



TORONTO
REGION
BOARD OF TRADE

T.A.P. GTA
TRADE ACCELERATOR PROGRAM



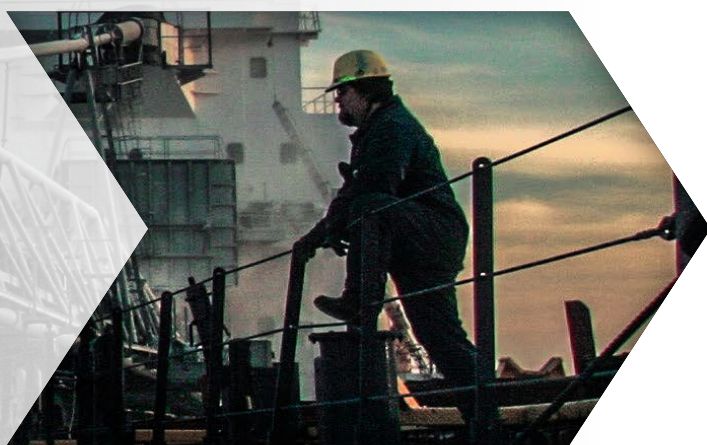
EXPORT STRATEGY REPORT

MAY 2015



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MESSAGE FROM THE PRESIDENT & CEO



The global fight for jobs and investment has never been more fierce. City-regions are emerging from the 2008 global recession with ambitious strategies to move their economies forward. Regional economic development and investment strategies are no longer a luxury – they now are the price of entry to compete in a global marketplace.

The cornerstone of any global economic development strategy is exporting. By the end of this year, export plans will have been adopted by 28 U.S. metropolitan areas. The Greater Toronto Area (GTA) is home to the second largest number of competitive industry clusters in North America and has all the port, rail and international airport assets necessary to excel in export.

Fortunately, there has never been a better time for GTA businesses to tap into new markets. A confluence of events, including lower commodity prices and dollar, a resurgent U.S. economy and sluggish domestic growth are creating the right incentives for growing globally.

Having spent the past 14 years in Asia and being actively involved with the Canadian Chamber of Commerce in Hong Kong and the Canada China Business Council in China, I have experienced first-hand the opportunities that await GTA businesses. With only five per cent of export-viable companies in Canada trading globally, I believe there is tremendous opportunity to expand our region's trade activity.

To determine the region's readiness to compete internationally, the Toronto Region Board of Trade (the Board) spent considerable time consulting with stakeholders and its member companies. This report is intended to share the information the Board has collected through its market assessment and past policy work.

Additionally, this report also describes the Board's new contribution to the region's export support system, TAP GTA (Trade Accelerator Program).

GTA businesses are fortunate to have a wide range of export resources available to them. Yet, while there is a variety of supporting programs, resources are fragmented with no central point of interaction for companies at a regional level.

TAP GTA is a new multi-year trade accelerator program the Board is launching this Fall. Drawing on international best practises, and some unique member supported elements, the program will enable companies to develop their export readiness and tap into new international markets.

Living in Asia taught me the strength of Canada's businesses and brand. There is no reason our region cannot build a larger base of export businesses. Considering that every \$100 million in new export activity can generate 1,000 jobs at home, our region has every incentive to do so.

Janet De Silva
President & CEO
Toronto Region Board of Trade



EXPORT – WHY NOW

A confluence of events are creating the right conditions and impetus for Canadian companies to go global. A lower Canadian dollar, limited domestic growth, dropping commodity prices and a resurgent U.S. economy are a few examples. Coupled with significant government steps

to help businesses by signing free-trade agreements, launching trade missions and committing new resources for companies expanding internationally, there has never been a better time for Canadian companies to tap into new markets abroad.

THINK REGIONALLY – WHY THE GTA

Few city-regions can match the assets and global presence of the Greater Toronto Area (GTA). The region is the dynamic economic heart of the country – fueling growth and prosperity across Canada.

The GTA is Canada's largest city-region. It is home to more than six million residents and nearly half of the province's labour force.¹ The region generates nearly 50 per cent of Ontario's GDP and almost 20 per cent of Canada's GDP.² In fact, the region's economic importance to Canada surpasses that of New York City's to the United States.³

Each year, it proves itself to be one of the most successful city-regions in the world, with nearly 120,000 choosing it as their new home annually.⁴ It consistently ranks highly on quality of life on several international indexes. Moreover, it has the second highest concentration of traded clusters in North America.⁵ Indeed, the GTA stands in an enviable position to promote economic progress.

Yet, there is no room for complacency. City-regions compete fiercely against each other for investment and talent. This competition has never been more fierce. City-regions are emerging from the 2008 global recession with ambitious economic strategies. For instance, by the end of this year, 28 U.S. metros will have released export plans to take their companies global.⁶ Without a clear commitment to continuous improvement and innovation, city-regions, like the GTA, face the prospect of stagnation and decline.

The Board has long emphasized the importance of taking a regional approach to address common challenges – be it breaking traffic gridlock or winning the global fight for jobs and investment. The Board is once again calling on senior public and private sector leaders to collaboratively work on a new, regionally focused trade accelerator program intended to get more GTA businesses exporting abroad.

« Improving the GTA's economic performance is imperative for enhancing Canadians' prosperity. »



WHY EXPORT

One of our region's greatest economic challenges is diminishing productivity.⁷

Report after report from the Board, researchers and bank economists emphasizes the same challenge. Declining productivity is holding back our economy and keeping it from fulfilling its enormous potential. Productivity across the region declined by six per cent between 2000 and 2010.⁸ This was the weakest performance among Toronto's 12 North American peer urban centres.⁹ This fact should be of great concern to all because weaker productivity suppresses wages, employment growth and general prosperity.¹⁰

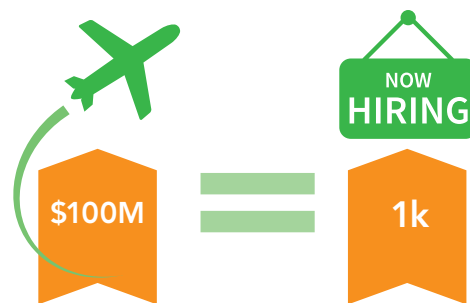
Tackling this challenge requires a greater emphasis on trade. It is widely recognized that low productivity is caused, in part, by a lack of growth in traded clusters. Put simply, trade exposes companies to global competition and best practices, which motivates them to innovate and grow in order to remain competitive. For instance, a 2012 Statistics Canada study found that Canadian manufacturers exporting to global markets between 1990 and 2006 had annual productivity growth of 2.3 per cent – significantly larger than the 0.3 per cent for non-exporting manufacturers.¹¹

Therefore, the Board sees significant opportunity for increasing productivity growth through increasing the amount of trade undertaken by GTA businesses and by globally promoting Canada's traded clusters.

