



**CANADIAN MANUFACTURERS & EXPORTERS
*BUSINESS CONDITIONS SURVEY***

March 2009

CME Business Conditions Survey March 2009

CME, in partnership with member associations of the Canadian Manufacturing Coalition, is conducting monthly surveys of manufacturers and exporters across Canada to assess current market and financing conditions.

The March *Business Conditions Survey* was conducted between March 9th and 19th, 2009. A total of 717 companies with operations in all provinces of Canada participated in the March survey, an increase of 16 per cent from our February survey.

Province where operations are located:	
British Columbia	18%
Alberta	24%
Saskatchewan	10%
Manitoba	12%
Ontario	54%
Québec	16%
New Brunswick	6%
Nova Scotia	5%
Prince Edward Island	3%
Newfoundland & Labrador	4%

Most firms responding to the survey were small and mid-sized companies – 12 per cent were large companies with more than 500 employees.

Size of company (by # of employees)	
1 to 10	12%
11 to 99	45%
100 to 250	21%
250 to 500	11%
More than 500	12%

The firms responding to the survey were well established enterprises – 96 per cent have been in business for more than five years.

Age of Business	
Less than 2 years	0%
2 – 5 years	4%
More than 5 years	96%

Eighty-seven per cent of the firms participating in the survey are exporters. For 37 per cent of the companies, exports account for more than 50 per cent of total sales revenue.

Export sales:	
No	13%
More than 50% of total sales revenue	37%
25% to 50% of total sales revenue	15%
10% to 25% of total sales revenue	13%
Less than 10% of total sales revenue	22%

Participating companies represent a variety of business sectors.

Business sectors:	
Manufacturing	81%
Agriculture	1%
Mining	1%
Oil and Gas Extraction	1%
Engineering & Construction	2%
Wholesale or Retail Trade	3%
Transportation and Warehousing	1%
Software, Information & Telecommunications Services	1%
Professional, Scientific and Technical Services	1%
Finance, Insurance, Real Estate and Leasing	1%
Business Services	4%
Other Services	3%

Manufacturers accounted for just over 80 per cent of firms participating in the survey. They are drawn from a variety of manufacturing and processing industries.

Manufacturing sectors:	
Food Products	3%
Textiles or Textile Products	1%
Clothing or Leather Products	1%
Wood Products	4%
Paper Products	2%
Printing	4%
Chemicals	3%
Pharmaceuticals	1%
Plastic Products	9%
Rubber Products	2%
Non-Metallic Mineral Products (e.g. ceramics, glass, cement)	2%
Primary Metals	3%
Fabricated Metal Products	38%
Machinery	12%

Computer or Electronic Products	2%
Electrical Equipment, Appliances or Components	9%
Automotive Products	9%
Other Transportation Equipment or Parts	5%
Furniture or Fixtures	2%
Other Consumer Products	1%
Health Care and Veterinary Products	2%
Advanced Technologies	4%
Other Products	10%

Current Orders

A majority of manufacturers and exporters report that the value of their orders declined over the past three months. In this March survey, 69 per cent of companies report that orders have fallen in value since December, and 20 per cent say that orders are about the same. Firms that report orders have increased has increased from 8 per cent in February to 11 per cent in March. Similarly, companies reporting that orders have fallen more than 30 per cent since December has slightly improved to 16 per cent compared to last month's survey (19 per cent). This is an indication of a slightly positive trend, considering January's survey results, where 21 per cent of respondents had orders fall by more than 30 per cent over the previous three months.

Compared to December, orders are:	National
Higher in value	11%
About the same	20%
Lower by up to 5%	7%
Lower by 5 to 10%	15%
Lower by 10 to 20%	18%
Lower by 20 to 30%	13%
Lower by more than 30%	16%

Alberta, Manitoba and Ontario experienced the sharpest downturn in orders over the past three months.

