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Ontario's Export News



Fall 2005

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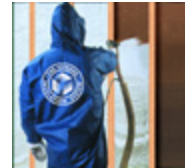
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China: Then and Now

By Debbie Walker, Ontario Exports Inc.



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Trade Shows: Ontario Biotech Expertise on Display in Philadelphia

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Six companies representing Ontario's thriving biotechnology industry displayed their expertise, products and services at the world's pre-eminent biotechnology convention and exhibition held this year in Philadelphia.

Joined by the Minister of Economic Development and Trade Joseph Cordiano, the Ontario delegation members were among thousands of biotechnology professionals, industry leaders and business people exhibiting at the most successful Biotechnology Industry Organization (BIO) convention to date.

Shows like BIO provide Ontario companies with an opportunity to gather market intelligence, meet prospective clients with interest in their area of specialty, and showcase their strengths to an international audience.

"We wanted to participate in the convention because it is so large," said Veronica Scaiano, Chief Operating Officer, Luzchem Research Incorporated. "We thought that it would be a great way to meet potential customers and make contacts, and we did."



Bio 2005 delegates speak with show visitors at the Ontario booth

Ontario's capabilities in the biotech sector were recognized and rewarded at this year's event in the form of the Canadian Province of the Future award from fDi (Foreign Direct Investment) magazine, accepted by Minister Cordiano.

"I'm proud to see our province recognized as the economic powerhouse of the future," Cordiano said. "We're moving from strength to strength in the biotechnology and life sciences sectors."

Ontario's biotech industry generated revenues of \$1.44 billion in 2003. The industry has more than 3,500 employees in 130 companies, and continues to grow stronger.

The recruitment of Ontario companies to exhibit in the Ontario Pavilion at shows in the life sciences sector is handled by Patricia Cosgrove, an International Marketing Consultant with Ontario Exports Inc. (OEI), the export development agency of the Government of Ontario.

"BIO is an important show for companies in the life sciences sector. It provides them with a tremendous opportunity to showcase their products and services to thousands of potential partners and customers," said Cosgrove.

"It is definitely worthwhile for companies to participate," said Scaiano. "The OEI team was extremely helpful in preparing for the mission. We're already thinking about going again next year."

Ontario Exports Inc., a division of the Ministry of Economic Development and Trade, assists Ontario companies to access U.S. and international markets by helping establish partnerships and distribution channels.

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New International Marketing Centres to Promote Ontario Abroad

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In late June, Minister of Economic Development and Trade Joe Cordiano announced Ontario would be raising the province's profile in the global marketplace by opening four new International Marketing Centres (IMCs) in Tokyo, London, Los Angeles, and New Delhi.

"We're helping Ontario businesses break into major markets around the globe," Cordiano said. "Ontario will have a full-time presence in key international locations that will help create new jobs and increase our prosperity."

IMCs promote exports, attract investment to Ontario and raise the profile of the province abroad. The four new centres, which are expected to open in early 2006, will join the three existing centres in Shanghai, Munich and New York which opened in early 2002.

"Our goal is to create a context for Ontario companies to do business in these markets," explained Wayne Murphy, Manager of International Marketing Centres with the Ministry of Economic Development and Trade, "and we want local decision-makers in business, government, academia and media to know what Ontario has to offer."

Ontario is partnering with the federal government to co-locate the new International Marketing Centres in Canadian foreign missions, as is the case with the three existing centres. Each IMC is comprised of just two people – an Ontario Senior Economic Officer and a locally engaged staff person so success depends on developing close working relationships with mission colleagues.

In addition to the administrative efficiencies that result from sharing overhead costs with federal missions, the International Marketing Centre model provides Ontario's Senior Economic Officers abroad with some real on-the-ground advantages. Chief among these are opportunities for intelligence-gathering and information-sharing, access to influential figures in business and government, and association with the "Canada brand", which is a great starting point for building recognition of Ontario.

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Appointment

Richard Gould joined Ontario Exports Inc. as **Manager, International Markets** in August. The staff on Richard's team helps Ontario small and medium-sized businesses export to Asia, Eastern Europe, Mexico and South America.

Richard first joined the Ministry of Economic Development and Trade in 2002 as a Senior Business Consultant, International Investment Services. In that role, he gained considerable experience promoting the province to stakeholders at an executive level. Richard went onto provide direction to an expanded team of sales professionals as a Manager of the International Investment Sales team for information technology, life sciences and business services.

Prior to joining the Ministry, Richard was Vice President, International Sales and Marketing for Alcatel Canada Wire. As Vice President, he was responsible for export sales planning and policy implementation in a variety of industrial and service sectors. At Shaw Industries, Richard was responsible for the export sales activity of the CANUSA –EMI division and recruited and managed a global network of sales consultants and agents in Asia, South America, Africa and the Middle East.

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Ontario Insulation Hot Commodity in International Markets

Ontario trade missions save company time and money

Icynene has a trade secret that has made the Ontario-made foam insulation a hot international commodity.

