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Giving Canadian industry the leg up it needs to succeed: Making the case for international standards

In today’s global economy, having innovative ideas isn’t enough to ensure success. As the borders of business slowly disappear, companies increasingly need to look beyond national borders to remain competitive. But it takes a whole system working behind the scenes to support a business’ ability to bring those innovative ideas and products to markets around the world. Standardization plays an integral role in this system.

Companies of all sizes now have the ability to reach customers around the world, but to do so effectively they need to understand and embrace standards. Differing regulations and standards between countries — and even within countries with multiple jurisdictions, like Canada — can cause delays and create market barriers, keeping companies from reaching their full potential.

“Standards matter. It is almost an imperative to compete regionally or internationally. If you can’t meet the standards of the country in which you are selling, you just aren’t going to get your product into that market,” explains John Walter, CEO of the Standards Council of Canada (SCC). “Quite simply, in many cases it helps them stay in business.”

Bridging the gap between potential and success

In addition to helping companies access both domestic and international markets, standards reduce costs, increase productivity, reduce risk, and help them gain the competitive edge necessary for fostering and supporting innovation. As the leader of Canada’s standardization network, SCC is working with Canadian companies, large and small, to help them get the most out of standards and to bring their innovative ideas and products to Canadians, and the world. But the key to success is ensuring Canadian industry fully understands the value of international standards and how they can help boost their bottom line.
The benefits of using standards are not new. Standards were the underpinning of industrialization in Canada and they are just as critical today. However, in recent years there has been a move away from using standards developed in and for one particular country to adopting international standards that help open the doors to markets around the world.

“If you think about our catalogue of domestic standards, 15 years ago we used to have more than 5,000 standards in our catalogue. We have approximately 2,900 now and the trend is to have fewer domestic standards,” says Michel Girard, vice president of SCC’s Strategy Branch. “We rely more and more on regional or international standards and whether it is in sectors such as forestry or mining, or to support the export of products and ensure safety, more and more we are seeing that you need to comply with regional and international standards if you want to succeed.”

Embracing standards makes all the difference
A recent independent report commissioned by the British Standards Institution (BSI) provides the facts to back up Girard’s point. The report surveyed 527 UK businesses, across seven major sectors, to determine the impact of standards. The conclusion was simple — investing in standards pays dividends for the organizations that use them. In the United Kingdom, small and medium-sized enterprises (SMEs) are 41 per cent more likely to export and large businesses are 36 per cent more likely to export if they use international standards. More than half the organizations surveyed said that technical information was made more accessible through using standards and another three-quarters said using standards had enhanced their reputation. But standards aren’t just good for businesses, they are good for the national economy. The BSI report found that the use of standards accounted for 28.4 per cent of growth in the UK’s GDP, a 37.4 per cent growth in its productivity and an increase of 6.1 billion pounds (approximately 12.2 billion Canadian dollars) in UK exports annually.

Today, approximately 80 per cent of the world’s trade is affected by standards and countries around the world are catching on to the fact that using — and developing — standards can give them a leg up. Emerging economies are already looking toward involvement in international standards development

Securing a place for Canada at the international table
“Canada is badly lagging behind most industrialized nations right now. We need to step up, to show leadership,” says Girard. “In French, we would say ‘Les absents ont toujours tort’. Those that are not at the table are always wrong. If you are not at the table, it is guaranteed that your views are not going to be reflected.”

Sylvie Lafontaine, the vice president of SCC’s Standards Solutions Branch agrees. She says Canada has some work to do if it wants to catch up to countries where both government and industry fully understand the value of standards — countries that are quickly becoming standards “makers” rather than “followers”.

“I think there are other countries that just really get it, like China and Japan,” explains Lafontaine. “We are far too...
complacent. We are going to be subject to other economies, to other countries. We are at risk of falling behind other economies that are building a standards and compliance system in their country that will lead the world.”

“There are dozens and dozens of promising technologies in Canada that never see the light of day. They are being quashed by competitors before they are deployed internationally because we were not at the table when the right international standard was designed,” says Girard.

Walter points to fine bubble technology as a perfect example. Discovered several years ago by Japanese industry, this innovative technology allows for the use of up to 90 per cent less water to clean products — from floors to industrial machinery — through the injection of ultra-fine air bubbles into the water. The water also doesn’t freeze so it can be used as a chemical-free deicing agent for airplanes, which has particular relevance here in Canada. But since Japan took the lead in the development of the technology and the development of the resulting international standard, Canada is being left out in the cold.

“We should not be trying to lead the way in areas where international standards are already well-known, well-supported and well-used. There is no point in recreating existing standards,” says SCC CEO Walter. “Where I think we do need to look is where Canadian industries have the particular expertise or advantage.”

“Because they proposed the (ISO) technical committee, they were able to select the chair of the committee and the secretariat,” explains Walter. “So now we have a new technology that is going to be used worldwide and Japan is going to control the initial product; Japan is going to control the standard by which it is used, and they are going to continue to be ahead of everyone else in the world.”

That is the kind of lead role Walter would like see Canada taking in the future. But deciding which areas to concentrate SCC’s attention on, and its scarce resources, is the challenge. “We should not be trying to lead the way in areas where international standards are already well-known, well-supported and well-used. There is no point in recreating existing standards,” says Walter. “Where I think we do need to look is where Canadian industries have the particular expertise or advantage.”

**Getting the standards message out to Canadian industry**

SCC has been working hard to determine just where Canada’s expertise lies and what industries they should be engaging to ensure long-term growth for Canada. The organization has launched several initiatives to determine which sectors could benefit the most from standards and have been working with key industries, such as the heating and plumbing, oil and gas and the electrotechnical sector to figure out how standards can better support their needs. It seems SCC’s message regarding the value of standards is a welcome one.

“Every time we reach out, we hear ‘where have you been?’ It is just getting at that first entry that can often be challenging,” says Lafontaine. “Not everyone fully understands the value and benefits of standardization. And it’s our role to help them understand and implement standards, to help them save time, money, and effort, while improving their quality and reducing their risks.”

“We need to work together to ask ‘where are the areas in which standards could play a role to enhance their competitiveness? And how can they take part in national or international standards development to make that work?’” says Walter. “It is getting out that information. Once we get it out I think they’ll say ‘Great, we’re on our way!’”

**Helping Canada make the jump from follower to leader**

Walter points to four recent National Standards of Canada developed to support the adaptation of northern infrastructure to climate change as an example of where Canada has a natural advantage and the kind of innovative standardization work he would like to see more of in the future. Developed with funding from the Canadian government, the four, soon to be
five, standards address things such as changing snow loads on roofs and the effects of permafrost degradation on existing buildings. But Walter says these new standards could have applications outside of Canada’s North.

“This is where I would assume we have an expertise that I think would be valuable in Alaska, Greenland, Finland, Norway, Sweden, Russia, wherever. Where Canada could lead the way,” he says.

