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Canada's Export Market Report Series

**WORLD MARKET
REPORT**



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Canada's Export Market Report Series

WORLD MARKET REPORT

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INTRODUCTION

Canada's Export Market Report Series has, as its principal objective, the provision of relevant, timely, and accurate information to Canadian businessmen in order that they can formulate whatever export marketing strategy and/or plan of action is appropriate for their corporate objectives.

The **World Market Report** provides a brief, snapshot overview of marketing opportunities of interest to Canadian companies on both a geographical and sectoral basis. Each year, Canadian embassies and consulates abroad in 117 countries plan their operations for the coming year; the work plans produced by Canada's representatives abroad have served as the basis for the contents of this Report.

Canadian exporters have expressed their interest in receiving information on marketing opportunities abroad through, for example, such publications as the biweekly **Canadexport**, published by the Department of External Affairs. The **World Market Report** may be of particular interest to companies who are not exporting on a regular basis, but who wish to make an initial assessment of where they might export, given a more detailed investigation of export markets. The Report is designed to encourage exporters to look for the first time or to re-examine the opportunities which exporting might provide. The Report may also serve as a point of departure for a new exporter's examination of international opportunities.

A wide range of advice and assistance for Canadian exporters is available from both the federal and provincial governments. The Annex to this Report provides addresses of useful contacts for companies to follow up. Exporters may also wish to refer to **Export Roadmap**, a publication outlining points of contact with the federal government and agencies in Ottawa and across Canada.

A. GEOGRAPHIC MARKETING

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1. United States

The influence and the importance of the U.S. market on the Canadian economy is demonstrated through the size and diversity of Canadian exports. [The latest trade figures for 1984 showed that nearly 80 per cent of all Canadian exports went to the U.S.] The U.S. economy is expected to show moderate growth in the next four years, with the real gross domestic product (GDP) predicted to show an average annual growth rate of 3.3 per cent between 1985 and 1989. Any slowdown in the U.S. economy over the medium term can be expected to have some adverse effects on Canadian exports to the U.S.

While Canada remains the single largest supplier to the U.S. of natural gas and electricity, over 70 per cent of Canadian exports to the U.S. are manufactured products. The importance of the U.S. market to Canadian industry in terms of the variety, value and proximity of export opportunities coupled with the increased attention being paid to it by other foreign suppliers, necessitates a vigorous pursuit of sales in order to maintain and increase Canada's market share.

From a trade promotion perspective, priority industry sectors have been identified as agricultural machinery, manufactured wood products, urban transportation equipment, and sporting goods. These and other key sectors (forestry equipment, oil and gas equipment, defence products, hardware, high tech computer hardware and software, apparel, pleasure boats, manufactured and processed food, and processed fish products) will be given focus in specific promotional events in the forthcoming fiscal year. The U.S. is seen as a natural market for first-time Canadian exporters, and small- to medium-sized firms. The Northern Tier States, the Sunbelt Region, and the West Coast are considered the strongest regional markets.

The federally-organized promotional projects program for 1985/86 includes 75 events ranging from full-scale Canadian national participation to buyers missions and solo shows. Twenty-two events focus on Consumer Products (furniture, apparel, sporting goods and housewares); twelve on Food Products including fish; nine events on the Resource Industry including building materials and manufactured wood products; five events on the High Tech industry; and the balance addresses the other key sectors.

2. Europe

Europe is the largest trading region in the world and the second most important one for Canadian exporters. The economic recovery that started in the European Economic Community (EEC) two and a half years ago is expected to continue in 1985, but at a slower rate (the real GNP increase is fore-

cast at 2.2 per cent for 1985). Growth in the EEC is based on the assumption that internal demand and, hence, imports will increase. The projections for Europe as a whole are for an average annual growth rate in real GDP of 2.1 per cent between 1985 and 1989.

West European trade, although dominated by the EEC and European Free Trade Association (EFTA) trade zones, nonetheless consists of annual imports from outside those zones of \$375 billion. In addition, the centrally planned economies of Eastern Europe import \$65 billion each year from Western suppliers.

Since 1980, on average, more than 60 per cent of Canada's exports to Western Europe have been in higher value-added fabricated materials and end products. Western Europe remains an attractive cash market for exports, and generated tourism receipts of \$650 million in 1983.

Competitive financing packages are an important part of sales to Eastern Europe, as is the ability of exporters to meet counterpurchase obligations. The U.S.S.R., now the number one market for Canadian grains, will remain one of the primary purchasers of large-scale capital projects.

The maintenance of fair market access and relief from non-tariff barriers in Europe is a prerequisite for Canadian exporters. Canadian firms continue to benefit from various agreements with European suppliers to transfer technology into North America. The region can also offer attractive partners for joint projects in third countries.

Europe offers many opportunities for technology transfer, debt and equity sourcing and the exposure to a worldwide customer base at specialized trade fairs. Companies with new product developments should invest in the European market early on in the product development life cycle to maximize growth opportunities.

3. Asia and Pacific

New markets in Asia and the Pacific have opened for Canada. This region has the fastest economic growth rate in the world [real GDP projected average annual growth rate of 5.6 per cent between 1985 and 1989] and now represents Canada's most rapidly growing export market.

A 4 per cent growth rate is forecast for 1985 in Japan. This is based on an increase in domestic demand. Sales of raw materials are expected to increase, although industrial restructuring which emphasizes "knowledge" industries rather than traditional heavy industry could be a moderating influence. Although Canada's traditional surplus with Japan has been based on raw materials, it is decreasing steadily. As a consequence, Canada must look to expand and diversify its exports in areas where it is running deficits, such as machinery, consumer goods, and processed raw

materials. Japan also offers Canada a substantial opportunity for investment capital.

China, with its new "open door" policy and movement towards decentralization, offers new opportunities in agriculture, energy, mining, oil and gas, aerospace, and telecommunications. India's next Five-Year Plan in 1985 places emphasis on power generation, oil and gas equipment, railway modernization, and telecommunications. Both China and India are seeking to absorb technology through joint ventures and licensing. Export financing is important.

Approximately 60 per cent of ASEAN (Association of Southeast Asian Nations) imports (U.S. \$80 billion) are of machinery, transportation equipment, and other manufactured goods. Opportunities in those sectors also include telecommunications, power generation, and oil and gas equipment and services.

Over one-half of the Australia and New Zealand market consists of fully manufactured goods: agricultural equipment, videotext, aircraft, oil and gas drilling equipment, engineering consulting services, and telecommunications equipment.

The newly industrialized countries of the region (Hong Kong, Korea, Taiwan) rely greatly on imports. Opportunities for Canadian exports exist in the following areas: grains and foodstuffs, forest products, chemicals, electronics, and telecommunication and satellite equipment. Hong Kong is also a potential source of investment capital for Canada.

The developing countries of Asia and Pacific have traditionally been aid-oriented export markets financed by international financing institutions (IFI).