Compared to December, orders are:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Higher in value	11%	9%	4%	12%	5%	9%	10%	11%	13%	10%	8%
About the same	20%	14%	15%	12%	18%	14%	8%	28%	6%	10%	17%
Lower by up to 5%	7%	9%	8%	3%	3%	7%	14%	6%	13%	10%	17%
Lower by 5 to 10%	15%	16%	17%	27%	23%	17%	20%	22%	31%	30%	25%
Lower by 10 to 20%	18%	28%	25%	18%	20%	22%	18%	11%	25%	10%	25%
Lower by 20 to 30%	13%	16%	13%	18%	18%	15%	18%	11%	13%	30%	8%
Lower by more than 30%	16%	10%	18%	9%	15%	15%	14%	11%	0%	0%	0%

The downturn in customer demand is now affecting all sizes of companies. The impact is primarily being felt among mid-sized companies with 100-500 employees.

Compared to December, current orders are:	National	1-10	11-99	100-250	250-500	500+
Higher in value	11%	24%	13%	8%	6%	5%
About the same	20%	16%	15%	19%	18%	28%
Lower by up to 5%	7%	11%	6%	6%	9%	8%
Lower by 5 to 10%	15%	13%	16%	12%	21%	20%
Lower by 10 to 20%	18%	18%	18%	19%	18%	18%
Lower by 20 to 30%	13%	5%	14%	12%	24%	13%
Lower by more than 30%	16%	13%	18%	24%	6%	10%

While all sectors of industry have been affected by the downturn in demand, fabricated metal, automotive products and other products report the most significant declines in current orders received.

Compared to December, current orders are:	MFG	Plastic Products	Fabricated Metal	Machinery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
Higher in value	12%	14%	11%	10%	0%	17%	8%	12%
About the same	17%	32%	14%	23%	39%	17%	54%	12%
Lower by up to 5%	7%	0%	3%	7%	17%	4%	0%	8%
Lower by 5 to 10%	15%	9%	14%	7%	4%	21%	8%	16%
Lower by 10 to 20%	19%	18%	24%	13%	26%	4%	15%	8%
Lower by 20 to 30%	13%	9%	13%	26%	9%	4%	8%	12%
Lower by more than 30%	18%	18%	20%	16%	4%	33%	8%	32%

New Orders

A majority of manufacturers and exporters also expect the value of new orders will fall over the next three months. Among survey respondents, 49 per cent say that orders are likely to decrease between March 2009 and June 2009, 33 per cent expect orders to remain about the same and 18 per cent expect to see orders increase. This is a somewhat more optimistic outlook than in February when 56 per cent of companies were expecting new orders to drop in the coming three months, 27 per cent expected orders to remain about the same, and 18 per cent expected to see orders increase.

Over the next three months, orders are likely to:	National
Higher in value	18%
About the same	33%
Lower by up to 5%	11%
Lower by 5 to 10%	13%
Lower by 10 to 20%	11%
Lower by 20 to 30%	8%
Lower by more than 30%	6%

Companies in the Maritimes are most optimistic about future orders. Respondents in Alberta are least optimistic about future orders.

Over the next three months, orders are likely to:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Higher in value	18%	12%	4%	21%	18%	15%	12%	33%	31%	30%	42%
About the same	33%	22%	15%	27%	28%	38%	37%	28%	19%	10%	42%
Lower by up to 5%	11%	10%	8%	9%	10%	12%	6%	6%	13%	10%	0%
Lower by 5 to 10%	13%	19%	17%	24%	18%	12%	16%	17%	25%	20%	8%
Lower by 10 to 20%	11%	21%	25%	12%	15%	12%	18%	6%	13%	20%	8%
Lower by 20 to 30%	8%	7%	13%	3%	5%	6%	4%	6%	0%	10%	0%
Lower by more than 30%	6%	9%	18%	3%	8%	4%	8%	6%	0%	0%	0%

Companies with 100 to 500 employees expect to see the most significant declines in new orders over the next three months.

