Ontario company eyes returns on its investment

Canadian investment in Mexico is a matter of companies putting their money where their business is.

As Mexico continues to strengthen its place in the global supply chain, manufacturers of all stripes are establishing operations there—taking advantage of available labour, lower costs and geographic contiguity with the rest of North America. Their suppliers are increasingly following suit.

The trend is particularly pronounced in the automotive industry: hardly a surprise given the degree of integration among manufacturers and suppliers in that sector. The big auto makers are declaring their need to have partners close to their Mexican plants; companies like Magna, Dofasco and others have been quick to respond.

Such is the case too with Samuel Manu-Tech Inc., a billion-dollar public Canadian metals and plastics manufacturer with 60 facilities in Canada and the United States.

Having kept an interested eye on the Mexican market since 1999, Samuel Manu-Tech was ready to move in 2005 when a longtime customer, an auto-sector manufacturer in the northeastern city of Saltillo, asked Samuel Manu-Tech to set up a local stainless-steel tube production facility nearby.

The company leapt at the opportunity—augmenting, not displacing, its domestic operations.

In the fast lane

The new Mexican company, Tubos Samuel de Mexico, the sister company to Associated Tube Industries in Markham, Ontario, are both divisions of Samuel Manu-Tech.

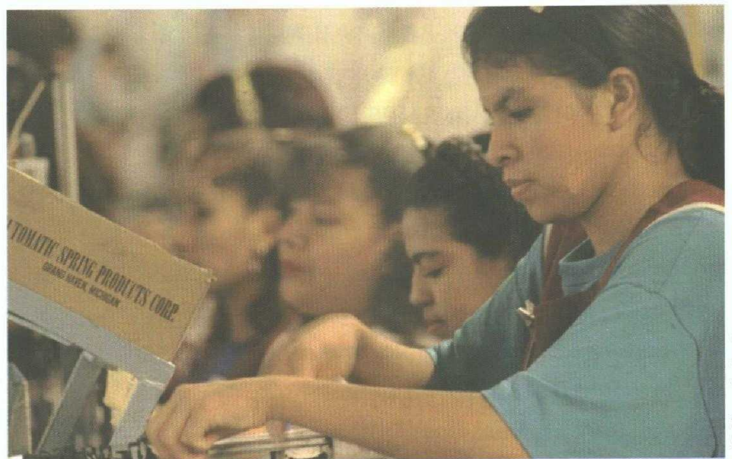
"Because we'd begun gathering info on Mexico in 1999, we were already quite familiar with conditions in Saltillo," said Scott Sweatman, president of Associated Tube Industries.

Sweatman says that the company had more or less been waiting for the right opportunity to arise.

"We could produce these particular products effectively in our Markham plant but the transportation costs would be too high, and our customer wanted proximity. The Mexico venture coincides with our goals to grow our businesses and to generate a good return on investment."

The Mexico facility represents purely an expansion of the company's operations. The distance between its Canadian plant in Markham and the new one in Saltillo is such that each serves a distinct regional market. Sweatman says that over time, there could conceivably be competition between the two for some of the company's simpler tubing business.

"Associated Tube Industries in Markham will always be the centre of technical excellence within the group, and it will specialize in more exotic tubing products, leaving Tubos Samuel de Mexico to produce commodity tube exclusively," he says.



AP Photo/L.M. Otero

A worker packages seat belt components in a maquiladora plant in Reynosa, Mexico. A maquiladora is a factory that imports materials on a duty- and tariff-free basis for assembly or manufacturing and then re-exports the assembled product.

Samuel Manu-Tech approached the Trade Commissioner Service in 2005 to learn more about investing in Mexico. Sweatman said he received excellent information from the Consulate General in Monterrey.

Canadian trade commissioner David Valle explains, "We provided information on available incentives, government contacts, wage and salary rates, cost of buildings, utilities—all necessary for Samuel Manu-Tech to plan effectively for establishing a long-term presence in Mexico, one oriented toward continual growth."

According to Sweatman's projections, Samuel Manu-Tech will start to see returns on its investment this year.

