

## Beyond Our Borders

# Go north | Look to our neighbors in Canada for new business opportunities

By Janine Bisailon-Cary  
June 27, 2011

---

If you regularly trade or travel across the border, you will have noticed an interesting trend over the past year: the ever-strengthening Canadian dollar. The Canadian dollar, a.k.a. the Loonie, has been on an upward trend for the past year with an exchange of CAD/US \$ .97 in June 2010 to CAD/US \$ 1.03 in the past week. In fact, within the last decade, the Canadian dollar has swung from US \$0.63 to US \$1.09 in value. Even the best foreign exchange traders have struggled to predict the Loonie's continued strength. Major factors influencing the strength of the Canadian dollar include surging commodity prices in areas such as oil and gas; the perceived scarcity of base metal products (Canada is a major provider of iron and copper among other metal products); and the fact that Canada seems to have emerged from the global recession better than many nations in Europe and North America in terms of low sovereign debt and the steadiness of its banking system.

## The Canada/ Maine relationship

Canada's ties to Maine's economy are numerous and diverse. Not only is Canada the state's largest export market, but it is also our largest supplier of imported goods. Canada represents over \$2.7 billion of bilateral trade with Maine per year. In addition, Canada is Maine's top investing country — there are approximately 61 Canadian-owned companies in Maine employing 6,474 people in 176 locations throughout the state. These investments range from traditional sectors such as banking (TD Bank), food products (McCain Foods/Maine Wild Blueberry) and wood products (Fraser Papers/Irving Forest Products); to emerging sectors such as technology services (T4G Limited), environmental services (Albarrie USA) and renewable energy (TransCanada/Stantec).

Maine is now a more interesting investment destination than ever, considering its attractive real estate prices, aggressive incentive programs, and developing air service with daily flights from Portland to Toronto and Yarmouth, Nova Scotia. New Maine/Canadian freight services recently were announced by American Feeder Lines offering short-sea and container shipping between Portland and Halifax, in addition to well-established rail and trucking distribution connections.

## **Tough to measure, hard to ignore**

The strengthening Canadian dollar and growing trade and investment between Maine and Canada provides new opportunities for many companies that have not reached out to our international neighbors. Last year, Maine exports to Canada were up 20% and Canada represented nearly 30% of all Maine's exported products. Although forest, seafood and agricultural products still dominate our northbound sales of US \$1.03 billion, there is new growth in a number of other industry sectors as well. Biotech and medical product exports were up 204% and 113%, respectively. Great strides were made in the aerospace and truck component export markets, and boatbuilding and yacht sales bounced back to over \$4 million in 2010.

Although the federal government does not have a system of capturing exported services, we do know that tourism, engineering and IT sectors have had great growth in Canada. The Canadian Consulate in New England indicates that over 830,000 Canadians visit Maine yearly, and in 2009 Canadians spent US \$230 million in the state. Many of us have noticed the increased presence of Canadian shoppers at Maine's malls and tourist destinations, but there is no available data concerning increases in tourism and service exports.

## **Markets to tap**

With the strength of the Canadian dollar, and our many economic ties, this is the year for companies to reach beyond our 611 miles of border. Maine businesses should seize this moment to further develop their Canadian export sales and market strategy, and leverage what promises to be an advantageous exchange rate into the near future.

Maine companies often look to eastern Canada as a first step in international marketing. With much of Canada's consumer base within a day's drive, opportunities for partnerships and sales abound. Quebec is home to one of Canada's largest biotech clusters, as well as the major aerospace hub of Montreal; New Brunswick offers opportunities in the traditional energy sectors of petroleum and nuclear; Nova Scotia and Newfoundland and Labrador are known for their firm commitment to expanding their offshore and marine technologies industries. Given the favorable exchange rates, Maine companies are well positioned — literally — to become suppliers of goods and services to major eastern Canadian projects.