4. Latin America and Caribbean

The countries of Latin America and the Caribbean are slowly beginning to recover from several years of economic recession and the market prospects are expected to improve over the medium term. In addition to the continuing good demand for Canadian commodities, opportunities will consist mainly of major infrastructure projects in energy, telecommunications, transportation, urban development, tourism and resource development projects (agriculture, mining, forestry, fisheries, oil and gas).

This region is the largest recipient of Canadian bank loans; the most favoured area for Canadian direct foreign investment after the U.S.; and an important market for Canadian exports of manufactured goods. The import capacity of the region is expected to grow by two and a half to three times the present size of \$75 billion by 1990. By maintaining our current market share, annual Canadian exports to the region would be between \$5 and \$9 billion. Primary markets are Mexico, Brazil, Venezuela, Cuba, Columbia, and Trinidad.

In the more developed countries (Brazil, Mexico) the demand for sophisticated technology transfer will increase rapidly in communications, instrumentation and process control, food processing, electronics, and metal processing. There will also be demands for joint participation in the industrial development process.

Cuba and the countries of the Caribbean Basin have been traditional markets for Canadian processed food, newsprint, manufactured goods, and telecommunications equipment. Canada-Cuba trade relations are unique: Canada is the sole source of North American products and technology in several sectors.

5. Africa and Middle East

The oil exporting countries are facing the need for substantial economic and financial adjustment. The reversal of world oil markets has brought the purchasing power of these countries back to its 1978 level. The primary markets of this region are in the Arabian Peninsula and in North Africa (i.e., Algeria, Egypt, Saudi Arabia, and the Gulf countries). Egypt is the only market whose fortunes are not tied to the world market prices for oil and gas.

These markets have moved out of the "boom" phase and into a consolidation and industrial development phase. Canadian exporters, who lacked the depth and resources to participate fully in the previous megaprojects, are now better placed to supply the technology, and raw and semi-finished materials and services that are required. These are among the best "cash" markets in the world, although most exports to Egypt require blended EDC/CIDA (Export Development Corporation/Canadian International Development Agency) financing.

Many African countries are expected to experience balance of payment problems for the next four to five years and will only recover slowly thereafter. There are major opportunities for capital projects in Western/Central Africa provided there is access to aid financing.

B. SECTORAL MARKETING

1. Agricultural and Food Products

Canadian animal breeding stock and genetic material enjoy a reputation for high quality and veterinary health standards. Offshore sales of animals and semen totalled \$65 million in 1983. There are opportunities for both animals and genetic material in South America, particularly dairy and swine, and for swine breeding stock in Southeast Asia and China. The challenge in Western Europe is to maintain market share in the face of tariff and non-tariff barriers. The U.S. remains the largest single market for beef and dairy animals, semen, and embryos.

Seed and table potatoes have some potential for expanded exports in the Middle East/North Africa, and South America. More secure access to the EEC is crucial for continued sales both within the expanded Community and to other markets. Apples, blueberries, and other berry crops have continued prospects in the U.K., Western Europe, Japan, and Southeast Asia. The major opportunities for the nursery and floriculture sector are concentrated in the U.S.

Canadian forage and oilseed varieties are facing more selective demand and difficult access in West European markets, but have good long term possibilities in Japan and China. Japan and Korea should be continuing markets for certain livestock feeds (i.e., dehydrated alfalfa, canola meal) and there is potential for feed ingredients and technical services in South and Central America. Pulse crops have prospects for growing markets in the Middle East/North Africa, and South America. The U.K. is the major buyer of white beans. Edible soybeans also do well in Southeast Asia. In the face of declining domestic and traditional export markets for leaf tobacco, countries in the Middle East with tobacco monopolies appear to offer the only growth prospects.

The food products sector comprises all processed foods, including meat, dairy, cereal preparations, fruits and vegetables, honey, sugars and syrups, confectionery, spices, oils/fats/shortening, beverages, and other preparations. Exports by 38 countries, which account for more than 80 per cent of world trade in these products, totalled U.S. \$61 billion in 1982, a 500 per cent increase over 1970.

The food processing sector is well-developed in Canada, with approximately 12 per cent of production being exported. However, Canada's international competitiveness is reduced by a number of domestic influences (i.e., marketing boards, labour costs) and the high value of the Canadian dollar. While Canadian exports rose by 360 per cent from \$476 million in 1970 to \$1.7 billion in 1982, Canada's share of the trade declined from 3.9 to 2.8 per cent.

The principal products of other countries entering world trade are meat (25 per cent of sector

trade in 1982), dairy (19 per cent), and beverages (13 per cent). Most categories show values in excess of \$1.6 billion and even the smallest (honey) had shipments in excess of \$100 million. The major destinations are Western Europe, U.S., Middle East, and the Pacific. However, for a variety of reasons, the most attractive opportunities exist in the U.S., Pacific, Middle East, and the Caribbean. In the U.S., Canada is historically the largest supplier, but there is ample opportunity for additional sales in every category. The Pacific (notably Japan) is an expanding market and, although Canadian sales have grown at twice the total market, there are opportunities in all major sectors. Canadian exports to the Middle East, the fastest growing market, are less than 1 per cent of the total. Sales to the Caribbean have maintained their share of that market.

A variety of direct constraints (i.e., prohibited imports, foreign exchange controls, quotas, and minimum import prices) and indirect constraints (i.e., health, labelling, licensing, etc.) restrict Canadian exports of food and agricultural products.

Proposed activities in the livestock sector include participation in seven major international livestock shows (Europe, Asia, Latin America) and sponsorship of technical seminars, incoming and outgoing missions, and visiting buyers. Support will be increased for horticultural product organizations to promote exports on a generic basis. The Department will sponsor participation in three nursery trade shows in the U.S., and will host several incoming missions for specific horticultural commodities in 1985. Sales missions to specific markets are planned for pulses and tobacco. Food product promotion activities will include participation in six major international food exhibitions, five regional shows in the U.S., and eight solo food shows, as well as retail promotions in stores and restaurants, and various missions.

2. Fisheries Products

Canada's fisheries products exports will remain highly dependent on three main markets — U.S., EEC, and Japan. In response to the strong U.S. dollar, Canadian exporters have attempted to increase their U.S. sales, particularly of groundfish; but possible countervail and anti-dumping findings could result in market disruptions. The weaker EEC currencies have left Canadian exporters trying to preserve markets there in anticipation of a return to strengthened economies and improved sales of groundfish and shellfish. However, until currency values in the EEC rise, Canadian exports will continue at lower levels. In spite of a recent decline in sales volumes, Japan becomes increasingly more important as an outlet for such products as herring, herring roe, crab, redfish, capelin, and squid.

Brazil's recently more relaxed import regulations present opportunities, particularly for saltfish. Africa cannot afford to purchase most Canadian species, and in many cases is not equipped to handle frozen fish, therefore sales possibilities are limited. However, an opportunity to increase sales may lie in expanded use of food aid expenditures to supply dried and canned fish to some African countries.

If Eastern Europe, in particular the U.S.S.R. and Poland, accept to meet their purchase commitments, and the German Democratic Republic (G.D.R.) continues to buy, these sales will be of particular value in removing excess supplies that can push prices down.