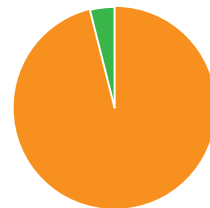
Firms engaged in global markets have a remarkable economic effect. They are more innovative, more productive and generate more jobs and higher wages.¹² As The Conference Board of Canada specifies, every \$100 million increase in exports creates approximately 1,000 new jobs at home.¹³ With only 5 per cent of export-viable companies in Canada trading globally, the opportunity ahead is tremendous.¹⁴



Regional productivity declined by 6% between 2000 and 2010



\$100 million increase in exports creates 1,000 new jobs at home



Of the 1 million SMEs in Canada, only 41,000 are exporting¹⁵



BEST PRACTICES IN EXPORT PLANNING

Leveraging work by the Brookings Institution, the Toronto Region Board of Trade has surveyed North American jurisdictions for best practices.¹⁶ Through its analysis, the Board has found the most robust export plans typically share the following characteristics. These characteristics support the input the Board received while conducting more than 100 stakeholder interviews in developing its trade program. Case studies of select jurisdictions are located in the Appendix.

- **Regional in scope:** The most effective export plans are regional in scope, matching the geographic spread of local supply chains. Instead of municipalities poaching companies from each other, the economic development departments of various municipalities agree to help existing firms grow, by aligning and coordinating activities on trade. Chicago, Charleston and Los Angeles all share this brand of cooperation.¹⁷
- **Collaborative ventures:** Many metros use public-private ventures to spearhead their export plans. Metro Export Chicago and World Business Chicago, a venture between the city and its business community, is one of several examples. Entities that typically play crucial roles in these partnerships include: chambers of commerce that engage their large corporate members; elected officials that act as vocal champions for going global; government trade agencies provide program support and overseas representation.¹⁸
- **Focus on threshold firms:** With limited resources and pressure to demonstrate tangible impact, regional leaders have had to prioritize which firms to proactively target, beyond a general commitment to small- and medium-sized enterprises (SMEs). Places like Chicago, Portland and San Diego have thus focused their efforts on high potential “threshold firms.” Local and regional leaders find these firms through a mix of one-on-one outreach and firm surveys. The strongest plans build a pipeline of qualified companies that can make immediate use of existing export resources.¹⁹
- **Anchored on clusters:** Metro economies are highly differentiated, specializing in a unique mix of goods and services. Leveraging these specializations is essential in the race for global customers. Public and private sector leaders are increasingly turning to global opportunities as a way to jumpstart or scale their priority economic clusters. For instance, Wichita’s export strategy leverages its aviation cluster to penetrate high-growth markets such as Brazil and China. In addition to exploiting its ICT cluster, Portland is also leveraging its clean tech firms for greater access in Japan and China.²⁰
- **Introduce customized interventions:** The best export plans create new programs to enhance or fill gaps in the existing trade ecosystem. For instance, business surveys reveal that many companies are not aware of the services available to them. As a first step, many metros are creating streamlined systems that pull existing services together in a transparent coordinated fashion. Examples of innovative case management systems are found in Minneapolis, Syracuse, Columbus and Los Angeles.²¹

« One of our region’s greatest economic challenges is diminishing productivity. »



REGIONAL MARKET ASSESSMENT

In developing its export strategy, the Board undertook an exhaustive market assessment of our region's readiness to compete globally. This assessment draws on the Board's previous research and involves new information collected from more than 100 stakeholder interviews and a survey of the Board's member companies. The Board's assessment points to the GTA having the right tools for success in the global economy. Among other things, the Board's regional market assessment includes:

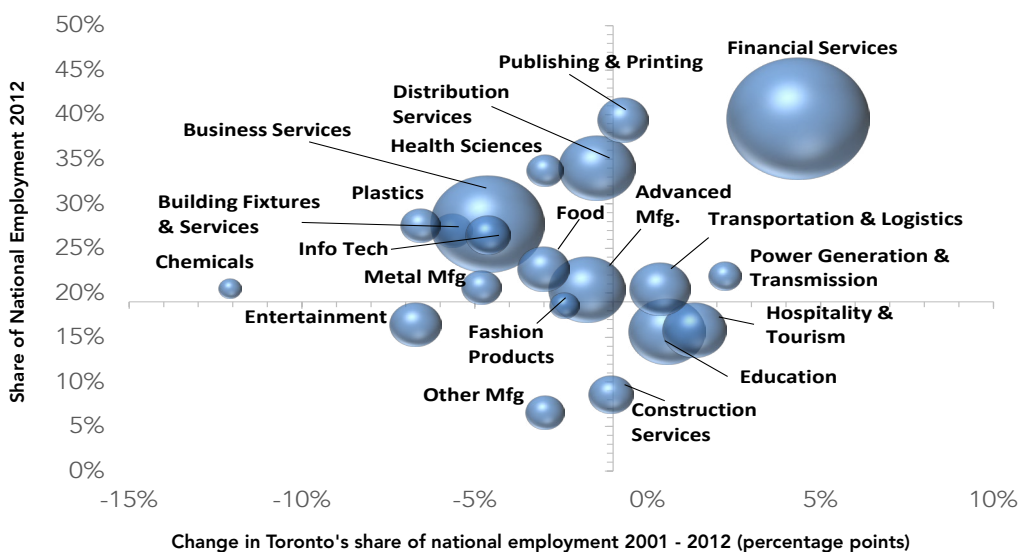
- An analysis of the region's **traded clusters** and their export readiness
- Diagnosis of the region's **global diaspora network**
- Consideration of the region's **trade infrastructure**
- An analysis of the region's **trade services & ecosystem**
- Key findings from a member focused **export readiness survey**

TRADED CLUSTERS

A key determinant of economic success for urban centres is the presence of traded clusters. Toronto is fortunate to have the second highest concentration of traded clusters in North America.²² Domestically, Toronto is a national leader in 26 of 41 traded clusters.²³ However, this diversity and density is not translating into higher wages or improved productivity. Moreover, their lack of involvement in global markets is also troubling.

