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DEPARTMENT OF COMMERCE

International Trade Administration

Virtual Trade Mission to Canada's North, October 6-8, 2014

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

MISSION DESCRIPTION

The United States Department of Commerce, in partnership with the Minority Business Development Agency is organizing two-prong virtual and traditional trade mission to Canada that will include the Aboriginal Entrepreneurs Conference and Trade Show 2014 in the Northern Canadian Region. The Virtual Trade Mission (VTM) will include country and market/sector briefings and one-on-one virtual business appointments with pre-screened potential buyers, agents, distributors and joint-venture partners from throughout Canada, including those not attending the Conference and Trade Show.

Traditional trade mission members physically in Canada will participate in the Aboriginal Entrepreneurs Conference and Trade Show 2014 (that is also open to U.S. companies not participating in the traditional trade mission). Similar to the VTM, this will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint-venture partners, and networking event. Trade mission participants electing to participate in Aboriginal Entrepreneurs Conference and Trade Show 2014 may attend regional and industry-specific sessions and consultations. The cost of participating in the Conference and Trade Show is not included in the USCS package cost.

This mission is open to U.S. companies and trade associations from a cross section of industries with potential to provide needed and appropriate services in the more remote regions of Canada. These sectors include: energy (both new and renewable), environmental technologies and services, remote healthcare related technology and services, distance education, and infrastructure (including architecture/engineering, master planning, and construction management).

The benefits of a Virtual Trade Mission (VTM):

- High-value virtual web meeting between American sellers and Canadian buyers in real time;
- Virtual delegates do not have to leave their own home or office to benefit from the VTM; reducing the cost of travel and time required by our traditional trade mission;
- VTMs have the capability to utilize technology above and beyond a simple audio; conference call. By adding web cameras and visual content in the form of presentations; you engage participants in an active setting and worthwhile experience;
- One-on-one private virtual meeting (break-out sessions) to allow for more individualized and catered discussions between potential prospects; and

I. COMMERCIAL SETTING

Canada:

The U.S. and Canada enjoy the world's largest and most comprehensive trading relationship, which supports millions of jobs in each country. Since the implementation of the North

American Free Trade Agreement in 1994, trade between the United States and Canada has more than doubled.

In 2012, U.S.-Canada two-way trade in goods and services totaled more than \$715 billion; over \$1.9 billion in goods and services daily. Also in 2012, U.S. and Canadian bilateral investment stock totaled \$612 billion. In addition, U.S. exports to Canada surpassed \$355 billion – that's 16 percent of total U.S. exports. Canada is the number one export market for 38 U.S. states.

Remote Territories

Northern Canada is comprised of three territories; Northwest Territories, Nunavut and the Yukon. For hundreds of years, these territories, for the most part, have been left undeveloped. However, within the last 5 years, Northern Canada has started to boom with the rest of the country.

On January 8, 2014, Prime Minister Stephen Harper broke ground on the construction of a highway that will provide the first year-round land link between the Arctic Ocean coast and the rest of Canada. This is a long-promised plank in Mr. Harper's northern strategy to assert Canadian sovereignty in the Arctic. This road is not only symbolic of Canada's claims to the north, but is the beginning of expanding economic activity that is set to take place across Canada's north.

In fact, billions of dollars' worth of projects are already in the pre-planning, planning and implementation phases, covering a full gambit of business sectors, including; mining (iron ore,

uranium, 'heavy' rare earth elements, diamonds, etc.), infrastructure (roads, ports, airports, buildings), water and sewer, and energy. This booming area of Canada is ripe with opportunities for U.S. companies.

Best market prospects for U.S. companies in Canada's North include: energy (both new and renewable), environmental technologies and services, remote healthcare related technology and services, and infrastructure (including architecture/engineering, master planning, and construction management).

Procurement Process in Aboriginal Communities

Canada remains among the most accessible markets in the world. Nevertheless, doing business in Canada is not the same as doing business in the United States. Canadian customs documentation, bilingual labeling, packaging requirements, International Traffic in Arms Regulations (ITAR), and Canadian federal and provincial sales tax accounting can be surprisingly challenging. In the North, there are other things to consider, including aboriginal set-asides for public sector projects as well as preference for doing business with local businesses with private sector. U.S. companies can do well in this market providing they are aware of these circumstances.

For all public sector projects, procurement for Aboriginal communities takes place at the federal level, with individual companies bidding on available contracts through Public Works and Government Services Canada. The federal government has established programs to promote

Aboriginal economic development and a Procurement Strategy for Aboriginal Business (PSAB).

