



INVEST IN
CANADA



Government of Canada
Gouvernement du Canada

Canada

CANADA: YOUR GATEWAY TO

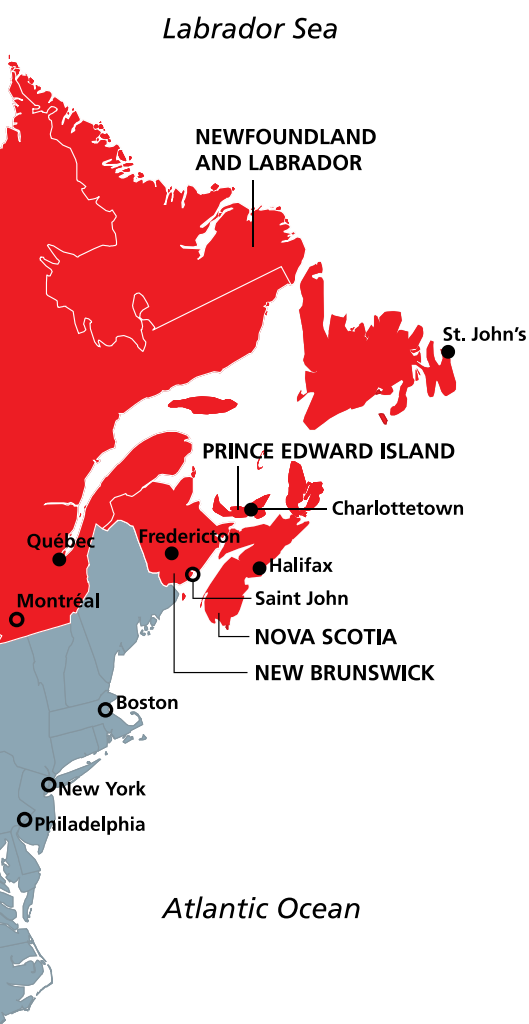


NORTH AMERICA AND THE WORLD



*THROUGH NAFTA,
INVESTORS IN CANADA GAIN
PREFERENTIAL ACCESS TO A
CONTINENTAL MARKET OF
US\$20 TRILLION (GDP)
WITH OVER 480 MILLION
CONSUMERS*

*EACH DAY, MORE THAN
US\$2.0 BILLION WORTH OF
TRADE CROSSES THE
CANADA-U.S. BORDER*



KEY FACTS ABOUT CANADA (2015)

Population	35.9 million
GDP	\$1.983 trillion
GDP per capita	\$55,319
Exports of goods and services	\$625.4 billion
Imports of goods and services	\$671.2 billion
Consumer price inflation	1.1%
Stock of Foreign Direct Investment in Canada	\$768.5 billion
Stock of Canadian Direct Investment Abroad	\$1,005.2 billion

Sources: Statistics Canada and International Monetary Fund.
Daily trade between Canada and the U.S. based on a 5 years average.

 **INVEST IN
CANADA**





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MINISTER'S MESSAGE

CANADA'S PERFORMANCE, STABILITY AND INNOVATION: A WINNING COMBINATION FOR FOREIGN INVESTORS

As Canada's Minister of International Trade, it gives me great pleasure to introduce the 2016-2017 edition of the Invest in Canada report. In reading this report, you will see why Canada is a top destination for global investors looking for an innovative and growing economy that delivers secure returns.

With our progressive international and domestic policies, there has never been a better time to invest in Canada. Our \$120 billion infrastructure plan, ambitious innovation agenda and progressive social policies offer investors a stable and growing economy, predictability for businesses and high quality of life for their employees. With our strong commitment to trade, highly skilled talent pool, solid banking and financial system, and low taxes, Canada is a top destination choice for investments.

This year, KPMG rated Canada as the most cost-competitive G7 country in which to do business, with a 14.6% cost advantage over the United States. Canada's average business costs compared to the U.S. are even lower in knowledge-based areas, at 27.7% in R&D Services and 26% in Digital Services.

In addition, Canada's unmatched access to key global markets makes it an excellent platform for plugging into global value chains. As a partner in the North American Free Trade Agreement, Canada enjoys preferential access to the entire North American market, with a combined GDP of over US\$20 trillion and more than 480 million consumers. With the upcoming Canada-European Union Comprehensive Economic and Trade Agreement (CETA), investors will have access to an additional 500 million consumers and a GDP of US\$17 trillion. Moreover, Canadian-based companies have preferential access to numerous markets in Asia and Latin America through numerous free trade agreements.



In this report, you will learn more about our key strategic sectors such as life sciences, creative industries, technology, financial services and advanced manufacturing. To meet some of our investors and learn more about how you too can benefit from Canada's business environment, I invite you to read the following pages and visit investincanada.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Freeland'.

The Honourable Chrystia Freeland
Minister of International Trade

WHERE YOU CAN COUNT ON US

AN OUTSTANDING OUTREACH AND ASSISTANCE NETWORK

Our global network of investment and trade professionals operates in more than 161 cities worldwide, and you can count on us to assist you in finding the next location, in Canada, for your business. Start exploring all that this country has to offer at www.investincanada.com. For further information, please contact our specialists at your local Canadian Embassy, High Commission or Consulate.



CONFIDENTIAL SERVICES FOR OUR CLIENTS

Whether your company plans to establish its own operations in Canada or seeks a Canadian partner to gain a base here for access to North American markets, this country is where you must do business.

Invest in Canada can provide the information and contacts you need to make successful investments in Canada. Comprehensive, confidential and free of charge, our services for investors include:

- Assistance in developing a business case for your next investment decision
- Information and advice on doing business in Canada
- Strategic market intelligence on your specific sector
- Pathfinding for key government contacts engaged in supporting investments in Canada
- Referrals to investment support professionals
- Site visit facilitation, to help you identify a location for your operations
















WHERE YOU CAN COUNT ON OUR PARTNERS

LET OUR PROVINCIAL, TERRITORIAL AND MUNICIPAL PARTNERS HELP YOU

Invest in Canada works closely with partners across Canada to deliver the market intelligence, connections and support that foreign investors need to identify and capitalize on investment opportunities.

Canada's provincial, territorial and municipal investment promotion organizations span the country, and are ready to facilitate your company's investments at the local level.

PROVINCIAL AND TERRITORIAL INVESTMENT PROMOTION SERVICES

	ALBERTA albertacanada.com
	BRITISH COLUMBIA britishcolumbia.ca
	MANITOBA investinmanitoba.ca
	NEW BRUNSWICK onbcanada.ca
	NEWFOUNDLAND AND LABRADOR btcrd.gov.nl.ca
	NORTHWEST TERRITORIES investnwt.com
	NOVA SCOTIA novascotiabusines.com
	NUNAVUT edt.gov.nu.ca
	ONTARIO investinontario.com
	PRINCE EDWARD ISLAND investpei.com
	QUEBEC investquebec.com
	SASKATCHEWAN saskatchewan.ca
	YUKON investyukon.com

MUNICIPAL INVESTMENT PROMOTION SERVICES



Canada's large cities are working together to welcome you. The Consider Canada City Alliance represents Canada's largest

cities, and provides investors with the expertise and knowledge needed for success in Canada.

TORONTO	torontoglobal.ca
GREATER MONTRÉAL	montrealinternational.com
VANCOUVER	vancouvereconomic.com
OTTAWA	investottawa.ca
CALGARY	calgaryeconomicdevelopment.com
EDMONTON	edmonton.ca
WATERLOO REGION	wredc.ca
QUEBEC CITY	quebecinternational.ca
WINNIPEG	economicdevelopmentwinnipeg.com
LONDON	ledc.com
HALIFAX	halifaxpartnership.com
SASKATOON	sreda.com

PHOTOS ON PAGE 11:

TOP ROW:

A full house at the Canada Investment and Innovation Forum, Shanghai, March 2015.

SECOND ROW (LEFT TO RIGHT):

Peter McGovern, Ambassador of Canada to Italy, speaking at the World Business Forum Milano, Milan, November 2015.

A panel discussion on Canada-Taiwan investment and innovation partnership opportunities, Canadian Assistive Robotics Summit, Taipei, April 2016.

John Murray, former Deputy Governor of the Bank of Canada, speaking at the Global Business Leaders Series, Tokyo, February 2014.

THIRD ROW (LEFT TO RIGHT):

Richard Alvarez, former President and CEO of Canada Health Infoway and Senior Fellow, C.D. Howe Institute, speaking at Doing Business in Canada, Manchester, November 2014.

An investment matchmaking session in progress between Canadian cities and Chinese business executives, Canada Investment and Innovation Forum, Shanghai, March 2015.

(left) Neil Reeder, Ambassador of Canada to the Republic of the Philippines, and (right) Michel Bélanger, Senior Trade Commissioner, with a Royal Canadian Mountie at the APEC CEO Summit, November 2015.

WHERE MEETING YOU INSPIRES US





WHERE YOU GET GREAT VALUE

CANADA'S KEY VALUE PROPOSITIONS FOR
FOREIGN INVESTORS

THE HEART OF CANADA: THE TOTEM POLE, AN ARTISTIC TRADITION OF CANADA'S INDIGENOUS PEOPLES, REPRESENTS CHARACTERS AND STORIES, AND SERVES TO WELCOME VISITORS. THIS FUNCTION—WELCOMING GUESTS—MIRRORS CANADA'S WELCOMING ATMOSPHERE TO FOREIGN INVESTORS.



BEST BUSINESS ENVIRONMENT IN THE G20

Global investors looking for a top-performing economy in which to locate their plants and operations will find ample proof-points in Canada's rankings among the G20 economies. Recent rankings from both *Forbes*¹ and *Bloomberg*² place Canada as the best country in the G20 for establishing business operations.

Canada also stands at #1 in the G7 and among G20 countries on a number of other global rankings. According to the Economist Intelligence Unit, Canada ranks 1st in the G20 for doing business over the five-year period from 2016-2020.³ Canada also holds the distinction of being the easiest location in the G20 to start a business,⁴ requiring only two procedures and less than two days, according to the World Bank.⁵

Canada's high global rankings are indicative of a world-class business environment and instill confidence in investors that they will realize healthy returns. On a per-capita basis, Canada was the largest recipient of Foreign Direct Investment (FDI) in the G7 in the last five years (2010 to 2014)⁶ and Canada's growth in total investment was the strongest in the G7 over the past 15 years.⁷

Choose Canada for the next site of your company's operations—you will find a thriving location for business growth based on a world-class, investor-friendly business environment.

1 Forbes.com LLC. *Best Countries for Business 2015*.

2 Bloomberg L.P. *Best Countries for Business 2014*.

3 Economist Intelligence Unit. *ViewsWire, Business Environment Rankings, 2016*.

4 World Bank Group. *Doing Business 2016: Measuring Regulatory Quality and Efficiency*, p. 193.

5 Ibid.

6 United Nations Conference on Trade and Development, UNCTADstat.

7 Calculations based on OECD's *Economic Outlook*. No. 98, November 2015.

#1 COUNTRY IN THE WORLD TO HEADQUARTER A CORPORATION IN 2016

according to U.S. News, based on an online survey of over 4,500 business decision-makers, conducted by BAV Consulting and WPP plc¹

#1 COUNTRY IN THE G20 FOR DOING BUSINESS

according to Bloomberg, based on six key factors, including: degree of economic integration, cost of setting up a business, labour and material costs, and cost of moving goods²

#1 COUNTRY IN THE G20 TO START A BUSINESS

according to the World Bank Group³

#1 COUNTRY IN THE G7 FOR ECONOMIC GROWTH OVER THE PAST DECADE

according to the OECD⁴

#1 COST-COMPETITIVE ECONOMY IN THE G7

according to global accounting firm KPMG⁵

#1 COUNTRY IN THE G7 FOR QUALITY OF LIFE

according to the OECD⁶

1 Deidre McPhillips. U.S. News, BAV Consulting and WPP plc. "Best Countries to Headquarter a Corporation. Business decision-makers weigh in on where they would like to bring their businesses and families."

2 Bloomberg L.P. *Best Countries for Business 2014*.

3 World Bank Group. *Doing Business 2015: Going Beyond Efficiency*. p.177.

4 Calculations based on the OECD's *Economic Outlook*. No. 98, November 2015.

5 KPMG. *Competitive Alternatives 2016*.

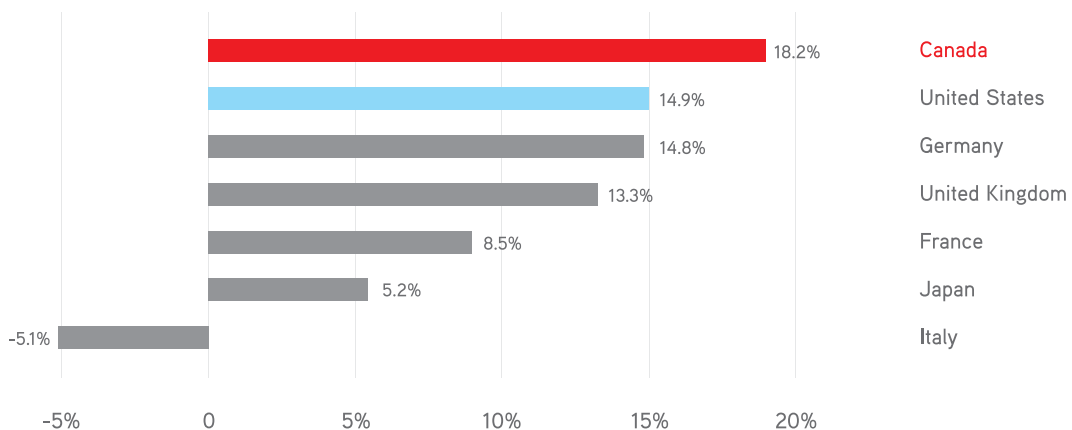
6 OECD. *Better Life Index 2015*.