Transportation costs, limitations of export financing, and insufficient management skills in the fishing industry hamper Canadian exports; but a substantial increase in groundfish landings, improved fish management and control programs (i.e., West Coast salmon), and efforts to improve product quality augur well for increased export sales. More emphasis on underutilized species to traditional and non-traditional markets should also increase sales of these products.

Promotional projects are planned to respond to all the opportunities described above. These include trade fair participation in the U.S., the EEC, and Japan; solo shows; incoming buyer missions; market surveys; importers directories; and promotion of underutilized species. A closer working relationship with the industry and the provinces on export promotion has begun.

3. Grains and Oilseeds

As a leading contributor to the balance of payments, the grains and oilseeds sector is heavily dependent on exports and is therefore vulnerable to demand and price fluctuations in the world market. Constraints in the transportation and handling system were a factor limiting exports during the buoyant 1970s, but, in the 1980s, it is limited growth in demand and surplus production (particularly in the EEC and the U.S.) that is shaping market outlook. As well, a number of centrally planned economies and developing country importers continue to strive for greater self-sufficiency.

Grain markets are relatively free of restrictions, and Canada has been able to compete in commercial markets because of consistent good quality and reliability. The longer term outlook for grains and oilseeds exports is for continuing growth, but at a more modest rate, and in an increasingly competitive environment. Low market returns to producers, combined with difficulty for many countries in financing imports, are currently creating marketing problems. For the current year, Canada's export volume will fall short of recent levels due to the drought-reduced crop in western Canada, and the market share thus lost may be difficult to regain in the short term.

Exports also feature market concentration to a degree that tends to make the industry vulnerable. Further diversification in this regard will be a positive development. Recent advances in production of wheat in China is a case in point,

although Asia, as a whole, continues to hold potential for increased exports.

Current grains and oilseed marketing strategy is to market as much volume as possible at competitive prices. While the processing and export marketing of grain and oilseed products is encouraged, the major market is for unprocessed grain and oilseeds. Consequently, most exports are in this form. Hard spring wheat remains the largest single class of grain exported, but the marketing thrust will include medium quality and soft wheats in coming years as the production of these types increases. This diversification in the basis for trade will be advantageous if developed in a controlled manner.

Canadian supply capability is dependent upon weather conditions, soil resources, and the anticipated financial returns to the farm sector. Expansion of grain and oilseed exports to 36 million tonnes by 1990 is considered by the industry to be a reasonable target. Key factors in continued expansion of Canadian grain trade are sustained production levels adequate to meet demand (particularly for oilseeds), competitive pricing, and comprehensive expeditious export financing facilities to assist in gaining access for a range of product to a variety of markets.

The Canadian International Grains Institute has proved very effective in market development and maintenance, and will continue this role. The Canadian Wheat Board (CWB), as the marketing agency for wheat, oats, and barley, will continue its program of customer visits and servicing, as will the Canadian Grain Commission on matters relating to quality standards, weighing, and inspection. The grain trade, with appropriate Government program support, will continue to promote Canadian grains, oilseeds and products through incoming and outgoing missions. Future initiatives will be targetted to specific commodities or countries. A general promotion has limited usefulness where a relatively small number of buyers and sellers (increasingly of a state or quasi-state trading nature) are largely aware of each others' needs, products, and supply capability.

4. Machinery and Equipment

Significant new opportunities for the export of machinery and equipment are expected over the next few years. In particular, exports in such areas as packaging, material handling, oil and gas field equipment, and environmental equipment should be strong, especially in the U.S. market, where the broad range of new equipment applications provides an opportunity for Canadian suppliers to specialize in particular market segments.

Significant market potential for Canadian machinery and equipment has also been identified for Europe (e.g., North Sea oil and gas activity), South and Southeast Asia (e.g., power, pulp and paper), Africa and the Middle East, Australia (e.g., oil and gas field equipment, and mining equipment), and South America. In addition, Canadian manufacturers of industrial equipment should be in a position to benefit from the new market demands that result from the increased automation of industrial processes facilitated through the application of micro-electronic technology.

Developments in the international trading environment can significantly influence the trade performance for the machinery industry. On the positive side, import duties for the U.S. and other major markets are being progressively reduced as a result of the last round of tariff negotiations. In addition, a range of major machinery exports, including agricultural machinery, pulp and paper equipment, and some heavy metal working equipment, has been provided duty-free access to the U.S.

The principal forms of non-tariff barriers having an adverse effect on Canadian machinery and equipment exports include: (a) tied foreign concessional export financing and aid which, in effect, often preclude any significant Canadian participation in large projects; (b) government procurement policies such as U.S. "Buy American" legislation, and the policy of European and other countries simply not to consider Canadian or other foreign bids in areas such as power equipment, and oil and gas pipeline equipment; and (c) "local content" provisions, which are imposed in certain countries as a condition for Canadian suppliers to obtain contracts, and which tend to significantly reduce the volume of equipment shipped from Canada.

The varied range of machinery and equipment produced by the Canadian industry falls into four broad categories: (a) resource-based machinery; (b) electrical equipment; (c) plant and industrial machinery; and (d) service industries machinery. In order to remain competitive in markets characterized by a wide range of demands and a large number of suppliers, many companies have gradually reduced the range of machinery products manufactured in Canada, particularly standard types, and have concentrated on certain types and sizes of machinery as well as on custom-engineered equipment. Specialization has, in a number of cases, been achieved through rationalization agreements whereby the Canadian subsidiary produces a line of machinery for the corporate group, while rounding out its product lines with imports from the parent organization. In other cases, companies have developed unique equipment and capabilities that they have been able to market successfully in Canada and abroad.

Despite cyclical problems, the resource machinery equipment sector continues to provide a diversified range of high quality products to meet the particular and varied needs of the Canadian resource industries, as well as international market demands. Canadian manufacturers have derived a considerable competitive advantage from their longstanding reputation for service and reliability: a reputation established through close association with the development of the Canadian resource base. Many areas of resource machinery production involve custom-engineered equipment where production scale is a less significant competitive factor than in most other industrial sectors. In the case of agricultural equipment, the Canadian industry is technologically competitive and, in recent years, has been at the forefront of several technological achievements including the development of large capacity four-wheel drive tractors and axial flow combines. Canadian-developed, specialized machinery

for the production of cereal grains on large farms under dryland farming conditions is also well suited to the requirements of other large scale farms throughout the world, especially the grain growing regions of the U.S. and Australia, where such machinery has enjoyed significant success in recent years.

Canadian industrial electrical equipment firms have developed several areas of internationally recognized competence, notably large hydro-electrical turbines and generators, transformers, long distance transmission equipment, and large motors and controls systems. In most of these products, the sector is internationally competitive.

Canada's competitive strength in plant and industrial equipment, as with most other capital goods sectors, tends to be selective in terms of the range of sizes and models of equipment produced. Particular strengths include specialized packaging equipment, customized machine tool equipment (particularly for the automotive industry), steel plant and heat treating equipment, and a wide range of equipment for the food and beverage industry.

