



by Chris Wilson-Smith of The Globe and Mail

The Buffalo region is becoming a growing destination for Canadian companies. TONY CENICOLA/The New York Times

In focus

Why Canada's future might be in Buffalo

Sucro Sourcing has two sugar refineries: one in Hamilton, Ont., and the other just over an hour's drive southeast to Lackawanna, N.Y.

Molasses created as a byproduct at the Canadian plant is trucked along the 109 kilometres through the border at Buffalo and deposited at the upstate New York facility. There, it will be further refined and made into more products like feedstock for animals.

Sucro is among a growing number of businesses either moving to the Buffalo area or expanding their footprints there – lured by its proximity to Toronto's economy, talent pool and professional sports. (Insert Leafs and/or Jays joke here.) But for Canadian companies coming to terms with the possibility of new trade restrictions, the upstate area offers something even more vital:

affordable access to the United States market.

Sucro built a factory in the U.S. largely out of necessity – Canadian sugar imports have faced stiff tariffs for decades – but its experience in Buffalo offers a glimpse into how companies can successfully straddle two countries while proofing against the inclinations of one president every four to eight years.

For one, it made virtue of what each plant brought to the supply chain. For another, it made both facilities more efficient by sharing staff, expertise, and resources in ways that political events can't disrupt.

"I think, frankly, that's the way of the future," said Don Hill, the company's chair, in an interview.

If Sucro's experience isn't exactly a testament to the power of unfettered free trade between two long-standing economic allies, it's nevertheless a reminder that businesses aren't a monolith. The stakes are undeniably high for Canada, which sends 70 per cent of its exports to the United States, but the debate over how to handle a more protectionist America isn't black and white. (Or red and blue.)

Officials in the Buffalo region, which has found economic renewal over the last few decades with growing sectors in services, health care and technology – and exports worth over \$1-billion to Canada – say its economy doesn't live or die on tariffs.

Tom Kucharski, chief executive of Invest Buffalo Niagara, a non-profit agency that attracts and supports companies in upstate New York, said the region's proximity to Toronto and an open border with Canada are good for business.

But "you've got to kind of take whatever is being constructed around you by policy, by regulation, whatever it is, and make the best of it," he said.

Worry over restrictions in the U.S. might just be one of many considerations made by at least 120 Canadian companies that have recently moved to upstate New York or expanded there. But the rate at which companies are falling suit underscores how political forces are already shifting the economic dynamics of the neighbouring regions. Which is to say: Making the best of it.

In August, life-sciences company Norgen Biotek, based in Thorold, Ont., announced plans to build a 2,800-square-foot manufacturing facility in Niagara Falls, as well as a research and development lab at the Buffalo Niagara Medical Campus. In May, Workspport – a company with Canadian roots that builds solar-capture technology into its truck covers – announced it would spend millions building out its manufacturing facility.

The examples don't end there, but I want to cast into the future — a decade or two from now, when those Canadian companies find themselves in a region not only shaking off its rust-belt image but cementing a reputation for research and innovation. Easy access to water and cool weather are both conducive to resource-hungry data centres, for example, and the relative affordability doesn't hurt.

"I'm sure it doesn't take too much imagination to think that Buffalo is a lower-cost area than New York City, Philadelphia or Washington," Hill said. Never mind Silicon Valley or Toronto.

This isn't a future of my own limited imagination. In 2022, Micron Technology Inc. [announced plans](#) to spend \$100-billion on building "the largest semiconductor fabrication facility in the history of the United States" in Syracuse.

The region consisting of Buffalo, Rochester and Syracuse now has the only designation of being a federal tech hub in the semiconductor industry in the U.S., Kucharski said.

“So now we’ll have additional resources going in to help develop that whole cluster,” he said. “And it is estimated actually conservatively that a quarter of all the chips made in North America will come from this three-metro area in the future.”

That outlook adds to an enticing proposition for Canadian companies looking to enter the U.S. market. The goal isn’t to take businesses out of Canada, he said, but to “really expand the markets and the reach for Canadians.

Both Kucharski and Hill told me they’re agnostic on who wins the election, at least from an economic perspective. Kucharski said his agency’s job is to attract businesses and help them navigate whatever economic or political pressures they might experience.

“So if we’re given a deal like NAFTA, we figure out a best way to make that work,” Kucharski said.

And in the sugar industry, the results are “just one of those things where we manage our business based on what makes sense for sugar,” Hill said.

“And what makes sense for Sucro.”

Southwest Ontario and upstate New York have shared economic growth since the world opened up from the depths of the pandemic, as new trade relationships were forged, and as knowledge was shared between universities and colleges.

None of that instantly disappears in the event of one outcome in particular. But more Canadian companies might soon consider doing what made sense for Sucro, too.