

rebuilding NEW BRUNSWICK

Growing Global Markets

Ten actions to create a wealthier
New Brunswick through exports

2013 - 2018



growing together

New Brunswick
C A N A D A

Growing Global Markets Ten actions to create a wealthier New Brunswick through exports 2013-2018

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Summary

Trade plays an important role in the New Brunswick economy and is one cornerstone of the province's comprehensive plan to promote greater prosperity in the province. ***Growing Together – An Economic Development Action Plan for New Brunswick*** also recognizes that future prosperity must be based in the strength of the province and its people.

This plan acknowledges that New Brunswickers will innovate and collaborate to add value to traditional industries including forest products and agriculture. It identifies six strategic sectors, including Information and Communications Technology, which are poised to grow on the solid foundation of the province's people and their capacities.

The province's plan for growth also includes an ambitious program of Government Renewal, one that includes empowering regional economic growth by moving decision-making power into every corner of the province and leveraging local leadership.

At its heart, the plan acknowledges that New Brunswickers love their province and want to play a role in its economic success. This strategy recognizes



growing export trade is key to charting a path to ongoing growth in the face of dramatic economic change.

Growing Global Markets, outlines actions to achieve export growth. In doing so, it re-affirms the three goals first outlined in **Growing Together**:

1. Encourage more firms to enter export markets
2. Focus on growth opportunities through value-added exports
3. Diversify New Brunswick's export markets

A strategy to meet these goals cannot be separated from the changing global trade environment and the opportunities and challenges it presents to New Brunswick's exporters. The strategy depends on those innovative New Brunswick businesses bold enough to carry risks and reap rewards one sale at a time.

New Brunswick's current trade performance represents a strong starting point for export growth. The province remains the leading exporter among the Atlantic Provinces, with the sixth largest volume of exports of Canada's provinces and territories. New Brunswick has a solid roster of exporting firms with customers around the world.

At the same time, much of New Brunswick's trade is petroleum and resource-based and concentrated in the United States market. Over the past ten years, there has been limited growth in exports outside of the energy sector or in the number of exporting businesses.

The province's track record of success in energy exports is the province's underlying strength. The same competitive advantages that drive sales of resource-based products position the province well for increased sales in other sectors.

Those advantages include an increasingly entrepreneurial and growth-focused business sector and access to global markets. Geography puts New Brunswick close to U.S. markets that remain lucrative. Tidewater gives our exporters access to the world through well-developed shipping routes.

The Way Forward

Growing Global Markets outlines a disciplined, detailed plan for success that takes into account the Province's priority growth sectors as well as its traditional core industries. This plan has been developed as a result of extensive research and collaboration with the businesses that will drive its success. It divides strategic markets into three segments, based on trading history, geography and accessibility:

1. Traditional Markets
2. Developing Markets
3. Emerging Markets

This strategy also groups New Brunswick business within three segments as a basis for developing strategic support that is tailored to the needs of each:

1. Prospective Exporters
2. Small and Medium-Sized Exporters
3. Major Exporters

Growing Global Markets recognizes that we need to work together to achieve success. Government, businesses and support agencies need to partner, cooperate and coordinate.

Over the next five years, ten action items will be implemented to grow New Brunswick's export economy. In response to industry and partner input, these ten action items will support existing exporters and encourage new ones. These concrete deliverables will drive export success as we work together at **Growing Global Markets**.

The ten action items are as follows:

1. Develop a Marketing and Communications Plan for Exports
2. Transition to an Account Manager Support Model
3. Deliver a Suite of Export Training
4. Provide Export Information and Advice
5. Connect Buyers with Sellers
6. Leveraging Transportation Infrastructure
7. Establish an Export Readiness Unit
8. Engage Major Exporters
9. Partner Collaboration
10. Rebuild Assistance Programs

1. The trade imperative

New Brunswick has a long and proud history of prospering through trade. Abundant resources, supported in colonial times by the province's superb river systems, are now supported by world-class ports, highways, rail, air and telecommunications linkages.

New Brunswick's rich natural resources promoted an economy founded on important primary industries. However, a far more diversified economy has emerged in recent years. Manufacturing has developed to become the province's leading industry, and principal export. A growing services sector based on innovation and specialist expertise contributes to greater balance and diversity. The province's ICT sector has shown impressive growth through creative partnerships linking entrepreneurs, universities, governments and venture capitalists.

New Brunswick has consistently enjoyed the benefits of a trade-intensive economy. Exports kept pace as the province's industries evolved, and grew further through the extraordinary international success of its largest enterprises. Today, with total year-to-year exports and interprovincial shipments approaching 80% of GDP, New Brunswick is Canada's most export-intensive province.

Meanwhile, the global trade economy is changing. Traditional worldwide patterns of production and trade are undergoing transformational change. Globalization is



removing barriers and generating enormous growth in the movement of goods, services and capital across borders. Powerful new world economies are emerging. Technology is having a dramatic impact on the pace and practice of business. Opportunities grow as the volume of world trade continues to rise. However, the landscape is always shifting, and rewards are increasingly concentrated among those most willing and able to adapt to the new order.

Today, New Brunswick is truly at a crossroads, facing a critical need to follow a path that can sustain its position as a successful trading province, and enhance its capacity to compete in the new global business environment. To do so, the province must deliberately and strategically reposition its efforts in support of exporters, each of whom must carry the day-to-day challenges of pursuing business opportunities in markets around the globe. In this venture, our province must and will succeed. Its people and its government will continue to show the initiative, the drive, and the know-how that has made New Brunswick Canada's leading export province.

1.1 Economic importance

Exporting is vital to the New Brunswick economy. It generates capital and drives investment, jobs and growth. Federal research estimates that for every \$1 million in exports, the economy sustains six full time jobs.

In addition, export-oriented companies are more likely to invest in research and development, pay higher wages and generate more tax revenues than non-exporters. Exporters are the leading employers of university graduates and help to attract and retain skilled New Brunswickers. New Brunswick businesses that are active players in foreign markets are important keepers of the province's international brand. They pave the road to incremental success for new firms by sustaining New Brunswick's reputation for product and service excellence.