Although encompassing a diverse range of products, production of service industries machinery and equipment involves, to a greater extent than other machinery sectors, standard or off-the-shelf types of products where economies of scale are a major competitive factor.

Apart from ongoing trade development activities, including support under the Program for Export Market Development (PEMD) and the Promotional Projects Program (PPP), exports of machinery and equipment could benefit from a series of export marketing conferences for significant subsectors (e.g., oil and gas equipment). Such conferences, similar in format to the Annual High Tech Conference, could consist of brief presentations by trade commissioners from identified priority market areas about the "how-to's" of doing business in each market, and about the specific opportunities existing in the target country, as well as statements by the Department of External Affairs (DEA), CIDA, and EDC about government services available to exporters. One or two days, as required, would be devoted to private interviews between industry representatives and trade commissioners.

5. Transportation Equipment

It is estimated that, in 1984, Canada had a positive balance of trade with the U.S. in motor vehicles and parts of approximately \$5.5 billion. Offshore markets hold promise for original equipment manufacturers (OEM) and aftermarket parts.

Because the Canada-U.S. Automotive Products Trade Agreement provides for duty-free access of motor vehicles and OEM parts between Canada and the U.S. on a fully integrated industry basis, the Canadian motor vehicle industry has evolved with little management autonomy and a limited R & D capability.

As the motor vehicle industry moves toward internationalization of product design and production, new windows of opportunity (includ-

ing the attraction of offshore investment by non-traditional North American motor vehicle manufacturers) will present themselves.

Canadian manufacturers of urban transportation equipment could stand to win a significant portion of the international market if a number of constraints are overcome and appropriate policy instruments are put in place to support Canadian producers. These relate to access to the U.S. market, systems capability, and export financing.

Access to the important U.S. market is impeded by substantial tariff and non-tariff barriers. Urban transportation equipment was virtually left untouched by the Tokyo Round of trade negotiations. Neither the U.S. nor Canada reduced their tariffs on rolling stock, and the U.S. did not remove the domestic content requirements of its Surface Transportation Assistance Act (STAA). The STAA, which was enacted in 1978, provides federal leverage through substantial federal funding assistance on purchasing for urban mass transit projects at the state and local levels.

While the U.S. export capability in urban transportation is minimal, Canada faces stiff competition from European and Japanese producers, who are willing to offer attractive financing terms to penetrate the growing markets in developing countries. Canadian industry is also coming under increasing pressure for higher local content, joint ventures, licensing arrangements, and technology transfers. The willingness and ability of Japanese and European firms to respond to these pressures have been important factors in their competitive position in these markets.

Canadian export capability to supply both urban transportation equipment and services has been demonstrated: up to 75 per cent of total annual production is sold in the international market. The industry has the capability to supply complete turnkey systems with a high degree of Canadian content. Over the next 15 years, the world market for urban transportation equipment is estimated to be \$400 to \$500 billion. Closer co-operation between Canadian manufacturers and operators would clearly help Canadian producers to compete effectively in world markets. Once a system is installed in a foreign country, succeeding orders tend to involve the same type of equipment. Therefore, it is important that Canadian equipment be introduced ("showcased") in major growth markets including the Middle East, Far East, Turkey, and Spain.

North American motor vehicles and their constituent original equipment parts tend, by design, to be geared to the North American market. However, as the industry moves toward internationalization of product design and production, new opportunities, coupled with increased competitive pressures from offshore suppliers, will be present. Promotional activities that improve the opportunities to secure industrial co-operation, technology transfer, and joint ventures should assist Canadian parts producers in adopting an even more aggressive international supply capability. Attracting offshore investment by non-traditional North American motor vehicle manufacturers will also provide new opportunities for Canadian parts producers to supply parts to

other, related, foreign-based assembly operations.

In the case of urban transportation equipment production, it will be important to promote close co-operation between Canadian equipment manufacturers and systems operators in order to "showcase" Canadian equipment operating in a revenue producing mode. A more integrated approach among consultants, government, and industry in international marketing efforts may also be a determining factor in meeting stiff international competition for this capital equipment. In addition, Canadian consultants could be encouraged to seek to ensure that the availability of Canadian systems is examined during their development of specifications for offshore projects. Timely and competitive export financing will clearly be an increasingly important factor influencing the success of Canadian urban transportation equipment in maintaining a strong export performance during the 1980s. In all cases, however, it will be important to address each major project on its own merit and evaluate specific marketing programs in terms of the Canadian industry's needs.

6. Electronics

World markets for electronics products and services have been growing at a rapid pace over the past decade or two. Growth projections in the 1980s and 1990s indicate continuing rapid rates, especially in informatics and telecommunications. While the needs of individual countries vary widely, as does their capacity to absorb and fund acquisitions, there are few markets with insignificant potential for commercial sales by Canadian industry. In addition to informatics and telecommunications, space communications have also shown continuing upward growth trends. Rural communications have, for some time, been an important component of development programs in Third World countries. In defence electronics, markets outside of North America are limited, but there are opportunities for unique product or technology sales.

Priority markets are: (a) for informatics — U.S., Western Europe, Japan; (b) for telecommunications — Africa, Asia/Pacific; (c) for space communications — Nigeria, Colombia, Argentina, Mexico, China; (d) for rural/subscriber radio — Colombia, China, Thailand; (e) for defence electronics — U.S.

The Canadian communications electronics industry includes large, medium, and small enterprises, each with the capacity to innovate and to aggressively pursue exports. Canada was the first country to establish a geostationary communications satellite system, and to test direct broadcast satellite services; it also led the way into digital telephony transmission, arctic communications, spectrum management, and the second videotext generation. In defence electronics, military radio relays, artillery computers, and navigation systems, Canadian products have met with significant success in international markets. However, linguistic and application environments, as well as telecommunication, safety, and electrical requirements and standards, knowledge of approvals procedures, and access to test facilities are common obstacles to the sale of Canadian products.

The marketing of leading-edge technologies requires strategies which differ from those which have proved useful in other, more traditional sectors. One of the first tasks is to raise awareness among potential buyers both of the availability of technological solutions to their problems, and of the capability and interest of Canadian exporters to do the job. Broad awareness raising activities include publication of segment catalogues describing individual company capabilities, placement of inserts in vertical publications, placement of articles in specialized magazines, and participation in trade shows.

More focussed awareness-raising activities include the organization of seminars for, or missions of, small groups of potential buyers from specific communities (e.g., retailers, bankers, educators, etc.), as well as one-on-one meetings with major potential customers or partners.

Demonstration ("tire-kicking") of such new technologies is essential, for there is no suitable substitute for hands-on experience. Equipment should be made available on loan, for up to six months, or even one year, to allow potential buyers to become familiar with the technology, and to discover by themselves uses which had not been identified earlier.

7. Aerospace

The Canadian aerospace industry is dominated by two major crown-owned companies — Canadair and de Havilland — and by Pratt and Whitney Canada. Other major sub-sectors are major systems and avionics companies, components manufacturers, and service companies (including repair and overhaul). Of aerospace industry sales of \$3.25 billion in 1983, 80 per cent was exported.

