National Post

China Looks Good For Growth; Strategies

Mon Apr 19 2010
Page: A14
Section: Financial Post
Byline: Mary Teresa Bitti
Source: Financial Post
Illustrations: Color Photo: Vincent Du, Reuters / The Chinese appetite for flight and aircraft is just beginning to take off.

Several recent announcements have highlighted the need for Canadian businesses to focus outside the U.S. market and to train their sites on China and other emerging markets.

A Scotiabank report Liftoff Achieved, But the Flight Path Will be Turbulent, spells it out: Developed nations are locked on a low-growth trajectory, while China is driving growth. In 2009, the country's output grew 9%. Furthermore, trade flows among Asian countries are double NAFTA levels.

"Demand from China and other emerging markets has already helped push commodity exports to roughly half of Canada's foreign sales," the report notes. The message is clear: Go to where consumer spending is poised for growth.

Toronto-based Interfast Inc. is doing just that. Canada's largest provider of industrial fasteners and a Top 10 aerospace and industrial fastener distributor globally estimates it is in the Top 5 in China.

The fasteners -- nuts, bolts, screws, washers -- hold an aircraft together from wing to body bolts up to two inches in diameter to smaller fasteners that hold the skin on aircraft.

"We have been selling globally for years and into China since 1988," says Peter Oleck, Interfast's general manager. It started carefully, supplying Boeing Co. and Bombardier Inc.'s subcontractors. "That facilitated our contacts in China with the senior management of leading Chinese aircraft manufacturers," he says.

"The Chinese marketplace has been developing extremely rapidly. It got a huge boost from having this subcontract work from Boeing, Bombardier and now the Chinese are also manufacturing their own aircraft," Mr. Oleck says.

"Less than 10% of its population of 1.3 billion has flown on aircraft. As the economy grows, the development of airports and airlines will also grow. Airlines are going to need thousands of aircraft to service that market in the coming years. We are trying to be in on the ground floor of what is a huge opportunity."

In a similar move, PCI Geomatics, a Canadian software manufacturer for the geo-imaging industry recently signed a $1-million contract with Beijing Space Eye Innovation Technology Co. to supply an automated image-processing system to the China Centre for Resources Satellite Data and Application.

PCI established an office in China in 2008 to secure its place in the market. Since then, it has tripled revenue in China.

"We are trying to follow the rapid growth in China," says Brad Schmidt, vice-president of sales and marketing for PCI. "It's important to have a local presence.... They are your eyes and ears on the ground. You need to understand what's going on almost on a daily basis."

Here are some key strategies both companies used to help them sell into China:

Government trade missions

are critical in securing business for exporters. "When you go on a trade mission, be it federal or provincial, the governments work really hard to open doors that private companies cannot," says Trevor Taylor, director of business development for PCI.

"Hierarchies are still very much the norm. By having a high level VIP show up -- Premier Dalton McGuinty opened our office -- that shows that a high-profile elected official knows who PCI is and creates a level of integrity you wouldn't have otherwise." Build strong contacts "One of our successes getting into the Chinese market is Gavin Rao, our manager of Asian operations," Mr. Oleck says.

"Gavin worked in the aviation industry in China.... He has been able to direct our means into that market, as well as bridge the gap between cultural differences and language skills. He gave us instant [access to] his network and helped us capture more business and develop our relationships and contacts."

Firms want strong support from the senior management of the Chinese companies they deal with, says Mr. Rao, who travels to China three or four times a year. "That means spending time there. We could not develop in that market from our offices in Canada. We have agents on the ground who help us understand the true demand. Then we focus on our strengths and comparative advantages over our competition." Establish a presence "Unlike places in North America and Europe, where purchases are based more on technology comparisons, Chinese business leaders need to know who you are," Mr. Schmidt says.

"They want to see you in person and be confident they have a relationship with you so at any point they can call you and ask questions and feel comfortable doing so. That's where having Chinese staff can help. Having a physical presence there with people who speak Chinese has been instrumental."