Over the next three months, orders are likely to:	National	1-10	11-99	100-250	250-500	500+
Higher in value	18%	29%	18%	13%	18%	18%
About the same	33%	21%	38%	34%	24%	33%
Lower by up to 5%	11%	11%	13%	8%	9%	5%
Lower by 5 to 10%	13%	13%	9%	16%	15%	20%
Lower by 10 to 20%	11%	16%	8%	9%	24%	10%
Lower by 20 to 30%	8%	5%	8%	9%	6%	13%
Lower by more than 30%	6%	5%	6%	10%	6%	3%

Companies in plastics, automotive and other transportation equipment sectors are the most optimistic about future orders. These are all industries that have reported the most serious declines in new orders since October 2008.

Over the next three months, orders are likely to:	MFG	Plastics	Fabricated Metal	Machinery	Electrical Equipment	Auto-Motive	Other Transportation Equipment	Other Products
Higher in value	16%	23%	15%	13%	9%	17%	31%	12%
About the same	36%	46%	35%	36%	52%	33%	39%	28%
Lower by up to 5%	9%	0%	8%	7%	13%	8%	8%	16%
Lower by 5 to 10%	13%	9%	15%	16%	13%	17%	23%	0%
Lower by 10 to 20%	12%	5%	11%	13%	13%	4%	0%	20%
Lower by 20 to 30%	8%	14%	8%	13%	0%	0%	0%	8%
Lower by more than 30%	7%	5%	7%	3%	0%	21%	0%	16%

Inventories

Similar to last month, just over 40 per cent of manufacturers and exporters report that inventory levels of components and raw materials are currently too high. Fewer companies say that finished goods inventories are too high. These firms will be working inventory levels down instead of increasing production to meet new demand.

Materials inventories are:	National
Too high	43%
Just about right	53%
Too low	5%
Finished goods inventories are:	
Too high	32%
Just about right	63%
Too low	5%

Material inventory levels are particularly high in Manitoba, Ontario and Nova Scotia, while finished goods inventories are high in Ontario, Quebec and New Brunswick and PEI.

Materials inventories are:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Too high	43%	46%	45%	38%	49%	47%	43%	38%	47%	22%	27%
Just about right	53%	51%	48%	56%	49%	51%	55%	63%	47%	78%	73%
Too low	5%	4%	7%	6%	3%	2%	2%	0%	7%	0%	0%
Finished goods inventories are:											
Too high	32%	24%	32%	32%	31%	36%	33%	38%	29%	33%	30%
Just about right	63%	73%	64%	61%	64%	59%	65%	63%	64%	67%	70%
Too low	5%	4%	4%	7%	5%	5%	2%	0%	7%	0%	0%

Mid-sized and larger firms are most concerned about high inventory levels.

Materials inventories are:	National	1-10	11-99	100-250	250-500	500+
Too high	43%	24%	37%	61%	62%	28%
Just about right	53%	60%	59%	38%	38%	69%
Too low	5%	16%	4%	2%	0%	3%
Finished goods inventories are:						
Too high	32%	21%	29%	41%	44%	27%
Just about right	63%	66%	66%	55%	53%	73%
Too low	5%	13%	5%	5%	3%	0%

Materials inventories are particularly high in the other transportation equipment and other products sectors. Fabricated metals and automotive manufacturers are reporting higher levels of finished goods inventories.

Materials inventories are:	MFG	Plastics	Fabricated Metal	Machinery	Electrical Equipment	Auto-Motive	Other Transport -ation Equipment	Other Products
Too high	45%	41%	40%	38%	50%	46%	54%	63%
Just about right	52%	59%	56%	56%	50%	54%	46%	33%
Too low	4%	0%	4%	6%	0%	0%	0%	4%
Finished goods inventories are:								
Too high	36%	27%	38%	22%	22%	58%	23%	26%
Just about right	60%	73%	57%	69%	74%	38%	69%	67%
Too low	5%	0%	5%	9%	4%	4%	8%	7%

Employment Prospects

While many manufacturers and exporters expect the number of jobs in their firm to increase or remain the same over the next three months, 42 per cent of companies say that employment levels are likely to fall. This is slightly lower than the 44 per cent of companies that expected their employment levels to fall in the February survey.

