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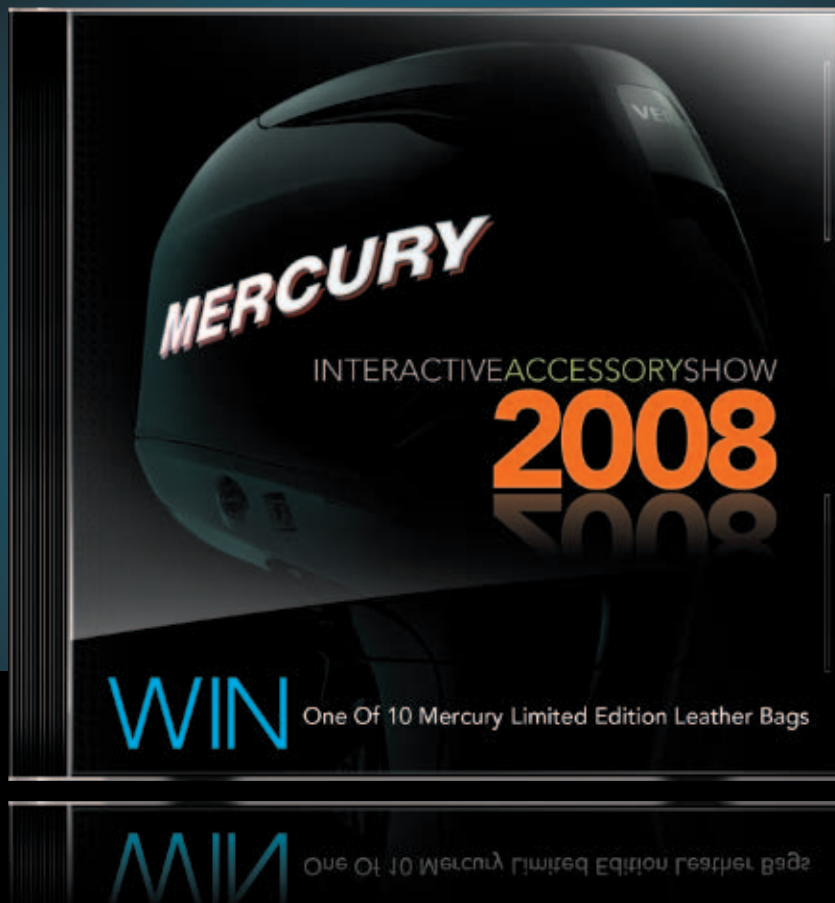
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BY ANDY ADAMS

THE FRACTURED Crystal Ball

It's that time again – the fall, when we all sit down to plan the coming year.

The problem is this fractured crystal ball. The pictures may be clear enough, but there are dozens of them!

Will you have more trouble finding good staff? Bet you will. Can the Canadian economy keep going? All the reports right now say yes. Will interest rates stay low? Looks like they will but there is some talk of inflation in the US economy. By the time you are reading this, the Fed was expected to cut rates to keep the USA from going into recession.

Could things south of the border get worse? Yes. Especially if the real estate market drops further and there are more US mortgage foreclosures. The American boat market is certainly soft now. The US greenback is also way down compared to other international currencies.

In all this uncertainty, boat builders and marine professionals from around the world turned out in record numbers to attend IBEX 2007 last October.

The verified attendance numbers indicate a slight increase, 4,570 attendees from 67 countries in 2007 compared to 4,509 in 2006, according to organizers. Including individuals and staff from the 900 exhibiting companies, the total verified attendance was 8,709.

Boating Industry Canada was at IBEX and we noticed a far greater number of people speaking languages other than English. Offshore manufacturers of marine products seemed to be having a good show as American builders filed past looking for ways to cut part costs.

All sorts of exhibitors expressed to us that business was good. A few admitted that new, foreign buyers were at the show buying as though the US market was a door-crasher special.

As just one example, Marine Concepts' exhibition at the IBEX Show in October resulted in a 97 percent increase in sales over the 2006 show, the company reported in a press release.

Also, the NMMA announced that they had organized a sold-out USA Pavilion for the 2007 Marine Equipment Trade Show (METS). The USA Pavilion at METS featured 84 companies.

Where the crystal ball for 2008 may once have shown a weak US market and Canadian builders being cut out of any action there as a result of the record high Canadian dollar, the other side of the ball shows that there is clearly still a strong global

market for boats and marine equipment.

The METS Show has recently wrapped up for another year, and show organizers have already sent out a release saying that, "METS 2007 closed its doors on a high note. A total of 1,137 exhibitors from 39 countries and a visitor total of 19,764 compared to the total of 16,805 in 2006."

So, here is the Insight we offer; don't get too close to the fractured and baffling crystal ball. The big picture is of a generally booming world economy with a huge, international generation of wealthy adults, many of whom still want a boat or a yacht.

2008 could be a tough start – but toward a great future. ■

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Chairman of the former CMMA, now NMMA
Canada. Rick's story on page 14.

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Boating Industry Canada is published six
times annually. To subscribe, go to:
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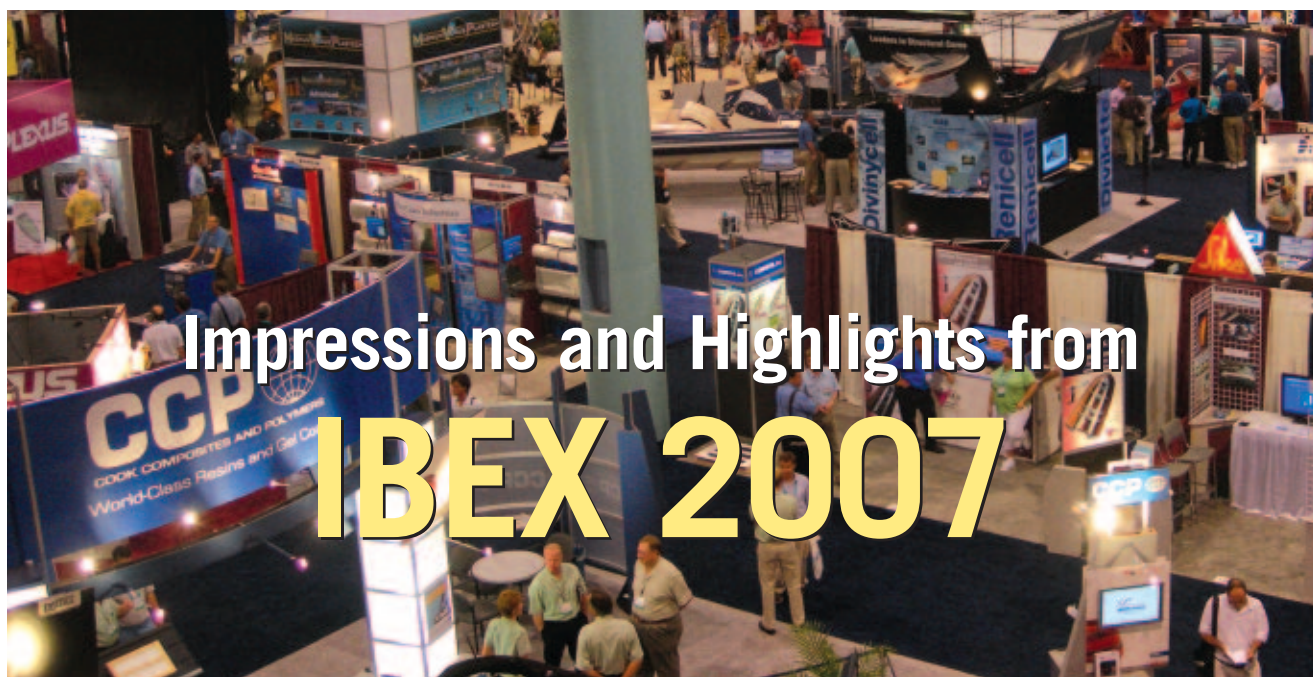
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By Andy Adams