That's not to say there aren't difficulties. "The Chinese have strict policies about foreign companies coming in," says Yubin Xin, general manager at PCI Beijing. "We followed all the rules. We also made good use of our well-established reputation and Chinese partnerships. This helped convince the Chinese government we are the right company to provide this technology and service to local consumers."

Be on top of your game Both Interfast and PCI were preceded by solid reputations in their respective industries. They each brought an expertise that was in demand.

"China is a market that is rapidly growing and there is a lot of opportunity for Canadian companies prepared to step out of their comfort zone and move in," Mr. Schmidt says. "For us, the gamble has paid off."

The Province

Churches testing new territory; Shifting religious needs make disposing of diocesan property imperative

Mon Apr 19 2010
Page: A4
Section: News
Source: The Province
Illustrations: Colour Photo: Jon Murray, PNG / Realtor Rav Rampuri poses on April 10 outside a church he has for sale on Kingsway Avenue in Burnaby.

Colour Photo: Jon Murray, PNG / The 'Fountain Chapel' at Prior and Jackson in Vancouver is for sale.

Colour Photo: Jon Murray, PNG / This is St. John's Presbyterian Church in the West End last week. It, along with many other Vancouver churches, is up for sale.

With B.C.'s mainline Protestant church congregations shrinking and shifting, the Anglican and United churches have to decide what to do with their emptying churches. This is an edited and condensed version of a four-part series written by Jim Coggins and published on the website B.C. Christian News at canadianchristianity.com. Coggins looks at the reasons behind the decline and changes at the one-time mainstays of many B.C. communities -- it was once the aim of the United Church to have a church next to every high school in Canada -- and the challenges of disposing of church property.

Facing the hard fact that attendance at mainline Protestant churches in Canada is on the decline -- the number of parishioners dropped by between nine and 14 per cent between the 1991 and 2001 census periods -- the Anglican and United churches have been crunching numbers to determine how many church buildings they'll need and need to close.

(During the same period, the latest numbers available from Statistics Canada, more conservative evangelical churches exploded by 130 per cent in B.C., and Catholic Church populations in B.C. grew 12 per cent and led to the recent building of a church in Abbotsford and the rebuilding of at least two parishes in Vancouver.)

A parish with one priest requires $130,000 to $150,000 a year and 70 parishioners to sustain itself, the Anglican diocese of New Westminster recently determined.

Three-quarters of the diocese's six dozen parishes couldn't do that, based on those numbers, the diocesan study found.

"The institutional form of churches is changing," says Peter Elliott, dean of Christ Church Cathedral in Vancouver. He says the study's intent was not to mourn the local church but to determine the future of Anglican churches to best "serve God's mission most effectively."

Some churches may merge or close because of a shift of populations from urban to suburban areas but new churches may be started, officials say.

The diocese's Bishop Michael Ingham has said the Anglican Church has church buildings where they don't need them, that there are too many close together in West Vancouver and not enough in Surrey.

And churches don't necessarily have to be located in the parishioners' neighbourhood, because worshippers can drive to those that offer more diverse programs or more vibrant music.

Doug Goodwin of the United Church of Canada's B.C. Conference says more people are choosing to belong to larger "destination churches," and that the United Church will likely experiment with deliberately smaller congregations, ministers serving more than one congregation and even churches without buildings, either in rented spaces or in people's homes, to solve the problem of too many chapels and too few followers.

If the neighbourhood model of local church is being replaced by mega-churches, building-less churches and home churches, then what happens to the buildings?

The UCC's local churches can expand, sell or develop land and property according to its needs, and the UCC has invited Colliers International to provide property development consultations to the congregations, says Goodwin.

When one of the churches closes, the regional UCC conference takes charge, and sometimes transfers the church to an active congregation.

For instance, the former Oak Avenue Church in Surrey was transferred to Amazing Grace (Taiwanese) United and St. Paul's in Burnaby went to Korean United.

But if there are likely candidates to take over the buildings, the UCC tries to give preference to options that will benefit the United Church or to offers from other faith communities, either Christian or other religious groups, says Goodwin.