Over the next three months, jobs will:	National
Increase	13%
Remain about the same	45%
Decrease	42%

Job prospects are brightest in New Brunswick and Nova Scotia. Companies in PEI and Saskatchewan are most likely to reduce employment.

Over the next three months, jobs will:	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Increase	13%	9%	12%	9%	5%	11%	6%	28%	25%	10%	17%
Remain about the same	45%	40%	36%	33%	45%	44%	39%	28%	25%	20%	33%
Decrease	42%	52%	52%	58%	50%	45%	55%	44%	50%	70%	50%

Mid-sized and larger firms are most likely to reduce employment levels.

Over the next three months, jobs will:	National	1-10	11-99	100-250	250-500	500+
Increase	18%	15%	10%	15%	10%	18%
Remain about the same	53%	49%	31%	41%	35%	53%
Decrease	29%	36%	58%	44%	55%	29%

Employment rates are likely to be reduced the most in the other transportation equipment and other products sectors.

Over the next three months, jobs will:	MFG	Plastic Products	Fabricated Metal	Machinery	Electrical Equipment	Automotive	Other Transportation Equipment	Other Products
Increase	14%	23%	13%	9%	9%	13%	46%	12%
Remain about the same	43%	50%	38%	47%	44%	46%	0%	32%
Decrease	43%	27%	49%	44%	48%	42%	54%	56%

Access to Financing

In all, 59 per cent of manufacturers and exporters report that they are experiencing difficulties accessing adequate levels of financing. The survey asked whether companies are unable to obtain financing, experiencing significant difficulties in obtaining financing, or experiencing difficulties because of higher financing costs. The survey also identified those companies that are not experiencing difficulties in accessing various forms of financing and those for which the question was not applicable.

For those companies looking for financing, the greatest difficulties are in obtaining financing for working capital purposes, operating lines of credit, capital investment purposes, and investments in new technology.

Experiencing difficulties in accessing:	National			
	Unable to Obtain Financing	Experiencing Significant Difficulties	Experiencing Difficulties Including Higher Costs	No Difficulties
Financing for working capital purposes	6%	12%	13%	41%
Operating line of credit	3%	13%	17%	50%
Equity financing	2%	7%	6%	22%
Financing for capital investment	5%	11%	13%	30%
Financing for investments in new technologies	4%	12%	10%	27%
Equipment leasing	2%	6%	10%	34%
Financing through bonds or commercial paper	2%	3%	3%	8%
Venture capital	4%	4%	2%	9%
Financing for new product development	4%	9%	8%	24%

Export financing	3%	8%	8%	25%
Export credit insurance	2%	7%	9%	24%
Financing for business acquisitions	4%	5%	5%	16%
Other types of business financing	2%	5%	2%	18%

Relatively more companies in Prince Edward Island, Quebec, Saskatchewan and Ontario report that they are unable to obtain financing than elsewhere in the country.

Unable to obtain:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Financing for working capital purposes	6%	2%	1%	6%	3%	7%	6%	0%	6%	10%	0%
Operating line of credit	3%	2%	1%	6%	3%	3%	2%	0%	6%	10%	0%
Equity financing	2%	0%	0%	3%	0%	1%	4%	0%	0%	20%	0%
Financing for capital investment	5%	2%	3%	6%	3%	4%	4%	0%	0%	20%	8%
Financing for investments in new technologies	4%	2%	3%	3%	3%	2%	4%	0%	0%	10%	8%
Equipment leasing	2%	2%	1%	6%	0%	1%	6%	0%	0%	0%	0%
Financing through bonds or commercial paper	2%	0%	0%	0%	0%	2%	2%	0%	0%	10%	8%
Venture capital	4%	2%	0%	3%	0%	4%	4%	0%	0%	10%	0%
Financing for new product development	4%	4%	1%	6%	0%	5%	4%	0%	0%	10%	0%
Export financing	3%	2%	1%	6%	3%	1%	6%	0%	0%	0%	0%
Export credit insurance	2%	0%	0%	3%	5%	2%	2%	0%	0%	0%	0%
Financing for business acquisitions	4%	0%	1%	0%	0%	6%	2%	0%	0%	10%	0%
Other types of business financing	2%	2%	0%	0%	0%	1%	5%	0%	0%	29%	0%

Generally speaking, more companies in Manitoba, Ontario, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador are experiencing difficulties in obtaining financing than elsewhere in the country.