BEST PERFORMING ECONOMY IN THE G7

In the midst of continuing economic turmoil, global investors looking for a stable and resilient home for their new and expanding businesses have found the answer in Canada. Over the past decade, this country's world-class economy has proven to be one of the most resilient in the world: Canada consistently outranks its G7 peers in long-term economic growth, with a full 330-basis-point lead over the next-fastest-growing G7 economy (the United States).¹ Canada also posted the second-highest business investment and second-highest employment growth in the G7 from 2006 to 2015,² and our economy has fully recouped more than all of the output and jobs lost during the global recession, with over 1.3 million full-time jobs created in the private sector.³

Canada's high-performance economy is anchored by a diversified resource base, leading-edge innovation clusters, competitive business costs, a corporate tax environment that is one of the most competitive in the G20, and one of the most stable financial sectors in the world. Canada's banking system has been ranked by the World Economic Forum as one of the soundest in the world for eight consecutive years, and *Global Finance* magazine ranks six major Canadian banks among the ten safest banks in North America.⁴

CUMULATIVE REAL GDP GROWTH IN G7 COUNTRIES, 2006-2015



Calculations based on OECD's *Economic Outlook*, No. 98, November 2015.

1 Calculations based on the OECD's *Economic Outlook*, No. 98, November 2015.

2 OECD *Economic Outlook*, No. 98, November 2015.

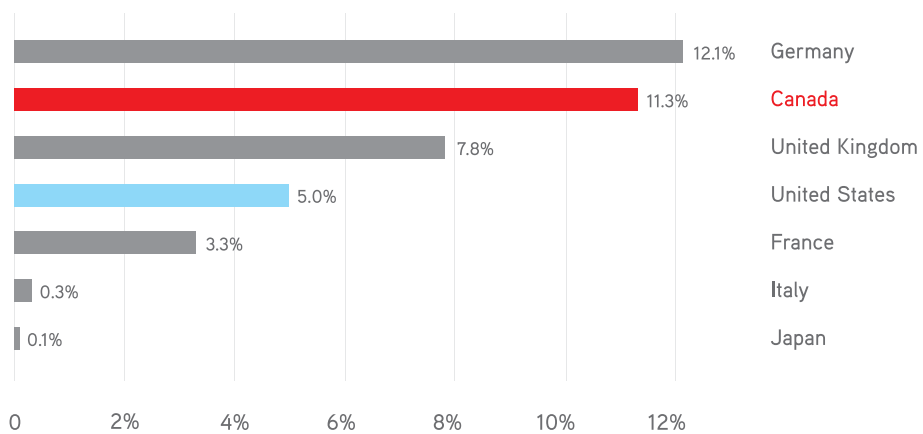
3 Department of Finance Canada. *The Federal Budget 2015*.

4 Global Finance. *Safest Bank Award 2015*.



TORONTO'S BUSINESS DISTRICT, HOME TO THE TORONTO STOCK EXCHANGE. AS OF FEBRUARY 2015, THE TORONTO STOCK EXCHANGE WAS RANKED 2ND IN THE WORLD BY NUMBER OF LISTED COMPANIES AND 2ND IN NORTH AMERICA BY NUMBER OF TECHNOLOGY COMPANIES LISTED.¹

CUMULATIVE EMPLOYMENT GROWTH IN G7 COUNTRIES, 2006-2015



Calculations based on OECD's *Economic Outlook*, No. 98, November 2015.

¹ Invest Toronto. *Invest to Succeed*.

MOST COST-COMPETITIVE ECONOMY IN THE G7

As one of the leading economies worldwide, Canada provides favourable business costs and low corporate taxes, as well as tax credits and incentives for investors.

According to KPMG's *Competitive Alternatives 2016*, a guide to international business location costs, overall business costs in Canada are the lowest in the G7 and 14.6 percent lower than those in the United States.¹ Toronto, Vancouver and Montréal are ranked as the top three cities for cost-competitiveness among 34 major Canadian and US cities with metropolitan populations of two million or more. In fact, all Canadian cities included in the KPMG study were found to be more cost-competitive than any of the US cities featured.² Canada's cost-competitiveness, combined with the best business environment in the G20³ and preferential access to the world's most prosperous markets, makes Canadian cities ideal locations for business investment.

Canada's cost-competitive edge is the greatest in knowledge-intensive sectors that rely on Research and Development (R&D). In these sectors, Canada consistently offers robust cost advantages in key industry segments such as product testing, clinical trials and biotechnology research. In these three

segments alone, this country has an average cost advantage of 28 percent over the US baseline,⁴ providing investors with outstanding R&D incentives at both the federal and provincial levels.

In addition to research-intensive sectors, Canada offers a highly cost-competitive environment in other areas, with the lowest cost structure among its G7 peers in all 12 manufacturing industries and all seven service industries covered by the KPMG study.⁵

Canada's highly cost-competitive environment, compared to its G7 peers, is strongest in Digital Services, where this country holds a 26-percent cost advantage over the baseline costs in the United States. The strongest results were posted in the Digital Entertainment sub-sector, where Canada's cost advantage is 30.6 percent below the US baseline costs.⁶

Canada's cost-competitiveness is no accident. This country's history of investment incentives, combined with low labour costs, low facility lease costs, low electricity costs, low tax costs and low health-related costs, has created an ideal environment for foreign investors, making Canada one of the most cost-effective places to do business in the G7.

1 KPMG. *Competitive Alternatives 2016*.

2 Ibid.

3 Forbes.com LLC. *Best Countries for Business 2015*.

4 KPMG. *Competitive Alternatives 2016*.

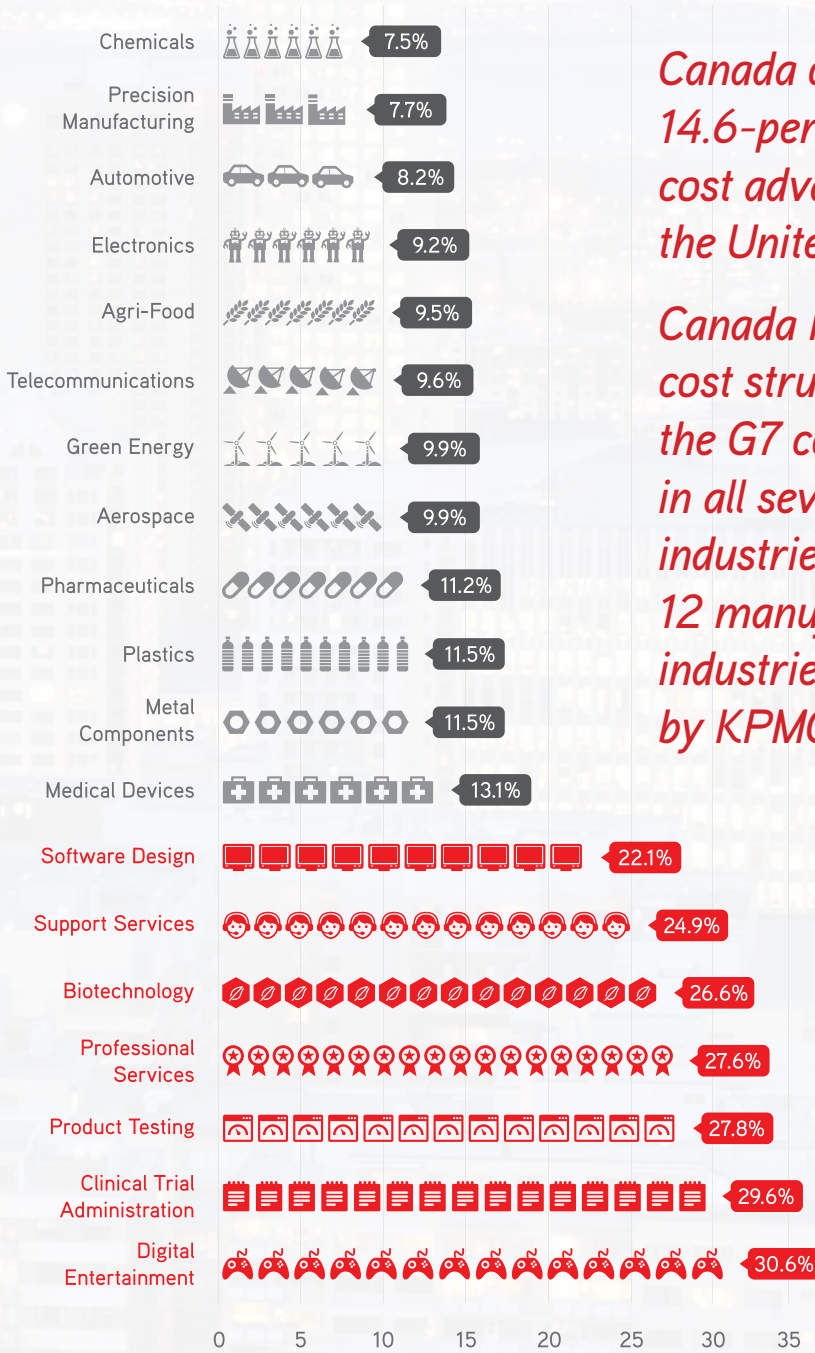
5 Ibid.

6 Ibid.

DOWNTOWN MONTRÉAL. SOME OF THE LARGEST COMPANIES IN THE WORLD, OPERATING IN AREAS SUCH AS LIFE SCIENCES AND HEALTH TECHNOLOGIES, AEROSPACE, INFORMATION AND COMMUNICATIONS TECHNOLOGIES, DIGITAL MEDIA AND CLEAN TECHNOLOGIES, HAVE SET UP OPERATIONS IN GREATER MONTRÉAL.

CANADA IS MORE COST-COMPETITIVE THAN THE U.S. ACROSS ALL INDUSTRIES, ACCORDING TO KPMG

CANADA'S COST ADVANTAGE OVER THE U.S. BY INDUSTRY



Canada offers a 14.6-percent overall cost advantage over the United States

Canada has the lowest cost structure among the G7 countries in all seven service industries and all 12 manufacturing industries studied by KPMG

■ MANUFACTURING ■ SERVICES

Source: KPMG, *Competitive Alternatives 2016*.

Canada

ONE OF THE LOWEST CORPORATE TAX RATES IN THE G20

The competitiveness of Canada's business tax system is supported by third-party analysis. In its publication, *Paying Taxes 2016*, PricewaterhouseCoopers (PwC) rigorously analyzed the impact of all federal, state, provincial and municipal taxes on business operations after accounting for allowable deductions and exemptions. PwC concluded that the total business tax rate in Canada is the second-lowest in the G20 (after Saudi Arabia): 22.8 percentage points lower than in the United States and 30.6 percentage points lower than in Mexico.¹

Canada's investment-friendly business environment is built on a competitive corporate tax rate that is engineered to provide the greatest value to foreign investors. Our combined federal-provincial corporate income tax rate has been reduced from 42.4 percent in 2000 to 26.3 percent in 2015, or 12.7 percentage points below that of the United States.² This is the result of a concerted effort by the federal Canadian government to provide investors with the most competitive corporate tax environment among G7 economies.

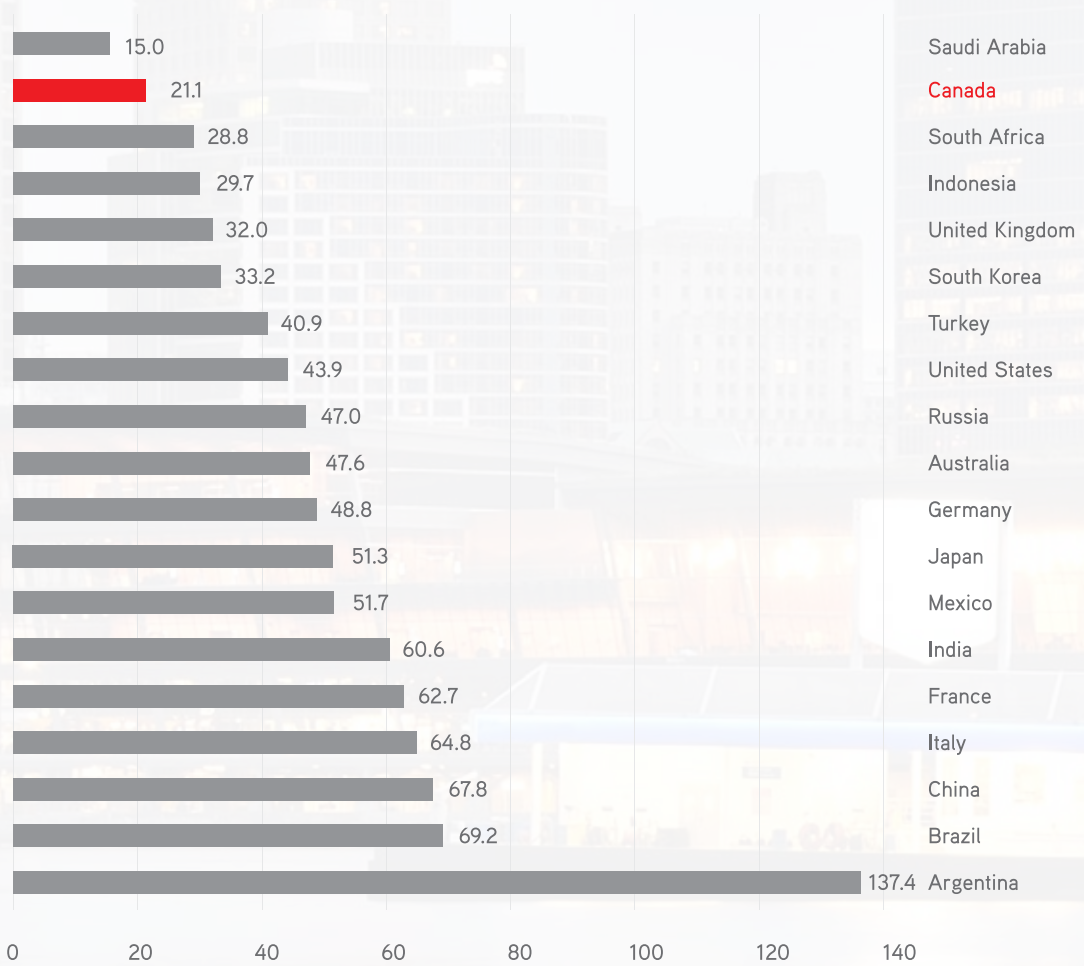
Canada's reduced corporate tax rates stand out in comparison to those of the United States, where the combined federal-state corporate income tax rates have remained stagnant at around 39 percent over the past decade.³

1 Based on PricewaterhouseCoopers. *Paying Taxes 2016*.

2 OECD. Stat. Tax Database: Table II.1 dataset.

3 Ibid.

INVEST IN CANADA—TAX ADVANTAGES COMPARED TO OTHER G20 ECONOMIES



Source: PWC. *Paying Taxes 2016*.

