



Market Profile: Texas

October 2016



Table of Contents

- 1.0 Introduction and Summary of Key Findings 1
- 2.0 Market Overview 2
 - 2.1 Legal, Political and Business Environment 2
 - 2.2 Geography and Climate 3
 - 2.3 Population and Demographics 3
 - 2.4 Major Cities 4
 - 2.5 Infrastructure 7
- 3.0 Economic Profile 7
 - 3.1 Market Attributes and Trends 7
 - 3.2 Trade Profile 8
 - 3.3 Potential Opportunity Sectors for PEI 9
 - 3.3.1 Aerospace & Defense 9
 - 3.3.2 Agriculture, Fish & Seafood 10
 - 3.3.3 Professional Services 10
 - 3.3.4 Information & Communication Technologies (ICT) 11
 - 3.3.5 Renewable Energy 11
 - 3.3.6 Others 12
 - 3.4 Potential Challenges 13
- 4.0 Additional Information and Considerations 13
- Bibliography 15

1.0 Introduction and Summary of Key Findings

This Market Profile has been developed for Trade Team PEI as a starting point for further research and exploration into the export and trade opportunities offered by the large and diverse Texan economy. The document is by no means exhaustive and is intended to provide information on the market and to highlight areas of potential alignment and opportunity for PEI exporters.

In order to provide important context to the state's economic profile, initial sections (2.1 through 2.5) of the document provide an overview of the legal, political and business environment in Texas, as well the geography, climate, demographics and infrastructure of the state. Brief introductions to the state's five major cities are also included for the purpose of highlighting their diverse economies.

Section 3 of this document consists of an economic profile of Texas that highlights market attributes and trends; provides details on existing trade between Canada and Texas; and, identifies potential opportunity sectors for PEI. The sectors of potential opportunity for PEI include:

- Aerospace & Defense,
- Agriculture, Fish & Seafood,
- Information & Communications Technology (ICT),
- Professional Services and
- Renewable Energy.

The sectors of Biotechnology and Life Sciences, Tourism and Hospitality, Advanced Manufacturing, and Education were also examined as part of the research conducted for this Market Profile. These sectors are all of significant scale in Texas and align well with PEI industry; however, they were deemed to present limited opportunities at this time compared to the key sectors identified above.

Section 3 of the Market Profile concludes with a discussion on potential challenges that PEI exporters might face in the Texas market. Section 4 provides information and suggestions to assist Trade Team PEI and its exporters with any additional next steps.

In summary, the research and analysis presented in the ensuing Market Profile reveals that Texas has undergone transformative economic diversification in recent decades. The result is a resilient and formidable economy with a fast growing population and strategic geographic location that boasts the necessary infrastructure to entice PEI exporters of both goods and services. Across sectors, large numbers of industry leaders are headquartered in Texas.

The state's favorable business environment continues to entice Foreign Direct Investment and relocation of domestic enterprises into the state. The flip side to this, of course, from the

perspective of PEI exporters, is that Texas constitutes a highly competitive market where PEI exporters will encounter competition from the world's top firms. Consequently, it is critical that PEI companies considering the Texas market conduct the requisite analysis to inform the appropriate selection of market entry strategy.

Note: All dollar amounts referenced in this document refer to US dollars.

2.0 Market Overview

2.1 Legal, Political and Business Environment

Texas consistently ranks as one of the top U.S. states in which to do business as measured by metrics such as taxation, workforce, business friendliness, infrastructure and the cost of doing business. For example, CNBC's annual survey saw Texas place #2 in 2016. Texas is a right-to-work state. Right-to-work laws are statutes that prohibit union security agreements, or agreements between employers and labor unions, governing the extent to which an established union can require employees' membership, payment of union dues or fees as a condition of employment, either before or after hiring.

Texas is largely known as a "low tax" state. While Texas has no personal state income tax, the state has a sales tax of 8% on goods purchased. Unlike in Canada, services in Texas are not taxed. Texas businesses pay a franchise tax ("margin tax"). The Texas franchise tax rate for most businesses is 1.0% of the "taxable margin." The "taxable margin," on which the franchise tax is based, is equal to the least of the following three amounts: 70% of total revenue; 100% of total revenue minus cost of goods sold; or, 100% of total revenue minus compensation.

