

# Foreign trade zone designation packs punch for entrepreneurs seeking new opportunities

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When Kevin Jacobi flies off to faraway nations like China, doors open to him now that might otherwise have stayed shut in the past.

The reason for that is, in large part, due to Niagara being named Ontario's first and only foreign trade zone point (FTZ) two years ago.

Jacobi is executive director of Canada BW, a logistics firm established in the old Oneida kitchenware manufacturing plant in Niagara Falls, and his job is to convince foreign companies and governments that Niagara is the place where they want to be to partner with local companies on so-called "value added" activities such as taking parts or raw materials and creating products that can be exported to places like the massive United States market this region is nestled against.

Jacobi said his job is also made easier thanks for the new-found unity among businesses, entrepreneurs and different levels of government working in tandem to promote Niagara as a place to do business.

“When we speak together as one, we make a really strong argument about why Niagara is the key point to develop your business opportunities in North America,” he told Niagara This Week, at the official unveiling of the new Niagara FTZ office on Garrison Road in Fort Erie on Monday.

“We’re cheerleaders for the Niagara Region, basically, showing what the benefits are: the connectivity here between business and the levels of government, and how being in Niagara gives you access to the larger U.S. market.”

In addition to the competitive Canadian dollar and the fact 40 per cent of the North American population is within a 10-hour drive, Niagara has distinct advantages bestowed by its designation as an FTZ, an umbrella term for various programs administered by the Canada Revenue Agency and Canada Border Services Agency, which provide companies a shield against what can be hefty duties and taxes.

Those programs allow firms importing raw materials, components or other goods to be exempt from taxes and tariffs while work is done to store them, process or assemble them, do so-called value added work.

Taxes would only be paid on the products once they’re released into the domestic market, and duties will remain exempt on products as long as they’re exported within four years.

Jacobi said that designation, one of only a handful in Canada, has put Niagara on the radar of companies looking to partners with firms here on value-added activities.

“It’s put a spotlight on us. Having this geographic designation allows us to have higher level meetings with people in government in other countries in order to access their chambers of commerce, their trade groups, and really promote the Niagara Region.”

Jayesh Menon, co-ordinator of Niagara’s foreign trade zone, said the new office provides a “one-stop window” for companies to learn about and take advantage of the tax and duty advantages that an FTZ designation brings with it.

“When we talk about the Niagara foreign trade zone, it’s all about international trade, the lifeblood of the Canadian economy and Niagara.”

Rules dictate that an FTZ can’t be administered by governments, so Niagara’s is handled by the Niagara Development Corridor Partnership, a corporation made up of economic

development personnel in the region. Jim Thibert, general manager of the Fort Erie Economic Development and Tourism Corporation, is CEO of that corporation.

He told This Week that the FTZ announcement two years ago has generated visits by delegations from Korea, China and Ukraine, and one is coming next week from Cuba. But the partnership is ramping up efforts to expand Niagara's reach to places such as Europe and South America, and part of that will be reaching out to manufacturers across Niagara identified by the most comprehensive employment surveys ever carried out by the region over the last two years, he said.

Thibert said many people falsely believe manufacturing in this region, which saw thousands of decent paying manufacturing jobs disappear in the last 10 or 15 years, is dead.

"Industry is alive and well," he said. "It's changing, it's shifting, but there will always be a need for industry."

Thibert said manufacturing companies pay high wages, contribute large amounts of taxes and tend to have long-term presences in cities and towns because of the hefty capital investments to build plants.

Regional chair Alan Caslin, whose government is contributing \$500,000 over two years toward the administration of the FTZ, said the designation is a vote of confidence in Niagara as a place to do business and export.

"By designating Niagara as a foreign trade zone, our federal and provincial partners have recognized that our community is a hub for international trade, foreign and domestic investment," he told This Week.

Caslin said its position on the U.S. border and just down the highway from the massive Greater Toronto Area market makes Niagara appealing to companies.

"If you were a business and you want to locate in Ontario or Canada, Niagara makes the most sense," he said.

Niagara Centre MP Vance Badawey said the storefront office will help to raise of the profile of Niagara's FTZ designation. "It's tangible now," he said. "It's not just a name. It's a game changer."

St. Catharines MP Chris Bittle said at the FTZ designation two years ago he heard loud and clear when knocking on doors on the campaign trail that jobs are the most important issue for middle class Niagara residents. Parents who made a decent living are afraid for the future of their kids and grandkids, he said.

He reiterated that message at Monday's announcement. "At the end of the day, this is about jobs, this is about prosperity," he said. "This is a great first step."

Jeff Roy, project co-ordinator for Fort Erie-based Greenstone Structural Solutions Ontario, which makes unique, lightweight panels for walls, roofs and foundations, said his company doesn't really need the tax and duty breaks in the FTZ designation because everything in the products are Canadian-produced except for a special glue imported from the United States.

But he said those administering the FTZ have the business connections to reach foreign markets he might otherwise spend months or years cultivating.

"They can pick up the phone and make a connection for us in any part of the globe pretty well," he told This Week.

"We want to make a bigger footprint as we take our technology to global markets," he said. "The foreign trade zone will be instrumental in helping us to do that."