VANCOUVER – ASIA'S GATEWAY TO NORTH AMERICA. PORT METRO VANCOUVER IS CANADA'S LARGEST AND BUSIEST PORT, AND THE THIRD-LARGEST IN NORTH AMERICA IN TERMS OF TOTAL TONNAGE MOVED IN AND OUT. THE PORT IS HOME TO 27 MAJOR MARINE CARGO TERMINALS, THREE CLASS 1 RAILROADS AND A FULL RANGE OF FACILITIES AND SERVICES AVAILABLE TO THE INTERNATIONAL SHIPPING COMMUNITY. SHIPPING TIMES FROM ASIA TO VANCOUVER, AND ONWARD INTO THE HEART OF NORTH AMERICA, ARE A FULL 2-3 DAYS SHORTER THAN IN COMPARABLE PORTS ON THE WEST COAST OF CONTINENTAL NORTH AMERICA.

WHERE INNOVATION IS ACCELERATED

As a world leader in cutting-edge R&D, Canada supports the innovation and entrepreneurship of foreign investors running businesses in Canada, through the Scientific Research and Experimental Development (SR&ED) Tax Incentive Program. This program provides foreign investors access to incentives in a cost-efficient way, and allows foreign investors with businesses established in Canada to apply for SR&ED tax incentives regardless of their size, industry or field.

The SR&ED program provides undeniable value and returns to organizations carrying out R&D in Canada: for every \$100 in eligible R&D expenditures undertaken in Canada, the businesses can qualify for federal investment tax credits worth between \$15 and \$35. For Canadian-controlled private corporations, the total federal and provincial credits can add up to \$58, depending upon the province or territory in which the R&D is performed.

This highly flexible, comprehensive and competitive R&D tax incentive program allows Canadian businesses run by foreign investors to claim expenditures that include:

- Wages and salaries of employees engaged in SR&ED work in Canada, including permissible salaries and wages incurred on SR&ED activities conducted abroad.

- Overhead expenditures.
- Material expenditures.
- Contract expenditures for SR&ED performed in Canada on the investor's behalf.

The program provides some key tax incentives to businesses performing SR&ED in Canada:

- A deduction to reduce business income for tax calculation purposes: SR&ED expenditures can be deducted to reduce business income, or carried forward indefinitely to reduce business income in future years.
- An investment tax credit: Businesses can receive an SR&ED investment tax credit that may be refundable, or used to reduce taxes.

For more information on other key funding programs and incentives in Canada, see pages 84-87 or visit investincanada.com.



WHERE BORDERS ARE OPEN

Foreign investors looking at North America must consider Canada as an essential manufacturing and trading transit hub. For goods shipped from major European and Asian ports, the Canadian ports of Halifax, Vancouver and Prince Rupert offer a full two- to three-day “port-to-port” transit time advantage over major US ports, including inland cargo transportation.¹

Foreign investors can also rely on Canada’s efficient transport linkages. Our reliable gateways offer an integrated and efficient transport network that spans the country, reaching deep into North America’s heartland, with automated permit ports, transponder identification systems and joint processing centres handling traffic between Canada and the US, which allow for easy movement of goods across the continent.

Canada is also committed to growing trade opportunities by opening new markets, and is continually working to broker trade partnerships. Canada has 11 Free Trade Agreements (FTAs) in force, covering trade with 15 countries.

Next steps toward the implementation of the Canada-EU Comprehensive Economic and Trade Agreement (CETA) are well underway, with expected entry into force in early 2017. CETA is one of the most ambitious and progressive trade agreements ever concluded by either Canada or the EU. When it comes into force, Canada will have free trade agreements with more than 40 countries.

In North America, Canada enjoys direct access to the NAFTA market, so foreign investors can reach a single market of 480 million consumers, with a combined GDP of over US\$20 trillion. Many Canadian production hubs are located closer to US markets than are American production sites.

CARGO SHIPMENT TIMES FROM MAJOR INTERNATIONAL PORTS TO CANADA			
FROM	TO	TRAVEL TIME	TRAVEL DISTANCE
Shanghai	Los Angeles	17 days	10,592 km
	Prince Rupert	13 days 17 hours	8,548 km
Singapore	Los Angeles	22 days 19 hours	14,185 km
	Prince Rupert	19 days 15 hours	12,217 km
Tokyo	Los Angeles	14 days 10 hours	8,986 km
	Vancouver	12 days 11 hours	7,774 km
Jebel Ali	Savannah	25 days 11 hours	15,866 km
	Halifax	22 days 10 hours	13,972 km
Rotterdam	New York	9 days 17 hours	6,061 km
	Halifax	8 days 3 hours	5,077 km
Hamburg	New York	10 days 7 hours	6,404 km
	Halifax	8 days 16 hours	5,413 km

¹ SeaRates LP.



HALIFAX—EUROPE'S GATEWAY TO NORTH AMERICA. THE PORT OF HALIFAX IS CANADA'S LARGEST ON THE EAST COAST. WITH 19 DIRECT LINER SERVICES, IT OFFERS SHIPS SAILING FROM EUROPE A MASSIVE 2- TO 3-DAY TRAVEL TIME ADVANTAGE OVER COMPARABLE PORTS, SUCH AS NEW YORK AND SAVANNAH.

WHERE WORK IS PLAY



CANADA'S EDUCATED, MOTIVATED AND FLEXIBLE WORKFORCE SUPPORTS THE NEEDS OF FOREIGN INVESTORS

The innovation your company needs to compete in a fast-changing global economy will be supported by Canada's highly educated and multicultural workforce, trained in our world-class education system. According to the World Economic Forum's *Human Capital Report 2015*, Canada ranks 4th in the world and 1st in the G20 when it comes to building and leveraging its human capital potential.¹

1st

AMONG OECD COUNTRIES WHEN IT COMES TO WORKFORCE POST-SECONDARY ATTAINMENT. 54 PERCENT OF CANADIANS AGED 25-64 HAVE A TERTIARY EDUCATION—THE HIGHEST IN OECD COUNTRIES²

1st

IN THE G20 ON THE WORLD ECONOMIC FORUM'S HUMAN CAPITAL INDEX, WHICH RANKS THE SKILLS AND CAPACITIES OF A NATION'S WORKFORCE³

1st

AMONG G20 COUNTRIES FOR THE ENTREPRENEURSHIP OF ITS BUSINESS MANAGERS, ACCORDING TO THE IMD'S *WORLD COMPETITIVENESS YEARBOOK 2015*⁴

1st

IN THE G20 FOR AVAILABILITY OF COMPETENT SENIOR MANAGERS, ACCORDING TO THE IMD'S *WORLD COMPETITIVENESS YEARBOOK 2015*⁵

2nd

MOST TALENT-COMPETITIVE COUNTRY IN THE G20, ACCORDING TO THE IMD *WORLD TALENT RANKING*, WHICH MEASURES HOW COUNTRIES DEVELOP, ATTRACT AND RETAIN TALENT⁶

2nd

AMONG G7 COUNTRIES WHEN IT COMES TO SCHOOLCHILDREN'S READING, SCIENCE, AND MATHEMATICS ATTAINMENT, ACCORDING TO THE OECD PROGRAM FOR INTERNATIONAL STUDENT ASSESSMENT (PISA)⁷

1 World Economic Forum. *The Human Capital Report 2015*.

2 OECD. *Education at a Glance 2015*. November 2015.

3 World Economic Forum. *The Human Capital Report 2015*.

4 International Institute for Management Development (IMD). *World Competitiveness Yearbook 2015*.

5 Ibid.

6 International Institute for Management Development (IMD). *World Talent Report 2015*.

7 OECD. *Program for International Student Assessment (PISA) 2012*.

WHERE LIFE IS
ABOUT QUALITY



THE BEST COUNTRY IN THE G7 TO LIVE IN

CHOOSE CANADA AS A HOME FOR YOU AND YOUR FAMILY

International investors looking to expand their business and attract top talent consider Canada's high standard of living an essential advantage.

According to the OECD's *Better Life Index*, Canada ranks 1st in the G7 for its quality of life.¹ This index is based on a variety of factors, including access to quality housing, average income, employment availability, the environment, and access to education and healthcare services.

Furthermore, Canada is a safe and just nation, where economic freedom is at the core of our identity. This led to Canada ranking 1st in the G7 in 2015 as far as providing the economic freedoms necessary for a prosperous society, according to The Heritage Foundation.²

Canada values its democratic institutions and has consistently been ranked at or tied for 1st place in the G7 according to the Economist Intelligence Unit (EIU) on factors such as its electoral pluralism, civil liberties, the functioning of government, political participation and political culture.³

Complementing our unrivaled quality of life, is Canada's unparalleled and unique combination of culture and landscape. With a geography spanning a landmass from the Pacific Ocean to the Atlantic Ocean and the Arctic Ocean in the north, Canada offers highly sought-after natural attractions that bring millions of visitors from around the globe to this country each year. Canada's coasts, lakes, forests and mountain ranges host sporting activities, and offer sightseeing and tourism opportunities, as well as spectacular vistas for you and your family to enjoy.

This incredible natural geography is combined with the vibrancy of Canada's multicultural communities and cities, which feature premier arts, entertainment and cuisine. Canada's world-class cities are routinely among the top destinations and places to live, with Vancouver, Toronto, Ottawa and Montréal ranking in the top 25 cities to live, according to the Mercer Quality of Living 2016 Rankings.⁴

These rankings speak to the environment that Canada provides global executives, their employees and their families: one that fosters personal security, life satisfaction and access to world-class services, so investors can base their business in a stable and prosperous nation that values a high standard of living and offers an unparalleled life experience.

1 OECD. *Better Life Index 2015*.

2 The Heritage Foundation. *2016 Index of Economic Freedom*.

3 Economist Intelligence Unit. *Democracy Index 2015*, p. 4.

4 Mercer LLC. *Quality of Living Rankings 2016*.



WHERE MANUFACTURING IS OUT OF THIS WORLD

THE CANADARM—A SYMBOL OF CANADIAN ADVANCED MANUFACTURING CAPABILITIES. TO STAND UP TO THE HARSH ENVIRONMENT OF SPACE, THE CANADARM WAS DEVELOPED WITH THE LATEST IN AEROSPACE MATERIALS (INCLUDING TITANIUM, STAINLESS STEEL AND GRAPHITE EPOXY), INSULATED IN A BLANKET OF THERMOSTATICALLY CONTROLLED HEATERS TO MAINTAIN AN ACCEPTABLE TEMPERATURE IN SPACE. THE CANADARM—DESIGNED IN CANADA THROUGH A PARTNERSHIP BETWEEN CANADIAN FIRMS SPAR AEROSPACE, CAE INC. AND DSMA ATCON, AND THE NATIONAL RESEARCH COUNCIL OF CANADA (NRC)—WAS OPERATIONAL IN NASA'S SPACE PROGRAM FOR OVER 30 YEARS.



ADVANCED MANUFACTURING

BREAKING THE SOUND BARRIER WITH CANADA'S AEROSPACE CAPABILITIES

A good example of Canada's leadership position in the global aerospace value chain is the history of Boeing in Canada. Boeing Canada is one of the company's largest operations outside the United States.

