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YORK REGION EXPORT DEVELOPMENT INITIATIVE PROGRAM UPDATE

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated March 27, 2007, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide Regional Council with an update on the York Region Export Development Initiative.

3. BACKGROUND

The York Region Export Development Initiative was launched in 2000 with funding assistance from Human Resources and Skills Development Canada. Since 2003, the export program has become a Regional funded initiative as part of its economic development function.

The objective of the Export Development Initiative is to assist local companies to develop and expand their export potentials. The program has been well-received by local companies and other export service providers, and first-time exporters who have used its services found the support to be of value and appreciated the access to resources that they require to get started.

4. ANALYSIS AND OPTIONS

4.1 Export and the Economy

A key factor driving the Region's economy is its export success. In 2003, York Region businesses exported \$12.5 billion worth of commodities. Exporting more than Manitoba, Saskatchewan or any of the Atlantic Provinces, the Region's export performance in terms of share of the GDP parallels the export performance of the Canadian economy as a whole.

Global demand for the range of goods and services are expanding. In order to remain competitive, companies have to be part of the globalization trend which is rapidly

changing the world's marketplace. Consultations with the business community have indicated that the Region should take advantage of its diverse economy, and encourage companies to expand their reach to global markets. One of the Strategic Objectives in the Economic Strategy is to "Enhance the Export Capabilities of Regional Companies", and the Region's role is to create a business environment to help firms expand, adapt and diversify.

4.2 Export Development Initiative

There are three elements to the York Region Export Development Initiative:

- Export Advisory Service
- York Region Alliance
- COEF Membership

4.2.1 Export Advisory Service

With experienced Export Advisors in the field, the York Region Export Development Initiative provides free customized advisory service in the areas of research and market intelligence, government programs and other export information, referrals to other government agencies, networking and contacts, as well as seminars and training opportunities. Since its inception, the program has been successful in creating awareness of export opportunities, providing practical and basic information to small and medium-sized enterprises exploring or entering into export. The achievement of the York Region Export Development Initiative was also recognized among its peers and community partners, with the program receiving the Ontario Chamber of Commerce's Community Export Development Award in 2004.

Currently, two Export Advisors are in the field providing an array of export support services to local companies. Both individuals have extensive background in the federal and provincial governments involved in export advisory services, and are highly regarded as important resources by companies needing export assistance. These Advisors have been selected through two separate open competitions, retained on contracts for a one-year term with an option to renew for two additional terms of 12 months each, at the discretion of the Region. Ken DeWolf commenced his contract in late 2005 and is currently on his second term, while James Hobbs started his first term in February 2007.

The York Region Export Development Initiative is perceived by the Region's business community as a positive government initiative to reach out and support local enterprise growth. One of its distinguishing features is the proactive approach taken to identify and engage new exporters. Through participation at external events, meetings and seminars, the Export Advisors are able to network and actively prospect for potential new clients. The Export Advisors have also retained the services of a telemarketing assistant to secure appointments utilizing the Region's Employment Survey database.

The Export Advisors prepare for each visit by researching the company and their products/services. The first scheduled meeting will generally comprise of an introduction

of the program's services followed by an assessment of the company's export readiness. For more experienced exporters, their needs and questions will be discussed and addressed, either during the initial meeting or at a later date. Timely follow-up after the meeting is an essential component of a successful service. Research into the issues raised at the meeting, and providing referrals are typically the actions required after the initial meeting. In addition to the physical company visits, the Export Advisors also provide hot-line support through emails and phone.

The following are the number of companies and organizations visited in the last two years, broken down by municipalities:

	Full Year 2006	1st Quarter 2007
Aurora	16	5
East Gwillimbury	0	1
Georgina	2	0
King	3	0
Markham	46	10
Newmarket	11	6
Richmond Hill	10	20
Vaughan	37	9
Whitchurch-Stouffville	3	11
Total	128	62

*1 Export Advisor in 2006, 2 Export Advisors in Q1 2007

Among the 190 companies visited over the last 15 months, the United States continues to be the market of interest for a majority of the clients visited. While only approximately 2% of these companies are involved in service industries such as computer software and consulting, goods remain the dominant line of export including food products, auto parts, furniture, computer and related equipment, pharmaceuticals and materials.

In a broader context, exports are a major driver of York Region's economy. A special analysis completed in 2004 identified \$12.5 billion worth of exports annually, accounting for 38% of York Region's Gross Domestic Product. The United States accounted for 84% of York Region exports, and the top exporting industry sectors were transportation equipment, machinery, computer products, plastics, and fabricated metal products.

In 2007, staff and the Export Advisors will explore the opportunity of working closer with community organizations such as the Chambers of Commerce/Board of Trade and other external groups including the YMCA Business Centre and the Women's Centre, to deliver export seminars on topics such as the Basics of Exporting, and Government Programs and Services. Consideration will also be given to organizing workshops on subjects such as Trade and Consumer Shows which may be of interest to exporters in the Region.