The 17th annual International BoatBuilders' Exhibition & Conference (IBEX) in Miami this past October has plainly become the "must attend" marine industry show for designers, builders and even those in the repair and re-fit business.

Both exhibitors and attendees are international in scope and the show has quite literally everything you could imagine for boat building and repair including a chock-a-block full schedule of seminars and demonstrations.

I'M A KID IN A CANDY STORE.

Honestly, the very first people I met as I approached the door were Canadian boat builders Mark Weigl of Tuff Marine and John Speath of Hydrostream Boats. Great to see Canadian builders down to get the latest and greatest parts and processes. Later, as I was leaving the show on Friday, I met Erwin Zecha of Doral who was also down doing reconnaissance for ways to make his boats better. Sadly, I met no other Canadian builders there.

There were about 20 different exhibitors from Canada which is encouraging, but if I were a builder, I'd certainly be there. The costs were not bad

either. Planning ahead, I had a modest hotel room on the South Beach strip at \$150 and got return air fare under \$400 Canadian. Two days should cover the show but the seminars and demonstrations were spread across most of the week.

For those who are interested, the 2008 IBEX show is scheduled for Monday October 6 through Wednesday October 8 and you can expect free exhibitor sessions (offered in addition to the main show) will probably start on the Sunday.

There was talk of connecting IBEX to the Fort Lauderdale Boat Show but that show has been announced as starting October 30th so there is no easy connection there.

As the forum for cutting edge boat building technology, IBEX is my choice among North American shows. It is where you go to see innovation in both parts and processes.

COMPOSITES

This year there were numerous demonstrations of composites technologies in resin infusion, vacuum infusion and related technologies like re-usable vacuum bags and all sorts of pumps and fittings.

It seems only a matter of time before environmental considerations force the

composites manufacturers to reduce or eliminate styrene and solvent emissions. 'Might as well get ready now.

INNOVATION AWARD WINNERS

Judging the many new products and searching for the best of the best is a difficult job that is managed by a team of marine experts assembled by the National Marine Manufacturers Association (NMMA) and Boating Writers International (BWI).

In all, nine companies received Innovation Awards and one Environmental Award was also presented at the Industry Breakfast on the final day.

In the Boatbuilding Methods & Materials category, the judges selected



the G/flex Epoxies from West System, a series of high strength, low modulus epoxies designed to resist thermal movement between dissimilar and difficult-to-bond materials without compromising thermal properties.



The ProSafe FS Series from ProMariner was the winner in the Electrical Systems category. The product uses High Power Flat Pack semiconductor technology to meet the American Boat and Yacht Council's (ABYC) A-28 recommendation being released in July 2008. ProSafe lineage solves the most common forms of corrosion and zinc loss problems for boaters while the boat is connected to AC power.



i2Systems' Tri-Light Technology took home this year's IBEX Innovation Award in the Furnishings & Finishes category. This product allows boaters to create their own live 'disco' on board with brightly-colored, changing lights.



In the Hardware Fittings category, awards were presented to two different companies: the Airlock Wakeboard Rack from Skylon; and Tallon Marine's Tallon System.

Skylon's rack prevents damage to wake boards from vibration and to safely and securely carry them in racks. The Airlock secures boards, prevents damage

and keeps those onboard the boat safe.

The second award in this category was presented to the Tallon System from Tallon Marine. The New Zealand-developed system enables boaters to swap out fixtures and accessories on their vessels quickly and effortlessly while preserving the boat's clean lines. It



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[PRODUCTS AND INNOVATION]

holds a broad range of marine accessories—everything from rod holders and dive racks to drink holders and powered accessories—and can be factory installed or retrofitted.

In the Inboard Engines category, the judges selected Mercury Marine's Axis. Axis is a sterndrive package that uses twin, individually articulating MerCruiser Bravo Three sterndrives without the use of a tie bar. It's designed to solve one of boating's biggest challenges: Docking.



Axis doesn't use pods like other docking systems currently on the market; rather, the system has actual sterndrive

engines that move independently of one another. No boat hull modification is necessary for Axis installation, allowing boatbuilders to simply install the engine with no adjustment.

The Turbo Air Conditioning System from Dometic Environmental Corp. took home the award this year in the Mechanical Systems category. The product, marketed under the Cruisair and Marine Air brands, uses new research and

development resulting in the Turbo Air system having a 17% height reduction, increased capacity by up to 21%, decreased amperage draw by up to 27% and yet it cuts back on installation time by 10 to 20 minutes.



In the OEM Electronics and Electrical Systems category, judges presented the Innovation Award to EvrSafe Marine Technologies for its EvrSafe ISS 1040. The product is a multi-toxic gas sensory device that can simultaneously detect

gases such as carbon monoxide, butane, LPG, nitrogen dioxide or hydrocarbons via a single sensor.

"I love the simplicity of this product; it's cleverly engineered," said one judge.



Judges felt the Yamaha F350 V8 Four Stroke Outboard was a clear winner in the Outboard Engines category. Yamaha's F350 offers easier rigging through "plug and play" wiring and laptop computer-based testing with no engine installation required.



Finally, this year's IBEX Environmental Award was presented to Ocean equipment for its Offshore System Deck Filler Gauge. This product enables boat owners to see a digital

indication of tank levels right at the point of filling, which is particularly important when

refueling. The system prevents harmful and unnecessary fuel leakage, protecting the environment and the boater from steep fines, and is certified to the National Marine Electronics Association (NMEA) 2000 network standard.