The U.S. business market will dominate future sales of Canadair's Challenger. Military or government-related market opportunities include 24 aircraft to China, 12 aircraft to Australia, and seven or more to the U.S. Canadian- and U.S.-produced avionics will be excluded from the Chinese order by our export permit restrictions. The Australian order requires 30 per cent industrial participation, which Canadair is unable to offer without taking the work from itself or from its Canadian suppliers. Strong local lobbying must be overcome in the U.S. government market. Follow-on sales prospects to Germany look promising, now that the first seven units have been sold to the government.

The major market for de Havilland's Dash 7 and Dash 8 is the U.S. regional carriers, followed by regional carriers worldwide. The Dash 7 maritime patrol variant is competing with British and Netherlands aircraft for a large Venezuelan Navy patrol aircraft contract. Given that country's financial situation, financing such a large order poses major problems for de Havilland and its Canadian avionics suppliers.

The de Havilland Buffalo is ideal in its size range as a support aircraft for developing countries, and will continue to sell in small quantities. De Havilland's Twin Otter will also continue to sell in small quantities. However, the Twin Otter faces stiff competition from Israel's Arava and Spain's CASA 212.

If a product is competing in the U.S., in other NATO (North Atlantic Treaty Organization) countries, or in areas where an industrial capability exists, the Canadian industry is effectively precluded. Additional constraints are competitors' predatory financing, foreign military assistance, and subsidized pricing. A significant portion of the market for de Havilland's STOL (Short Take-off and Landing) aircraft is in the developing world where export financing is important.

Market access for Canadian avionics firms is difficult where the domestic competitor's product development is fully funded in a government procurement. However, the market is large enough that sales on other programs justify a sustained marketing effort with particular emphasis on U.S. aircraft manufacturers. C.A.E. Electronics' recent success on the U.S. Air Force C5 simulator program augurs well for future sales into the U.S. military simulator market.

Component manufacturers such as Boeing of Canada, Bristol Aerospace, Dowty, Fleet, Menasco, Spar, etc., continue to compete vigorously for orders from the major aircraft and engine manufacturers in the U.S. and Canada. All are expected to enjoy continued sales growth. Limited opportunities are available from Europe for these companies. Douglas of Canada will continue to be a major supplier of airframe sections to its U.S. parent.

There will be a major Canadian industry and government presence at the Paris International Air Show, May 30 – June 9, 1985. Several Canadian companies will exhibit at the S.E. Asian Aerospace Show in Singapore in January 1986.

Aerospace companies will continue to participate in commercially organized trade promotion activities appropriate to their market sector. The Aerospace Industries Association of Canada will continue to collaborate with appropriate Government departments in new marketing initiatives.

8. Consumer Products

Canada does not have a strong, internationally competitive position in consumer products, particularly those where semi-skilled, labour-intensive manufacturing processes are in use. There has, however, been some limited export success in certain areas.

In textiles, there has been some export success in certain sub-sectors, particularly carpets, coated fabrics, and some other man-made fabrics. Exports represented 7 per cent of Canadian shipments in 1983, with the U.S. taking 48 per cent of our textile exports.

The clothing sector exported 5 per cent of its shipments in 1983. In sub-sectors such as designer fashion and outerwear, Canada is able to compete internationally on quality, style, and price, particularly in the U.S.

Canadian exports of fur garments have recently accounted for between 30 per cent and 55 per cent of domestic production. Canadian fur garments are recognized worldwide for high quality and value, and domestic producers are continuing to make inroads, particularly into the U.S. market. In Western Europe, anti-fur and anti-

trapping campaigns have combined with unfavourable currency exchange rates to result in substantial losses to Canadian fur markets there.

In the footwear sector (non-rubber), Canada has a limited competitive range: in 1983 exports accounted for 7 per cent of total Canadian production, or \$47 million. Rubber footwear exports are extremely limited (\$0.5 million in 1983).

The leisure products sector includes commercial printing, publishing, jewellery/silverware/giftware, sporting goods, sound recordings, signs and displays, toys and games, and motion pictures. Of these, significant export volumes have been achieved only in publishing, sporting goods, toys and games, and jewellery/silverware/giftware. Most of this success has been in the U.S. market.

In the furniture sector, the most export-oriented product line is office furniture, where exports in 1984 accounted for almost 40 per cent of production. In household furniture, exports historically accounted for only 6 per cent to 7 per cent of production; however, during the past two years, exports of household furniture have increased by 35 per cent annually. Recent trends in currency exchange rates have improved the access of Canadian products to the U.S. market, and decreased opportunities in the U.K. and other European markets.

Most consumer products are directed to the U.S. market which is generally accessible, although high tariffs in certain sectors (e.g., clothing) remain. Some export success has been possible in other developed, industrialized countries, including Western Europe, Japan, and Australia.

Canadian exporters of consumer products are generally using a number of federal export services, including the Program for Export Market Development (PEMD), the Promotional Projects Program (Fairs and Missions), and market research and support by Canadian posts abroad. The identification of market niches is critical to success in these product areas.

With respect to planned events, the U.S. market will see promotional activity over the coming year in sporting goods, furniture, housewares, and wearing apparel (including jewellery). In Western Europe, books and sporting goods will be featured.

Particularly for the benefit of the smaller firms in this sector, further federal export promotion activities could include: expanded market surveys by posts, export seminars specifically directed to firms in the sector, increased participation in trade fairs abroad, and technical assistance in the formation of export consortia. Such activities would, of course, be welcomed by the industry; they would, however, have to compete with those proposed in other sectors for limited budget resources.

9. Defence Programs Sector

The annual production of the Canadian defence industry is approximately \$2.5 billion, of which \$1.5 billion is exported. The largest export market is the U.S., which is characterized by its requirement for high technology equipment, sub-

systems, and components. The overseas defence market is characterized by a larger ratio (than in the U.S.) of sales of complete end items (e.g., aircraft simulators, aircraft engines, radio equipment) and spares rather than components.

The U.S./Canada Defence Production Sharing Agreement means that for U.S. Department of Defense prime and subcontracts to Canada, the "Buy America" requirement and duties are waived. In spite of some other non-tariff barriers in the U.S. — in the form of small business and minority set-asides —, the accessible market in the U.S. for the Canadian defence industry is nearly \$80 billion (U.S.).

Opportunities for joint ventures and transfer of technology are being pursued in the Middle East, East and Southeast Asia, Australia, and New Zealand. For all countries other than the U.S., export permits are required. Increasing demands are being made from most overseas countries for offsets, co-production, and counterpurchase as conditions of sale.

