

ACCESS WEST

WESTERN ECONOMIC DIVERSIFICATION CANADA

April - June 2005

All the World's a Stage

by Barb Steele

William Shakespeare wrote, *All the world's a stage*. How true in today's global economy. Whether you create international business opportunities the old fashioned way — through travel and meetings abroad — or through the World Wide Web, any business can take the world stage with proper planning for export success.

Exporting can bring significant benefits, but it can also place demands on companies they may or may not be prepared to meet. Here are 10 steps to export success:

1. Evaluate your organizational and product readiness for exporting.
2. Concentrate on one or two markets that offer the best potential.
3. Choose an effective market entry strategy to get your goods into and distributed in a foreign market(s).

4. Set a realistic product price that yields an acceptable profit.
5. Become familiar with options for export financing transactions.
6. Promoting your product or service in foreign markets may include modifications to packaging, name or corporate image, and advertising.
7. Check with an international freight forwarder on how to get your product or service to market.
8. Prepare an export plan — planning and preparation are essential!
9. Review and revise the export plan to correct or improve any shortcomings.
10. Understand the terminology of exporting.

This snapshot of advice from International Trade Canada is just one example of a wide range of Government of Canada resources available to Canadian companies looking to enter the global spotlight. For more information, visit www.wd.gc.ca/export.♣



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Canada

Access West

April - June 2005

Access West is published by
Western Economic
Diversification Canada.

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Disponible aussi en français

ISSN 1495-6802 (Print)
ISSN 1495-6543 (Online)

MESSAGE FROM *The Honourable Stephen Owen*



Canada is a trading nation. In 2003, Canada exported over \$450 billion in goods and services, or nearly 38 per cent of its GDP.

But while exporting is a major economic driver, western Canadian exports tend to be natural resource commodities, making the region far more vulnerable to global market fluctuations. As we've seen with ongoing challenges linked to softwood lumber and BSE, access to world markets is critical.

Western Economic Diversification Canada is working with the provinces, International Trade Canada and other federal departments to expand global trade and investment opportunities for the region. And, our partners in the Western Canada Business Service Network are working with entrepreneurs to explore their exporting potential with business services and advice.

Working together, we're building a stronger West — and a stronger Canada.

*Honourable Stephen Owen, P.C., Q.C., M.P.
Minister of Western Economic Diversification
and Minister of State (Sport)*

New Survey Looks at Western Canadian Small Business and Export Markets

by Edward J. Chambers

Western Centre for Economic Research, University of Alberta

The **Western Centre for Economic Research (WCER)** and Western Economic Diversification Canada recently released *Western Canada's Small Business Markets: A Survey of Selling*, a study that identifies the geographic markets where small western Canadian firms sell their products.

The study, undertaken by the WCER at the University of Alberta, sampled approximately 700 small enterprises in the manufacturing, information technology, business services and cultural industries sectors across the four western provinces. Firms in these sectors have products that can be sold nationally and internationally. By finding buyers far beyond their own backyard, they build the community's export base and promote economic development.

The study fills an important gap in knowledge about the relative importance of the dynamic markets where small business sells. The authors pointed to the availability of considerable research into the financing and other operational requirements of small business in the West, but the absence of knowledge about the customers whose demands sustain the business. Survey results revealed that these sectors of small business continue to rely significantly on customer links in local markets. At the same time, more than one-half of the firms surveyed sold their products to customers across Canada and two-fifths had international customers, mostly in the U.S.