While these are the award winners, IBEX now fills all four exhibition halls in the sprawling Miami Beach Convention Center and almost every exhibitor had something new to show.

We always make the trip. We hope to see you there in 2008!

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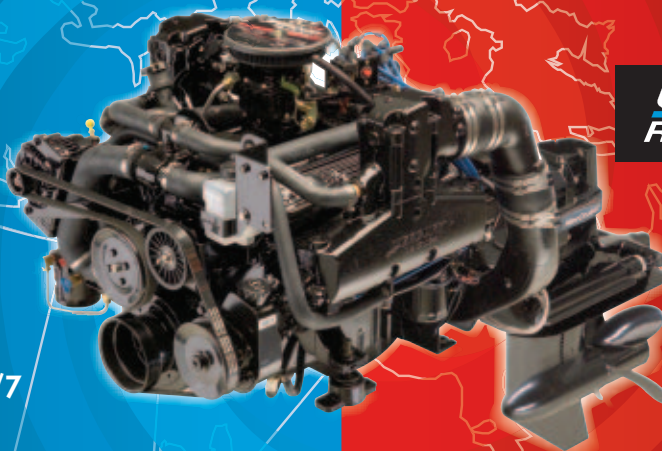


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In a presentation at IBEX, given by Technicon Industries, we learned that the life expectancy of the sound absorbing materials in most new boats is about 10 years. The material breaks down, packs down and generally loses effectiveness as the years go by. This article is drawn from information in the Technicon presentation.

If you are a boat builder, few things are as cheap, yet, do so much for your new boat, as a well-engineered sound absorption package.

If you are a dealer or broker, great replacement sound insulation can make a used boat feel like new! The main message is to talk to the manufacturer to get the best designed sound package possible. Simply slapping on some material will not solve the noise problem.

To start with, sound is any pressure variation in the air, water or other medium that can be detected by the ear.

Noise on the other hand, is unwanted sound which may interfere with speech and verbal communications or is otherwise disturbing or irritating

THERE ARE TWO TYPES OF SOUND SOURCES:

Structure Borne Noise

Structure borne noise is mechanical vibration in a structure which can become an audible sound, like flexing of a tank side, loose parts and so on.

Airborne Noise

Airborne noise is when sound waves are being carried by the atmosphere, like engine noise, turbo whine, water-makers and so on.

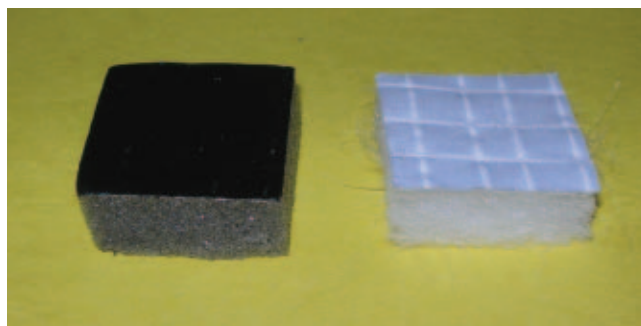
THERE ARE THREE MAIN METHODS TO REDUCE SOUND:

Absorbers

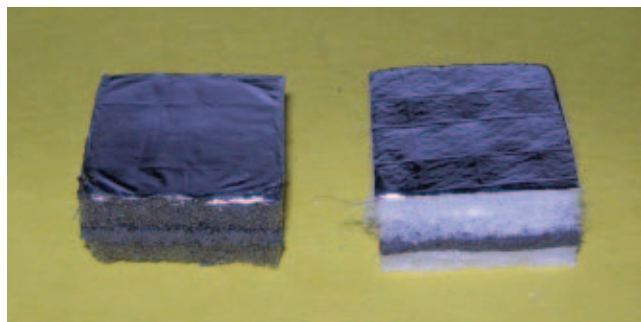
Sound absorption will reduce the reflected sound inside an enclosure or room. When the sound waves strike a sound absorbing material, the sound wave has an energy conversion of

kinetic energy to heat. Typically, sound absorbing materials are porous materials such as open cell foams or fibers. As the sound strikes the cell structure or fibers, it is converted into heat.

Sound is composed of many different frequencies. A fast turning pulley makes a high frequency sound while a V8 exhaust contains a low frequency sound. The frequency is related to wavelength. High-frequency sounds have short wavelengths while low-frequency sounds have longer wavelengths. For a sound absorbing material to have a significant effect on the absorption of sound, the relative thickness of the material must be one quarter of the wavelength of the lowest frequencies. Hence, typically thicker materials will absorb



The first square is a small sample of an absorber for use in engine areas. The white square is an absorber to line areas in the hull reducing reverberation.



These are also absorbers; the dark square is applied behind finish work while the white square is headliner for ceilings.



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more sound than thinner materials.

By placing a face on the porous materials, the absorption characteristics of the system will change.

Barriers

Barriers work on the principle of blocking noise from passing through. The phenomenon of blocking noise is called sound transmission loss [TL]. Sound transmission loss [TL] is reported in decibels [dB] and a common reference would be a noise reduction from noise source side of the barrier to the opposite side of the barrier. Typically, barriers are air impervious solids. Another common characteristic of barriers is that they are flexible and relatively heavy. Traditional barrier construction is based on what is called the mass law. The mass law states that for every doubling of the weight of the barrier, the TL will increase by 6 dB. The effect of frequency is also similar to mass law. In this regard, a doubling of frequency will result in a 6 dB increase in TL. The short wave lengths of high frequency sound are easier to block than low-frequency sound.

Damping

The third principle in noise control is vibration damping. Vibrating surfaces act like a large speaker cone. They displace air which creates noise. To convert this vibration kinetic energy into heat, damping material is applied to the vibrating surfaces. The damping material is typically visco-elastic. Visco-elastic

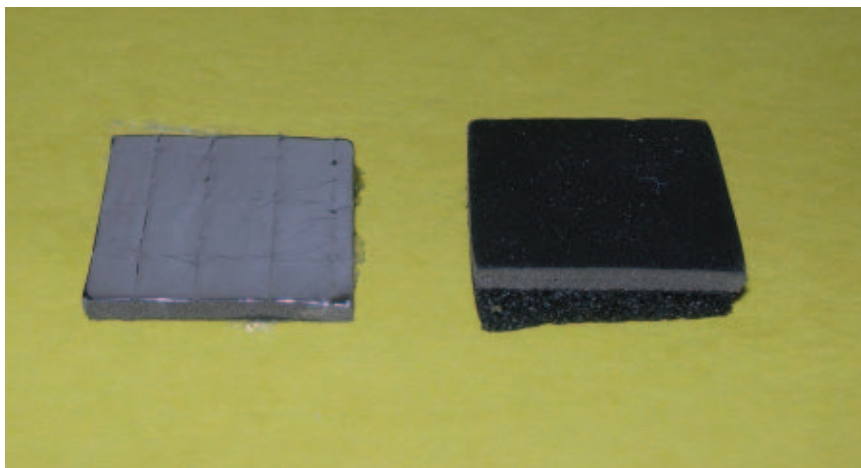
ACOUSTICS 101

10 dB	threshold of hearing
35 dB	soft whisper
55 dB	large transformer at 200 feet
70 dB	speech at 1 foot
85 dB	pneumatic drill at 50 feet
95 dB	subway train at 20 feet
105 dB	pneumatic hammer at operator
120 dB	jet plane take off at 200 feet