A combination of competitive business costs, low tax rates and a favourable climate for aerospace Research and Development (R&D) drives the success of foreign investors in Canada's aerospace sector. In terms of production, Canada ranks first in the civil flight simulation segment and third in both civil aircraft and civil engine production segments. In 2014, over 700 aerospace companies directly employed 76,000 people.¹

Highly integrated into global value chains, the industry exports almost 80 percent² of its production and serves a diverse array of upstream, midstream and downstream aerospace segments. Global companies' aerospace operations in Canada occupy dominant positions in segments such as commercial flight simulators, small gas turbine

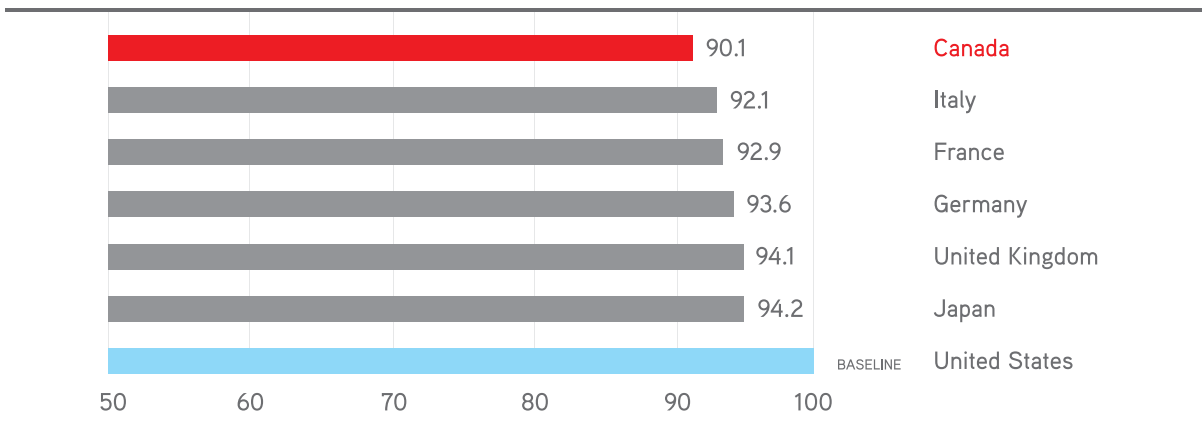
engines, environmental control systems, regional aircraft and civil helicopters. Additional important segments with manufacturing facilities in Canada include corporate aircraft, structural assemblies, avionics, composites and other advanced materials, as well as maintenance, repair and overhaul (MRO) services.

In its *Competitive Alternatives 2016* report, KPMG found that Canada has the lowest business-cost structure and the second-lowest business-tax burden in the G7 for aircraft parts manufacturing. KPMG found that operations based in Canada typically enjoy a 32.6-percent saving on total labour costs (including benefits).

Canadian governments at all levels provide foreign investors with a variety of incentives for aircraft and space technology development and applications. For example, the federal government's Strategic Aerospace and Defence Initiative (SADI) provides up to 40 percent in repayable contributions on eligible costs in support of R&D by aerospace, defence, space and security firms engaged in strategic R&D.³

CANADA'S COST HIGHLIGHTS

AIRCRAFT PARTS MANUFACTURING COST INDEX, G7 RESULTS (US = 100.0)



Source: KPMG. *Competitive Alternatives 2016*.

1 Aerospace Industry Association of Canada. *The State of the Canadian Aerospace Industry 2015* and AIAC Industry Statistics 2015.
 2 Ibid.
 3 Industry Canada. *Strategic Aerospace and Defense Initiative Program Guide*. April 2014.



THE BOEING COMPANY APPROACHES 100 YEARS OF HIGH-FLYING INNOVATION IN CANADA

Roberto Valla
Vice President of Global Sales, Boeing Canada

Q: What is your staff complement in Canada?

Boeing Canada employs 2,000 people across Canada. This figure represents the second-largest staff complement for any Boeing Company subsidiary outside of the United States. The Boeing Company employs a total of 150,000 people worldwide.

Q: What does Boeing manufacture in Canada?

Boeing's main manufacturing site in Canada is its Murray Park site in Winnipeg. We began operations at this site in 1971. During that decade, this site was dedicated to manufacturing small components for Boeing's 727s and 747s. The work package for the Winnipeg facility became even more complex in the 1980s, with support for the 767. We expanded our Winnipeg facility in the 1990s, with additional work supporting our 777 aircraft line, which was the first aircraft we designed using non-digital engineering systems—a significant step-function technology, if you will.

In the 2000s, not only did we continue to expand operations in Winnipeg, we also installed one of the larger autoclaves at Boeing in our Winnipeg operations so that we could undertake composite manufacturing work in Winnipeg for the 787—an almost all-composite aircraft. In 2015, Boeing completed an additional site expansion in Winnipeg to support all of our commercial aircraft, including the 737 MAX.

Q: What are some of your locations in Canada?

Winnipeg is our largest site in Canada and we also have significant operations in Ottawa, Richmond (British Columbia) and Montréal. Other locations in which we run operations are CFB Petawawa and CFB Trenton in Ontario.

Q: Why did The Boeing Company choose Canada as a location for investment?

We value Canada's geographic proximity to the United States, the business climate that promotes growth and local investments, and the dedicated, efficient Canadian workforce. Additionally, we work with approximately 600 Canadian suppliers, from large corporations to very small businesses, as a central part of our strategy. Ultimately, the breadth and depth of Canada's aerospace sector remains a key consideration in our decision to invest here.

Q: In your view, have the skills of the Canadian workforce met Boeing's needs?

Absolutely. At Boeing, we're very proud of the work done by our Canadian staff, as well as the contribution our Canadian partners have made. Examples are parts manufacturing for fighter jets that are deployed in defence of the United States, and North American security, and of course when Canadian personnel are deployed abroad to work with US coalition forces. None of that work would be possible without the key role that Boeing Canada and its employees play.

Q: Why should foreign organizations invest in Canada?

We have had first-hand experience with Canada's positive business climate and the Government of Canada's focus on sustainable growth. I would encourage other large companies to read about our experiences, consider Canada for growth and expansion, and to contribute to the Canadian economy, just as we do.

CANADA'S AUTOMOTIVE EXPERTISE WILL DRIVE YOUR PROFITABILITY

For more than a century, Canada has been a leader in the global automotive sector. A good example of the growth experienced by a leading foreign investor in Canada is Japan's Honda Motor Co. Ltd. When Honda first started its Canadian operations in 1969, few would have imagined that, by 2016, Honda Canada would be manufacturing high-quality vehicles and parts for the US, Mexican, Chinese and South American markets. "In doing so, Honda purchases more than \$1.1 billion in supplies from Canadian firms," says Jerry Chenkin, President and CEO, Honda Canada. Today, the company has three factories in the country and has established itself as a true Canadian success story.

Primarily due to the investments by foreign companies, Canada is responsible for 13 percent of North America's light vehicle production, and is centrally located in a cluster of 34 high-volume assembly plants within a five-hour drive of Detroit. In 2015, Canadian auto plants produced 2.3 million light vehicles. Canada's automotive sector offers foreign investors a long list of competitive advantages, including:

- **Industry expertise:** In all areas of the automotive value chain, from metal forming and composite material manufacturing to whole assembly and components design to advanced technologies such as mechatronics and fuel cell development, connected vehicle technologies and leading-edge powertrain engineering.
- **High-quality, productive auto plants:** Four of North America's five best performing plants are located in Canada, according to J.D. Power Associates' 2015 ranking of product quality. These include Toyota's two Cambridge, Ontario assembly plants (ranked 1st and 2nd).¹
- **Lower tax rates:** Manufacturing facilities in Canada are granted lower tax rates, compared to the United States and Mexico. The combined federal and Ontario provincial tax rate is 25 percent, compared to 30 percent in Mexico, 34.5 percent in Alabama and 35.9 percent in Georgia—other important centres of automotive production in North America.²

HIGHER PROFIT MARGINS

Canada's low-cost business environment contributes to the success of foreign investors, particularly for manufacturers of auto parts. Compared to US-based operations, labour costs in Canada are 31.1 percent lower for auto parts makers, according to KPMG's *Competitive Alternatives 2016* report. Canadian-based companies that develop and test electronic systems and devices typically enjoy a 27.8-percent overall cost advantage compared to their US-based counterparts.³ Canada also boasts the second-lowest electricity rates among G7 economies and natural gas prices that are more than 50 percent lower than in five G7 economies.⁴

TARGETED AUTO-SPECIFIC R&D

Canada's automotive sector benefits from close collaboration with a vibrant network of universities and research centres involved in cutting-edge automotive R&D.

HIGHLY SKILLED WORKFORCE

Canada's automotive workforce is widely considered among the world's finest. Highly skilled and with

low turnover rates, Canadian autoworkers deliver productivity advantages that outweigh those in other North American jurisdictions. Evidence of Canada's high-calibre automotive plants and workers is the fact that Canadian assembly plants have won 39 percent of all J.D. Power plant quality awards in North America.

OPEN AND PROGRESSIVE TRADE POLICIES

Canada's commitment to free trade ensures that the country's automotive sector enjoys access to the world's largest markets. The North American Free Trade Agreement (NAFTA) has led to a continental market for automotive products. The Canada-Korea Free Trade Agreement also provides investors with distinct advantages for accessing the North American market. And once the Comprehensive Economic and Trade Agreement (CETA) with the European Union comes fully into force, investors operating in Canada will enjoy preferential access to European markets.

1 Norman DeBono. "Assembly plants in region take three of the top five spots in prestigious North American quality survey". *The London Free Press*.

2 Greg Keenan. "How Canada sells itself short". *The Globe and Mail*.

3 KPMG. *Competitive Alternatives 2016*.

4 Ibid.



HONDA'S CANADIAN SUCCESSES DRIVEN BY WORLD-CLASS STATE-OF-THE-ART MANUFACTURING FACILITIES

*Jerry Chenkin
President and CEO, Honda Canada*

Q: What is your staff complement in Canada?

Honda Canada directly employs 5,000 associates in sales and manufacturing, and an additional 14,000 are employed by our dealers and parts suppliers. So, directly and indirectly, we employ 19,000 people in Canada.

Q: What does Honda manufacture in Canada?

Honda was the first Japanese auto manufacturer to build a manufacturing plant in Canada. We now have three factories in Alliston, Ontario—one producing the Civic, the second the CR-V and the third about 260,000 engines a year, which are used in our domestic auto production, some of which is exported to the United States.

Q: What R&D facilities does Honda have in Canada?

We have a small R&D facility in Markham, Ontario and quite a significant R&D operation in our Dartmouth, Nova Scotia complex, which focuses mostly on the impact of corrosion on vehicles.

Q: In your view, have the skills of the Canadian workforce met Honda's needs?

The number-one issue for any company is the quality of its people and we believe that Canada allows us access to exactly the kind of skills that add value to our business. In fact, our manufacturing plant in Alliston, Ontario was selected as the lead plant for the new generation 2016 Honda Civic. This marks the first time a Honda plant outside Japan has been designated as a global lead plant. We believe this speaks volumes about the faith and trust that Honda and its business have placed in the Canadian workforce.

Q: Why should foreign organizations invest in Canada?

I think the biggest challenge Canada has faced in the past is the misunderstanding that it is a high-cost country in which to manufacture cars. There's a growing awareness today that Canada is a very attractive place to do business. At Honda, we believe the quality of our products illustrates that Canada is indeed a great place to manufacture, and will continue to be an outstanding destination for auto manufacturers into the foreseeable future.

Q: Why did Honda choose Canada as a location for investment?

We looked at many different countries around the world and, because proximity to the US was really important, Canada was a natural place for the company to consider developing a manufacturing facility. Many other considerations came into play, most of which revolved around the quality of the workforce and the fact that Canada has universal health care and is a very safe, low-risk environment for doing business.

Q: How has Honda benefited from government support and incentives in Canada?

Honda announced, in November of 2014, that we would be investing \$857 million over the next three years to upgrade our factories, facilities and technologies in Canada. We were very pleased when our partners at the provincial government in Ontario agreed to support us with a 10-percent contribution to those investments.



MACHINERY AND EQUIPMENT MANUFACTURING: THE BACKBONE OF CANADA'S INDUSTRY DRIVERS

BUILDING CANADIAN VALUE

Canada's machinery and equipment industry is deeply rooted within the Canadian economy. Many of this country's key industry sectors, such as agriculture, mining, oil and gas, utilities, construction and manufacturing, which account for close to 30 percent of Canada's GDP, require extensive quantities of machinery and equipment for their operations. In 2015 alone, these industry sectors spent over an estimated \$35.6 billion on machinery and equipment,¹ with the demand for supplies, equipment and technology being continuously fed by growth in these sectors.

Key segment strengths include automotive and aerospace metalworking, extractive field machinery, construction machinery, agriculture machinery and environmental systems. Canadian research institutions are also undertaking research in areas such as advanced materials, machinery design, hybrid technologies, intelligent systems design and plant design. This has resulted in breakthrough innovations in areas such as engines, transmissions, electronic systems, bearings, cables, pumps, sensors, valves, fasteners, stampings, castings, forgings and extrusions.

UNPARALLELED MARKET ACCESS

Canada provides tremendous opportunities for global machinery manufacturers. The integrated nature of the North American Free Trade Agreement (NAFTA) enables global investors

in Canada to quickly achieve economies of scale in a wide range of industry verticals, where Canadian supply chains are integrated with the corresponding sectors in the United States. Additional trade agreements, such as the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), will allow machinery and equipment investors in Canada to benefit from an integrated global supply chain, and to seize new market opportunities.

DUTY-FREE MACHINERY AND EQUIPMENT IMPORTS

In addition to the comprehensive market access that Canada provides to investors, ours is the first country in the G20 to offer industrial manufacturers a nationwide tariff-free zone, eliminating tariffs on all manufacturing inputs. This allows global investors to significantly reduce the carrying costs of investing in Canada.

RESEARCH AND DEVELOPMENT INFRASTRUCTURE AND INCENTIVES

Canada's strengths in Research and Development (R&D) provide global investors with world-class infrastructure and incentives to undertake high-value research in Canada. In particular, Canada's educational institutions offer world-leading qualifications in areas most relevant to machinery and equipment investors, such as machining, metalworking, welding, robotics, manufacturing systems, repairs and maintenance, and tool-and-die making.

¹ Statistics Canada. CANSIM, Table 029-0045.