Promotional activities proposals (initiated by DEA Defence Programs Bureau) include:

- participation in "HiTEC 85", the Defence and High Technology Industry Export Conference, March 1985;
- new trade development actions to promote sales of Canadian defence products to the U.S. Department of Defense, instituted as a result of attendance by approximately 4,000 Canadian companies at cross-Canada seminars with D.O.D. Procurement officials in December 1984;
- new defence promotion for Europe, including reciprocal procurement seminars between Canadian suppliers and those of the F.R.G., and other NATO countries;
- publication of catalogues: update the Canadian Defence Products Guide, and prepare a Spanish edition of Canadian Security Products Guide;
- participation in international trade fairs: e.g., Belgium; Paris; Washington; Netherlands; Singapore; etc.;
- outgoing and incoming missions: e.g., California; New England.

10. Service Industries

The overall share of services in world trade appears to have remained constant over the past 15 years, at about one-third of merchandise trade. Appeals for liberalization of trade in services, largely led by the U.S., are linked to potential global welfare gains through specialization.

Canada is regarded as a leader in the provision of telecommunications consulting services, and in other areas, including computer services. With particular respect to consulting engineering services, exports have become an increasingly important activity since the 1960s. Work in export markets has increased by almost 20 per cent annually, accounting for approximately 20 per cent of the industry's billings by 1980.

Recently, consulting engineering exports have been equally divided among, Latin America (19%), the Middle East (21%), Asia (24%), Africa (18%) and the U.S. (15%). Besides making direct sales to countries, Canadian consulting firms can find a large market among the multilateral development banks and agencies.

The international market place is important for Canadian consulting engineering firms; however, considerable time and effort is required to market these services and competition is extremely fierce. Due to the cost involved in undertaking a successful international marketing campaign, as well as the relatively limited financial resources of most consulting firms, it is difficult for the small- and medium-sized firms to compete successfully abroad. Furthermore, many developing countries have started to develop their own consulting engineering industries. Contracts are therefore being awarded to local firms, or to outside consultants that have been successful in establishing a presence in the market, either by forming a joint venture with local engineers, or by setting up offices in the region.

A few of the large firms in the Canadian consulting engineering services industry enjoy most of the involvement in international projects. There are, however, numerous other service industries with unique expertise which have export potential. Included are also technical sectors of recognized international competence such as medical services, banking, insurance, architectural and real estate development services.

11. Resource Industries

Although individual products face varying prospects, a more competitive international market environment is emerging. This is a result of the reduced growth in demand associated with world economic conditions, replacement by other materials, product down-sizing, and health and environmental concerns. Oversupply is common, stemming from developments in the U.S., Scandinavia, and in the lesser developed countries (LDCs). The export prospects for Canadian resource products will continue to be significant, but will likely expand more slowly than in recent decades.

In the forest products sector, slow but stable growth is expected in the traditional export markets for most products, while strong growth in sales of groundwood printing papers, waferboard, and millwork will likely continue in the U.S. Good opportunities exist for expanded sales of newsprint, pulp, and lumber to Pacific countries, as well as for sales of lumber and other wood products to the Middle East and North Africa.

Markets for Canadian minerals and metals — in particular, copper and lead — are expected to grow more slowly, but exports of refined zinc and aluminum should continue to show strength, notably those going to the U.S. Demand for sulphur, potash, and other minerals is expected to remain strong in East and Southeast Asian countries. The potential for increased sales of petrochemical products to the U.S., Japan, and Western Europe is significant, due to the adjustment by domestic industries in those countries to high feedstock prices.

Nominal tariffs, which escalate with the degree of processing, afford effective tariff protection and limit exports of Canadian mineral, forest, and petrochemical products to the U.S. and to Japan, the EEC, and several industrializing countries particularly. Non-tariff barriers include: government procurement practices, quantitative restrictions and their administration, import licensing, building codes and standards, countertrade, strategic stockpiles, and safety and health regulations.

In the forest industries, Canada retains significant advantages which will be enhanced by the restructuring and rationalization now underway. Canadian mineral resources are economically adequate for several decades. Cost-competitive advantages exist for aluminum, copper, zinc, and nickel, as well as asbestos, molybdenum, gypsum and potash. The Canadian petrochemical industry in western Canada is in a good position to meet new export opportunities as traditional producers of basic petrochemicals (i.e., U.S., overseas) shift their activities downstream.

Promotional activities should not only continue to support Canadian exporters in pursuing opportunities for primary resource products in traditional markets, but also in demonstrating the applications and advantages of using further processed products in order to reflect Canadian production capabilities. Particular attention should be devoted to providing assistance in the development of fast-growing markets for Canadian resource products in the Pacific Rim, and other fast-growth markets in the Third World. The Co-operative Overseas Market Development Program has been highly successful in promoting overseas markets for wood products from British Columbia.

C. HORIZONTAL/ INSTITUTIONAL MARKETING OPPORTUNITIES

1. Development Assistance

The Third World offers significant opportunities for Canadian exporters. In 1990, it is anticipated that, as a group, developing countries will account for some 30 per cent of world trade. Although exports represent approximately 30 per cent of our GNP, the proportion of Canadian exports destined for developing countries is not large; in 1983, it dropped from 11 to 9 per cent. In contrast, other major industrial countries send a much greater proportion of their exports to the developing world.

The Canadian International Development Agency (CIDA) which is the main delivery mechanism for Canadian Official Development Assistance (ODA), has, and continues to help open up new markets for business and industry in Third World markets. In this regard, at least 65 per cent of Canada's ODA is used for the procurement of goods and services in Canada. The most relevant CIDA programs are:

- The Bilateral Program which makes up about 36 per cent of Canada's ODA;
- The Parallel Financing Program under which CIDA jointly with the Export Development Corporation (EDC) provides financing for projects in which Canadian firms are involved and where developmental and commercial objectives coincide. In these cases, CIDA provides concessional financing and EDC market-related financing;
- The Food Assistance Program (\$326 million in 1983-84);
- The Industrial Co-operation Program which provides funding for Canadian firms to undertake pre-feasibility studies in developing countries, to establish joint ventures, and to provide technical assistance; and
- Contributions to international financial institutions; such as the World Bank for on-lending to developing countries to assist in development projects in these countries.

2. International Financial Institutions Procurement

Substantial opportunities for sales of capital goods and services are generated through projects financed by international financial institutions (IFIs). In 1984, approximately \$10 billion was tendered through competitive international bidding for projects sponsored by the World Bank and the regional development banks. The procurement product mix was 60 per cent equipment, 30 per cent civil works, and 10 per cent consulting.

Canada captures about 2 per cent of this market, which, although roughly in line with our share of OECD exports to developing countries, is less than

the share won by most other donor countries. Canada has done well in consulting services procurement, but we have not been strong in competing for equipment and civil works contracts. One of the biggest problems has been lack of Canadian bids. Where Canadian suppliers have tendered, they have had a high level of success.

Given the growing need of the Third World for capital investment, and the inhibiting debt situation faced by many developing countries, IFI-financed procurement has become a major source of export opportunities and an important element in this expanding market. For information on specific IFI-funded projects, interested firms should contact the relevant geographic division in the Department of External Affairs or the specific "IFI office" listed in the Annex.