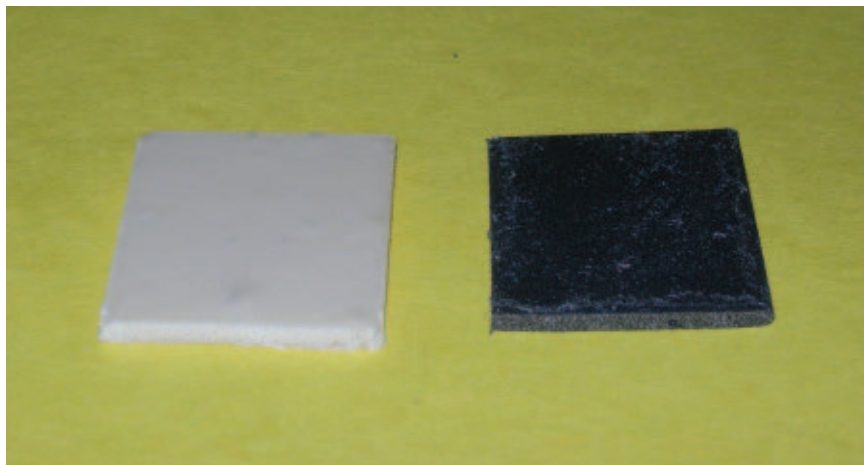
materials have the property of having a high loss modulus also known as loss factor. The higher the loss factor, the more efficient it will be in converting the vibration kinetic energy into heat. Visco-elastic damping material’s performance is temperature dependent, so the loss factor is measured over a temperature range to know at what temperature the optimal damping exists.

HOW CAN NOISE BE CONTROLLED?

With airborne noise, use materials that block or absorb noise transmission while with structure borne noise, use isolation and damping.



The thin square is barrier for blocking engine room noise while the dark square is firm foam with a barrier top used as flooring underlay.



The dark square is adhesive sheets of vibration damping material for the prop wash area, water or fuel tanks while the lighter square is similar material that can be painted onto irregular surfaces.

Also, the mounts for engines and onboard mechanical devices should be carefully chosen and maintained regularly to help isolate and damp vibrations. Engine mounts seem to be the last thing that ever gets tightened or adjusted on older boats and they can cause or solve many vibration problems.

Reflected noise can actually make an environment louder. So, if you can abate noise at the source you treat smaller areas and eliminate secondary effects.

KEY DESIGN ISSUES

Treat noise as close to the source as possible with enclosures and soft mounts

- Block the noise paths. If you can see it you can hear it
- Leave room for treatment when you layout a new boat design
- Use the right products based on your needs

Structure borne noise will travel along all rigid hard connections until it finds a sympathetic surface to radiate sound. Introduce isolation barriers where practical, on bulkheads, tank surfaces and so on.

Airborne noise will follow all air paths and then reflect off all hard services, so make sure air paths are either sealed or take "tortuous" routes where the airborne vibration must make turns. Line as much surface area as possible with sound absorbers or absorber/barri-

SOUND PERCEPTION CHART

sound level change and acoustic energy loss relative to loudness

0 dB	0% reference level
-3 dB	50% perceptible change
-10 dB	90% is half as loud
-20 dB	99% one quarter as loud
-30 dB	99.9% one eighth as loud
-40 dB	99.99% is one sixteenth as loud

er composites

Plan for acoustic materials -- leave space for treatment. Minimize equipment attached directly to bulkheads which are adjacent to occupied areas. Leave room between hulls and other structures for the application of sound absorbers and composites. Typically 3 inches of recommended clearances is the minimum

Don't over do it though. Going too thick is a waste. Get professional advice and then keep quiet! ■

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Rick Layzell and Yamaha

THE SUN IS certainly shining on Canada with high levels of employment, multi-billion-dollar government surpluses, proposed tax cuts, soaring commodity prices and in particular, oil headed towards \$100 a barrel. In truth, there has probably never been a better time to buy a new boat, especially with interest rates at their lowest level in decades.

As strong as our domestic market should be, the future is somewhat clouded by the risk of cross-border shopping, pricing disparities between the United States and Canada and the ongoing staffing challenges that many marine dealers face every day.

As part of an effort to ensure that the Canadian marine industry is prepared to excel in the future, the Canadian Marine Manufacturer's Association (CMMA) Board of Directors has recommended a significant restructuring of the organization.

Well, it's actually more than a restructuring. It's a significant redefinition of the CMMA's role, expanding to embrace a more proactive government relations thrust, increase lobbying, increase communications with members and in total, the critical goal of enhancing membership value so that all Canadian marine manufacturers will want to be members of the organization.

One of the people we believe will have the greatest impact on the future is Rick Layzell, National Manager, Marine and OPE at Yamaha Motor Canada.

Rick Layzell is also the current volunteer Chairman of the CMMA and that puts him in the hot seat for the restructuring. Of course, the entire board has voted on this, but the chairman has to stand in the spotlight.

Rick Layzell is a locally born and



educated Torontonion, avid boater and stakes his claim at his Ontario home/cottage somewhere in between Barrie & Orillia. In fact, he's an enthusiastic snowmobile, ATV and motorcycle rider as well; but it is the marine industry that has been the focus of his career. He has worked his way up the sales and marketing side of the business, propelled ahead by a personal conviction for mutual success and a passion for building partnerships.

He started off with the Canadian National Sportsman Shows, who at that

time owned both the Toronto International Boat Show and the Dockside show. Rick spent a couple of years selling for the Sportsman Shows during which time his largest account was Yamaha.

Then came the day the Sportsman Shows sold TIBS and parceled off other pieces of the organization. A restructuring followed and Layzell landed at Grew Boats in Penetang, Ontario. Grew proved to be both a fantastic learning experience and a heartbreak. Over a very short period he built relationships with

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their dealers, while taking on a broad range of responsibilities. It was exciting and challenging at the same time but financial woes overtook that company and they closed their doors in spite of having new boats on the order books. A tough time for a guy with a young family at home.

