

Clean Technology Innovation and Contribution to Export Diversification

Canadian Clean Technology Coalition

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Follow on Presentation to the Standing Committee on
Natural Resources

April 23, 2013



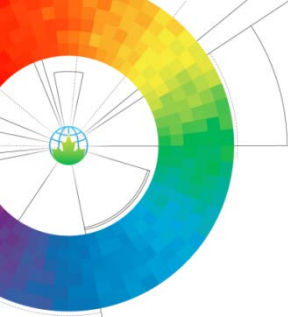
THE CANADIAN CLEAN
TECHNOLOGY COALITION



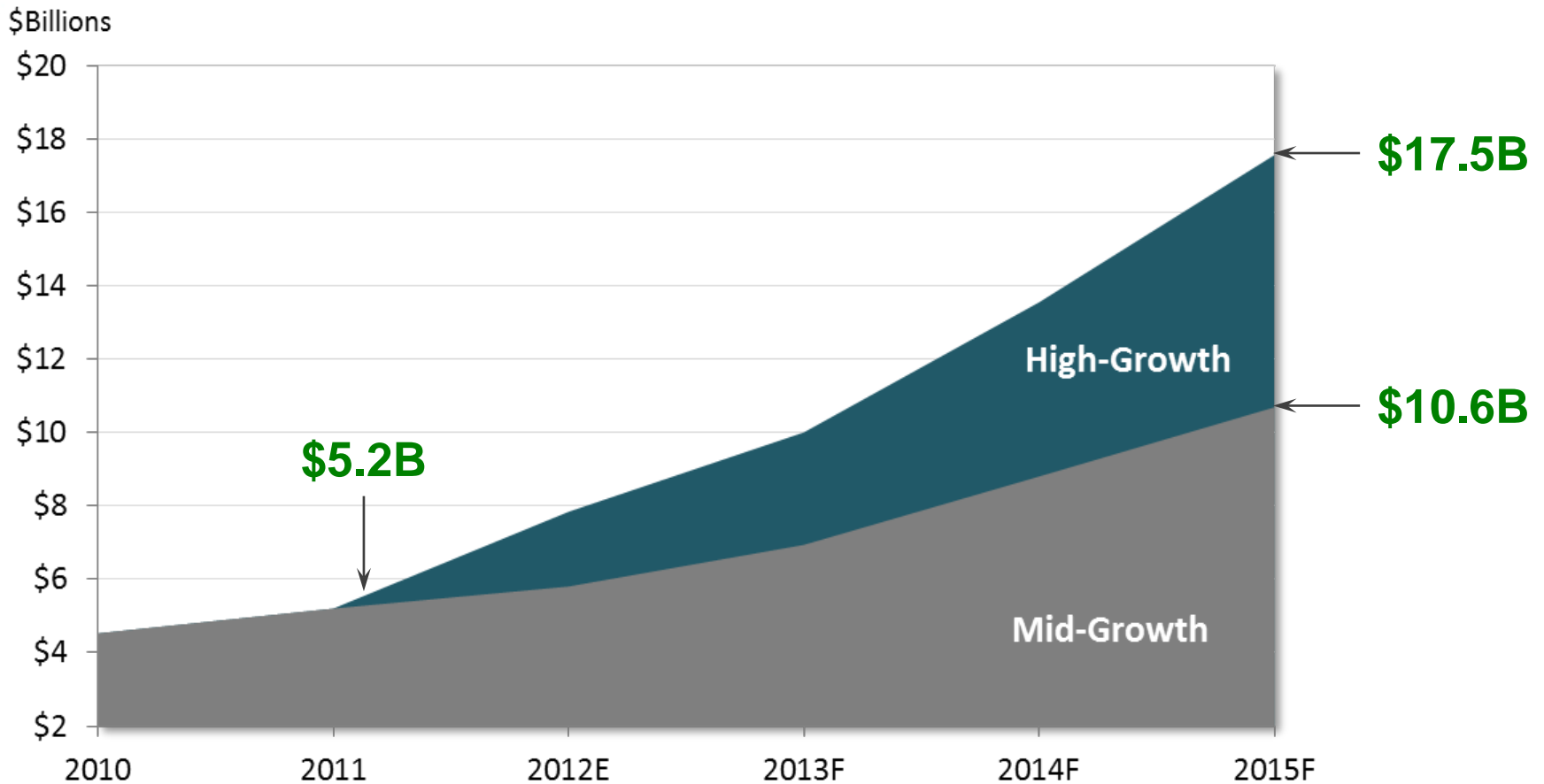
WHY SHOULD WE CARE ABOUT EXPORTS OF CLEAN TECHNOLOGY?

The Standing Committee of the House of Commons on Natural Resources is further examining the potential importance of market diversification for future energy and economic growth. The Canadian Clean Technology Coalition will address the following:

- The potential of clean technology exports as part of merchandize exports and as part of competitiveness of energy exports by reviewing...
 - The significance of merchandise exports to Canada's economy
 - The significance of SME exports as part of merchandize exports
- The specific countries that Canadian clean technology companies regard as priorities for exports and for demonstration
- The role of IP protection for innovation-based exporters such as Canadian clean technology companies

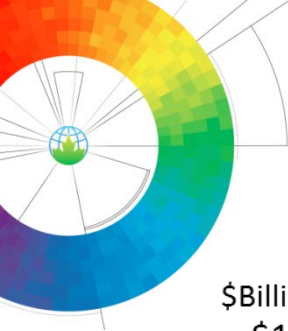


HOW SIGNIFICANT CAN BE CANADIAN CLEAN TECHNOLOGY EXPORTS?