Experiencing significant difficulties in accessing:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Financing for working capital purposes	12%	5%	5%	9%	20%	12%	6%	6%	13%	30%	25%
Operating line of credit	13%	9%	5%	3%	13%	14%	10%	6%	13%	30%	17%
Equity financing	7%	2%	3%	9%	3%	9%	6%	6%	6%	10%	25%
Financing for capital investment	11%	5%	5%	9%	10%	12%	8%	6%	13%	10%	17%
Financing for investments in new technologies	12%	7%	5%	9%	13%	15%	4%	6%	19%	10%	8%
Equipment leasing	6%	2%	1%	3%	5%	9%	2%	0%	6%	0%	8%
Financing through bonds or commercial paper	3%	0%	0%	0%	3%	4%	4%	0%	0%	0%	0%
Venture capital	4%	0%	0%	3%	5%	3%	2%	0%	0%	10%	25%
Financing for new product development	9%	5%	1%	3%	13%	9%	4%	0%	6%	20%	8%
Export financing	8%	4%	0%	6%	10%	8%	4%	0%	0%	10%	17%
Export credit insurance	7%	4%	3%	3%	10%	9%	2%	0%	0%	10%	8%
Financing for business acquisitions	5%	4%	5%	3%	5%	6%	2%	0%	6%	10%	0%
Other types of business financing	5%	0%	1%	0%	3%	7%	3%	0%	0%	30%	13%

When higher costs are factored into an assessment of financing availability, more companies in Manitoba, Quebec and Newfoundland & Labrador report that they are facing financing difficulties.

Experiencing difficulties in accessing (including higher costs):	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Financing for working capital purposes	13%	11%	17%	19%	10%	14%	14%	22%	19%	10%	33%
Operating line of credit	17%	9%	13%	19%	20%	17%	14%	17%	19%	10%	42%
Equity financing	6%	4%	5%	6%	10%	7%	6%	6%	0%	0%	0%
Financing for capital investment	13%	11%	13%	9%	10%	15%	15%	11%	6%	0%	8%
Financing for investments in new technologies	10%	11%	15%	16%	15%	12%	18%	17%	13%	10%	25%
Equipment leasing	10%	4%	9%	3%	15%	13%	12%	0%	0%	0%	8%
Financing through bonds or commercial paper	3%	4%	5%	6%	0%	2%	10%	6%	6%	10%	8%
Venture capital	2%	2%	1%	0%	0%	2%	8%	0%	0%	0%	0%
Financing for new product development	8%	7%	11%	3%	8%	7%	16%	11%	6%	0%	17%
Export financing	8%	5%	9%	6%	8%	6%	8%	6%	6%	0%	0%
Export credit insurance	9%	2%	3%	9%	13%	9%	15%	0%	0%	0%	0%
Financing for business acquisitions	5%	7%	11%	9%	10%	4%	8%	11%	6%	0%	8%
Other types of business financing	2%	0%	4%	0%	5%	1%	3%	0%	0%	0%	0%

Smaller companies are more likely to be unable to obtain financing than larger firms.