Only a few weeks after Grew closed, Rick learned of an opportunity at Yamaha, but it took him a painful six months to land the position. Clearly though, it was worth the wait.

In April '94 he became District Sales Manager for marine in South Western Ontario but barely a year into it, word of a major restructuring at Yamaha began to circulate. He expected it all to end during the May 1995 restructuring. Luckily, the call never came.

Instead, he had the good fortune of being part of Yamaha's new team. Rick's new assignment was to represent all of Yamaha's product groups in Eastern Ontario. In September of 1998, he became Regional Sales Manager for Ontario, later adding Atlantic Canada and finally in August of 2001, became National Manager of Marine and OPE. He describes himself as the quarterback for a well structured and capable team. "My success is really their success," he explained.

In that case, his team has had considerable success within the industry. Layzell claims Yamaha now holds a 32% market share for outboards which is their highest ever in Canada. With 285 outboard dealers supported by 20 field sales managers and 12 field service managers across the country, Layzell and Yamaha are plainly riding the wave of success.

He has management responsibility for, Wave Runners, Yamaha Sport Boats, G3 boats and Yamaha Power Equipment and of course outboards as well.

"Our independent OEM business has literally exploded in the last three years," Rick told us, "You would be surprised at the extent of our growth in this category. We now offer Yamaha dealers more transoms in aluminum, pontoon, fiberglass and inflatable boats than we ever have in our history. Each

of our independent OEM partners simply pre-rigs their hulls and we just drop ship the engines to the dealers. ..." While there is a package market evolving, the total Canadian market is fueled on Drop Ship OEM Partnerships which give the dealer and consumer ultimate control on the final package.

"In comparison to the American market though," Layzell continued, "Canada is still a loose engine market. There continues to be an incredibly strong re-power market because the Canadian camp and commercial markets continue to be healthy. The four stroke revolution



which now represents close to 80% of total market sales, continues to foster re-power opportunities as people re-power older boats to gain the smooth, quiet and environmentally efficient benefits of four stroke technology."

One area where both Layzell and Yamaha are determined to have even greater impact is to convince more marine professionals to take advantage of the business development resources that they (and other companies) make available.

Yamaha has always invested significant resources into dealer training programs. "We're not there to lobby the dealer for more sales," he told us, "Our purpose is to help them run their businesses more efficiently and more profitably. After four years of Dealer

Principle focused training seminars Yamaha is now launching a series of one day courses for salespeople who are working the floor. This course is going to help them assess the things that they're doing well, isolate the things that they're not doing as well, and then give them the tools to improve their own personal performance."

"Another area where we show leadership is in the Yamaha 5 Star Program. We are very pleased that over 50 Canadian dealers are now 5 Star Certified. To achieve 5 Star the dealer must first exceed Yamaha's national CSI averages, be recognized as a Master Servicing Dealer, have an in house Customer Follow Up system and maintain current financial statements with Yamaha. Tough criteria but for dealerships who can make the grade, it's well worth it. We provide these tools to our partners to help them build their business and improve their overall profitability," Layzell said.

As we closed out our interview, we asked Rick for one single, simple statement that would help to lead the industry to greater success in the coming year. He only had to think for a moment.

"Stop and plan."

"What I mean by that is that I'd like to see the dealers stop over reacting to every little bump in the road," he continued, "They need to look at every aspect of their business from the eyes of their customers and make sure that each part of the organization is exceeding every customer's expectations. I want them to stop and consider where they want their business to be, both tomorrow and in the long term. The best thing any of them can do is to stop and plan for their future success."

We expect that Rick Layzell, both in his role at Yamaha and as Chairman for what will be the new NMMA Canada, will have a lasting impact on the Canadian marine industry. Rick is a professional who brings credibility, honesty and integrity to everything he does and he has the courage to speak his mind. We feel confident in saying that this year, more people than ever will be listening carefully ■



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New Dockside Systems

for the Dartmouth Yacht Club and Marina

By Andy Adams

As every yacht club and marina can tell you, their docks and on-the-water systems are in a constant state of deterioration.

Understandably, everybody's trying to wring the last year or two out of the investment they've already made but if a senior member trips in the dark and lands in the water, or when an electrical malfunction takes place, everyone regrets that the old equipment hadn't been replaced sooner.

Boating Industry Canada contacted manager Curtis Bullock at the 40-year-old Dartmouth Yacht Club and Marina and he explained that they had "special help" in making their decision to go ahead with new systems. "Hurricane Juan wiped it all out," Bullock told us, "We had been looking to upgrade our systems anyway, but Juan forced our hand."

"The Dartmouth Yacht Club and Marina serves 400 members with approximately 300 boats, 200 of them in the water in slips," Bullock explained, "It was all devastated in October by hurricane Juan but we were back to normal by June and were very pleased with the results."

The facility he manages is the largest in Eastern Canada and it had always offered dockside power but they wanted new systems that would deliver 20 or 30 amps, with water and internal lighting for each slip.

The old systems were out of date and used an unusual light bulb that was difficult to replace, plus other parts were no longer available when things broke.

Based on their past experience, Curtis Bullock explained that they were focusing on longevity, ease of maintenance and future availability of repair or replacement parts for any new system. Then, they determined that new boats



needed more and more power, so their goal was to be able to deliver 50 amps.

When Hurricane Juan swept through, it took out all the docks, hoses, wiring and fittings, so the Dartmouth Yacht Club and Marina got to start with a clean sheet of paper. After reviewing what was available on the market, it was decided that the "Lighthouse" standards from Marina Power by Eaton Corporation had the features they were looking for.

Curtis Bullock told us, "The lights deliver very nice illumination at night. They use a small fluorescent bulb through lenses and it results in both a nice look and a higher degree of safety too. These light standards look like little lighthouses. They are very attractive and they also have a matching larger version that contains a fire extinguisher and life ring. We positioned these strategically around the docks. If someone uses the fire extinguisher or the life ring, a flashing red light goes off and an alarm sounds to attract more help. We really liked that."

"We chose docks manufactured in

Montréal; full floating permanent types with a pressure treated wooden deck on steel with plastic pads and wooden side trim. For service, there is a central access point down the main trunk. You can simply remove the deck to reach the wiring and water systems. Also, because the Lighthouse standards are relatively compact, on our 6' main docks, we had space for a wheel cart to safely go down," he said.

"Another thing we liked was that there is a place in the bottom of each light standard to add an extra 30 amps of power by simply taking a tee off the main trunk," Bullock told us.