Within the state, there are several economic development agencies set up for business attraction, business retention and export promotion. Texas Economic Development is the state's most prominent economic development agency but there are also several city chambers of commerce and regional development partnerships.

It is worth noting that the cities of St. John's, Halifax and Calgary (together with Houston and other international energy hubs) are charter members of the World Energy Cities Partnership (WECP), whose secretariat is based in Houston. Members meet annually in Houston during the Offshore Technology Conference. The WECP was established to promote development within the member cities' economies through partnerships. Mike Savage, Mayor of Halifax, is the current Chairman. This could have potential relevance to PEI exporters who either have existing business relationships in these Canadian cities or are able to establish joint ventures and leverage the WECP mandate.

The Government of Texas is a unitary democratic state. Austin is the state capital, where the Governor Greg Abbott serves as the 48th Governor of Texas. The governor's duties include veto power on bills passed by the Legislature, the authority to appoint members of executive boards and the authority to fill any judicial vacancies that occur between elections. The Texas

Legislature is bicameral, consisting of 150 members and 31 senators. The House Legislature is presided over by the Speaker of the House while the Lieutenant Governor presides over the Senate.

The Republican Party of Texas (RPT) dominates all forms of elected government representation within the state. Texas has a majority in the Texas congressional delegation to Washington. The RPT's Guiding Principles include strict adherence to the original intent of the Declaration of Independence and United States and Texas Constitutions, sanctity of human life, traditional marriage of a natural man and a natural woman, the unalienable right to defend themselves, including open carry of arms and a free enterprise society unencumbered by government interference or subsidies.

2.2 Geography and Climate

The land area in Texas (261,914 square miles) makes it the second largest state in the country. This equals the combined area of New England, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and North Carolina. Both north/south Texas and east/west Texas are separated by approximately 800 miles each.

Texas is home to the largest acreage of cropland, the largest amount of pastureland and the largest amount of rangeland in the country. While the majority of the state is rural, Texas is occupied by the largest amount of urban land of any state and is second only to Alaska in the amount of land covered by inland water.

The western part of Texas has a basin and range topography similar to much of New Mexico, Arizona and Nevada. Similar to parts of New Mexico and Arizona, West Texas is part of the Chihuahuan Desert. The terrain descends from the northwest to the southeast, draining into the Gulf of Mexico by a series of parallel rivers.

Texas is bordered by the U.S. states of New Mexico, Arkansas, Oklahoma and Louisiana and also shares a 1,254 mile long border with Mexico.

The climate of Texas is determined by geographical features external to the state. The weather varies from arid in the west to humid in the east, thus enabling a broad spectrum of crop yields that range from cotton to blueberries. Texas ranks first in tornado occurrences with an average of 139 per year. Parts of Texas are prone to flooding caused by tropical cyclones and stalled weather fronts that can drop as much as 10 - 20 inches of rain in a 24-hour time frame.

2.3 Population and Demographics

Texas has the second largest population of all states with more than 27 million people. Its cities include the ninth and tenth most populous metropolitan areas: Dallas – Fort Worth and Houston. Generally though, the state's residents are unevenly distributed and large stretches of the land mass have less than one person per square mile.

The major ethnic groups in Texas as a percentage of total population are: White - 44%; Hispanic - 37%; Black - 12%, Asian - 5%, and Other - 2%. It is said that undocumented immigrants make up almost nine percent of the state's workforce, second only to California.

Texas is ranked as the sixth fastest growing state and although there has been significant population growth due to international migration into Texas, more than half of the state's population growth is attributed to domestic migration. Texas' Office of the State Demographer reported that from 2005 to 2013, an estimated 5.9 million people moved to Texas, 4.8 million of which came from other states.

While the most recent energy crisis would expectedly slow or even reverse population growth in the state, the U.S. Census Bureau recently reported that five of the country's eleven fastest-growing cities are in Texas (May 2016). The table here below captures population growth in five Texas cities over the last five years. (This compares to a countrywide population growth rate of approximately 0.75% during the same period.)

Rank	City	2016 Population est.	2011 Census	Percentage Change
1	Houston	2,296,244	2,100,389	9.34%
2	San Antonio	1,469,845	1,327,407	10.73%
3	Dallas	1,300,092	1,197,816	8.53
4	Austin	931,820	790,390	17.89%
5	Fort Worth	833,319	741,206	12.42%

Median household income in Texas was \$55,653 according to the U.S. Census Bureau's 2015 American Community Survey.