The example of Samuel Manu-Tech should be a heartening one for other Canadian companies in a wide range of industries, says Valle.

"Mexico is a key link in the global supply chain, and Canada is well-positioned to forge a place for itself here."

For more information, go to www.infoexport.gc.ca/mx or www.samuelmanutech.com.

China's second-tier cities are first-rate for business

Shanghai, Beijing and Guangzhou together form China's commercial nerve centre, attracting the biggest companies from around the world. But as costs surge in these major cities, businesses are looking elsewhere.

A *CanadExport* podcast explores the rise of China's second-tier cities and the impact their burgeoning middle classes will have on Canadian entrepreneurs with China on their minds.

Hear the experiences of Michael Budman, co-founder of Canadian retailing icon Roots Canada, a company which has just launched a 90-store expansion across China.

Listeners might also be surprised to hear just how far a Vancouver company is expanding in China. Nebur-King Coffee has set up some 20 cafes in China's major cities, but has plans to import Canadian dairy cattle, open a bank, and farm a 1,000-acre tea plantation.

To put all this in perspective, host Michael Mancini talks to Dr. Robert Kalafsky, a professor of economic geography with the University of Tennessee. Kalafsky is an expert in economic and industrial geography, international trade and manufacturing and has advised Canadian Manufacturers and Exporters, the country's largest trade and investment association.

AP Photo

An investor reacts to rising share prices at a stock exchange in Kunming, China. The city has been spruced up as part of China's "go west" campaign, aimed at increasing investment in the remote western regions.

Finally, Andrew Smith, senior trade commissioner with the Canadian Embassy in Beijing, shares some valuable advice on doing business in China and on how the Canadian Trade Commissioner Service can help entrepreneurs get a leg up on the competition.

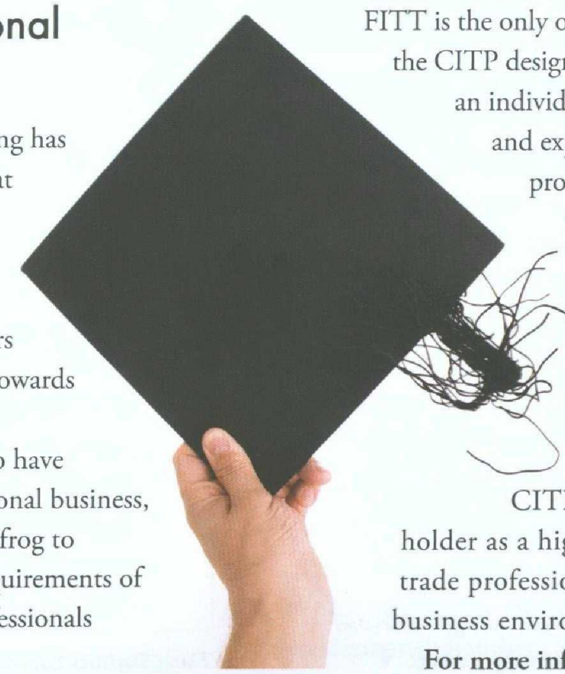
For more information, go to www.canadexport.gc.ca/podcasts.

Get certified as an international trade professional

Canada's Forum for International Trade Training has accredited four international business courses at Toronto's Ryerson University towards its professional designation for international trade specialists.

Ryerson joins some 26 educational partners across Canada that offer accredited programs towards the CITP designation.

The nod means that Ryerson students who have successfully completed the courses in international business, marketing, law and management can now leapfrog to advanced standing towards the educational requirements of FITT's own Certified International Trade Professionals designation, or CITP.



FITT is the only organization in Canada to award the CITP designation, a credential which attests to an individual's international business skills and experience. It is the highest level of professional accreditation available in the country.

Established in 1992, FITT was developed to provide the training and the tools necessary to increase Canada's export market share.

Trade practioners say the CITP designation identifies the holder as a highly qualified international trade professional in tune with today's global business environment.

For more information, go to www.fitt.ca.