

Editorial
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Thinking Global in 2008

By all accounts, the economy is the topmost concern in 2008.

Unlike 2007 when many people, including some economists, were blindsided by the magnitude of events like the subprime crisis and the soaring Canadian dollar, today there can be little uncertainty as to what lies ahead. Call it the triple threat: a US recession (certain to occur or already here, depending on the definition), a high Canadian dollar and soaring energy costs. Private forecasters agree it will mean weaker economic results and slower job growth across the country in 2008, with Ontario being harder hit due to the dominance of the export-oriented manufacturing sector.

The question is what will we do with this knowledge? Will we continue to allow ourselves to be buffeted by the economic storm, or will we aggressively seek calmer waters? Though solutions will not be easy to come by or short term in nature, the time has come (if not, long since passed) to take significant steps to confront this economic reality.

2007's big newsmaker, the Canadian dollar, reinforced a simple fact: that we are dangerously reliant on the U.S. market.

This reliance has evolved naturally from our geographic proximity to the largest consumer market in the world. The degree to which Ontario has relied on the U.S., however, is staggering. In 2006, nearly 90% of our exports were destined for the United States.

By comparison, Michigan, like Ontario, a jurisdiction dominated by the auto sector, sent only 59% of its exports to Canada. And in neighbouring New York, that number drops to 21.3%.

While I certainly wouldn't suggest that we abandon our trade with the U.S., I would point out that our trade with other jurisdictions is miniscule by comparison.

Ontario's vulnerability to the vagaries of the U.S. was apparent long before the subprime crisis in 2007. Consider 9/11 for instance. Suddenly a border that had once facilitated relatively free-flowing trade, was a chokepoint of our economy. And long after the days of high anxiety, confusing and prohibiting border restrictions prevail, continuing to damage trade and tourism.

Now add the strong Canadian dollar and our economic dependence on the U.S. is more precarious than ever.

Canadians have often been accused of being too humble and of failing to promote our strengths. Canada, for instance, has many natural advantages in terms of infrastructure development. Our vast country has forced us to develop superior infrastructure, whether it be telecom, construction, engineering, or architecture.

And yet, who's building the roads, bridges and telecommunication networks in the emerging economies? Not Canadians. And with a few notable exceptions, Canadian firms are absent from international consortia for global capital projects.

It's time to develop an export culture that looks beyond just our southern neighbours. Governments, both federal and provincial, can help to instill this culture and create a business environment which supports trade development. While business must critically assess global opportunities.

A diversification strategy is no longer a luxury. It is a necessity.

And so while we look ahead to a year of continued depressed economic activity south of the border with reverberations here in our own backyard, business and government must work in concert to position Ontario as a major player on the international stage.

We have an opportunity in 2008 to create an export culture that allows us to compete with the best and win. The future is clear. We must choose to meet it head-on.

Submitted by the Greater Fort Erie Chamber of Commerce

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