An export-focused economy can encourage businesses to work together, spawn spinoff ventures and present a more inviting setting for foreign direct investment prospects. Perhaps most important, it can instil attitudes that motivate more entrepreneurs to begin exporting, while encouraging existing exporters to more aggressively pursue international business opportunities and new markets.

1.2 Benefits to business

The small New Brunswick market limits the growth potential of many provincial businesses and can prevent the achievement of economies of scale and competitive cost advantages. For many smaller firms, the goal of expanding sales can most often be achieved by developing export-based eCommerce

strategies, or by extending sales efforts to nearby markets, particularly those in neighbouring provinces.

Benefits of exporting

- Broadens contact networks
- Expands product and service offerings
- Weathers sluggish markets
- Extends product life cycles
- Improves competitiveness
- Spurs innovation
- Captures new customers
- Boosts productivity

Exporting has many benefits. It can contribute significantly to a firm's revenue, productivity, resilience, profitability and longevity. It can also help mitigate the risks of being bound solely to the domestic market.

International sales often combine with product development and the adoption of new technologies, production efficiencies, certifications or quality standards to strengthen the firm.

Reaching beyond the domestic market means building greater knowledge that will enhance skills and capabilities, foster increased research and stimulate greater innovation.

Together, these benefits can contribute to businesses that are stronger, more competitive and better positioned to build critical mass and profit over the long term.

1.3 A driver of economic development goals

In ***Growing Together, New Brunswick's Economic Development Action Plan***, the provincial government sets out a clear path to support and stimulate a prosperous economy. International trade is a cornerstone of the strategy's underlying vision, goals and action plan. Trade is paramount to the province's six priority growth sectors and its traditional core industries of mining, oil and gas, forestry, agriculture, fisheries and aquaculture, and tourism.

Growing Together highlights the many wealth-generating benefits of trade, and that individual businesses, not governments, must drive export sales that produce these benefits. However, ***Growing Together*** also concludes that government is an important partner that must play a facilitating role in helping to increase the number and diversity of New Brunswick exporters.

1.4 Operational plan

Growing Global Markets, outlines an operational plan for achieving these goals. It does so on the basis of a new export development strategy that is built on understanding New Brunswick's exporting strengths and challenges, the new global trading environment, the complementary work of our government partners and the critical needs of our exporters. It explains how we will meet our objectives by being smart with our skills and resources. Finally, it outlines how we will measure progress.

2. The new world

Business is changing. Globalization is now a dominant feature in the exchange of goods and ideas. This has led to an unprecedented economic, financial, trade and communications integration, effectively shrinking the world for trade.

Globalization is being driven by both policies and technologies. Governments are increasingly opening their economies to international trade, often by reducing trade barriers and entering into new agreements to promote international commerce. Advances in telecommunications infrastructure and the pervasive growth of the Internet are making it easier to communicate and do business internationally. Consumers, investors and businesses have new tools for pursuing economic opportunities. Worldwide linkages and interdependence among markets and suppliers are growing at an accelerating pace.

All of this means not only increased opportunity but also increased competition as globalization becomes a central theme of the modern age. New Brunswick businesses must seek success in growing global markets in an increasingly complex world.



rebuilding
NEW BRUNSWICK

Growing Together

Goals in Export Growth

1. Encourage more firms to enter export markets
2. Focus on growth opportunities through value-added exports
3. Diversify New Brunswick's export markets

The graphic features a blue background with a repeating pattern of industry sectors: Biosciences, Aerospace and Defence, Industrial Fabrication, Value-added Wood, Value-added Food, and Information and Communications Technology. The word 'rebuilding' is in a large, bold, white font with a blue shadow, and 'NEW BRUNSWICK' is in a smaller, white, all-caps font below it. The phrase 'Growing Together' is in a white, italicized font. Below this is the heading 'Goals in Export Growth' and a numbered list of three goals.

2.1 Complex landscape

There's a lot to consider for exporters dealing with the dynamic mechanisms of world trade. Exporters must always be mindful of factors such as exchange rates, economic conditions, tariffs and other market-related considerations, as well as how they change over time.

But savvy exporters must also respond to the broader, more sweeping developments that are now transforming the international business landscape. These have magnified beyond trends, representing structural changes in how international business is carried out. At their roots are fundamental shifts, in demographics, in the emergence of new economic powers and the immense impacts of innovation.

The context of international business has evolved over the years, and has always reflected the climate of the time. It is now essential that business and government recognize the new lay of the land and position strategies accordingly. Six such realities that New Brunswick must consider in setting the path forward are outlined here.

1. Changing patterns of trade

The abundance of new products, global sourcing of materials and components, new approaches to inventory management and innovations in transportation continue to shape the face of trade. At the same time, international trade in services has been outpacing that of goods, driven primarily by services in financial, communications, business and professional fields. The dynamics of the age offer many opportunities and challenges for exporters.

2. Global value chains

Global value chains (GVCs) have become a dominant feature of international business. GVCs encompass the full range of activities in bringing a product or service from conception to customer, defining how value is created at each step. GVCs commonly involve widely dispersed activities carried out through extensive collaboration among groups of participating firms, permitting companies to focus on strengths, and using partners to fill in the gaps.

Exporters with an understanding of how they can potentially fit within the structures of the global value chains in their industries possess an inherent competitive advantage.

3. Free trade agreements

Free Trade Agreements (FTAs) are not only proliferating in recent years, they are becoming bigger, more comprehensive and extending to countries at greater distances. Canada has been negotiating, signing and implementing FTAs for over two decades. The province has a number of agreements in place, pending, or under negotiation with a diverse set of nations and regions. FTAs can help New Brunswick exporters secure opportunities by reducing or removing tariffs on products, opening new doors to service providers and enhancing market access over competitors in other countries.

4. Global workforce

Despite significant projected growth in the global population, the pace of demographic change is quickly leading to a decline in the working-age population in many countries, creating a growing mismatch between required skills and available talent.