Preference will also be given to buyers who will use the property to continue to serve the local community, he says.

For instance, the UCC's Camp Koinonia in Surrey was sold to the City of Surrey, which paid a good price to the church and will continue to use the land for camping and other community services, he says.

Renfrew United Church in east Vancouver was sold last summer to Pacific Grace Mennonite Brethren Church, a Chinese congregation, which in turn sold its smaller building to New Beginnings Baptist church.

UCC will also try to sell properties for fair market value to benefit the church's ministry because the building and land would have been bought by money donated by churchgoers, says Goodwin.

If they sold it for less, the new buyer might flip it to a developer at a profit, he says.

The sale last year of St. John's United Church in downtown Vancouver for likely more than $4 million will be lost to church use after it was sold to a developer, he says. But the rentals will be affordable and in a way still serve the community, he says.

The Anglican diocese hasn't sold a building in 13 years, Elliott says, but it doesn't rule that out in future if the money could then be used for the church ministry.

The Globe And Mail

MONETARY POLICY; The Bank of Canada is expected to stay the course on the benchmark rate tomorrow, but watch for upward revisions to the bank's economic forecasts: They could signal a rate hike coming as early as June 1

Mon Apr 19 2010
Page: B2
Section: Report On Business: Canadian
Byline: Jeremy Torobin

The Bank of Canada is on course to become the first among Group of Seven central banks to begin raising interest rates, underscoring the country's enviably strong position and putting an exclamation point on a wave of hotter- than-expected data.

Central Bank Governor Mark Carney is not expected to use tomorrow's policy decision to raise his benchmark rate from the emergency 0.25-per-cent level it has been at since last April. But he is expected to signal that his year-long policy of rock-bottom borrowing costs is all but over.

The Bank of Canada's statements this week should mark the unofficial start to the next chapter in Mr. Carney's management of Canada's recovery from the worst global downturn since the 1930s.

He is expected tomorrow to include his latest forecasts for inflation, economic growth and just how quickly the economy will absorb the slack left by Canada's first recession since the early 1990s. All measures could be revised up, pointing to what some observers believe could be an interest-rate hike as early as June 1, rather than July 20, the day most investors and central bank- watchers pencilled in a year ago when he pledged to keep rates on hold through mid-2010 depending on the outlook for inflation.

The central bank has seen a raft of economic data that has been stronger than expected, including Statistics Canada's February inflation report, released March 19, which showed the Bank of Canada's preferred gauge is already a hair above its 2-per-cent target - more than a year ahead of schedule. The next inflation report, for March, will be released April 23. "We're getting into the zone here where a legitimate case could be made that holding the rate is in fact starting to come in conflict with their inflation target," Stephen Gordon, an economics professor at Laval University, said in an interview.

Even as Canada faces nothing like the eye-popping growth and inflation figures coming out of Asia, the economy appears well past the need for life support. Another Statistics Canada report last week showed the three quarter- long recession was not only shorter and less brutish than in other advanced economies, namely the United States and Europe, but it also was not as severe as past slumps the country has faced.

"We've had much worse recessions and much less monetary stimulus," Mr. Gordon said. "Let's say interest rates were at 1 per cent - that would still be quite a lot of stimulus in `normal' times." The private lenders that look to the Bank of Canada's stance as a guide for setting prices for mortgages, credit lines and other loans are pricing in higher rates. Some of the country's biggest financial institutions have already started making mortgages more expensive, in large part because of higher bond yields that reflect expectations the central bank rate will rise more quickly than previously thought.

Securities dealers say Mr. Carney's benchmark overnight rate will be anywhere from 1.25 per cent to 2 per cent by the end of the year, according to a Reuters survey last week.

More immediately, David Watt of RBC Dominion Securities said in a note, traders view the chance of the central bank moving in June as slightly more than 50 per cent.

Mr. Carney's new forecasts tomorrow, and a quarterly report two days later that will flesh them out, could prove crucial for such bets. Even if Mr. Carney signals that he'll hold rates through the end of June, he will likely find some way to hint that that will be the end of the line.