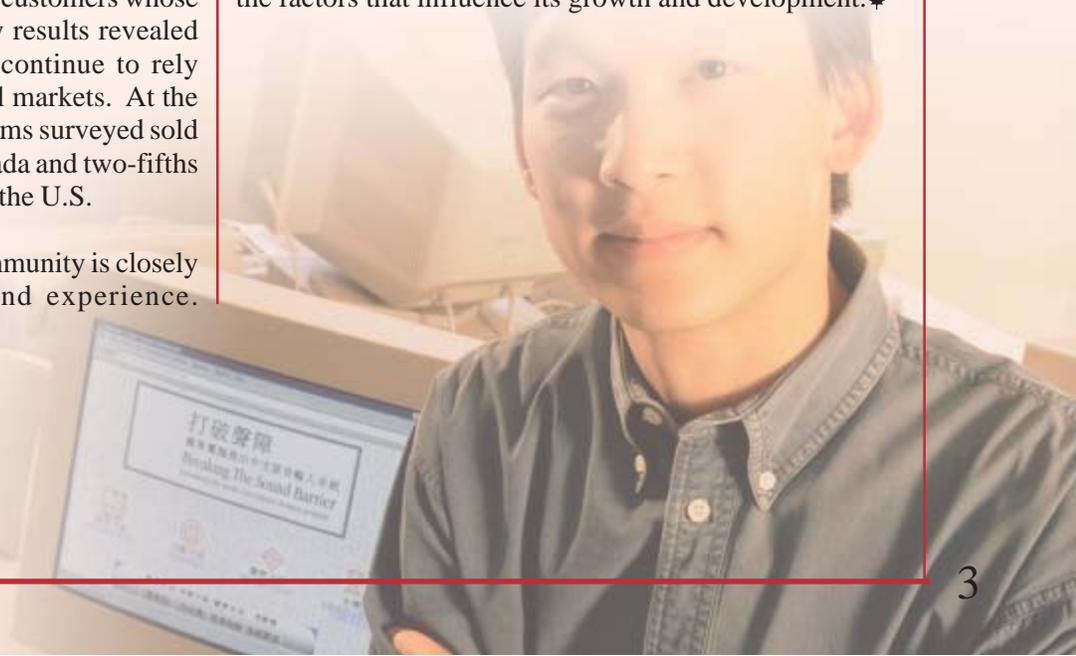
Successful selling outside the local community is closely related to both initial planning and experience.

Respondents who included international marketing as part of their business plans turned out to be better performers in these markets.

The survey revealed two specific illustrations of the crucial role played by experience in expanding the markets of small business. First, when small business owners have foreign work experience, the likelihood of exporting is substantially increased. Second, experience as an exporter significantly lowers the perceived barriers to selling in national and international markets, and more intensive involvement with exporting lowers these perceptions even more so. Those who do and those who don't have experience view these barriers very differently.

For a copy of the study or to request the survey data, visit the Western Centre for Economic Research Web site at: www.bus.ualberta.ca/wcer.

Western Economic Diversification Canada financially supported this report, which helps to create a better understanding of the western Canadian economy and the factors that influence its growth and development.✦



Partnership is Key to Trade

by Neil Kirkpatrick

Senior Economic Policy Analyst, WD Headquarters, Edmonton

The need for an enhanced focus on international business development and a coordinated approach to trade, investment and innovation has been highlighted in recent federal budgets. Western provinces have also identified the need for a stronger federal role in support of international business development and enhanced federal-provincial coordination.

Western Economic Diversification Canada (WD) agreed and identified trade and investment as a strategic priority. The department is committed to providing enhanced support for international business development in the West through a trade and investment strategy that includes:

- closer collaboration with the western provinces, International Trade Canada, trade commissioners and other federal partners, and effectively partnering with provincial Trade Teams in the West;
- readiness and export advisory information services through WD's Western Canada Business Service Network;
- strategic participation in trade missions and trade-related initiatives;
- investment attraction and retention initiatives that support priority sectors, such as: fuel cells, ocean industries, health technologies, medical devices, nanotechnology, wireless, agricultural bio-tech, synchrotron, composite materials, etc.;
- targeted western research on trade and foreign direct investment; and
- targeted analysis and advocacy related to key trade policy developments in the WTO and NAFTA where appropriate.

Canada's trade relationship with the U.S. is by far the largest and most dynamic in the world (valued at \$1.8 billion per day in 2003). The Government of Canada recognized the need to enhance Canada's presence across the U.S. to expand fair and secure trade and to advance innovation in the Canadian economy through science and technology, strategic alliances and investments. Through a \$118 million investment over five years, the **United States Enhanced Representation Initiative (ERI)** will help do just that.

