is **BIG** News in **EXPORTING!**

by Vincent Chetcuti

Tap into the Latin American market

see Opening the Doors, page 3

Smaller businesses score big on Team Canada

see Small is Big, page 3

Exporters find unprecedented networking opportunities

see Team Canada Fosters..., page 4

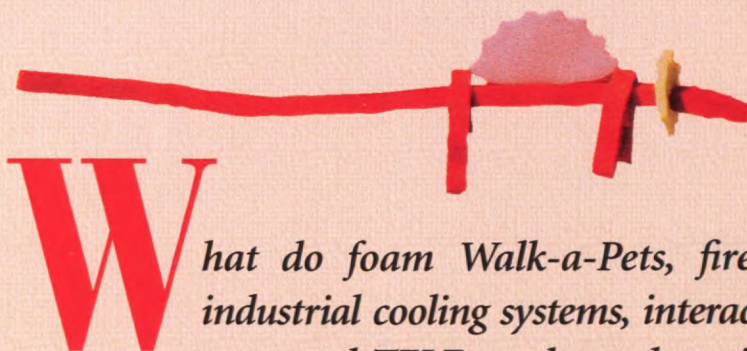
Set yourself up to export

see Finding the Right..., page 4

Export your Canadian know-how

see Another Side..., page 6





What do foam Walk-a-Pets, firefighting equipment, industrial cooling systems, interactive educational software and TELEtranslators have in common? They are all products of smaller Canadian companies that are finding new buyers in Latin America — thanks in no small part to the latest Team Canada trade mission.



James Marchbank (left) of Science North in Sudbury promoted his company's technological, interactive exhibit design and object theatre production to museums in Latin America.

For many companies, the benefits of participating in January's Team Canada 1998 trade mission to Mexico, Brazil, Argentina and Chile were dramatic. Victoria-based TCC Communications Corporation, a company employing only 15 people, signed two deals totalling \$24 million.

"Latin Americans have great respect for their political leaders," says TCC Communications CEO John Grayson. "So when they see us with political leaders from their country, they're very impressed. Having our leaders standing on stage with us, as one unified group, speaks very powerfully."

"It saved us maybe six to nine months of confidence building," Grayson adds.

For this small company, that political presence helped to seal deals to supply both Brazil and Mexico with 40,000 TELEtranslators, devices that automatically provide Spanish subtitles for English movies and television shows.

For other companies, like foam toy maker Darnos Enterprises International Ltd. of Cornwallis, Team Canada meant

unprecedented access to potential buyers.

Philip Darnos never dreamed that eight years after emigrating from Poland with \$100 in his pocket he would be accompanying the Prime Minister of Canada on a trade mission.

"This is really big for me," he says. "It means that I am accepted by my peers and colleagues. Anywhere else I'd have to know someone to be part of something like this. But in Canada, if you work hard and if you're good at what you do, you can succeed."

Darnos didn't sign any contracts on the mission, but he isn't disappointed. He made the trip to develop new contacts, and that's exactly what he did.

"This is a long-term process for us, and we've got several things in the works for supplying amusement parks and their distributors," he says. "If they come through, and I think they will, we'll be hiring about 50 people back in Cornwallis." That's close to a 70% increase in employees for the Nova Scotia maker of Walk-a-Pets.



Team Canada: unprecedented access to potential buyers

NOV 7 2002

Opening *the* DOORS

Team Canada trade missions are the most visible and high-profile displays of government and business working together to put Canada's name on the world trading map. For Canadian companies, they mean new markets and increased sales. For Canada, they mean more jobs.

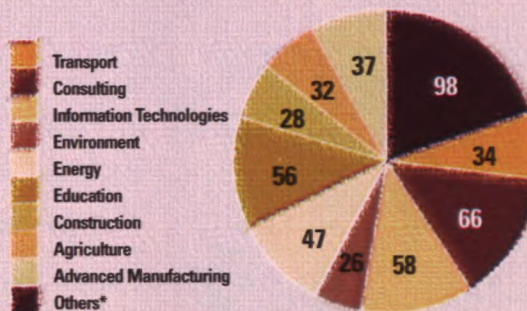
Latin America is an enticing and largely untapped market for small and medium-sized Canadian businesses. Gilles Thériault, chairman of UNIC Marketing Group in Shediac, is convinced that the Americas are going to be the next big trading area in 20-25 years.