"Competitors have tried to duplicate our product for 20 years," said Jeff Hood, Icynene's Vice-President, Business Development, "but nobody has been able to discover our formula."

When developing its export sales strategy, Icynene quickly discovered the benefits of another winning formula – trade missions organized by Ontario Exports Inc. (OEI), the export development agency of the government of Ontario.

During the past two years, the Mississauga-based company has made three trips to the U. K. and Mexico as part of building and construction product missions organized by Ontario Exports Inc. and the Canada Mortgage and Housing Corporation.

"Attending an international trade show as part of the Ontario booth means reduced costs for us and it saves time," said Hood.



"It is wonderful to arrive at the trade show venue and find the booth professionally organized, set up and ready to go. We don't have to find out how trade shows are organized in foreign countries or worry about details like booth furniture. It's a major advantage."

Hood is enthusiastic about other aspects of the missions as well: "There's a team spirit when we attend a show as part of a mission of Ontario building product manufacturers. The mission organizers arrange group dinners where valuable networking takes place. Also, the introductions to distributors they arrange would take much more time to set up if we tried to do it on our own."

Most importantly, the missions are producing results. Icynene has signed a distributor in Mexico and has another lined up in the U.K., where the company is waiting to receive European standards certification. Icynene also met potential customers at trade shows in both countries. "We got such a great response from the show in Mexico, we're going back again this year," Hood said.

Icynene prepared to make the most of its time overseas by participating in Ontario Exports Inc. seminars and virtual trade missions; two of the programs that help OEI deliver on its mandate to help Ontario small and medium-sized businesses begin exporting or expand into new export markets. "These domestic seminars gave Icynene access to potential business partners, market experts and government representatives in the target markets without leaving Canadian soil," said Laurie D'Souza, Ontario Exports Inc. International Marketing Consultant for the U.K. and Southern Europe.

Here in North America, Icynene guards against the cold in northern RCMP detachments, noise pollution in radio stations and humidity in Florida condominiums. In international markets, Icynene sells its insulation to Japan, Korea, Mexico, Ireland, China and Israel. Export sales now account for more than 50 per cent of total business and growth in export sales has supported the company's expansion from 22 to 95 employees in the past six years.

And there is no sign of easing demand. Hood said interest in the energy-efficient insulation is increasing worldwide as energy costs rise. "Our biggest challenge is coping with the number of people who want to sell our product abroad," said Hood, who most recently trained a distributor from Kazakhstan. "Obviously, we're trying to pick the markets where we'll be most successful. We

consider housing starts and construction activity in the market, the strength of the distributors and the similarity of construction techniques to our own.”

As the business grows, so does the company's collaboration with Ontario Exports Inc. Recently, Hood contacted Al Hinton, OEI's International Marketing Consultant for the Middle East. Icynene decided to join Hinton and eight other Ontario companies on the OEI mission to The Big Five international exhibition of building and construction products in Dubai, United Arab Emirates (UAE) in November. The Big Five is the biggest trade show for the construction industry in the region.

According to Hinton, Icynene is a good match for the market needs in the UAE. “The sun is very strong and air conditioners run all the time, so a good insulation system is extremely important,” Hinton said. “Furthermore, more than US \$230 billion in infrastructure and construction projects are announced or underway in the UAE. It's a prime time for Icynene to become involved.”

To contact Ontario Exports Inc., call toll-free within Ontario 1-877-468-7233 or email trade.officer@edt.gov.on.ca

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Debbie's Helpful Export Hints

China: Then and Now

by Debbie Walker



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It was 1973 and I was about to begin the adventure of a lifetime. Having left behind my high school friends and all things western, my parents and I were winging our way westward to China to take up residence.

What a trip. The memories are as vivid today as they were so many years ago. In those days, there was no easy way to get into China; most foreigners took the train north from Hong Kong to the border and then crossed over into China via the Sanshun bridge. Like so many others before us, we had begun a journey of a thousand miles.

Once in China, we decided to take the train from Canton (now known as Guangzhou) to Peking (Beijing) to see as much of the country as possible. And what an experience! From rice paddies and vegetable gardens, the landscape gradually gave way to the grain fields of the central plains of China. The Chinese, I noticed, put every bit of soil to use.



Photo: Debbie Walker. From the train window, heading north to Peking (Beijing) in 1973.



The Beijing ring road, present day

As the train wound its way northward, I was surprised by how rural the country was. It appeared to lack the many amenities and conveniences we took for granted back home. I felt as if I had stepped back in time...

Today, China is growing, modernizing and urbanizing at dizzying speeds. When I visited in 1973, China was already a country of 892 million. Since then, the population has climbed by more than 45 per cent to 1.3 billion. One of every five human beings lives in China and forty Chinese cities have more than a million residents. The size and growth of the country is almost impossible to fathom.

China is no longer primarily a rural economy. It is importing basic commodities and exporting manufactured products at an outstanding rate. Chinese manufactured exports now account for more than 7 per cent of the global total.