As a result, employers worldwide are experiencing difficulties in attracting the critical-skill employees demanded by the global economy, a challenge that is exacerbated by the increasingly mobile nature of the labour pool. Good education and employment opportunities that attract and retain talent in New Brunswick are attributes that will pay substantial future dividends.

5. The internet economy

The Internet is making business faster, cheaper, more efficient and putting more people and businesses in touch than ever before. It continues to penetrate all economic domains, with a reach that is inherently global and 24/7. Indeed, a massive Internet economy has materialized, with means of buying, selling, servicing customers and collaborating with partners that were unfathomable even two decades ago. Social media is opening influential new communications channels and providing a significant competitive edge for many progressive exporters. A quality Internet and social media presence is a necessity for any forward-thinking export business or government agency wishing to reach international markets. The goal must be to build a community around New Brunswick's companies so the world finds sellers to talk to and do business with.

6. Standards and certifications

The growth of standards and certifications has accompanied the march of globalization. These frequently restrict the market admissibility of goods or services for exporters, and are sometimes portrayed as barriers to trade. On the positive side, they ensure safety, quality and consistency for the end-user, while the compliance processes build stronger and more resilient exporters. Such businesses will clearly have a competitive advantage in pursuing market opportunities, strategic alliances or participation in global value chains.

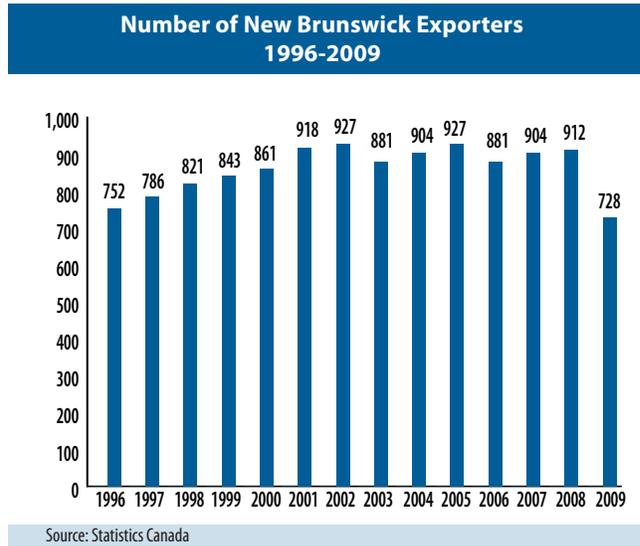
3. Where we are

New Brunswick businesses have an extremely successful exporting track record. Our recent export performance indicates that actions to diversify our export base should further grow export sales.

On the plus side, our large energy and chemical exporters have succeeded inside a competitive, globalized economy. Indeed, larger consolidated companies have led the way in tough export markets. In themselves, our large consolidated firms represent a success story.

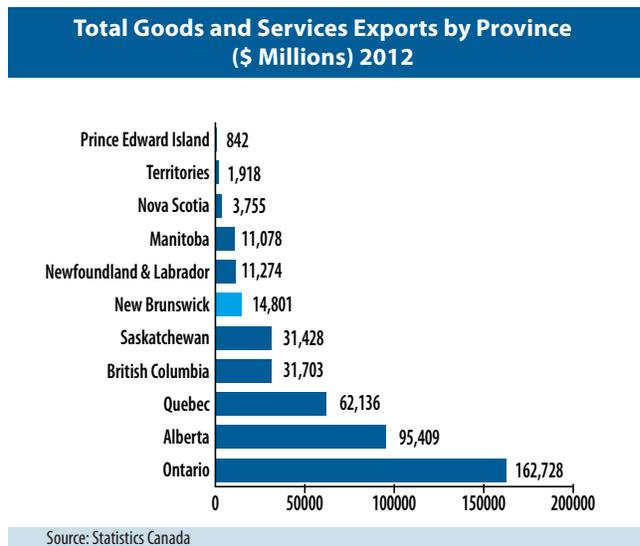
We need to grow the number of exporting firms in the province. At the same time, New Brunswick needs to diversify its export base. Today, the province remains too dependant on energy sales into the U.S. market. As this report makes clear, one priority of government is to encourage diversification in export sales. This report outlines actions to achieve that goal, to build a path forward to greater prosperity.



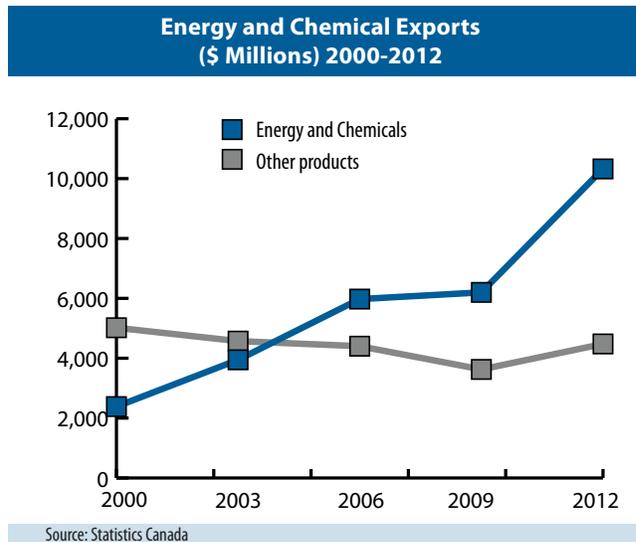


3.1 Our exports

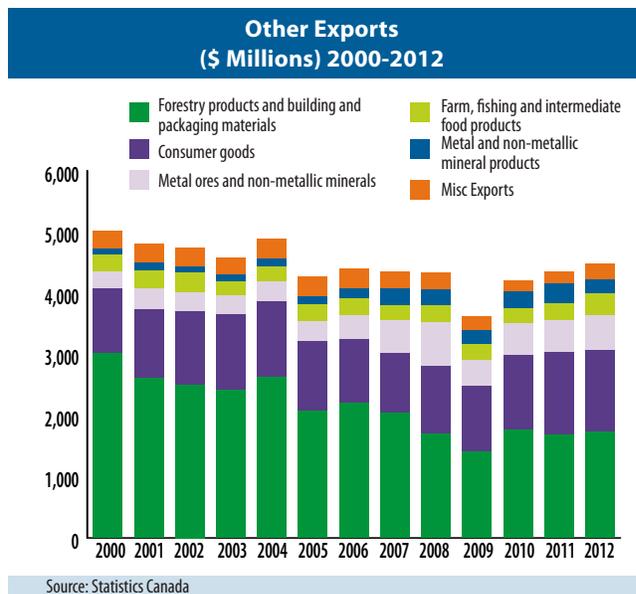
New Brunswick’s export statistics paint two contrasting pictures. The overall volume of merchandise exports has risen very considerably in recent years, giving New Brunswick’s the sixth-greatest total of exports among the ten Canadian provinces. New Brunswick is also the most export intensive province in Canada when measuring exports as a percentage of GDP.



