As we head into 2011, many businesses and individuals are making plans for the New Year. Just as enterprises plan for 2011, a similar planning process should be undertaken before entering a new market such as Canada. This edition of Export to Canada News focuses, in particular, on Export Planning for entering Canada or indeed any international market.

We feature information about TFO Canada’s partnership with Canadian universities to help developing countries prepare market entry strategies for Canada. And we share information about a number of export planning tools that your organization might find helpful.

The TFO Canada web site (www.tfocanada.ca) features a comprehensive export planning tool for early stage exporters.

This export planner is just one of many useful resources for exporters that can be accessed by developing country businesses and trade support institutions from our web site. This is in addition to our invaluable publications on specific sectors within the Canadian market place. In this month’s newsletter, we also introduce our recently updated Market Information Paper on the Canadian furniture market.

Very best wishes to you and your enterprise in implementing your plans in 2011!

Brian Mitchell
Executive Director
TFO Canada

The export plan: key elements

When your company decides to look towards foreign markets for selling your product(s) you need to make an Export Plan.

The Export Plan is basically a Business Plan with an international market focus (specifically, the target market(s) you have selected). The Export Plan describes the company’s target market(s) in detail, clarifies your export goals, activities and objectives, and determines the resources necessary to achieve your anticipated results.

It is essential that you spend the time and effort needed to plan your efforts in an organized, efficient and straightforward way.

Not only is it vital for your company in terms of providing a working guideline for your efforts but it is also a principal way of communicating your company’s strengths and goals to important contacts en route to and within the target market.

Indeed, many key decision makers, from financial officers to importers, will be

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Updated Market Report: Furniture 2010

Canada’s struggling furniture industry should begin to see a modest rise in revenues in 2010 after four years of steady decline. The industry's total revenue is expected to advance 1.1% in 2010 to $10.6 billion after falling 15.1% in the previous year. However, the industry's overall profitability is expected to fall by 3.8% due to the increasing costs of raw materials.

Canada’s traditional trade surplus in furniture showed a trend reversal in 2008 and 2009, largely due to intense competition particularly from low cost suppliers in other countries.

As a result, increasing numbers of Canadian furniture manufacturers are producing at least part of their line in the Pacific Rim, most often in China, but also in Indonesia, Vietnam and other countries to take advantage of lower labour costs.

Furniture imports declined sharply from $5.4 billion in 2008 to $4.6 billion in 2009. While the United States ($1.7 billion), China ($1.6 billion) and Mexico ($375 million) were top suppliers to this country, Vietnam, Malaysia, and Indonesia also ranked among the top 10 suppliers of furniture to this market in 2009.

Among other TFO Canada client countries, Thailand ($30.8 million), India ($13 million), Brazil ($11.6 million), the Philippines ($9 million), Honduras ($5 million), and South Africa ($3 million) each supplied over $1 million worth of furniture to Canada in 2009.

This information has been extracted from the new Market Information Paper “Furniture 2010” available for free downloading for registered members at TFO Canada

Access Market Information Papers (MIPs) Online

To access our MIPs, your company needs to be registered with TFO Canada. It’s easy; just click on Register Now and follow the steps.

Once you are registered with us you will have access to our rich content online. In addition to our promotional services, you may access detailed information related to your sector in the Market Information Papers.
Snapshot of TFO Canada Events

Buyer trade mission of Canadian furniture and home décor importers to Indonesia
October 12-19, 2010
Led by TFO Canada Associate Robert MacKinnon, six Canadian buyers visited Jakarta and Yogyakarta. In Jakarta, the Canadian companies attended the Indonesia Furniture Show and had one-on-one meetings with Indonesian exporters. They also met with suppliers of furniture and home décor items in both cities. This was a highly successful endeavour with preliminary sales already forecasted.

TFO Canada Trade Representative Seminar in Toronto
October 18, 2010
TFO Canada organized an informative seminar for Trade Representatives in Toronto, to provide updated information on the Canadian market.

Training of Trainers in Ecuador
In cooperation with local partner CORPEI, TFO Canada has launched the Train of Trainers phase of the Exporter Training Program in Ecuador branded as “Ecuador Si Exporta”.

Following many months of preparation and planning, two intensive three-day training programs took place in October 2010, in the cities of Guayaquil and Quito.

These sessions were focused on strengthening institutional support capacity, enhancing enterprise global competitiveness, and promoting new business opportunities in the future.

As a result, there are now 30 Ecuadorian professionals from 12 trade and educational institutions newly trained and equipped to hold replicas of these export training sessions for export companies throughout Ecuador.

Export Training in Indonesia
October 25 to November 3, 2010
TFO Canada Senior Associate, Diane Girard launched a new Export Coaching program in collaboration with the Indonesia Export Training Centre.