WHERE WE FEED THE WORLD



HARVESTING WHEAT, AUSTIN, MANITOBA. CANADA IS THE 5TH LARGEST AGRICULTURAL EXPORTER IN THE WORLD, WITH THE BULK OF THIS PRODUCTION COMING FROM THE PROVINCES OF MANITOBA AND SASKATCHEWAN. CANADA IS ONE OF THE WORLD'S LARGEST PRODUCERS AND EXPORTERS OF FLAXSEED, CANOLA, PULSES AND DURUM WHEAT.



AGRI-FOOD



FOR 85 YEARS, CAMPBELL COMPANY OF CANADA HAS FLOURISHED IN CANADA'S BUSINESS ENVIRONMENT

Ana Dominguez
President, Campbell Company of Canada

Q: What is your staff complement in Canada?
Campbell Company of Canada employs over 650 individuals. Globally, Campbell Soup Company employs close to 20,000 individuals.

Q: What are some of your locations in Canada?
Our key manufacturing site and corporate office are both housed in our Etobicoke, Ontario facility, which is where we also run our research and development branch. We have additional offices and distribution warehouses across Canada.

Q: Why did Campbell choose Canada as a location for investment?
When Campbell first chose to launch operations in Canada, location and market access were key factors in the decision to initiate manufacturing and product development here. As time went on, Campbell's continuing investments in Canadian operations were supported by important factors such as the accommodating business environment, stable political and economic conditions, and the access to reliable and skilled labour. Campbell Canada has also been able to access key tax incentives and tax credit programs, which help to keep both Campbell Canada and the Canadian market, highly competitive in a global context.

Q: What types of investments has Campbell made in Canada?
Campbell Canada has a long history of Research and Development (R&D) in Canada, and is proud of the ongoing R&D investments being made in our Canadian manufacturing facility. Supported by tax credits and incentives at the

provincial and federal levels, Campbell Canada's R&D investments allow us to develop innovations that are tailored to Canadian consumers and their tastes and particular food needs, which in turn paves the way for us to develop a critical competitive advantage in our business.

Q: In your view, have the skills of the Canadian workforce met Campbell Canada's needs?
The Canadian workforce has long met and exceeded Campbell Canada's staffing needs, to the point where our Canadian operations are seen as an exporter of talent. Not only do we have access to great talent and skilled labour locally, we are also able to leverage the diversity that the Canadian labour force offers and export that talent to our headquarters and different locations around the world.

Q: Why should foreign organizations invest in Canada?
In addition to the benefits that Canada offers foreign organizations, with its tax-friendly business environment, stable economic and political conditions, skilled labour force and exceptional tax credits and incentives provided by municipal, provincial and federal governments, Canada leads the world in bilateral and multilateral free trade agreements. The advantage for foreign investors is that these trade agreements provide organizations importing and exporting goods to and from Canada with unprecedented market access. Having negotiated over 30 of these trade agreements over the years, Canada clearly provides a unique trade advantage that's highly beneficial to foreign organizations.

INNOVATIVE, RICHLY SUPPLIED AND GLOBALLY CONNECTED, CANADA'S AGRI-FOOD SECTOR WILL LEAVE INVESTORS SATISFIED

It's no exaggeration to say that Canada feeds the world. Canadian farmers produced some 74 million tonnes of wheat, canola, soybeans, corn, barley, oats and other crops in 2015.¹ Around the globe, Canada is known for its wide range of quality raw and processed foods, ranging from grains, meat and other staples to specialty and natural health products.

CANADA'S AGRI-FOOD ADVANTAGE

For foreign investors that have established operations in Canada, the country's agri-food sector brings several key strengths to the table:

- Plentiful natural resources including fertile farmland, rich marine life and reliable fresh water supplies, provide all the right ingredients for competitively priced agricultural raw materials.
- A world-class regulatory and food inspection system ensures safe products of the highest quality. According to the Conference Board of Canada's *2014 World Ranking: Food Safety Performance*, Canada is ranked #1 for its food safety standards, compared to 16 other OECD countries.²
- Leading-edge agri-food products and technologies were developed by a network of world-class research facilities.
- A globally integrated agri-food supply chain, makes market access easy and exports of agri-food products efficient.

MARKET ACCESS

Canada exports food and beverages to some 190 countries. In 2015, exports totalled \$31.1 billion, the bulk of which went to the US (74 percent), China (6 percent), Japan (5 percent) and Mexico (2 percent).

Under the North American Free Trade Agreement (NAFTA), Canadian-based food companies can sell their goods to 480 million consumers. Once in effect, the Comprehensive Economic and Trade Agreement (CETA) will afford Canada preferential access to the European Union food market.

LOW COSTS AND TAXES

Agri-food players operating in Canada enjoy key cost advantages over other jurisdictions. Including benefits, Canadian-based food processing facilities save foreign investors 32.2 percent on total labour costs compared to their US counterparts, according to KPMG's *Competitive Alternatives 2016* report.

For global investors, the Canadian agri-food sector is clearly a world leader among food and beverage processors, and in innovative food processing practices, as well as a leader amongst the G7 with its low operating costs and corporate taxes.

¹ Statistics Canada. CANSIM Table 001-0010. July estimates for the production of principal field crops.

² The Conference Board of Canada. *2014 World Ranking: Food Safety Performance*.



A BLUEBERRY FIELD IN KINGSTON CREEK, NEW BRUNSWICK, CANADA IS THE WORLD'S SECOND-LARGEST PRODUCER AND EXPORTER OF BLUEBERRIES, AND THE WORLD'S LARGEST PRODUCER OF "LOWBUSH BLUEBERRIES"—ANOTHER NAME FOR WILD BLUEBERRIES, SEEN GROWING ON THIS FARM IN ATLANTIC CANADA.



CANADA: THE NATURAL CHOICE FOR FUNCTIONAL FOODS

A top developer of health-enhancing food products, Canada fosters innovation while ensuring strict safety and quality standards that consumers of functional foods demand.

Foreign investors looking to develop healthy and innovative food products won't find a better location than Canada. From coast to coast, researchers are harnessing the country's agricultural and marine resources to create sought-after ingredients for the global natural health market.

Canada is home to more than 750 companies specializing in functional foods and natural health products¹—many of which are recognized internationally for their bioactive ingredients, such as soluble fibre from oats, barley and pulses, omega-3 fatty acids from fish and flax oil, unsaturated fatty acids from canola oil, plant sterols and stanols from vegetable oils, and protein from soy. Canada's functional food and natural health products industry has generated \$11.3 billion in revenue and employs over 16,000 people.²

Canada's key value proposition to foreign investors is the low cost of inputs used in the functional foods industry, including omega-3 acids from marine sources, unsaturated fats from canola oil and probiotics and fermented beverages.

Canadian companies and foreign investors in this country have won global acclaim for first-to-market innovations such as flax bioactives, fibre-based prebiotics and berry-based polyphenolic antioxidants. Operations set up by global investors here are also industry leaders in the development, formulation and manufacture of essential fatty acid products, vitamins and minerals utilized in the functional foods industry.

Besides vast natural resources, Canada's functional foods sector owes its success to robust research infrastructure and stringent safety and quality controls. Foreign investors can rely on world-class R&D facilities, including the Plant Biotechnology Institute, the Saskatoon Research Centre, POS Pilot Plant Corporation and the Saskatchewan Food Industry Development Centre—all of which offer investors research, product development and processing facilities.

In Canada, functional foods and natural health products are regulated by the Food and Drugs Act, which governs standards, labelling, advertising and health claims. A nod from Canadian regulators can often mean faster approval in other markets, including zones that have preferential trade agreements with Canada.

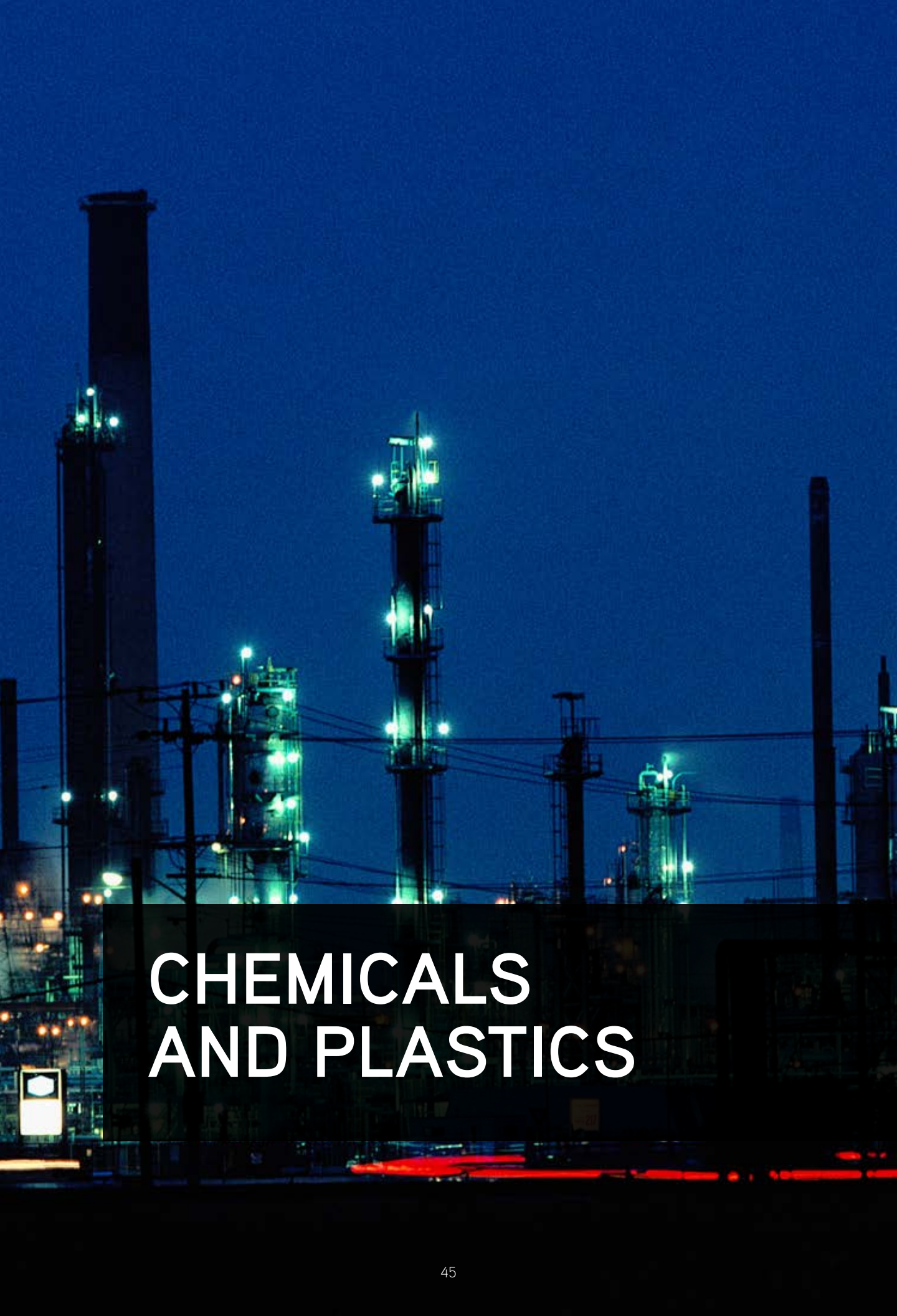
1 Statistics Canada. Results from the 2011 Functional Foods and Natural Health Products Survey.

2 Ibid.

WHERE CHEMISTRY HAPPENS



CHEMICAL VALLEY IN SARNIA, ONTARIO, WITH CLOSE TO 40 PERCENT OF THE COUNTRY'S CHEMICALS PRODUCTION, SARNIA IS HOME TO SOME OF THE LARGEST INVESTORS IN CANADA, INCLUDING THE DOW CHEMICAL COMPANY, ROYAL DUTCH SHELL PLC, ETHYL CORPORATION AND IMPERIAL OIL LTD. (EXXONMOBIL CORPORATION). SOME LEADING INTEGRATED OIL AND GAS COMPANIES—INCLUDING SUNCOR ENERGY INC., TRANSALTA ENERGY CORPORATION AND NOVA CHEMICALS—ALSO HAVE OPERATIONS IN CHEMICAL VALLEY.



CHEMICALS AND PLASTICS

A FORMULA FOR SUCCESS

Canada is one of the world's top manufacturers of chemicals and plastics, thanks to some distinct advantages: an abundance of relatively inexpensive raw materials, low costs of doing business, a world-class R&D infrastructure and ready access to large markets through this country's modern transportation networks. According to IHS Markit, total sales and exports of Canada's chemicals, rubber and plastics products are forecast to increase by 64 percent and 100 percent respectively, by 2025.¹

THE NATURAL RESOURCES ADVANTAGE

The success of Canada's chemicals and plastics industry is built on a remarkable ability to develop and leverage its wealth of natural resources. Among the world's largest producers of natural gas, crude oil and hydroelectricity, the country is also a leader in potash, copper, and other minerals. Canada also boasts massive forestry and agricultural industries that produce low-cost raw materials for the bio-based chemicals, fuels and plastics industries.

A CRUCIAL LINK IN THE VALUE CHAIN

In 2015, Canada's chemicals and plastics industry generated exports worth nearly \$47.9 billion.² Canada is a vital link in the global chemicals and plastics value chain, producing everything from cellulose derivatives used in building materials and pharmaceuticals to vegetable-based plastics to long-fibre-reinforced thermoplastics.

