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Chair

Mr. Randy Hoback

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**●** (1530)

[English]

The Chair (Mr. Randy Hoback (Prince Albert, CPC)): Colleagues, today we're going to get started right away because, and I do apologize to our witnesses, we are going to have votes that will interrupt our session. Our game plan is to start off with their testimony and then when the bells ring, we'll have to leave, but we will come back and finish with their testimony, and then hopefully get around to questions.

We'll start off with our video conference first for 10 minutes and then we'll just proceed from the top of the list down. That way if something should happen while we're gone and we lose our video conference, at least we'll have a chance to have that testimony.

We'll start off with CanAgro Exports, Sheila Kehler, owner and senior adviser, and Melissa Vencatasamy.

Ms. Sheila Kehler (Owner and Senior Advisor, CanAgro Exports Inc.): First of all, thank you so much for inviting us to be here today.

My name is Sheila Kehler. Together with my husband and our children we operate family-owned businesses: CanAgro Exports Inc. and genAG Inc. .

With me today is our daughter, Melissa Vancatasamy, our chief financial officer and co-owner.

I'll start by introducing our business.

CanAgro Exports is the export side of our business. We have 10 employees in Canada and 44 in our dealership in Kazakhstan. We are located in Winkler, Manitoba. We export Canadian and U.S. built farm equipment to Kazakhstan.

We have approximately \$25 million in gross sales annually, selling versatile tractors, Amity seeding equipment, MacDon windrowers, Elmer's grain carts and harrows, Valmont irrigation equipment and after-market parts sales. We also sell Bednar tillage equipment built in the Czech Republic, and Worldtrac tractors built in India in the Kazakhstan market.

We're also looking at a joint venture project to manufacture larger tillage and seeding equipment to export to the Chinese farmers who purchase land outside of China, as well as into Kazakhstan, Russia, and possibly other countries.

We're also working with the manufacturing company out of India with respect to Worldtrac tractors. We sell their product in

Kazakhstan and are looking to set up local manufacturing and assembly to avoid the value-added tax.

We are also in the design and development stages of building a power unit and chassis to harvest sugar cane in India. This is a project with an Indian sugar company which will design and build the sugar cane thrashing unit that will attach to the power unit we are designing and building in Canada.

GenAG is the Canadian side of our business. We have two locations in Manitoba at present with 40 employees. We are in negotiations to purchase a third location which would then give us access to all of central and southern Manitoba, as well as part of Saskatchewan.

We import Horsch seeding and tillage equipment from Germany through their U.S. location, as well as Grimme and Spudnik potato equipment from Germany and Idaho, and Valmont irrigation equipment from Nebraska, all to sell in Canada.

Along with this, we also sell numerous short lines and aftermarket parts in Canada.

We have also been approached by the manufacturer of Worldtrac tractors in India to set up local assembly for their product in Manitoba and distribute it across Canada, as well as export it to the northern U.S.A. and Iceland.

We have begun working with Manitoba trade representatives for India on this project.

Some of the issues we face as exporters include timely shipping, rail strikes, shortage of available containers, overload imports around the world, etc.

With regard to financing, we work with only one bank in Kazakhstan which has little available cash, thereby causing us when it comes to cash flow to set terms with our suppliers until the money comes in.

We face issues with currency devaluation in the countries where we work. We also face the issue of the value-added tax which is forcing us to set up local manufacturing and assembly to stay competitive within the market.

When developing trade policies, I would ask that it be considered to allow having more than one passport for business owners exporting to numerous countries. We are prohibited from travel whenever we apply for a new visa for a specific country. The wait time in applying and getting a new visa can be up to three weeks per country.

We have worked with business owners from Europe who have two passports and are able to travel with the one while the other is sent away to obtain a visa.

With regard to government help that is available to us, EDC has been extremely helpful in providing short-term receivables insurance to our suppliers, so that our suppliers can give us terms, usually 180 days from the time of shipment. We need these 180 days to source, ship, assemble, sell, and collect payment in Kazakhstan in order to be able to pay our suppliers. This is critical as banks will not finance inventory that is being exported.

Some of the challenge that we do face with EDC is that it takes a long time to establish a working relationship with EDC. The staff turnover in the underwriting department is frustrating as each new person needs time to understand our business, often time that we as exporters don't have when trying to finish a deal with our customers.

(1535)

Also, the length of time to access results from EDC is frustrating. Our window of sales opportunity in Kazakhstan is short, and we sometimes miss sales simply because it takes too long to get approval from EDC.

Manitoba Trade and Investment has also been a big help to us and is a large promoter of our business in trade shows around the world, working alongside us promoting Canadian-built, particularly Manitoba-built, equipment. We work with trade commissioners in Kazakhstan, China, and India.

Thank you.

The Chair: Thank you for your presentation. It was very good.

We'll move on to Acadian Seaplants Limited.

Jean-Paul Deveau, president, you'll have the floor for 10 minutes, sir.

Mr. Jean-Paul Deveau (President, Acadian Seaplants Limited): Thank you very much, Mr. Chairman, and I thank the committee members for the opportunity to present to the Standing Committee on International Trade.

While the topic of your study is about competing globally with opportunities for small and medium-sized businesses, my comments today will consist of a brief introduction of Acadian Seaplants, our export story, and how I feel government can support SMEs in developing exports.

Acadian Seaplants Limited was established in 1981 by my father, who operated out of my old bedroom in the house I grew up in. Today it's a high-technology life sciences company specializing in the manufacturing, cultivating, and processing of marine plants products for food, health and beauty, animal feed, and agrochemical markets worldwide.

We are an SME that exports \$60 million to over 80 countries, employs 350 people in eight countries, employs 33 scientists including 12 Ph.D.s, and has manufacturing facilities, four in Atlantic Canada and one in Ireland.

We've built our company on four investment pillars.

