

12 July 2010

## **OVERWHELMING MAJORITY OF CANADIAN MID-SIZED FIRMS DOING BUSINESS INTERNATIONALLY**

*Despite global reach, only 15 per cent claim that bulk of revenues are generated internationally*

A survey commissioned by HSBC, covering over 3,600 firms worldwide, revealed the vast majority of mid-sized companies conducting international business are thriving because of it and plan to expand in the next 2 years.

In Canada, 80 per cent of all respondents are doing business internationally, which ranks slightly higher than the global average of 76 per cent, and two-thirds (66 per cent) of mid-size companies plan to expand their current international business in the next two years.

Despite global economic uncertainty, an overwhelming number of mid-sized Canadian firms reported growth in their international business over the past 12 months (89 per cent). The majority also reported that their international business grew faster or at the same pace as their domestic business (51 per cent), and that revenues from international business are expected to grow faster in the next two years (56 per cent).

The HSBC International Business Survey is the first of its kind, capturing the views of 3,631 mid-sized companies across 10 markets, including Canada, Hong Kong SAR, India, mainland China, UAE, France, UK, US, Brazil and Mexico. The survey was conducted in April and May 2010 for HSBC Commercial Banking.

Matthew Bosrock, Deputy Chief Executive Officer, HSBC Bank Canada, said: "As emerging markets lead the way to economic recovery globally, there's no better time for Canadian companies to take advantage of the opportunity to invest in new markets for manufacturing, sourcing and selling. Organizations like HSBC, Canada's leading international bank, can help Canadian companies manage the risks of going international and access these great opportunities for growth and expansion."

### **Expansion plans**

The international business forecast looks relatively positive for emerging market countries, with almost one fifth of domestic mid-sized companies planning to expand internationally in the next two years. Respondents in developed markets share mixed levels of optimism, with 23 per cent in the US, 12 per cent in the UK, 7 per cent in Canada and only 5 per cent in France indicating they will go international.

### **Location**

Globally, respondents expect to focus on intra-regional activity by doing international business with their geographic partners. This intra-regional focus defines the regional geographies comprising Greater China, Asia, Europe, Latin America and North America. New or emerging corridors of international business have also emerged from the survey, many focusing on China.

*more...*

## **Overwhelming majority of Canadian mid-sized firms doing business internationally/2**

The top location for Canadian mid-sized companies to conduct their international businesses is the United States, at 88 per cent. Of note, Canada has emerged as the single most attractive location for US companies looking to do business internationally (45 per cent), followed by the UK (38 per cent) and Mainland China (30 per cent). China is ranked second only to the US as a top location where international business is being conducted by all companies, followed by Germany (3rd), Mexico (4th) and Japan (5th).

### **Types of international business**

Respondents globally clearly identify export and import as the main types of international businesses, and Canada's results support this trend, to the tune of 65 per cent and 49 per cent respectively. These are closely followed by marketing of product/services through global locations (27 per cent), foreign exchange transactions (20 per cent), and manufacturing (18 per cent).

### **Barriers to international business**

Across the globe, mid-sized firms cited the complexities of conducting business with international markets as the main barrier to doing international business. Local regulations, taxes, foreign currency controls and legal complexities were all key barriers. In Canada, the majority of businesses said the lack of knowledge was the key barrier to conducting international business.

Matthew Bosrock said: "The good news is that this 'knowledge gap', understanding how to navigate through the complexities of taxes, FX controls and legal issues are all barriers that can be overcome. Given the importance of mid-sized firms to the Canadian economy, it is in the interest of all of us to help them expand internationally and domestically. HSBC stands ready and able to provide the necessary knowledge and expertise."

### **About HSBC**

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, has more than 260 offices, including over 140 bank branches, and is the leading international and trade finance bank in Canada. With around 8,000 offices in 88 countries and territories and assets of US\$2,364 billion at 31 December 2009, the HSBC Group is one of the world's largest banking and financial services organizations.

Canadian companies currently or considering doing businesses internationally are invited to visit and join **BUSINESS without BORDERS** ([www.bwob.ca](http://www.bwob.ca)), a unique program designed to deliver expertise and thought-provoking advice to Canadian business decision-makers looking to help their organizations grow internationally. **BUSINESS without BORDERS** was recently launched by HSBC Bank Canada, in partnership with The Globe and Mail and Rogers Publishing Limited.

### **Media enquiries:**

Ernest Yee  
HSBC Bank Canada  
(604) 641-2973

Fabrice de Dongo  
HSBC Bank Canada  
(416) 868-8282