SCC’s efforts to push for harmonization are starting to pay off. Through the Canada-US Regulatory Cooperation Council the organization has been part of a pilot project to establish a common plumbing standard on both sides of the border

Canada has also started to make inroads in harmonizing standards between Canada and the United States. Because our economy is so interconnected with our U.S. neighbour’s, the lack of harmonization between the two countries contributes to the existing price gap — a price gap that means Canadians pay more than Americans for the identical products. Canadian products often need to be tested for the US market and once again — or more than once, depending on provincial and territorial requirements — for the Canadian market, raising prices for Canadian consumers and reducing profits for companies.

In the plumbing and heating industry, for example, only 10 per cent of standards are currently harmonized between Canada and the United States. But SCC’s efforts to push for harmonization are starting to pay off. Through the Canada-US Regulatory Cooperation Council the organization has been part of a pilot project to establish a common plumbing standard on both sides of the border. Girard says that having one standard for both countries will reduce the cost to the end consumer and the price gap between Canada and the United States, but is also a way of setting the stage for greater harmonization between our countries in all aspects of trade for all products.

But if Canada is going to remain competitive in the global economy in the years to come and maintain the quality of life Canadians now have, Walter thinks it is critical that we start doing a better job of supporting innovation. If we don’t, we may find ourselves at the mercy of other countries like China and Japan that are making innovation a priority.

Girard agrees.

“We do really need to engage with the innovators in this country so we can support them and they can get access to the right forums so that international standards will help them deploy their products,” he says. “It is going to require a lot of work for us to get on track. We need to put the spotlight on standards in this country if we want to succeed.”

“Traditionally, Canada has been a follower, not a leader,” says Walter. “Canada will step up to be a leader or Canada will be forced to use standards that are developed by and for the benefit of other countries and other regions.”

Visit www.scc.ca/industry to learn more about standards and how they can help your business succeed
Manufacturers and exporters congratulate Trudeau’s Liberals
Work to double manufacturing output has already begun, needs support

On behalf of Canada’s 60,000 manufacturers and their 1.7 million employees, Canadian Manufacturers & Exporters congratulated Prime Minister Justin Trudeau and the Liberal party after their historic election win this month. The work of convening with Mr. Trudeau’s team as they organize in Ottawa to ensure the work necessary to continue realigning Canada’s manufacturing and export sectors has begun.

“Now, more than ever, Canada’s prospects for economic growth depend on the competitiveness of our manufacturing and exporting sector,” says CME President & CEO Jayson Myers. “Our ability to produce the high-value, high-quality and competitively priced goods, along with supporting services and technologies makes customers want to buy across Canada and around the world.”

Together with the CME policy team, Myers set out to ensure the message that with the right business environment, manufacturing and exporting can thrive in Canada. CME have set a goal to partner with governments to double manufacturing output and exports by 2030.

“The Liberal party has a strong history of recognizing the importance of value-added manufacturing and exporting in Canada as well as supporting the growth of industry across the country,” Myers says. “We look forward to a productive partnership with Mr. Trudeau and his government to create the right business environment to meet these ambitious goals and to strengthening Canada’s future.”

Manufacturing Month 2015 builds momentum for our future
North American collaboration continues with MFGDay partnership

Canadian Manufacturers & Exporters’ Manufacturing Month 2015 built on the successes of the inaugural 2014 campaign with new partnerships and opportunities for the future. The Future is Now-themed campaign sought to outline the potential that advanced manufacturing holds for Canadian industry.

By developing a turn-key toolkit aimed at guiding companies to open their doors and showcase their facilities, Manufacturing Month was all about bringing the community — particularly secondary students — into a modern, 21st century factory.

In addition, to reach students with the potential a career in manufacturing holds, CME forged a partnership with Edge Factor, a cutting edge media company whose eduFACTOR.org educational resources platform brings fascinating manufacturing stories to light. Two hundred Canadian schools received copies of MasterCAM software along with licenses for the manufacturing curriculum the edufactor.org platform provides in the joint partnership with In-House Solutions and Edge Factor.

From the launch at McMaster University in Hamilton, ON through strong events in every province of the country, Manufacturing Month was aimed at dispelling the myths and boosting the future of Canada’s manufacturing sector.

As well, in partnership with the organizers of MFGDay in the US and partners in Mexico, the manufacturing skills and careers agenda was celebrated across the continent.

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Meetings go paperless
With the help of a secure digital platform called Leading Boards, the era of paper meetings is coming to a close

BY JOCELYNE HÉBERT

Does every meeting you attend feel just like the last? With every one, you have tons of documents on your desk to print, haul and sift through — and that’s just for briefing. Well, this isn’t the case if you happen to sit on one of the OIQ’s (Québec’s Order of Engineers) Regional Committees.

Indeed, since their inception about a year ago, the OIQ’s eight Regional Committees organize and hold paperless meetings, which means that all documents — from the agenda to the minutes and all types of briefing papers — are electronic.

Goodbye fuzzy note-taking and never-ending searches, and hello paperless meetings that relieve busy volunteer regional committee members from tedious and time-consuming chores. Yes, their boardroom has entered the digital era. Has yours?

User-friendliness
“’We’ve developed an incredibly user-friendly governance method,” explains Jean-Marc Félio, CEO and founder of Leading Boards (leadingboards.com), one of a handful Québec-based companies to offer such a service, and supplier to the OIQ’s Regional Committees. “Everyone benefits from using our solution, whether they are tech-savvy or not. A 30-minute tutorial is all it takes to know how to use it, and you can learn to manage it in about an hour.”

Félio created Leading Boards in 2008 to help a few non-profit organizations (NPOs) improve the efficiency of their board meetings. However, this entrepreneur quickly realized there was a strong demand for such a solution in both the public and private sectors.

Since then, Félio has endeavoured to understand the many needs of his clients in order to create a finely-tuned service that can be used by executive boards, committees and any other kind of team or taskforce. The Leading Boards platform currently works on both iPad and Android tablets.

In a few clicks within their Leading Boards account, managers can set up a meeting, send relevant documents, confirm quorum, add last-minute information and access information on past meetings. For their part, attendees can, at any time and from anywhere, view and annotate documents, share notes with other members, conduct advanced searches and more. In short, they are briefed in an enjoyable, proactive and engaging way.

Security first
Secure information sharing is a critical characteristic of a service like Leading Boards. “The computer systems of typical organizations cannot guarantee absolute security, and so they first come to us to remove that risk,” Félio explains. “We took full advantage of iPad technology to give our clientele a security standard that is on par with that of banks.”

As such, regional committees can count on:
- Highly-secured servers located in Canada
- Daily security tests performed by Qualys Secure
- Fully-encrypted data, both online and offline
- Very strong passwords

Regional committees are far from the only organization that puts its trust in this cutting-edge service. The Leading Boards client list is constantly growing, and presently includes the Paris Institute of Political Studies, Petrolia, Eurotunnel, St. Hubert, Halifax International Airport, Atlantic Central Credit Unions, the Chief Electoral Officer of Québec, the Commission de la construction du Québec and many more private companies, co-ops and public organizations.

