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EXPORT DEVELOPMENT INITIATIVE 2007 ANNUAL REPORT AND 2008 BUSINESS PLAN

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated March 6, 2008, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

To present to Council the Export Development Initiative 2007 Annual Report and 2008 Business Plan.

3. BACKGROUND

Export development initiative launched in 2000

The York Region Export Development Initiative was launched in 2000 with funding assistance from Human Resources and Skills Development Canada. Since 2003, the Program has been funded by the Region as an economic development program.

Program resources in 2007 and 2008

- James Alan Hobbs joined the Export Development Initiative in Q-1 2007, his contract was renewed in Q-2 2008 for a 12-month period.
- Ken DeWolf, an Export Development Initiative consultant since 2005 retired in Q-4 2007. His replacement is being sourced through a Request for Quotation and is expected to be with the Region in Q-2 2008.

4. ANALYSIS AND OPTIONS

4.1 EXPORT DEVELOPMENT INITIATIVE 2007 ANNUAL REPORT

Canadian exports to China increased by 43% and exports to non-U.S. destinations are rising

Nearly one-quarter (24%) of Canada's exports headed to non-U.S. destinations in 2007, compared with 16% just five years earlier.

The sharp rise in exports during 2007 was the result of several factors. Accelerating Chinese demand, combined with higher world prices for metals, potash and canola, boosted industrial goods and agricultural exports.

Canada is clearly benefiting from the magnitude of China's demand for natural resources. The nation of more than 1.3 billion people is expanding its manufacturing base and building massive infrastructure projects, from ports and bridges to facilities for the 2008 Olympic Games.

In March/April, 2008 the Planning and Development Services Department Commissioner will accompany the Markham China mission to promote York Region's strong sectors including biotechnology, manufacturing, and civil engineering.

Ontario is an export driven economy. The total value of goods exported in 2006 (Statistics Canada preliminary number) was \$198.7 billion.

A 2004 export study identified \$12.5B in exports accounting for 38% of economy in York Region with over 84% of exports being shipped to the USA. The top exporting sectors were transportation equipment, machinery, computer products, plastics, and fabricated metal products. Exporters included major global corporations and small enterprises.

Export readiness assessments are a key component of the export development initiative that support economic growth in the Region

In 2007 there were 1,456 York Region exporters contacted and 161 client site consultations. The export development 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.

In 2007 there were 229 client referrals to 19 partner organizations as shown in Table 1.

Table 1
Partner Referrals from the Export Development Initiative in 2007

Export Development Partner	# of Referrals
Trade Commissioners and Virtual Trade Commissioner Service	57
Export Development Corporation	38
Ontario Ministry of Economic Development and Trade	30
Canadian Commercial Corporation	13
All other organizations	91
Total Referrals	229

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.

York Region Export business success cases in 2007

- A pharmaceutical supplier to the biotechnology industry based in Markham secured business in Portugal and has a sales lead to China from a referral to the Export Development Corporation.
- A multi-national Chinese trading house based in Markham was referred to the Ontario Ministry of Agriculture, Food and Rural Affairs where after discussions by the consultant with Beijing has begun to source Canadian food products.
- A rebuilder and refurbisher of professional printing equipment based in Stouffville required selling to major manufacturers and distributors globally. The company was referred to the services of Seneca College for a marketing study to guide the company which has commenced in January 2008.
- A solar energy company based in Markham has connections in Sri Lanka and desired export to that country. After advice from the Export Development Initiative an export marketing plan was completed and a search for a local partner has commenced. The marketing plan also encouraged the company to submit supply proposals to local buyers.

York Export Alliance in 2007

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 York Export Alliance partners for customized export assistance.

Key partners in the York Export Alliance include:

- Department of Foreign Affairs and International Trade (DFAIT)
- Export Development Canada (EDC)
- National Research Council Canada (NRC)
- Industry Canada
- Ontario Ministry of Economic Development and Trade (MEDT)
- Ontario Ministry of Small Business and Entrepreneurship (MSBE)
- Regional Municipality of York, Economic Strategy Branch
- Innovation Synergy Centre in Markham

York Export Alliance hosted these seminar events in 2007:

- Reverse NEBS - New Exporters to US Border States
- Business Opportunities in Central and Eastern Europe
- International Trade Seminar
- Canada and the U.S. – Customs Compliance and Security
- Make the most of your U.S. Business Opportunities
- U.S. Immigration, Litigation, Liability and Insurance

4.2 EXPORT DEVELOPMENT INITIATIVE 2008 BUSINESS PLAN

Marketing material, communication, and lead generation mailings

- The Export Development Initiative brochure requires updating and will be designed to match the Economic Strategy branch marketing materials in Q-2 2008.
- The business development consultants will receive lead generation through direct mailings to 50 prospective exporters per month.
- The web site will be updated and links consolidated with partners in Q-2 2008.

Business development consultations, export readiness assessment, and export marketing plan targets for 2008

- On site business consultations are targeted at 25 per quarter for each consultant with total client consultations in 2008 targeted at 200.
- An export readiness assessment plan will be finalized in Q-2 2008 that will target 20 clients per consultant. The goal is to provide in depth planning assistance to new high potential exporters.
- Each consultant is expected to develop 20 export market plans for existing export companies in 2008. This plan will identify the critical steps required to enter new markets.

5. FINANCIAL IMPLICATIONS

The cost for the Export Development Initiative is fully funded in the 2008 Planning and Development Services budget.

6. LOCAL MUNICIPAL IMPACT

The York Region Export Development Initiative 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 Initiative with its international partnerships increases the outreach to businesses in all 9 municipalities.

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

The Senior Management Group has reviewed this report.