Cluster development is about strengthening existing competencies. The objective is to strengthen connections across all elements of the cluster and also develop greater awareness of international market opportunities and customer needs. Toronto's traded clusters must seek to develop a virtuous cycle, whereby existing competencies are both recognized and celebrated in order to achieve export success, which, in turn, will further strengthen cluster competencies. The ultimate outcome of this is more higher paying jobs throughout the region.

TORONTO REGION TRADED CLUSTERS DIAGRAM



The size of bubble represents level of employment in 2012.

Clusters to the right of the vertical axis have increased their share of national employment between 2001 and 2012.

Clusters above the horizontal axis have a share of national employment greater than the Toronto region's overall share.

Please note the way the region's entertainment cluster is defined by ICP differs from the established definition used by Ontario's Ministry of Tourism, Culture and Sport for the Digital Media and Creative Industries cluster.

Source: Data from the Institute for Competitiveness & Prosperity (ICP), incorporating Statistics Canada Canadian Business Patterns data. Additional cluster definition and aggregation from Toronto Region Board of Trade analysis.



GLOBAL DIASPORA NETWORK

Toronto is well positioned to benefit from its highly educated and globally connected newcomers. It is an incredible asset that 47 per cent of Toronto's residents are foreign born²⁴ and that 76 per cent of newcomers, who have settled in the region recently, have some form of post-secondary education.²⁵ This level of diversity and talent is greater than New York, London and Paris.²⁶

The GTA could derive major trade related benefits from its rich endowment of immigrant communities. From Latin America to Asia, these communities have connectivity to

the world's high-growth regions. Studies have found that immigrants are associated with increased trade flows to their home countries.²⁷ Yet, according to The Conference Board of Canada, our immigrant communities do not significantly influence Ontario's export performance.²⁸ The reason is that local businesses have not capitalized on the skills and talents of newcomers. With leading universities in the region attracting global talent, local businesses should be clamouring to find opportunities for these talented individuals.

Places of Birth GTA Top 20 Total Population: 5,521,235 Total Foreign-Born: 2,642,910	GMAP Markets Established & Emerging	GDP Forecast 2015-17 (Average Per Year)
India: 279,425	India	Central & Southern Asia: 6.1%
China: 237,025	China	China: 7%
Philippines: 185,085	Philippines	South East Asia: 5.2%
United Kingdom: 116,655	European Union	Western Europe: 1.6%
Italy: 116,240	European Union	Western Europe: 1.6%
Sri Lanka: 105,565	-	Central and Southern Asia: 6.1%
Pakistan: 99,295	-	Central and Southern Asia: 6.1%
Hong Kong: 99,285	Hong Kong	China: 7%
Jamaica: 97,660	-	Other Americas: 3%
Portugal: 73,740	-	Western Europe: 1.6%
Guyana: 72,090	-	Other Americas: 3%
Poland: 64,095	European Union	Eastern Europe: 1.3%
Iran: 60,785	-	Central & Southern Asia: 6.1%
Vietnam: 60,555	Vietnam	South East Asia: 5.2%
United States: 55,630	United States	NAFTA: 2.9%
South Korea: 48,785	South Korea	Eastern Asia: 2%
Trinidad & Tobago: 46,915	-	Other Americas: 3%
Russian Federation: 35,200	-	Eastern Europe: 1.3%
Ukraine: 31,795	-	Eastern Europe: 1.3%
Greece: 31,185	European Union	Western Europe: 1.6%

Sources: The World Bank; Industry Canada; OECD; The Conference Board of Canada



TRADE INFRASTRUCTURE

The GTA is blessed with valuable transportation infrastructure. It boasts the second largest international airport in North America by way of passenger traffic, which today moves 38 million passengers and 448,000 tonnes of cargo per year.²⁹ Its port, one of Canada's largest inland ports, gives the GTA access to over 100 commercial ports across the Great Lakes and St. Lawrence Seaway.³⁰ The GTA's 400-Series Highways connect the GTA to the entire length of the Quebec City-Windsor Corridor – Canada's most densely populated and heavily industrialized geographic area. Soon, it will also benefit from a new intermodal rail and truck distribution facility. These assets serve as economic gateways, facilitating the movement of goods and services worldwide.

Yet, some of these assets face substantial obstacles. The region's largest rail terminal, located in Brampton, is nearing capacity. GTA highways are choked by some of North America's worst traffic gridlock.³¹ Toronto Pearson International Airport will reach capacity within the next 20 years.³² New aviation fuel surcharges erode the competitiveness of Ontario's aviation sector and exporters. Strengthening our region's trade performance over the long-term, requires a concerted effort to improve transportation infrastructure assets.

« The GTA has the right infrastructure and supporting resources for success in the global economy. »





TRADE SERVICES & ECOSYSTEM

GTA businesses are fortunate to have a wide range of export services, information and financing available to them. However, while there is a variety of supporting programs, the system is highly fragmented with no central point of interaction for companies. The Board has learned through its consultations that small and medium enterprises (SMEs) do not understand the range of supporting services available to them. Moreover, export service providers do not always share information or make referrals with one another. Compounding this problem is how service providers use different metrics to measure success. Testimony from recent Senate hearings on export support programs reinforces these observations. Consequently, export service providers should improve their coordination and cooperation – being better at working together and sharing information on their domestic clients and foreign leads.

Despite the many supporting programs available, gaps in service still exist among them. The Board's consultations have also revealed that most export programs focus on goods producing industries, rather than services. Presently, there are 24,000 business and professional services firms in Toronto.³³ Considering the importance of the sector to the GTA economy, developing export tools tailored for these industries is essential to any GTA export strategy. Analysis from the Board's survey will help describe the export potential.

Through its consultations, the Board found wide support for government policies that boost international trade, including pursuing new Free Trade Agreements, the introduction of the federal government's Global Markets Action Plan – GMAP, as well as the provincial government's Going Global Strategy. Nevertheless, there was a concern that actions by other government departments and agencies undermine the benefits of removing trade barriers. Examples of these barriers are highlighted in the Board's membership survey.