Customizable
“The Leading Boards technology suits our needs perfectly,” says Gilbert Nkurunziza, an engineer and a member of the Eastern Townships Regional Committee, where he is tasked with promoting the engineering profession. “I knew about the mechanics of [file-sharing systems like] DropBox, but the Leading Boards platform is far more advanced and complete. We want to print as little
paper as possible for our meetings. With Leading Boards, we have a site where we can upload all our documents, but we can do so much more: store our data safely, post pictures of the Committee members, and even network with members of other regional committees.”

There are currently four areas of the Leading Boards platform that Nkurunziza uses when he prepares a meeting. The Home section features the latest news from the order, such as upcoming activities and committee mandates. The meeting section contains agendas and related documentation. In Documentation, he and his colleagues store and access things like committee business plans, guides, forms and newsletters. Finally, the Tools section is loaded with survey results and much more.

“This site enables me to easily find what I need,” Nkurunziza says. “I’m especially happy to always have access to the latest updated documents and to be able to track our meetings consistently. These are nice surprises.” He considers Leading Boards to be a highly-efficient communication tool. He ponders, “Currently, the committee members are logged in as users. Could they receive training so they can manage it as well, that is, to add or modify information? That’s food for thought…”

**Productivity boost**

Leading Boards is very simple to use, and anyone can do it, even people who are not so familiar with computers, according to junior engineer Jean-Luc Joyal, member of the Mauricie-Centre-du-Québec Regional Committee.

Starting in Cegep and throughout university, Joyal got involved in several committees and working groups, with meetings where he and others drowned in paper. “Even if meeting reports are sometimes sent electronically, most documents are still printed,” he remembers. “So it’s a real treat to work with Leading Boards”

Joyal says meetings are far more productive now. “For example, if we suddenly need to look at a financial report, we’ll find it in the Documentation section. With the information in hand, we can modify our documents in real time, instead of scribbling notes on a piece of paper and running the risk of forgetting some details. There’s an issue with the budget? We change it on the spot.” He concludes, “Not only does this tool answer many of our needs, it also substantially reduces the volume of documents to print, something that is environmentally sound and very important to me.”

For more information of Leading Boards Contact:
Jean-Marc Féli, 1-855-404 5377 | jean-marc.felio@leadingboards.com or visit www.leadingboards.com

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Let’s talk about Trans-Pacific trade
What’s at stake for Canada with the Trans-Pacific Partnership?

The Canadian economy is trade dependent. It’s well known and accepted that trading with our American partners benefits the Canadian economy in a way that gives us an advantage many other nations with our population envy. Increased trade with other nations adds to that advantage.
That trading mentality is shared by the Liberal government, who has a history of supporting trade through the negotiation of the North American Free Trade Agreement to the World Trade Organization negotiations and is committed to debating the merits of the Trans-Pacific Partnership, the details of which were released in early November.

“The Liberal Party of Canada strongly supports free trade, as this is how we open markets to Canadian goods and services, grow Canadian businesses, create good-paying jobs and provide choice and lower prices to Canadian consumers,” says Prime Minister Justin Trudeau. “The Trans-Pacific Partnership stands to remove trade barriers, widely expand free trade for Canada and increase opportunities for our middle class and those working hard to join it.”

For her part, Trade Minister Chrystia Freeland says that she was able to negotiate.

“The federal government must keep its word and defend a partnership with the United States is not going to help our economy in a century of mega trade deals. Whereas we currently enjoy unfettered access, these same 11 nations — that we will have barrier free access to — will gain access to our primary trade partner.

TPP will give us new access to procurement opportunities in American, Australian, Malaysian and other country’s government procurement markets. As well, increased opportunities sub-federally in Australia, Peru, Chile and America — where six major power authority jurisdictions will become open for Canadian manufacturers.

The reality is that TPP countries comprise some of the fastest-growing markets in the world, as well as two of the world’s three largest economies (the United States and Japan). Canada’s average annual merchandise exports to TPP markets (2012-2014) was valued at more than $366 billion, while two-way investment in 2014 was valued at more than $782 billion.

The opportunity that joining TPP creates for Canada means certainty for our economy in a time where only uncertainty is assured.

**Summary of main benefits for Canadian manufacturers and exporters:**

**1. Non-technical barriers to trade/tariff reductions:**
- Canada has obtained an advantageous tariff outcome for several of its exports to TPP nations — including the elimination of all tariffs on industrial goods, agricultural products, forestry products, chemicals and minerals.
- For example, the majority of Canada’s industrial goods exported to TPP countries will be duty free immediately upon entry into force of the Agreement. With certain exceptions, the TPP will eliminate the majority of remaining tariffs on industrial goods within 10 years. Tariffs on all industrial products not eliminated within 10 years will be eliminated within 20 years.

**2. National treatment & market access for goods:**
- Includes a commitment for all parties to provide each other’s goods with national treatment once they enter a TPP market, with limited and specific exceptions. Essentially, goods imported from a TPP party must be treated the same way as goods produced in that market.
- Includes provisions on the parties’ obligations with respect to tariff liberalization, including provisions that could allow for the acceleration of tariff elimination.
- Contains enhanced transparency provisions for import and export licensing procedures that will provide greater certainty and predictability for Canadian companies operating in TPP markets.
3. **Rules of origin:**
- Provides for clear rules of origin that reflect Canadian production realities and methods, and minimize administrative burden.
- Reflects and supports the integration of Canadian businesses into North American supply chains by allowing for the accumulation of materials and production among TPP countries.
- Includes product-specific rules of origin (PSRs) that are based on the tariff-shift approach, which clearly sets out the non-originating materials that may be used in production.
- Includes provisions that support the remanufacturing sector, making it easier for the producers of key remanufactured goods to meet the rules of origin and thereby benefit from preferential tariff treatment.

4. **Customs administration & trade facilitation:**
- Provides Canadian exporters with access to binding advance rulings from the importing country regarding matters such as the tariff classification of their goods or and whether their goods qualify as originating under the TPP rules of origin.
- Provides Canadian exporters with access to a mechanism for addressing situations in which a trader disagrees with a ruling on a customs matter.
- Ensures that TPP parties will automate and streamline their custom procedures (through respective customs authorities) at border crossings.

5. **Technical barriers to trade:**
- TPP promotes the use of internationally accepted standards and acknowledges their role in supporting greater regulatory alignment and good regulatory practices.
- Provides national treatment for conformity assessment bodies within TPP member countries and contains a number of WTO-plus obligations that foster closer cooperation between TPP members’ organizations that are responsible for standardization, conformity assessment and accreditation.
- Improves transparency by requiring notification and publication of technical regulations and conformity assessment procedures.

6. **Investment:**
- Sets out stronger and predictable investment rules, including a requirement that Canadian businesses be treated fairly, equitably and in a non-discriminatory manner in TPP countries, as well as including protection from expropriation without prompt and adequate compensation.
- Provides access to an independent international investor-state dispute settlement (ISDS) mechanism subject to appropriate safeguards, and reserves the full rights of governments to legislate and regulate in the public interest.
- Preserves Canada’s ability to review certain foreign investments pursuant to the Investment Canada Act, including existing ICA review thresholds.