Unable to obtain:	National	1-10	11-99	100-250	250-500	500+
Financing for working capital purposes	6%	34%	2%	3%	0%	5%
Operating line of credit	3%	13%	2%	3%	0%	3%
Equity financing	2%	14%	0%	0%	3%	0%

Financing for capital investment	5%	16%	4%	5%	0%	3%
Financing for investments in new technologies	4%	8%	4%	0%	3%	3%
Equipment leasing	2%	11%	1%	0%	3%	0%
Financing through bonds or commercial paper	2%	8%	1%	0%	3%	5%
Venture capital	4%	18%	2%	0%	3%	3%
Financing for new product development	4%	19%	4%	0%	3%	0%
Export financing	3%	16%	1%	2%	0%	0%
Export credit insurance	2%	8%	1%	2%	3%	0%
Financing for business acquisitions	4%	16%	2%	0%	3%	8%
Other types of business financing	2%	14%	2%	0%	0%	0%

Companies with 250 and more employees report the most serious difficulties in obtaining financing.

Experiencing significant difficulties in accessing:	National	1-10	11-99	100-250	250-500	500+
Financing for working capital purposes	12%	8%	11%	9%	15%	13%
Operating line of credit	13%	34%	10%	6%	9%	10%
Equity financing	7%	14%	6%	6%	9%	8%
Financing for capital investment	11%	16%	9%	9%	12%	13%
Financing for investments in new technologies	12%	22%	9%	13%	15%	13%
Equipment leasing	6%	8%	3%	11%	9%	5%
Financing through bonds or commercial paper	3%	5%	1%	3%	6%	3%
Venture capital	4%	3%	5%	3%	6%	3%
Financing for new product development	9%	8%	11%	9%	6%	10%
Export financing	8%	8%	8%	6%	3%	15%
Export credit insurance	7%	8%	4%	13%	6%	10%
Financing for business acquisitions	5%	8%	2%	6%	12%	5%
Other types of business financing	5%	11%	3%	3%	7%	8%

Again companies of all sizes report that they are facing higher costs in accessing financing.

Experiencing difficulties (including higher costs) in accessing:	National	1-10	11-99	100-250	250-500	500+
Financing for working capital purposes	13%	3%	15%	18%	12%	13%
Operating line of credit	17%	5%	17%	22%	21%	15%
Equity financing	6%	5%	5%	5%	12%	5%
Financing for capital investment	13%	3%	13%	18%	18%	10%
Financing for investments in new technologies	10%	0%	10%	13%	12%	15%
Equipment leasing	10%	3%	11%	6%	18%	13%
Financing through bonds or commercial paper	3%	0%	2%	3%	9%	5%
Venture capital	2%	5%	2%	0%	6%	3%
Financing for new product development	8%	3%	4%	13%	15%	8%
Export financing	8%	5%	8%	13%	9%	3%
Export credit insurance	9%	11%	11%	11%	0%	5%
Financing for business acquisitions	5%	8%	4%	6%	6%	8%
Other types of business financing	2%	3%	2%	3%	4%	3%

Relatively more companies in the plastics, machinery and automotive sectors report that they are unable to obtain financing.

Unable to obtain:	MFG	Plastic Products	Fabricated Metal	Mach-inery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
Financing for working capital purposes	6%	5%	3%	3%	0%	25%	0%	4%
Operating line of Credit	3%	0%	1%	0%	0%	8%	0%	0%
Equity financing	1%	0%	0%	0%	5%	4%	0%	0%
Financing for capital investment	5%	5%	4%	0%	0%	9%	0%	4%
Financing for investments in new technologies	4%	0%	2%	0%	4%	9%	0%	4%
Equipment leasing	2%	5%	0%	0%	0%	9%	0%	4%
Financing through bonds or commercial paper	2%	5%	1%	3%	4%	13%	0%	0%
Venture capital	4%	5%	5%	7%	4%	9%	0%	4%
Financing for	4%	9%	5%	7%	4%	13%	0%	4%

new product development								
Export financing	2%	5%	2%	7%	0%	13%	0%	4%
Export credit Insurance	2%	10%	2%	10%	0%	10%	0%	0%
Financing for business acquisitions	4%	5%	3%	7%	4%	13%	0%	0%
Other types of business financing	2%	0%	2%	0%	0%	0%	0%	8%

The automotive and other transportation equipment sectors report a relatively high rate of difficulty in obtaining all forms of financing.