USEFUL CONTACTS FOR EXPORTERS

Canadian Export Association
 99 Bank Street, Suite 250
 Ottawa, Ontario
 K1P 6B9
 Tel: (613) 238-8888

Canadian Manufacturers' Association
 One Yonge Street
 14th Floor
 Toronto, Ontario
 M5E 1J9
 Tel: (416) 363-7261

Department of External Affairs
 Trade Information Centre
 Tel: (toll free): 1-800-267-8376
(See also listing under geographic and sectoral divisions)

Export Development Corporation
 151 O'Connor Street
 P.O. Box 655
 Ottawa, Ontario
 K1P 5T9
 Tel: (613) 598-2500
 Telex: 053-4136

Export Supply Branch
 Canadian Commercial Corporation
 Ottawa, Ontario
 K1A 0S6
 Tel: (819) 997-5714
 Telex: 053-3703

Canadian International Development Agency
 Industrial Co-operation Division
 200, promenade du Portage
 Hull (Québec)
 K1A 0G4
 Tel: (819) 997-7901
 Telex: 053-4140

EXTERNAL AFFAIRS GEOGRAPHIC AND SECTORAL DIVISIONS

Address (all branches):
 L.B. Pearson Building
 125 Sussex Drive
 Ottawa, Ontario
 K1A 0G2
 Telex: 053-3745
 Answerback: External Affairs OTT

	Telephone Number	Telex and Mail Codes
Latin America and Caribbean:		
Caribbean and Central America	(613) 992-0384	LCT
South America	996-5546	LST
Europe:		
Western Europe 1 (United Kingdom, France, Federal Republic of Germany and Italy)	995-9401	RCT
European Economic Community	993-5584	RCM
U.S.S.R. and Eastern Europe	993-4884	RBT
Western Europe 2 (Austria, Belgium, Luxembourg, Netherlands, Norway, Iceland, Finland, Sweden, Denmark, Spain, Portugal, Ireland, Switzerland, Greece and Turkey)	995-6438	RST
United States:		
Marketing and Customs Information	993-5911	UTM
Trade and Investment Development	993-7343	UTT

	Telephone Number	Telex and Mail Codes
Asia and Pacific:		
East Asia	995-7575	PET
Pacific	997-3984	PPT
South and Southeast Asia	997-4303	PST
Africa and Middle East:		
Africa	996-1941	GAT
Middle East	993-7030	GMT
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Agriculture, Fish and Food Products		
Agricultural Products	996-3418	TAA
Fisheries and Fish Products	996-3537	TAF
Food Products	996-3671	TAN
Defence Programs		
United States Division (Canada-U.S. Defence Production Sharing Agreement)	996-1814	TDU
Overseas Division (other markets than U.S.)	996-1732	TDO
Project Marketing (e.g. Aerospace)	996-1750	TDM
Grain Marketing		
Cereal Grains	995-8374	TGC
Oilseeds	996-7871	TGO
Capital, Consumer and Industrial Goods		
Transportation Equipment	996-0705	EPI
Capital and Consumer Goods	995-3576	EPI
Resources		
Petrochemicals and Coal	996-4875	ETR
Metals and Minerals	996-2298	ETR
Forest Products	992-8050	ETR
Industrial Materials	996-0971	ETR
Services		
Service Industries	996-7155	TEF
International Financial Institutions	996-7155	TEF

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION (DRIE) INDUSTRY SECTOR BRANCHES

Address (all branches):
 235 Queen Street
 Ottawa, Ontario
 K1A 0H5
 Telex: 053-4123

	Telephone Number	Telex and Mail Codes
Capital and Industrial Goods:		
Automotive Directorate	(613) 992-1506	FAMR
Marine, Urban and Rail Directorate	992-3389	FAMR
Electronics Directorate	995-6013	GELA
Aerospace Directorate	996-0601	GELA
Resource Industries Equipment Division	992-4082	GMEE
Energy Equipment Division	995-3951	GMEE
Service and Secondary Equipment Division	995-6441	GMEE

	Telephone Number	Telex and Mail Codes
Consumer Goods, Services and Resource Processing:		
Metals and Minerals Processing	992-0088	IRPI
Iron and Steel	992-0025	IRPI
Fabricated Metals and Construction Products	996-0763	IRPI
Primary Wood Products	992-0068	IRPI
Manufactured Wood Products	995-7134	IRPI
Pulp and Paper	992-0065	IRPI
Petroleum and Industrial Chemicals	992-0028	IRPI
Plastic, Rubber, Chemical Specialties	996-7085	IRPI
Health Care Products	593-4471	IRPI
Food and Consumer Products	593-7303	JFCP
Construction Services	995-8107	ISEI
Consulting Services	995-8107	ISEI
Transportation Services	995-8107	ISEI
Distribution Services	995-8107	ISEI
Textiles, Clothing, Footwear	992-1207	EOIA
Market Development Branch	992-8160	FMDB

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION REGIONAL OFFICES

If you have not previously marketed abroad, or if you wish to apply for assistance under PEMD, contact any regional trade officer at one of the addresses listed below:

ALBERTA

Cornerpoint Building
10179 - 105th Street
Suite 505
Edmonton, Alberta
T5J 3S3
Tel: (403) 420-2944
Telex: 037-2762

NEWFOUNDLAND AND LABRADOR

Parsons Building
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-4884
Telex: 016-4749

PRINCE EDWARD ISLAND

Confederation Court
134 Kent Street
Suite 400
P.O. Box 1115
Charlottetown, Prince Edward Island
C1A 7M8
Tel: (902) 566-7400
Telex: 014-44129

BRITISH COLUMBIA

Bentall Centre
1055 Dunsmuir Street
Tower IV, Suite 1101
P.O. Box 49178
Vancouver, British Columbia
V7X 1K8
Tel: (604) 661-1434
Telex: 04-51191

NOVA SCOTIA

1496 Lower Water Street
P.O. Box 940
Postal Station "M"
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-2018
Telex: 019-22525

QUÉBEC

Stock Exchange Tower
800 Victoria Square
Suite 4328
P.O. Box 247
Montréal, Québec
H4Z 1E8
Tel: (514) 283-6779
Telex: 055-60768

MANITOBA

185 Carlton Street
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 949-4090
Telex: 07-57624

ONTARIO

1 First Canadian Place
Suite 4840
P.O. Box 98
Toronto, Ontario
M5X 1B1
Tel: (416) 365-3737
Telex: 065-24378

SASKATCHEWAN, YUKON AND NORTHWEST TERRITORIES

Bessborough Tower
601 Spadina Crescent East
Room 814
Saskatoon, Saskatchewan
S7K 3G8
Tel: (306) 665-4400
Telex: 074-2742

NEW BRUNSWICK

590 Brunswick Street
P.O. Box 578
Fredericton, New Brunswick
E3B 5A6
Tel: (506) 452-3190
Telex: 014-46140

PROVINCIAL GOVERNMENT CONTACTS

For information on provincial programs and services, contact:

ALBERTA

Trade Development Branch
Department of Economic Development
Sterling Place
9940-106th Street
11th Floor
Edmonton, Alberta
T5K 2P6
Telex: 037-42815