7. **Trade in services:**
- Covers a broad range of services through a negative list approach — i.e. all service sectors are covered by the Agreement, with the exception of the few sectors that are listed by a country. The negative list approach also ensures coverage for services as they evolve over time.
- Provides a framework that facilitates the voluntary negotiation of mutual recognition agreements (MRAs) between Canadian competent authorities/professional bodies and their counterparts in TPP countries.

8. **Trade remedies:**
- Reaffirms WTO rights and obligations with regards to trade remedies, including provisions relating to the use of anti-dumping, countervailing and safeguards.
- Reinforces certain international best practices in anti-dumping and countervail investigations, and allows for, in exceptional circumstances, bilateral safeguard measures (e.g. temporary tariff increases) to protect domestic industry from injury following a surge in imports as a result of the Agreement.

9. **Temporary entry for business persons:**
- Provides Canada with new commitments from Australia, Brunei, Malaysia and New Zealand for business visitors providing after-sales services, as well as new commitments from Chile and Mexico to extend coverage for business visitors providing after-lease services, which helps Canadian companies offer installation and maintenance services for products sold or leased in these markets.
- Improves commitments for intra-company transferees from Australia, Chile, Japan, Malaysia, New Zealand and Vietnam, which will further support Canadian investors in these markets.
- Provides new commitments from Australia, Chile, Japan, Malaysia and Mexico to extend temporary entry privileges, as well as the right to work for the spouses of certain covered Canadian business persons.
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10. e-Commerce:
- Ensures that the parties will not discriminate against or impose custom duties or other charges on online digital products.
- Includes provisions protecting the free flow of information across borders and prevents governments in TPP countries from requiring the use of local servers for data storage.
- Includes commitments by the parties to maintain measures to protect users from unsolicited commercial electronic messages, or spam, in order to build trust and confidence in the use of electronic commerce.

11. Government procurement:
- Reflects Canada’s approach in other agreements, including government procurement obligations, such as the WTO Government Procurement Agreement (GPA).
- Grants Canadian suppliers predictable and secure access to government procurement contracts within new markets in the TPP, namely Australia, Brunei, Malaysia and Vietnam and expands market access at the sub-national level with existing free-trade-agreement partners, Chile and Peru. Canada has also secured commitments from Australia at the sub-federal level.
- North American Procurement:
  - New access to the procurement activities of six major US regional power authorities, such as the Tennessee Valley Authority, and federal power authorities which operate hydroelectric power, fossil fuel plants, nuclear power plants, wind turbines, solar panels and transmission systems.
  - Canada, the United States and Mexico have also agreed through a separate mechanism to harmonize the tendering provisions of Chapter 10 of the NAFTA with those of the TPP, which will reduce red tape and result in efficiency gains for businesses that supply these governments.
- Canada and the United States have also agreed to apply the TPP procurement thresholds to the government procurement activities covered by the NAFTA.

12. SOEs and designated monopolies:
- Secures agreement by parties to ensure that their state owned enterprises (SOEs) operate on the basis of commercial considerations and in a non-discriminatory manner when making purchases and sales.
- Commits parties to fair SOE competition without undue advantages from their government owners and includes rules aimed at greater transparency with respect to the nature of government control over and support for a commercial SOE.

13. Intellectual property:
- Enforcement: Ensures strong and robust rules for the civil, criminal and border enforcement of IP rights, including appropriate remedies to combat trade in counterfeit and pirated goods in line with Canada’s Combating Counterfeit Products Act; Contains border enforcement measures so that border officers can detain suspected counterfeit or pirated goods in a manner consistent with Canadian law.
- Geographical Indications: Includes rules to promote transparent and fair administrative systems for the protection of geographical indications.
- Patents: Ensures patent protection for inventions in all fields of technology; Promotes transparent and efficient patent administration systems in line with Canada’s current regime including criteria regarding patentability exclusion.
- Trademarks: Provides protection against infringing use of trademarks, such as brand names and symbols.
- Pharmaceuticals: Reflects Canada’s existing regimes, systems and laws on: patent linkage; protection for clinical trial data; and early working exceptions.

14. Transparency & anti-corruption:
- Includes provisions that build on Canada’s existing international commitments to fight corruption and reinforces a collective commitment to eliminating bribery and corruption in trade and investment in line with parties’ commitment under the United Nations Convention against Corruption, and the domestic frameworks put in place by all TPP parties to criminalize bribery.

15. Dispute resolution:
- Includes a process for expeditious settlement of disputes modeled on the WTO dispute settlement system. Provides for alternative methods to settle a dispute in its early stages such as conciliation and mediation and provisions.
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Located midway between Kingston and Brockville, the 1000 Islands Bridge connects the 401 directly to the US Interstate system via I-81, which runs through the City of Watertown and the heart of Jefferson County. The County is home to Fort Drum and the 10th Mountain Division, the largest military installation in the Northeastern US, which has helped it become one of the fastest growing counties in New York State. Yet, Jefferson County maintains a quality of life and business climate similar to much of Eastern Ontario. Additional competitive advantages as a business location include:

- Growing and experienced workforce
- Shovel ready sites and buildings
- Low-cost power
- Abundant water
- Financial assistance and tax incentives
- Foreign Trade Zone program
- Unique opportunities for agriculture-related manufacturing
The Jefferson County Economic Development (JCED) staff are available to act as trusted facilitators providing technical assistance to help expanding businesses navigate the various state and local programs available to support their projects.

Canadian-owned North American Tapes was founded in Jefferson County in 2003 and is now the second largest producer of hockey tape in the world. Its COMP-O-STICK brand is used by players at all levels, from beginner to the elite professional.

“Jefferson County provides North American Tapes a key location central to both American and Canadian markets,” said Darrin R. Prance, the company president. “The economic development staff here have helped us every step of the way, from the initial start-up to our recent expansion.” The company recently doubled the size of its facility and is now readying for another expansion.

Jefferson County offers unique opportunities for agriculture related manufacturing and processing. With over 385,000 dairy cattle within a few hours drive of Jefferson County, there is an ample supply of milk and beef. The strategic location provides a quick connection to high value food markets on both sides of the border. As well, the large number of farms also provides ample opportunity for field-testing products designed to serve the dairy industry.

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To explore opportunities, contact: Marshall Weir (315) 782-5865 or mweir@jcida.com
North American hot spots:
Export opportunities for Canadian companies
BY JAMES CARELESS

Despite the doom-and-gloom of mainstream financial news reporting, there are many North American hot spots that are keeping Canadian exporters busy making sales. Finding them is just a matter of knowing where to look.
A case in point. The continued price pressure on oil and gas products doesn’t mean that Canadian exports have declined in this segment — they haven’t. In fact, Canada’s total crude oil exports were at an all-time high of 3.11 million barrels per day, according to the federal government’s National Energy Board (NEB). That is 12.8 per cent higher than January 2014, and 80 per cent higher than January 2010.