2.4 Major Cities

Houston

With a population of approximately 2.3 million people, Houston is the largest city in Texas. The city has a population comprised of various ethnic and religious backgrounds. It has been described as the most ethnically diverse city in the U.S.

Houston's economy is home to a thriving business economy that has rapidly diversified from its energy base. Some interesting facts on the city are as follows:

- Home to 23 *Fortune 500* companies. (Only New York is home to more *Fortune 500* headquarters within its city limits.)
- The Port of Houston ranks first in the U.S. in international waterborne tonnage handled and second in total cargo tonnage handled.

- Houston's infrastructure is also strengthened by three airports, which form the sixth-largest airport system in the world.
- Houston's massive trucking and rail system links the southern, south central, mid-western and western United States.
- More than 600 trucking firms operate in Houston, and two major rail systems operate 14 mainline tracks radiating from Houston.
- According to the Brookings Institute, GDP growth in Houston over the 2010-15 period was 3.4%.

The Greater Houston economy is based on a broad spectrum of industries, including:

- Oil & Gas Exploration,
- Basic Petroleum Refining,
- Petrochemical Production,
- Medical Research & Health Care Delivery,
- High-Technology,
- International Import & Export,
- Commercial Fishing,
- Agriculture,
- Education,
- Film and Media,
- Banking & Finance and
- Manufacturing & Distribution.

San Antonio

With a population of 1.5 million, San Antonio is the second largest city in Texas. San Antonio serves as the headquarters for five of the country's major military installations. Besides government, the city's industry is based on trade, high-technology services, aerospace and tourism. San Antonio serves as headquarters for HEB - the largest grocery store operator in Texas and northeast Mexico, with total annual revenue surpassing \$20 billion (2013).

San Antonio's aerospace industry has grown by over 400% in the last 25 years with over 13,000 employees working in aerospace-related maintenance, repair and operations (MRO); manufacturing; military; and air transportation services industry, which includes:

- Manufacturing of aircraft equipment and parts;
- Aircraft service and repair;
- Production and distribution of transportation equipment and supplies;
- Scheduled and unscheduled air transportation; and
- Flight school operation.

Famous for its historical Spanish Mission, San Antonio is a major tourist destination visited by approximately 26 million tourists every year. The city also hosts the annual San Antonio Stock Show & Rodeo, one of the largest in the country.

San Antonio is home to 31 higher education facilities, including the University of Texas Health Science Center at San Antonio, the University of Texas at San Antonio, Texas A&M University – San Antonio and the Alamo Community College District among others.

Dallas

The third largest city in Texas, Dallas, has a population of 1.3 million people. Dallas boasts a diverse business climate and a strong technological sector. About 43 percent of the state's high-tech workers are in the Dallas-Fort Worth metro area. Known as a center for telecommunications manufacturing, the region north of the city has been dubbed “Telecom Corridor” in recognition of the proliferation of telecommunications companies that call the area home. These include Nortel, Ericsson, Alcatel and Southwestern Bell.

Major industries in Dallas include:

- Defense,
- Financial Services,
- Information Technology & Data Storage,
- Life Sciences,
- Semiconductors and
- Transportation.

There are nineteen *Fortune 500* companies headquartered in the area. They include: Advance PCS, Dean Foods (Dairy Products), ExxonMobil, Kimberly-Clark, Neiman Marcus, Southwest Airlines and Texas Instruments. Further, 13 privately-held companies with at least \$1 billion in annual revenues, are headquartered in the area.

Austin

Austin, the state’s capital, is the fastest growing economy of the 50 largest U.S. cities. Austin had a population of 931,830 as of June 1, 2016. Located in Central Texas in the foothills of Texas Hill Country, the city is home to numerous lakes, rivers, and waterways. It is the cultural and economic center of the Austin–Round Rock metropolitan area, which has an estimated population of 2,010,860 (as of June 1, 2016).

Austin’s strategic development plan for 2016 focuses on the following target markets: Advanced manufacturing; Distribution and logistics; Creative Industries; Life Sciences and Technology Integration; Mobility innovations (automotive and aerospace); Zero waste technologies; and the Food sector. Companies headquartered in Austin include: Dell Corporation, 3M, Electro and Communications Business (ECB). Whole Foods Market Inc. – a

leading grocery retailer with total revenue of \$15.4 billion (2015) and operating 435 stores throughout the United Kingdom, Canada, and the United States - is also based in Austin.