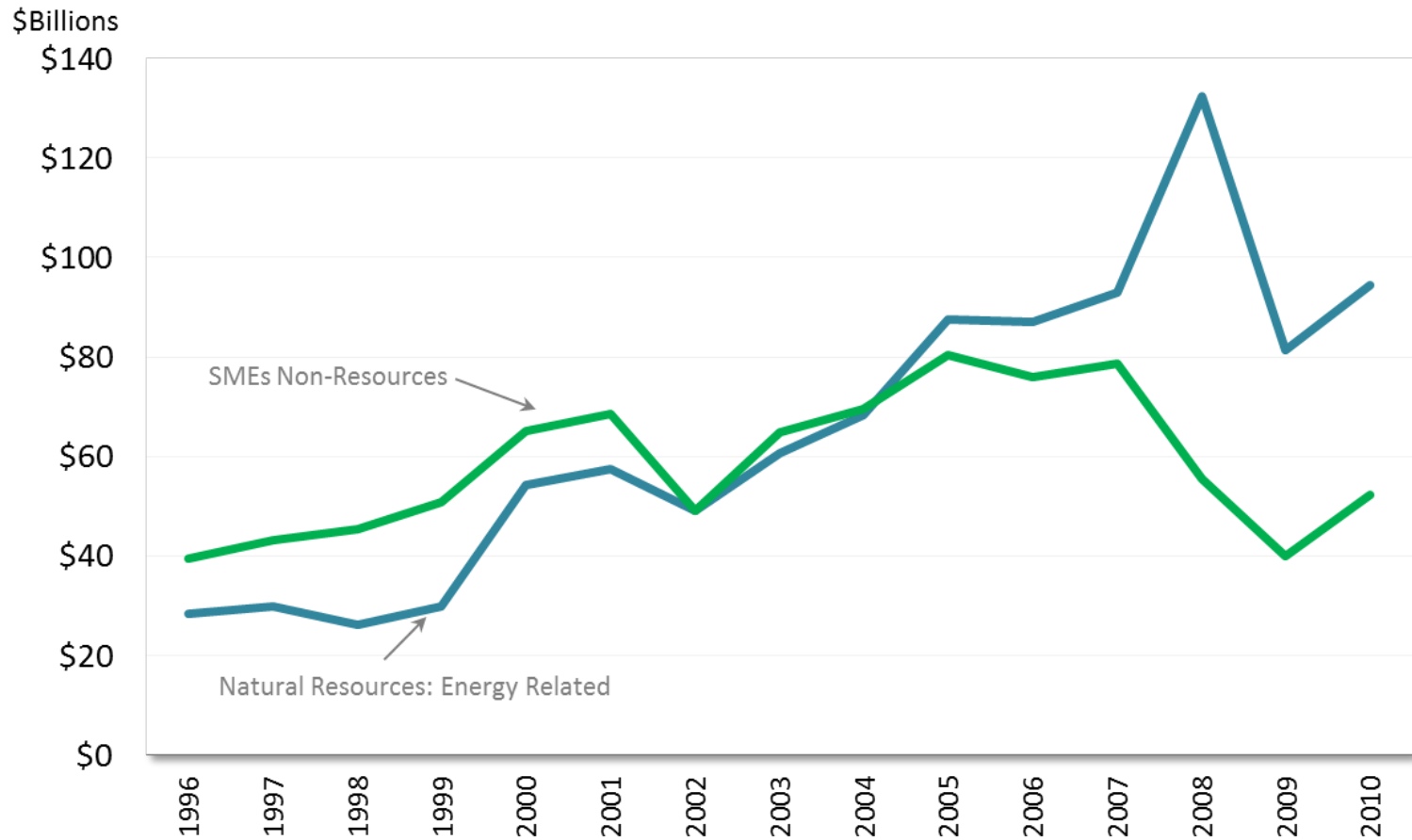


Source: Analytica Advisors

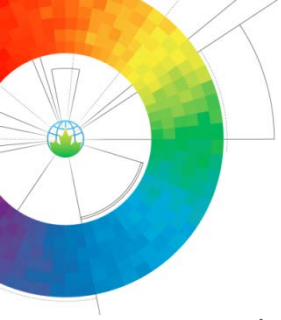
■ High Growth - Est. Exports ■ Mid Growth - Est. Exports



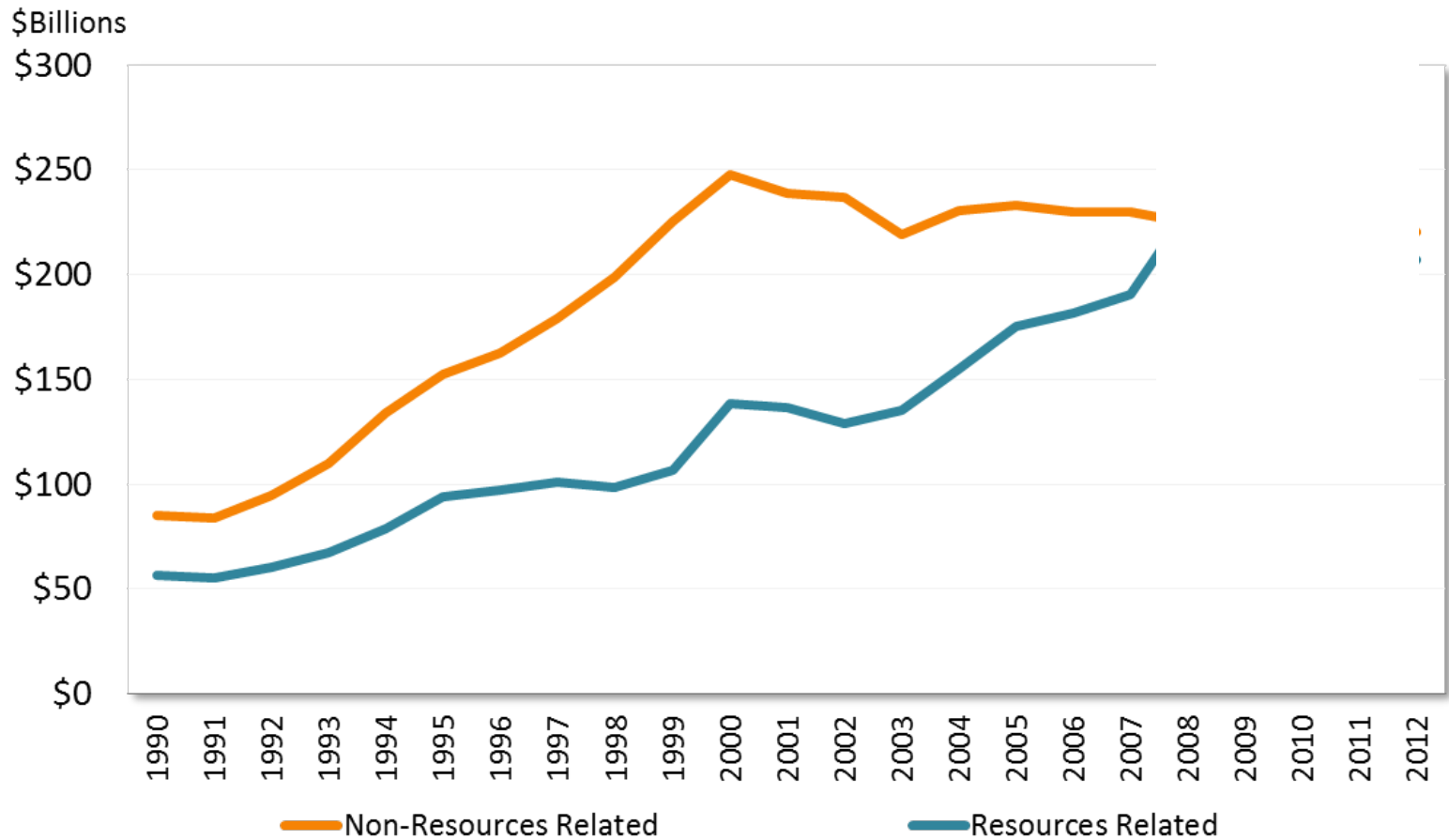
SME CONTRIBUTION TO EXPORTS: EXPORTS OF ENERGY-RELATED RESOURCES BASED PRODUCTS VS SME NON RESOURCES BASED EXPORTS