New Brunswick's export growth is led by exports of energy and chemical products but this trend masks a general decline among other exports in other industry sectors since the year 2000.



New Brunswick's other product exports continue to be dominated by shipments from traditional industries such as forestry, consumer products, agriculture and seafood products.



Closer analysis of the other export sectors shows that export performance in specific categories over a 10-year period has been mixed. Forest products have seen the biggest challenges but there has been growth in consumer products, food and many manufacturing sectors.

Energy, chemicals and mining are, and will continue to be, a significant driver of New Brunswick's economic future and prosperity. New Brunswick's energy assets are well positioned to help lead our province toward greater prosperity and economic diversity. In fact, according to the Atlantic Province's Economic Council (APEC)'s Atlantic Report (2011), the energy sector has grown to become the most important group of industries in Atlantic Canada. In addition, the value of mineral production in New Brunswick reached \$1.31 billion in 2011, with the mineral sector directly employing 3,400 people.

The energy and mining sectors support a significant and growing percentage of New Brunswick's foreign exports and are viewed as critical components in helping achieve our province's long term economic development goals. Government's commitment to developing these sectors, including the goal of pursuing new value-added domestic and export market development and diversification opportunities, will be reflected in three key policy documents: the NB Energy Blueprint (released in 2011), the NB Oil and Natural Gas Blueprint (released in the spring of 2013), and the NB Mining Blueprint (planned for 2014). The goal is to manage our natural resources, energy assets and strategic geographic location in a way that creates sustainable regional partnerships and successfully leverages new economic opportunities. New Brunswick offers a natural energy gateway for secure and clean energy supplies to businesses and consumers alike, acting as a strategic corridor between Quebec, Atlantic Canada and the US Northeast, and an east coast gateway for oil, natural gas and mineral exports to the Atlantic Basin, and beyond.

Additional energy-related export potential includes opportunities to further expand Canada's west-to-east pipeline network and capacity, and the positioning of New Brunswick as a strategic east coast export terminus for crude oil, refined petroleum products and natural gas. New Brunswick also has the potential to develop our indigenous natural gas from shale resources, which could have a significant impact on our Province's energy export development potential if commercial viability is confirmed.

Clean energy technologies and mining-related services present opportunities for New Brunswick exporters. New Brunswick entrepreneurs have experienced success in growing global markets for specialized mining exploration, drilling, construction, fabrication and service-related activities.

3.2 Our markets



New Brunswick consistently exports goods and services to over 150 countries each year.

In the period between 2002 and 2011, about 87% of New Brunswick's total merchandise exports went to the United States. However, with petroleum exports removed from the calculation, the proportion of US exports was 75%, very close to the Canadian average. This suggests the province is substantially less dependent on US markets than indicated by composite results.

Petroleum exports also distort the relative importance of many non-US markets. Trade statistics showed the Netherlands to be New Brunswick's second most important market in 2011; however, almost all exports were of petroleum products. With petroleum removed from the analysis, New Brunswick's second-through-fifth largest markets in 2011 were, respectively, Brazil, China, Turkey and Indonesia. However, each only represented about 1% of total exports.

Brazil, China, India, Indonesia and Thailand have exhibited the greatest growth for New Brunswick merchandise exports over the past several years. No individual countries or geographic regions have consistently stood out as secondary markets for New Brunswick products behind the United States.

3.3 Our strengths

New Brunswick possesses many important advantages to trade. These strengths allow us to compete on the world stage and reap benefits for the province and its exporters:

- Abundant natural resources
- Leading telecommunications services and infrastructure
- Educated workforce
- Competitive corporate tax rates
- Access to world markets
- Bilingual capacity in English and French
- Competitive overall business operating costs
- A successful venture capital sector fuelling growth in the ICT sector
- Road, rail, air and marine logistics infrastructure
- Diverse post-secondary facilities and market-driven research facilities
- Lowest energy costs in Atlantic Canada

3.4 Our challenges

Significant challenges also exist in New Brunswick's economic environment as it rebounds from a global downturn and seeks to secure new investment projects and chart a new path to ongoing growth. These underlie the goals and strategic themes of *Growing Global Markets* and are specifically addressed through a ten-point action plan. Some of the most important issues for exporters, and for *Growing Global Markets*, are:

- Small domestic markets
- Small businesses with limited resources to apply to trade development
- Industry support spread among many partners at various levels of government
- Low visibility in global markets
- Low awareness of the benefits of exporting
- Intensifying competition
- Appreciating currency
- Increasing workforce costs
- Slow recovery in key markets

3.5 Our partners

Many organizations share in the mission of rebuilding New Brunswick's economy, with programs and resources aimed at helping business become more competitive. The body of exporters in the province represents a common base of clients for government departments and agencies, industry associations, education providers, managers of transportation infrastructure and other public and private sector organizations. The work to assist the Province's exporters is thus a highly collaborative endeavour.

