

## Business forced to abandon Sask. headquarters

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Saskatchewan may be "the best place to live, work and raise a family," as the latest provincial promotional campaign enthuses, but it may not be the best place to run an import/export business.

That's especially true when the imports involve food that is going to be exported to the U.S.

That is the reluctant conclusion of Sanjay Gupta, who has found that running his Tea Connexions business from a warehouse in north Saskatoon has become increasingly unworkable when most of his customers are in the United States.



CREDIT: Gord Waldner, The StarPhoenix  
 Saskatoon business owner Sanjay Gupta is moving his Tea Connexions business to Ontario

Gupta started Tea Connexions in 1997, after a trip to India inspired the University of Saskatchewan history major to build a business based on importing Darjeeling teas, using the slogan Gourmet Teas Beautifully Packaged. On that same trip to India, he also met Suruchi, the woman who would become his bride and business partner.

After starting Tea Connexions, he found the best marketing channel was small distributors in the U.S. who established home-based businesses to sell the high-end packaged teas. Gupta calls them his "teapreneurs."

In recent years, shipping small quantities of specialty food items to the U.S. has become burdensome in the wake of new rules and charges imposed by the Food and Drug Administration (FDA) after 9/11. In 2002, the U.S. passed a law to battle "bio-terrorism," which meant that a shipper of a food product to the U.S. had to give the FDA "prior notice" of the product and its contents.

"Even an order that was less than \$200 was subject to an FDA fee and, essentially, it's a revenue grab by the U.S. government," Gupta said.

At first, the exchange rate difference between Canada and the U.S. meant Tea

Connexions could absorb some of the new regulatory costs, but Gupta says revenues were clearly declining for his business in 2005 and 2006 as the two currencies came closer.

"I tried to stay here. I really had this dream of having our corporate headquarters based out of Saskatoon," he said.

Reluctantly, Gupta decided he would need to move his business to a city close to the U.S. border. This week, he announced to his customers in his online newsletter that he and his family are moving Tea Connexions to Kingston, Ont. At the same time, he is also opening a warehouse across the St. Lawrence river in nearby Watertown, N.Y., where the packaged teas will be imported directly from the suppliers in India.

Kent Smith-Windsor, executive director of the Greater Saskatoon Chamber of Commerce, says it's unfortunate when regulatory hurdles make it difficult to operate here. He says small companies in the functional food and nutraceutical sectors in Saskatchewan have faced the same regulatory issues in shipping to the U.S. and sometimes it's "just easier to do work in the U.S."

Gupta was born and raised in Saskatoon. He says the one thing he didn't want to give up was his Canadian citizenship in his search for a better location.

"I have a son who (was) born in Saskatchewan. I decided I wanted my children to be born in Canada and be Canadian citizens," he said.

By having a U.S. warehouse, his shipping, brokerage and customs costs will be slashed by 60 per cent. As well, he will be within driving distance of three to four international airports. Gupta says he did 100 days of travelling for the company last year and the trip just from Saskatoon to Toronto to connect with an international flight would often consume the better part of a day.

Once he gets re-established in Kingston with the New York warehouse, Gupta says Tea Connexions should be able to get its momentum back. He sees the potential for exponential growth.

"Americans really value the fact that you are setting up your own warehouse in the States," he said. "When they place an order, they want it right away."

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