The first is research and development. In order to create and maintain our sustainable competitive advantage, we invested heavily in applied R and D and technology. In most cases, Canada will never be the lowest cost producer, so we invest to ensure our innovation pipeline generates new and difficult-to-copy products for our global markets.

The second pillar is international market development. We knew early on that we needed to export if we wanted to develop this business as an industry. We knew we needed to expand beyond our borders and invest in international market development.

The third pillar is sustainable resource management. We invested in resource sustainability by employing renowned resource scientists to direct how we take marine plants out of the ocean to produce value-added products. We needed to ensure that what we were doing was sustainable for the future. Every year we know we harvest less than the annual growth of the seaweed in the ocean.

The last pillar is our investment in people. We have invested in people. In our company we speak 10 languages. We have first-generation immigrants from 11 countries working with us in Nova Scotia. They bring us technical skills and also skills in international markets, because they are familiar with the language, the culture, and the business customs in other parts of the world.

We have developed an expanding international infrastructure that involves highly qualified in-market sales and marketing and market development scientists. We have 43 personnel at distance. These are full-time employees outside of Canada working for us in Brazil, Colombia, Chile, Ireland, Japan, Mexico, and the United States. These people work to create value-added exports from Canada. We learned early on that it is important to have local support in those countries where we do business, and it is one of our best practices.

Last year, Acadian Seaplants acquired the largest seaweed processing company in Ireland. This makes us the largest seaweed processing company in Canada, the United States, and Ireland in our sector. We engaged the assistance of EDC, which has programs that assist SME exporters with a range of finance, insurance, and bonding solutions for global businesses.

EDC has helped us with trade receivable guarantees, such as we just heard about from the previous testimony, guarantees for foreign acquisitions, and guarantees for foreign currency hedging, which is certainly a major risk item for exporters.

The federal government was counter-cyclical in 2009 when it expanded EDC's and BDC's abilities. This was extremely valuable. Also, when the private sector essentially walked away from many different financial markets, EDC was there supporting us and allowing us to do the things we needed to do to expand our business. We would not be where we are today without EDC's assistance.

The Canadian trade commissioner service provides assistance in helping new and experienced exporters explore new foreign markets. Throughout the years, we have used their market intelligence and client introductions. That greatly assisted us in the early days. Canadian government support and endorsement give manufacturing companies instant credibility.

I want to commend the government on the work they have done on the free trade agreements, and specifically the EU free trade agreement. The format of this agreement is really a reverse of how other free trade agreements were put together. In effect, only the items that are in the agreement are the items that are excluded. Effectively everything else becomes part of that free trade agreement. This ensures that what gets generated into the future is covered by the agreement, and that the free trade environment will continue in the future.

#### **●** (1540)

As a biosciences company that conducts a substantial amount of research, I see a significant imbalance regarding SME government support for R and D programs versus government support for exporting. There's a need for a similar depth of programs for SMEs to develop export markets. I feel it's crucial for the success of SMEs not only to have the ability to create and innovate goods and services that the world will want, but SMEs also need to be able to develop those export markets. I have some very specific recommendations to assist SMEs.

We have put a lot of effort into bringing in buyers to visit our company, learn our technologies, and see our capabilities. These are not missions. I believe the federal government should work to allow and encourage SMEs to bring people in to do those kinds of visits. While there's no substitute for getting on a plane to visit customers, this is also a very important tactic that we've used very successfully.

I also feel it's very important for the federal government to find ways to assist SMEs to obtain foreign registrations for their products or services. There are many industries where a foreign registration is necessary to have the legal right to sell your product. Once you have one in one particular country, then you just have to repeat the same thing over and over again. If the federal government found a way to assist the SMEs to do that, it would open up those foreign markets much faster.

Another tactic that could be used very successfully is to institute an incremental export tax credit for SMEs. We're not looking to see that existing businesses be taxed at a lower rate, but only that the incremental amount of new business that one generates for a short period of time be at a lower tax rate. That kind of incentive would encourage people to develop export markets, knowing that some of the extra costs of developing those markets would be covered by that.

These are a number of specific concrete items which I think could make a difference to SMEs.

It's no secret that trade is a powerful driver of Canadian prosperity, and it's also true that Canadian SMEs must compete in a fiercely competitive global economy. When the federal government is developing policy and programs, it would be helpful to keep the following in mind. What may be considered a large company in

Canada is still a small company on a global scale. We're a company that has \$60 million in exports to over 80 countries. In Nova Scotia, we're considered to be relatively large. Having said that, on a global basis we're really very small. If the goal is to get SMEs to operate globally, we want to find ways to encourage those companies to get into that \$100 million to \$200 million range to compete effectively.

The Government of Canada has done a very good job of branding Canada. Please continue this effort. We have a fantastic image.

Canadian business tends to be risk averse. They need to understand how to manage these risks of exports, which can be addressed through education and mentorship.

Certain aspects of the global markets action plan I find most valuable. There's an emphasis on trade promotion and ambitious trade policy. There's an orientation to take our international diplomatic network and entrench it in economic diplomacy. They've set five-year targets to measure SME export success, and it's very important that government and industry stakeholders work together to keep the GMAP aligned with global trends.

In your deliberations, please set more aggressive targets and make them happen. It has worked in our company.

Thank you very much.

**●** (1545)

The Chair: Thank you very much.

We'll move on to our next witness, Mr. St-Amour from Oviva. I will warn you that we probably will be interrupting your testimony to go for votes, but let's get started. We'll keep progressing and we'll stop when the bells ring.

Normand St-Amour, director of Oviva, you have the floor for 10 minutes.

[Translation]

Mr. Normand St-Amour (Director, Oviva): Good afternoon to you all.

My name is Normand St-Amour. I am one of the shareholders and not the president of the Eau d'érable Oviva company. Five shareholders created this company.

For seven years the Federation of Quebec Maple Syrup Producers and Laval University in Québec, via its research institute, carried out research to find a process that would completely preserve maple water without bacteria and without micro-organisms.