This joint effort will be essential in effectively implementing *Growing Global Markets*. Key service delivery partners which support New Brunswick companies include:

- Agriculture and Agri-Food Canada
- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada
- Canadian Commercial Corporation
- Department of Foreign Affairs and International Trade Canada
- Export Development Canada
- Industry Canada
- New Brunswick Department of Agriculture, Fisheries and Aquaculture
- New Brunswick Department of Economic Development
- New Brunswick Executive Council Office - Intergovernmental Affairs Branch



4. Where we're going

A fundamental opportunity exists to turn the buying power of the world marketplace into jobs, economic growth and prosperity for New Brunswick. While challenges exist in international trade, New Brunswick is well positioned and has significant strengths to grow its exports in the world market.

A strategic plan is essential to keep ultimate objectives in sight. In this respect, **Growing Global Markets** looks directly ahead and sets out:

- A direction for the next five years
- A framework for action
- A means to inform, motivate and involve businesses and partners
- A mechanism for benchmarking and performance monitoring

Fundamental change is necessary in order for New Brunswick to realize its international business potential. This will be an ongoing, long-term mission. The focus of **Growing Global Markets** is to jump-start growth by strengthening the foundations for trade. A strong foundation of exports exists in New Brunswick. This strategy will capitalize and grow the foundation to support the export growth in the provincial economy.



4.1 Strategic goals

New Brunswick's goals in export growth, as set out in *Growing Together*, are elemental to the action plan described in this strategy.

1. Encouraging more firms to enter export markets

One-on-one work with New Brunswick businesses will be essential. The process will begin by identifying companies and entrepreneurs with the best potential to pursue export opportunities, followed by a series of steps to assess, motivate, develop and support them in becoming successful exporters to attract sales.

2. Focusing on growth opportunities through value-added exports

Mobilizing New Brunswick's exporters to add value to exported goods and services will require education and exploration of options, supported by expertise and financial support. Product development, innovation, rapid commercialization of research, marketing, and acquiring new investments and skills will be significant areas of concentration.

3. Diversifying New Brunswick's export markets

The commitment to move from well-established markets in Canada and the United States is difficult for many exporters. Our role will be to promote the advantages of new markets, systematically identify the best alternatives for exporters and facilitate market entry through contacts, sales leads, education and market initiatives.

4.2 Strategic sectors

Growing Together highlights the strengths of traditional core industries, and identifies six priority growth sectors which generate a significant share of New Brunswick's GDP. Each of these is the subject of independent strategies, with related goals, benchmarks and action plans. Each is also an important target sector for *Growing Global Markets*:

- Value-added Food
- Value-added Wood
- Information and Communications Technology
- Industrial Fabrication

- Biosciences
- Aerospace and Defence

Growing Global Markets reiterates that New Brunswick will succeed by growing all parts of its economy, both its traditional and emerging sectors. Those poised for significant growth are highlighted:

- Traditional industries that have proven track records with a high potential to evolve
- Industries that are poised to meet the challenges of the future
- Industries that can spin off from traditional sectors

4.3 Strategic markets

Strategic Market Segments

- Traditional Markets
- Developing Markets
- Emerging Markets

The international trade landscape is a composite of countless markets. From New Brunswick's perspective, those with the greatest potential can be divided into three broad groupings: traditional markets, developing markets and emerging markets.

These segments are readily differentiated, accommodate the market interests of the majority of the province's exporters and serve as the framework for a targeted market development strategy.

Traditional markets

New Brunswick has supplied these markets over the course of its history, and they continue to consume the great majority of products and services produced by the province. Without question they will continue to be the bread and butter for most New Brunswick's exporters in the coming years.

Their proximity contributes to cost and operational efficiencies, and they are often considered to entail the least risk of all external markets. For many firms, they are the only cost-effective fit for existing products or services. They are also typically the markets of choice for beginning exporters.

However, familiarity, proximity and business relationships that have developed over the years in traditional markets can sometimes deter exporters from looking to new opportunities elsewhere. This carries risk and limits growth potential, a concern shared by governments at all levels in Canada. New Brunswick is therefore continuing to actively assist exporters in developing traditional markets, but balancing these initiatives with a series of directed market diversification activities.

Canada

Other Canadian provinces are important markets for New Brunswick businesses in virtually all industry sectors. Interprovincial shipments make up over a third of provincial GDP, with Quebec as the most important market, followed by Ontario and Nova Scotia. A common currency and borderless transportation are important factors. However, internal trade barriers are a lingering obstacle to greater domestic market development for many firms.

United States

The United States is the largest economic power in the world and, by a considerable margin, the most important export market and import supplier for New Brunswick. Despite cyclical setbacks and the emergence of other markets, its dynamic, technologically-advanced, consumer-driven economy remains highly attractive to exporters around the world. Canada benefits particularly from its shared border and longstanding close relationship with the United States, and enjoys priority market access through NAFTA. New Brunswick is fortunate to have close ties and a strategic location to tap into the lucrative market in the US Northeast.

Developing markets

Reaching beyond traditional markets can open doors to new opportunities, and also reduce exposure to unexpected downturns. Many markets are natural extensions for New Brunswick because of past trading experience. Others arise from cultural ties, transportation linkages, trade agreements or market needs matching New Brunswick's capabilities. These markets are a logical step for exporters seeking greater growth and strength through diversification.

A more comprehensive set of developing markets, driven by opportunities identified by New Brunswick exporters, will be evaluated in concert with the implementation of *Growing Global Markets*. This process will lead over the first year of the strategy, to a defined set of geographic priorities and a related program of development initiatives.

Trans Pacific Partnership (TPP)

This proposed free trade agreement under negotiation by Australia, Brunei Darussalam, Chile, Canada, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam is arguably Canada's biggest on-going trade negotiation which could potentially result in a direct route into Pacific markets. As well, trade policy officials see this agreement as an extension of NAFTA, opening the potential for more and broader supply chains.

Europe

Europe's complex quilt of nations includes some of the world's most dynamic and advanced economies, with a combined population of over 700 million. The European Union partnership has a collective GDP that parallels that of the United States. Although Europe is dealing with significant economic challenges, many business and personal connections exist between New Brunswick and Europe, and the ambitious new Comprehensive Economic and Trade Agreement (CETA) is expected to open a range of new trade opportunities.