"Since the early 1980s, we've seen most of the trade, and a lot of investment, go to Asia," says Thériault. "So now we're looking at Latin America, which is a huge potential market for Canadian companies in mining, forestry, fisheries, agri-food, and especially, technology."

Significant economic reforms, privatization and deregulation taking place in Latin America offer Canadian companies a wealth of new opportunities. Canada already benefits from free trade agreements with Mexico and Chile and stands to gain greater access to other Latin American markets as talks progress to create a Free Trade Area of the Americas.

The four countries visited on this Team Canada trade mission represent \$3.3 billion in Canadian exports and \$20 billion in investments. Over the last seven years, they have ranked among the 10 fastest-growing importers in the world. Argentina is at the top of the list with a 34% increase in imports, followed by Brazil in sixth place, Chile ninth and Mexico tenth.

Companies per sector on Team Canada 1998



*includes: culture, tourism, natural resources, municipal, legal, health, government and finance.

But old myths die hard. "Too often, we're still seen as only hewers of wood and drawers of water," says Susan Harper, senior Canadian trade commissioner in Argentina. And with some notable exceptions, primary-resource producers still tend to dominate the ranks of Canadian big business.

"When you look at the small business sector, however," Harper adds, "which is larger, growing faster, and creating more jobs than the big companies, that's where you see Canada's entrepreneurial spirit at its best. That's the story we have to tell the world, that we're a top-notch producer of value-added goods and an exporter of manufactured products outside of our traditional market strengths."

Small *is* BIG

A remarkable 80% of the 532 business men and women that made up this year's delegation were from small or medium-sized companies — companies with fewer than 500 employees — compared with only 20% on the first Team Canada mission to China in 1994.

This made for a different, more hectic atmosphere than that of previous missions. It meant a much wider range of products and services to promote and a far greater number of contract signings and ceremonies to co-ordinate.

For International Trade Minister Sergio Marchi, the mission perfectly illustrates the government's trade strategy. "It's the smaller companies that can really benefit from these missions," says Marchi.



CINAR Films Inc. of Montréal is representative of the diverse array of small and medium-sized companies that participated in Team Canada 1998. CINAR, which produces entertainment and educational programs, signed a \$2.2-million contract in Mexico.

"We work with the big companies too, but they normally don't need the government's help as much as the smaller ones do. It's the little company that benefits the most from the advantages that political leaders can provide."

Donald Berggren of Scarborough-based BERG Chilling Systems Inc. agrees. "When you're part of Team Canada, potential customers look at you as a big player. And if you're seen as a big player, then you are one. It just gives us the opportunity to prove that we can deliver." That opportunity is right around the corner for Berggren and his 81 employees: while on the mission he signed three memoranda of understanding and one agency agreement valued at about \$1.58 million, as well as a contract in Mexico worth \$42,000.

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Finding the Right Help

A good place to start is your local Canada Business Service Centre, which connects businesses to the full range of government export services and expertise. Whether you are currently exporting or new to the opportunities of global markets, this service will make it easier to find the right program, service or expert to consult.

Your toll-free call to

1-888-811-1119

is answered by a trained information officer ready to provide answers to your questions and transfer your call directly to the many export service providers available.

The service is available **Monday to Friday, 9 am to 5 pm** in every time zone in Canada.

Numerous export-related Web sites offer a wealth of information on different markets, cultures and customs. Perhaps the best site is

<http://exportsource.gc.ca>

with its powerful search-engine which delves into other sites including <http://atn-riac.agr.ca> (specializing in the agri-food sector), <http://www.infoexport.gc.ca> (export preparation) and <http://strategis.gc.ca> (business).