In fact maple water is a vegetal water that is directly tapped from the tree. It is by boiling this water that we obtain the syrup. Our company wanted to preserve, at the molecular level, all of the water components, that is to say electrolytes, minerals, antioxidants, and long-chain natural sugars including complex sugars. This is chemistry, which is my field of study. Complex sugars must be perfectly intact and unmodified by an aggressive process. After seven years of research with the university, we found the right process and have been able to sell our product on the market.

I would like to briefly explain that our product was developed in order to become a food product that would enhance flavours. The complex vegetal chains of natural sugars have the power to hide bitterness. Where it is used, our product enhances the flavours of other foods. That was the objective of the research carried out by the Federation of Quebec Maple Syrup Producers and Laval University.

As for me, because of my studies in food chemistry, I wanted to see to it that this excellent new health product would keep blood sugar levels constant in school children and athletes. Our product is beneficial for those who live with type 2 diabetes, for children who go to school, and for high-level athletes who train and do not want to consume refined sugars that can be found in, for example, Gatorade and other similar products. Our product is not only effective, it is also very good for your health.

Approximately 200 ml of maple water provides a regular quantity of glucose in the blood in order to feed the brain. The brain needs a stable level of glucose in order to remain alert. It does not require much glucose, but the glucose it does require has to be stable. Our product would also be excellent for the members of the House of Commons so they can stay awake throughout debates. Our product is therefore not only useful in the sports world.

Vegetal water is very much enjoyed in Asia and in Europe, especially in northern Europe. In Belarus for example, 25 million litres of birch water is sold annually. This also contains electrolytes and minerals as is the case for maple water, however it is less sugary. There is less available glucose. Our product is of a higher quality and there is a good demand in the field.

I wanted to explain our product to you, however, basically, I'm here to highlight certain problems linked to the export of this product.

Asian markets, especially, request minimum available quantities of the product, amounting to millions of litres. Canadian companies must therefore maintain a minimum inventory level of millions of litres, which represents millions of dollars. It is only then that these companies can meet the demands of the Asian market and the north European market. These two markets are crazy for this product.

Our company was created two years ago, and every week, we receive several requests for exports from international buyers who want us to guarantee that we can provide them with a given quantity of our product. In order to do so, we always have to have reserves of two to five million litres of the product.

• (1550)

That is a very high demand. In Quebec, we sell several tens of thousands of litres. The revenue from our normal sales cannot justify that kind of inventory.

Maple water is like coconut water, but it is Canadian and Québécois. We have it here and it really tastes better than coconut water. It has better qualities and at the same time it can be used by athletes. Actually, we provided two Montreal Canadiens players with maple water for their training to see if it would be able to satisfy an athlete in sustained training sessions. They said that they were able to perform high level professional training with maple water. It contains enough electrolytes and sugar that an athlete can perform

well. So, this water is of better quality, it tastes better, and it can compete with coconut water internationally.

Let's talk about reserves. In the Laurentians alone—and the Laurentians are a small area compared to Canada as a whole—we could produce 2.4 billion litres of water annually if we tapped all of the maple trees. That is probably not feasible, but it is possible. We could produce billions of litres of maple water. We are able to produce and export this kind of product. Ninety percent of our maple water will be sold outside of the country. This is money that would be coming from other countries.

My first request is the following: would it be possible to get support to have sufficient water reserves so that we could develop new markets and have enough water reserves to meet demand?

My second request is simply to provide entrepreneurs with language courses so that they can talk more easily with our exporters. Could we have courses that would be suited to someone with a very busy schedule? We are not currently able to get these courses

How much time do I have left, Mr. Chair? I assume that my 10-minute period is almost up.

**●** (1555)

[English]

The Chair: Just one second.

Colleagues, he has about three minutes left for his presentation. Can we wait the three minutes and let him finish?

Some hon. members: Agreed.

The Chair: I have consent for that.

Monsieur St-Amour, please finish your presentation.

[Translation]

**Mr. Normand St-Amour:** To conclude, I would like to talk about what it means to have a tree farm. We have a tree farm. People who work in this sector are passionate about maple products. We each have a farm and we also have other jobs. We have other jobs because the farm does not provide enough income to live on. So we develop a side business.

Also, I am the mayor of my municipality. So we all have a lot of jobs. We are in the Upper Laurentians. So we are too far from major urban centres to have these courses and to learn English easily.

Is it possible to develop ways to help entrepreneurs have language courses, not only in English but also in other languages? I'm thinking of courses that would be tailored for people who live far from major urban centres and who live further away. These could be telephone courses. Such courses could be developed uniformly. There is demand in Japan. The same goes for Korea, China and Australia. The demand is there. So we would like to have not only English courses but also training in other languages so that we can communicate on a basic level with the client.

Thank you for your attention. I would be happy to answer your questions.

[English]

The Chair: Thank you very much.

Colleagues, we'll suspend for votes. Please hurry back so we can continue on with our last witness and then go into our round of questions.

• (1555) (Pause) \_\_\_\_\_

• (1645)

**The Chair:** [Technical difficulty—Editor]...testimony here right now. We have Mr. Arun Menawat, from Novadaq Technologies. If I have mispronounced your name, I do apologize.

The floor is yours for 10 minutes.

**Dr. Arun Menawat (President and Chief Executive Officer, Novadaq Technologies Inc.):** Thank you very much, Mr. Chairman. It's a pleasure to be here.

Novadaq is a medical imaging company. Most of you are familiar with what medical imaging is I'm sure. MRIs, CT scanners, and ultrasound are all common in the health care industry to diagnose patients who have complex diseases.

We are a little bit different. When we think about diagnosing a patient who has cancer and we image the patient, it's really to ultimately treat the patient. But what happens to the patients who have been diagnosed with diseases when they go into the operating room to be treated by a surgeon today? The surgeon actually has no tools except his own eyes, or the memories he goes with, to remove the cancer, to fix a cardiac surgery disease, and so on.