North - South

North-south trade conforms well to New Brunswick's attributes. It encompasses a collection of smaller countries from the Arctic to the Caribbean, including many island nations with a strong reliance on imports. Niche markets, proximity, less competition and similar time zones can be attractive characteristics, especially for less-experienced exporters.

US Regional Submarkets

New Brunswick's trade with the United States is concentrated in New England and south to New Jersey. For some exporters, other US regions provide realistic market development opportunities with existing products or services, and minimal change to marketing and support structures.

Emerging markets

Emerging Economies

In 2012, the International Monetary Fund (IMF) cited 25 nations as “emerging economies.”

	Argentina
	Brazil
	Bulgaria
	Chile
	China
	Estonia
	Hungary
	India
	Indonesia
	Latvia
	Lithuania
	Malaysia
	Mexico
	Pakistan
	Peru
	Philippines
	Poland
	Romania
	Russia
	South Africa
	Thailand
	Turkey
	Ukraine
	Venezuela

A substantial number of nations around the world are realizing rapid growth and industrialization. China, India and Brazil are three of the most prominent of these emerging markets, each hotbeds of innovation, and advancing their dominance in the global economy. As such, there are significant opportunities, but they require sound business fundamentals and a dedicated effort to successfully exploit them.

New Brunswick will continue to advance its initiative with the Province of Hebei, China to build on the Memorandum of Understanding signed in 2011. It will also collaborate with its development partners in promoting trade development activities in India and Brazil. Other emerging economies that may present potential niche opportunities for New Brunswick will be researched and monitored as *Growing Global Markets* is implemented.

China

China’s economy is huge and expanding rapidly, propelled by liberalization and an enormous population. China’s leadership in manufactured goods as a low-cost producer is unquestioned, supported by effective government policy, inexpensive labour and good infrastructure.

India

India is the world’s second most populous country and has a cost-effective and labour-intensive economy. It has built a very large service sector by outsourcing from developed countries, but also has a strong manufacturing base and an export- oriented industrial framework.

Brazil

Brazil’s economy has emerged to become one of the largest in the western hemisphere. The country has a rapidly growing population, a large and diverse industrial base, a sophisticated service sector, extensive mineral resources and excellent food production capabilities.

4.4 Strategic support

New Brunswick businesses vary greatly in size, exporting experience and capabilities. **Growing Global Markets** adopts the fundamental principle that effective support must accommodate these differences. It considers New Brunswick companies among three principal groups and provides for programs and support tailored to the unique requirements of each:

1. Prospective Exporters
2. Small and Medium-Sized Exporters
3. Major Exporters

Growing Global Markets also re-channels the role of government somewhat to emphasize education and counselling of firms about international trade, opportunity identification and methods of capitalizing on the enormous volume of commercial data that is available.

It further maintains that government agencies must take better advantage of technology and online communication methodologies and social media in connecting with the exporting community.

4.5 Strategic partnering

Growing Global Markets recognizes the many government and public/private organizations offering solutions to exporters. To succeed, emphasis must be placed on economic development agencies cooperating and coordinating. Each must understand their own focus as well as how they can work together. **Growing Global Markets** strongly endorses the importance of working together and having programs and services that complement each other.

Recent feedback from exporters and trade stakeholders with respect to perceived overlap and duplication of services highlights a concern. It is clear that a pressing need exists to clarify roles, improve communications and engage businesses more effectively in service delivery. Working in greater partnership with exporters is of the utmost importance in fulfilling the primary goals of **Growing Global Markets**.

5. How we'll get there

Over the next five years, this strategy will be transformed into concrete action. It will rely on taking advantage of the resources we have, New Brunswick expertise and service delivery partners, and the excellent working relationship with the New Brunswick business community. Elements will be phased in as delivery structures are re-configured and fine-tuned based on feedback from industry consultations.

The action plan is directed at exporters, but has implications for a wide circle of stakeholders. It is a combination of old, new and modified approaches, but aimed in concert at building New Brunswick's base of exporting businesses, their market diversity and the value of their products and services. Many of its themes are built on feedback during recent consultations with exporters and trade support stakeholders. It is comprised of ten concrete action items that will frame more detailed work plan items.



5.1 The case for trade

Success in foreign markets is enormously dependent on intangibles such as motivation, brand and reputation. It is also a function of knowledge and understanding. And it can be contagious, spread by the achievements of others. Yet, little recent effort has been made to promote trade and its inherent benefits, or to support the market development efforts of New Brunswick exporters.

Building the case for trade is a foundation activity in promoting a trade culture in New Brunswick in the long-term. In the short-term, it can multiply the positive impacts of day-to-day support activities. To build the case for trade, we will:

Action Item 1

Develop a marketing and communications plan for trade

A Marketing and Communications Plan will be developed, targeting internal and external audiences. The plan will incorporate activities to:

- Advance exporting as a business growth strategy
- Enhance the Province's reputation in target markets
- Communicate New Brunswick success stories
- Address student, business and public groups
- Oversee collateral development, web site and social media presence
- Promote export development programs

5.2 Service delivery

A new approach in delivering services to New Brunswick exporters is essential in adapting to the prevailing challenges of the international marketplace. Improvements that will benefit our exporters, staff and partners are central to achieving our goals as we move into the future.

Our focus will be on building closer working relationships between exporters, the regional economic development offices, central economic development export staff and key service delivery partners. More emphasis will be placed on one-on-one support and on opening new channels of communication. Constructive and effective support will come from a better understanding of the needs of businesses, and our exporters will be able to better influence the shape and direction of our assistance to them.

Delivering our services more efficiently, within the bounds of available human and financial resources, will be an important step in the transformation of export support. Operations will be re-configured to make the best use of our team of trade experts, our client relationship management system will be extended, and new technologies for interacting with exporters will be used to the greatest extent possible.