As well, there are number of great publications covering just about everything you need to know about exporting. *CanadExport*, for instance, is an excellent source for Canadian businesses.

For a FREE subscription, fax your company's name and fax number to

(613) 996-9276

indicating where you read this article.

Team Canada *fosters* TEAMWORK

The benefits from Team Canada are more than just contacts abroad. The trade mission also helped to build new business relationships among Canadian companies.

"People who are together for two weeks do a lot of business among themselves," says Prime Minister Jean Chrétien. "You have a person from Eastern Canada on the plane with someone from the West, and they start to talk. 'What do you do?' 'I build prefabricated houses.' 'What about you?' 'Oh, I live in New Brunswick and I manufacture windows.' By the end of the trip, the house sold by the person from B.C. has windows from New Brunswick."

That's exactly what happened with EJE Trans-Lite Inc. (a division of ConPro Group Limited) of St. John's and the Northern Centre for Advanced Technology Inc. of Sudbury. After Trans-Lite president Fraser Edison explained his company's life-vest technology to travelling companion Darryl Lake of NORCAT, thousands of feet in the air, the two men began shaping a deal to develop a new location-finder and lighting beacon for underground miners. At the end of the mission in Santiago, they signed a promissory agreement that will eventually result in a new made-in-Canada life-saving product with worldwide sales potential.

This scenario was repeated on literally dozens of occasions throughout the course of the mission. For instance, Alec van Zuiden, executive vice-president of Wulftec International Inc. of Ayer's Cliff, had very modest goals when he signed on for the mission; in the hopes of developing a distribution network in Latin America for his stretch-wrapping machines. After signing a \$1.5-million agreement to open a plant in Mexico — a move that will create 30 new jobs in his Eastern Townships plant — he was approached by another Canadian company that had recently signed a deal to finance the largest bottle manufacturer in China. They wanted Wulftec to supply them with pallet wrappers for their Chinese contact. This led to another opportunity with an Argentine bottling and plastics company that had heard about the deal.

"Talk about pay dirt," says a pleased van Zuiden, "— and we're not even in the gold market."

Darryl Lake (left) of the Northern Centre for Advanced Technology Inc. (Sudbury) met Fraser Edison of EJE Trans-Lite Inc. (St. John's) on the Team Canada trade mission and later signed an inter-provincial deal in Chile, witnessed by their respective premiers Mike Harris and Brian Tobin.



Do *your* HOMEWORK



Contracts don't just fall out of the sky.

Canadians hear only about all the deals signed on the mission, and that emphasis, say many of the business members, can lead to a false impression. It seems almost too easy — merely a matter of showing up and signing a piece of paper.

The truth is that a lot of hard work goes into making these trips successful.

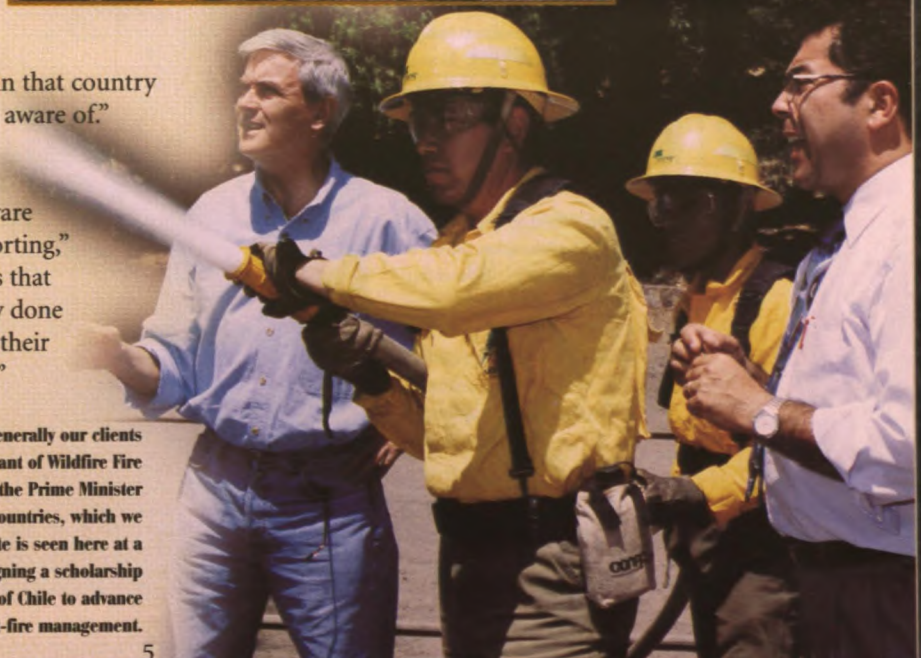
“Don’t think that just because you’re part of Team Canada, business is going to fall into your lap,” says Ian Howard of Ecolo Odor Control Systems Worldwide in Mississauga. “It happens, but you’ve got to be prepared before you go down. It’s a fantastic advantage to have the Prime Minister and the premiers on your side, but they only set the stage and create the opportunities. It’s up to you to take hold of those opportunities and make them pay off.”