Novadaq represents a Canadian innovation where we actually bring imaging to the operating room, to the surgeon, where he can actually visualize how blood is flowing, what normal blood flow is, where there are cancer cells in several cases, where tissue is dying, or where tissue has higher metabolism where it should be normal metabolism.

For the first time surgeons are actually able to visualize and thereby treat the patient. Based upon statistics, we have at this point treated over 100,000 patients, mostly in North America. Typically, given we can treat these patients for the first time correctly, statistically we have probably saved 500 lives at least, if not more. We have probably saved hundreds of millions of dollars in costs, if not more, because doing these types of surgeries correctly the first time reduces health care costs.

In several ways we are a wave of the future. We are a company that is actually changing the way surgeries will be done in the future. The reception in the surgical community has been quite strong.

Let me give you some facts about our company.

We were incorporated in April 2000. The initial intellectual property for our company came from the National Research Council. It was developed in Winnipeg. Today we have a market capital of approximately \$1 billion. We're listed both on TSX and on NASDAQ, so we're a dual-listed company. We employ about 300 people worldwide. Of those, about 150 are in Canada. Most of the people we employ are highly educated, typically earning \$100,000

to \$200,000 or more in salaries, so a high salary and upper middleclass employment.

The other unique thing about us is we have invested approximately \$400 million in developing this technology and building our company. Of that \$400 million, about \$300 million was actually imported from the United States.

What's interesting about our company is that the intellectual property is ours, but the money actually came from outside to help build the company. In fact, more than 95% of what we sell is outside of Canada. We're using Canadian talent, using other people's money, and building business in Canada.

Our revenues today are in the range of about \$50 million to \$65 million. We're one of the fastest growing North American medical device companies. We're growing at about 30% to 40% per year. We expect, if anything, that growth rate will increase over time so we will continue to employ more and more Canadian middle class or upper middle-class members. We actually have the potential to be in the hundreds of millions, quite frankly in the billions of dollars because of the value proposition of our company.

Today, obviously, the United States is our number one market. We are in all the top hospitals in the U.S. There are approximately 50 cancer centres that are considered the top cancer centres in the United States. In every one of them our technology is standard of care. We have another approximately 1,000 hospitals in the U.S. that use our technology. Even for technology that is considered the latest state of the art, which is robotic surgery, our imaging technology is incorporated into the robot, and without our technology that robot is not able to perform some of the more critical functions.

**(1650)** 

In summary, we are a Canadian invention built with Canadian talent. We are changing the way surgery is done and will be done in the future. We have done the right things in terms of importing the capital and exporting our products worldwide. In terms of support, I want to share with you first the support that we have received from Canada.

First of all, the innovation came from the National Research Council. Their ability to help us form the company and support us during the early days with research and development that we desperately needed was critical. I thank the government for supporting them.

The second place that has been very helpful is the business development offices of the consulates around the world. They have been very supportive of us. I can give you several specific examples. The first meeting we had in Japan was in the Canadian embassy. That meeting resulted in a fantastic agreement. We're about to begin marketing in Japan starting this summer. Taiwan is another good example. The consulate organized a lunch with major distributors and we were able to pick the right distributor for us. There is mainland China and Australia, and I can give you a list of others. India was a big success. Last November the consulate and the consul general personally did interviews with the local newspapers, which really gave us a tremendous platform from which to build our momentum. The market there is growing at a rapid pace.

To be honest, I have nothing but good things to say to you about how our company has been helped.

With respect to the needs that we have, I think the first need we have is a bit unusual.

As I mentioned to you, we are built on Canadian talent. In Canada we have great engineering and technologies, but the reality is that with respect to imaging and the management talent that is needed to build a global company like ours, we need to be able to import management from outside of Canada also. I would request that as you look at these tax treaties or equalization treaties, you help harmonize those treaties around the world. Bringing people in, particularly from the U.S., is a difficult task. I originally came from the U.S. and ultimately became a Canadian citizen, but I think I'm more unusual than normal. I'm proud to be a Canadian citizen at this point.

The second thing is that I know you heard from other company leaders here today about how EDC has been helpful. EDC, for all of its efforts, has not been very helpful for a company like ours. The reason is that there is no precedent for our company. We are creating the market. These markets didn't exist. We're teaching surgeons how to do surgery they've never done before. EDC looks at this and they simply see risk. We're asking them to look at the U.S. market, see how the U.S. is adopting our technology, and then overlay that on the risk profile in the developing world and help us with being able to provide the necessary resources for the distributor market worldwide. I think that is probably one place. I think Jean-Paul said it very well, where being a little bit more aggressive and being able to use these corresponding markets as a benchmark would be very very helpful.

With that, I'm open to any questions you might have.

• (1655)

The Chair: Thank you, Mr. Menawat.

Mr. Morin, you have the floor for seven minutes, and I will be strict on the seven minutes today.

[Translation]

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Thank you, Mr. Chair.

I know Mr. St-Amour because he is the mayor of a municipality in my riding. I know his business partners, and they are people who care about the region. Developing an almost infinitely renewable natural resource is an important thing.

Mr. St-Amour, which markets are you targeting in particular for exports?

**Mr. Normand St-Amour:** First of all we are targeting the Asian market, because of course companies in that continent approach us regularly.

The second and third markets targeted are Europe and the United States, because people from these countries approach us regularly. As far as the Asian market is concerned, every week potential buyers call us and get in contact with us.

Mr. Marc-André Morin: To date what has your experience with government organizations been like? Have they provided you with

timely information and assistance? Have you been obliged to do all of the research by yourself? Have you been able to find the resources that you need and that could help you quickly?

Mr. Normand St-Amour: There are many resources available. I would say that the biggest difficulty stems from the fact that there is no one-stop shop giving us access to information about the resources, because there are many resources. For example, the ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec or MAPAQ, took a long time to tell us that Agriculture and Agri-Food Canada could provide us with a different kind of assistance.

As soon as we got in contact with Agriculture and Agri-Food Canada, we received concrete assistance, training, and even references about clients and about market demand. We also took training programs to put us in contact with other markets.

