

Introduction

Export-driven small and medium-sized enterprises (SMEs) are increasingly being seen as foundation for renewed economic growth in advanced economies such as that of Europe. The Financial Times recently ran a lead editorial stating that of the four components of GDP, exports – and particularly exports by SMEs – may be the key to re-establishing a path to growth.

In this edition of *Spotlight on Cleantech*, Canadian clean technology SMEs' export contributions and growth profile are put into the context of overall SME exports.



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SMEs Key Contributors of Export Growth

Canadian SMEs have proven that they can deliver \$84 billion of non-resources-related exports¹ annually, as was the case in 2007 before the disappearance of liquidity during the global financial crisis. This represented steady growth and an 81% gain in value from \$46.5 billion in 1997. More recently, during continued muted economic conditions in 2010, SME's non-resources related exports were \$56 billion, a 29% recovery from 2009's \$43 billion low. In that same year, this export performance contributed 15% to Canada's \$374 billion total domestic exports and 29% of \$193 billion total non-resources related product exports, such as Aerospace and Automotive.

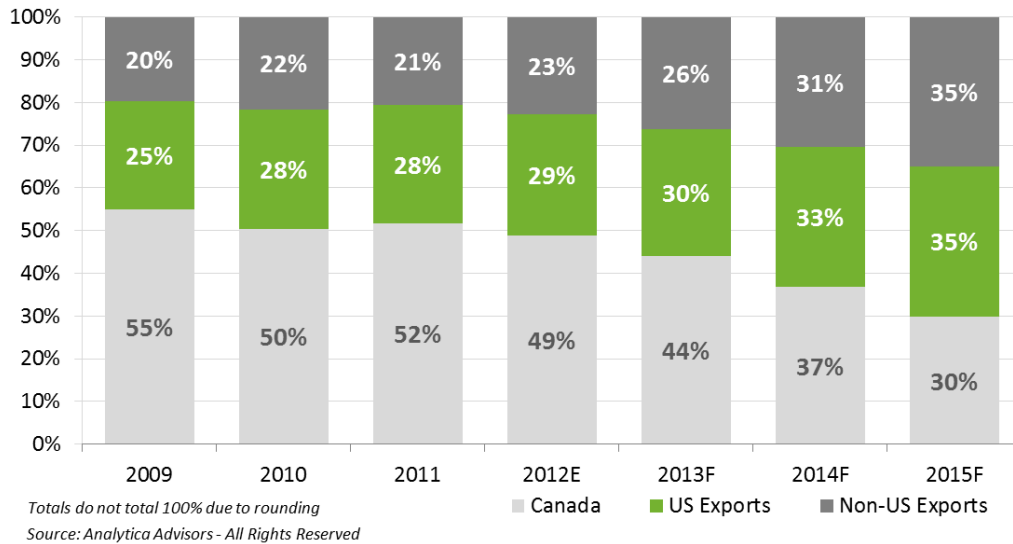
To put the Canadian clean technology industry's exports in context, estimated exports for the industry were \$5.2 billion in 2011, approximately 9% of 2010 SME non-resources-related exports. Based on projected revenue growth ranges, we forecast that the Canadian clean technology industry will deliver between \$10.6 and \$17.5 billion in exports by 2015. At the low end of the range, this represents a projected doubling of 2011's export value.

Canadian clean technology companies are accomplished exporters, with 48% of industry revenues being derived from exports and 44% of these exports being to countries other than the US. As can be seen in the chart below, Canadian clean technology companies forecast that their sales will evolve towards one-third domestic sales, one-third US sales and one-third to the rest of the world. Needless to say, supportive financial instruments are critical to SMEs' export drive and the industry's success and growth.

EDC's mandate is to provide financial services to serve Canadian exporters. In the parlance of export development banks, its activities must provide a benefit to Canada. One way it does this is through pull-

credit facilities provided to corporations who benefit from liquidity for their operations, and an opportunity to use that credit to procure from Canadian companies. In the next edition of *Spotlight*, we will introduce EDC's pull-credit facilities as an important vehicle for Canadian clean technology companies to develop business in emerging and advanced economies.

Canadian Clean Technology Industry Exports as Percentage of Revenues



ⁱ SME non-resources related exports include transportation and equipment and excludes wholesale exports. Data sources from Chief Economist Office, Department of Foreign Affairs and International Trade

This cleantech insight was prepared by Analytica Advisors, a trusted research and advisory firm and a thought-leader in Canada's technology and innovation industries. The firm's original research and advisory work serving start-ups, financial institutions, think-tanks and governments both in Canada and internationally, combines focused primary research with decades of experience in start-up operations, global management consulting, human capital development, as well as capital market valuations.

Ottawa, ON
 Céline Bak
 T 613 866 9157
 E celine.bak@analytica-advisors.com

Toronto, ON
 Tammy Fournier
 T 416 948 5100
 E tammy.fournier@analytica-advisors.com

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