In other words, you’ve got to do your homework. As a three-time Team Canada trade mission participant and successful exporter, Bruce Friendship of Bayly Communications Inc. in Ajax has this advice for new exporters:

“Start by networking in Canada. Talk to or meet with experienced exporters that do business in your target country. Their knowledge and experience can help you avoid common pitfalls or costly ventures. They can give you a feel for how business is done in that country and explain the cultural nuances that you must be aware of.”

Thérèse McKellar of St. John Enterprises in Ottawa offers additional advice: “You need to be aware of the risks before you can reap the benefits of exporting,” she says. “What’s good about these trade missions is that you’re going with other businesses that have already done a significant amount of work there, and they know their way around. So you learn by being with each other.”

Team Canada 1998 helped James White to follow up with clients. “Generally our clients are governments,” says the two-time Team Canada participant of Wildfire Fire Equipment Inc., of Lachine. “Being on the mission with the Prime Minister and premiers gives us access to governments in these countries, which we wouldn’t otherwise have and which we need.” White is seen here at a Chilean demonstration of his products, and signing a scholarship agreement in Santiago with the University of Chile to advance the science of forest-fire management.





Another *side of* EXPORTS

Services exporters — traders of non-manufactured goods — represent another side of the exporting equation. On this Team Canada mission, educational and voluntary institutions further enhanced the diverse, fascinating scope of Canadian offerings to Latin American buyers.

Canada has a great deal to offer in areas such as education, health and social services. This highly exportable know-how was promoted by 56 educational, non-governmental and voluntary organization participants — the largest number ever represented on a Team Canada mission.

Education providers signed a record 68 business deals that will set up student, faculty and technology exchanges with Latin American colleges and universities and that will promote Canadian institutions to Latin American students. Foreign students pay up to \$20,000 a year to attend school in Canada, so Team Canada becomes a cost-effective way for Canadians to market their colleges and universities.

Government, too, was interested in promoting education resources. Industry Canada's SchoolNet program signed six agreements to promote the use of information and communication technologies in Latin American schools. In addition, Canadian Education Centres, designed to attract foreign students to Canada, were officially opened in each country.

For the first time, Team Canada 1998 included the Canadian Association for Community Living (CACL), a leading advocate of programs and services that integrate persons with disabilities into mainstream society.

According to CACL's executive vice-president Diane Richler, there is a big market for these services in Latin America. "Just as other companies are trying to market the uniqueness of their products and services, we're trying to market the uniqueness of the voluntary sector."

CACL signed agreements in all four countries to help people with disabilities become active members of Latin American society.



Dr. Eber Hampton of the Saskatchewan Indian Federated College signed agreements with Latin American universities to promote the creation of an international indigenous university, dubbed Indigenas 2000, through telecommunications and Internet linkages.

International Trade Minister Sergio Marchi opens the Canadian Education Centre in Mexico City. These centres (a partnership of the Department of Foreign Affairs and International Trade, Canadian International Development Agency, and Citizenship and Immigration Canada) were opened in all four countries.