Data Source: DFAIT- Office of the Chief Economist, Statistics Canada; Source: Analytica Advisors



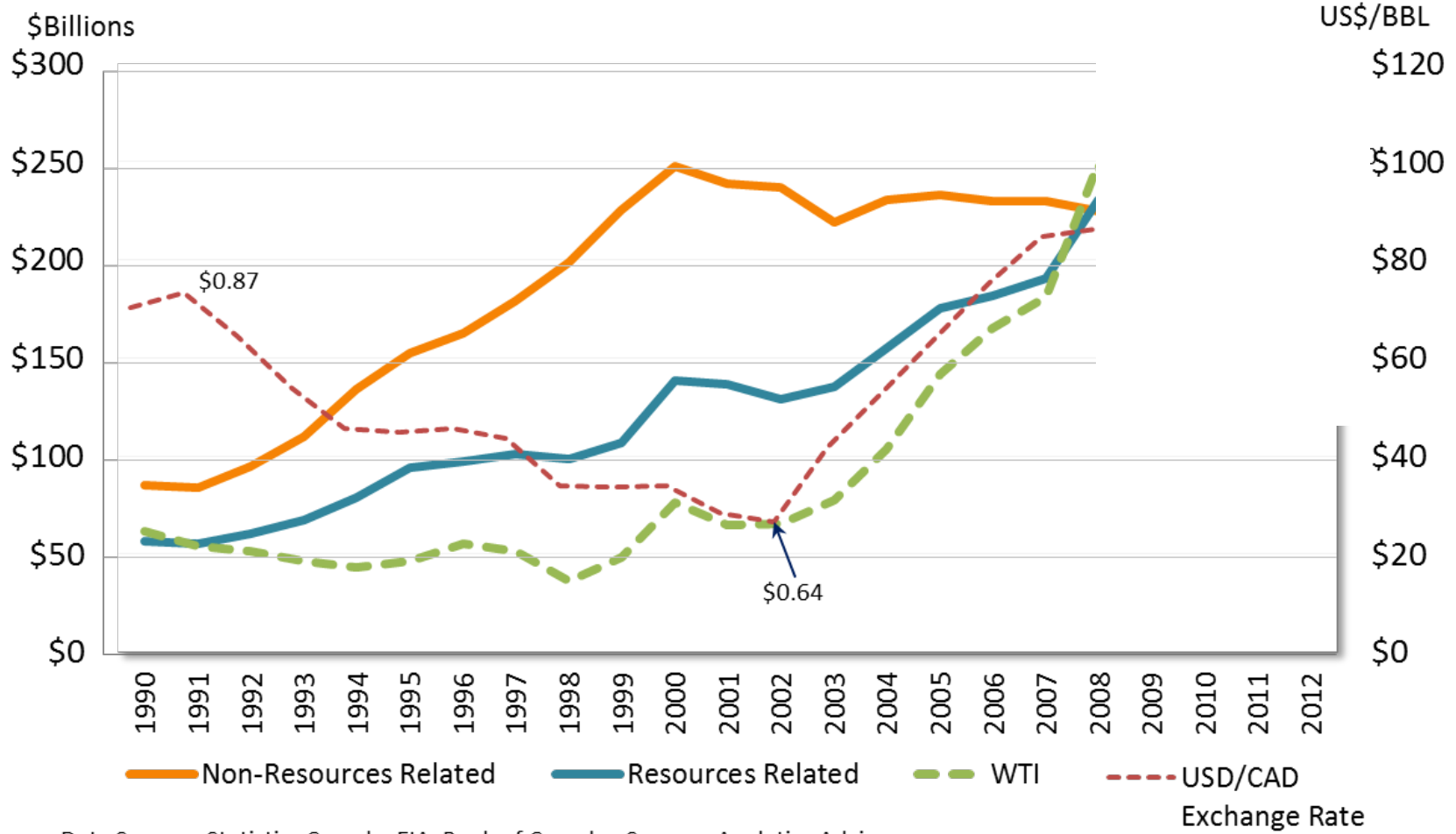
UNDERSTANDING CONTEXT: CANADIAN DOMESTIC EXPORTS



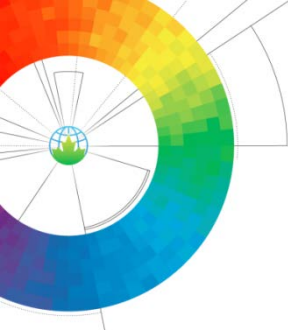
Data Source: Statistics Canada; Source: Analytica Advisors



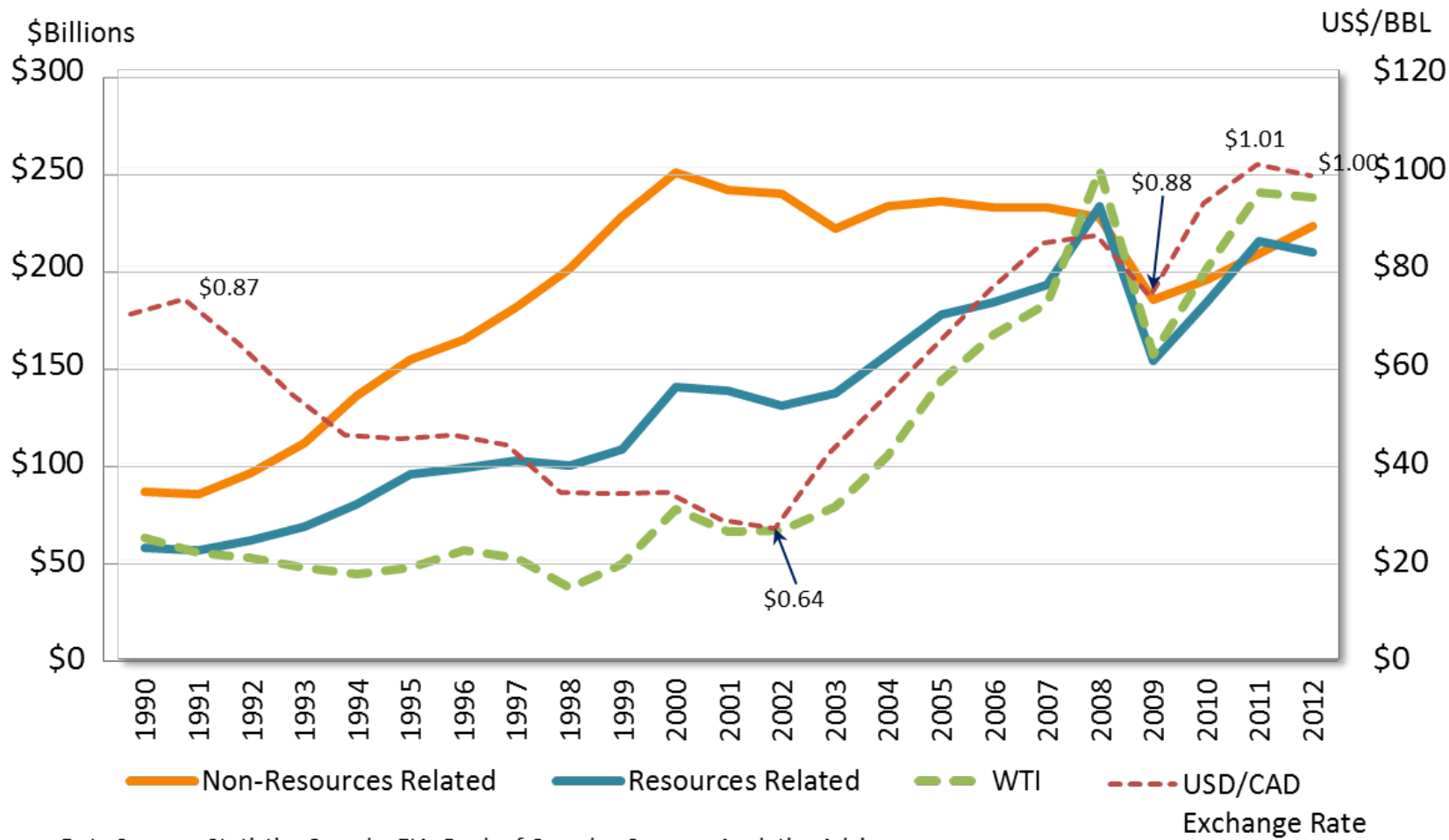
UNDERSTANDING CONTEXT: CANADIAN DOMESTIC EXPORTS



