

## **4**

### **EXPORT DEVELOPMENT PROGRAM 2009 ANNUAL REPORT AND 2010 MARKETING PLAN**

**The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated January 5, 2010, from the Commissioner of Planning and Development Services.**

#### **1. RECOMMENDATION**

It is recommended that:

1. This report be circulated by the Regional Clerk to the local municipal economic development offices, the local Chambers of Commerce and Board of Trade, and the Department of Foreign Affairs and International Trade for use in collaborative program planning.

#### **2. PURPOSE**

The purpose of this report is to present to Council the Export Development Program 2009 Annual Report and 2010 Marketing Plan.

#### **3. BACKGROUND**

##### **York Region is an export oriented economy**

York Region businesses exported \$9.9 billion worth of products in 2006 with \$6.7 billion to the United States and \$3.2 billion to other countries from 6,859 exporters. Exports from York Region exceeded the exports of two provinces, namely PEI and Nova Scotia. The Region's exports represent 4.9 per cent of Ontario's total product exports and 2.2 per cent of Canada's total exports. This data was prepared by an external consultant in November 2008 using Statistics Canada International Trade Division sources. The analysis will be updated in 2010.

##### **Export Development Program launched in 2000**

The York Region Export Development Program was launched in 2000 with funding assistance from Human Resources and Skills Development Canada. The Region has funded the Export Development Program since 2003.

The program provides export marketing plan mentoring, access to global partnerships, export readiness assessment, research and market intelligence, and contact networks to deliver advice on export business growth in global markets.

**Program resources consist of two contracted business development advisors**

The Export Development Program is directed and marketed by the Economic Strategy Branch complimented by two contracted business development advisors. In 2009, the Program had two contracted export advisors for the full year. One contract term ends on February 28, 2010, an RFP was issued for a business development advisor commencing April 1, 2010.

#### **4. ANALYSIS AND OPTIONS**

##### **EXPORT DEVELOPMENT PROGRAM 2009 ANNUAL REPORT**

The Export Development Program is a critical business development measure to advise and direct businesses in reaching global markets. York Region manufacturers are a mainstay of the Regional economy and are adversely affected by the current global economy. The Program goal is to engage potential, new, consolidating and diversifying York Region exporters by providing the solutions needed to secure their long-term growth and prosperity.

The program provides guidance on globalization and improves access to financing for export ready businesses and those considering export opportunities. To help companies succeed in the global marketplace, experienced business development advisors deliver free customized advisory service in the areas of:

- Research and market intelligence
- Government programs and other export information
- Market diversification
- Networking and contacts
- Referrals to other government agencies
- Workshops and training opportunities

The main component of the program is on-site export business consultations to develop export opportunity awareness.

**266 on-site business development consultations resulted in exceeded expectations**

The business development advisors meet with individual companies to assess the foreign market potential of the products/services and to provide advice/referrals to assist York Region businesses to expanding their export sales which in turn drives the economy.

On-site business consultations are targeted at 25 per quarter for each consultant with total client consultations in 2009 targeted at 200. In 2009, 2,406 contacts were made and 266 export businesses were visited. *Table 1* indicates the municipal location of the export companies.

**Table 1**  
Export Companies Visited by Municipality in 2009

| <b>Municipality</b>         | <b># of Companies Visited</b> |
|-----------------------------|-------------------------------|
| Aurora                      | 11                            |
| East Gwillimbury            | 2                             |
| Georgina                    | 0                             |
| King                        | 1                             |
| Markham                     | 81                            |
| Richmond Hill               | 37                            |
| Vaughan                     | 128                           |
| Newmarket                   | 4                             |
| Whitchurch-Stouffville      | 2                             |
| Total On-Site Consultations | 266                           |

From a list of 7,716 York Region Companies, 2,406 were contacted. There were 52 company visits in the municipalities of East Gwillimbury, Georgina, Newmarket and Whitchurch-Stouffville over the past three years and company export telephone advice was delivered and Chamber of Commerce meetings attended in 2009.

Seventy per cent, or 187 of the 266 client site consultations were with companies engaged in goods, including manufacturing while the remaining 30 per cent, 78 on-site consultations, were for wholesalers and the professional service sector.

In 2009, there were 509 client referrals to 23 partner organizations as shown in *Table 2*.

**Table 2**  
Partner Referrals from the 2009 Export Development Program

| <b>Export Development Partner</b>                          | <b># of Referrals</b> |
|------------------------------------------------------------|-----------------------|
| Trade Commissioners and Virtual Trade Commissioner Service | 173                   |
| Export Development Corporation                             | 91                    |
| National Research Council Canada                           | 29                    |
| Innovation Synergy Centre Markham                          | 22                    |
| Ontario Ministry of International Trade and Investment     | 21                    |
| Canadian Commercial Corporation                            | 19                    |
| All other organizations                                    | 154                   |
| Total Referrals                                            | 509                   |

An export business contact database with consultation results, referrals, and follow up actions for the business development consultants is available in the Planning and Development Services Department.

Partners receiving the company contact lists are following up for further consultation and assistance with the businesses.

