

PEI's economic forecast for 2018

by Heidi Riley

A conference hosted by the **Atlantic Provinces Economic Council (APEC)** in Charlottetown presented an economic update and forecast of PEI's economy, and featured local businesses that successfully export their products to the world.

APEC's Director of Research **David Chaundy** expects PEI to lead Atlantic Canada in economic growth in 2018.

PEI's economic growth was estimated to be 2.4 percent in 2017, on par with 2016. Immigration is boosting the population, household spending, and residential investment.

PEI gained more than 2,500 people between July 2016 and July 2017, which is the largest population growth of any Canadian province.

APEC's 2018 forecast for PEI

- "In a slower for longer world, we will need to look beyond our borders to larger market opportunities, and continue to innovate to respond to client needs and to invest in our people and in our businesses," says David.
- Continued population growth should support real GDP growth of 1.9 percent in 2018, although household spending, tourism, and exports are expected to slow, due to higher interest rates and a higher Canadian dollar.
- As the provinces try to balance their budgets, fiscal restraint will continue to slow economic growth.
- "US growth is expected to remain strong in 2018, supporting demand for Atlantic exports, although uncertainty about the renegotiation of NAFTA may have a dampening effect," says David. "Growth in the EU has also improved, and with most tariffs eliminated on trade with the EU, there should be a boost to Atlantic exports."

For more about APEC, visit www.apec-econ.ca



Two of the four companies highlighted at the conference

BioVectra Inc., Charlottetown

BioVectra is a contract development manufacturer. They serve global pharmaceutical and biotech companies with full-service outsourcing solutions for intermediates and active pharmaceutical ingredients. The company has three cGMP facilities in Charlottetown, PEI and one in Windsor, Nova Scotia.

Oliver Technow's advice to other businesses in this time of change

Focus on your vision and consider the things you need to do differently in order to succeed.

Surround yourself with the right people and the best talent. "At BioVectra, our 300+ employees are the heart and soul of the organization. Many have been with us 10 to 27 years. We benefit so much from employees who live and breathe innovation and knowledge. We keep them engaged, develop them, and let them grow."

"Our employees are relentless problem solvers who take tremendous pride in finding solutions to any issue presented by our clients. There is a huge sense of pride in this organization. You can't buy that kind of dedication."

Be courageous. If you hesitate in times of change, you will be left behind.

Be determined. Identify the things that do not work in your favour and turn them into strengths. "For example, PEI is not the most logical geography to succeed on a global scale."

"It is easier to do business in Boston, New York or Toronto, but I don't think there is a better place than PEI to capitalize on the tremendous human aspect of your business."

"On a weekly basis, we bring CEOs and heads of manufacturing, supply chain, and research and development from big pharmaceutical companies to the Island to tour our facilities. We demonstrate to them that we are in a good location to conduct business in a professional and effective way."

No complacency. Always strive to be the best. Instead of complaining about the way things are, ask yourself what you can do to change things.

"Buyers can go to China or India to get cheaper active pharmaceutical ingredients, but they get a first-class experience with us, and they get better access to a team that is highly dedicated to their needs and solves every problem they have. This is where our competitiveness comes from."

"A company from PEI can succeed because we have a very business-friendly environment. I have lived and worked in many jurisdictions, and I have not seen a more dedicated effort."

"The government develops the business environment on the Island so that companies can succeed. We also receive tremendous support from provincial and national industry associations such as the PEI BioAlliance, BioNova and BIOTECANADA which all help to accelerate the advancement of life sciences."

As well, the PEI BioAlliance, which consists of 50+ companies, contributes to the fact that PEI is leading Atlantic Canada in growth and economic outlook.

"In the last year, we invested \$25 million in a new facility in Windsor, Nova Scotia. It means the world to us to give young people an opportunity to grow in Atlantic Canada."

"The Nova Scotia location also offers us access to a different, larger labour market, so that we can make sure to get the right talent to drive our future growth. We are maintaining our investment in Charlottetown, and we are expanding our facilities here."

For more information about **BioVectra**, visit www.biovectra.com or follow on Twitter (@BioVectra) and LinkedIn (/company/biovectra-inc-).



Oliver Technow, President, BioVectra.

PEI Bag Company Ltd., Central Bedeque

Since 1935, the **PEI Bag Company** has supplied packaging to industries such as agriculture, aquaculture, food, and construction.

The company has almost 40 employees. "On the production floor, we have many people with 10 to 20 years of experience, and one staff member had 55 years of service before she retired last summer," says **Thane Smallwood**, who is a Mechanical and Industrial Engineer by trade.

"Our long-term staff are the heart and soul of the company. However, we are always looking for new employees as well. Typically, our new staff start in entry-level positions and if they prove themselves, we try to advance them as opportunities present themselves."

"We do more than \$10 million in sales annually. Roughly 40 percent of our sales are finished products brought in from India, China, and Halifax. Sixty percent of our sales are products manufactured in Central Bedeque by our own employees."

"Atlantic Canada is our primary market, with about 20 percent of sales delivered to US customers."

"Part of the PEI potato crop is shipped in large 2,500 lb. totes into larger markets such as Boston, New York, Quebec, and Ontario. We sell final packaging to some of those customers as well."

"The next opportunity will be in Quebec and Ontario, where we will be competing against China. We can't compete exactly on price, but we are willing to fill a need for small orders, offer a quicker turn-around, and buyers don't need to wait four months for their product to arrive in large containers."

"Our biggest barrier to expansion is workforce resources."

"We are training business development resources in-house with education and knowledge, and we are also trying to hire expertise to assist as we expand sales."

"It has been a challenge to find sales people who have the expertise to be off and running within six months."

"We need to train current employees who can grow their knowledge of our business, help with our export growth, and ramp up our sales revenue."

For more information, visit www.peibag.com



Thane Smallwood, General Manager.