ESTABLISHED, THRIVING MARKETS

Along with a large, strong and growing domestic chemicals and plastics market, Canada offers direct access to the fully integrated North American market. In particular, Canada's NAFTA advantage gives investors access to 480 million consumers, with key Canadian production hubs located closer to US markets than American production sites.³

A COUNTRY OF CHOICE FOR GLOBAL COMPANIES

Foreign investors in Canada include: BASF, E. I. du Pont de Nemours and Company, Praxair Technology, Inc., LANXESS AG, The Dow Chemical Company, Chevron Phillips Chemical Company, PPG Industries, Inc., ExxonMobil Corporation, INEOS Group AG, Saudi Basic Industries Corporation, Aditya Birla Group, Royal Dutch Shell Plc., Bayer AG, Akzo Nobel N.V. and Mitsubishi Chemical Corporation.

INTEGRATION + CLUSTERS + FAVOURABLE POLICIES = GLOBAL SUCCESS

Chemicals and plastics companies in Canada are part of an integrated value chain closely linked with other key sectors. Canada's natural resource development, construction and advanced manufacturing industries are major markets for basic and specialty chemicals, along with associated supplies, equipment and technologies. This country boasts a series of regional chemicals and plastics clusters—integrated production and research facilities that upgrade, refine and produce petrochemicals, synthetic resins and specialty chemicals and plastics products.

In 2015, Canada became the first G20 country to eliminate tariffs for industrial manufacturers. As a result, investors can now import advanced machinery and equipment free of import duties. Combined with a policy of straight-line accelerated capital cost allowance rate for manufacturing and processing equipment, the elimination of tariffs makes capital investment in Canada more appealing than ever.

1 IHS Markit. *World Industry Service*.

2 Innovation, Science and Economic Development Canada. *Trade Data Online, Trade by Industry, includes NAICS 325 and 3261*.

3 World Bank. *The Logistics Performance Index*.

RECENT INVESTMENTS

SIKA AG, in March 2016, officially inaugurated its mortars and concrete admixtures plant in Surrey, British Columbia. With global revenue of over CHF 5.4 billion, Switzerland-headquartered Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcement and protection, serving the building sector and the automotive industry. This facility—the first of its kind in Canada—houses a modular mortar plant and liquid concrete admixture blending equipment, all under one roof. For customers in the Pacific Northwest, Sika's "Made-in-Canada" approach is designed to ensure improved product availability, significantly reduced lead times and faster deliveries. With the addition of its Surrey site, Sika Canada now has four manufacturing plants across Canada.

CALABRIAN CORPORATION, in October 2015, announced its plans to build a liquid sulfur dioxide production facility in Timmins, Ontario. US-based Calabrian is a leading supplier of sulfur dioxide and related derivatives used in wastewater treatment and other applications. Its products are used in a broad range of industrial and municipal wastewater treatment applications to achieve compliance with federal and local water regulations, as well as in other specialty applications related to personal care, pulp and paper processing, food preservation, oilfield production and disinfection. Calabrian's new Timmins facility will serve the local mining, paper and water treatment markets, using SO₂Clean™, the company's proprietary production process that is virtually emission-free, reliable and capital-efficient.

CF INDUSTRIES HOLDINGS, Inc., in June 2015, announced plans to invest \$105 million to expand its St. Clair, Ontario facility. CF Industries is a manufacturer and distributor of nitrogen fertilizer—a product line that includes ammonia, granular urea and urea ammonium nitrate solution (UAN)—and other nitrogen products. This new expansion in Canada, with an expected completion date in late 2017, will raise the plant's production capacity for urea-based products, including diesel exhaust fluid, granular urea and urea liquor, by 130,000 tons. The 700-acre site—Ontario's only nitrogen production facility—currently supplies crop nutrients to farmers throughout the northern US and Eastern Canada. The St. Clair complex is also a hotbed for the chemicals sector, producing a wide range of nitrogen-based substances for North American industrial markets.

GIZEH VERPACKUNGEN GmbH & Co. KG, in January 2016, announced its plans to build a new plant in Brantford, Ontario. Headquartered in Cologne, Germany, the company designs and produces customized cups and lids for the food industry. It manufactures plastic tableware, kitchenware and toiletry articles, plastic headgear, insulating fittings, parts of lighting fittings, office or school supplies, apparel, fittings for furniture, statuettes, transmission and conveyor belts, etc. Gizeh, which currently operates another, smaller plant in Brantford, is building the new \$3-million, 6,000-square-meter plant in order to accommodate its rapid growth. The new plant will feature about 45 machines, and drive a substantial increase in its employee base in Canada.

CRYOPAK INDUSTRIES Inc., in September 2015, announced the expansion of its Greater Montréal operations with the opening of a new manufacturing facility in Anjou. Cryopak specializes in manufacturing and testing temperature-controlled solutions used to protect temperature-sensitive products, such as medication, vaccines, grafts, food and electronics. Cryopak's expansion in Greater Montréal is aimed at strengthening operations over the long term, in order to meet growing demand for cold chain products, while also focusing on developing highly specialized expertise to meet the very stringent quality standards governing the pharmaceutical, bio-food and electronics industries.



XEROX'S 60-YEAR HISTORY OF INNOVATION IN CANADA CONTINUES TO BEAR FRUIT

Eme Onuoha
Vice President of Global Government Affairs (Canada) at Xerox Corporation

Q: What is your staff complement in Canada?

In Canada, Xerox Corporation and its affiliates employ more than 3,000 people across every region of the country.

Q: What are some of your locations in Canada?

Our Canadian headquarters are located in Toronto, and we have offices in most major cities here: Halifax, Fredericton, St. John, Quebec City, Montréal, Ottawa, Winnipeg, Saskatoon, Regina, Calgary and Vancouver. Our key R&D hub in Canada is the Xerox Research Centre of Canada (XRCC), located in the Greater Toronto Area.

Q: Why did Xerox choose Canada as a location for investment?

Coming to Canada was initially a function of market pursuit and, being a US-based multinational corporation, there was a natural migration to Canada at that time. As we started to grow in this country, however, we found that Canada's world-class collaborative research environment and the Government of Canada's willingness to engage in partnership-oriented R&D, were extremely important factors in the growth of our business.

One key example of the successful commercialization of research conducted in Canada is the XRCC's breakthrough in nanotechnology-enabled emulsion aggregation technology. The technology was invented and developed right here in Canada, and formed the basis of an important R&D collaboration with Canada's National Research Council and the National Institute for Nanotechnology at the University of Alberta.

We chose Canada because of its rich talent pool and, research institutions, combined with the inviting socio-economic context. Other factors include the country's stability, its professional public service, the relatively durable economy and associated financial institutions.

Q: What types of investments has Xerox made in Canada?


In addition to our sales offices, we established a global customer contact centre and a North American inside sales centre employing more than 500 people in Atlantic Canada. In terms of innovation-oriented investment, all of our proprietary hardware associated with Xerox digital print products contains technology that was invented and/or developed right here, in this country.

Q: In your view, have the skills of the Canadian workforce met Xerox's needs?

Yes. Canada has a highly reputed and agile workforce, and we have had a very positive experience with the pool of knowledge workers here.

Q: Why should foreign organizations invest in Canada?

Canada is a relatively stable market, which isn't something to take for granted these days. This country successfully navigated one of the worst global recessions in modern history, due in large part to its reliable banking system. It has a highly diverse labour force, an inclusive social safety net and a healthcare system. Some of the most reputable universities in the world are also located here in Canada.



OUT OF 13 NOBEL PRIZES WON BY CANADIAN SCIENTISTS, SIX HAVE BEEN IN CHEMISTRY. FROM RUDOLPH MARCUS AND HENRY TAUBE'S WORK ON ELECTRON TRANSFER REACTIONS, TO JOHN POLANYI'S RESEARCH ON CHEMILUMINESCENCE, THE INNOVATION OF CANADIAN CHEMISTRY HAS IMPACTED ALMOST EVERY ASPECT OF HOW WE MAKE THINGS TODAY.

WHERE SUSTAINABILITY IS VALUED

PEACE BRIDGE, CALGARY, ALBERTA. LOCATED IN THE HEART OF CANADA'S OIL & GAS SECTOR, YOU MIGHT NOT THINK THAT CALGARY IS ONE OF THE GREENEST CITIES IN THE WORLD. HOWEVER, ACCORDING TO MERCER LLC'S *QUALITY OF LIVING RANKINGS 2015*, CALGARY IS THE "WORLD'S CLEANEST CITY" AND HAS BEEN IN THE TOP-3 FOR MANY YEARS BASED ON WATER AVAILABILITY AND DRINKABILITY, WASTE REMOVAL, QUALITY OF SEWAGE SYSTEMS, AIR POLLUTION AND TRAFFIC CONGESTION.¹

¹ White, Richard. "Calgary a top-10 City". *Calgary Herald*.



SUSTAINABLE TECHNOLOGIES

BIOPRODUCTS: CANADA'S BIOPRODUCTS SECTOR PROVIDES INVESTORS WITH WORLD-CLASS EXPERTISE AND RESOURCES

With over 200 firms developing bioproducts here, Canada is home to some leading-edge bioproducts research and development (R&D). This R&D activity includes: bio-based materials and composites, cellulosic ethanol commercialization, platform chemicals and intermediates, fermentation technologies, nanocrystalline cellulose research and pyrolysis technologies.

Canada offers foreign investors access to a diverse wealth of feedstock and a highly educated workforce specializing in the commercialization of bio-based technologies. This country also offers a highly integrated bioeconomy, with innovative bioproducts and services constantly being introduced into a variety of industrial applications.

Another important consideration for foreign investors is Canada's efficient transportation network. Canada ranks 12th out of 160 countries for the best logistics infrastructure in the world¹—a crucial component in the cost-effective transport of high-volume bioproducts upstream from suppliers and downstream to customers. Canada's highly skilled and educated workforce continues to provide foreign investors with world-class employees, and Canadian colleges and universities continually partner with industry to ensure courses are designed to meet the needs of the bioproducts sector.

CANADA OFFERS WORLD-LEADING BIOPRODUCTS ADVANTAGES FOR FOREIGN DIRECT INVESTMENT

WORLD CLASS BIOPRODUCTS R&D

Canada's vibrant R&D environment relies on public and private partnerships in the bioproducts sector. Funded by governments across the country at the federal and provincial levels, Canada's network of universities and research institutions is connecting leading-edge research with foreign investors. Support programs, such as the National Research Council of Canada's National Research Industrial Biomaterials Flagship Program, provide technology commercialization support for industrial biomaterials, driving growth and innovation in this sector, along with world-class support for investors.

Governments across the country are investing in R&D infrastructure for feedstock development, purpose-grown crops and technologies to produce

new bio-based materials, chemicals and energy, each with a goal of establishing Canada as a world leader in the global bioeconomy. Foreign investors currently present in Canada are already leveraging this R&D to their benefit.

FEEDSTOCK AVAILABILITY

Canada's immense forest and agricultural resources, along with its well-established forest products and agri-processing sectors, work together to produce dedicated crops such as industrial oilseeds, switchgrass, miscanthus and algae. When combined with purpose-grown crops and trees, forest residues, crop residues and processed waste, Canada is able to offer foreign investors an abundant diversity of biomass feedstock for establishing bioprocessing facilities.

1 The World Bank. *The Logistics Performance Index*.

Q: What is your staff complement in Canada?

Samsung Renewable Energy currently employs approximately 1,150 individuals, including employees who work with our key manufacturing partners here. Approximately 600 individuals are employed on field construction projects through Engineering, Procurement and Construction contractors.

Q: What are some of your locations in Canada?

Our key areas of focus are currently in Ontario, where we have established close to 1,400 MW of renewable energy, both in wind and solar resources. Our projects are largely in the southern region of Ontario.

Q: Why did Samsung Renewable Energy choose Canada as a location for investment?

Our key reason for selecting Canada as the host site of Samsung's renewable energy initiative was the government's extensive support and foresight in creating the *Green Energy Act* (GEA), as well as this country's extensively trained workforce. The GEA provided us with the motivation to invest in expanding this country's renewable energy market, and, as a result, Samsung Renewable Energy has placed close to \$5 billion in total investments in Canada since 2009. Market access and location were also key elements in our decision, and having our Ontario locations near other emerging renewable energy markets, allows us to attract partners and encourage further investments in the North American market.

Q: What types of investments has Samsung Renewable Energy made in Canada?

Samsung Renewable Energy's key investments in Canada have been construction of wind and solar capture facilities

in southern Ontario, as well as assisting with attracting and establishing key manufacturing partners, such as Siemens Wind and CS Wind, in the Ontario region. Currently, we are looking into expanding across Canada into additional wind and solar markets, with a focus on the renewable energy market in Alberta, where recent legislation has been introduced to encourage investment in renewable resources.

Q: In your view, have the skills of the Canadian workforce met Samsung Renewable Energy's needs?

Our organization has been constantly amazed by the expertise and qualifications of the Canadian workforce. The high rate of workers with secondary education, and the highly skilled automotive workers we've been able to attract to our projects, have given us the best possible experience with the workforce in Canada, and we see why this country continues to be recognized for its workforce capabilities.

Q: Why should foreign organizations invest in Canada?

Canada's unique combination of forward-looking energy legislation, unprecedented market access and a highly talented workforce makes this country an ideal location for investment. With government support, the Canadian talent pool and the emerging markets in renewable energy, Samsung Renewable Energy's investment has been successful, and we have been able to watch the growth of one of the most innovative and exciting clusters of wind and solar energy capture in the world.



**SAMSUNG RENEWABLE ENERGY
GROWS WITH CANADIAN SUPPORT**

Steve Cho
President of Samsung Renewable Energy Inc.