Fort Worth

Fort Worth, located in North Central Texas, is the fifth largest city in Texas with a population of 833,000. It is the 16th largest city in the United States.

Major companies based in Fort Worth include: American Airlines Group (and subsidiaries American Airlines and Envoy Air), D.R. Horton (largest home-builder in the US for 13 consecutive years), Lockheed Martin, Bell Helicopter (HQ), and BNSF Railway (wholly-owned by Berkshire Hathaway). Fort Worth is also home to the Naval Air Station Joint Reserve Base Fort Worth.

2.5 Infrastructure

Transportation is one of the highest priorities on the state's economic development agenda. Texas is home to 380 airports; leads all states with 10,400 miles of freight rail and has 16 seaports, 11 foreign trade zones and more than 313,220 public roads. American Airlines and Southwest Airlines, two of the world's largest airlines, are headquartered in Texas. Texas' 49 railroad operators move over \$373 million worth of freight annually and the state is home to 11 deep water ports, including the Port of Houston, which is ranked first in the U.S. in international waterborne tonnage handled and second in total cargo tonnage handled.

3.0 Economic Profile

3.1 Market Attributes and Trends

Many claim that if Texas were a sovereign country, its economy would be the 12th largest in the world, ahead of South Korea and Australia. (The state's GDP was reported to be \$1.4 trillion in 2015, according to the U.S. Department of Commerce). Texas ranks second (above New York but below California) in terms of its Gross State Product but it regularly ranks as the top exporter within the U.S.

While the downturn in the Oil and Gas sector has seen major job losses in Texas (most of which were in Houston), the unemployment rate in Texas remains several decimal points below the national average (4.6% in Texas and 4.9% in the U.S. as a whole, according to the Bureau of Labour Statistics). Despite challenges within the Oil and Gas sector, the economy in Texas (including Houston) has continued to grow, indicating that the economy is far more diversified and robust than it was during previous downturns related to Oil and Gas, such as experienced in the 1980s. Central Texas, in particular, has seen impressive employment growth over the last ten years.

Texas' economic growth is primarily centered on:

- Advanced Technology & Manufacturing;
- Aerospace & Defense;
- Biotechnology & Life Sciences;
- Information & Communication Technology;
- Petroleum Refining & Chemical Products; and
- Energy.

Agriculturally, Texas is one of the most important states in the country. It easily leads the nation in producing cattle, cotton and cottonseed. Principal crops are cotton lint, grains, sorghum, vegetables, rice, citrus and other fruits. Bordering on the Gulf of Mexico, Texas also has an important commercial fishing industry. Its principal catches are: shrimp, oysters, redfish, grouper and menhaden.

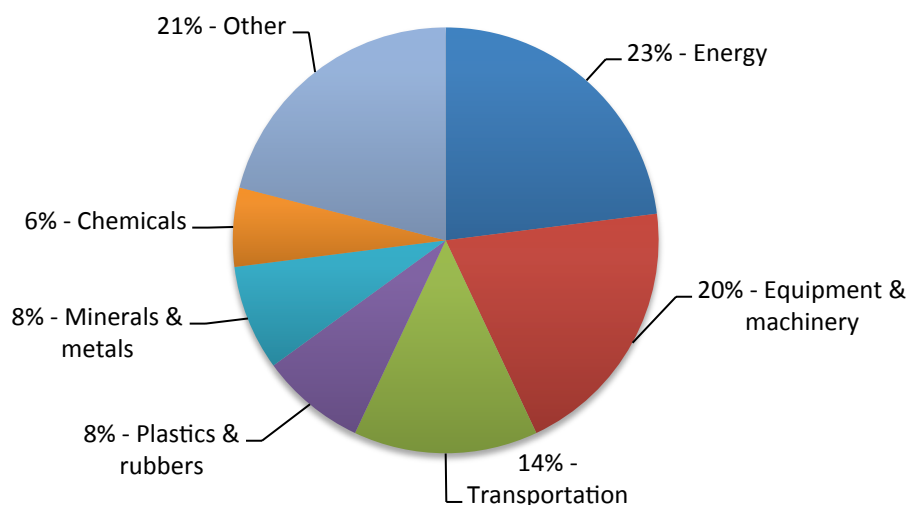
3.2 Trade Profile

Texas is the top exporter in the country, with over \$289 billion in exports in 2014. Texas' top export destinations include: Mexico, Canada, Brazil, China, and the Netherlands. With its unique combination of strategic location, the largest U.S. rail and road infrastructure, the most U.S. ports of entry, a multilingual workforce twice the national average, an established international banking center, a diplomatic hub with a Consular Corps representing some 90 nations, as well as a concentration of corporate and financial resources, Texas constitutes a formidable player in international trade.