Curtis Bullock concluded by saying, "We really liked the white plastic finish. We think that's going to stand up well in the weather and our saltwater environment. Overall, although it wasn't an inexpensive system, we felt that we had the product that would give us the best bang for the buck in the long-term. But, the most important thing is that we have created a safer and more comfortable environment for people using the yacht club and marina."

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[MANAGEMENT-CURRENCY]

Take the “Managed Risk Approach™” to Currency Exchange



The size of the individual transactions and the slow speed with which orders come in and deals close, makes big boat sales (new or brokerage) a risky place to do business. Lately, dramatic currency fluctuations have caught some dealers and brokers out badly. Adding to the volatility in currency exchanges between the US and Canada, more and more Canadian companies are actively seeking to do business in Europe, Asia and beyond.

Boating Industry Canada invited Henk VandenEnde of Jameson International to explain how dealers can protect themselves and maybe even profit, from currency exchange fluctuations – Ed

On any business day, more than 2.5 trillion dollars changes hands on the global foreign exchange (FX) market, the largest and most liquid financial market in the world.

It's a staggering figure that dramatically illustrates the enormous impact that fluctuating currency markets have on the global business community. No one is immune to market fluctuations – especially enterprises that service a cross-border customer base or who deal in high value items such as pleasure craft.

Few individuals in the yacht business have the expertise to effectively navigate the perilous waters of foreign exchange. For help, we encourage business people to turn to the professionals who help corporate clients make the kind of foreign exchange decisions that can work wonders.

A strengthening Canadian dollar and a weakening U.S. greenback have radically altered how yachts and pleasure crafts are priced and sold, but professional currency traders can develop a strategy to minimize your exchange fluctuation risk.

Many purchasers of large ticket vessels (most of which

involve international exchange), get so caught up in the excitement that they may overlook the implications of the foreign exchange component and may end up paying both a penalty for not watching the market, plus a hefty commission to their bank for exchanging the funds.

Instead, Jameson's traders guide their clients through a process known as The Managed Risk Approach™. During consultations, the client's foreign exchange profile is determined. A customized plan to manage the FX risk is developed, and the appropriate risk management tools are used to manage customers' FX exposures. As the relationship between a trader and a client develops, the trader monitors the success and reports the quantifiable savings back to the client.

4 KEY ITEMS FOR YOUR CURRENCY TOOL KIT:

1. Orders: determine an exchange rate that fits your situation, then place an order to either buy or sell, affording you the opportunity to capture your price

point the moment the market gets there. Currency markets move 24 hrs a day and often good rates are missed through the nighttime hours or on weekends.

2. Stop Loss and Rolling Stop Loss: This tool insures your bottom line, bolting down your worst case exchange rate. It and should be continually and carefully monitored and adjusted. Taking it one step farther, a rolling stop loss will follow the market should it move in the right direction, generating profit as the market moves in your favour.

3. Forward Contracts: Allows you to lock in an exchange rate over a predetermined period of time. If you wish, you may enter into a Window Delivery Forward which allows you take portions of the money as it is needed.

4. Market Watch Service: Jameson's traders are in constant communication with global traders and are experienced in understanding the implications of geo-political events and how they impact currency rates. A timely call to you from our traders is often the differ-

ence companies need to lock-in their profitability and competitiveness. Imagine if you got a call that allows you to buy currency at a rate far better than your competitor!

Availability is another key consideration. You need a trader who is just a phone call away and who is fully equipped to hear, understand and make sense of your needs. Instead of being buffeted about by the winds of change, take control.

Jameson International is a Toronto-based firm with branch offices in Calgary, London, Ottawa and Montreal. Jameson serves an almost limitless range of companies including aerospace, mining, oilfield service and supply companies, travel agencies, logistics, machinists, consulting engineers and real estate companies, to name a few. ■

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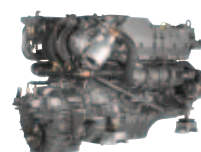
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Introduction: It is not always easy to know which companies are owned or operated by your countrymen here in Canada but sometimes it pays real dividends to deal with people who are nearby, on your side of the border and who do their transactions in the same Canadian dollars.

Here are three Canadian marine industry businesses you could be working with:

Captain Phab – Marine and Recreational Care Products



An endearing Canadian marine success story is the Captain Phab line of marine care products including cleaners, polishes, sealants, fuel stabilizer, fogging oil and lubricants; many with the Terra Choice label.

There are more than 40 products in all, available through distributors across Canada. The Captain Phab organization was founded by Abe Kelly, who did much of the original research and product development. Recently though, Craig Willoughby has bought the business and is building on the success of

Captain Phab. To begin with, Willoughby has 25 years of chemical industry experience, and it was his goal to raise the bar with these products by gaining official Terra Choice certification.

Terra Choice sets standards for quality and formulations for toxic and biodegradable features. These standards are applied and audited to ensure consumers that they are getting products that are truly environmentally friendly.

Consumers should look for the Terra Choice (Environmental Choice) labels before choosing products for our sensitive marine environment.

Making it easier for consumers to spot, the new Captain Phab packaging features the Terra Choice logo. Boating Industry Canada interviewed Craig Willoughby about the products.

“The most important thing is that some environmentally friendly products are weak, so we worked very hard to ensure that Captain Phab is effective, as well as being environmentally friendly. Such effectiveness can be difficult to achieve. For example, the Captain Phab holding tank treatment is effective at its job, and yet it has to be compatible with the Marina’s own septic systems, so that the treatment doesn’t kill the good bacteria in the marina’s septic system.”

“Another example is the newly introduced Captain Phab hull and bottom cleaner. It really strips off the algae and yet it won’t rust your trailer; it is user friendly and non-corrosive,” Willoughby told us.

The Captain Phab line is manufactured in Canada and all new point-of-sale display materials have been developed to go with the new Terra Choice label packaging.

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MAS Precision Plastics Inc.



This is a demo tank with the sides cut away to show the unusual shapes, welded construction and top collar for an O-ring fitting.

A better tank is a better deal. Canadian company MAS Precision Plastics works in a wide range of materials but in particular, they have recently gained notoriety for their custom

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welded plastic tanks made from a high molecular weight plastic material that is tough, resilient and can handle a wide range of temperatures.

Not many people drive 10-year-old cars or trucks but lots of older boats are still highly functional and cruising at age 10 and even 20.

The shocking news is that the fuel system hoses and fittings on many boats have a life expectancy of 10 years. The boat may be out of warranty but it's far from being scrapped and it's far from being safe.

Compounding that problem is that too many builders build their boats around the tanks, effectively sealing them in under floors or decks. MAS Precision Plastics can tackle a wide range of OEM and retrofit tasks by designing and custom building tanks, hatchways, windows, windshields, galley components and more.