### **Export business success case examples in 2009**

- A company providing high quality, cost effective immunodiagnostic products and biological reagents has been supplying its products in Canada, the United States, and the European Union with an interest in China, Hong Kong, and Thailand required product registration in the official language of the importing country and a Certificate of Free Sales from Health Canada and a legal firm. The company also received guidance on inclusion on the list of importers to Hong Kong. The company is actively working on the certification and documentation required to enter the lucrative Asia market.
- A manufacturer of bubble pack machinery and packaging was advised to target the USA market where they have a competitive advantage. Export development consisted of preliminary market potential assessment, assessment of competing products (both direct and indirect) in the markets, and defining the profile of a desirable sales agent or partner so that the Canadian Trade Commissioner Service in the target market can develop a qualified shortlist. Sales agents are expected to be appointed resulting in export sales surpassing 70 per cent of total sales.
- A manufacturer of high quality, lightweight, aluminum portable pop-up display systems and accessories focused on the USA which accounts for over 80 per cent of its sales. Since Q4-2008 USA sales decreased by 50 per cent. Prior to intervention of the Export Development Program, the drastic reduction in sales volume was forcing the company to consider staff cuts. A cost-effective and practical way to expand its sales channel to Europe through the Canadian Trade Commissioner Service was delivered by the Export Development Advisor. The company revised its approach and will diversify sales to reduce reliance on the USA market.
- A pressure sensitive product label manufacturer was introduced to the Export Market Access (EMA) Program for funding. After advising on documentation completion, the Business Development Advisor responded to questions from the EMA Program in support of the application submission. The EMA application was approved enabling the company to achieve its goal to connect with prospective clients at a food, beverage and nutraceutical packaging trade show in South Carolina.

## **Export opportunity assessments were delivered to eight York Region exporters to enhance economic growth in the Region**

An export opportunity assessment framework plan provides in depth planning and research assistance to high potential exporters. The plan identifies the critical steps required to enter new markets. Outcomes of the opportunity assessments in 2009 were:

- An ISO 9001 certified distributor of high-end digital audio and video cables with North America as a primary target market broadened their export capacity in the United States and to explore new opportunities in Mexico. The market intelligence and recommendations regarding distribution options helped to facilitate new ideas and strategies that lead to new sales in Venezuela.
- A company specializing in the production of glass products in the architectural, decorative glass, store fixture, and furniture industries had a primary domestic market with some occasional sales to the United States. The opportunity assessment focused on greater identification of key targeted markets in the US for their specific products and provided an overview of the Solar Energy Market in Canada and the United States in order to better evaluate potential new product development ideas. The company is exploring participating in specific industry trade shows in recommended target markets in the United States.
- A custom sheet metal fabrication manufacturer of meter sockets, electrical enclosures, metal enclosures, and security boxes has been primarily supplying their products to the domestic market with some occasional sales to the United States. The opportunity assessment highlighted the changing market trends and patterns in the United States residential and commercial building industries.
- A target market for a manufacturer of plastic edging and profiling for the window and door, office furniture, appliances, and automotive industries is North America. In early 2009 they established a small warehouse in Elkhart, Indiana. An opportunity assessment provided greater intelligence in regards to the Recreational Vehicle (RV) and Manufactured Housing market in the United States. The company is now exploring new distribution strategies in order to increase their presence in the market from gaining an understanding of potential new customers around their Elkhart, Indiana warehouse.
- Canada's leader in design and manufacturing of granola bar system solutions for the organic food industry has primarily served the Canadian market with their granola bar processing machinery. The overall organic food market in the United States was evaluated with specific attention given to market entry strategies, delivery of after sales service in the US, and export financing strategies provided by Export Development Canada (EDC).

- A manufacturer of high end Italian design mouldings, photo frames, wall decor and mirrors targeted North America and had occasional sales in Europe. Their scope was broadened to include export capacity in Europe resulting in the identification of the United Kingdom and France having the most opportunity. The company immediately expressed a desire to further explore trade show participation opportunities in these markets.
- A leading manufacturer of uniquely designed recycling bins made from 100 per cent recyclable content for both indoor and outdoor use have a very strong presence throughout Canada and the United States. Many of their recycling solutions are used by major corporations, universities, and all levels of government in North America. An opportunities assessment delivered knowledge of Waste Management and Recycling industries in the United Arab Emirates and Chile and the company is developing a market entry strategy into the United Arab Emirates over the next three year period.
- A leader in manufacturing of pre-coated stucco mouldings such as stucco cornices, trims, sills, bands and arches for both commercial and residential buildings had a primarily domestic market in Canada and sporadic sales throughout the United States. The opportunity assessment highlighted the changing market trends and patterns in the United States' residential and commercial building industries and recommended geographic locations within the United States that had the highest building construction activity levels.
- A manufacturer of no dig pipe repair products for sewer and gas pipe rehabilitation currently exports to the United States, China, South America and occasionally Europe. The opportunity assessment is focusing on identifying specific countries in Europe that recognized and utilized trenchless technologies similar to the company to learn its global competitive advantage.

