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EXPORT DEVELOPMENT PROGRAM 2008 ANNUAL REPORT AND 2009 MARKETING PLAN

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated February 3, 2009, 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.

2. PURPOSE

The purpose of this report is to present to Council the Export Development Program 2008 Annual Report and 2009 Marketing Plan.

3. BACKGROUND

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 access to education and information, assessment of export readiness, research and market intelligence, contacts and networks, and advice of export business growth in global markets.

Program resources consist of 2 Export Advisors in 2008 & 2009

The Export Development Program is directed and marketed by the Economic Strategy Branch complimented by two contracted export advisors. In 2008, one export advisor was contracted for four months, the other for 12 months. In 2009, the Program will have two contracted export advisors for the full year.

4. ANALYSIS AND OPTIONS

Export Development Program 2008 Annual Report

York Region is a dynamic exporter

York Region businesses exported more than \$6.7 billion worth of products in 2006 to the United States, \$1.2 billion to other countries, and \$2.0 billion to confidential locations from 6,859 exporters. Exports from York Region exceeded the exports of two provinces, including PEI and Nova Scotia. The Region's exports represent 4.9% of Ontario's total product exports and 2.2% of Canada's total exports.

166 on-site business development consultations resulted from the 2,624 contacts made

The export program consultants meet with individual companies to assess the foreign market potential of the products/services and to provide advice/referrals to assist the clients in expanding their export sales.

On site business consultations are targeted at 25 per quarter for each consultant with total client consultations in 2008 targeted at 200. In 2008, 2,624 contacts were made and 163 export businesses visited. This is consistent with our projected consultations of 200 as the program had one Export Advisor for only 4 months.

In 2008 there were 2,620 York Region exporters contacted. Eighty-four percent, or 139 of the 166 client site consultations were in the manufacturing sector.

602 client referrals were made to 23 partner export trade organizations

In 2008 there were 602 client referrals to 23 partner organizations as shown in *Table 1*.

Table 1
Partner Referrals from the Export Development Initiative in 2008

Export Development Partner	# of Referrals
Trade Commissioners and Virtual Trade Commissioner Service	191
Export Development Corporation	93
National Research Council Canada	32
Innovation Synergy Centre Markham	28
Ontario Ministry of International Trade and Investment	26
Canadian Commercial Corporation	26
All other organizations	206
Total Referrals	602

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 opportunity assessments are a key new component of the export development program that support economic growth in the Region

An export opportunity assessment framework plan was finalized in 2008 and has been implemented. 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 companies received an opportunity assessment in 2008:

- Alutron Modules Inc. of Aurora is an ISO 9001 certified manufacturer of electrical/electronic control assemblies. Their target markets are North America, Europe and several countries in Asia. An opportunity assessment to broaden their export capacity was conducted for the United States, Mexico, and the Caribbean.
- Salbro Bottle Inc. of Woodbridge, is a leading manufacturer and distributor of packaging solutions with more than 100 year heritage. Salbro Bottle is a major player in the packaging industry. The opportunity assessment focused on entering Latin America: Argentina, Brazil, and Mexico.

Export business success case examples in 2008

- A pharmaceutical supplier to the biotechnology industry is excited about exploring the opportunities provided by the export advisor and would appreciate continued support in the future as their export business progresses.
- A biomedical instrument manufacturing company appreciates the advice and documentation and has hired an attorney to start distribution channel negotiations.
- An environmental waste paper exporter was exploring business expansion in new areas and was appreciative of receiving information on new international distribution channels.
- A company from the 2008 Markham China Mission is searching out new technologies for water purification in China and has received a list of prospective York Region companies and introductions to prospective partners.

The Export Development Program partners with the Greater Toronto Region Export Alliance

The Greater Toronto Region 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 International Trade and Investment (MITI)
- Ontario Ministry of Small Business and Consumer Services (MSBC)
- Regional Municipality of York, Economic Strategy Branch on behalf of the 9 local municipal economic development offices.

The Greater Toronto Region Export Alliance hosted these events in 2008:

- Four partner strategy meetings
- US Customs Documentation Seminar
- New Exporters to US Border States mission to Buffalo with the Ministry of International Trade and Investment
- Doing Business in Mexico, a workshop provided by invitation only for export ready businesses hosted by Industry Canada and York Region.

Export Development Program 2009 Marketing Plan

The Export Development Program is a critical business development measure to advise and direct businesses reach global markets. York Region manufacturers are a mainstay of the Regional economy and are adversely affected by the current global economic crisis. The Program aims to encourage 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.

Marketing material to build awareness and lead pre-qualification in the manufacturing sector

- The redesigned Export Development Program brochure will be mailed out to 600 manufacturing exporters in 2009 to create awareness of the program, generate leads for the export advisors, and pre-qualify the manufacturing companies for interviews for the Invest Canada-Community Initiatives Program.
- An application for \$31,500 for manufacturing interviews was submitted to the Invest Canada-Community Initiatives Program. The award will be announced in April.

Business development consultations, export opportunity assessments, and export marketing plan targets for 2009 include 200 on-site consultations, export opportunity assessments, and targeted workshops

- On site business consultations are targeted at 25 per quarter for each consultant with total client consultations in 2009 targeted at 200.
- Export opportunity assessments will continue in 2009. A business development plan was finalized in 2008 and has been implemented. 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 companies have been targeted for the Export Opportunity Assessment in 2009, Delco Wire and Cable Ltd. and CLO Glass Ltd., both located in Vaughan.
- Based on the success of the “Doing Business in Mexico” workshop, two other client-focused export workshops will be hosted in 2009.
- In partnership with the Greater Toronto Region Export Alliance the Export Development Program will continue to support work in organizing relevant seminars and encourage York Region firms to participate.

Lessons Learned

In 2008 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 2009 with exporters indicating an interest in seeking alternatives to the US market. The focused “Doing Business in Mexico” workshop will be repeated for two select countries according to client needs based on an online survey to determine the client’s interest in global markets.

5. FINANCIAL IMPLICATIONS

The cost for the Export Development Program is funded in the proposed 2009 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.