Demands from China's middle class are driving growth in industry, infrastructure and housing. The country has experienced more than 8.5 per cent average growth in GDP over the past ten years. Incomes are increasing and so is consumption of consumer goods.

Patrick Li of EDA International, a planning firm that has landed several large contracts in China over the past five years, addressed an audience of business people interested in doing business in China at a seminar organized by Ontario Exports Inc. in late September. He quickly dispelled any doubts the group might have had about Chinese business acumen. "You can't fudge it with the Chinese. They send their children to Harvard and Columbia. If you give them a stale solution, they'll tell you to go away. Chinese partners are demanding. They want a good price, a unique solution and they want

it delivered yesterday.”

The fierce competition for Chinese business is allowing the Chinese to be demanding and discerning when it comes to their partners and suppliers. Because of the sheer size of the Chinese economy and the liberalization policies of its government, companies from around the world are rushing to set up production in China or do business there.

Ontario businesses are no exception. In early November, companies and organizations interested in establishing business alliances in China joined Ontario Premier Dalton McGuinty and Minister of Economic Development and Trade Joseph Cordiano on a ten-day Trade and Investment Mission to Beijing, Shanghai, Nanjing and Hong Kong.

In each city, plenary sessions for the Ontario delegates covered topics such as intellectual property protection, the macroeconomic climate and regional business opportunities, and were followed by break-out sessions tailored to the sectors represented by participating companies.

Mission organizers arranged numerous opportunities for the delegation to network with Chinese leaders and business people throughout the mission. Most business transactions in China require dealing with some level of government and the presence of government officials from Ontario, especially in the context of a mission, can help companies open doors to business opportunities.

In the 70s, China was a strange mixture of the extraordinary and the ordinary; magnificent palaces and drab Soviet-style apartments. Today, in China's large cities, office buildings and apartments jostle for position and construction cranes compete to erect the next skyscraper. By 2010, it is projected that China will be the world's largest trading nation. China is still a strange mix of the extraordinary and the ordinary; and the time is ripe for Ontario businesses to experience this country of contrasts.

(Debbie Walker is Director, Community Export Development, Ontario Exports Inc., the export development agency of the Government of Ontario. She can be contacted by email at debbie.walker@edt.gov.on.ca).

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Team Ontario Trade Mission Pays Dividends for Communications Company

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Participation in the 2004 Team Ontario Trade Mission to Kenya, Mozambique, South Africa and Tanzania has resulted in TX/communications Canada Inc., of Gormley, Ontario, securing exports to two of these countries, with prospects for new business with the others in the near future.

TX/communications was one of five Ontario companies exploring the export potential of the four African countries in the mission organized by Ontario Exports Inc., the export development agency of the Government of Ontario.

TX/communications specializes in the design and manufacture of integrated communications systems for a host of end users. The company's INFINITY™ family of switches is designed for hospitals, hotels, universities, banks and rural telephone exchanges, and the TX ELITE Class 5 switching system is used by local telecom operators, Internet service providers and PTTs (public telephone and telegraphy companies) to deliver their services. The TX intelligent linear chargers are the most recent addition to the product line up.

The company exports one hundred per cent of its production, and has now added Mozambique and Kenya to the global list of markets it services. "We were introduced to key officials at the Telecommunications Department of Mozambique through the mission, and have already delivered three shipments of switches as part of a project to increase telecom coverage throughout the country," said Moji Ghadery, President, TX/communications.

"As well, contacts made during the mission have led to the establishment of an agreement with a distribution company to represent our products in Kenya," he added.

While unable to compete against the giants of the telecom industry in Canada, TX/communications has carved out a niche in many overseas markets, especially in emerging countries, because "of our willingness to customize our products for specific applications and modify customers' existing equipment to keep costs to a minimum," explained Ghadery.

Along with Mozambique and Kenya, other countries using TX/communications' technology include Cuba and Somalia. "Many of these countries have old East German technology that needs updating and/or modifications to grow with the demand for better communications. We've been successful as a supplier because of our willingness to complete modification projects with existing installations," he added.

This trade mission was one of many that are offered as part of a wide variety of products and services by Ontario Exports Inc. (OEI), which has a mandate to assist small to medium-sized Ontario companies looking to export for the first time and those enterprises expanding into new global markets.

Along with participation in trade missions and trade shows, OEI also offers one-on-one consulting, market information, workshops, market contacts, export literature and the New Exporters to Border States (NEBS) program.

"We were extremely pleased with the Africa trade mission," said Ghadery. "OEI is able to use its influence to open doors that we could not if we were to explore markets on our own. The trade mission was a way to economically explore the market potential of new markets and maximize our time."

Keeping market development costs to a minimum is very important to small exporters with limited resources, he said. "Whenever possible, I will try to take advantage of future OEI trade missions."

To find out more about how OEI's services can help small and medium-sized companies with their export strategies, visit the OEI website at www.ontarioexportsinc.com or call (416) 314-8200 or toll-free in Ontario at 1-877-468-7233.

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