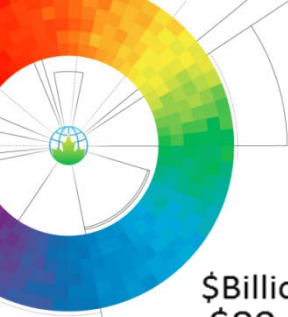
Data Source: Statistics Canada, EIA, Bank of Canada; Source: Analytica Advisors



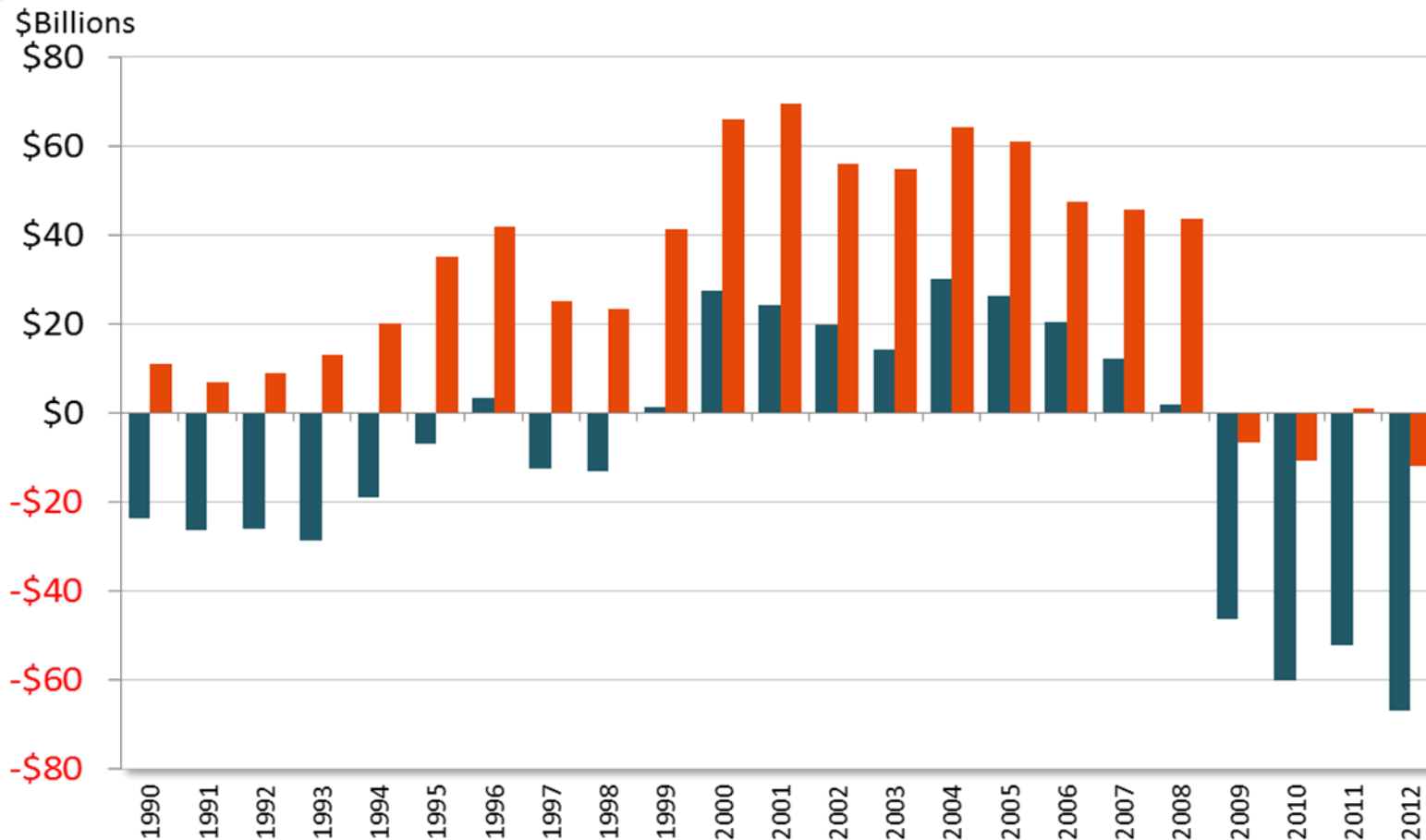
UNDERSTANDING CONTEXT: CANADIAN DOMESTIC EXPORTS