CANADA'S RENEWABLE ENERGY MARKET IS READY FOR THE WORLD'S EVOLVING ENERGY NEEDS

As the world shifts towards the use of renewable and sustainable technologies, Canada—the planet's second-largest producer of hydroelectric power¹—has made significant investments in creating the right environment for foreign investors in the renewable energy market, setting the stage for foreign investment opportunities across the entire value chain of this industry, from technology development and fuel supply to generation, storage and distribution.

Canada provides foreign investors in this sector with a unique combination of advantages, including:

- **Some of the best wind and solar assets in the world:** Canada is the second-largest country in the world by landmass. With tens of thousands of miles of coastline and millions of hectares of landmass, Canada possesses some of the best wind and solar resources on the planet.
- **Favourable domestic and regional market access:** Canada provides foreign investors with immediate access to a large domestic and regional North American market, and this country's utilities are fully integrated with US electrical grids. Canadian governments are also offering federal and provincial incentives for purchasing renewable energy supplies. These include the Saskatchewan Net Metering Program, which offers a rebate for energy produced using renewable resources, and the Ontario Feed-in Tariff, which provides attractive feed-in tariff rates for wind and solar electric power generation.
- **R&D partnerships:** Governments across Canada have invested significantly in developing public-private-academic R&D partnerships in the renewable energy space.

WIND

Canada's installed wind energy capacity has increased from just 300 MW in 2003 to 11,205 MW in 2015, making this country the 7th-largest wind energy supplier in the world.² With this expansion underway, some of the largest global wind energy companies have invested in Canada's renewable energy market, and wind energy clusters continue to develop across the country. Organizations such as The Wind Energy Institute of Canada, which provides research, demonstration, collaboration, testing and certification, and The Wind Energy Strategic Network, which comprises leading researchers from 16 universities across the country collaborating with 15 industry, academic and government partners, work with foreign investors to help make their investments profitable in Canada.

SOLAR

With the resources and insolation necessary to build and operate successful solar farms on par with global photovoltaic (PV) leaders, Canada's solar capacity has grown substantially, reaching 2,500 MW of total installed capacity at the end of 2015,³ and is expected to reach 6,300 MW by 2020.⁴ Tied to this growth is Canada's intensive research and development effort in this market—in 2015, CanSIA identified 250 organizations and companies servicing solar industries in Canada. Supporting this rapid growth in research and development are organizations such as the National Solar Test Facility, which provides the world's largest indoor solar simulators, and CanmetENERGY, which specializes in promoting grid integration of renewable power.

1 International Energy Agency. *Key World Energy Statistics 2015*. p. 19.

2 Canadian Wind Energy Association. *Wind Energy Markets*.

3 Y. Poissant, P Bateman. *National Report of Photovoltaic Power in Canada 2015*.

4 Canadian Solar Industries Association. *Roadmap 2020*. p. 3.



WHERE TECHNOLOGY SCORES



GOALKEEPER TIM HOWARD WORKS AT THE ELECTRONIC ARTS STUDIOS IN VANCOUVER TO DEVELOP MOTION CAPTURE FOOTAGE FOR FIFA 2015. IN THIS STATE-OF-THE-ART FACILITY, HOWARD'S MOVEMENTS ARE CAPTURED BY SENSORS COVERING HIS BODY AND USED TO CREATE REALISTIC MOVEMENTS IN-GAME.

A person's hand is visible in the bottom left corner, holding a colorful soccer ball. The background is a dimly lit room with red stage lights and a large screen. The text "INFORMATION AND COMMUNICATION TECHNOLOGIES" is overlaid in a black box.

INFORMATION AND COMMUNICATION TECHNOLOGIES

SOFTWARE: CANADA'S SOFTWARE DEVELOPMENT INDUSTRY SHAPES HOW THE WORLD DOES BUSINESS

When IBM first began operations in Canada in 1917, demand was a key driver in establishing its Canadian subsidiary. As Pat Horgan, Vice President of Manufacturing, Development, and Operations for IBM Canada notes, Canada continues to be a prime location for ICT investment. With over 32,000 companies developing solutions in this industry, Canada's large population of highly skilled software development professionals has filled over 545,000 jobs in this sector,¹ and labour costs are advantageous relative to US and European cities. In total, the ICT sector contributed over \$169.8 billion in revenue in 2014, with over \$4.9 billion in R&D spending.²

As a priority sector in Canada's economy, the Information and Communications Technology field, specifically software development, has the full support of Canadian governments across the country, with significant incentives given to software companies to create new products and services, accelerate innovation in digital technologies and improve the adoption of new technology. Government research and funding through grant councils, such as the Institute for Quantum Computing, the National Optics Institute, the Industrial Research Assistance Program (IRAP), the MiQro Innovation Collaborative Venture, Canada's Advanced Research and Innovation Network (CANARIE) and the Canadian Digital Media Network, are just some of the organizations that work closely with investors to promote innovation in Canada.

Foreign investors can rely on a skilled and experienced labour pool. Canada's worldwide reputation for talent diversity has driven the development of clusters of ICT excellence in cities such as Calgary, Montréal, Ottawa, Toronto, Vancouver and Waterloo. This reputation attracts internationally educated

professionals from around the world. As Microsoft Corporate Affairs Director Dennis Lopes noted, "We've always liked to find more of the very specific high-end skills we require in areas such as software development or big data management, and Canada is producing these individuals."

Microsoft recently took advantage of the high-end skills present in Canada's labour market, opening the state-of-the-art Microsoft Vancouver Campus—home to some of the best and brightest software developers in the world. For foreign investors ranging from small start-ups to industry giants such as Microsoft, Canada provides the advantages necessary for software development to thrive and succeed. Nowhere is this better illustrated than in a recent fDi Intelligence market survey, which found that between 2003 and 2015, Canadian cities attracted 520 foreign direct investment projects in software and IT services.³

Canada offers world-class software development cost advantages

According to KPMG's *Competitive Alternatives 2016* report, Canada offers the lowest business cost structure and the second-lowest business tax burden for software firms among the G7 countries.⁴ Software developers based in Canada benefit from advantages such as labour costs that are 30.0 percent lower than their equivalents in the United States, and lower suburban office lease costs, with savings of 40 percent compared to France or 55 percent compared to Japan.⁵ For software and IT firms in Canada, the tax incentives and tax credits provided can be combined to reduce the effective tax rate to 21.8 percent, the lowest in the G7.⁶

1 Industry Canada. *Canadian ICT Sector Profile*. 2014.

2 Ibid.

3 fDi Markets. *Canada's Software and IT Services*. Consulted March 2016.

4 KPMG *Competitive Alternatives 2016*.

5 Ibid.

6 Ibid.

DIGITAL MEDIA: CANADA'S INTERACTIVE DIGITAL MEDIA SECTOR IS WHERE CREATIVITY AND BUSINESS THRIVE

Canada is home to a thriving digital media industry, which accounts for over 120,000 creative employees and \$22 billion in annual revenue.¹ As the world's foremost destination for global digital media companies, Canada provides investors with the innovation, talent and cost-competitive elements necessary to grow and succeed in a rapidly evolving world market.

Canadian operations in the digital media market occupy dominant positions in segments such as the digital games industry, animation and digital effects for the global film industry, and digital media applications for a variety of other sectors such as web design, social networking, education, health care and advertising. Supported by top talent and leading academic institutions, such as Montréal's École des arts numériques, de

l'animation et du design (Centre NAD), Toronto's Ontario College of Art and Design University (OCAD U), and Sheridan College, and Vancouver's Centre for Digital Media and Emily Carr University of Art and Design, Canadian operations in the digital media market have the advantage of access to a constant supply of talented graduates each year, in addition to the experienced workforce already active in Canada's digital media industry.

For an organization such as Sony Pictures Imageworks, the highly skilled workforce and cost advantages of operating in Canada have led to the construction of 74,000-square-foot, state-of-the-art production headquarters in Vancouver, where over 800 employees will work on digital entertainment projects, such as film and television productions.

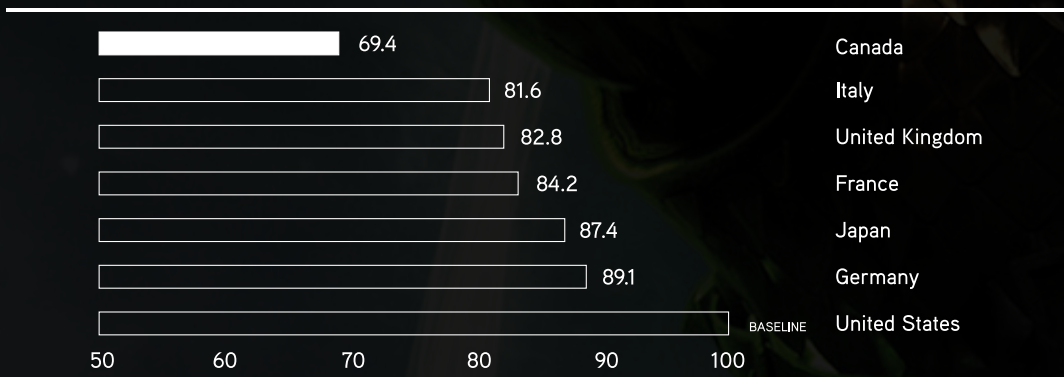
“Major investments like this would not be possible without the support of the Canadian workforce and government.”

Randy Lake, President of Studio Operations, Sony Pictures Imageworks

A number of Canada's provinces offer substantial labour rebates that provide financial support to digital media industries. Credits such as the Interactive Digital Media Tax Credit in British Columbia and the Computer Animation and Special Effects Tax Credit of Ontario, which reduce labour costs by 17.5 percent and 18 percent respectively, offer competitive business costs to investors in the digital media industries.

Canada offers the lowest overall business costs for digital entertainment in the G7. Video game development studios based in Canada typically enjoy a 30.6-percent cost advantage over their US-based counterparts.² These factors, taken together, demonstrate why Canada continues to be an international destination for investment in digital media, and how Canadian government and industry collaborate for growth and success.

VIDEO GAME PRODUCTION COST INDEX, G7 RESULTS (US=100.0)



Source: KPMG. *Competitive Alternatives 2016*.

1 Canadian Media Fund, *Industry Quick Facts*.
 2 KPMG, *Competitive Alternatives 2016*.

WIRELESS COMMUNICATIONS

Ericsson Canada's Ottawa R&D Centre is a prime example of investment in Canadian wireless communications. As Mark Henderson, President of Ericsson Canada, notes, the Ottawa R&D Centre plays a key role in expanding the company's Heterogeneous Network strategy, developing small cell technology, as well as integrating Carrier-class Wi-Fi capabilities. Having invested nearly \$4 billion in Canadian R&D, Ericsson is just one organization that is committed to continual strengthening of Canada's ICT ecosystem.

Supported by a highly educated and experienced workforce, world-class research and development, competitive labour costs, and competitive tax rates and incentives, Canada's wireless communications industry is a leading investment destination for leaders in the global communications market. Canada's key strengths in the telecommunications industry include wireless technologies such as mesh networks, WiMAX, Radio Frequency Identification (RFID), Ultra Wide Band (UWB), Network Function Virtualization, Software-defined Networks, OSS/BSS software development and satellite communications.

A testament to this expertise is Cisco's ten-year, \$4-billion investment in Canada to build several R&D facilities in Ontario.

"Our company believes Canada is a great place to invest. Canada is uniquely qualified and positioned to be an outstanding source for innovation and at the forefront of transforming the world."

*Nitin Kawale
President, Cisco Canada*

This investment makes Canada one of Cisco's top five R&D countries in the world.

Another growing global player active in the Canadian marketplace is Huawei. Since 2008, when the company opened its Canadian office, the team in Canada has grown to over 450 employees. Huawei announced another major investment in 2014: \$500 million to expand its R&D facilities in Canada. This latest round of investment will support Huawei's 5G-related research initiatives, as well as related technologies such as cloud computing, data analytics, enterprise applications and mobility security.

Joining the ranks of global telecommunications vendors investing in Canada is Ciena Corporation. In 2014, the company announced a \$900-million investment to expand its R&D centre in Ottawa. This centre will be focused on optimizing carrier network performance in the area of wireless, fiber optics and ethernet networks. Ciena plans to make Ottawa the focal point of its global efforts for developing solutions that can increase network speed and capacity. The company's R&D strategy includes leveraging new partnerships with Ontario universities and recruiting more research talent.

Another major wireless smartphone leader that has made significant investments in Canada is Samsung Electronics. In 2013, the company invested in its first Canadian R&D centre, in the city of Burnaby, British Columbia. This facility employs approximately 60 skilled software engineers, designers and operations staff, supporting the global design, development, operational and technical support of Samsung's enterprise solutions. Samsung has harnessed local resources to develop wireless products and mobile platforms, joining other international giants such as Ericsson, IBM, Intel, Microsoft, SAP, Amazon and Cisco, all located in Canada's booming telecommunications space.

For telecom equipment manufacturers, Canada offers key competitive advantages. These include savings on labour costs, which are 32.0 percent lower relative to counterparts in the United States,¹ and lower lease costs for industrial facilities, which are 25.7 percent less than the US baseline for telecommunications equipment firms. Canada also affords manufacturers competitive tax advantages, which include R&D credits that drop the effective tax rate for telecommunications equipment manufacturing to 18.7 percent, the second-lowest in the G7.²

Supporting Canada's cost-competitive business environment in the telecommunications industry is a host of investor incentive programs and research centres, incubators and accelerators, all prepared to collaborate with investors in the wireless communications industry.