Its objectives are to enhance Canadian representation in the U.S. through:

- nine new and expanded Canadian offices, six in the western U.S.;
- adding new Honorary Consuls in major markets currently not served by Consulates;
- enhanced partnerships among key federal government departments and greater involvement of the provinces; and
- sustained, targeted and coordinated advocacy and business development efforts.

Together, Foreign Affairs Canada, International Trade Canada, Agriculture and Agri-Food Canada, Atlantic Canada Opportunities Agency, Canada Economic Development – Quebec, the National Research Council and Western Economic Diversification Canada work closely with other federal departments and provincial governments to ensure that trade and investment priorities are reflected in the ERI.

and Investment in the West

In support of the ERI, WD launched the **Western Canada Technology Capabilities Study Tour**, held October 24-28, 2004. Canadian trade commissioners and business development officers from U.S. posts visited Vancouver, Calgary, Saskatoon and Winnipeg to learn about western technologies and how to promote them in the U.S. Local academics and business and economic development professionals presented Canadian capabilities, and trade commissioners exchanged information about opportunities for Canada in a variety of western U.S. markets.



The tour was very successful in providing Canadian trade commissioners with a broader understanding of western Canadian capabilities and broadening understanding within WD about how to work effectively with trade commissioners and local International Trade Canada representatives in support of international business development opportunities.

The tour also looked at how to develop and implement other ERI projects that support western priorities. A priority for 2005-06 will be to look at initiating specific projects by trade commissioners and WD together with provincial and federal partners in the West.

WD recently sponsored the first annual **Federal Government Procurement Conference of the Americas** in Vancouver, November 15-17, 2004, hosted by the Canadian Commercial Corporation and the U.S. General Services Administration (GSA). The conference provided a forum on government procurement practices in Canada, the U.S. and Mexico, and provided suppliers

with information about how to sell to these governments.

WD is also examining opportunities to work with the Asia Pacific Foundation, International Trade Canada and other federal and provincial partners to support the development of emerging markets in Asia Pacific — China in particular.

China's economy has grown over 40 per cent since 2000, making it the seventh largest world economy and Canada's second largest trading partner. Open markets, economic reforms and an increasingly powerful industrial infrastructure is driving greater integration with other Asian economies — all elements that make China an attractive market for western Canadian companies in sectors such as natural resources, transportation, agri-food, information and communication technologies, biotechnology, aerospace and tourism.

Visit www.canadianembassy.org/sandtnews/SpecialNov2004-en.asp for more information about the ERI Study Tour and a special Study Tour edition of *S&T News*, a newsletter produced by the Canadian Embassy in Washington.

For more information about the 2004 procurement conference, visit www.fgpca2004.com. The 2005 conference will be held in Atlanta, Georgia.✱

Defining the Social Economy

by *Fiona Salkie*

Senior Policy Analyst, WD Headquarters, Edmonton

What do a community-owned construction business that provides training and employment opportunities for First Nations and Métis people in northern Saskatchewan, a non-profit catering business in Edmonton that integrates a training program for people with a chronic and persistent mental illness, and a socially responsible property management company in Vancouver have in common? They are all part of the social economy.

The *social economy* is a grassroots, entrepreneurial sector based on democratic values that seek to enhance the social, economic and environmental conditions of communities, often with a focus on their disadvantaged members. Common objectives include: reducing poverty, providing affordable housing, and addressing environmental concerns through social, cultural, educational, employment and lifestyle activities.

Social economy organizations may be co-operatives, foundations, credit unions, non-profit organizations, charities and social enterprises. They are not part of the private sector or government, but form a third sector.

A social economy enterprise operates like a business, produces goods and services for the market, but manages its operations and redirects its surpluses in pursuit of social and environmental goals.

Prime Minister Martin announced support for the social economy in February 2004. He said the Government of

Canada was going to get behind “the efforts of the people who are applying entrepreneurial creativity, not for profit, but rather to enhance the social and environmental conditions in our communities right across Canada.”

The federal government announced four initiatives aimed at the social economy in the 2004 budget, including:

- improved access by social economy organizations to federal programs and services for business;
- a new program to support capacity-building in community and social economy organizations;
- new financing programs to provide capital to social enterprises; and
- support for research.