The regions that are proving to be hot spots for Canadian crude are the refinery-rich American midwest and, increasingly, the growing refinery base along the US Gulf Coast. The amount of crude shipped to this latter region “increased significantly in 2014, in part due to the commissioning of several pipeline projects such as TransCanada’s US Gulf Coast Extension and Enbridge’s Flanagan South and Seaway Twin,” states the NEB’s April 28, 2015 Market Snapshot report. “The US Gulf Coast is one of the largest and most complex refining centers in the world. It holds significant long-term potential as a market for western Canadian crude oil, particularly heavy grades.”

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Canada’s total crude oil exports were at an all-time high of 3.11 million barrels per day, according to the federal government’s National Energy Board (NEB).
For non-oil producers, the western and southeastern United States are the markets that are delivering the best sales performance so far this year for Canadian exporters. “In the Western US — from California north to Washington state — the export categories that are strong include motor vehicles, aerospace equipment, chemicals, finished foods and industrial machinery,” says Paul Ferley, assistant chief economist with RBC Economic Research. “In the southeast, the exports in demand from Canada are relatively broadly-based. The list includes some of the areas of strength evident in the western US such as finished foods, chemicals and industrial machinery, but also includes computer and electronic items, paper goods, chemical products and primary metal exports.”

Michigan is another North American hot spot for Canadian exporters. According to the Michigan Economic Development Corporation (MEDC), Michigan imported $48.9 billion of products from Canada in 2013, compared to exports to Canada worth $25.9 billion in the same period. Not surprisingly, transportation products from Canada dominated our 2013 exports to this state, to the tune of $31.5 billion. But Canadian oil and gas ($5.9 billion) and machinery ($3.2 billion) are also big sellers. According to Industry Canada, total 2014 Canadian export sales to Michigan topped $55.6 billion, making the Wolverine State (Michigan’s nickname) number one in terms of all trade sector/per-state Canadian sales. For the record, Industry Canada ranked Illinois at #2 ($52.3 billion), California as #3 ($32 billion), New York state at #4 ($25 billion) and Texas as #5 ($20.5 billion), based on 2014 Canadian total exports.

In contrast, Mexico is Canada’s fifth largest export market (behind the US, China, the UK and Japan), with only one per cent of Canada’s total $474.8 billion exports going there in 2014. (Source: www.worldstopexports.com/) “This share has been little changed over the last ten years,” says RBC’s Paul Ferley. “Given that the US garnered nearly 77 per cent of this total — followed by China at 3.7 per cent, the UK at 2.9 per cent, and Japan at 2 per cent — there is

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Mindful of this fact, CME, EDC and the governments of Canada and Mexico have been working hard to boost trade between these two NAFTA partners. Useful information about these efforts, plus EDC’s informative guidebook Doing Business in Mexico, can be found at the CME website (www.cme-mec.ca/english/cme-go-global/mexico.html).

Clearly, the North American market is delivering results for Canadian exporters, particularly in hot spot regions where Canada’s value proposition of goods and services trump both domestic and international competition. As the US economy continues to recover — and Canadian companies get a handle on selling to the Mexican market and its associated trade partners — the future looks bright for our exporters large and small.
Embracing innovation in Alberta

ZyTech Building Systems sets up state-of-the-art facility in Airdrie

BY ALEX FRAZER-HARRISON

When it comes to finding examples of manufacturing innovation in Alberta, you don’t need to go far — just head 15 minutes north of Calgary to the city of Airdrie.
In October 2014, ZyTech Building Systems LP bought 10 acres of land in Airdrie where it has established a state-of-the-art manufacturing facility dedicated to developing ZyTech’s “fast frame” systems. Using equipment originating in Sweden, ZyTech prefabricates floors, walls, trusses — basically most major lumber components related to building construction — and then ships them out to building sites.

Glenn German, who established the Alberta-based ZyTech in 1997, says innovation is the way forward in order to keep up with the demands of the construction industry.

“The world is changing and we’re changing with it,” German says, citing how using ZyTech’s fast-frame product, which uses leading-edge automation, can shave months off a builder’s construction timelines.

German says the Airdrie plant is seen as the flagship for ZyTech’s fast-frame product line. The company, with just under 500 employees continent-wide, has plans to start replicating the format in its facilities in Edmonton, Red Deer, Saskatchewan and the US.

German says the location of the new Airdrie plant was chosen due to its proximity to the QE II highway, Alberta’s major transportation route. “This plant serves Calgary and Edmonton with fast-frame product, and a huge advantage of being in Airdrie is we can service those markets very easily,” he says.

ZyTech is just one of a number of manufacturers that have brought their brand of innovation to Airdrie. For example, the city’s eastern edge is dominated by Propak Systems, which next year marks 40 years of being based in Airdrie, making the city a hub for engineering, fabrication and construction services.

Alta Injection Molding doubles as both a manufacturer and as an ideas-incubator, working with composite and engineered resins and helping companies get their products to market. Mirolin Industries Corp. manufactures acrylic tubs and showers. TransCanada Turbines Ltd. is considered a world leader in repairing and overhauling industrial and marine gas turbines; it moved to Airdrie from Calgary in 2011. For power-management solutions, many companies turn to Eaton Canada, which has been in Airdrie since the 1990s.

Mayor Peter Brown says these companies, along with ZyTech, provide diversity and opportunity to the city of 60,000 residents. “When you bring in this kind of innovation, it requires a high level of expertise. Economic development-wise, I’m thrilled to have ZyTech in the community.”

Airdrie is well situated for serving innovative companies like ZyTech, adds Airdrie Economic Development Team Leader Kent Rupert.

“We’re trying to diversify the provincial and Airdrie economy,” he says. “When a company like ZyTech comes in, they’re using technology and it encourages other areas, whether it’s transportation, logistics, or manufacturing…outside of oil and gas.”

The City of Airdrie embraces business and their growth plans and fosters community, German says. “It’s a breath of fresh air to come into a community with business ideas and have them accepted, and they work with you to find ways to make it happen.”

For more information about ZyTech Building Systems, visit zytechtruss.com.

To learn about business opportunities in Airdrie, Alberta, visit airdrienow.ca.

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Cashing in on non-US global exports

BY JAMES CARELESS

Canada’s exports to regions other than the United States have soared in the past decade
Numbers don’t lie. According to research compiled by Export Development Canada (EDC), Canadian goods and services exports to Asia between 2004–2013 grew by 89 per cent. Close behind in export growth for the same period were exports to Oceania (including Australia, Japan, and South Korea) with an 84 per cent increase, Africa and the Middle East going up 65 per cent and Europe with 45 per cent growth. The complete data set, which is part of the Institute for Research on Public Policy (IRPP) book-in-progress entitled Redesigning Canadian Trade Policies for New Global Realities, can be found at http://irpp.org/wp-content/uploads/2015/05/AOTS6-koldyk-et-al.pdf.