More than 90 percent of all Texas exporters are small businesses, and their numbers continue to grow. With its extensive global ties, Texas has a natural advantage in exporting knowledge-intensive services and has become a major global exporter of high value-added services, including accounting, communications, consulting, engineering, financial, legal, medical, and transportation services.

According to the Government of Canada's trade data for 2015, exports from Texas to Canada were valued at \$25.4 billion with exports from Canada to Texas measured at \$15.9 billion. The make-up of these Canadian exports to Texas are illustrated here below in the following chart.

Canadian Exports to Texas by Industry (Source: Government of Canada, 2015)



2012 data from Agriculture and Agri-Food Canada reports that next to canola, potatoes constituted the largest source of agri-food exports from Canada to the South West South Central Region, which includes Texas as well as three other states (Oklahoma, Arkansas and Louisiana).

3.3 Potential Opportunity Sectors for PEI

Based on PEI's export profile, a number of industry sectors in Texas constitute potential areas of opportunity. These sectors are discussed here below.

3.3.1 Aerospace & Defense

- Texas ranked No. 7 in the industry world-wide, according to a detailed international industry analysis from PricewaterhouseCoopers.
- Texas is home to aerospace infrastructure and businesses that include the Johnson Space Center, Space X Inc.'s planned Brownsville launch facility, Bell Helicopter Inc.'s headquarters in Fort Worth and startups such as Cedar Park-based Firefly Space Systems Inc.
- The sector employed approximately 153,000 people in Texas in 2014, according to a state report.
- Texas has six of the busiest airports in the country and serves 15 active military bases.
- Texas-based airlines are American Airlines (AA) and American Eagle and Southwest Airlines (other commercial carriers with commercial hubs in the state are United Airlines and ExpressJet Holdings).
- 26 of the largest Aerospace companies have operations in Texas including Boeing, EADS, Lockheed Martin, BAE Systems, Bombardier Aerospace, Textron (Bell Helicopter & Cessna Aircraft), and Beechcraft.

- Texas is home to 4 U.S. Air Force bases; 3 Joint bases, and 5 U.S. Army & Navy Aviation bases.

3.3.2 Agriculture, Fish & Seafood

Opportunities for PEI exporters of live fish and shellfish, fresh produce (organic/non-organic) and frozen vegetables, are targeted at two industry sectors: restaurants and major grocery chains.

- Texas has 43,670 eating and drinking establishments representing projected sales of 52.4 billion (2016).
- There are 1.3 million restaurant and food service jobs in the state (12% of the state's employment).
- HEB/Central Market is the largest grocery store operation in Texas and northeast Mexico with an annual revenue of over \$20 billion (headquartered in San Antonio).
- Whole Foods Market Inc., with revenue of over \$15.4 billion (2015) and operating 435 stores (U.K., Canada, and the United States), is located in Austin.
- Fiesta Mart Inc., a grocery wholesaler with 60 stores in Texas, is located in Houston.
- Other grocery store chains include Kroger, Randalls, Costco and Walmart.

HEB/Central Market offers more than 100 varieties of saltwater and freshwater fish and shellfish. Shipments are flown to Texas up to six days a week from around the world. Shipments from Maine and Canada are said to arrive 3 - 4 times a week. Whenever possible, fish have been out of water for only 48 hours prior to arrival. HEB/Central Market offers over 700 varieties of climate-controlled produce from around the globe, including 150 varieties of seasonal organics, potatoes and other root crops and frozen vegetables. Many of the produce and frozen products are privately labeled.

3.3.3 Professional Services

The professional services industry in Texas is diverse and offers a broad range of opportunities for services across all domains. PEI engineering and environmental firms may find opportunities associated with growth in design and construction of office buildings and education facilities, road developments and other civil works.