Through this program:

- In 2009, more than 5000 contracts were awarded to Aboriginal-owned businesses
- The 5,000 contracts amounted to over \$450M in government money awarded to private sector Aboriginal businesses.
- Procurement from Aboriginal business made up 2% of total contract despite representing only 4% of the population.

Joint ventures that are majority owned by an Aboriginal business are also encouraged when bidding for federal contracts.

Private sector businesses do not have to abide by any procurement regulations. However, due to the importance investing in the local community, there are preferences to doing business with companies who put back into the community or partner with other local businesses.

II. MISSION GOALS

The goal of the Canada Far North virtual and traditional trade missions is to help participating firms gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports in largely underrepresented regions in Canada. The delegation will have access to CS Senior Commercial Officers and Commercial Specialists during the VTM and the traditional trade mission, and learn about the many business opportunities and gain first-hand market exposure. U.S. trade mission participants already doing

business in Canada will have opportunities to further advance business relationships and projects in those markets.

III. VIRTUAL TRADE MISSION -- SCENARIO & TIMETABLE

<u>Monday, October 6, 2014</u>	--Welcome briefings on programs and opportunities in the northern regions of Canada.
	--Briefing on energy and environmental and infrastructure, remote health markets, or distance education.
	--One-on-one Virtual Business Meetings --Conclusion of VTM

IV. TRADITIONAL TRADE MISSION -- SCENARIO & TIMETABLE

<u>Monday, October 6, 2014</u>	--Welcome briefings on programs and opportunities in the northern regions of Canada.
	--Briefing on energy and environmental and infrastructure, remote health markets, or distance education
	--Individual Business Meetings --Networking reception for business and government contacts.
<u>Tuesday, October 7, 2014</u>	--Visit trade show --Conclusion of Traditional Trade Mission --U.S. Delegation return to U.S. on own itinerary

V. PARTICIPATION REQUIREMENTS

Virtual Trade Mission:

All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. The mission is designed for a minimum of 3 and a maximum of 5 to participate in the mission from the applicant pool. Companies not able to attend our traditional trade mission but are interested in these specified target markets as U.S. companies seeking to enter these markets for the first time are encouraged to apply.

Traditional Trade Mission:

All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. The mission is designed for a minimum of 7 and a maximum of 10 to participate in the mission from the applicant pool. U.S. companies already doing business in the target markets as well as U.S. companies seeking to enter these markets for the first time are encouraged to apply.

Fees and Expenses:

After a company has been selected to participate in the mission, a payment to the Department of Commerce in the form of a participation fee is required.

For the virtual trade mission

- The participation fee will be \$500 for SMEs and \$750 for large companies.
- The provisions for each firm's required technology to participate in the virtual mission

(computer, webcam and internet, and telephone) will be the responsibility of each mission participant.

For traditional trade mission

- The participation fee will be \$1000 for SMEs and \$1400 for large companies.
- Expenses for travel, lodging, meals, and incidentals (e.g., local transportation) will be the responsibility of each mission participant.

Conditions for Participation:

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. Applicant should specify in their application and supplemental materials whether they are applying for the virtual trade mission or the traditional trade mission. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the U.S., or, if not, marketed under the name of a U.S. firm and have at least 51 % U.S. content of the value of the finished product or service. In the case of a trade association or trade organization, the applicant must certify that, for each company to be represented by the trade association or trade organization, the products and services the represented company seeks to export are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51% U.S. content.

Selection Criteria for Participation: Suitability of the company's (or, in the case of a trade association or trade organization, represented companies') products or services to Canada.

- Company's (or, in the case of a trade association or trade organization, represented companies') potential for business in Canada.
- Consistency of the applicant's goals and objectives with the stated scope of the mission.

Diversity of company size, sector or subsector, and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

VI. TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar, and other Internet web sites, press releases to the general and trade media, direct mail and broadcast fax, notices by industry trade associations and other multiplier groups and announcements at industry meetings, symposia, conferences, and trade shows.

Recruitment for both the virtual trade mission and the traditional trade mission will begin

immediately and conclude no later than August 15, 2014. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis beginning April 2014, until the minimum of 7 and a maximum of 10 to participate are selected for the traditional trade mission and a minimum of 3 and a maximum of 5 to participate are selected for the virtual trade mission. After August 15, 2014, companies will be considered only if space and scheduling constraints permit.

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