Experiencing difficulties in accessing:	MFG	Plastic Products	Fabricated Metal	Mach-inery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
Financing for working capital purposes	12%	9%	14%	13%	0%	33%	17%	0%
Operating line of Credit	13%	23%	14%	10%	4%	33%	8%	8%
Equity financing	7%	9%	8%	10%	0%	22%	18%	4%
Financing for capital investment	11%	5%	13%	13%	0%	26%	17%	8%
Financing for investments in new technologies	12%	18%	13%	17%	4%	30%	18%	0%
Equipment leasing	6%	5%	2%	7%	0%	30%	18%	0%
Financing through bonds or commercial paper	3%	5%	0%	3%	0%	17%	9%	4%
Venture capital	4%	5%	1%	3%	0%	22%	9%	0%
Financing for new product development	11%	9%	10%	7%	4%	26%	18%	0%
Export financing	8%	5%	5%	7%	0%	22%	9%	4%
Export credit Insurance	8%	5%	8%	13%	4%	14%	10%	8%
Financing for business acquisitions	5%	0%	6%	3%	0%	13%	9%	0%
Other types of business financing	6%	6%	2%	7%	0%	25%	0%	0%

The machinery, automotive and other transportation equipment sectors report difficulties when higher financing costs are taken into consideration.

Experiencing difficulties in accessing (including higher costs):	MFG	Plastic Products	Fabricated Metal	Mach-inery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
Financing for working capital purposes	15%	9%	11%	32%	17%	17%	33%	20%
Operating line of credit	18%	9%	18%	29%	13%	21%	42%	12%
Equity financing	7%	0%	9%	7%	0%	0%	9%	0%
Financing for capital investment	15%	5%	12%	13%	17%	17%	25%	8%
Financing for investments in new technologies	10%	5%	10%	3%	13%	4%	18%	8%
Equipment leasing	10%	0%	11%	13%	4%	13%	0%	4%
Financing through bonds or commercial paper	3%	0%	4%	0%	0%	4%	18%	0%
Venture capital	2%	0%	2%	0%	0%	0%	0%	4%
Financing for new product development	7%	5%	10%	0%	4%	13%	18%	0%
Export financing	10%	0%	9%	27%	0%	13%	18%	4%
Export credit Insurance	9%	5%	8%	17%	0%	14%	0%	4%
Financing for business acquisitions	5%	5%	5%	3%	0%	4%	0%	4%
Other types of business financing	3%	6%	0%	3%	0%	10%	0%	4%

Increasing Line of Credit

Nationally, 22 per cent of respondents have asked their financial institution to increase their operating line of credit in the past three months. Companies in Ontario, Quebec, New Brunswick and PEI are making the most requests.

Requested increase in line of credit during last three months:	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Yes	22%	14%	16%	13%	15%	22%	22%	24%	20%	33%	18%
No	78%	86%	84%	88%	85%	78%	78%	77%	80%	67%	82%

Small and mid-sized companies are making the most recent requests for line of credit increases.

Requested increase in line of credit during last three months:	Nat'l	1-10	11-99	100-250	250-500	500+
Yes	22%	37%	17%	24%	27%	21%
No	78%	63%	83%	76%	74%	79%

Companies in the sectors of Plastics, Automotive and Other Transportation Equipment are making the most requests for line of credit increases, with Automotive leading the way.

Sector:	MFG	Plastic Products	Fabricated Metal	Mach-inery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
In the past three months, requested increase in line of credit	23%	33%	21%	22%	13%	57%	31%	8%

Fifty-two per cent of companies that requested an increase in their line of credit were looking to cover current expenses in the face of lower sales. Slightly less than 40 per cent were looking to finance business growth. This is similar to February's survey results.

Reasons to increase line of credit	National
To cover current expenses to grow business	22%
To cover research and development and other expenses to support future growth	15%
To cover current expenses during the present slowdown when sales are down	52%
Other	11%

More companies in BC, Quebec, New Brunswick and Newfoundland & Labrador were looking to increase their lines of credit to cover current expenses in the face of the economic downturn.