Their new plastic tanks are worth a special explanation. Both holding tanks and water tanks have recently come under pressure — literally.

In the case of holding tanks, more and more tanks are failing due to the high vacuum created by pump out equipment as the tank is emptied. High vacuum causes the tank sides and fittings to collapse inwards, flexing and sometimes developing spider cracks and leaks.

This flexing can result in a foul odor in the boat. The worst-case scenario is a tank failure that fills the bilge with sewage.

A new or replacement tank in high molecular weight welded plastic with replaceable O-ring fittings far better withstands pump out pressures. MAS can custom fabricate a new tank to fit in most boats. It will probably be more expensive than the tank it replaces but that only amounts to a few hundred dollars. What is it worth to keep the sewage contained?

Custom fabrication can be particularly valuable in the case of onboard water tanks. Again old tanks are failing because new marina systems deliver water pressure at 30 to 60 PSI. Old-style flat sided tanks can flex and fail. Again, the special material and better quality fittings can bring the freshwater system back up to specifications. A neat idea for retrofitting a tank that MAS Precision Plastics has done, is to create a vertical tubular tank that could be placed in the head or a nearby locker either replacing, or substantially increasing freshwater capacity.

To learn more about the special materials available or their line of products contact MAS Precision Plastics Inc. at 1-800-648-8433 or e-mail: elliso@masplastics.com

Mariner's Choice - New Canadian Fuel Products

We recently had the privilege of interviewing John Shane, Senior Technical Adviser to Mariner's Choice about their new line of fuel products. Shane explained to Boating Industry Canada that the recent addition of ethanol into gasoline and the reduction in sulfur in diesel, pose a significant problem for marine use.

John Shane is behind the creation of the proprietary formula that uniquely positions MC-Marine products in the fuel

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additives market. Shane founded Shellbourne Fuels Inc., which manufactures this line of fuel additives and he has an exclusive joint venture agreement with Mariner's Choice to offer this marine line. Shane's company has a family of four different fuel catalyst products; MC-Marine Gas #1 Extreme, MC-Marine Diesel Purity, and MC-Marine 2-Cycle Oil Alternative, plus a fourth

product to be used with bunker fuel. They all provide significant cost savings and environmental benefits.

Currently, regular gasoline contains up to 10% ethanol alcohol that can absorb water, causing performance losses and in extreme cases, phased separation, potentially disabling an engine. A recent presentation from the US Environmental Protection Agency (EPA) suggested that



These are the new Canadian-made Mariner's Choice Fuel products to enhance engine performance and longevity.

there could be up to 20% ethanol in gasoline in the foreseeable future. This increased ethanol level will leave all existing engines in need of fuel enhancers, such as the MC-Marine products.

Shane explained that a catalyst is different from a simple fuel additive. A catalyst chemically modifies the molecules in the fuel. With Gas #1 Extreme, the engine performance and fuel consumption are significantly improved. The Diesel Purity product reduces friction and restores lubricity that has been lost with the new low sulfur levels. Diesel Purity has evaporators, which replace lost cetane, fuel conditioners to help clean the fuel, plus a microbial biocide which is essential for marine use. 2-Cycle Oil Alternative has an added booster and altered chemistry to ensure that the oil burns at the same temperature as the gasoline, resulting in no smoke. Consistent use of these products can reduce emissions up to 80%. These products are marketed in special HDPE material, flourinated Category 4 to safely handle the active ingredients. MC-Marine products are "combustible", and not flammable or explosive, which make them safe for transporting and storing.

These new Mariner's Choice fuel catalyst products are unique in that they are the first products of their type to be registered with the EPA under 40 CFR 79.23212720003. Mariner's Choice products provide eco-safe solutions through leading edge technologies.

For further information, contact Mariner's Choice: 416-238-3510 or visit www.marinerschoice.net

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Philbrook's Boatyard

Dying Breed - A Successful Boatyard for Large Yachts.

BOATING INDUSTRY CANADA traveled to Sidney, British Columbia to meet with Drew Irwin, who along with his father Harold, own Philbrook's Boatyard, adjacent to the Van Isle Marina.

They are in an excellent harbour, well located to one of the most beautiful cruising grounds in the world. The North West offers a lifetime of new places to go and attracts yachtsmen from around the globe, particularly from Washington, Oregon and California. Drew said at present, 60% of his business was with US owners.

They build custom yachts and get a commission every two or three years but now, 98% of their business is repair and refit...some of it renovation or full restorations.



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The award was presented to Alan Stovell, Gary Sutherland and John Osborn by Harken's founders Peter Harken and Olaf Harken and Giampaolo Spera, Harken Italy's managing director.

[REPAIR AND REFIT]

What makes Philbrook's unique is their ability to bring a yacht indoors (depending on height and beam) up to 120 feet in length. They do work on yachts up to 200 feet in the water. A long break wall has space for several mega yachts.

US moorage is becoming more costly and less available up the west coast just as it is in Florida, so Canada continues to do fairly well with American owners.

Drew told us that the yard was started by Eric Philbrook in the early 1950s in Victoria and moved to Sydney a little later. It was sold in 1968/70. The new owners did service and built sail boats and fishing boats, but then the business crashed in the late 1970s.

At that time, new owners came in again and did a lot of new construction getting up to 160 employees but they retired in 1987 and Drew and his father learned the business was for sale. His father was vacationing in the area in September of 1987. He certainly knew how to run a business, and he and Drew decided to buy Philbrook's. Harold Irwin is 70 this year. They continue to run Philbrook's with no signs of slowing down. And, although we only enjoyed a brief visit to the business with Drew, we were impressed with how obviously well suited he was to the task.

With a broad smile and a warm handshake, Drew moves through the yard talking to the employees, coming up to date on the various projects and greeting customers with warmth and personal attention at every step of the way.

Perhaps the biggest challenge in running a boatyard like Philbrook's is the fact that the truly wealthy owners of large yachts can be a fickle group. Their problem is less financial and more a matter of time constraints. Because of other commitments either for business or pleasure, there are seasons when multimillion dollar yachts simply don't get launched or used. Also, when one sector of the economy is hot, they may put their energies into taking advantage of that.

Reading the market forces sometimes requires a bit of pretzel logic. For example, while many marine business people are concerned about the housing market



The Philbrooks team is building a new hardtop for a yacht. To get the curvature right, they built a curved surface to mold the part over.

meltdown in the United States and the implications it has for the general boating market, Drew Irwin sees this as a positive for yacht ownership and Philbrook's.

Why? Because the US housing market has been really hot and that has

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drawn the attention of many of his clients. Instead of going cruising, they have been building luxurious new properties or renovating old ones. His take on it is that these people have sufficient personal wherewithal that when the housing market cools, instead of being hurt, they will come back to yachting in bigger numbers.