### **The Export Development Program partners with the York Export Alliance**

The York Export Alliance is a partnership of government service providers that deliver seminars and workshops. The goals of the York Export Alliance are to:

- Increase the international market penetration of existing exporters
- Expand the number of new exporters in the region
- Provide opportunities for export firms to network
- Facilitate referrals to appropriate Export Alliance partners for customized export assistance

Key partners in the Export Alliance include:

- Department of Foreign Affairs and International Trade (DFAIT)
- Export Development Canada (EDC)
- Industry Canada

- Innovation Synergy Centre in Markham (ISCM)
- National Research Council Canada (NRC)
- Ontario Ministry of Economic Development and Trade (MEDT)
- Regional Municipality of York, Economic Strategy Branch on behalf of the 9 local municipal economic development offices.

The York Export Alliance hosted these events and meetings in partnership with the Export Development Program in 2009:

- Twelve York Export Alliance event development meetings and teleconferences
- “Harnessing China’s Trade Stream” Seminar
- “Responding to Challenges in the US Market” Seminar

### **The Export Development Program partnered in eight workshops in 2009**

Markham Small Business Enterprise Centre partnering in seminar development and delivery:

- Business Success in Changing Times
- Succeeding in the Canadian Market Small Business Forum
- Effective Selling in Tough Times

Ontario Ministry of Agriculture and Rural Affairs (OMAFRA):

- PROFIT Mission to Buffalo (two days). Three York Region food manufacturers attended. The event was jointly promoted by York Region and OMAFRA and funded by OMAFRA.

Canada Border Service Agency (CBSA):

- Export Requirements Seminar
- Origin and Marketing of Commercial Goods Session

York Region Events:

- “Doing Business in Chile” delivered by the York Export Development Program in collaboration with the Consulate of Chile
- Export workshop at the York Small Business Enterprise Centre Conference

### **EXPORT DEVELOPMENT PROGRAM 2010 MARKETING PLAN**

The Export Development program will continue to deliver advice and referrals to new and diversifying York Region exporters in 2010 and develop and deliver events in collaboration with the York Export Alliance and with foreign diplomatic representatives.

The core activities in 2010 include:

- On-site business consultations are targeted at 25 per quarter for each consultant with total client consultations in 2010 targeted at 200
- Four sector-focused workshops will be developed and delivered in 2010

- Export opportunity assessments will continue in 2010 contingent upon budget availability and/or sourcing sponsorship to cover the expense. The goal is to provide in depth planning and research assistance to high potential exporters. The plan identifies the critical steps required to enter new markets.

Two new initiatives will be implemented in 2010:

- collaboration with manufacturing sector revitalization, which is a key component of the export calling program
- delivery of global research training for new exporters

### **Global market research workshop to be piloted**

The global market research workshop will be a practical and interactive workshop that is intended to expediently develop the participants' research skills in regards to collecting and extracting specific data relating to their products or services for global export. The workshop will be conducted at a computer lab.

Learning Objectives of Workshop:

1. Identification of product Harmonized System Codes (HS Codes)\* and North American Industry Classification System (NAICS) codes
2. Collection and gathering of trade flow data from Canadian and international organizations' databases
3. Importation of raw data into workable excel file format enabling prospective and new York Region exporters to use for future analysis and construction of graphs and charts
4. Analysis and interpretation of trade flow data and identification of top potential markets
5. Recognition of key market research resources available for acquiring further market intelligence of identified top markets

At the conclusion of the workshop each participant will leave with accurate and pertinent trade data relating to their products on an excel file format in order to be used for future analysis within the export planning process.

\* HS Code is a standardized multi-functional system developed by the World Customs Organization to classify goods, universally applied by governments of all countries, international organizations and individuals in many other fields, such as domestic tax, trade policy, price control, quota control, budgeting, and economic research and analysis.

### **Lessons Learned**

The York Export Development Program is a unique and valued service for York Region exporters not offered by other agencies or municipalities. In 2009 the opportunity

assessments proved to be a value added service to companies that are ready to seek out new global markets. With the current economic downturn, the Export Development Program is expected to gain momentum in 2010 with exporters indicating an interest in seeking alternatives to the US market.

## **5. FINANCIAL IMPLICATIONS**

The cost for the Export Development Program is funded in the approved 2010 Planning and Development Services budget.

## **6. LOCAL MUNICIPAL IMPACT**

The York Region Export Development Program directly supports the Vibrant Economy Goal of *Vision 2026* by serving local companies to increase their export potential which contributes to the Region's economic growth.

## **7. CONCLUSION**

Encouraging York Region businesses to increase exports results in the additional creation of high quality jobs and enhances the economic prosperity of the Region. The Economic Development Program with its international partnerships increases the outreach to businesses in all 9 local municipalities.

For more information on this report, please contact Sharon Végh, Program Manager, Economic Strategy at (905) 830-4444, Ext. 1509 or Patrick Draper, Director of Economic Strategy & Tourism at Ext. 1503.

The Senior Management Group has reviewed this report.