

# THE NEW TRADE WINDS

**Canadian and European firms moving into each other's territory are gaining market access and creating synergies.**

When their German employer set up a plant in London, Ontario, in 2001, Jochen Bohlander and Stefanie Weeber were offered a chance to expand their horizons. The company, Keiper Ltd., sent the couple to check out the new location one frosty week in December to make sure they would commit to the minimum of three years away from home. "It was cold and grey, and we weren't too impressed," recalls Bohlander. Nevertheless, they made the leap. Two years later, like Keiper itself, the two haven't looked back.

A contract to provide seat structures for DaimlerChrysler's North American models brought Keiper to London. When it is fully operational early next year, the company expects to employ 375 people, almost all Canadian, and will generate millions of dollars of work for Canadian suppliers. With a foothold in North America, it can pursue contracts on this side of the Atlantic more efficiently.

"We found a lot of suppliers, good infrastructure and well-educated people in London," says Uwe Schorpp, General Manager and Vice-President of Operations for Keiper. "There is a great base to support us."

Keiper is one of about 650 German firms with operations in Canada. While these companies bring some German staff with them, they employ more than 100,000 Canadians in about 1,500 locations across the country, from field offices and production sites to research and development centres. Many, such as communications giant Siemens, have been in Canada a long time. However, some 200 have

opened their doors in the last decade, part of a growing trend toward European companies setting up and selling within rather than simply exporting products to Canada.

Rick McElrea, Director of Investment Programs for International Trade Canada, says that Keiper exemplifies why many companies come to Canada: to pursue linkages with key clientele or to build on an existing export base. McElrea's job is to encourage investors in Canada to expand their operations and to attract new firms to the country. "We don't sell Canada as a cheap location, but rather as an ideal location to take advantage of the North American Free Trade Agreement and to set up a business."

Detlef Engler, Senior Investment Officer at Canada's embassy in Berlin, points out that the trend toward foreign direct investment flows both ways across the Atlantic, creating synergies that transcend borders and sectors. "European companies are successfully competing against North American companies in their own backyard, and vice versa," he says.

While Canadian firms export some \$19 billion worth of goods to the European Union annually, sales in Europe by Canadian-owned affiliates are four or five times greater. Through its plants in Quebec and Germany, for example, Canadian aluminum giant Alcan Inc. supplies most of the metal required by European automakers BMW and Audi. The expansion of the EU from 15 to 25 countries creates an even bigger marketplace. Indeed, Canadian auto parts firm Linamar Corp. has already established five

plants in Hungary, one of the new EU members.

Meanwhile, back in London, the move to Canada has been nothing but positive for Jochen Bohlander and Stefanie Weeber. They've bought a house and hope to extend their stay here. 🍁

**To read the latest news on investment and trade with Europe, see the July 2 and July 15 issues of *CanadExport*, International Trade Canada's biweekly investment and trade publication. See the issues and search the *CanadExport* archives for more Europe trade news at [www.dfait-maeci.gc.ca/canadexport](http://www.dfait-maeci.gc.ca/canadexport).**



Cross-Atlantic investment: European companies come to Canada to pursue linkages with key clientele or to build on an existing export base.

## Enhancing Trade and Investment

To build on their close relationship, Canada and the EU have agreed to a framework for a modern Trade and Investment Enhancement Agreement (TIEA), an ambitious and forward-looking initiative that responds not just to current issues but also anticipates future challenges and creates opportunities to broaden and deepen trade and investment.

The TIEA, in combination with the results of the WTO's Doha Round of multilateral negotiations, will offer concrete results to Canadian and European business communities as well as consumers. Negotiations on the TIEA will begin later this year.

**For more information on the TIEA and an update on negotiations, see [www.dfait-maeci.gc.ca/tna-nac/EU-en.asp](http://www.dfait-maeci.gc.ca/tna-nac/EU-en.asp).**