“The world is buying Canadian exports on an ever-increasing basis,” says Todd Winterhalt, EDC’s VP of international business development. “Moreover, there is lots of room for sales growth in specific areas of the globe for our country’s goods and services.”

Winterhalt points to Europe as the Next Big Market for Canadian exporters, thanks to the Comprehensive Economic and Trade Agreement (CETA) negotiated between Canada and the European Union (EU). CETA is now in the process of being ratified by all parties with an early 2017 deadline. “When CETA goes into effect, Canadian exporters will have access to a market that is bigger than the US or China,” he says. “We see potential for our European exports growing in volume by 30–50 per cent.”

The Greek economic crisis which has dominated recent headlines has overshadowed the rebounding financial health of the EU, says Winterhalt, and the continent’s growing demand for Canadian exports of all kinds. “Obviously our commodities are much wanted by European buyers, but so are our agricultural products, finished goods and business consulting expertise,” he tells 20/20 magazine. “With the reduction in tariffs in such a big market, Europe offers our exporters more opportunities for growth than NAFTA has.”

A second region that offers Canadian companies the chance for huge export growth is southeast Asia. “In countries such as the Philippines and Indonesia, we are seeing a huge increase in the size of the middle class and their buying power,” says Todd Winterhalt. “To put this potential into context, Indonesia’s population is 252 million, not much smaller than the US and its 319 million people.”

In the next five years or so, EDC expects to see export opportunities improve in areas of Africa, particularly in Angola, Nigeria and South Africa. “Here, the demand will be for infrastructure renewal and power generation projects,” Winterhalt says. “These are areas that Canadian firms excel in.”

“The world is buying Canadian exports on an ever-increasing basis,” says Todd Winterhalt, EDC’s VP of International Business Development. “Moreover, there is lots of room for sales growth, in specific areas of the globe, for our country’s goods and services.”

Clearly, there are all kinds of opportunities for Canadian exporters to prosper in the non-US global market. “But it is not enough to recognize where these opportunities lie,” says Danielle Goldfarb, associate director of the Global Commerce Centre at the Conference Board of Canada. “You have to have what it takes to capitalize on them.”

Specifically, what Canadian exporters need to succeed internationally is a Global Competitive Advantage (GCA); according to the HSBC-commissioned Conference Board report Selling to the World: The Keys to International Business Success. A GCA is a Canadian exporter’s ability to create superior value in the goods and services it sells to its international clients, compared to similar offerings from the exporter’s competition.
“A GCA is not about price alone,” says Goldfarb. “Rather, it describes the entire package that an exporter is offering — the overall value in quality, performance and reliability that the international client is getting for their money.”

Available online at www.hsbc.ca, the HSBC/Conference Board report offers examples of Canadian companies that are successfully leveraging their GCAs in the global export market. Their ranks include Ag Growth International (maker of superior grain handling/storage products), Clearwater Seafoods International (high-quality shellfish), Hammond Power Solutions (cutting-edge electrical equipment), DIRTT Environmental Solutions (customized commercial space interiors) and Westport Innovations (natural gas engines and vehicles), among others.

“All of these Canadian companies offer goods and services that offer real value for money, giving them tangible GCAs,” says Danielle Goldfarb. “They are among the vanguard of Canadian exporters who have gone beyond the Canadian and US markets to become truly global companies.”

These Canadian exporters have the strategic planning, local partners and deep pockets required to master the often-long international sales cycle. “These companies are also attuned to what their international clients want,” says EDC’s Todd Winterhalt. “In particular, these firms have adapted their goods and services to meet the varying needs of their regional clients, and they take pains to keep these goods and services fresh through ongoing improvements.” Many of these companies also take advantage of the export support services offered by EDC, including insurance to protect exporters’ Accounts Receivable payments from non-Canadian clients.

“The non-US global market is one that all Canadian exporters, large and small, should be taking a long, hard look at,” says Philip Turi, CME’s general counsel and director of global business services. “The long-term opportunities here are very real, and very big.”

The bottom line: “The non-US global market is one that all Canadian exporters, large and small, should be taking a long, hard look at,” says Philip Turi, CME’s general counsel and director of global business services. “The long-term opportunities here are very real, and very big.”

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The importance of advocating for your employees’ health

Rarely do we stop to wrap our minds around the tremendous impacts on productivity and the bottom line caused by a valuable team member being forced to miss multiple days of work because of a lingering health issue that does not seem to be improving.

In 2011, a Stats Can study found that businesses lost 105 million work days due to employee illness and personal reasons, an average of about 9.3 work days lost per employee. According to a 2012 Conference Board of Canada study, these absences cost the economy an astounding $16.6 billion. When the costs associated with those absences are double and sometimes triple the cost of drug claims, we know we have a bigger problem than we may have first imagined.

Statistics Canada reports show that, in the manufacturing sector specifically, an average of 10.4 days per worker was lost in 2014; greater than the national average. This has tremendous repercussions, especially in an industry that considers labour costs and the aging workforce to be top challenges to develop a globally competitive labour market in Canada.

While extensive absences for treatment and recovery are required for certain illnesses, many find themselves in medical limbo causing them to miss work. There is no definitive diagnosis and, as a result, no viable treatment plan. These are the employees left to endure unnecessary suffering while leaving their employers with decreased productivity and the resulting financial burdens.

But why, in this age of unprecedented medical knowledge, technology and health care investment, can this still be such a costly problem? And how can we help prevent it?

Many proactive organizations now allocate resources towards health promotion, try to develop a more health-conscious work environment and create better work-life balance. In addition, many employers are connecting patient advocacy with improved health outcomes. This involves employees educating and empowering themselves to ask more questions, investigate family medical histories, seek a second opinion and have pathologies re-tested. A relentless patient who advocates for his or her own care is far more likely to receive a confirmed diagnosis and follow through on the treatment plan.

It’s important that employers understand that investing in each employee’s health and well-being is not only a meaningful gesture, it’s good for business. This is why many leading employers now offer employee benefits that provide in-depth expert medical reviews, customized health coaching and much more. The concept is simple, yet impactful: make sure our employees are getting the right diagnosis and treatment plan. This will significantly minimize the loss of productivity that comes with medical uncertainty and an inconclusive diagnosis.

Today, more than five million Canadians have access to Best Doctors, a global company that brings together the best medical minds to help people get the right diagnosis, treatment and information.

Today, more than five million Canadians have access to Best Doctors, a global company that brings together the best medical minds to help people get the right diagnosis, treatment and information.

When employees and employers work together, they can form a powerful team against medical uncertainty and the millions of lost workdays that result from incorrectly diagnosed or improperly treated conditions. Getting the right diagnosis and treatment plan should be at the heart of every medical decision and employers should support this, because it ultimately leads to a happier and more productive workforce.

To profit from Canada-EU free trade, join the Enterprise Canada Network

BY JAMES CARELESS

For Canadian exporters, the Comprehensive Economic and Trade Agreement (CETA), negotiated between Canada and the European Union (EU), is the next big thing. Due to be ratified in 2017, CETA will give Canadian exports access to a European market that is bigger than China or the United States.

