

ROUNDTABLE DISCUSSION ON  
CHALLENGES OF CANADIAN BUSINESSES IN INTERNATIONAL TRADE  
AND SOLUTIONS FOR  
CANADIAN BUSINESSES CONDUCTING INTERNATIONAL TRADE

May 6, 2010

Toronto, Ontario

## Executive Summary

A roundtable discussion was held on Thursday May 06, 2010 in Toronto with the intention of discovering current international trade issues facing Canadian small to medium sized companies (SME) and some of the potential solution to these concerns. In total fourteen people attended the event representing the manufacturing sector, the finance sector, the academic sector, along with several attendees representing geographic locations including the USA, Europe, China, India, and South America.

Discussion was lively and productive with several common themes coming to light. The overwhelming problem facing SME's is the lack of government support in lowering non-tariff trade barriers in foreign countries. Some examples include the Unites States creating a "paper wall" which hinders trade and runs contrary to the goals of both the WTO and NAFTA. In addition China requires much documentation for some Canadian products but does not hold other countries to the same requirements of documents. Other concerns were raised regarding the effectiveness of the Canadian Trade Commissioners Service in foreign countries. Consensus was that they are overworked, or understaffed, and thus cannot properly service those Canadian companies wishing to export.

Although problems always exist there too exist many suggestions to remedy these problems. Most solutions revolve around improving the Trade Commissioners Service with more staff and better trained staff. More cooperation between municipal, provincial and federal agencies to reduce redundancies and thus improve effectiveness would be of assistance to exporters. A third dominant suggestion was closely related to FITT, being the improved training of staff in matters of international trade. In this capacity an interesting idea was raised which suggested FITT create partnership agreements with similar organizations in other countries and use those partnership as a service to exporters. This service would assist Canadian exporters to seek partner firms or local expertise in foreign countries and relieve work loads off the Trade Commissioners Service.

## **Introduction:**

The author of this report was commissioned to conduct a roundtable discussion with the focus being to better understand the challenges, changes and solutions to international trade matters faced by Canadian exporters. Canadian Manufacturers and Exporters (CME) had conducted similar research and published a report titled “Global Business 20/20” toward the end of 2009. It was the author’s mandate to further the findings of the CME report by focusing on Canadian small to medium sized enterprises (SME) and Canadian business people with specific global geographic specialization.

The three key questions to be discussed at the roundtable were as follows:

1. Identify challenges now and in the future - what are they and which ones are key.
2. Facing realities – how is global business changing, what are you doing as a company or institution to succeed in this new environment? How are you measuring the impact of these changes?
3. Creating solutions – the ideal environment – what does your business need to succeed in a global marketplace?

The event was hosted on Thursday May 06, 2010 at the Albany Club of Toronto from 4:30pm – 7:15pm.

The roundtable was moderated by Charles Janthur.

Fourteen people attended the roundtable and all were asked to put forward their experiences as they relate to the above three key questions. The attendees are outlined in the section titled “Attendees”. Discussion was vibrant and all contributed on an equal basis. The results of these discussions are shown in the sections titled “Findings”

## **Attendees:**

In alphabetical order the following people attended and contributed to the event:

<u>Name</u>	<u>Company</u>	<u>Field of Expertise</u>
1. Neal DeFlorio	Republic Properties	South America
2. Lianne Foti	University of Guelph	Academic

3. Tony Gifford	Humber College	Chair, Int'l Marketing
4. Lars Henriksson	Norditrade	Scandanavia
5. Joe Janthur	Federation of Export Clubs	Trade matters
6. Yiping Lin	C & D Trading	China
7. Kam Rathee	Blake's	India
8. Kevin Sandy	Kevin Sandy Consulting	Aboriginal Business
9. Ray Seeker	Bantrel	Engineering
10. Erwin Spehr	Hygret	Manufacturing
11. David Spall	Cold Cargo	Freight Forwarder
12. Dave Stockwell	CIMCO	Manufacturing and direct Exporting to USA
13. Russi Surti	R.K. Global	East Asia
14. Milo Vassalo	Past Executive European Union Chamber Of Commerce, Toronto	Europe

### **Findings Question 1 & 2:**

The following are the key points that were raised during the discussion:

- Canadian companies are not utilizing technology to its full extend as are other countries. Most notably e-commerce.
- Work force not proficient in international trade matters.
- Banks not sufficiently prepared to assist in international trade.
- USA has created a "paper wall" hindering the flow of goods across the boarder.
- Insufficient government support, at all levels (this theme was reinforced several time by many of the participants).