The "Ready to Export" Coaching program, which is initially targeted at women exporters, includes training, roundtable sessions and individual Coaching. The impressions of the first 20 exporters were highly favourable.

TFO Canada celebrates its 30th anniversary
On November 2, 2010 TFO Canada hosted a reception to mark the celebration of its 30th anniversary of assisting exporters from developing countries access the Canadian market.

The reception was attended by foreign representatives accredited in Canada as well as officials from Canadian Government departments.

The welcoming remarks were made by the Minister of International Trade, Peter Van Loan, and keynote remarks were made by the President of Canadian Manufacturers and Exporters Association, Jayson Myers, and the Ambassador of Peru in Canada, José Bellina.

E-commerce capacity program in Burkina Faso
Since January 2010, TFO Canada has been supporting the Village Artisanal de Ougadougou (VAO) with the development of an ecommerce site.

The new site www.artvillageouaga.com, which is now live, will allow customers to order online fine and fair trade handmade crafts from the VAO.

The project involved TFO Canada associate, Elizabeth Huggins, and project manager, Lalla Haidara, in Canada, a web service provider in Nepal and the VAO team in Burkina Faso.
reviewing and evaluating your Export Plan as you proceed to get your goods to market.

In summary, Export Plans are developed in order to:

1. Define the target market: the risks, demographics, demand, logistics, legal issues and commercial issues (currency exchange rates, for example);
2. Set a course and define a purpose for your business activities;
3. Identify your company’s strengths, weaknesses, opportunities and threats;
4. Identify financial and other resource demands of exporting; and
5. Substantiate qualifications for obtaining credit/export financing. (For many companies, if there is no plan it is next to impossible to get any export financing).

Some key questions to ask yourself when creating your export plan:

1. Customer profile: Who already uses your product/services?
2. Product modification: Are they required?
3. Transportation: How easy? How expensive?
4. Local representation: Requires training, assembly, service?
5. Exporting services: Unique, world-class? Delivery?
6. Capacity: Can you serve domestic and foreign markets?

We turn now to some key elements of an export plan:

1. Analysis of domestic market performance;
2. Export objectives and goals;
3. Market Research (leading to and including target market);
4. Delivery of product/service;
5. Marketing plan;
6. Sales strategy;
7. Pricing strategy;
8. Promotional strategy;
9. Distribution channel;
10. Sales forecasts monthly, annual;
11. Production plan - ensuring enough capacity, machinery, raw materials, personnel;
12. Assessment of risk - what will competitors do?
13. What are your contingency plans?
14. What political or economic risks exist?
15. Evaluation - how to judge if you are successful;
16. Financial forecast - will you make money?
17. Do you have sufficient cash flow?
18. How will you finance your plan of action?

Finally keep in mind that the plan is not static, be prepared for change.

Full details of what your Export Plan should include are outlined in the Export Plan section of the TFO Canada website. This is available free of charge for registered members.

Writing an Export Plan

Going global is a tedious effort. Prior to developing an export strategy, it is strongly suggested that an analysis of the potential risks and benefits are examined.

This guide, available through Canada Business, is designed to help you navigate through this endeavor. Consider it an essential step toward going global with your business.

For more information on this article, click:

http://www.canadabusiness.ca/eng/guide/2138/

New MBA Market Studies Program underway in Montreal

In September, TFO Canada opened a new chapter in its long-standing MBA Market Studies program with the start of a new market studies initiative at the John Molson School of Business at Concordia University in Montreal.

TFO Canada has been working since August with two teams of students preparing Canadian market entry studies for companies from Bolivia and Ecuador. The students are undertaking these studies as part of a Community Service Initiative course that many MBA students at Concordia choose to complete.

For nearly 15 years, TFO Canada has delivered Canadian market entry studies for exporters from developing countries in partnership with the MBA program at the University of Ottawa. A third university, Wilfred Laurier in South Western Ontario, will begin participating in this program in January 2011.
Canada to bolster Latin American relations - Department of Foreign Affairs and International Trade

(September 17, 2010)

Canada will continue to bolster relationships in Latin America through more free-trade agreements and the support of Canadian companies doing business there, Canada’s trade minister said. The federal government is in free-trade talks with several countries in the region, including Guatemala and Honduras, and will table a bill this fall for an FTA with Panama.

Canada has strengthened ties with the region in recent years, and more Canadian companies are expanding there because of its high growth potential and geographic proximity.

“These countries are aggressively moving forward, embracing science, technology and innovation as never before, and reaching out to the world for business opportunities,” he said.

Panama, he added, is a key market because of its “unique place in the global trading system,” where expansion plans for the canal are generating opportunities for Canadian companies.

Mr. Van Loan, recently returned from a visit to central and South America, was speaking at a Canadian Council for the Americas event.