Of course, the fact that CETA will open up free trade between Canada and the EU only provides Canadian exporters with the opportunity to succeed in Europe. That's where the Enterprise Canada Network (ECN) comes in. Hosted online at www.enterprisecanadanetwork.ca, ECN helps registered Canadian SMEs to find qualified European partners for shared business and research enterprises in Europe. Created jointly by CME and Export Development Canada (EDC), the Enterprise Canada Network taps into 30,000 business opportunity profiles generated by the EU's Enterprise Europe Network (EEN).

“The ECN is designed to give Canadian exporters a head start in entering the EU market, so that they’ll be up-and-running when CETA kicks in,” says Philip Turi, CME’s general counsel and director of global business services. “But it can only work for your company if you get registered and start seeking European partners now — before your competition does.”

Turi and his CME staff were the driving force behind ECN’s creation, with financial support and expert advice from EDC. “Our annual Management Issues Surveys told us that CME members are constantly challenged in finding reliable international business partners,” says Turi. “Mindful of the vast export opportunities offered by CETA, it made sense to help them and Canadian SMEs in general find the contacts they need in Europe — already compiled and managed for us by the EU's EEN.”

To make the partner search easier, the ECN website has classified thousands of opportunities in business, technology and research and innovation categories. “Once your company is registered, the ECN lets you search the site’s available Canadian and international opportunity abstracts by industry...”
sector, market and technology,” Turi says. “You can post your own opportunity profile to attract Canadian and European interest on the site.” In the initial stage of contact, these profiles are anonymous, providing commercial protection to all parties while they decide to proceed or not.

As well, ECN allows registered members to specify what kinds of opportunities they are seeking. When a new opportunity is listed online that matches these preferences, ECN automatically sends emails to these members, alerting them to the posting. One cool feature: ECN members can store interesting opportunities they’ve found online in their ECN shopping cart, responding to whichever ones they want to at their own pace.

Since coming online in September 2014, ECN has seen more than 200 Canadian companies register for its matchmaking services. “About 100 of these members have already used the site to connect to international partners in Europe,” says Turi. “Clearly, ECN is working.”

Now for the nitty-gritty: ECN members — in Canada or Europe — can choose to post/respond to opportunities formatted as requests or offers. A request is a particular business, technology or research business need. An offer is a particular business, research or technology that can meet that need, whether for a specific company or an entire market segment.

The ECN site also has three highly-useful online tools to make it easier for Canadian CMEs to export to Europe. “The Export Assistance Navigator lets you search all Canadian federal and provincial export support and promotion programs that match your company’s needs,” says Turi. “The Transit Time Tool provides accurate and timely information relating to transit times to and from major international ports through various modes of transportation, allowing exporters to accurately scope out shipping costs and delivery options. And the Publications search engine connects to publications covering a wide range of export and innovation topics over a variety of markets and sectors.”

The best news: Most of ECN’s core services are free. This includes the ECN search engine that provides direct access to thousands of qualified leads, signing up for customized opportunity e-mail alerts by sector and sub-sector and promoting each members’ goods and services through ECN’s opportunity profile system.

Most of ECN’s core services are free. This includes the ECN search engine that provides direct access to thousands of qualified leads, signing up for customized opportunity e-mail alerts by sector and sub-sector and promoting each members’ goods and services through ECN’s opportunity profile system

“To get directly connected to European intermediaries and their clients, you need to purchase credits,” Turi says. “The first connection is free, and then it costs $20 plus tax for each additional connection — but you can save money by purchasing an unlimited annual subscription. CME members also get a price break on ECN connections, which is yet another advantage of belonging to Canada’s largest trade and industry organization.”

All told, the Enterprise Canada Network is the most effective way for Canadian exporters to get into the soon-to-be wide open European market. “But as the old saying says, you can’t win without a ticket,” says Turi. “In this case, your company can’t benefit from ECN until you register it on ECN. So don’t wait — register today.”

ECN ENTERPRISE CANADA NETWORK™
Canada’s International Business Matchmaking Site
Great Chemistry

ChemPro cooks up international success with its custom-made chemical concoctions

The next time nature calls, you may want to thank ChemPro Inc. for helping to keep your backside ultra-soft. The electrostatic softening agent used to keep toilet tissue and other paper products pliable is just one of the specialty concoctions this small chemical company is cooking up in their laboratory.

Inside their 23,000 square-foot Point-Claire manufacturing facility, ChemPro’s team of scientists creates formulas for commercial and industrial products such as adhesives, agri-chemicals, cleaning materials, softeners and lubricants for a wide range of industry sectors around the globe.

Along with the tissue, pulp and paper industries, ChemPro’s diverse client list includes the Water Technology Centre, an applied research centre located in Montreal where they are working to develop a formula for reverse osmosis systems. The company also manufactures products for the gas and pipeline industry, like an odour neutralizing formula that destroys molecules in a chemical compound called Mercaptan, a harmless but pungent-smelling gas used widely to make it easier to detect natural gas leaks. ChemPro can even scale its manufacturing processes to produce single purpose chemical products such as a degreasing agent it created exclusively for a specific machine used by the automotive industry.

Formula for success
Creating specialized solutions for niche markets like these is ChemPro’s formula for success, says ChemPro’s Vice-President, Business Development Alex Moussa.

With fewer than 10 employees, and no sales rep on staff, the company relies mainly on word-of-mouth to generate sales in the range of $1 million a year. “Clients call on us from referrals,” says Moussa. “Our facilities can produce, mix and blend or even repackage any specialty product a company needs. What we do is R&D work. That’s our strength.”

Accustomed to asking domestic customers to pay upfront, ChemPro needed a way to establish credit so it could compete for contracts outside of Canada on net 30- or net 60-day terms without risk of non-payment.

Operating since 1997, ChemPro exports its specialty products and services across North and South America and into Western and Eastern European countries. More recently, the company has been tapping into new markets such as Lebanon, South-East Asia and Africa. This year, ChemPro expects to increase its sales outside Canada by 100 per cent, says Moussa.

But thriving in competitive foreign markets can present challenges for a small business. Accustomed to asking domestic customers to pay upfront, ChemPro needed a way to establish credit so it could compete for contracts outside of Canada on net 30- or net 60-day terms without risk of non-payment.
Business on the go
That’s when it turned to Export Development Canada’s (EDC) credit insurance solutions. “For a small company to compete on the world stage, we needed to ensure we were able to collect our revenues from international sales,” says Moussa. “To increase our sales outside Canada and decrease the risks associated with exporting, we approached EDC for credit insurance coverage which allowed us to start talking to distributors in markets like Africa. It opened up a lot of new doors.”

Trade Protect is designed specifically for small businesses, covering sales to international customers up to a value of $500,000. The online process typically takes less than 10 minutes from start to finish.