TRADE SERVICES & ECOSYSTEM

Service Providers	Export Resource Categories								
	Export Awareness	Export Planning	Going to Market	Financing	Market Entry	GTA Specific	Private Sector	Public Sector	Non-Profit Sector
Export Development Canada (EDC)									
Business Development Bank of Canada (BDC)									
Canadian Trade Commissioner Service (TCS/SDC)									
Canadian Chamber of Commerce (CCC)									
Ontario Chamber of Commerce (OCC)									
GTA Municipalities									
Forum for International Trade Training (FITT)									
Ministry of Citizenship, Immigration & International Trade (MCIIT)									
Ministry of Economic Development, Employment & Infrastructure (MEDEI)									
Canadian Manufacturers & Exporters (CME)									
FedDev									
Banks									
Professional Services									

Sources: EDL, Canada-Ontario Export Forum (COEF), Stakeholder Interviews

Legend

- **Export Awareness:** General export promotion
- **Export Planning:** Market research; Connections to partners; Navigation through government programs; Skills development
- **Going to Market:** Market Planning; General business planning & advice; Consulting; Finding Foreign Market Contacts
- **Financing:** Insuring sales; Working capital; VC Equity/Sub-Debt; Asset financing; Performance bonds
- **Market Entry:** Foreign investment; accessing global supply chains; Accessing foreign government procurement markets; Direct commercial sales; resolving business problems; Missions/fairs/trade events
- **GTA Specific:** Focus on the export activity of business from the metropolitan region
- **Private Sector:** Export resources and expertise offered by a private sector entity.
- **Public Sector:** Export resources and expertise offered by a public sector entity.
- **Non-Profit Sector:** Export resources and expertise offered by a non-profit entity.



BUSINESS SURVEY – KEY FINDINGS

To better understand the export needs and readiness of companies across the region, the Board engaged Environics Research Group to conduct an online survey of more than 200 of the Board’s member companies. These results offer a snapshot of the challenges and opportunities companies across the GTA may face in trying to tap into new markets. The Board will continue to survey its member companies on their export intentions and will use this data to help inform its strategy and TAP GTA (Trade Accelerator Program).

BARRIERS TO EXPORTING

Despite the wide range of export resources available to them, local businesses perceive the lack of resources and information to be a top barrier to exporting. Additionally, the lack of desire and awareness of a suitable product or service to export are other challenges identified.

The top 5 barriers identified by current exporters

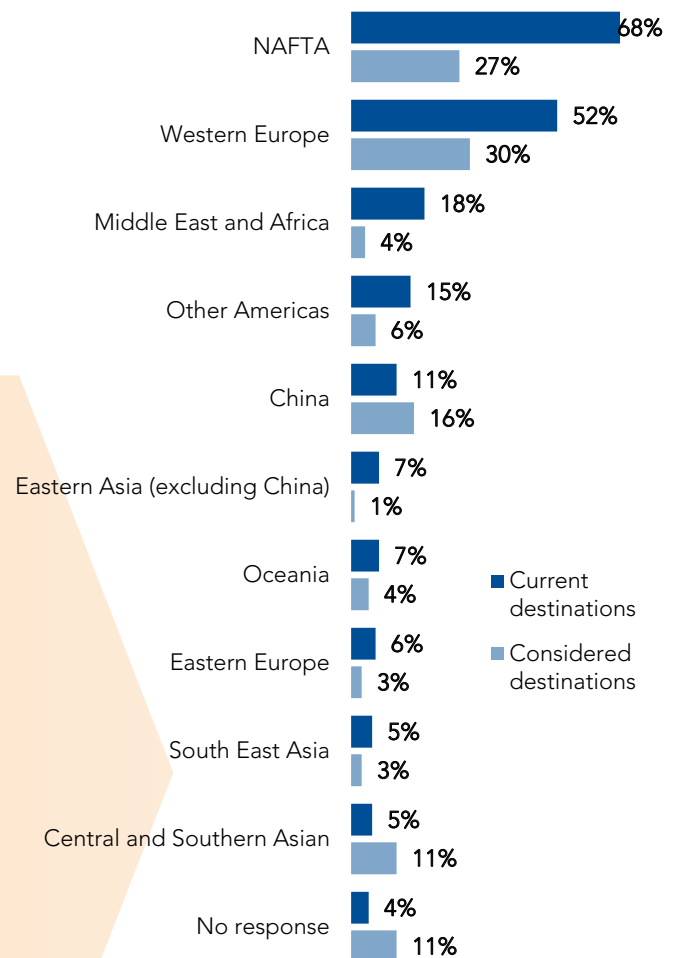
1. Insufficient allocation of company resources & personnel
2. Lack of company resources for market research
3. Difficulty finding overseas customers, agents or distributors
4. Did not have a suitable export product or service
5. Difficulty sourcing market information or opportunities

The top 5 barriers identified by non-exporters

1. Do not have a suitable product or service to export
2. Lack the desire or intent to export
3. Lack the company resources for market research
4. Difficulty finding overseas customers, agents or distributors
5. Insufficient allocation of company resources and personnel

DESTINATIONS OF EXPORTS AMONG EXPORTERS

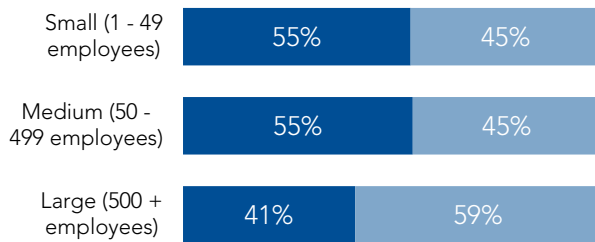
Among exporters, more than two in three companies are exporting to the U.S. and Mexico. The top three new regions being considered by exporters include: NAFTA countries, Western Europe and Eastern Asia.





TYPE OF EXPORTER BY BUSINESS SIZE

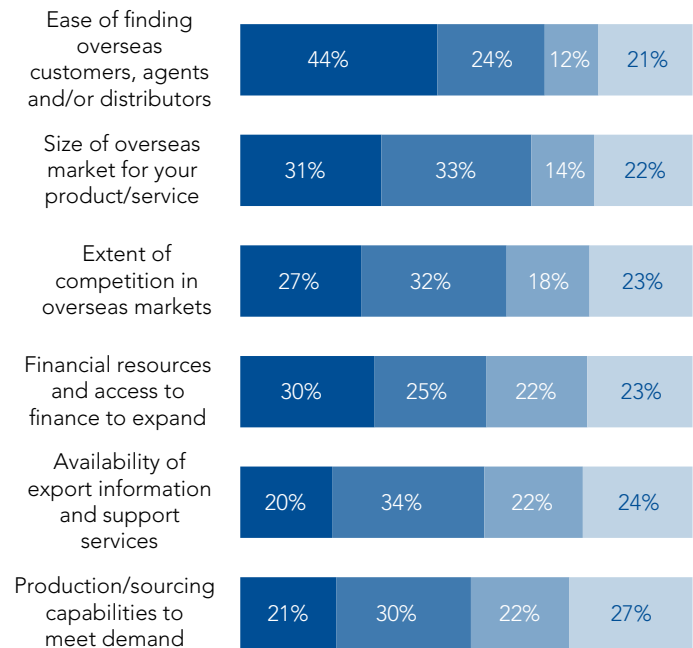
Large businesses are more likely to be proactively adapting their products or services to target specific international customers than SMEs, which generally are more reactive to unsolicited opportunities based on an existing product or service line.



