The best places to do business in Canada

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The loonie's flight in the past seven years has wiped out much of Canada's financial advantage over its southern neighbour. During that time, Canadian Business has been surveying business operating costs and economic conditions across the country, and the dollar has zoomed from a paltry 65¢US in 2001 to near par today. The result? Manufacturing jobs have fled in search of lower-cost regions where companies can pay workers pennies on the dollar. But Canada is still a more attractive place to set up shop than the United States or even some emerging economies, especially in certain sectors that require R&D, energy and water resources, or have high data sensitivity.

“The vast migration of outsourcing to places like India, the Philippines and others is levelling off as there is a trend to quality over pure costs by many corporations,” says John Boyd, founder of the Boyd Co. Inc. in Princeton, N.J. — a site-selection consultant for more than 30 years. “While Canada cannot compete on costs with these emerging economies, it beats them hands down on issues relating to education, customer service, language skills, common business practices and the convenience/proximity to the States.”

Compared to our biggest trading partner and often our biggest competitor for new or relocated businesses, Canada has R&D tax advantages and a more open policy toward immigrants, specifically those with high-tech skills. No less than Microsoft co-founder Bill Gates made a personal plea to Congress in March to allow more H-1B visas, which allow American companies to employ foreign guest workers in specific occupations.
Canada, says Boyd, also does well with data centre companies, because they require low-cost, reliable power, insulation from natural disasters, a robust telecommunications network and employees with solid IT skills. And the country appeals to firms that need sensitive data security facilities, because the U.S. Patriot Act allows American government agencies to search telephone and e-mail communications, as well as medical, financial and other records. The act also eases restrictions on foreign intelligence-gathering within the U.S.

Boyd points out that while costs have risen due to the Canadian dollar’s new-found strength, there are still plenty of low-cost cities for companies to choose from. You expect places such as Saguenay and Sherbrooke, Que., and Cape Breton to be cheap, but even bigger cities such as Winnipeg, Quebec and Saskatoon boast some of the lowest operating costs on the continent.

It pays, as they say, to shop around.

Click here to get started with the slideshow detailing the top 10 cities.