It might not be communication between the different stakeholders that is the problem. The company started operations two years ago. On Friday March 20, I met with representatives from the Quebec-Canada Agri-Food Export Group. This group manages many subsidies and federal-provincial funding programs. I had never heard of this group until they called me to say that they had been referred to our company by Agriculture and Agri-Food Canada because they had a client who wanted maple water.

In my opinion there is a missing link in the chain of communication between MAPAQ and Agriculture and Agri-Food Canada. An agricultural company in Quebec will tend to go to the ministry or department that is closest to it. There is really a missing link in terms of the communication between the federal and provincial departments. Essentially, these two departments are identical, one is federal and one is provincial. They simply need to inform us that this assistance exists. That seems to be the most difficult thing.

• (1700)

**Mr. Marc-André Morin:** You must have specific needs in terms in research and development. For example, do you have studies that prove the benefits of your product?

**Mr. Normand St-Amour:** No, and that is the first thing that our stakeholders from the Asian markets ask for. We explain to them that the Federation of Quebec Maple Syrup Producers will certify that we have a reliable high-quality product. That is necessary.

The federation certifies the quality of the product, but sometimes they ask us to provide a guarantee about the nature of the product. We're still doing research on that subject. During the vote, I explained to some of the members around the table that a lot of extra work is required to get certified and to identify certain molecules and certain ingredients contained in maple water. That is what the stakeholders on the export markets want to know. They want to know exactly what is in the maple water. They want to know that it will be certified by the Government of Canada. They really want Health Canada and the Canadian government to certify on paper that certain molecules are contained in the product.

So we need this kind of certification, but I haven't yet found out how to obtain the certification from the Government of Canada, certification that would stipulate that the product has certain benefits because it contains certain molecules. **Mr. Marc-André Morin:** Those studies should be done by universities that are already working in the agri-food sector.

**Mr. Normand St-Amour:** Indeed. I believe that universities could provide us with such studies. As a business, I cannot pay universities to conduct this research. We cannot afford to pay such amounts because our business is small and has only existed for two years. It is just getting started and we only have one run of sap per year. That means that we only move forward by one step a year. Each year, we go up a step, but we cannot go faster than that because there is only one sap run per year.

Mr. Marc-André Morin: Is the potential practically unlimited?

**Mr. Normand St-Amour:** I believe that Canada's sugar maple potential is unlimited.

I don't know what the numbers are for Canada, but in the Laurentian region alone, as I said earlier, we could produce 2.4 billion litres. And this is a territory that has not yet been developed. It is not exploited at all. We are talking about maples that have not been tapped, virgin maples. There is a tremendous potential for development.

That is over and above the trees that have already been tapped and that we use to make syrup. We must continue to do so, but if we take into account all of the Lanaudière region, the North Shore region, the St. Lawrence coastline and Ontario, there are a great many sugar maples in Canada. Many. I don't know the exact number, but each tree could potentially produce 40 litres.

**Mr. Marc-André Morin:** There are possibly 60 million tapholes in the Laurentian region alone.

**Mr. Normand St-Amour:** In the Laurentian region alone, there are possibly 60 million tapholes. If you count 40 litres per taphole, that means 2 billion litres of this product.

**Mr. Marc-André Morin:** Earlier, you talked about the potential of maple water as a rehydrating liquid for athletes.

**Mr. Normand St-Amour:** Since I only have 10 seconds left, I will try to respond very quickly. We have tested this potential on high-level athletes. They tested the product and it works well.

**●** (1705)

[English]

The Chair: We'll move on to Mr. Allen.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you to our witnesses for being here.

Mr. Deveau, I want to pick up on one of the comments you made with respect to foreign registration assistance.

A couple of weeks ago, as part of the expansion, the Prime Minister announced additional funding for the trade mission side—and I get the incoming trade mission side—but also the idea of new staffing for the program in the trade commissioner service. Would you see something like that as helpful, some of that money being beefed up, if you will, so the trade commissioner service could assist with that registration? How big a deal is that registration process in the other countries? Is it something that we could even expect our trade commissioner service to be able to do?

Mr. Jean-Paul Deveau: I don't think you can expect those people to be able to do that. The reason I say that is it can be an extremely

long and involved process. For example, we're in the process of getting registration in Brazil for one of our products. To do that we have to incorporate a company, which takes three months, and we then have to go through a process of making sure we can show the efficacy of the product, which will probably take a year to happen. It depends on the industry you're talking about. Everyone's going to be different.

If you're going to do that, the challenge is that I'm talking about Brazil, so now I want one for Chile, and one for Colombia, and one for other countries, Mexico, for example. Every single time, for the most part, you're starting over again. There are some jurisdictions where they're going to say if we have a registration in the EU, and one in the United States, that's going to accelerate the process, but most countries want to have something along their own lines. Canada is certainly a country like that.

It would be very worthwhile to have a separate service falling under some organization that would have the mandate to do that. It would be measured by how much they were able to assist, particularly SMEs, to get more of these types of registrations. You would expect that a company would have a registration somewhere and then be able to say that they had this and they need help to get it out there. The faster they get those particular permissions to export their products, they can develop markets.

**Mr. Mike Allen:** Ms. Kehler, do you see the same kind of thing? I picked up on one of your things, Spudnik potato equipment. Representing a large potato-growing region in Atlantic Canada, I see some of that equipment in New Brunswick as well. Do you run into the same kinds of things with equipment for your type of business as well, registration and issues like that?

Ms. Melissa Vencatasamy (Director of Finance, CanAgro Exports Inc.): Not in Canada. For all the manufacturers' equipment that we sell, the manufacturer takes the responsibility to get their equipment registered.

We do face it in export markets, but we're primarily in one export market, so we don't have a huge problem with that either at this point.