- Reactive Exporter - Will supply international customers, but generally via unsolicited orders that can be met through an existing product/service
- Proactive Exporter - Currently adapting a product/service to specifically target international customers

FACTORS THAT INFLUENCE EXPORTING

The most influential factors when deciding to export is the ease of finding customers and distributors overseas, closely followed by the size of potential markets.



- Very influential
- Not very influential
- Somewhat Influential
- Not at all influential



GLOBAL MARKET ASSESSMENT

The GTA's global market potential can be better understood, in part, by examining the province's export activity.

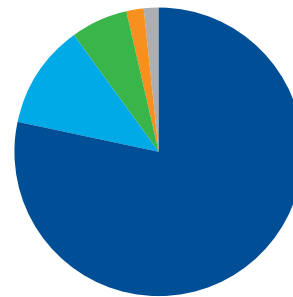
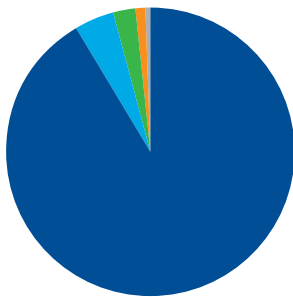
ONTARIO'S EXPORTS ARE REBALANCING BUT NOT GROWING

2003 Exports: \$168B

■ United States	\$153,421,842,910
■ Europe	\$7,420,295,654
■ Asia	\$4,251,172,081
■ Latin America	\$1,670,356,948
■ Africa/ME	\$912,510,627

2013 Exports: \$165B

■ United States	\$128,711,353,982
■ Europe	\$19,090,704,803
■ Asia	\$10,465,901,079
■ Latin America	\$3,432,169,511
■ Africa/ME	\$2,416,196,539



Sources: Asia-Pacific Foundation of Canada; Industry Canada





The United States remains Ontario's largest trading partner. Yet, Ontario's exports to the United States are declining. This trend could continue as international competition intensifies to access a rebounding American economy. While Ontario has diversified its export portfolio over the last decade, its exposure to the rest of the world was not enough to offset its falling exports to the United States. Moving forward, Ontario and the Toronto region must tap into new export opportunities abroad – specifically high-growth markets.

Now, more than ever, is the time to develop new sources of future growth for the GTA. Building on the federal government's Global Market Action Plan, the Board's 2015 *Toronto as a Global City: Scorecard on Prosperity* identifies where opportunities for our local clusters reside.

The fastest growing markets are in Asia, with China expected to grow by seven per cent per year over the next three years.³⁴ Our global competitors are already taking advantage of the opportunity China presents. As one example, our Great Lakes neighbour, Illinois, is already reaping the benefits. Over the past decade, Illinois has grown its exports to China from US\$900 million to US\$5.7 billion, while Ontario went from US\$1 billion to just US\$2.2 billion.³⁵ Ontario businesses are missing out on the tremendous opportunities this market has to offer.

But China is just one example of a growing market that is ripe for tapping. Three other regions are expected to post faster than average economic growth over the next two years: 1) Central & Southern Asia 2) South East Asia 3) the Middle East and Africa.

The Board's 2015 *Toronto as a Global City: Scorecard on Prosperity* identified significant opportunities in Asian markets for three GTA clusters:

- Information Technology in Indonesia,
- Processed Food in China, and
- Education & Knowledge Creation in India.





Beyond these case studies, there are many others that span the range of our cluster competencies. For instance, the region's advanced manufacturers (medical technology, clean tech, aerospace and automotive) have tremendous market opportunities all over the world. Many of Toronto's 24,000 business and professional service providers have competencies they could deploy even more intensively around the world – key segments include: engineering and construction services, energy consulting, management consulting, and of course financial services.

There are also emerging capabilities, such as specialized health system design and operations consulting, which have shown promise in key Middle Eastern markets, but have potential markets across the emerging economies.

Tourism is another key export sector, selling the attributes of the GTA to visiting tourists and convention organizers. The rapid growth of the global middle class is producing a large increase in the number of people who are looking for interesting places to visit or hold business conventions.

As a final example, the GTA's entertainment and digital media cluster has established a solid foundation from which to build significant export success.



« The fastest growing markets are in Asia, with China expected to grow by seven per cent per year over the next three years. »



TORONTO REGION BOARD OF TRADE – EXPORT STRATEGY

**GOAL: GET MORE GTA BUSINESSES TO
TAP INTO GLOBAL MARKETS**



OBJECTIVES:

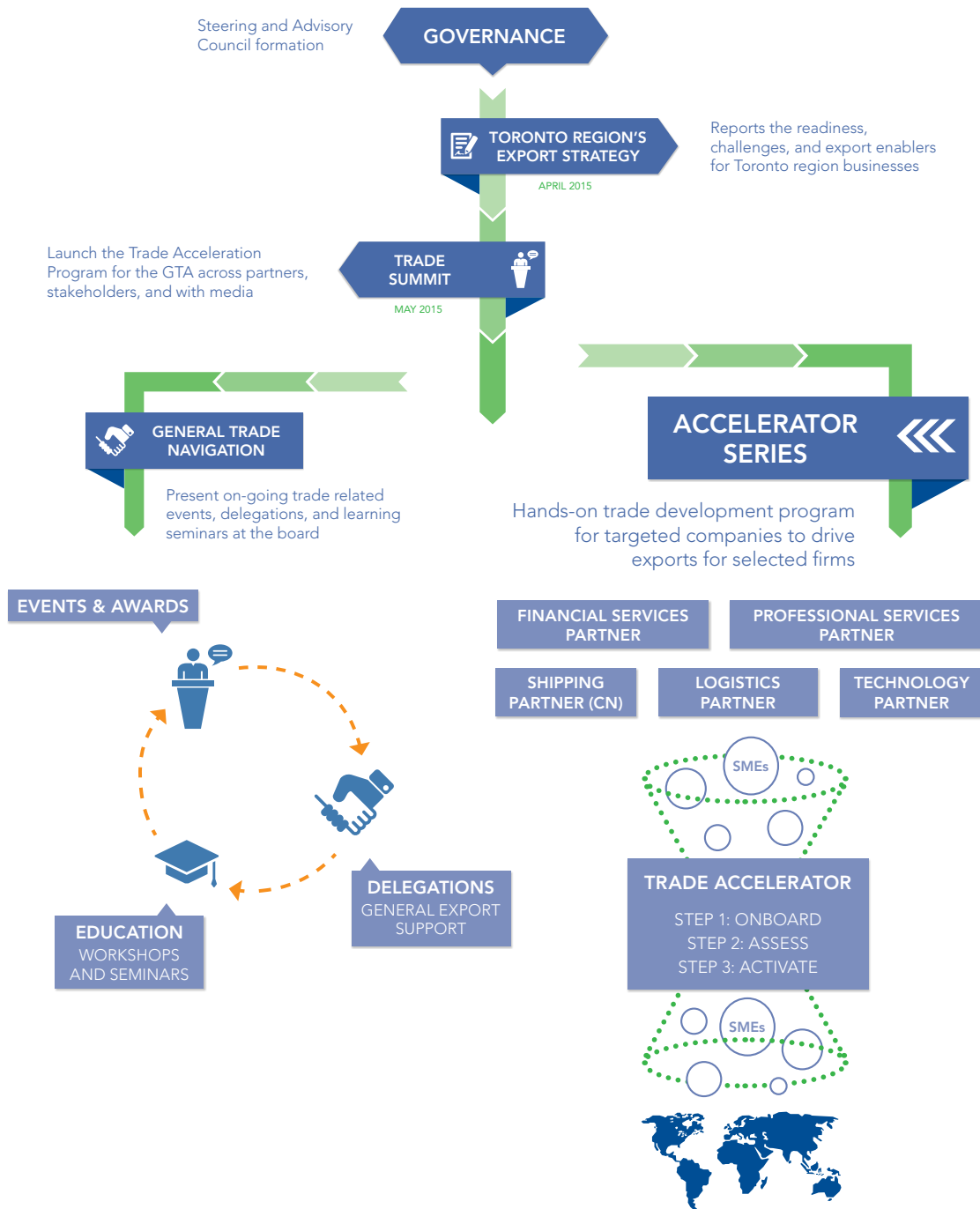
Increase the number of GTA businesses exporting.

Create a **culture** of international trade and investment across the region.

Grow the **export capacity** of the region's small to medium sized businesses.



THE FOLLOWING OUTLINES THE BOARD'S NEW, MULTI-YEAR TAP GTA INITIATIVE:





CRITICAL DELIVERABLES

TRADE ACCELERATOR PROGRAM



CRITICAL DELIVERABLE #1:

The vast majority of Canadian companies do not trade globally. The Board's research suggests these companies find the prospect of exporting to be a daunting process, filled with risk, and subsequently spend little time examining the opportunities available to them abroad.

As identified previously, companies are fortunate to already have available a variety of export resources and information from a wide range of stakeholders. However, despite these existing efforts, the Board's members believe, and evidence shows, that more can be done to support the development of global trade across the region.

The Board aims to make a value-added contribution to the current system by developing a trade accelerator program inspired by international best practices. The Board believes its program can make a value-added contribution to the current system by: 1) pulling existing resources together; 2) focusing its attention on the region; 3) leveraging some of its largest corporate members for their expertise and to sponsor client SMEs for its trade accelerator program.

The Board's trade accelerator program, TAP GTA, will enable companies to develop and activate an export plan. This model draws on many best practices used throughout North America.³⁶ Uniquely, some of our largest member companies will sponsor their client companies into the Board's trade accelerator and will bring their expertise

to the program. The program will also be open to other companies interested in TAP GTA. Each quarter a targeted 25-50 companies will enter the Board's trade accelerator.

The program starts with an intensive orientation on the trade resources available to them and lessons learned shared by other companies already active in exports. Next, using tested tools, each company can assess their international market opportunities, export strengths and gaps, and the actions or resources they require to overcome barriers specific to their operations.

Finally, the Board's accelerator partners, (both private and public sector) will work with each company to develop and activate an export plan. This interaction will take place through workshops, coaching and an internal company assessment. Members of the international business community, through the program's Advisory Council, will play an important role in helping to activate companies' export plans, using their international contacts and landing programs.

The Board's objective with TAP GTA is for each company to complete the trade accelerator program with a solid business plan and the resources identified to move forward with exporting. To measure the impact of the TAP GTA (Trade Accelerator Program), the Board will track the companies' progress over time, as well as their impact on the Toronto region's economy.



CRITICAL DELIVERABLE #2

Toronto's industry mix is one of its greatest assets, and cluster development is central to building a more prosperous economy. This strategy aims to leverage the full potential of the region's strongest clusters in services and manufacturing by better integrating trade and investment services, improving awareness of these services and applicable international market opportunities, and through ongoing benchmarking of export performance across the GTA.

CRITICAL DELIVERABLE #3

The region's businesses face tangible barriers to exporting. Some of these barriers have been identified through the Board's stakeholder consultations and member survey. Considering the Board's mandate and long, productive history with advocacy, it is a natural fit for the Board to help existing trade stakeholders resolve these deficiencies, as solutions are identified with the Board's members and TAP GTA Steering Committee and Advisory Council. To support this effort, the Board will document and benchmark the region's export activities. As well, the Board will leverage the guidance and influence of its members and TAP GTA Steering Committee and Advisory Council.

ACKNOWLEDGMENTS

The Toronto Region Board of Trade's Export Strategy was developed by the Board's policy team, with research support from the Board's pillar committees, TAP GTA Advisory Council, JPMorgan Chase, The Brookings Institution, the Global Cities Initiative network, Charleston Metro Chamber of Commerce and Environics Research Group. The Board is pleased to recognize the support of Unifor and Air Canada in producing this foundational document.

POLICY TEAM – TORONTO REGION BOARD OF TRADE

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- Janet Howard, Norton Rose Fulbright Canada, Partner
- Stephen Martin, PricewaterhouseCoopers LLP, Partner
- Ash Mathur, Savvis Inc., RVP & Managing Director - Canada
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- Suzanne Morel, MasterCard Canada Inc., Vice President, Public Policy, Canada
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- Michael Caplice, Cushman & Wakefield, Senior Managing Director
- Joe Ragusa, Sussex Strategy, Principal
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- John Hooper, HGS, SVP, Business Development & Client Relations
- Elena Laktionova, Redpath Sugar Ltd., Director of Finance
- Bill Packham, Desjardins Group, Executive Managing Director
- Hillary Marshall, Greater Toronto Airport Authority (GTAA), Vice President, Stakeholder Relations
- Bill Baldasti, Infusion, Vice President, Sales, Canada
- Stefan Baranski, TransCanada, Regional Director, Ontario Energy East
- Audrea Golding, Fragomen, Partner
- Teri Kirk, The Funding Portal, President & CEO
- Ann Adair, Siemens, Vice President, Communications & Strategy



TAP GTA Advisory Council

The Toronto Region Board of Trade is creating the TAP GTA (Trade Accelerator Program) to help businesses across the region to develop their export readiness, expand to new global markets, and attract more foreign investment. In order to ensure a strong and accountable program, the Board has struck a TAP GTA Advisory Council comprised of key stakeholders from the GTA's trade and economic development ecosystem. The Board greatly appreciates the time and expertise the Council's participating organizations are bringing to this initiative.