In 2014, when EDC launched Trade Protect, a new online-only select cover credit insurance product, ChemPro was one of the first businesses in Canada to take advantage of the self-serve, pay-as-you-go portal. Trade Protect is designed specifically for small businesses, covering sales to international customers up to a value of $500,000. The online process typically takes less than 10 minutes from start to finish.

“When you’re on the move, it’s nice to have the option to choose when and where you do business,” says Moussa. “Getting coverage online with Trade Protect for our Mexican client was easy. This process was very simple to complete and saved us a lot of time.”

Looking to increase your international sales?
5 Ways Trade Protect Can Help
If your company exports, then using credit insurance such as Trade Protect can protect your bottom line if you don’t get paid for your foreign receivables — and it may also help your business succeed in a number of other ways:

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   With secured receivables, you have more funds and confidence to pursue new business.

2. **Be nimble with fast turn-around times**
   Trade Protect lets you apply, get your quote and pay through an online service with transactions that can take as little as 10 minutes to complete.

3. **Protect even small contracts cost-effectively**
   Trade Protect credit insurance is designed for Canadian companies who want to insure a small number of international customers (five or less) against the risk of not getting paid. It’s possible to insure as little as $5,000 for $30 and for amounts up to $500,000.

4. **Win more deals by offering attractive terms**
   When backed by Trade Protect, you may be able to offer more open payment terms to your customer, helping to win more contracts.

5. **Free up cash flow**
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Reflections on the manufacturing and distribution industry’s present and future
BDO industry roundtables reveal persistent market concerns — but also hidden opportunities

Amidst a flat-lined market characterized by tumbling oil prices and a flailing Canadian dollar, large companies are foregoing long-term strategic planning in favour of simply managing quarter-to-quarter. This presents a real challenge according to the small- to medium-sized enterprises (SMEs) that attended BDO hosted round table events earlier this year.

SMEs rely on a solid grasp of their clients’ long-term vision to make their own strategic decisions. And, in spite of their own uncertainties, clients continue to pressure SMEs to make investments that will improve productivity and competitiveness.

The issues Canadian manufacturers faced in 2015 have been both complex and substantial. Yet, the sessions also revealed that productive collaboration and meaningful client engagement may be the keys to building a brighter future for this sector.

Challenging conditions prevail in 2015
Overwhelmingly, manufacturers cite the lack of support from government as a key factor in deterring them from making investments themselves. In CME’s recent survey, MIS 2014: New Frontiers, when asked whether they believed that governments are supporting investments in and growth of their company, 46 per cent of respondents said no. That number jumps to 55 per cent at the provincial level and 72 per cent at the municipal level.

Given that Canada’s depressed dollar isn’t kick-starting manufacturing as well as it has traditionally done, they say governments could be doing more to support a buy Canadian supply chain. Otherwise, the prevalence of a globally integrated supply chain forces manufacturers to buy parts from the US or Asia in American dollars, which keeps overall costs high and competitiveness elusive. Only those companies with considerable value-add are insulated from the worst impact of a fluctuating currency.

Meanwhile, recent federal programs developed to support Canadian business have been deemed too complex to be of meaningful value to SMEs. As the government moves away from scientific research and experimental development (SRED) tax credits in favour of targeted tax incentives and other tactics to spur innovation, round table participants maintained that the new approach generates too many niche programs that officials don’t have the time or capacity to monitor. What’s more, manufacturers expressed frustration that impractical requirements, such as the need for business plans that are too future-focused. The results mean that fewer organizations can meet the criteria and access necessary funding.

Roundtable members also zeroed in on inadequate investments in the college and university programs that could produce qualified future employees for the sector or that could serve as incubators for industry innovation. As working models they point to countries like Poland, lauded for investing in education and R&D programs, as well as for providing tax incentives to attract new private investment into the sector.
On a provincial level, attendees are concerned that governments aren’t doing enough to keep energy costs down, especially in Ontario where costs are higher than those in the US. High prices, plus the added pressure of the necessary emissions standards, mean Canadian manufacturers are struggling to remain competitive against companies in China where such standards don’t exist. Meanwhile, emerging environmental policies such as carbon taxes are cited as potential factors in driving even more of the manufacturing sector out of Ontario, as has already been experienced in BC.

Arguably the hottest topic at the 2015 round tables was Ontario’s new pension plan, which is limited to Ontario only and currently is not expected to become a national plan. Participants argued that they are already supporting employees with private, defined contribution plans that are more efficient — a fact they claim is being ignored by the government. With the plan expected to add a cost of 1.9 per cent per employee and the likelihood that employees over the age of 50 may never benefit from their own contributions, roundtable members were vocal in their concerns about the plan’s impact on both competitiveness and employee support.

Harness opportunities through bold action

In spite of the considerable challenges and growing complexity of market conditions, roundtable attendees believe there are opportunities ahead for manufacturers, especially if they are willing to take the lead and pursue creative collaborations.

Roundtable participants agreed that three key factors are essential for success in today’s — and tomorrow’s — market:

1. Improved government support
   Governments at all levels need to provide more concrete and accessible support to Canadian manufacturers. Although manufacturers have been lobbying governments, a more concerted effort both federally and provincially may be required.

2. Greater collaboration
   Whether it’s between peers or with other organizations, collaboration was identified as an effective tool for driving innovation and creating opportunities. Companies can share knowledge and experience, particularly in seeking out the agencies and programs that can help them expand internationally. Meanwhile, SMEs may find that working directly with educational institutions and other associations can yield productive partnerships. In fact, those who have already taken this route report positive experiences.

3. Exceptional customer service
   No matter how challenging the market conditions, those manufacturers that are succeeding are the ones that remain relentlessly focused on providing exceptional customer service. They work with clients early on to engage them in their R&D processes and encourage their collaboration in innovation and idea sharing. After all, the more involved clients are, the less inclined they’ll be to find another partner.

Move forward on innovation and automation

Large companies may be in an extended hold position, but that’s no excuse for Canadian manufacturing SMEs to sit still. Investments in innovation and automation are critically important for shoring up competitiveness; today’s weak dollar and lower interest rates may mean such capital improvements are within reach with long-term benefits for those who take action now. Leveraging existing programs and agencies to penetrate new markets, and a concerted effort to seek out better government support and productive collaborations are the imperative steps that smart organizations are taking to overcome enduring market challenges and generate that sustained growth that will build tomorrow’s success.
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Textbooks tell us that creating solutions takes ingenuity and careful planning. But in the real world, we all know it takes long hours, teamwork and a good dose of perseverance, too. Just new on the job, Josh Learn showed that he knew his stuff.

The challenges were formidable. A vague RFQ. A large number of SKUs. And a short timeline to respond. Sounds like it might be a tough contract to win, right? In this case, winning the contract was just the beginning for Josh. A remote site and a lack of onsite storage made the problem even trickier.

Get the full story of how Josh solved this problem, as well as other examples of Acklands-Grainger team members finding solutions, by visiting: AcklandsGrainger.com/ProblemSolved/Josh
“Turns out we’d been under-forecasting.”

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