Data Source: Statistics Canada, EIA, Bank of Canada; Source: Analytica Advisors



CANADA'S CURRENT ACCOUNT AND TRADE BALANCES



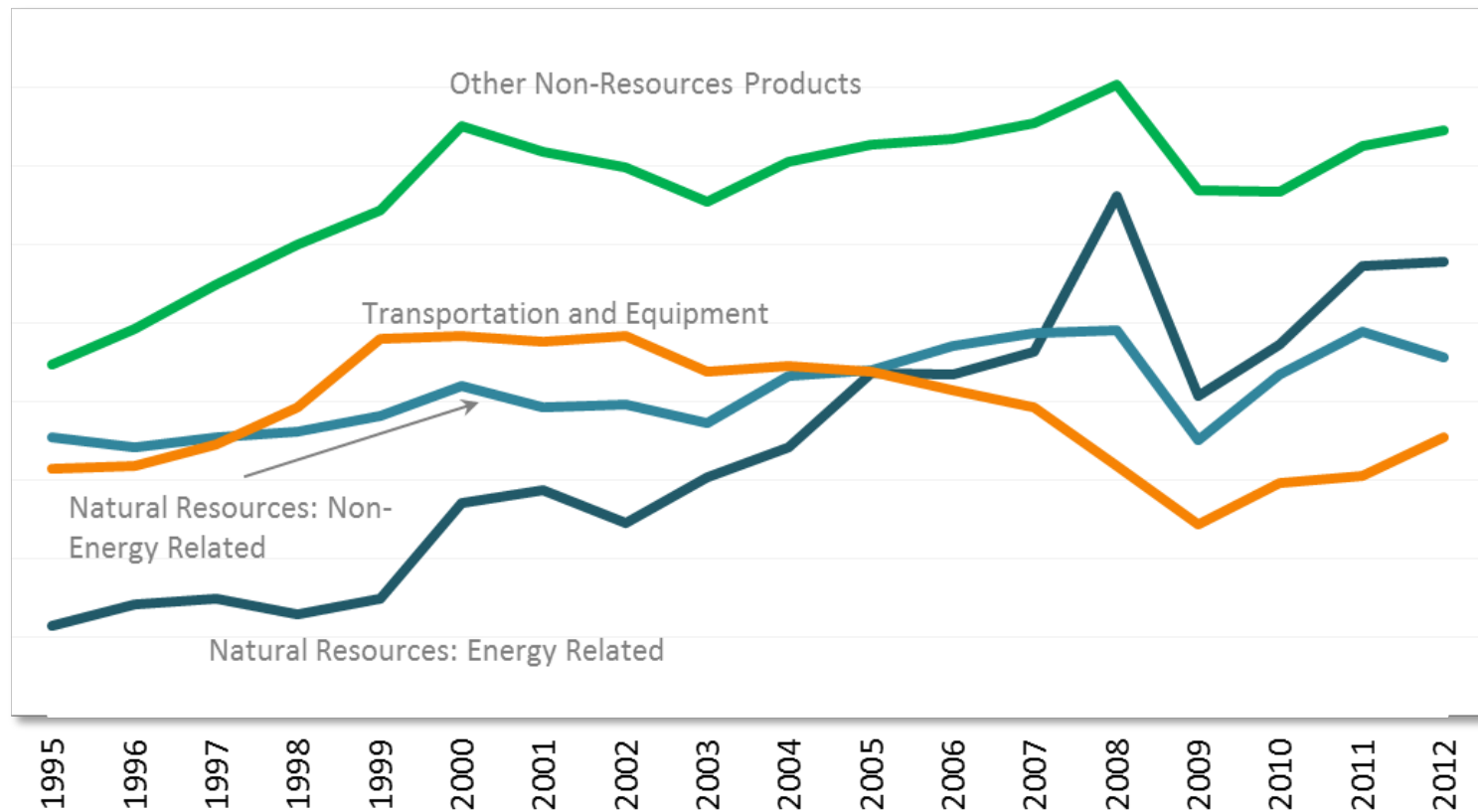
Data Source: Statistics Canada; Source: Analytica Advisors