- Trade missions spearheaded by government offices are too expensive for small companies.
- Trade missions too focused on large Canadian companies, little emphasis put on SME.
- Non-tariff barriers too high between countries and little effort to reduce them is seen.
- Sourcing partners in foreign countries hard and little support from government offices to assist in finding partners.
- Canadian companies lazy because of prolonged history of low Canadian Dollar and ease to access to US market.
- Provinces and Federal Government not pulling in same direction in terms of policies.
- No follow-up efforts after trade show attendance. No effort to build or deepen relationships with show partners in foreign country.
- No focused strategy, trying to be too many things but not good at anything.
- Not enough bi-lateral trade organizations with sufficient ability to really help or find partners.
- Trade Commissioners change too quickly, no consistency in service.
- Mind frame of Canadians too limited, not willing to take risk on trade or countries outside of the USA.
- Canadian companies are not cost competitive due to time required to overcome barriers.
- Government does not appear to be trying to reduce barriers as effectively as other countries.
- CIDA too complicated to work with and ineffective in helping.
- Foreign banks financing Canadian trade endeavours, not Canadian banks.

### **Findings Question 3:**

The following are the key solutions that were raised during the discussion:

- One central voice to government offices so as to communicate common themes and help in the creation of solutions. Communicate those common themes so other companies may learn they are not alone and how to solve problems.
- Coordinated efforts on behalf of all levels of government.
- The Trade Commissioners service is cost free thus overwhelmed. Charge a fee so as to isolate serious companies and offer better, more in depth service.
- Better government policy to lower non-tariff barriers.
- Better government relations with foreign countries so as to lower those tariff and non-tariff barriers.

- FITT to create partnership's with like-minded organizations in foreign countries. This would provide assistance to exporters as well as the Trade Commissioners office.
- More free trade agreements.
- More and better education of staff to handle international trade and relations.
- Peer mentoring to help SME avoid time consuming and costly mistakes.
- Get Canadian banks to better facilitate trade (other than L/C's) in terms of availability of funds to gain business and pre-shipment financing (i.e. accept foreign A/R as collateral).
- Train bankers to better understand trade issues and assist companies in financing trade undertakings.
- Connect banks to educational institutions for said training.

### **Conclusions:**

The May 06, 2010 roundtable discussion in Toronto was focused on the challenges Canadian companies are facing in the world of international trade and international business. In addition solutions were discuss as to what Canadian SME's are currently doing to overcome these challenges and what should be done to make Canadian companies more competitive in the international trade and business arena.

The primary challenges Canadian companies face seems to focus on government support, non-tariff barriers and lack of sufficient training for staff. These thoughts were heard repetitively by the majority of the attendees. It was emphasis that the lack of government support is by no means a negative reflection on government staff. Rather staff are not fully effective due to a lack of effective policies and reduction of barriers in international trade, thus hindering their ability to provide effective help. Training, or lack thereof, was raised frequently as a point of concern. The lack of training was noted in both terms of staff of the exporter as well as training of staff in support businesses, notably the banking sector. Foreign banks seems to be better equipped to handle international business whereas, Canadian banks not easily lend to undertake international trade.

Solutions are, at the end of the day, the key to this report. Key solutions brought to light include better training for employees of exporters and the Trade Commissioners Service, better government policies to reduce barriers to trade, primarily non-tariff barriers, and coordinate efforts between all levels of government. Similar to the problem identification topics there was consensus regarding solutions. Most participants wished the Trade Commissioner Service could assist in greater capacity and better training would be the starting point. This could also be achieved by introducing better government policies to train staff. In addition it was stated that

non-tariff barriers are hindering business and the various government offices should place greater emphasis on reducing those barriers, thus facilitating trade.

This was a successful discussion and a worthwhile undertaking. During the wrap-up of the meeting it was requested that these discussions be furthered and conducted on a regular basis so as to continuously gauge progress and continuously update information.