The wisdom and understanding to be able to read the market and anticipate the future is a pretty impressive trick.



The Philbrooks yard is a maze of shops, each set up for specific tasks. This is a wood fabrication shop.

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Less complicated is the business formula for financial success.

"We work on time and materials," said Drew. "I've seen yards tank on projects on a flat rate basis, only to find that owner changes or unexpected problems left them in a loss position. When all is said and done, time and materials is a fair way to do things. It ensures that the owner can get what he wants, while the yard is fairly compensated for the work that they do. At the end of the project, everybody is happy. I realize that not every owner wants to take on a time and materials project but for us, it's best."

So that's really the nugget; time and materials.

Sounds simple but it is not. There are few yards like Philbrook's left now. In fact, Drew thinks that there may be only about 30 big yards left in North America.

As he explained to Boating Industry Canada, "The theory was that when the .com crash happened, those winnings had been funding the boat market. When the crash hit, the money was diverted into real estate and recreational properties."

We asked him how that impacted today's marine technician skills shortages. He explained that from 1997 to 2002 or 2003, there was a huge ramp-up in sales and Philbrook's reached 180 employees.

"Things had been doubling every 6 months. We were building yachts, doing repairs...Seattle was really hot," Drew said. "Then in 2002/2003, we lost 60%

of our revenue. There was the Homeland Security situation, fuel prices rose significantly and we had bad weather as well. We had some bad years and many people had to be laid off."

He added, "Now things are already coming back. We have seen the cycle before. As the housing market cools, the boats will come back. We will go for measured growth."

Riding the "ups" is great but managing the "downs" is never easy.

Running a successful boatyard requires a multitude of talents. It also helps to be well-connected.

Drew sits on three different boards of directors; the British Columbia Yacht Builders Association, Quadrant Marine Institute and the West Coast Boatyard Association.

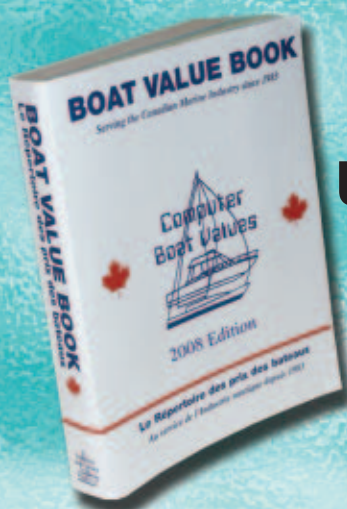
We asked him his opinion about the current shortage of marine technicians. Quadrant Marine Institute has a very successful marine technician program on the go now and their goal is a new



apprentice program and they are looking for government funding.

Reflecting a common-sense approach, Drew said, "Finding people

Other space is under canvas out on the docks. The sheltered and quiet harbour with the mild Vancouver Island climate allows the crew to work on yachts like this big old Chris'.



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who are interested is the important thing. Also, we see more independent people on the docks now doing specific things and that can work. Right now, we need people and with a rising market there should be good opportunities in the coming seasons."

While other yards sometimes struggle with the economic ups and downs, Philbrook's may be a dying breed in some ways but with a great location, facilities for yachts from 42 to 200 feet and an ability to find and keep the skilled people he needs, we expect Philbrook's to continue to prosper. ■

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URGENT! BRILLIANT PR CAMPAIGN Needed to Rescue 2008 Boat Sales

AS EDITOR OF *Boating Industry Canada* magazine, I'm taking the Forum column myself this month to try and help raise awareness and stimulate action to resolve what I see as a critical barrier to 2008 new boat sales.

I'm writing this on November 4, following several weeks of mass media coverage detailing the sometimes shocking disparities in prices between Canada and the US on similar goods.

Historically, Canadians have faced higher prices on many items and we have generally accepted this as a result of the exchange rate, higher taxes and higher costs in Canada.

Then came the dramatic rise of the Canadian dollar against the US dollar, starting almost two years ago and culminating this week on November 3rd when the Canadian dollar set a postwar record high against the US dollar of over \$1.07.

It has been a disaster for Canadian manufacturers, especially boat builders but this newfound spending power has been enthusiastically received by members of the Canadian public, the vast majority of whom live in communities a short distance from the American border.

Cross-border shopping is nothing new for Canadians [or Americans for that matter when their dollar was so strong] so, in recent weeks, retailers have responded quickly by dropping Canadian prices.

Major retailers like Zellers, Wal-Mart and others have begun advertising campaigns that offer "US Pricing" or advertise "Dramatic Price Reductions". The public is very aware of how much farther the Canadian dollar now goes. Remember that.

Next - The most shocking price disparities are in the car business. For easy-to-find examples, just go to the internet. I looked at www.honda.ca

The newly announced 2008 Honda Accord, manufactured in Ohio, in the luxurious EX-L V6 version has an MSRP on Honda Canada's web site of \$34,990 plus an inescapable \$1390 in freight and predelivery expense.

The US site at www.honda.com shows the identical new Accord EX-L V6 with an American MSRP of \$28,060 plus \$630 freight and predelivery expense. The difference in MSRP

is \$6,930. That's a lot, but when you add in the Canadian freight and predelivery expense, which is more than double what's charged in the United States, then add in the impact of additional taxes on the higher Canadian price, we come out with a final difference of \$8,760.90.

The car companies cannot drop new prices because of their leased inventory which may represent perhaps 30% to over 50% of their "sales" for the past 4 years. Any movement to drop Canadian new car prices will destroy those residual values and using our Accord as an example, the new US car starts off more than 25% lower than the Canadian. Imagine the losses! That is why you will not see a head-on PR blitz by the car companies any time soon.

Imagine the anger Canadians feel when they hear about these stories. Now...I believe that many people see a car and a boat as being similar types of purchases so, why would they assume the boat builders ARE NOT gouging them by 25% the way the car companies have apparently been doing?

You and I know many boat companies have priced in US dollars for a long time and that their prices were the same on both sides of the border. But, do consumers realize this?

Our Canadian economy should deliver hot sales at the boat shows this winter. However, if consumers believe they are being treated unfairly, I believe the "Canadian" reaction will be to withhold their purchase.

No one NEEDS a new boat. No one will buy one if they worry that their new purchase will suddenly drop in value with a future manufacturer's price reduction or that their neighbour got theirs at 25% less by buying in the US.

I'm encouraged to see that the OMOA plans to address this issue at their Conference December 2-5 but by then, the Toronto International Boat Show will only be six weeks away.

Plainly, the need for a brilliant PR campaign is urgent and it needs to go into the mass media now. This is a clear example of the need for a powerful industry association who can speak up for the Canadian marine industry. ■



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