Action Item 2

Transition to an account manager support model

New Brunswick will enhance its export development service delivery by transitioning to an Account Manager model. Export staff will be assigned to support individual exporters; others will provide market intelligence, logistical support, planning and coordination among partners. Responsibilities will include:

- Building and maintaining relationships with individual exporters
- Identifying new clients
- Developing new exporters
- Interfacing with major firms
- Supporting high potential transactions

5.3 Export training

As with all individuals in a rapidly-evolving field exporters can benefit greatly from professional development. Training provides opportunities to improve knowledge and skills, and can instil a motivation to explore new markets, certifications, global value chain opportunities or other important avenues for growth and development. Training leads to understanding and a more confident, creative pursuit of anything new or unfamiliar.

New Brunswick will play an active role in educating business in international trade, emphasizing the unique requirements of prospective exporters and those seeking diversification or value-added opportunities. The education program will be developed and implemented in collaboration with partner organizations and export training specialists. Technologies offering broader, cost-effective geographic coverage will be formally explored and employed wherever possible. Whenever possible, partnerships or mentorship opportunities matching our successful exporters with high potential exporters will be explored.

Action Item 3

Deliver a suite of export training

A suite of export training initiatives will be assembled and delivered. Features will include:

- Training in export terminology and concepts
- Practical market development skills
- Knowledge gap topics such as value chains, certifications and free trade agreements
- Market briefings
- Web-based training
- Expert presentations
- Facilitation of expert mentoring relationships

5.4 Expert counseling

Provincial and Federal export professionals together have decades of collective experience working with exporters of all sizes, and in all industry sectors. Their knowledge in the field of international trade is supplemented by education, training and daily interactions within a cluster of trade specialists. We will actively promote this expertise and make it more widely available as a resource for New Brunswick businesses.

Export staff keeps abreast of trends and have an in-depth understanding of international markets, export opportunities and information sources. This can be translated into actionable intelligence as a decision tool for individual exporters. Market reports, databases, statistics, trade leads and related information will be promoted to our exporters.

Action Item 4

Provide export information and advice

A counselling service will be formalized to provide relevant information and practical advice for New Brunswick exporters. This will assist in activities such as:

- Developing tailored product/market export strategies for individual companies
- Identifying and assessing markets
- Securing financing to strengthen working capital and boost in-market activities
- Addressing red tape and barriers to trade
- Researching regulations, tariffs, logistics, and related questions
- Encouraging more sophisticated company business models
 - Linking to global value chains
 - Selling and protecting intellectual property
 - Establishing joint ventures
 - Licensing / Franchising
 - Marketing via the Internet and social media
 - Commercializing innovative market-driven company research

5.5 Market development

An interaction between a buyer and seller is the linchpin of trade. This can be manifested in a telephone discussion, a trade show conversation, a web hit, a face-to-face sales meeting or a chance encounter at a networking event. Without question, one of the most important roles that government can assume is to bring about these marketing and sales opportunities for exporters. Systematically connecting New Brunswick exporters with qualified potential buyers, suppliers or partners will be the essence of our market development support, and the backbone of our action plan.

Trade missions are, and will continue to be, a vitally important market development tool, but they need to be more strategically conceived and executed. Efforts will be directed at improving the quality of exporters' sales interactions, a key determining factor in the successes of mission participants. We will offer a broader spectrum of market development initiatives for qualified exporters, consistent with sector-specific requirements. Many will be carried out in partnership with other government bodies. All completed activities will be subject to full cost-benefit assessments.

Action Item 5

Connect buyers with sellers

Each planning cycle will delineate a comprehensive set of market development initiatives. Considerations will include:

- Trade missions to strategic markets
- Incoming missions
- Internet and social media marketing
- Trade shows and exhibitions
- Supplier identification activities
- Partnerships and strategic alliances
- Market reconnaissance / follow-up
- Qualified trade leads
- Global value chain opportunities
- Trade agreements
- Extending China initiative
- Connecting in-market buyers with New Brunswick exporters

5.6 Transportation and logistics

Growing Global Markets has close linkages with New Brunswick's partnership in the *Atlantic Gateway and Trade Corridor Strategy*. Both are rooted in the shifting patterns of international trade and the evolving importance of global supply chains. The integrated and globally competitive transportation system envisioned in the *Atlantic Gateway and Trade Corridor Strategy* further supports the growth of export capacity in the region, while seeking to leverage existing export activity and enhance connections with key markets.

Both strategies are grounded in strengths related to geography and infrastructure. New Brunswick has a number of attributes in these respects:

- Strategic location on major trade routes, with access to NAFTA partners
- Safe and efficient highway network
- Extensive network of airports
- Freight and passenger railway links to Canada and the United States
- Major ports in Saint John and Belledune; several regional/local ports
- Air cargo trans-shipment capacity within the Great Circle Route between Europe and the North Eastern United States

- A high level of transportation, engineering and technology expertise supporting logistics

However, practical methods for coupling these assets to the transportation and logistics needs of New Brunswick’s exporters are limited at present. At the operating level, transportation can sometimes be a secondary consideration after a sale is secured, in spite of its significance for exporters. *Growing Global Markets* seeks to stress the importance of transportation and logistics, and highlight the attractive alternatives available to New Brunswick exporters.

Action Item 6

Leveraging transportation infrastructure

Resources will be dedicated to leverage New Brunswick’s transportation infrastructure as it relates to trade development. A delivery model targeting exporters will be developed to:

- Turn transportation and logistics efficiencies into cost and time savings for New Brunswick companies
- Assist in providing equipment and shipping service options
- Promote New Brunswick’s port infrastructure and services in target markets
- Strengthen the province’s position as an air cargo freight forwarding and distribution centre hub for the Eastern seaboard
- Engage private sector and other resources in educating and supporting new exporters
- Facilitate linkages and partnerships among education, business, industry and community partners
- Build upon the province’s reputation as a world leader in engineering and telecommunications to support the ecommerce, shipping logistics and data needs of exporters

5.7 New and prospective exporters

Increasing the number of exporting firms in New Brunswick can, in itself, build the value and diversity of the province’s exports over the longer term. However, the goal of establishing a larger and stronger base of regular exporters has many challenges. Committed, export-capable firms must be prepared to persist through a learning curve that can test comfort zones.