**Mr. Mike Allen:** But even in your export market, would the manufacturer be the one who would take the lead on that?

**Ms. Melissa Vencatasamy:** No. In the export market, that falls to our responsibility, so our office in Kazakhstan generally deals with those issues.

Mr. Mike Allen: All right.

Mr. Menawat, just picking up on that from you, on the process for your product registration and your comments on EDC with respect to risk, and wanting to overlay perhaps the U.S. risk profile onto other countries, I imagine that registration process, and this whole new thing, must be a critical key success factor for you.

**Dr. Arun Menawat:** Absolutely. In our case it's a substantial factor. In many countries they actually look for what your home country is doing. We look for registration in our own country first, and then we're able to take all those files into other countries. I think any support from that perspective can really shorten the commercialization time for us, which would be very significant.

**Mr. Mike Allen:** That's helpful, to understand that and get the context of how you would see a service like that working, because I'm not clear in my own mind how we would actually make that work.

Mr. Menawat, do you have any major competition in the field? Are you a first mover in the field?

**Dr. Arun Menawat:** Yes, we are definitely the first mover, and the space we're going after, quite frankly, will be multiple billions of dollars. As you can imagine, even though our market cap is in the billion-dollar range, we're challenging companies that are already \$30-billion or \$100-billion companies. Quite frankly, that's why I lose sleep every night, thinking of how we can become that before they get there.

We invest heavily in R and D. We have about 100 people in R and D, a very highly educated group based in Vancouver. We're growing our sales team around the world at a very rapid pace. But certainly, my number one task is to make sure that we keep the first-mover advantage.

To answer your question more directly, today I don't have significant competition, but I know it's coming. I know that some of the large companies have already announced it. My goal is to make sure, both from the perspective of intellectual property and from an ecosystem that we're building, that we maintain it, and I can assure you we will maintain that market.

**●** (1710)

**Mr. Mike Allen:** I think I have about 30 seconds left for my last question.

Quickly, on importing talent and the tax treaty, Is it just a tax issue, or is it a labour mobility issue?

**Dr. Arun Menawat:** To be very honest, it really is a tax issue. People from all over the world would love to live in Canada. That's not the issue. I can manage even the currency fluctuations by making the income in U.S. dollars, and so on, but it really is that they end up getting stuck in the tax structures.

Mr. Mike Allen: Thank you.

The Chair: Ms. Chrystia Freeland, you have five minutes.

**Ms.** Chrystia Freeland (Toronto Centre, Lib.): Thank you very much. It's a shame that our chairman can't ask some questions, because he's an expert in—

The Chair: Actually, I'd love to do that, but please, go ahead.

Ms. Chrystia Freeland: —some of these export areas, agricultural technologies to Kazakhstan.

I want to start by saying thank you so much to all the witnesses here today. As MPs we can sometimes lose sight of why we're here and what we're doing in Ottawa. Even though we've had a broken-up set of conversations with you, I have to say that for me, and I'm sure it's true for everybody else on the committee, hearing your stories of the innovative entrepreneurial work you're doing and how ambitiously you are breaking into world markets from across the country is incredibly inspiring. I think it is the view of the whole committee that it is our job to make your lives easier, ladies and gentlemen, and we are so committed to doing that. You guys are what makes Canada great, and I'm proud to be here to listen to you.

Specifically, I was very interested in the point about having two passports for people who travel for business. I was an editor at the *Financial Times* for many years, and British journalists can get two passports.

Is this something the other witnesses think would be a good idea? Is it a problem you have encountered?

**Mr. Jean-Paul Deveau:** Two weeks ago, two of our employees got caught and had to go to Ireland. They had no passports because they were stuck in the Brazilian embassy here in Ottawa, so we had to go that afternoon and get two new passports. Their visas came in the next week, but they are no good now because they are on the wrong passport. We have to start all over again. We do business in 80 countries, and it's the same issue, so that would be very useful.

**Dr. Arun Menawat:** I would second that big time, actually. I congratulate the team for bringing it up. I face that and I sweat over it quite a bit.

**Ms. Chrystia Freeland:** It seems like a small thing. Maybe we could get all-party agreement on it. Maybe it could be one of our recommendations, a really specific, concrete small thing we could do.

Another very specific thing that I think Mr. Deveau mentioned was greater ease in getting visas for potential clients, investors, and people who are coming to Canada.

Can you expand on that a little bit?

**Mr. Jean-Paul Deveau:** What I was talking about was really not a visa aspect. It was particularly for small and medium-sized enterprises. When you're looking to develop some business, you really have two choices: go visit them, or have them come visit you.

If there were a program that people could use to help them finance bringing those people to Canada, from a political point of view, perhaps it would be even easier and more palatable because we'd be bringing potential clients into Canada for them to evaluate the capabilities of the manufacturers here.

**●** (1715)

**Ms.** Chrystia Freeland: Currently the programs only go the other way.

**Mr. Jean-Paul Deveau:** I find that generally those types of programs are relatively minimal, and so if we're looking to create the hundred-million-dollar companies, you want to put some teeth behind it so it would actually be substantial and would make it happen.

We are often bringing in 25 buyers at a time from certain organizations who are going to come in, and they go back trained technically. They are generally wowed with what they see in terms of our Canadian capabilities and they are going back and preaching that their organizations need to do more business with us. These are the types of things that develop business.

Ms. Chrystia Freeland: This is a question for Ms. Kehler.

One thing this committee is going to be talking about—I hope we'll get around to it—is the free trade agreement between Canada and Ukraine. That's something there's a lot of support for in this whole Parliament.

You talked about Kazakhstan. Have you considered doing business with Ukraine, and would you consider it even in these turbulent times there?

**Ms. Sheila Kehler:** We have done business in Ukraine in the past. Things became difficult. We were receiving more business in Kazakhstan so we have gone primarily to Kazakhstan, but it's not that we would not consider it.

Ms. Melissa Vencatasamy: I would also add, even prior to the recent changes that have happened between Russia and Ukraine, Ukraine has always been a more difficult market to enter in terms of their customs requirements. The certification they require to clear goods through customs has always been quite a bit more intense than in the other CIS market countries. That's one thing we did come across already five or ten years ago, that it was a lot more difficult.