With the exception of the research initiative, Western Economic Diversification Canada (WD), Industry Canada and other regional development agencies have been given the responsibility for designing and implementing these initiatives.

WD recently consulted with social economy organizations across Western Canada to learn about the needs of the sector. The department has developed programs to help meet those needs, and over the upcoming years will assist eligible organizations build capacity and access financing. It’s just one more way that WD is helping to strengthen communities and build a stronger West. ♣

Digital Image Map Saves Time and Money

by the Trans Canada Yellowhead Highway Association

Over the years, the **Trans Canada Yellowhead Highway Association** has successfully attracted visitors to Western Canada through the *Yellowhead IT! Tourism Marketing Partnership*, which promotes western Canadian communities and businesses along the Yellowhead Corridor.

One component of the partnership is the *Yellowhead IT! Map* — a comprehensive representation of Western Canada. The map is in great demand by visitors planning a trip to Western Canada, as well as those stopping at visitor information centres along the Yellowhead Corridor. Changes to the map, however, were posing problems, and up-to-date information was becoming more and more difficult to incorporate into the photographic image, which dates back to 1969.

“Adjustments to update this photographic image must be detailed and very comprehensive. This takes excessive staff time to assemble,” advised Jeannette Townsend, association president and mayor of Valemount, B.C. Townsend noted that the funding provided by Western Economic Diversification Canada (WD) “has now provided the

Association with the ability to develop a digital image for our Yellowhead IT! Map.”

Once digitized and produced in its final form, the Yellowhead IT! Map — a partner piece to the Yellowhead IT! Travel Guide — will provide point-of-reference information to complement the travel guide. This information will include Francophone and First Nation heritage attractions, as well as agro-tourism sites. It is expected to play a key role in promoting both domestic and international tourism along the highway corridor.

“Thanks to the WD funding, we now have the means to develop the digital image and design the map. The timing is perfect to ensure that the map will be ready for the launch of the 2005 Yellowhead IT! Tourism Marketing Initiative,” noted Irene Davidson-Fisher, chief executive officer of the association.

For more information about the Trans Canada Yellowhead Highway Association, call

(780) 429-0444 or visit www.transcanadayellowhead.com.

Western Economic Diversification Canada supports tourism initiatives as part of its commitment to building sustainable communities. ♣



From Waste to Renewable Energy...and International Opportunities

by Laurie Jones

On a trip to Sweden in the mid-1990s, Norm Avison was struck by how advanced some parts of Europe were in developing alternative sources of renewable energy. This was driven by concerns over pollution and global warming, rising fuel costs and the dwindling supply of fossil fuels.

Back home in Vanderhoof, B.C., sawmill operators were looking for an environmentally friendly alternative to beehive burners for disposing of sawdust and other wood waste, and the Sai'kuz First Nation was applying for a forest license and looking for a value-added wood processing facility that could handle its surplus wood.

A forestry consultant turned entrepreneur, Avison recognized the tremendous market opportunities and came up with the idea for a pellet plant that would turn wood waste into pellet fuel. Wood pellets are carbon neutral and burn cleanly so that they don't contribute to greenhouse gas emissions.



Premium Pellet Ltd. makes wood pellets by drying the raw material, pulverizing it and then compressing it into small pellets that are smooth to the touch.

Photo courtesy of Norm Avison.

“Our main markets are the power plants in Sweden and the Netherlands,” says Avison. “Their target is to replace 10 to 12 per cent of their fossil fuels with renewable energy over the next few years.”

Established in 1998, **Premium Pellet Ltd.** has now reached capacity, running seven days a week, 24 hours a day. “We’ve sold everything we can produce, and more,” says Avison.

A \$2,621,700 repayable contribution from the **Softwood Industry Community Economic Adjustment Initiative** allowed Premium Pellet to expand its plant to meet overseas sales commitments and double production capacity to 200,000 tonnes a year.

The expansion includes new state-of-the-art technology designed specifically by the company allowing it to use bark, both in the production of pellets and as an environmentally friendly source of power to fuel the dryers and heat the plant.