A comprehensive strategy and action plan designed to increase the number of New Brunswick exporters will be developed and implemented by a group dedicated to this task. Principal goals will be to grow the success rate of new exporters.

Action Item 7

Establish an export readiness unit

Economic Development will establish an export readiness unit responsible for identifying and developing potential and new exporters. The unit will provide:

- Export readiness assessments
- Export skills and business practices training
- One-on-one support
- Export planning guidance
- Essential product/market research
- In-market preparation programs
- Mentoring

5.8 Major exporters

The prominence, success and economic reach of large firms in New Brunswick are well known. Many of these businesses have been longstanding cornerstones of their communities and industry sectors. Statistics Canada recently reported that New Brunswick firms with 500 or more employees had a collective volume of exports equivalent to all smaller businesses combined.

Large firms, because of their self-sufficiency in exporting, have not typically been included in export development strategies and plans. However, there is a growing recognition that the trade agencies of government can indeed offer significant contributions to these larger exporters. There are also opportunities to link the contacts and expertise of large exporters to the business development efforts of smaller exporters, including important potential links to global value chains.

Action Item 8

Engage major exporters

The principles of key account management will be applied to support the relationships between the province and its largest exporters, providing a mechanism for input and results on critical topics such as:

- Trade policy: issues and concerns
- United States: border, regulations, standards, policies, exchange rate, economy
- Other markets: emerging markets, trade agreements, opportunities, barriers
- Continuing to maximize potential in our key strength areas, including energy and petroleum refinement
- Specific issues: certifications, labour force, productivity, taxation, government support for working capital
- Mentorship

5.9 Partners and strategies

Growing Global Markets complements other important efforts in advancing economic growth and job creation in New Brunswick. Principal among these are initiatives to promote industry sector development, consult with stakeholders and better engage municipalities, communities and regions.

The export strategy aligns with the key themes of several critical initiatives. The emphasis on enhancing New Brunswick's labour force and skills development and the innovation agenda are fundamental to generating more global business success. The *Atlantic Gateway and Trade Corridor Strategy Initiative* continue to improve market access and build human resource capacity in transportation. The New Brunswick Growth Program offers broadly-based support for creating sustainable jobs in the Province.

Success depends on the strength of partnerships among organizations dealing with business, exporters and non-exporters alike. All share in the goal of economic growth, and synergies can arise from greater collaboration. **Growing Global Markets** seeks to facilitate the team effort in supporting the growth of interprovincial and international trade in Canada and markets abroad.

Action Item 9

Partner collaboration

Joint initiatives engaging partners and external funding sources will be actively pursued. A range of collaborative projects will be considered to offer high levels of customer and value-added services to New Brunswick companies:

- Inventory and streamlining of trade support programs and services
- Revitalizing Trade Team New Brunswick to leverage funding and resources
- Create Pan-Atlantic International Business Development Agreement proposals to partner with Atlantic Provinces when targeting markets
- Trade research to support company export plans
- Sector and market development plans
- Create an exporter database to support account management
- Joint market prioritization between the Municipal, Provincial and Federal Governments

5.10 Financial and market support

The success of the goals, action items and activities described in *Growing Global Markets* will be carefully assessed. In particular, this assessment will ensure that New Brunswick's investment in export development is directed in the most appropriate, cost-effective manner and ensure it supports broader economic development objectives and is responsive to the needs of priority sectors. The review will encompass market development activities, including trade missions, as well as financial assistance programs to private sector pursuing export opportunities.

Action Item 10

Rebuild assistance programs

Review and evaluate existing export development and strategic assistance programming available in New Brunswick, applying company-oriented criteria to assess key considerations such as:

- Optimized outcomes for companies
- Tailored assistance to company needs to match level of export readiness
- Cost effectiveness for assistance provider and company recipient
- Ease of company access, delivery and administration
- Complementarities and alignment to **Growing Global Markets** and Innovation agenda
- Clearer understanding on eligibility
- Leveraging funding sources from public and private partners



6. Outcomes and measures

New Brunswick's economic development action plan, **Growing Together** defines a measurement framework comprised of core, strategic and priority sector indicators. A series of baseline measures are established for each, by which progress to key economic targets is being regularly tracked.

Growing Together identifies export as an important contributor to the Province's employment, labour productivity and GDP, both overall and for strategic growth sectors. **Growing Global Markets** is focused on making significant contributions to these broader economic measures and to the overriding vision of a "stronger economy and enhanced quality of life while living within our means." The three specific goals in export growth advanced in **Growing Together** are each addressed through several of the action items in this strategy.



Goal	Action items	Outcome
Encouraging more firms to enter export markets	<ol style="list-style-type: none"> 1. Develop a Marketing Communications Plan for Exports 5. Connect Buyers with Sellers 7. Establish an Export Readiness Unit 9. Partner Collaboration 10. Rebuild Export Assistance Programs 	175 more firms entering export markets within 5 years.
Focus on growth opportunities through value-added exports	<ol style="list-style-type: none"> 1. Develop a Marketing Communications Plan for Exports 2. Transition to an Account Manager Support Model 3. Deliver a Suite of Export Training 4. Provide Export Information and Advice 6. Leveraging Transportation Infrastructure 8. Engage Major Exporters 9. Partner Collaboration 10. Rebuild Export Assistance Programs 	\$700M in value-added export sales growth (5% annual increase) and 4,200 jobs within 5 years.
Diversify New Brunswick's export markets	<ol style="list-style-type: none"> 1. Develop a Marketing Communications Plan for Exports 3. Deliver a Suite of Export Training 4. Provide Export Information and Advice 5. Connect Buyers with Sellers 6. Leveraging Transportation Infrastructure 9. Partner Collaboration 10. Rebuild Export Assistance Programs 	<p>\$1.29B in US export sales growth (10% annual increase) and 7,740 jobs within 5 years.</p> <p>\$460M in other countries (excl. US & Canada) export sales growth (20% annual increase) and 2,760 jobs within 5 years.</p> <p>\$690M in Canadian interprovincial export sales growth (6% annual increase) and 4,140 jobs within 5 years.</p>

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