



Sara Anghel

# LOOKING AHEAD IN 2009

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**Uncertainty over the federal elections in Canada and the United States has impacted the marine industry through much of 2008. With the recent elections now finalized, what can the marine industry expect in 2009?**

I personally do not feel that the elections themselves were the majority of the reason for the impact to the economy. I think the situation with the economy in the US has been deteriorating for a while. In Canada, minority government situations don't allow for clear policies, but the economy was not even on the radar as an issue until the election was well underway.

I think overall, Canadian manufacturers have been impacted by the strong dollar and the slow down in the US. The US manufacturers are impacted by the economy and the credit situation. The industry in Canada will likely see a slow down as the impact of the US continues to reach across the border. The situations are different between Canada and the US. We don't have a credit crisis in Canada, but are being impacted by the countries around us resulting in low consumer confidence.

Ongoing discussions and meetings between the top 20 countries and our federal and provincial finance ministers will focus on what to do for the big three automakers. What exactly will they do, I am not sure. It's really hard to say. It will depend on how it will affect taxpayers in Canada and how much the economy slows down. Regardless of the decision, bankruptcy by any of the big three will have a huge ripple effect.

Conservative governments tend to react in a more favorable way to industry than

perhaps other governments. The problem with what the Harper government can or cannot do is the fact they are still in a minority situation and perhaps will find themselves in a non-confidence situation again after the 2009 Budget is announced at the end of January. The political turmoil in Ottawa is not going to help the economy in any way.

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**2. Following the consistent strength of the Canadian dollar in the first three quarters of 2008, which had significant impact on the Canadian manufacturing sector and Canadian exports, the dollar is now once again hovering between .75 and .83 cents. Are we to expect Canadian exports to the US to gain momentum again for 2009?**

In a positive market I could say yes to that question. I do believe the Canadian dollar value will help Canadian manufacturing in the domestic market. However, expectations that exports will rise is unrealistic when sales in the US domestic retail market are down by 25 percent or

more, with production levels down 50 percent. I think it'll be another year and then we'll have to look at how things have improved before Canadian manufacturers can benefit from the US dollar.

We have been looking at some of the past trends on the dollar and it's going to fluctuate up and down for a while.

If you look at the other side of the industry, our dealers in Canada, they prefer the dollar to be high. We are at odds with ourselves. So, we will have a fluctuating currency market and it will be hard for the manufacturers to determine what to charge their dealers.

**3. In view of recent currency fluctuations, what can marine manufacturers (and marine businesses in general) do to better manage their business in 2009?**

I think marine businesses have to be a lot more cautious and smart about how they budget and how they move ahead to remain competitive. But there are many answers to this – from dealer to dealer and from business to business. Dealers who have bought boats at par or close to par are at a major advantage compared to dealers who have not yet taken delivery or have left their inventory in US dollars. That is one variable. I think the issue going into boat show season will be how dealers base their boat costs. I also think the Canadian dollar decline will assist in slowing down consumers going to the US to buy a boat or engine(s).

Sales up to September were good. However, in August the market just seemed to change. There was far more negativity in the media, the stock market fluctuated immensely and people saw significant losses in their investment portfolios.