Team Canada gave the business delegates unprecedented access to both Canadian and Latin American political leaders, potential partners and buyers. Oscar Weis is shown promoting his advertising agency with Prime Minister Jean Chrétien; Peter Nygård of Winnipeg's Nygård International Ltd.; Argentine ministers Paco Mayorga and Pablo Guzzan; and Ken Taylor of Global Public Affairs, Inc. and Al Kilpatrick of Atomic Energy of Canada Ltd.

Also representing the services sector was a seven-person advertising agency, the only creative design company on the mission. Weis Advertising Inc. began selling the concept of producing TV commercials in Canada to international customers about three years ago.

"We were quite successful in bringing people from Europe, the Middle East and Latin America to Toronto to produce TV spots," says Argentinean-born Oscar Weis. Since then, he has put together an impressive portfolio that includes such clients as the Israel Tourist Office and Argentina's national airline.

Team Canada solved the problem

In Brazil, Weis met Carlos Rocha, a movie-theatre operator who begins each movie in his 186 theatres with a commercial. But Rocha was faced with the high cost of production in Brazil. Team Canada solved the problem: Rocha's commercials will now be produced in Canada by Weis Advertising, a deal that will create new jobs for Canadian designers, artists, sound people and production crews.

When asked if the trip was worth the time and effort, Weis's simple answer perhaps says more about the mission than the volumes written in the newspapers. Spreading his arms wide and smiling, he says, "Look where I am!"

Right Place *at the* RIGHT TIME

Preparation pays off, but sometimes it still comes down to being in the right place at the right time, ready to take advantage of unexpected opportunities.

Take the example of Philip Nelson, president of Burlington's Canadian Aerospace Group Ltd. Nelson had set up an introductory meeting with a company in Brazil, but much to his surprise, the company had already heard about

Canadian Aerospace Group because of its participation on the trade mission.

"They called in their big players and we made the deal right there and then," he smiles. A similar impromptu deal had happened days earlier in Mexico, where Nelson signed a deal with a local airline.

As a result of these two sales, Canadian Aerospace Group expects to hire as many as 300 new employees by April.

The Bottom Line: *more exporters,* **MORE DEALS**

The mission provided opportunities to scope out new markets and potential buyers for Canadian companies like Corma Inc. of Concord.



Team Canada 1998: 306 deals worth \$1.78 billion

With 306 signings, Team Canada 1998 inked the most deals signed on a Team Canada trade mission — or any trade mission for that matter — with a total value of \$1.78 billion. That's a significant accomplishment in a market that to date has been largely untapped by Canadian business. Notably, over 90% of those 306 deals were signed by small and medium-sized companies, many of which will be exporting to Latin America for the first time. And that, says Prime Minister Chrétien, is the real achievement of this mission.

"With trade, the challenge for Canada is to diversify," says the Prime Minister.

"It's like building an RRSP. You don't put all your eggs in one basket; you put the money you have in a range of different investments, so if there's a downturn in one area, you're still earning money from your other investments while you wait for conditions to improve. Canadians understand this, and I know they want to see us doing business in all regions of the world. That's how we help to build real security for Canada."



In Argentina, a cheque for \$100,000 was presented to Prime Minister Chrétien, who accepted it on behalf of the Canadian Red Cross. Team Canada participants collected the funds to help victims of the ice storm that battered parts of Eastern Ontario, Quebec and New Brunswick. By the end of the mission, \$171,000 had been collected.

Getting into the Export Game

Are you ready to get into exporting? Here's a recipe for success:

- Ascertain your product or service's export potential
- Select and research your target market
- Choose your entry strategy
- Arrange your financing
- Promote your product or service
- Determine the logistics of getting your product to the market
- Prepare your export plan
- Customize your export plan and entry strategy
- Learn the terminology of exporting

For more information on exporting and government services for Canadian businesses, call

1-888-811-1119

Or visit

<http://exportsource.gc.ca>

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