The Export Advisors continue to work with the area municipalities to provide export support services to companies across the Region. There are already cross-referrals of client companies on export and other issues, and area municipal economic development offices are kept informed of the Export Development Initiative at the Economic Development Partners Meetings. Staff will continue to encourage a closer working relationship between the Region and the local municipalities to foster export trade.

4.2.2 York Export Alliance

In December 2004, staff were approached by International Trade Canada to jointly establish the York Export Alliance (YEA) in partnership with other levels of government, export agencies, Chambers of Commerce and industry associations, to ensure that York Region businesses fully develop their export potential. The purpose of the Alliance is to provide a forum for the exchange of information on export opportunities and coordination of trade initiatives among its partners.

The objectives of the York Export Alliance are to:

- Introduce international business opportunities.
- Facilitate business-to-business partnering.
- Familiarize companies with government programs.
- Educate on export, market access and other related issues.
- Provide contacts.

With a focus on increasing the learning opportunities available to the Region's companies, the following events were held in partnership with the YEA members in the last two years:

- *Discover México Tecnología - Explore new Potential for Building Technology Trade*
- *Enabling Opportunities in Brazil and Latin America*
- *Business Opportunities in China: Breakfast with Mr. Robert Wright, Canada's Ambassador to China*
- *The U.S. Market – What you Need to Know (Reverse NEBS - New Exporters to Border States)*
- *Business Opportunities in Central and Eastern Europe*
- *International Trade Seminar*
- *Canada and the U.S. – A Cross Border Customs Compliance and Security Conference*

These seminars and conferences attracted between 40 to 120 participants each and the feedback was very positive. In addition to learning about the different regions, the participants especially appreciated the opportunities to network with trade commissioners and various experts.

Three events are currently under planning with the YEA partners for this year. The focus will be on exporting to the U.S., which is the largest trading partner for companies in the Region and Ontario in general.

Staff will continue to engage the York Export Alliance partners in cross referrals and co-ordination of trade initiatives for local companies.

4.2.3 COEF Membership

An invitation was received for the Region to participate as a general member of COEF (Canada Ontario Export Forum) which is a regional level partnership of federal, provincial and non-profit sector organizations in Ontario providing a co-ordinated trade team approach to the delivery of export promotion programs and services.

The roles of COEF include information sharing, joint promotion activities, common delivery of programs, joint projects, and a single source of contact for most programs across Ontario. The ultimate objective of the membership is a net increase in first-time exporters and growth in export sales by current exporters.

Last year, the International Trade Seminar was organized by COEF in partnership with the Region and YEA. In 2007, an Export InfoFair will be hosted in the Region again in partnership with the COEF and YEA members.

4.2.4 Business Model

One of the actions proposed in the Economic Strategy is to “Review the Business Model of the York Region Export Development Initiative”. In an earlier report adopted by Regional Council in November 2005 on the New Approach to Service Delivery, it was suggested that the establishment of the York Export Alliance has provided an opportunity for the Region to review its business model and focus its efforts on companies that are at the early stage of the export process. (See Exporter Needs Continuum in Attachment 1) Since the needs of the new and long-term exporters are different, the Region has the opportunity to leverage resources through the Alliance in partnership with senior levels of government who are better equipped to deal with more experienced exporters and more complex issues. Through the York Export Alliance, it is now possible for companies in the Region to receive an integrated range of services needed to succeed in global markets.

The new business model of the York Region Export Development Initiative is based on the sharing of resources. The goal is for the Region to work more closely with the other Alliance members to direct the export ready companies to the programs and services provided by senior levels of government and agencies such as Ministry of Economic Development and Trade, Export Development Canada and International Trade Canada.

It is recommended that staff continue to monitor the effectiveness of this service delivery approach and develop performance measures to evaluate its success over time.

4.3 Relationship to Vision 2026

The York Region Export Development Initiative serves local companies to increase their export potential and contributes towards economic growth in the Region. As such, it directly supports the Vibrant Economy goal of Vision 2026.

5. FINANCIAL IMPLICATIONS

The net cost to the Region to operate the initiative is estimated at \$137,500. Funds are included in the draft Economic Development budget for 2007. Staff will continue to pursue sponsoring opportunities to offset the operating costs of the program.

6. LOCAL MUNICIPAL IMPACT

The York Region Export Development Initiative serves all local municipalities in the Region. An increase in export activities will result in economic growth for the Region as a whole.

7. CONCLUSION

The ultimate goal of the export program is to raise the level of export activities, which will in turn stimulate job creation and increase the overall economic prosperity of the Region. Through the York Export Alliance, the Region is able to collaborate with other levels of government and reach out to a large number of companies. It is recommended that staff continue to deliver the export program in partnership with area municipalities and other partners.

For further information about this report, please contact Ellen Ma, Economic Development Co-ordinator, Economic Development Branch at (905) 830-4444 ext. 1509 or ellen.ma@york.ca.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)