**The Chair:** I'm going to have to stop you there. Sorry, the time is up.

We're going to go to Mr. Cannan, please, for seven minutes.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thanks to our witnesses. Like Ms. Freeland, I too would like to thank each one of you great witnesses, as talented, diverse, Canadian entrepreneurs, for taking time from your workplace to be here with us to share some of the successes you've accomplished to date, and tell us how we can help move that balance sheet so that the revenues and the bottom line are even more profitable for you.

I come from British Columbia. I had a business in Alberta and a business in British Columbia as well. I know especially for the family business of mom and daughter.... It's great to see you working together and continuing the legacy.

Maybe you can share how you got from Winkler, Manitoba to Kazakhstan.

Ms. Melissa Vencatasamy: That happened almost by accident. We were originally approached by a Russian company that wanted to buy farm equipment. At the time my parents were running a local John Deere dealership. Eventually we split it apart, but we started by exporting to Russia, and the farm in Russia sold some equipment across the border into Kazakhstan. We went there to help set up, teach them how to operate and maintain the equipment, and found it to be a really great market to work in. The people were very hospitable and friendly.

That's kind of how we ended up setting up shop in Kazakhstan.

Hon. Ron Cannan: That's very interesting.

As you alluded to in your opening comments, you want to look at diversifying into Asia. Are you using the services of our trade commissioner service? I don't know if you've tapped into those. There are over 160 offices across Canada.

Just a few weeks ago Minister Fast and the Prime Minister announced some additional funding that will be available over the next five years to help small and medium-sized enterprises expand to those markets.

I just want to make sure you're aware of those services that are available and are utilizing them.

**Ms. Sheila Kehler:** We are working with trade commissioners in all the countries where we're working. We are aware of their service and they've been very helpful to us as well.

**Hon. Ron Cannan:** Fabulous. I would ask our other witnesses, have you had a chance to use the trade commissioner service?

**Mr. Jean-Paul Deveau:** Absolutely. About 25 years ago we started developing our business in Japan and they were instrumental. Those were the days when there was no Internet. Collecting information was challenging. We were constantly dealing with those people in Japan. They were instrumental in pointing us in the right direction to address markets, in our case, which are relatively obscure, so it was not that simple to collect information. We've done that and replicated that around the world.

**●** (1720)

**Hon. Ron Cannan:** Mr. Menawat, I was in Washington last week for three days. I noticed you mentioned that your number one partner is the U.S. I gather you've tapped into TCS.

**Dr. Arun Menawat:** We have not only in the U.S. but also in Japan. I have nothing but great things to say about that team.

One thing that's really inspiring is that these people are not only knowledgeable, but they are also quite passionate about taking our technology to these countries. They really work long and hard hours.

Specifically in Japan, we sent them a two-page document about what we were looking for, and they did amazing research, sought out all the potential partners, organized the meetings, and made a very productive visit, which ultimately resulted in an agreement. We're very complimentary of that effort.

**Hon. Ron Cannan:** Mr. St-Amour, you can answer that question and then I have one additional follow-up question.

[Translation]

Mr. Normand St-Amour: While you were away voting, I received confirmation that on June 11, I will be going to Japan to participate in the first exchange. I do not yet have any experience with them, but I hope I will acquire some experience on June 11. I don't know how to answer that question because I have not been there yet.

[English]

Hon. Ron Cannan: I'll have a a toast to your success there.

The other aspect you mentioned is the challenge of getting all the information, compiling it in one area. There is a website, canadabusiness.ca. If you're not familiar with that site, it's a one-stop shop for business to go to. It has everything from starting your business, planning, financing, managing, growing, government contacts, all throughout. It's a hidden jewel in some cases. We need to get the word out and better communicate that message. It is very helpful for entrepreneurs.

I have a constituent who just wrote a book on his experience in small business and trying to help entrepreneurs, everything from Stats Canada, using what's called KPI, key performance indicators, and the importance of a small business and comparing yourself to other industries. That's all available for free online through Industry Canada as well.

I had one other question for you, Mr. Deveau.

You commented about our GMAP, global market action plan. Are there any specific areas you feel we should be concentrating on that we're not? Do you feel we have the right mix with our present GMAP?

Mr. Jean-Paul Deveau: When I look at what's involved in that and what you're seeing in the documentation—looking at general directions and the scope of where the focus should be—I'm in agreement with what we see there.

When it comes down to how it's going to affect SMEs, obviously it turns into what specifics it will turn into as the programs are implemented.

For example, the information you just indicated, where there's been expanded funding for the trade commissioner service, those are things that are valuable. Generally, people will have more requests than they can ever handle, and then you keep poking at them to get the information you need and that's not there.

That's just the reality of the world. You don't have enough resources for everything, just like we inside our own organization don't have that, but that extra funding makes a difference.

Hon. Ron Cannan: We keep trying to focus on those dollars.

I have one last comment. You asked us to be a little more aggressive. Maybe you could expand on that.

**Mr. Jean-Paul Deveau:** Well, if you look at the support there is in Canada for research and development for business in particular, we have a lot on the academic side, and we have support for businessled R and D. I find that governments don't focus on exporting, on finding—

The Chair: Could I ask you to very quickly sum this up.

**Mr. Jean-Paul Deveau:** Okay. I think more programs that would support business exporting in any way, shape, or form are going to get the attention of the people who are not currently exporting and get those who are exporting to export more.

The Chair: Ms. Liu.

[Translation]

**Ms.** Laurin Liu (Rivière-des-Mille-Îles, NDP): Thank you, Mr. Chair. I would like to thank the witnesses for being here with us today.

I know that you may have travelled a long distance and I would like to echo what Ms. Freeland said. I visit small businesses and I have seen how you support us, because your businesses are innovative and have created jobs in our regions. We thank you for that.