Economic Growth Slowing: Conference Board, CBC news

(October 22, 2010)

The Conference Board of Canada has cut its growth forecast for the economy next year. The Ottawa-based think-tank said that domestic spending has cooled and the U.S. economy has weakened.

It said it now expects Canadian gross domestic product will increase by 2.5% in 2011 over this year. That was 0.4 percentage points lower than its previous prediction made less than a month ago.

For all of 2010, the Conference Board projects 3% growth over the previous year, when Canada's GDP shrank due to a severe global economic slowdown. The forecast came on the same day as the Bank of Canada lowered its prediction for economic growth to about 3% this year instead of the 3.5% it had predicted in July. Next year, the bank predicted, the Canadian economy will grow by 2.3%, 0.6 of a point lower than it previously projected.

The Conference Board said Canada's domestic economy is losing steam and the country's growth will rely on the U.S. and global economies. It added that Canada won't be helped by the strength of its currency.

Canada and India Launch Free Trade Deal Negotiations

(November 15, 2010)

Canada and India on Friday launched talks on a free trade deal they said could boost gross domestic product in each nation by C$6 billion (US$5.9 billion) a year and increase existing trade flows by 50%. The leaders of the two countries said in a statement that "both sides expect a timely conclusion of an ambitious agreement". It gave no further details on timing.

Canada has in recent years worked energetically to seal a number of free trade deals, partly in an effort to reduce its reliance on the U.S. economy. Three quarters of all Canadian exports go to the United States.

Canada Consumer Confidence Rises Again in November

(November 28, 2010)

Consumer confidence rose for a second straight month in November, suggesting a more hopeful outlook on finances and job creation said the Conference Board of Canada. The board's consumer confidence index rose 3.9 points to 83.6, enough to cancel out declines recorded between July and September, it said.

The proportion of respondents who expected their financial situation to improve over the next six months climbed 1.8 percentage points to 24.7%. The share of negative responses fell to 13.2%, the lowest level since March, which the board said was encouraging.

Upcoming Trade Events in Canada

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<td>Canadian Home Improvement Show - Toronto</td>
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<td>Montreal Gift Show</td>
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Latest fashion trends find Peruvian connections

Unlikely as it may seem, Canada’s francophone population in Quebec City and the citizens of Lima, Peru have a fair amount in common when it comes to latest fashion trends.

Lima has become an important supply link for some of the most prestigious labels in the world, as well as for Quebec’s own fashion trendsetter ‘Simons’.

“Initially, we were attracted by the high quality of Peru’s Pima cotton fabrics,” recalls Import Director Geneviève Bussière of her first encounter with the country’s fashion sector.

Diversification strategy

So when Canada’s Trade Facilitation Office (TFOCanada) in Ottawa learned that Simons was keen to diversify production as well, Peru looked like an obvious choice. Simons, with seven stores in the Province of Quebec, is continually expanding its range of clothing using super-soft Pima cotton while outsourcing garment assembly to factories in Lima.

“With TFO Canada’s help we found several manufacturers doing excellent work, and they are very nimble,” says Bussière. “In the ‘fast fashion’ sector you need suppliers who can adjust quickly to changing trends and very tight deadlines.”

A family-owned firm since 1840, 15 designers in Quebec City create clothes marketed under Simons’ five in-house labels. The first Pima cotton collection - a line of contemporary T-shirts for men and women - was launched in 2006. So popular were these comfortable, high-quality T-shirts that Simons has added pyjamas, underwear, dress shirts and bed sheets.

Social responsibility

Each Pima cotton garment carries an information tag that describes its unique values. Produced in Peru’s northern coastal valleys, careful hand-harvesting preserves the quality of the raw cotton, and fabrics are noted for their very high thread counts.

Not only does the Peru connection dovetail with Simons’ ethical trade and environmental practices, it also meets the social values many of its customers now look for. Interventions to help developing nations prepare for their new Free Trade status by agencies like Ottawa’s Trade Facilitation Office couldn’t have been better timed.

Prior to signing the FTA with Canada, Peruvian manufacturers had been reliant on large American brand-name clients, who were quick to cancel orders at the first sign of economic turbulence.

Thanks to TFO Canada’s partnering efforts and program funding from the Canadian International Development Agency, some Peruvian manufacturers have replaced lost U.S. orders with new Canadian business.

Smooth sailing

The path to these partnerships has been surprisingly smooth, notes Bussière. Under the guidance of TFO Canada, Simons visited Lima’s Peru Moda fashion exhibition.

Follow-up visits under the stewardship of TFO Canada associate and fashion expert Abbey Lipman helped Simons make the most of each visit.

“In the fashion business travel time is so compressed, every minute counts,” explains Bussière. “Having someone to guide us through a completely new market experience was critical to our successful partnerships with Peruvian suppliers.”