A presentation by the Houston Minority Business Council (HMSDC) on the State of the Construction Industry in 2015 identified the following examples of construction projects in the pipeline:

- Horizontal/Vertical construction throughout Texas \$13.6 billion (TX-Dot – Roads & Bridges)
- Houston Airport System (HAS) \$1.5 billion
- Houston Independent School Board (HISD) \$1.9 billion
- Houston Community College/Lone Star Community College \$950 million
- Texas Medical Center \$2.8 billion

3.3.4 Information & Communication Technologies (ICT)

- More than 17,600 ICT firms in Texas, employing over 330,000 workers (Texas ranks #2 in IT services employment nationwide).
- Of this total, 180 video game software companies employ 5,500 professionals (a large number of which are in Austin).
- The National Entertainment Association estimates that Texas is no. 2 (2013) for entertainment software employment with 17,878 direct and indirect jobs.
- Cloud Services & Data Centers account for 15% of Texas' ICT employment, representing 730 firms offering data processing, hosting, media streaming, and other related services.
- Demand for computer systems design has risen 66% over the last 4 years (2011-2015).
- Health Care operations continue to invest in technologies to improve efficiency and responsiveness to provide better outcomes for patients and providers, creating opportunities for companies specializing in e-health. Two companies in this sector are athenahealth and Conifer Health Solutions.
- Dell, Microsoft, HP Enterprise Services, and National Instruments are based in Texas.
- While Texas is host to a long list of *Fortune 500* companies in this sector (IBM, Oracle, Microsoft), small firms are also flourishing and the average number of employees of firms in the sector is 11.

While the number of ICT companies in PEI is small in comparison to those in Texas, the ICT market is relevant and could offer niche areas for growth. For example, it is estimated that 36% of the ICT workforce in Texas is employed by companies whose primary products or services are not in the traditional ICT sectors, rather in sectors such as health care, where PEI companies have competitive and complementary capabilities. There are already linkages between PEI and Texas in the ITC sector that could be leveraged.

3.3.5 Renewable Energy

Texas' renewable energy potential is among the largest in the nation. Texas leads the nation in wind-powered electricity generation, producing more than one-fifth of the U.S. total. With high levels of direct solar radiation, Texas is ranked number one in solar potential and number two in renewable energy employment.

With the support of the State of Texas's "Smart State Policy" the wind energy investor community has mobilized \$33 billion in capital investment; created 24,000 wind-related jobs; and has over 40 manufacturing facilities and numerous component suppliers.

Solar power is emerging as the next growth industry in renewables with more than 445 solar companies operating in Texas. Austin has been recognized by the Department of Energy for excellence in the renewable energy field.

3.3.6 Others

Four additional sectors were also reviewed as part of the research carried out on the Texas marketplace and these include:

- Education,
- Tourism & Hospitality,
- Advanced Manufacturing & Technology and
- Biotechnology & Life Sciences.

Although these sectors present select areas of opportunity for PEI industry, opportunities and alignment to PEI's core capabilities were deemed to be less significant in contrast to the five previously discussed sectors.

Education

Second to China, the U.S. market consistently ranks as the second largest source of international students for PEI. Compared to other U.S. states, Texas continues to be a region of high potential for student recruitment efforts. In light of its rapidly growing population, projections indicate a 10.4% increase in public high school graduates between 2014 and 2019.

Institutions in Texas are also widely recognized for their internationalization efforts and thus present good targets for PEI institutions looking to establish mobility agreements, articulation agreements such as 2+2s or 3+1s, or research collaborations. As an example, the Houston Community College System in Texas currently hosts the largest number of international students within the U.S. college system (5,200 international students enrolled).

Grant programs, and initiatives such as President Obama's *100 000 Strong in the Americas*, invite Canadian institutions to apply for funding to help establish and expand linkages between academic institutions.

Texas has a combined total of 147 public and private post-secondary institutions.

Tourism & Hospitality

Like much of Texas, this sector is big and continues to grow as new venues are developed. The region annually attracts 233.5 million domestic visitors and 8.2 million international visitors representing \$67 billion in revenue and 599,000 jobs (2013). While significant training contracts are associated with this sector, educational institutions in Texas have developed considerable expertise in this regard.

Advanced Manufacturing & Technology

Nanotechnology, semiconductors and automotive manufacturing primarily drive the sector in Texas. The industry employs 900,000 with Toyota and GM being the two largest manufacturers in the state.