■ Current Account ■ Trade Balance



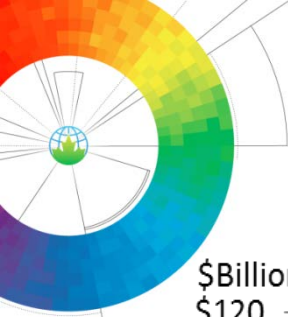
CANADIAN NATURAL RESOURCES AND NON-RESOURCES-RELATED EXPORTS

\$Billions
\$180
\$160
\$140
\$120
\$100
\$80
\$60
\$40
\$20
\$0

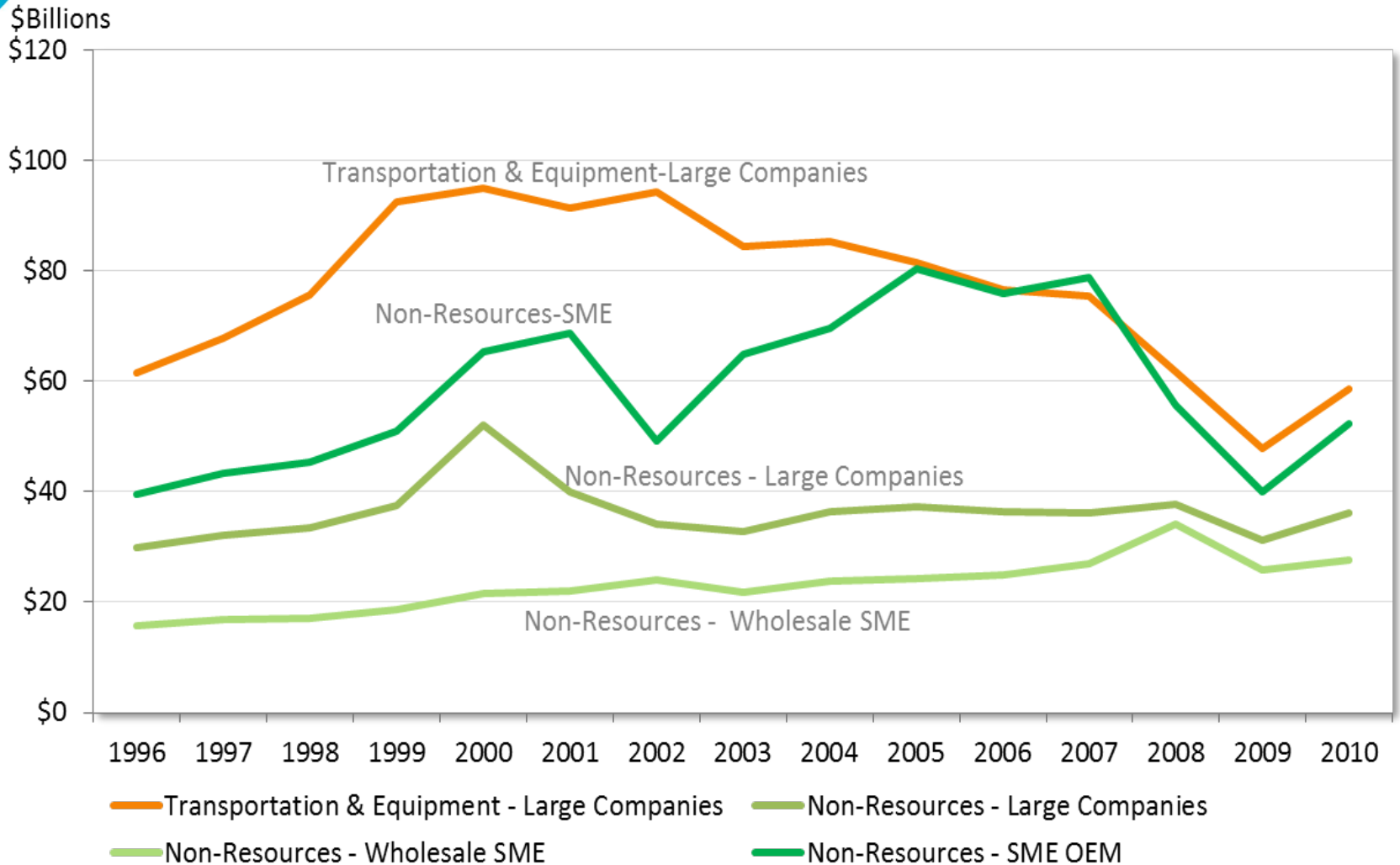


- Natural Resources: Energy
- Natural Resources: Non-Energy
- Transportation and Equipment
- Other Non-Resources Products

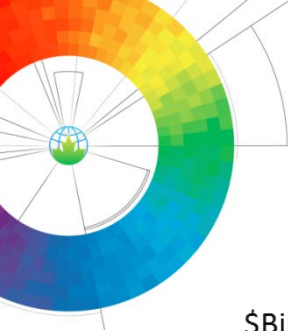
Data Source: Statistics Canada; Source: Analytica Advisors



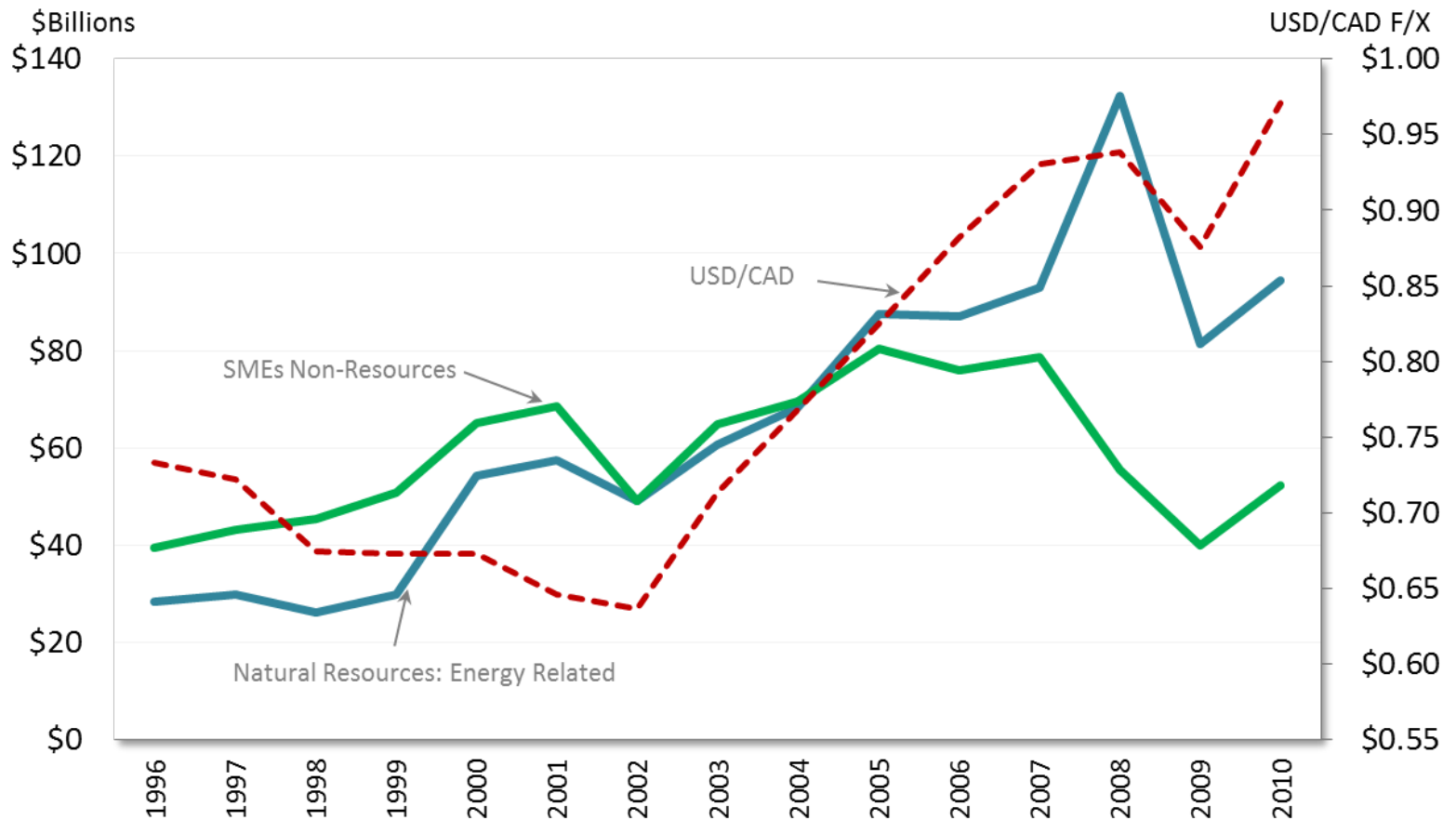
EXPORTS OF NON-RESOURCES BASED PRODUCTS BY FIRM SIZE



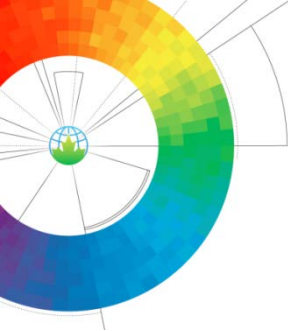
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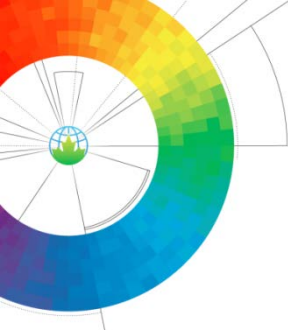
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DIVERSIFIED EXPORT MARKETS BEYOND THE US

