

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

April 29, 2010

Vancouver, British Columbia

## Executive Summary

A roundtable discussion was held on Thursday April 29, 2010 in Vancouver 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 nine people attended the event representing the manufacturing sector, the finance sector, and the public sector.

The meeting started with an overview of the current global environment and questions to the group to gauge their reaction to the information presented. In this way we were able to validate whether the information available to corporate Canada is in fact accurate or if there is perhaps media or government spin creating a false impression.

Next the group was led through a series of questions relating to the facilitator's guide for these round tables and while the following information is not presented as direct answers to the questions asked, it does reflect the answers these questions sought.

### Global Trends Highlights:

The following points were presented to the group with the recorded comments:

- In 2009 manufacturers and exporters were hit the hardest
  - This is accurate. One of the panelist stated that even in her business as a human resources professional, despite the overwhelming number of people available for employment (i.e. those that had been laid off), there was still significant difficulty in finding candidates with international trade skills and knowledge. However there is an interesting growth in the number of "international trade consultants" in the marketplace, resulting from these laid off employees who had some level of business experience but that cannot be validated. In the Middle East there is high demand for western talent from Canada, the U.S., Australia and the U.K. to fill top management and middle management positions.
  - Manufacturing is seen to be picking up in B.C. and mining is also experiencing a comeback.
  - The impacts in Western Canada, including B.C. were not as hard felt, except in the forestry sector which continues to experience challenges.
  - B.C. is noticing a breakdown in multi-lateral trade between countries and even within Canada. Bi-lateral agreements like TILMA between B.C. and Alberta is showing string signs of benefits.
  - Other bi-lateral agreements such as the CARIFORUM agreement in the Caribbean offer Canadian exporters good opportunity but there is an overwhelming lack of awareness of these agreements.
  - Rules and regulations around international trade in general, whether exporting or importing, require a skill set that is very precise and requires specialized training. This

level of training needs to have its foundation in education but will only be learned through experience.

- Many Canadian companies are really not ready to go international from even the most basic standpoint of having a credible website, to brochures and marketing material let alone having given pricing considerations careful attention. Growth for many companies still comes by word of mouth.
- Canadian companies, and individuals working in international business also need a great deal of cultural awareness that would include negotiation skills.
- One of the major impacts of the recession was the realization of the importance of foreign investment as a point of diversification. This follows closely with the old adage that trade follows investment and many Canadian companies could have protected themselves through more joint ventures and overseas partnerships than a single reliance on the United States.
- Too many Canadian companies are reliant on government assistance for international efforts and there is great confusion in the market as to what government service provider a company should really turn to.
- Canadian companies are also lacking in necessary follow up and opportunity pursuit skills. “Closing the deal” is not a Canadian strength.
- Canadian companies cannot afford to be “followers” into new markets. China and India may be large markets, but just because everyone is going there doesn’t mean everyone should be going there.
- Training became unimportant and unless legally mandated or required as a result of new equipment or operational changes
  - Many companies simply don’t know what they need to know to be successful in international trade and are afraid to admit they do not have the internal capacity around skills and knowledge. Companies don’t know, what they don’t know.
- Skills and knowledge is lacking
  - There is a “smugness” within Canadian companies that “we are successful, so why should we try and get better?” Innovation is strongly lacking across Canada and many Canadian companies make unrealistic assumptions about markets they want to enter with no real learning before they attempt expansion.
  - More companies need to be benchmarking their technologies and products as much as possible to know how they stack up and then pick markets where they will have the greatest opportunities. Do not randomly pick a market with no education.
  - A large number of individuals think that just going to the U.S. is all the international business a company needs, or is all the experience they need.
  - All panelists agreed that a fundamental problem for SMEs is a lack of available funding for training/learning and that one of the best business programs that government could develop would be low- or no-cost training or preparation courses on international business.
  - Panelists believed FITT could be a leader in the provision of international business case studies for schools and individuals at all levels. The more real world experiences are

shared the better companies will become, because learning what not to do, or what went wrong, is just as important as being trained to do this right from the outset.

- All panelists agreed that if a company is not capable of basic market research strategies it should not attempt international expansion.
- More than 180,000 manufacturing jobs were lost in 2009, Exports dropped by 35% from 2008 to 2009 and Imports dropped by 27% from 2008 – 2009
  - It was generally agreed that this statistic from CME is accurate.
- Manufacturing employment has fallen by 420,000 jobs since 2005
  - As per above comment.

Forward discussion around the proposed questions around challenges, opportunities, trends and strategies:

1. Are the downward trends still an issue?
  - The economy is showing signs of strengthening but there are still numerous factors that could influence this strengthening.
    - The Euro currency situation and the Greek debt crisis may have global impacts.
    - The upcoming G8 and G20 conferences in Canada may have impacts on recoveries.
    - Discussions around global bank taxes may also set international financial markets trembling.
    - In all of this, the size of company is a major determinant of in how much of an impact these external forces may affect it.
  - Regardless of the influences of external forces, nothing will better position a company to weather change better than solid, knowledge-based education and experience.
    - The key to success for companies these days are readiness, preparedness, flexibility, good research, and the ability to expect the unexpected.
  - Canada is directly connected to, and is a major player in, a globally connected economy. Despite much discussion around challenge areas, or negative comments, the panelist wanted to clearly state that Canadian companies have accomplished a great deal but we cannot take a back seat to anyone.
    - Companies must not shy away from their successes, and be proud of their abilities to develop highly competitive products and compelling service offerings.
    - The notion of the polite, shy, meek Canadian exporter must change.
  - Technology, its use and implementation will help mitigate risk factors and drive efficiencies for Canadian companies operating in global environments.
    - Even something as simple as SKYPE is lowering costs for Canadian companies but technology must be embraced by corporate Canada and SMEs. There is an older guard of business owner however that is afraid of technology implementation and feels threatened by younger workers who can seemingly “dazzle” business owners with technology.

- Again panelists felt FITT could play a role in highlighting “technology in international trade” and help communicate and demonstrate the benefits of new hardware, software and web applications for business success.
2. How can Canadian companies go after the opportunities before them?
- Local in-country networks will be crucial.
    - The number of B.C. exporters has been in decline for a number of years and there is an educational component to this. They simply were not well prepared to handle the challenges that they faced.
    - But finding the specific information you need can be significantly challenging.
    - Specific country market intelligence and expertise should also be sought from within a company’s existing staff. Your shipping manager who has family in India, may be a great channel into that market. Don’t ignore the advantages that may already exist within and around your company. Suppliers can also be go entry conduits into new markets.
  - Developing a culture of international trade requires exposure to training, exposure to cultures and exposure to other countries. Canadian companies will be best prepared to tackle opportunity by being better able to understand Canada’s place in the world and how they do play a role in defining Canada.
3. How do you see education, skills and knowledge development playing a role?
- International business people need to have much more practical education and knowledge and universities must be influenced to change their curriculum in this regard. Understanding international trade and preparing people to enter the profession requires a stronger connection between education and business. International co-op education must be an imperative.
  - Seek sponsorships or partnerships for the development and maintenance of intern placements. Do this in conjunction with the educational partners of FITT and the corporate community through the various B.C. business associations.
  - Influence education to understand that international business is important. Make connections between the private sector and education to demonstrate to students the importance of an education in international trade that is ready for the real world.
  - Keep doing these sessions where business, government and education are connected. Review previous meetings and demonstrate what has been achieved or what additional needs to be done.
  - The suggestion was also raised to host an international business conference that shares experiences from actual business leaders and where government agencies, play a back-up role. The learning or information exchange in this conference is all from the business perspective and to be directed at learning-from-doing.