The Council's role is to:

- Share trade and investment information and opportunities
- Advise on TAP GTA programming and advocacy plans
- Review annual work plans and activities for TAP GTA

To learn more about how you can become involved in TAP GTA, visit www.tapgta.com.



APPENDIX – CASE STUDIES

The global fight for jobs and investment has never been more fierce. City-regions are emerging from the 2008 global recession with ambitious strategies to move their economies forward. For instance, since 2008, export initiatives have been adopted by no fewer than 20 U.S. metropolitan areas – with another eight set to release their plans later this year.

The leading force behind these efforts has been the Global Cities Initiative – a joint venture between the Brookings Institution and JPMorgan Chase aimed at helping metropolitan leaders strengthen their regional economies by becoming more competitive in the global marketplace. The Global Cities Initiative is built on the concept that the global economy is a network of metropolitan economies that are home to most of the world’s population, production, finance and sources of innovation.

The Board, which has long taken a similar view, began working with the Brookings Institution and JPMorgan Chase in Fall 2014 on its export strategy. In developing its TAP GTA trade accelerator program, the Board has considered the following Brookings Institution case studies in its literature review:³⁷

GREATER PORTLAND EXPORT PLAN

Objectives

The objectives of the export plan are to create and sustain regional jobs through export growth, promote a strong export culture, increase the number of firms exporting, and solidify Greater Portland’s position as a top 10 U.S. exporting metro. Four core strategies drive the pursuit of these objectives:

Strategies

1. **Leverage primary exporters in computers and electronics:** Cultivate the region’s advantage in computer and electronic product manufacturing for greater economic impact.

2. **Catalyze under-exporters in manufacturing:** Identify a set of mid to large-size under-exporting manufacturers and provide market analysis and ongoing case management and peer networking.
3. **Improve the export pipeline for small business:** Encourage companies to proactively pursue exports by providing training to economic development professionals and a comprehensive web portal.
4. **Brand and market Greater Portland’s global edge:** Strategically market the region’s strengths and key clusters, starting with “We Build Green Cities” which markets regional companies and products as solutions for global challenges.

Noteworthy Findings

Greater Portland’s most successful exporting companies are intentional about exporting. Companies acknowledged that pursuing business opportunities in new foreign markets requires significant resources and persistence. But surveys and interviews revealed that few companies proactively target export opportunities in this way. More often, companies reported that export opportunities were accidental or not part of a defined growth strategy. In addition, 90 per cent of Greater Portland’s exports in 2010 and 92 per cent of export growth from 2003 to 2010 came from the region’s top 10 exporting industries.



GLOBAL SAN DIEGO EXPORT PLAN

Objectives

San Diego is in a position to become one of the nation's largest and most diverse exporters. Based on the key findings of the market assessment, three major objectives have been designed to elevate San Diego as one of the most globally competitive regions in the world: create and retain export-related jobs; increase the participation of small and medium-sized enterprises (SME's) engaged in global trade; develop a brand to enhance the region's global fluency and competitiveness. To accomplish these objectives, the following four core strategies have been developed:

Strategies

1. Proactively leverage San Diego's diversity to target major markets based on industry strengths. San Diego is home to long-established firms in tourism, biotech, defense, and communications – many of which represent the majority of San Diego's current traditional export power. While a few of these industry clusters are represented by active and engaged trade organizations, a great deal of institutional knowledge and potential relationships remain underutilized. Building bridges between trade organizations and local firms can benefit the larger region by providing a collective effort to establish relationships with new market partners.
2. Develop and increase SME's capacity and capability to export through a mix of existing and new resources, and talent and service. In order to create exporting jobs, the San Diego metro region first has to create export opportunities. Many of the SMEs, which are ripe for exporting, have already jumped the most difficult hurdle, developing a worthwhile product. As mentioned in the Market Assessment, a significant barrier to exporting is the vacuum of export leadership and lack of global fluency.
3. Promote the unique infrastructure assets that underpin export growth in the region. The San Diego Metro region is a gateway to Mexico and the Pacific Rim, and has truly unique infrastructure needs that must be met in order to strengthen export growth. Following the

need for export education and opportunity, the most significant barriers to increased trade are the limited-efficiency of the border crossing, the underutilization of the ports and airports, and underdeveloped cyber infrastructure.

4. Leverage the trade potential of the CaliBaja Bi-National Mega Region. It should be no surprise that Mexico is one of San Diego's top trading partners. The Baja California region of Mexico and San Diego are intrinsically linked. The Baja California region is one of the few bi-national regions in the world where an advanced economy and developing economy are working together to create a marketplace as a global industry cluster. This allows for a unique partnership where two nations are sharing strategies, resources, and information in order to build a symbiotic and mutually beneficial localized economy. As both regions grow and continue to reinvest, they can share the burden of remaining globally competitive and better secure foreign trading partners.

Noteworthy Findings

The vast majority of survey respondents identified the lack of available information regarding export markets as the most important barrier to exporting. Notably, cost was not identified as one of the top barriers to exports (only 6 per cent of respondents identified it as such). U.S. protection and policy, and lack of professional and social networks were also identified as top barriers to exports.



LOS ANGELES REGIONAL EXPORT PLAN

Objectives

The objectives of the Los Angeles Region export plan are to secure and increase quality jobs, driven by local export growth; to double exports over the next five years; and to foster a more globally-fluent, export-oriented local business culture, particularly among small and medium enterprises (SME's). Three strategies drive the attainment of these objectives:

Strategies

- 1. Establish LARExC—the Los Angeles Regional Export Council:** The Los Angeles Regional Export Council (LARExC) will best ensure a sustainable regional export effort by coordinating existing export services and providers into a seamless regional export network with a focus on company success; developing and maintaining critical export research, information and a regional export website; and supplementing existing programs with critical new additions. An example new program is Export Champions. This program will connect partnering companies within regional target industries to MBA research teams that will provide tailored export services and training, using a case management approach. The MBAs will fill a critical gap in export services through market research, market entry strategies, and development of export business plans.
- 2. Target High-Opportunity Market Segments:** Target areas of greatest opportunity, including export-ready companies, twelve industries that drive local exports and growth, and Asia-Pacific and Latin American countries on the Pacific Rim.
- 3. Market the Los Angeles Region to the World:** Further establish a global business identity and presence for the Los Angeles Region that will open doors and create business opportunities for the region and its companies overseas.