“The contribution from the softwood initiative was extremely critical for us,” says Avison. “This brings us one step closer to developing a viable renewable energy sector in Canada, and makes Premium Pellet the largest pellet plant in the world.”

The Softwood Industry Community Economic Adjustment Initiative provided funding for projects in forest-dependent communities that create opportunities for economic development, stimulate investment and create jobs. WD delivered the softwood initiative in Western Canada. ♣

Spotlight Manitoba

by Lee Gregg

Manitoba has a history rich in creative talent: Claire Adams, star of the silent screen; Charles Thorson, the creator of Bugs Bunny, Elmer Fudd and Snow White; and The Guess Who, who not only outsold the Beatles in 1970, but were the first Canadian rock group to have a No. 1 hit on the American music charts.

Keeping the spotlight on Manitoba's thriving music and motion picture industries was made easier with the announcement of a \$2.4 million contribution under the **Canada-Manitoba Economic Partnership Agreement (EPA)** for Phase II of the **Manitoba Music & Motion Picture Development Project (M3P)**.

M3P is a joint initiative by the **Manitoba Audio Recording Industry Association (MARIA)** and the **Manitoba Motion Picture Industry Association (MMPIA)** to increase the competitiveness of Manitoba's music and motion picture industries. The two associations have developed cooperative and individual strategies to increase local, national and international market access, and business and professional development.

Phase I of M3P supported 636 musicians and industry professionals and 96 motion picture producers in their international efforts.

Arbor Records/Studio 11, a producer and distributor of Native American music, secured contracts with Berlin-based label United One Records, Arc Music of England and Norway's Etnisk Musikklubb. The Duhks, a traditional folk, bluegrass and Celtic music band, signed with U.S. Sugar Hill Records, one of the most influential folk/roots labels in the world.

In partnership with Power UK Limited, Original Pictures Inc. produced *A Bear Called Winnie*. Aired on CBC, the movie drew over one million viewers, an exceptionally high rating. Merit Motion Pictures Inc. produced their first German co-production with ZDF and is working with a Los Angeles production company to market their products in the United States. Those involved contribute these successful collaborations to the assistance and support received under M3P.

The Manitoba music and motion picture industries have seen significant and sustained growth over the last three years. With ongoing support through M3P, these impressive results will continue.

For information on MARIA and MMPIA, visit www.manitobamusic.com and www.mmpia.ca.

The Canada-Manitoba EPA is part of a \$200 million federal-provincial investment in the West. ♣



Capt. Harry Colebourn (played by Michael Fassbender) and his bear Winnie, named after his hometown of Winnipeg. Colebourn left Winnie at the London Zoo while he fought in Europe during the First World War. The cub inspired the beloved A.A. Milne character Winnie the Pooh.

*Photo courtesy of Original Pictures Inc.
Photographer: Allen Fraser*

Trading With Our Neighbours to the South

by Lisa Lam-Cadieux

Export Link, The Business Link Business Service Centre

Although issues with BSE and softwood lumber seem to take the limelight when it comes to the western Canadian export scene, there is enormous potential for other products and services to be sold across the border.

It's no secret that doing business in the United States is significantly different than doing business at home. Even temporary business entry into the U.S. can be a challenge for many Canadians who regularly visit the U.S. to perform contracts, service machinery or conduct training.

To successfully enter and maintain a presence in the market, you need to prepare an export strategy, taking into account U.S. import regulations and procedures. Be sure to access valuable services and resources through various organizations and government agencies to help you become export ready.

One such service in Alberta is the *Export Link*, a specialized initiative of **The Business Link Business Service Centre**. Supported by Western Economic Diversification Canada, the Export Link provides free export information services, resources and referrals, as well as training for new and potential exporters. Export Link also serves as the Alberta



service point for Team Canada Inc, a federal export information service available in each province.

Janna Superstein, president of **Superfly International Inc.**, an Edmonton-based

manufacturer of fly fishing products, recently decided to pursue markets outside of Canada and contacted the Export Link for assistance. "The Export Link provided us with market research leads and valuable resources we required to develop our export strategy," commented Superstein. "This information would not have been easily or readily available without their assistance."

