

INFORMATION BULLETIN

DATE: October 1, 2014

SUBJECT: *EBay Canada report suggests removal of trade barriers to support growing cohort of avid exporters*

SOURCE: *CNW Newswire, 10/1/14*

Tech-enabled businesses leading export charge

TORONTO, Oct. 1, 2014 /CNW/ - The Canadian government can help drive export activity among a rapidly growing cohort of technology-enabled small businesses by removing barriers to the free flow of goods across the country's borders.

That's the message emerging from a report* released this morning by global commerce platform eBay Canada, which suggests that the import duty exemption threshold — a measurement that determines the maximum value of goods that can be shipped without duties often referred to as the personal exemption limit or PEL — be raised from C\$20 to C\$200.

The recommendation comes on the heels of an internal research study showing technology-enabled businesses, such as those led by eBay sellers, are dramatically more export-oriented than their brick-and-mortar counterparts and that the current PEL impedes their business-growth potential.

"We believe the competitiveness of Canadian business — especially technology-enabled businesses — is being adversely affected by the current PEL," says Andrea Stairs, country manager for eBay Canada. "Many international PELs are much higher than Canada's, making those countries more competitive from an international e-commerce standpoint."

The eBay Canada report shows 99.5 per cent of tech-enabled businesses export, compared to only 10.4 per cent of traditional brick-and-mortar businesses. Additionally, while most traditional exporters trade exclusively with the U.S. (57 percent), the

companies studied by eBay trade with an average of 19 countries, including a wide range of emerging markets in which they have enjoyed particular success: 125 per cent growth in sales to South America, 66 per cent growth in sales to Asia and 146 per cent growth in sales to Africa since the 2008 financial crisis.

eBay Canada's report also found technology-enabled businesses were more successful in growing their exports in comparison to traditional industries. In the five years from 2008 to 2013, the technology-enabled business studied by eBay increased their cross-border sales by 14 per cent while overall export activity for the same period declined by two per cent — a clear demonstration of the positive impact global trade can have on small businesses.

"The international trade activity of these firms is an example of what all Canadian businesses should be moving toward," says Stairs. "It is incumbent upon our government to help nurture this trade activity by removing the barriers that limit access to cost-effective, global supply chains, and the ability of these enterprises to meet international e-commerce standards on return policies."

Stairs adds, the current PEL level — which is \$180 lower than that of the U.S. — contributes to the price disparity between Canadian and U.S. goods by limiting vendors' access to lower-cost supplies and by forcing additional administrative costs on them that are often passed down to consumers.

In addition to raising the PEL, the eBay report makes a series of other policy recommendations aimed at simplifying customs processes for small, technology-enabled businesses, including a call to facilitate small business participation in trusted trader programs, such as the Partnership in Protection (PIP) program, which allows trusted shippers to expedite the transport of goods across the Canada-U.S. border. The document notes, Canada's trusted-trader program has room for expansion and calls on the government to revisit its risk-assessment protocols for micro-businesses.

"If the federal government could take these policy actions, it would make running my business, and many others like it, much easier and provide greater incentives to budding entrepreneurs to take their business beyond Canada's borders," says eBay vendor Darrell Renaud, whose business Scouttech Outfitters has been selling outdoor equipment since 2003 to buyers in nations as close as the U.S. and as far away as Australia, Israel, Chile and even the remote islands of Mauritius.

The study was based on a data analysis of activity between 2008 and 2013 among eBay small businesses with minimum annual sales of C\$10,000. The analysis reviewed sales, number of transactions, destination countries, product categories, location and several other indicators.

Additional Facts & Figures about exports among technology-enabled businesses

- While traditional small and medium-sized businesses in Canada export mostly to the U.S. (57 per cent of exporters), 95 per cent of technology-enabled businesses export to the U.S. *plus* at least one other country, suggesting that these businesses have a more global outlook with respect to their sourcing and selling strategies.
- 13 per cent of technology-enabled businesses are newly established vs. four per cent of total Canadian exporters, an indication of the low barriers to entry for e-commerce.
- 83 per cent of newly established technology-enabled businesses export to two or more markets within their first year, demonstrating the power of the Internet to easily connect even nascent entrepreneurs with customers in foreign markets.
- Research shows 26 per cent of SMEs who engage in international trade significantly outperform their market, compared with 13% of those whose activity is strictly domestic, emphasizing again the positive impact of global trade on small businesses.

** The report — available in English only — can be found [here](#) or by copying and pasting the following URL into your web*

browser: <http://www.ebaymainstreet.com/sites/default/files/canada-commerce-3.pdf>

An infographic is available [here](#).

About eBay Canada

Founded in 1995 in San Jose, Calif., eBay Inc. (NASDAQ:EBAY) is a global commerce platform and payments leader connecting millions of buyers and sellers. We do so through eBay, one of the world's largest online marketplaces, which allows users to buy and sell in nearly every country on earth; through PayPal, which enables individuals and businesses to securely, easily and quickly send and receive digital payments; and through GSI, which facilitates ecommerce, multichannel retailing and digital marketing for global enterprises. We also reach millions through specialized marketplaces such as StubHub, the world's largest ticket marketplace, and eBay classifieds sites, which together have a presence in more than 1,000 cities around the world. In Canada, eBay was visited by more than 7 million unique Canadian per month (comScore Media Metrix: March 2014).

SOURCE eBay Canada