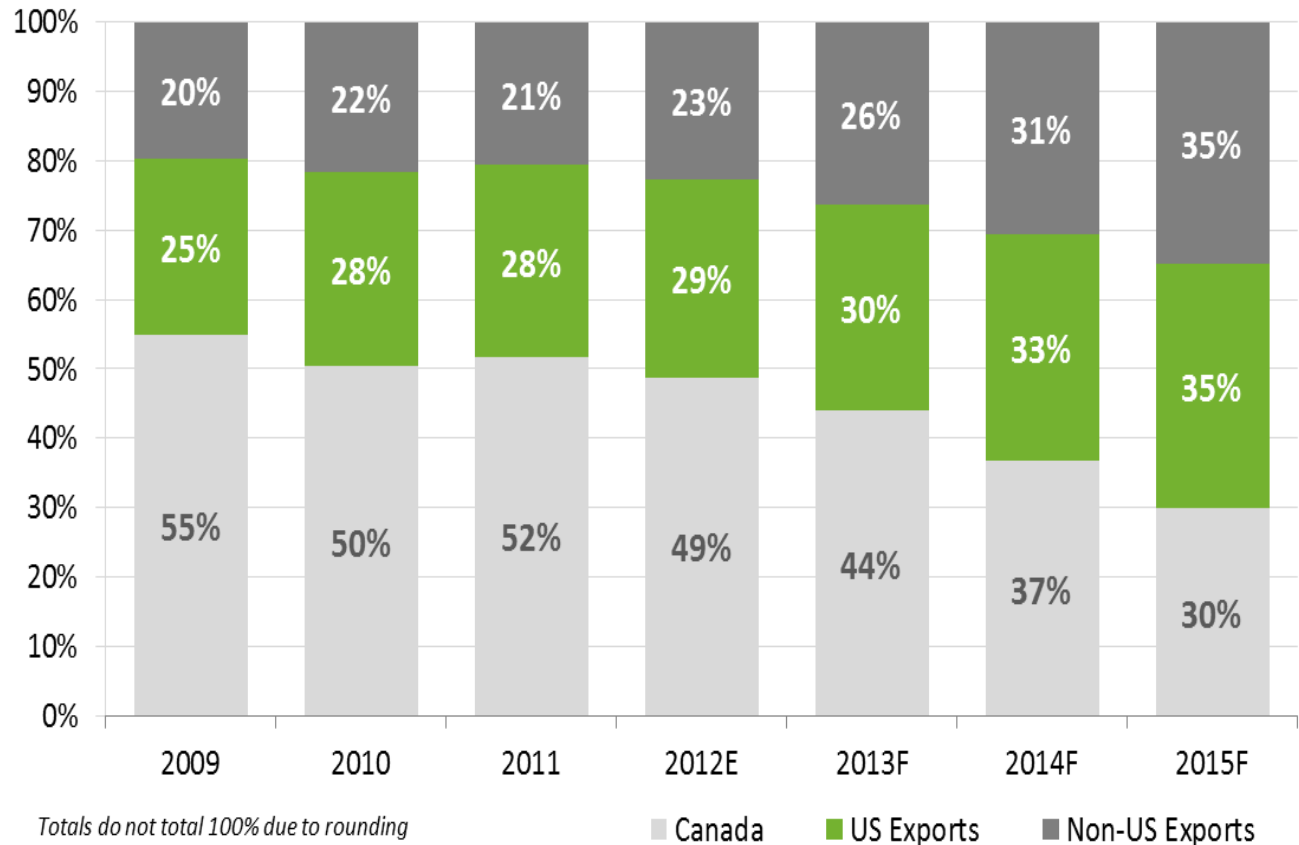
**Clean
Technology
export
revenues
come from
many
countries**

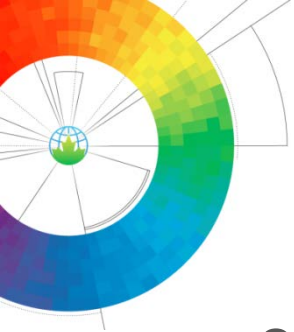
- **Europe** second largest export market after the US
- **82%** of companies exporting
- **51%** to markets other than the US



HOW SIGNIFICANT CAN BE CANADIAN CLEAN TECHNOLOGY EXPORTS?

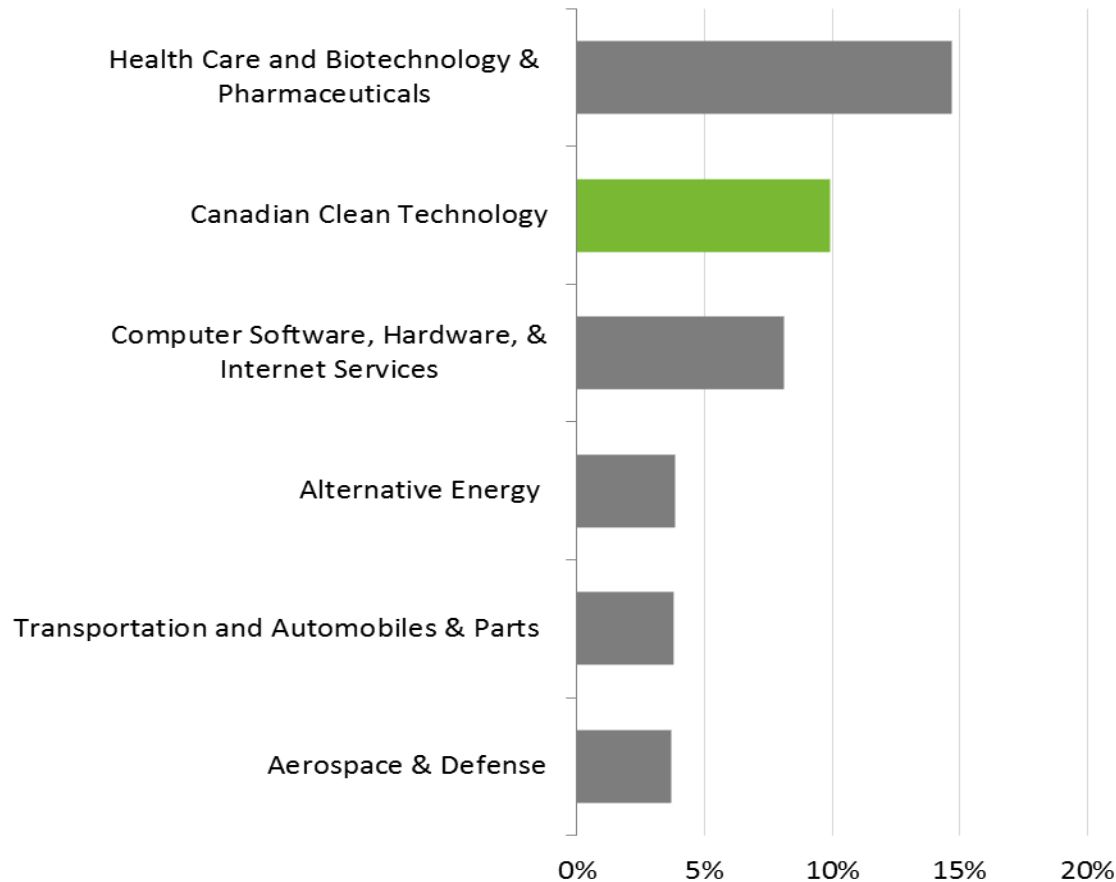
- **\$5 billion in exports** during the EU credit crisis and continued US weakness
- **By 2015 70% of revenues will come from export sales**



