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## 6 of 11 key Canadian industries need to invest to meet growing U.S. demand, says new trade report commissioned by HSBC

*\*\*View the full Conference Board of Canada report here:  
<http://cmbinsight.hsbc.com/USreport>\*\**

From food manufacturing to pharmaceuticals, there are significant new opportunities across 11 key Canadian industries; however despite their historic heavy-weight status, six of these sectors need to invest to meet the burgeoning demand from Canada's biggest trading partner. This, according to *Taking advantage of the U.S. economic rebound*, a new report from the Conference Board of Canada commissioned by HSBC Bank Canada.

While trade between Canada and the U.S. grew stagnant in the 2000s as the U.S. faced modest economic growth, the U.S. economy is now showing signs of recovery. This, coupled with the lower-valued Canadian dollar, represents a more promising market for Canadian exporters than it has in recent years.

**Linda Seymour, Executive Vice President and Head of Commercial Banking, HSBC Bank Canada, said:** "Why look beyond our borders? Because doing so allows our country to regain lost ground in productivity, innovation and competitiveness – all key indicators of a healthy, prosperous economy. The more Canadian firms tap into the world's opportunities – including those in the U.S. – the greater the odds of ensuring our long term economic health."

### Yesteryear's industry heavyweights: today's underdogs?

Despite having competitive offerings and historic success, the report finds six sectors in Canada lack capacity to meet strong demand: 1) Wood products; 2) Pharmaceutical and medicine; 3) Aerospace products and parts; 4) Other transportation; 5) Clothing; and 6) Motor vehicle parts.

**Danielle Goldfarb, Director, Global Commerce Centre, Conference Board of Canada, said:** "Business investment has stagnated over the last several years, leading to a situation where key manufacturing sectors are unprepared to capitalize on growing U.S. demand. These 'least prepared' industries need to make investments in human and/or physical capital to boost capacity."

### Four of five sectors poised for growth are service industries

According to the report, five sectors are very well placed for success in light of burgeoning U.S. demand with competitive offerings and capacity to meet demand: 1) Food manufacturing; 2) Transportation and government services; 3) Other commercial services; 4) Computer and information services; and 5) Finance and insurance services. Interestingly, four of these sectors are in service industries.

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**Seymour observed:** “We spend a lot of time as a country talking about resources and large manufacturing and their impact on our economy, but some of the most dynamic global trade stories in recent years are in the service sectors. And with over 50 free trade agreements in place, Canadian service industries are well-positioned to compete effectively on a global stage – and it’s those who are ready, willing and able that will succeed the most. It’s time for Canada’s businesses to get off the side lines and invest for their future.”

### **Companies to look out for: *Global Relay, McRae Imaging and Spin Master***

Companies that trade internationally grow faster over the long term, so it’s perhaps surprising that only 10% of Canadian companies currently generate sales abroad. Featured in the report, these three companies demonstrate solid foundations for U.S. expansion.

**Goldfarb concluded:** “Although each company has been doing business in the U.S. for many years, they have all adjusted their strategies for the current environment. In each case skilled executives with a strong vision and global growth mind-set, innovation, U.S. market knowledge and strong U.S. networks were key to their success. Other companies that want to take full advantage of the rebounding U.S. economy will need to invest in their people, technologies, and capacity, and continue to innovate to be successful in this new trade context.”

A copy of the report, including insights from the companies featured, is available at:

<http://cmbinsight.hsbc.com/USreport>

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### **Notes to Editors:**

#### **About the Report**

The research for this briefing was conducted by The Conference Board of Canada with funding from HSBC Bank Canada. In keeping with Conference Board guidelines for financed research, the design and method of research, as well as the content of this briefing, were determined solely by The Conference Board. The briefing highlights previous Conference Board’s research on where the strongest U.S. demand exists and which Canadian industries are best prepared to respond to the new export era, characterized by a rebounding U.S. market and the lower valued Canadian dollar. To complement this research, the Conference Board interviewed three companies of different sizes and belonging to different industries, that have been successful in the U.S. market—Spin Master, Global Relay, and McRae Imaging. Their experiences illustrate various approaches to gaining a foothold and expanding in the U.S., their key factors for success, and the challenges they faced, along with their strategies to mitigate these challenges.

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