Biotechnology & Life Sciences Sector

There are 3,700 firms involved in R&D and biotechnology manufacturing in the state, employing 93,800 workers. The Texas Medical Center's annual R&D spending is \$3.5; MD Anderson is one of the top ranked cancer centers; and, venture capitalists secured \$1.4 billion in 160 biotechnology and medical device deals between 2009 and 2014.

3.4 Potential Challenges

The Texas marketplace could present PEI companies and institutions with several challenges:

- Given the distance to market, companies (particularly in the fish and seafood domain) will need to clearly understand the cost of doing business as it pertains to product spoilage. Also, seafood exporters should be aware that many procurement practices require that suppliers be committed to sustainable practices.
- The Texas market presents PEI firms with large and very diversified procurement opportunities. In assessing viable market entry points and developing commensurate marketing strategies, companies will need to understand the supply chain and industry structures and how project managers or purchasing departments and other buyers evaluate supplier risks.
- Whether PEI firms are selling products or services, competition from both domestic and international companies will be significant. The degree of competition will be based on market demand characteristics, including availability of suppliers, costs of goods and services, quality assessment and whether the market is established or emerging.
- While Texas has streamlined government policies and regulations in order to be more business friendly, bureaucracy still exists and regulations continue to change over time. Product certification requirements, importation rules and recognition of professional certifications and designations are a few examples of criteria that PEI firms will need to review.
- Major companies in Texas have supplier registration systems, which are a pre-requisite for doing business. One of the first questions asked by project managers, purchasing managers and buyers will be whether or not your company is registered in their system. PEI firms should register early in the sales cycle.

4.0 Additional Information and Considerations

It is an opportune time for PEI exporters to explore the Texan market. In certain industry segments (e.g. construction), demand is outpacing supply. In many other sectors, like ICT and Renewable Energy, there are clear indicators of sustained growth into the future. In most sectors, competition will be high, yet current exchange rates offer PEI companies a notable cost advantage, indicating an opportune time to break in.

Strategic partnerships will be essential for companies that are new to the market. When seeking to work in Texas or other U.S. states, companies should consider partnering with minority-owned, women-owned, veteran-owned businesses and with federally certified Small Business Administration (SBA) 8a companies where there are business set asides which can range from 5% to 15% of a project's value.

Company-specific research and carefully selected market entry strategies will be critical to effectively infiltrating such a large and competitive market. PEI firms should take advantage of the Canadian Consulate in Texas and its Trade Commissioners. The main office is in Dallas, with a satellite office in Houston. The trade team is set up by sector and will be an important resource for PEI firms (<http://can-am.gc.ca/dallas/index.aspx?lang=eng>).

Bibliography

- Agriculture and Agri-Food Canada (2012). *Regional Profile: South - West South Central American Eating Trends Report*. Retrieved from: <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/united-states-and-mexico/market-intelligence/regional-profile-south-west-south-central/?id=1410083148522>
- Brookings Institute (2016). *Redefining Global Cities*. Retrieved from: <https://www.brookings.edu/research/redefining-global-cities/>
- Central Market (2016). *Central Market Website*. Retrieved from: <http://www.centralmarket.com/departments.aspx#/goods/seafood>
- City of Austin Economic Development Department (2016). *City of Austin Strategic Plan: Resetting the Intelligence Economy*. Retrieved from: https://austintexas.gov/sites/default/files/files/EGRSO/EDD_Strategic_Economic_Plan_2016_No_Appendix.pdf
- CNBC (2016). *America's Top States for Business 2016 – A Scorecard on State Economic Climate*. Retrieved from: <http://www.cnbc.com/2016/07/12/americas-top-states-for-business2016-the-list-and-ranking.html>
- Comptroller Texas (2016). *Guidance on Texas's Franchise Tax*. Retrieved from: <https://www.comptroller.texas.gov/>
- Dallas Regional Chamber (2016). *Why Dallas*. Retrieved from: <https://www.dallaschamber.org/why-dallas/>
- Embassy of Canada in Washington, D.C. (2016). *Education Market Profile – United States*. Retrieved from: <http://tradecommissioner.gc.ca/secure-securisee/sign-in-inscrivez-vous.aspx?lang=eng&ur=/united-states-of-america-etats-unis-amerique/market-reports-etudes-de-marches/0000447.aspx?lang=eng>
- Government of Canada (2016). *Canada and the United States, Texas Fact Sheet*. Retrieved from: http://can-am.gc.ca/business-affaires/fact_sheets-fiches_documentaires/tx.aspx?lang=eng
- Greater Houston Partnership (2016). *Talking Points*. Retrieved from: http://www.houston.org/pdf/research/quickview/Most_Current_Talking_Points.pdf
- Maritime Provinces Higher Education Commission (2016). *Table 5b: Enrolment* of*

