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## Tapping Canada's immigrant capital

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*Businesses finding route to building global customer base through those who speak the language and understand the culture*

A decade ago, Africa wasn't much on the map for Phoenix Geophysics Ltd., a Canadian company that makes geophysical instruments used in research and mining exploration.

Today, it's one of the Toronto-based manufacturer's fastest-growing markets. And a good part of that success comes from one employee: Eritrean-born geophysicist Tesfakiros Haile, who is promoting sales in the region.

Mr. Haile is not only familiar with the cultures around the Horn of Africa and the Middle East. He also speaks Tigrigna - one of the two main languages of Eritrea - Amharic, English, conversational Hindi (he went to university in northern India) and bits of Arabic and Italian.

"If you speak the language, it opens doors," he says in an interview at the company's Toronto facilities. "People give you a chance, they listen. They might not know the equipment we are selling, but it builds trust and helps people feel comfortable with us."

Since Mr. Haile was tasked with developing the African market, sales to the region have doubled to about \$1-million a year.

The opportunity for Canadian businesses in emerging markets is huge. Economic growth in these regions is pegged at 6.5 per cent this year and next - far outstripping IMF projections of 2.5-per-cent growth among advanced economies. China and India will lead that growth, with sub-Saharan Africa expanding by more than 5 per cent a year.

And seeking new markets is more important than ever for Canadian exporters, who are desperately looking to diversify beyond the United States, home to three-quarters of this country's exports. That much reliance on a single market leaves Canadian companies vulnerable when demand drops, as it did during the financial crisis.

Phoenix isn't the only company hiring newcomers to help drive expansion into new markets. A new report released exclusively to The Globe and Mail shows almost one in five companies have hired a skilled immigrant to help diversify their global client base. Of those employers who hired immigrants to help them expand overseas, 93 per cent said it was effective, according to the March poll of 461 employers, conducted for the Toronto Region Immigrant Employment Council.

Exporters are seizing on new markets, albeit slowly. The share of Canadian exports to China has tripled in the past decade and almost doubled to Europe, according to Statistics Canada. Small- and medium-sized businesses are more global in their outlook than a year ago, with nearly three-quarters saying firms should invest more time and money in international trade, a UPS Canada survey said last month.

Economists and policy makers have long urged companies to geographically diversify their sales, and recommended hiring more immigrants to help them do so.

A Conference Board of Canada report in October found that every 1-percentage-point increase in the number of immigrants to Canada can increase the value of imports into Canada by 0.21 per cent, and the value of exports by 0.11 per cent. The report urged employers to hire more immigrants as a way to drive innovation and build global competitiveness.

Indeed, the country's population includes 1.3 million Chinese-Canadians and more than a million Indo-Canadians, residents who could help form a "human bridge" in terms of trade with those fast-growing nations, a report by the GPS Project - an initiative of the Canadian International Council - argued last year.

In Halifax, trade flows are growing between the East Coast port and Asian destinations such as Vietnam and India. Fred Morley, executive vice-president at the Halifax Greater Partnership, says he is seeing some hiring of immigrants to bolster trade with the region.

**There is a ready pool of labour. Newcomers continue to face higher-than-average jobless rates. Immigrants have had higher unemployment rates than Canadian-born people since March, 2006 - but the gap has widened since the recession, according to the Toronto Immigrant Employment Data Initiative.**

**As of April, the jobless rate for all immigrants was 8.8 per cent across the country and 13.9 per cent for recent immigrants - much higher than that of the 6.2 per cent for Canadian-born people.**

Phoenix isn't the only company looking to immigrants to open doors abroad. BSM Technologies, which sells software systems to track trucks, is hiring Spanish- and Portuguese-speaking sales specialists to smooth its entry into Latin America. It aims to increase sales 10 times over in the next three years.

It hasn't had much trouble finding candidates; Spanish is the third-most spoken language in Canada after English and French. "Latin America's very attractive. We want people who speak the languages and know the culture," said Aly Rahemtulla, president and chief executive officer.

Phoenix, meantime, has just 51 employees. But it does business with 80 countries and its workers speak 15 different first languages. Ninety per cent of its revenue comes from outside Canada, from markets such as China, Russia and Latin America.

Mr. Haile says it's the subtle differences that can make a sale: Not using a first name, not shaking a woman's hand or standing too close to her; sharing a meal, chatting, sometimes for hours about non-business subjects first.

The company's staff aren't just a reflection of Canada's largest city, says Leo Fox, the company's president. A multicultural work force represents a competitive advantage. "When you want to choose market makers, you need people with the languages. You need to know how people think in that culture."