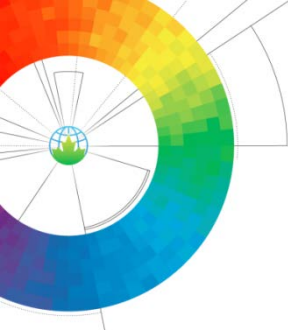


THESE COMPANIES ARE MORE LIKE PHARMACEUTICAL COMPANIES THAN TRADITIONAL MANUFACTURING COMPANIES

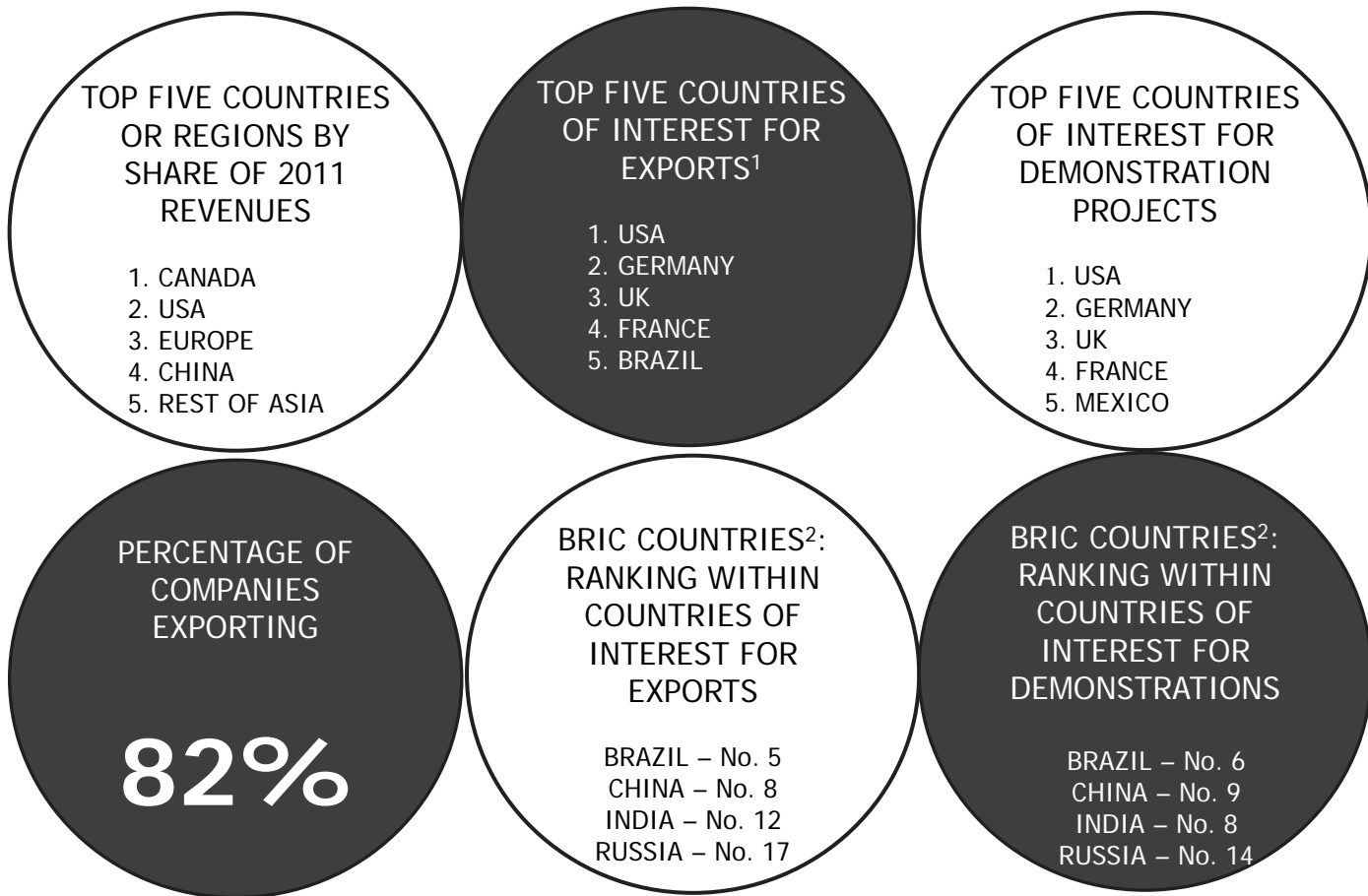
2011 R&D Expenditures as Percentage of Revenue



Data source: Company reports, DFAIT, Analytica Advisors; Source: Analytica Advisors

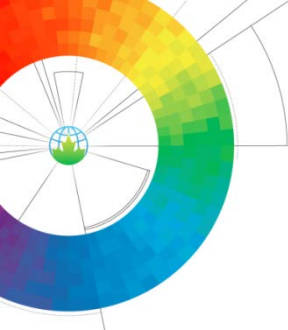


FOR AN EXPORT-INTENSIVE INNOVATION INDUSTRY....



¹ Ranked in order of number of citations

² Ranking order within list of 242 countries, beginning at number one as the most frequently cited by clean technology companies as a country of priority for exports and demonstration.



.... IP PROTECTION IS FUNDAMENTAL TO EXPORT STRATEGIES

2011 INDUSTRY R&D INVESTMENT

\$1.05B

2011 AVERAGE R&D INVESTMENT, PERCENT OF REVENUES

10%

2009-2011 AVERAGE ANNUAL INVESTMENT IN IP PER COMPANY

\$97,800

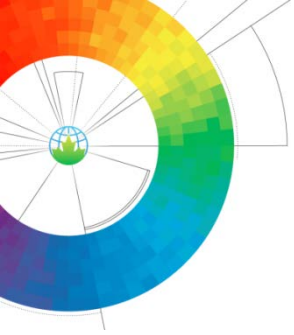
2009-2011 AVERAGE NUMBER OF COUNTRIES IP REGISTERED IN

11

INCUBATION RATIO (R&D + TD&D DIVIDED BY PC&MD + ME&MV)

0.4X





DIRECT ENGAGEMENT WITH LARGE GLOBAL CORPORATIONS CRITICAL TO EXPORT SUCCESS

Top Channel to Multinationals (MNE):

By Frequency:

Direct to MNE

Most Effective or Successful Channel:

Direct to MNE

CHANNELS TO MULTINATIONALS: RANKING BY FREQUENCY OF USE AND EFFECTIVENESS

1. Direct to MNE
2. Via Strategic Partner
3. Via Agent or Distributor
4. Via Supply Chain Tier

Thank you



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