Superstein and staff also benefited from attending several of the Export Link's training sessions.

In March, the Export Link offered new sessions on exporting to the U.S., tax issues, and business entry — all delivered by export experts who shared their knowledge and experience.

For export assistance in your province, call the Team Canada Inc export information service at 1-888-811-1119. When calling within Alberta, you'll reach the Export Link. The Export Link's services and a calendar of events are also accessible online at www.exportlink.ca, or by dropping in to The Business Link located at #100, 10237 - 104 Street in Edmonton.♣

Bridging a Gap for Saskatchewan Exporters

by Saskatchewan Trade and Export Partnership

You could almost hear small Saskatchewan exporters breathe a collective sigh of relief when **nextrade finance**, a new division of **Saskatchewan Trade and Export Partnership (STEP)**, was launched in October 2004.

Created using a \$1.725 million contribution from the **Canada-Saskatchewan Western Economic Partnership Agreement (WEPA)**, nextrade finance is a micro-credit fund that allows small exporters to navigate the often stressful time between making an export sale and receiving payment for it.

Though nextrade has only been in operation for a short time, it has received many applications for financing from Saskatchewan exporters.

“We are not surprised by the number of applications that have been received for financing,” noted managing director Glen Millard. “Saskatchewan exporters have identified the need for this type of credit facility for their transactions. They were the driving force behind the development of nextrade finance, which is aimed at responding to their needs.”

The loan fund provides short-term, micro-credit support for both the pre and post-shipment financing required to complete export transactions. Traditionally, exporters

have had difficulty obtaining this type of financing, particularly for small dollar value transactions. The fund’s two programs fill the gap in the market and alleviate a constraint to export growth.

The financing helps to support Saskatchewan exporters that have an export transaction valued at less than \$150,000 with credit terms of 90 days or less. Pre-shipment support is limited to a maximum of 60 days.

Exporters benefit from using nextrade finance by turning sales into cash immediately, eliminating the risk of buyer default on payment and reducing currency risk. They can confidently grow their export business without having to drain available working capital.

To meet a company’s specific financing needs, nextrade finance will meet one-on-one and develop a customized financing package to address the requirements of each exporter. To arrange for a meeting or for more information, call (306) 787-4136 or visit www.nextrade.ca.

Western Economic Diversification Canada, Saskatchewan Industry and Resources, and Export Development Canada are partners with the Saskatchewan Trade & Export Partnership. ♣



Canadian Publication Mail Agreement No. 40063159

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The Readers Have Spoken!

by Barb Steele

Thank you to the many readers who completed the readership survey included in our October-December 2004 issue of *Access West*. Like Western Economic Diversification Canada's (WD) programs and services, the newsletter's readership is diverse. Here are just a few of the highlights from the survey:

- 77 per cent of the respondents represented small businesses.
- Responses indicated that the cross-section of stories is well received, with some obvious categories being of more interest to some respondents than others. For example, small business entrepreneurs preferred stories about WD program information, network information, community economic development and client success stories. Government respondents showed a preference for research studies and information about other government departments. Overall, client success stories were the most popular.
- 67 per cent of respondents read *Access West* cover-to-cover, while 25 per cent read feature articles only.
- Respondents indicated that articles are of the appropriate length, easy to read and informative.



- Overall, 75 per cent of the respondents retain the newsletter or pass it along. Only 25 per cent of the readers indicated that they discarded/recycled the newsletter.

Congratulations to these survey respondents who won WD gift packages: B.C. – Vicki Scully (Vancouver) and Richard Hannah (Salt Spring Island); Alberta – Muriel Fankhanel (Alliance) and Dawna Dey Harrish (Sherwood Park); Saskatchewan – Ron Shatkowski (Regina) and Celina Beaton (Assiniboia); Manitoba – Mike Babinsky and H. Peters (Winnipeg); and from outside of Western Canada, Jason LaMontagne.

Your feedback, comments and input are welcome at any time. Just e-mail the editor a note at access.west@wd.gc.ca ♣



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