Reasons to increase line of credit	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
To cover current expenses to grow business	22%	0%	25%	25%	33%	13%	25%	25%	33%	0%	0%
To cover R&D etc. to support future growth	15%	0%	25%	25%	0%	18%	0%	0%	0%	33%	0%
To cover current expenses during slowdown	52%	75%	42%	25%	50%	62%	75%	75%	67%	67%	100%
Other	11%	25%	8%	25%	17%	8%	0%	0%	0%	0%	0%

A significant majority of larger mid-sized companies (250-500 employees) report that they requested an increase in their operating line in response to deteriorating economic conditions.

Reasons to increase line of credit	National	1-10	11-99	100-250	250-500	500+
To cover current expenses to grow business	22%	29%	16%	31%	22%	13%
To cover R&D etc. to support future growth	15%	14%	16%	13%	0%	38%
To cover current expenses during the present slowdown when sales are down	52%	50%	56%	44%	67%	38%
Other	11%	7%	12%	13%	11%	13%

Of those who requested an increase in their line in credit, the majority of companies in the Plastics, Fabricated Metals, Automotive and Other Transportation Equipment sectors did so to cover current expenses during the present slowdown.

Reasons to increase line of credit	MFG	Plastic Products	Fabricated Metal	Mach-inery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
To cover current expenses to grow business	24%	14%	29%	14%	33%	14%	25%	50%
To cover R&D etc. to support future growth	14%	0%	10%	14%	0%	14%	0%	0%
To cover current expenses during the present slowdown when sales are down	51%	86%	52%	43%	33%	64%	75%	50%
Other	12%	0%	10%	29%	33%	7%	0%	0%

Among the companies that requested an increase in operating lines of credit over the past three months, 33 per cent were declined and 18 per cent are uncertain at this point. Twenty-two per cent were declined in February's survey.

Has your financial institution agreed to increase your operating line of credit?	National
Yes	49%
No	33%
I don't know yet	18%

Of those that have been refused, refusal rates were highest in Ontario, PEI, and Newfoundland & Labrador.

Has your financial institution agreed to increase your operating line of credit?	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Yes	49%	63%	67%	75%	67%	40%	67%	100%	100%	0%	0%
No	33%	25%	0%	0%	17%	40%	17%	0%	0%	100%	50%
I don't know yet	18%	13%	33%	25%	17%	21%	17%	0%	0%	0%	50%

Refusal rates were highest for small companies as well as for the largest firms.

Has your financial institution agreed to increase your operating line of credit?	National	1-10	11-99	100-250	250-500	500+
Yes	49%	14%	48%	67%	67%	50%
No	33%	71%	36%	13%	0%	38%
I don't know yet	18%	14%	16%	20%	33%	13%

Refusal rates were highest in Fabricated Metals, Machinery and Other Products sectors.

Has your financial institution agreed to increase your operating line of credit?	MFG	Plastic Products	Fabricated Metal	Mach-inery	Electrical Equipment	Auto-motive	Other Transportation Equipment	Other Products
Yes	53%	57%	52%	43%	67%	54%	75%	50%
No	28%	14%	29%	29%	0%	23%	0%	50%
I don't know yet	19%	29%	19%	29%	33%	23%	25%	0%

The companies whose requests were refused report a variety of reasons given by their financial institutions. The most common (reported by 31 per cent of firms) is that their bank thinks that their industry sector is too risky. The second most common reason for refusal (reported by 27 per cent of firms) is that the assets given as security do not meet the bank's requirements. This is similar to February's report.

Reasons why operating line of credit cannot be increased:	National
Company's overall debt level is too high	12%
Assets given as security do not meet the bank's requirements	27%
Business is growing too quickly right now	0%
Operations are seasonal	0%
Bank thinks the industry or sector my company is in is too risky	31%
Withdrew application, bank fees were too high	4%
General lack of liquidity in the financial markets	4%
Not sure	8%
Other	15%