

A business event series presented by the Greater Halifax Partnership and The Chronicle Herald

## Stephen Poloz talks exports

By Tom Mason  
Contributing Writer

To hear Stephen Poloz talk, many of the things business people take for granted about the export business are wrong. The senior vice-president and chief economist of Export Development Canada (EDC) is bringing his "Let's Talk Exports" series to Halifax to set the record straight.

For one thing, most people assume that a low Canadian dollar is necessary to ensure that Canadian export goods remain appealing to the rest of the world.

That's simply not the case.

"Eighteen months ago everyone was worried, particularly about the Canadian dollar rising," says Poloz.

"A lot of people thought that the rise in the dollar meant that Canadian exports would drop. Quite the contrary. The rise represented a symptom of the world economy returning to health. When the dollar was falling, the world was in bad shape. That isn't always the case. The question we always need to ask is 'Why is the dollar moving?'"

Poloz says the five per cent growth in the world economy that we saw in 2004 is not sustainable over the long term.

"The four per cent growth we're starting to see in 2005 is better."

While Poloz says that Nova Scotia has enjoyed significant growth in exports over the past couple of years, the province still remains below the national average. There are plenty of bright spots, however.

He points out that Nova Scotia sales to Europe are higher than the national average, and the province has more export diversification than the automobile-driven market in Ontario. At the same time, Nova Scotia has developed a strong new export market in the energy sector, an industry that now makes a significant contribution to the provincial economy.

Most of the information that comes from Poloz's "Let's Talk Exports" is taken from the EDC's Global Export Forecast, a 125-page document that is considered the bible for Canadian exporters.

"It's important to stay in touch with companies, to find themes that are relevant to the people who are in the room."

Greater Halifax Partnership president and CEO Stephen Dempsey says that anyone who is thinking about exporting goods or services needs to listen to what Poloz has to say.

"The global export market is complex. There are risks, but there are also opportunities. We have to learn how to take advantage of the opportunities and not be frightened away by the risks."



Halifax International Airport Authority

Last year the Halifax International Airport handled about 31,000 metric tons of cargo, a jump of more than 10,000 metric tons in recent years.

# Exports vital to the future of Greater Halifax

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It was a common sight for most of Halifax's history: great sailing ships weighed down with cargo, lumbering out of the city's harbour. At the harbour mouth, the ships would set their sails to catch the winds that would take them to Europe, the United States or the Caribbean.

Today, container vessels as long as three football fields barely give the winds a second thought, but the import/export business remains the lifeblood of our busy harbour. More and more, it is also sustaining many businesses in Greater Halifax.

As part of the SmartBusiness initiative, the Greater Halifax Partnership has been meeting with hundreds of businesses in Greater Halifax in recent months, finding out the special challenges each one faces in conducting business in the city. Some interesting statistics have been emerging as a result, including just how important the export business is to local companies. In fact, 43 per cent of companies visited to date export products or services outside Canada.

Another statistic emerging from the SmartBusiness initiative is that large firms with more than 200 employees are more likely to be exporters than smaller firms. That needs to change, says Fred Morley, vice president and chief economist of the Greater Halifax Partnership.

Morley says that many smaller companies never really consider exporting their products or services, even though international markets could provide a lucrative new source of business.

"It's important to look at small and medium-sized companies, to encourage them to export for the first time," he says.

In fact, many small companies may be the perfect size for some export niches.

"In smaller markets we have an opportunity to do business with companies of a similar size and scope. It's easier to build relationships."

Morley says the money that comes from exports is vital to growing the economy of Nova Scotia. But that money doesn't necessarily have to come from the sale of goods to other countries. In fact, the service sector presents big opportunities as well.

Contact call centres — a growth industry in Nova Scotia in recent years — are a prime example of that. While the call centre may be based in this province, the services it provides to other parts of the world are classified as exports because they represent money coming into the system.

Stephen Dempsey is president and CEO of the Greater Halifax Partnership. He says that service companies are an important and often overlooked source for export business. With six universities and a wealth of research and development facilities, Greater Halifax is perfectly placed for this kind of export.

"We've got some very good service companies here — Jacques Whitford for example and many others," he says. "The skills and knowledge they offer are in demand around the world."

Export dollars come into the system in other ways as well. The more people who touch a product during the export process, the more money that is added to the economy, says Morley.

"A lot of the time, a good percentage of the profit isn't in the manufacture but in the logistics of exporting. Greater Halifax is a logistics hub for exporting. We can add a lot of value to a product simply by handling it well."

The fact that Greater Halifax has long been a centre for importing goods into Canada gives potential exporters in the city a potent advantage over similar

exporters in other parts of the country, says Dempsey. It means that the city already has crucial ties with markets around the world — ties that translate into export opportunities. Historic trade routes that have existed for centuries also play a vital part.

"We already have strong trade ties in the United States," says Dempsey.

For example, he points out that the Greater Halifax Partnership already has strong working relationships with similar organizations in Washington and Houston. The Partnership also recently inked an agreement with the San Fernando Partnership in Trinidad and Tobago.

"It means, in essence, we have an office there," says Dempsey.

While long-established business connections are important, geography is the single most crucial factor influencing Greater Halifax's position as a potential export market, says Dempsey.

"Our geographic position is uniquely favoured. We're the connection point between North America and the European Union."

Dempsey is not just referring to Greater Halifax's outstanding harbour. In the 21st century, a lot of exports are being handled by aircraft. Every day, more than 1,000 huge cargo aircraft fly the skies around the world, following well-laid-out trade routes, stopping to pick up goods at each airport that they visit. More and more of those aircraft are stopping in Greater Halifax every year, to top off their loads on their way to large-market airports in the United States and Europe. Eighty-five per cent of exports leaving the airport are in the form of fresh seafood, a mix that should improve as other exporters realize the benefits of air freight.

"Greater Halifax is the closest piece of land to Europe attached to the North American continent. There is a lot of potential there," says Jerry Staples, direc-

tor of marketing and business development for the Halifax International Airport Authority.

"We've got excellent rail and road connections with major centres on the continent. That's appealing for our customers."

To improve the airport's cachet with the air freight industry, Halifax International has made significant investments in the past few years developing new airside lots and taxiways that will accommodate multi-use cargo facilities to support the growing air export business. The policy is already having an impact on the bottom line. Last year the airport handled about 31,000 metric tons of cargo, a jump of more than 10,000 metric tons in recent years.

Dempsey says that organizations like the Greater Halifax Partnership have a vital role to play in improving Nova Scotia's export business by sponsoring trade missions, building relationships with other markets, and by encouraging companies to develop exports. Another way they can help is by improving access to the American border.

"People tell me all the time that Nova Scotia doesn't have a border with the United States. I tell them that we do — the border just happens to be in New Brunswick but it's our border too. We have to keep working to increase access so that our goods can travel freely into the U.S."

Staples echoes that sentiment: "The U.S. has 67 Open Skies Agreements with other countries. Canada has one so-called Open Skies agreement, with the U.S. We all need to work actively to ensure that federal air policy is liberalized and supportive of community interests if we want to see new markets develop and air export opportunities increase."

Regardless of the challenges, two centuries of trade history is a pretty good base to build on.