*International Students** by Province and Country of Citizenship***, 2012-2013 to 2014-2015*. Retrieved from:
http://www.mphec.ca/media/125464/Enr_Table5b_2014_2015E.pdf

National Restaurant Association (2016). *Texas Restaurants at a Glance*. Retrieved from:
<http://www.restaurant.org/News-Research/Research/Facts-at-a-Glance/State-Statistics>

PWC (2016). *2016 Aerospace Manufacturing Attractiveness Rankings*. Retrieved from:
<http://www.pwc.com/us/en/industrial-products/publications/aerospace-manufacturing-attractiveness-rankings.html>

Republican Party of Texas (2014). *Report of Permanent Committee on Platform and Resolutions As Amended and Adopted by the 2014 State Convention of the Republican Party of Texas*. Retrieved from <http://www.texasgop.org/wp-content/uploads/2014/06/2014-Platform-Final.pdf>

Rice University Department of Sociology (2016). *The City of Houston*. Retrieved from:
<http://sociology.rice.edu/Content.aspx?id=133>

San Antonio Economic Development Foundation (2016). *San Antonio Economic Development Foundation*. Received from: <http://www.sanantoniodef.com/>

Texas A&M University (2016). *Office of the State Climatologist Website*. Retrieved from
<http://climatexas.tamu.edu/>

Texas Higher Education (2016). *Texas Higher Education Data 2016*. Retrieved from
<http://www.txhighereddata.org/Interactive/Institutions.cfm>

Texas Wide Open for Business (2014). *Texas Aerospace and Aviation Industry 2014*. Retrieved from:
https://texaswideopenforbusiness.com/sites/default/files/11/13/14/aerospace_report.pdf

Texas Wide Open for Business (2015). *Texas Advanced Technology and Manufacturing*. Received from:
https://assets.recenter.tamu.edu/documents/mktresearch/Texas_Industrial_AdvancedTech_Manufacturing.pdf

Texas Wide Open for Business (2016). *Texas Biotechnology & Life Sciences Report*. Retrieved from: <https://texaswideopenforbusiness.com/industries/biotechnology-life-sciences>

Texas Wide Open for Business (2013). *Texas Electronics Industry 2013*. Received from:

http://gov.texas.gov/files/ecodev/Texas_Electronics_Report.pdf

Texas Wide Open for Business (2015). *Texas IT Services Industry Report 2015*. Retrieved from: www.TexasWideWorldOpenForBusiness

Texas Wide Open for Business (2016). *Texas Energy Report*. Retrieved from: <https://texaswideopenforbusiness.com/sites/default/files/08/08/16/energy-2016.pdf>

The Henry J. Kaiser Family Foundation (2016). *Kaiser Foundation's 2015 Census*. Retrieved from: www.kff.org

United States Bureau of Labour Statistics (2016). *Unemployment Rates August 2016*. Retrieved From: <http://www.bls.gov/cps/>

United States Census Bureau (2016). *Household Income 2015 – American Community Survey Briefs*. Retrieved from: <https://www.census.gov/content/dam/Census/library/publications/2016/demo/acsbr15-02.pdf>

United States Department of Commerce Bureau of Economic Analysis (2016). *National Economics Accounts*. Retrieved from: <http://www.bea.gov/national/index.htm#gdp>

United States Energy Information Administration (2016). *Texas Energy Profile, Texas Quick Facts*. Retrieved from: <http://www.eia.gov/state/print.cfm?sid=TX>

Wall Street Journal (Jan. 4, 2015). *Plunging Oil Prices Test Texas' Economic Boom*. Retrieved from: <http://www.wsj.com/articles/plunging-oil-prices-test-texas-economic-boom-1420428781>

World Energy Cities Partnership (2016). *WECP Key Priority Areas*. Retrieved from: <https://energycities.org/key-priority-areas/best-practices-exchanges>