

# COLUMBUS BUSINESS FIRST

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## Ohio companies ready to pounce on economic recovery in Canada

Business First of Columbus - by [Kevin Kemper](#)

It's considered business friendly.

It has a population of 33.48 million and nearly 60 percent are native English speakers.

By interstate, it's accessible in four hours or less.

These are just some of the reasons Canada is Ohio's largest trading partner and top export destination. And now that both Ohio and Canada appear to be emerging from recession, experts predict trade between the Buckeye State and the Maple Leaf will swell in 2010.

"Canada has traditionally been a strong trading partner with Ohio and we anticipate it will remain just as important in the future," said Deborah Scherer, director of the Ohio Department of Development's Global Markets Division.

Trade with Canada is so important, Scherer said, that her division has been operating a Toronto office for two decades to help Ohio businesses in need of assistance.

In raw numbers, the trade relationship equated to \$19.91 billion in Ohio exports to the great white north in 2008, up from \$19.79 billion in 2007. Going the other way, Ohioans imported \$17 billion in Canadian goods and services in 2008, up from about \$15 billion the year before.

Out of the \$45 billion in goods Ohio businesses exported abroad in 2008, 42 percent were routed to Canada.

The Canadian Consulate in Detroit estimates 276,500 Ohio jobs are supported by the relationship. For Canadian exporters, the relationship is just as crucial, said Robert Noble, Consul General of Canada in Detroit.

"America is our number one client ... and Ohio is pretty important to us as well," Noble said. "Our export to Ohio (in 2008) was \$17 billion, and in terms of overall trade, that's a significant chunk."

But 2009 was not a banner year because of the recession.

Through October, Scherer said exports to Canada were down 32 percent to \$11.6 billion compared with the year-ago period after exporters realized 47 percent fewer assembled vehicle sales.

But, "We are coming out of this recessionary period, perhaps not as fast as the governments or populations of the U.S. and Canada would like, but there are indices," Noble said.

Canada's unemployment rate stood at 8.5 percent in November, down from 8.6 percent the previous month.

Noble said his country plans to claw out of the recession by increasing imports of capital goods to improve productivity. Because of that, Ohio exporters like Lewis Center-based Abrasive Technology Inc. are especially positioned to take advantage of that recovery.

Abrasive Technology has been exporting its diamond grinding wheels to Canada for more than 30 years, said Loyal Peterman, the manufacturer's owner and president.

Although Canada is not Abrasive's largest export market – Europe holds that distinction – Peterman said Canada is one of the better markets in which to do business.

"I consider it business friendly," Peterman said. "The (Canadian) people are hard working and friendly."

Because most transactions are handled in English and there are few duties or taxes thanks to the North American Free Trade Agreement, Scherer said Canada is considered by the state to be especially business friendly.

"Canada is normally the first market we encourage a company new to exporting to try," Scherer said. "You certainly can't treat it as if it's a domestic market because of the rules and certifications, but of all the export markets, it's one of the easiest."

### Smooth sailing

But selling in Canada can be just as capital intensive as doing business overseas.

Along with certifications and possible product modifications to meet Canadian standards, some of which are more strict than those in the U.S., businesses need to budget for travel expenses.

“You need to have on-the-ground knowledge,” Scherer said. That means making frequent trips, Scherer said, which can become expensive even if it’s just a few hundred miles away.

New exporters to Canada also are advised to consider personnel issues, said Vinita Mehra, a senior associate at Columbus law firm Kegler Brown Hill & Ritter Co. LPA.

Canada has strong worker protection laws that prevent foreign workers from performing tasks unless there is no Canadian that can do the work.

“Sending people (across the border to service products) can be a nightmare if you don’t have the proper documentation in place or if the Canadian authorities feel the work can be done by a Canadian,” Mehra said.

That’s why some clients set up offices in Canada for after-sale services, she said.

Travel and personnel aren’t the only issues though.

“There are always problems at the border, especially since 9/11,” Peterman said.

Over the years, Abrasive Technology has built up a 10-person department to concentrate on border-crossing issues, as well as a three-day buffer into the shipping schedule.

While Canada is working to enact “trusted trader status” measures for importers, Noble said increased security is a fact of life.

“Bureaucracies are bureaucracies and tend to overreact in environments of zero tolerance,” Noble said.

Compared to other countries, though, Canada is a great place to export, said Sheila White, international sales manager for Groveport-based Hague Quality Water International, which has been exporting water softeners into the country for more than 21 years.

By comparison, White said it’s not unheard of for Hague’s shipments to Mexico to arrive at their final destinations missing components, even though the trucks left with a full load.

**Canada, White said, is “smooth sailing.”**

614-220-5460 | [kkemper@bizjournals.com](mailto:kkemper@bizjournals.com)

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