Market Development Branch
Alberta Department of Agriculture
J.G. Donoghue Building
3rd Floor
Edmonton, Alberta
T6H 5T6
Telex: 037-2029

BRITISH COLUMBIA

Ministry of Industry and Small Business Development
Robson Square
800 Hornby Street
Suite 315
Vancouver, British Columbia
V6Z 2C5
Telex: 04-55459

MANITOBA

Trade Branch
Department of Industry, Trade and Technology
155 Carlton Street
5th Floor
Winnipeg, Manitoba
R3C 3H8
Telex: 07-587833

NEW BRUNSWICK

Marketing and Trade Services Division
Department of Commerce and Development
P.O. Box 6000
Fredericton, New Brunswick
E3B 5H1
Telex: 014-46100

NEWFOUNDLAND

Department of Development
Atlantic Place
Water Street
P.O. Box 4750
St. John's Newfoundland
A1C 5T7

NOVA SCOTIA

Market Development Centre
Department of Development
5151 George Street
P.O. Box 519
Halifax, Nova Scotia
B3J 2R7
Telex: 019-22548

ONTARIO

International Marketing Branch
Ministry of Industry and Trade
Hearst Block, Queen's Park
Toronto, Ontario
M7A 2E1
Telex: 02-219786

PRINCE EDWARD ISLAND

Market Development Centre
First Street
West Royalty Industrial Park
P.O. Box 1510
Charlottetown, P.E.I.
C1A 7N3

QUÉBEC

Direction Générale de l'expansion des marchés
Ministère du Commerce extérieur
1 Place Ville-Marie
23^e étage
Montréal (Québec)
H3B 3M6
Telex: 055-61760

SASKATCHEWAN

Department of Economic Development and Trade
2103-11th Avenue
4th Floor
Regina, Saskatchewan
S4P 3V7

OTHER USEFUL INFORMATION FOR EXPORTERS

PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

PEMD helps incorporated Canadian businesses to develop, increase and sustain their activities by sharing with them the costs of specific export marketing efforts. It is geared to:

- encourage businesses that have not exported previously to begin exporting; and
- encourage established exporters to expand their activities in new markets.

PEMD provides up to 50 per cent of the costs incurred by a company in its penetration of new markets. These contributions are repayable if sales are made to that market.

The Program has various sections, each designed to meet a specific circumstance which may result while developing or expanding new or existing export markets.

- Section A: Specific Project Bidding
- Section B: Market Identification
- Section C: Participation in Trade Fairs Abroad
- Section D: Incoming Foreign Buyers
- Section E: Export Consortia
- Section F: Sustained Export Market Development
- PEMD FOOD: Export Markets for Agriculture, Fisheries and Food Products
- PEMD FISH: Export Markets for Atlantic Groundfish and Herring

Contact the nearest DRIE office for more details on PEMD.

PROMOTIONAL PROJECTS PROGRAM (PPP)

PPP is a vehicle through which the federal government plans and implements exhibits and trade fairs abroad, outgoing and incoming trade missions, and incoming trade visits by foreign buyers and government delegations.

The Program underwrites some of the cost to industry of participating in promotional events that are organized by the Department of External Affairs. These events are designed to increase the knowledge of foreign buyers about Canadian products and capability and to undertake export market intelligence gathering operations.

For further information on the PPP for particular markets contact the appropriate Trade Development Division.

USEFUL PUBLICATIONS FOR EXPORTERS

Federal Government

External Affairs Canada: *Guide for Canadian Exporters (for various countries)*. Guides to doing business with reference to tariffs, documentation, taxes and industrial standards and regulations.

External Affairs Canada: *Canada's Export Market Reports* (separate reports for Mexico, Australia, Brazil, Norway, Korea, France, West Germany, Saudi Arabia, United Kingdom). A reference source on sectoral market opportunities and market conditions in each country.

External Affairs Canada: *So You Want to Export . . .* Information and tips to help Canadian firms enter new markets abroad.

External Affairs Canada: *Trade Promotion Support*. Outline of support under the Promotional Projects Program and the Program for Export Market Development.

Trade Associations

Canadian Export Association: *Export Roadmap*. A reference book outlining for exporters points of contact with the federal government and agencies in Ottawa and across Canada.

STATISTICS

CANADA'S TOP 20 RANKED EXPORT MARKETS IN 1983*

Rank	Country	SCdn. (millions)	% Total Exports	Cumulative % Share of Total
1	United States	64,528	72.9	72.9
2	Japan	4,728	3.3	76.2
3	United Kingdom	2,449	2.8	79.0
4	U.S.S.R.	1,762	2.0	81.0
5	China	1,607	1.8	82.8
6	Federal Republic of Germany	1,156	1.3	84.1
7	Netherlands	958	1.1	85.2
8	Belgium-Luxembourg	700	0.8	86.0
9	France	626	0.7	86.7
10	Brazil	596	0.7	87.4
11	South Korea	556	0.6	88.0
12	Italy	549	0.6	88.6
13	Algeria	449	0.5	89.1
14	Australia	438	0.6	89.7
15	Mexico	375	0.4	90.1
16	Saudi Arabia	365	0.4	90.5
17	Cuba	361	0.4	90.9
18	Taiwan	342	0.4	91.3
19	India	262	0.3	91.6
20	Venezuela	232	0.3	91.9
	TOTAL EXPORTS IN 1983	88,506	100.0%	

* Source: Statistics Canada

CANADA'S TOP 22 RANKED EXPORT COMMODITIES IN 1983*

Rank	Commodity Category	Scdn. (millions)	% Total Exports	Cumulative % Share of Total
1	Passenger automobiles and chassis	9,573	10.8	10.8
2	Motor vehicle parts (excluding engines)	5,753	6.5	17.3
3	Wheat	4,648	5.3	22.6
4	Trucks, truck tractors and chassis	4,215	4.7	27.3
5	Food and beverage industries (including processed fish)	4,034	4.6	31.9
	(Fish)	(1,589)	(1.8)	(31.9)
6	Newsprint	4,005	4.5	36.4
7	Natural gas	3,958	4.5	40.9
8	Lumber softwood	3,900	4.4	45.3
9	Crude petroleum	3,457	3.9	49.2
10	Wood pulp and similar pulp	3,058	3.5	52.7
11	Petroleum and coal products	2,816	3.2	55.9
12	Agriculture (excluding wheat)	2,512	2.8	58.7
13	Precious metals, including alloys	1,828	2.1	60.8
14	Aluminum, including alloys	1,744	2.0	62.8
15	Motor vehicle engines and parts	1,549	1.8	64.6
16	Other telecommunications and related equipment	1,466	1.7	66.3
17	Coal and other crude substances	1,313	1.5	67.8
18	Electricity	1,228	1.4	69.2
19	Organic chemicals	1,201	1.4	70.6
20	Fertilizers and fertilizer materials	1,160	1.3	71.9
21	Office machines and equipment	1,068	1.2	73.1
22	Iron ores and concentrates	972	1.1	74.2
	TOTAL EXPORTS IN 1983	88,506	100.0%	

* Source: Statistics Canada