I will continue with Mr. St-Amour. Your business is near my riding, in the Lower Laurentians. I communicate regularly with representatives of small and medium-sized businesses. We are not far from urban centres such as Montreal, St-Jérôme and so forth. You mentioned some of the challenges that business people in rural regions face. You mentioned that there are no language courses, for example.

Are there other challenges that you must deal with as a business person in a mostly rural region?

• (1725)

**Mr. Normand St-Amour:** The challenges are the distances. On Saturday, I was in Quebec City. On Sunday, I went back to Mont-Laurier. Today I am in Ottawa and tomorrow I will be in Mirabel, and all because of my business. We spend as much time on the road as we do in our own bed.

**Ms. Laurin Liu:** Thank you kindly for making the trip to meet with us today.

Mr. Normand St-Amour: My pleasure. Thank you.

**Ms. Laurin Liu:** Aside from language services, are there any other services you'd like the federal government to provide?

**Mr. Normand St-Amour:** Yes. Our biggest challenge as a company is sending samples abroad for export. Right now, sending a case of maple water to Japan, as we did, cost more than \$400. We sent one to China, and it cost \$400. We sent one to Australia, and the cost was \$400. We sent one to Europe for just under \$400.

That's a huge expense for a small business like ours. One exporter even told us that if we wanted to set up online ordering, it would be cheaper to send a container to China and then have people in Canada order a case online, because, in China, Internet shipping is subsidized. But we have to pay full price. Just sending our maple water from Quebec to Manitoba is extremely expensive. As far as online orders are concerned, we wouldn't be able to compete. It would be cheaper to send containers to China and then have people in Manitoba order them from China. That would cost less.

The cost of shipping products domestically isn't competitive. It's much more expensive to ship something within Canada than it is to ship a large quantity to China. It makes no sense. Not only do we need help regionally, but we also need help Canada-wide. We need assistance so that we can accommodate online orders. We need some sort of subsidy to ship local deliveries commercially.

The trend is towards a distribution method based on online orders. In Canada, though, we don't have the structure in place to compete with other countries.

Ms. Laurin Liu: That's very enlightening. Thank you kindly.

Regardless, I think you've found some new customers right here. [*English*]

To change the channel a bit, I'm particularly interested also in the question of venture capital, because we know that in Canada it's much harder to obtain. Also, we've been discussing for years how to encourage venture capital and what the right formula would be.

Could any of the witnesses comment—maybe Mr. Deveau, or you, Mr. Menawat, as I see you nodding—on their experience with this and how the federal government could encourage more investment?

**Dr. Arun Menawat:** It's really a very complex topic for sure, and I'll try to be very quick.

In our particular case, as I mentioned, we were able to raise the first \$40 million or \$50 million in Canada. However, the sources that we got the money from were rather unusual. The Richardson family in Winnipeg helped start the company. There were also the hospitals of Ontario pension plan and the Fairfax insurance company.

These are not typical venture capital groups, but in our case we needed long-term thinkers, and in venture capital in Canada, it tends to be that they put a little bit of money into a lot of things. That keeps everybody at very high risk and thereby the returns tend to be relatively low. I've actually talked with BDC and have given them some thoughts on this as well: take some bigger bets, put money on fewer things, and make sure you see them through for 10 or 12 years and see them to success. In a nutshell, I think that's what I would say.

The Chair: We have about two minutes, and I do have the chair's prerogative to ask a few questions, so I think I'm going to take advantage of that today.

My first really quick question is for Mr. St-Amour.

**•** (1730)

[Translation]

**Mr. Normand St-Amour:** Sorry, but I'm not able to hear you. [*English*]

The Chair: Are you aware that there are workshops going on across Canada called Go Global? BDC, EDC, and the trade commissioners get together with companies the size of yours and pair them up with companies that are experienced in exporting, and explain the suite of goods and options and proposals that are available to small and medium-sized enterprises like yours so they can get started in the exporting sector. Have you been to any of those Go Global workshops? Are you aware of them? You are now.

[Translation]

**Mr. Normand St-Amour:** Right now, the information I get comes from Laurentides Économique. The organization acts as a federal-provincial link, a kind of funnel, if you will.

Thank you very much for the information.

[English]

**The Chair:** I think some of the things you were talking about, some of the frustrations you're feeling, are frustrations that other companies your size have grown from and have gone through. Instead of reinventing the wheel, why not learn from them and what they did and see what options are available to you through the different organizations that are there?

To my friends in Winkler, Manitoba, I used to work for a little company called Flexi-Coil, which was bought out by Case New Holland. I used to spend a good chunk of my time in Europe. I was even responsible for eastern Europe, including Ukraine. I had lots of fun.

One of the biggest issues we had back then was getting paid. We bartered and we did all sorts of interesting things to get paid. I'm just curious: are you utilizing EDC and that factor to ensure payment and to take away the political risk you're facing in some of those countries?

**Ms. Melissa Vencatasamy:** We are as much as we can. A lot of our customers are resistant to submitting financial statements to EDC, but we've had a little bit of success there working with the EDC representative who works out of the Canadian embassy in Moscow. He covers the region of Kazakhstan. They are much more comfortable communicating with him because he's a Russian national. He speaks their language, and he knows their culture. Working with the EDC representative in our market as well as with our representative in Canada has really helped us.

We do get receivables insurance that way, and EDC is also working right now on actually providing us with bridge financing so we can purchase inventory and have six or eight months to pay for it, which gives us time then to ship it, turn it, and sell it. Then we need time to collect cash as well.

The Chair: I think I'm out of time here, so I want to thank all the witnesses here today. I'd love to talk with you guys some more, so maybe sometime I'll be out in Winkler and I'll stop in and have a coffee with you. It sounds very interesting.

A voice: That would be great.

A voice: That would be awesome.

**The Chair:** To all the witnesses, thank you so much for bearing with us today through our votes and for being here to give us the information you've provided.

The meeting is adjourned.

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