Noteworthy Findings

Company awareness of global opportunities, foreign markets, and available export services and programs is low in the Los Angeles Region, as it is throughout the United States. But Los Angeles export services providers are uniform in the belief that promotion alone will not be enough to stimulate export growth. They stress the need for more one-on-one, proactive outreach and case management to gain company commitment to exports and move them successfully through the process.

METRO CHARLESTON EXPORT PLAN

Objectives: The objectives outlined in the plan are to increase Charleston's export intensity, grow the number and capacity of the region's small- to medium-sized exporters, and create an international trade culture that permeates regional public-private sector planning. Boeing, the largest exporter in the aerospace cluster is making transformational investments across the region. Similarly, the Port of Charleston is making investments to increase capacity and operational efficiency and develop new shipping services. At the same time, services-related companies are experiencing continued growth. These factors, which will create a flywheel effect that our local companies can leverage internationally, have set up the three strategies geared to deliver the plan's objectives:

Strategies

- 1.** Develop a comprehensive system that coordinates subject matter experts across public and private sector organizations to deliver export development services to the region's small- to medium-sized firms.
- 2.** Celebrate successes and the role that large exporting companies, clusters and the Port play in economic development and mainstream exports into regional planning processes.
- 3.** Proactively target trading relationships within a prioritized list of economic clusters and countries and introduce this network to new exporting companies.



Noteworthy Findings

Interviews with local exporters, especially service sector companies, indicated they were disadvantaged relative to companies operating near airports with broader and less expensive flight services. The opportunity to continue to expand air service to and from Charleston to help increase international connections and ultimately attract direct international flights will greatly enhance our tourism and service related industries and allow our companies to access foreign markets in a cost competitive manner. World-class air cargo services have helped other metros grow their exports and should also be explored as a new opportunity.

METRO EXPORTS CHICAGO

Objectives: Metro Chicago Exports represents an unprecedented collaboration between the seven counties in Northeastern Illinois and the City of Chicago to increase exports from SMEs. Metro Chicago Exports will assist manufacturers and business services companies to reach new international markets. This pilot program is focusing on three initial strategies:

Strategies

1. Build a pipeline of export ready firms.
2. Strengthen the export ecosystem by providing concierge services to firms seeking to capture global opportunities.
3. Connect firms to international partners and local peer networks.
4. Reduce the initial business costs to reach new markets.

Noteworthy Findings

The program utilizes a Metro Chicago Steering Committee, which includes representatives from all seven metro areas, to provide direction and governance to the program.

MONTREAL: SME PASSPORT

Objectives

The Board of Trade of Metropolitan Montreal recently joined forces with Québec International and National Bank to propel Québec SMEs into international markets. SME Passport is an internationalization assistance program that aims to provide personalized support to SMEs demonstrating the ambition and a strong potential for developing their activities on an international level.

Strategies

1. Build a comprehensive training and support program for businesses with the potential to break into foreign markets.

Noteworthy Findings

By the end of this year, nearly 50 companies will have entered the program.



ENDNOTES

- ¹ Toronto Region Board of Trade. (2015). Scorecard on Prosperity. <http://goo.gl/QMjVJ8>
- ² Toronto Region Board of Trade. (2014). Toward a Toronto Region Economic Strategy. <http://goo.gl/sKdyWE>
- ³ Ibid.
- ⁴ Ibid.
- ⁵ Ibid.
- ⁶ These metros belong to the Global Cities Initiative – a joint venture between the Brookings Institution and JPMorgan Chase aimed at helping metropolitan leaders strengthen their regional economies by becoming more competitive in the global marketplace. The Global Cities Initiative is built on the concept that the global economy is a network of metropolitan economies that are home to most of the world's population, production, finance and sources of innovation. <http://goo.gl/7N8qD2>
- ⁷ The Productivity Challenge: The Board has historically focused on driving productivity growth by reducing traffic gridlock and supporting the competencies and growth of local clusters. The Board's members recently tasked it with using export promotion as another mechanism to drive productivity growth across the region. TAP GTA is the Board's value-added contribution to the region's trade services ecosystem, which was designed based on North American best practices.
- ⁸ Toronto Region Board of Trade. (2014). Toward a Toronto Region Economic Strategy.
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- ¹¹ Ontario Government. (2014). Ontario's Long-Term Report on the Economy. <http://www.fin.gov.on.ca/en/economy/ltr/2014/ch5.html>
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- ²³ Ibid.
- ²⁴ Toronto Region Board of Trade. (2015). Scorecard on Prosperity.
- ²⁵ Government of Ontario. (2011). Bridging Training Projects for International Individuals. <http://goo.gl/306KNa>
- ²⁶ Toronto Region Board of Trade. (2015). Scorecard on Prosperity.
- ²⁷ See, for example, Akbari and Hyder, Trade and Emigration from a Developing Country; Head and Ries, Immigration and Trade Creation; and Peri and Requena-Silvente, Trade Creation Effect on Immigrants.
- ²⁸ Toronto Region Board of Trade. (2015). Scorecard on Prosperity.
- ²⁹ GTAA. (2014). Global Hub Economic Impact Study. <http://goo.gl/cGyTLG>
- ³⁰ Chamber of Marine Commerce. (N.D.) Great Lakes Commercial Ports. <http://www.marinedelivers.com/great-lakes-commercial-ports>
- ³¹ Toronto Region Board of Trade. (2013). A Green Light to Moving the Toronto Region. <http://goo.gl/ruk4iw>
- ³² GTAA. (2014). Global Hub Economic Impact Study.
- ³³ City of Toronto. (NA). Business & Professional Services. <http://goo.gl/adpMVd>
- ³⁴ Toronto Region Board of Trade. (2015). Scorecard on Prosperity.
- ³⁵ Ibid.
- ³⁶ Global Cities Initiative. <http://goo.gl/g07YgF>
- ³⁷ These GCI export plan summaries have been re-printed with the Brookings Institution's permission. <http://goo.gl/g07YgF>



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