These programs include the National Research Council of Canada's Industrial Research Assistance Program (IRAP), which provides innovation assistance to foreign investors, and Export Development Canada (EDC), which provides flexible financing programs and solutions that are custom-fit to support foreign investors.

Research centres and accelerators, such as the Emerging Communications Technology Institute in Toronto and the Wireless Internet Performance Laboratory in Calgary, are also constantly driving research and innovation in partnership with investors, allowing them to leverage the best and brightest in Canada to provide leading-edge competitive products and services in the international market.

TELECOM EQUIPMENT PRODUCTION COST INDEX, G7 RESULTS (US=100.0)



Source: KPMG. *Competitive Alternatives 2016*.

1 KPMG. *Competitive Alternatives 2016*.
 2 Ibid.

ROBOTICS

With a 35-percent annual growth in robot orders from 2010-2015, Canada leads the North American rise in demand for robots, showing strong growth in the automotive, Unmanned Aerial Vehicle (UAV) and space segments.¹

Foreign investment in the robotics sector has seen a steady upswing in Canada, with global incumbents such as ABB, Amazon and General Electric making sizeable investments for their robotics divisions in this country—investments that parallel the efforts of local Canadian innovators such as MDA, Clearpath Robotics, Bionik Labs, D&D Automation, Kinova Robotics and Provectus Robotics.

BIG DATA AND ANALYTICS

The Information and Communications Technology Council (ICTC) estimates the size of the Canadian big data service market at \$1.1 billion in 2015,² while analyst firm IDC estimates that this market will grow to \$1.77 billion in 2018.³

Demand among Canadian private-sector enterprises for big data analytics and infrastructure solutions is significant. Opportunities exist in areas such as:

- IoT analytics
- Apache Hadoop
- Rich media analytics
- Cognitive computing
- Data monetization
- Wearables—“Quantified Self”
- Healthcare analytics
- Customer experience

VIRTUALIZATION AND CLOUD COMPUTING

Over the past year, Canada has become a “Cloud-First” market, where cloud services are the first choice for technology leaders looking to replace or implement new systems.⁴

Foreign investors in the cloud virtualization space are taking advantage of this demand transformation in the Canadian market, establishing operations that range from public and private cloud infrastructure and cloud provisioning to Enterprise SaaS application development, storage and data infrastructure, and hypervisor/virtual machine and OS development.

CYBERSECURITY

Canada’s commitment to fighting cybercrime and strengthening private-sector cybersecurity offers foreign investors opportunities to develop software solutions for governments, health care and Canada’s financial services sectors. With privacy legislation as a cornerstone of one of the strongest privacy regimes in the world, Canada offers foreign cybersecurity investors the opportunity to battle-test their technologies and business processes, and use this country as a platform for global exports.

HEALTH IT

With expenditures in Health IT totalling \$4.2 billion in Canada in 2013,⁵ the demand for IT products and services that address the health IT segments—such as archiving and communication systems, laboratory systems, clinical information systems and administrative and financial systems—is growing, and represents an excellent opportunity for investors to develop and innovate solutions in the health IT market.

ENTERPRISE SOFTWARE

Canadian firms and foreign investors in this country are leaders in enterprise applications for a variety of software market segments, including customer relationship management, digital content creation, project and portfolio management, supply chain management and web conferencing. With Canada’s proximity to enterprise application software (EAS) hubs in the United States—particularly Silicon Valley—foreign investors can establish complementary and high value-added operations here to support development work for large US-based software companies.

1 Canadian Industrial Machinery (CIM). *Industrial Robot Orders Break All Records*.

2 Information And Communications Technology Council (ICTC). *Big Data & The Intelligence Economy*.

3 IDC. *Canadian ICT 2015–2019 Forecast*.

4 Ibid.

5 Branham Group Inc. *Digital Health NOW, 2013*.

Q: What is your staff complement in Canada?

We employ approximately 380,000 people worldwide, and Canada is one of our largest operations outside the US. IBM Canada is the second-largest location for software development within the IBM group of companies.

Q: What are some of your locations in Canada?

Our Canadian headquarters are in Markham—a suburb of Toronto—and we have representation across the country, including Quebec, British Columbia, Nova Scotia, Alberta, New Brunswick and Newfoundland. Our microelectronics plant in Bromont, Quebec is probably the largest of its kind in Canada.

Q: Why did IBM choose Canada as a location for investment?

IBM Canada was the very first location established outside the US, in 1917. I think what is particularly interesting about our Canadian operations is that Canada has always been seen as a country where innovation takes place and where companies are able to develop new ideas for the global market. Today, we are one of Canada's top ten private R&D investors, and this is primarily due to the environment, which fosters and supports innovative technology enterprises like our own.

Q: What types of investments has IBM made in Canada?

At IBM, we believe that an investment in smarter research and development is an investment in Canada. For example, in 2014 alone, we invested more than \$465 million in our Canadian research activities.

Our Markham head office is the site of our largest software development labs, including the Southern Ontario Smart

Computing and Innovation Platform (SOSCIP)—a groundbreaking research collaboration with the Government of Ontario and seven founding Canadian universities. SOSCIP, which has the largest analytics cloud in the world and the fastest supercomputer in the country, provides a platform for many of our best R&D projects aimed at helping solve pressing global challenges in cities, water, energy and health care.

Other investments include cloud centres in Drummondville, Quebec and in Toronto; our flagship investment in IT infrastructure is the IBM Canada Leadership Data Centre in Barrie, Ontario; add to that the IBM Western Canada Leadership Data Centre in Acheson, Alberta. These are just some of the investments we have made in Canada.

Q: In your view, have the skills of the Canadian workforce met IBM's needs?

Absolutely. We feel particularly strongly that the higher education system in Canada produces great graduates, many of whom go on to become great IBMers.

Q: Why should foreign organizations invest in Canada?

We see Canada as a place where organizations can get a better return on investment than in many alternative investment destinations. Investors who have the choice of going anywhere in the world should start with Canada. In brief, I believe we have the best country in the world for investment, for innovation and for quality of life. We have a government that is willing to partner with us, so I think we could do a lot more in Canada, and we intend to do more in the foreseeable future.



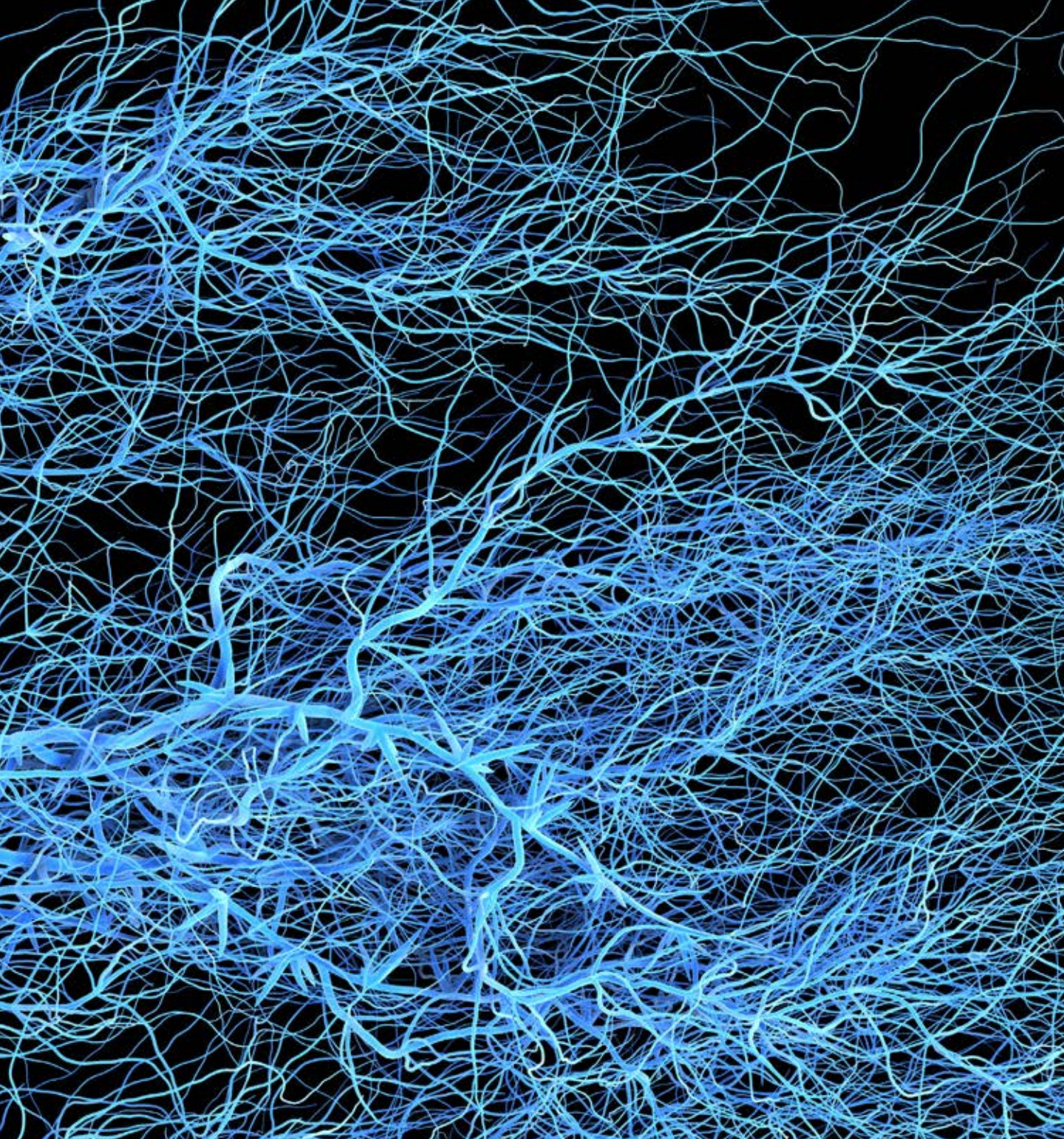
IBM INVESTS IN SMARTER RESEARCH & DEVELOPMENT IN CANADA

*Pat Horgan
Vice President Manufacturing, Development & Operations, IBM Canada*



WHERE DISCOVERIES ARE MADE

WITH THE INVENTION OF THE FIRST PRACTICAL ELECTRON MICROSCOPE IN 1938, CANADIAN PHYSICIST ELI FRANKLIN BURTON OPENED THE DOOR TO KEY ADVANCEMENTS IN ALMOST EVERY LIFE SCIENCES DISCIPLINE, WHERE THE ELECTRON MICROSCOPE WOULD PROVIDE UNPRECEDENTED INSIGHT INTO THE FUNCTIONING OF CELLS, SUCH AS THE NEURAL CELLS PICTURED ABOVE. CANADA IS AT THE FOREFRONT OF HEALTH SCIENCES RESEARCH TODAY, AND BURTON'S INNOVATIVE LEGACY LIVES ON IN RESEARCH INSTITUTIONS AND ORGANIZATIONS AROUND THE WORLD.



LIFE SCIENCES

MEDICAL DEVICES: CANADA'S TAX AND COST ADVANTAGES TIP THE SCALES FOR MEDICAL DEVICE MANUFACTURERS

As the home to world-leading healthcare organizations, such as Johnson & Johnson (J&J), Canada provides foreign investors with a highly competitive environment for business costs, business taxes and world-leading institutions supporting R&D activities in this sector. Mark Fleming, Director of Federal Affairs and Health Policy for Janssen, a subsidiary of J&J, notes Canada is home to some of the most innovative universities, scientists and healthcare professionals in the world.

The Canadian arms of global organizations operate in key segments of this industry, including oncological applications, ophthalmic devices, wound care management, cardiovascular devices, and drug delivery devices. Companies located in Canada are also world leaders in medical imaging and analysis. According to Statistics Canada, 17,578 individuals were employed in the medical equipment and manufacturing industry in 2015, and over the last

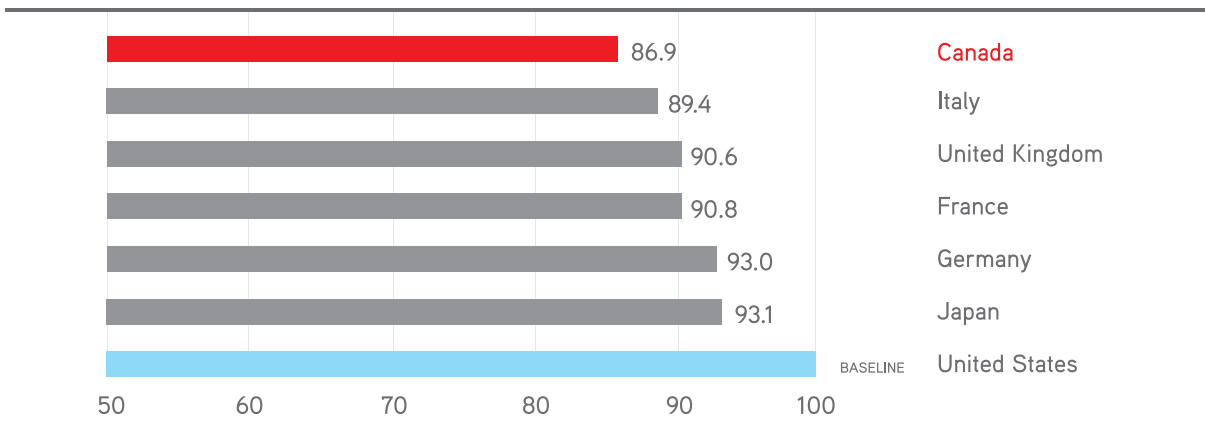
decade (2006-2015) sales have increased from \$2.8 billion to \$3.1 billion.¹

Canada is also a global centre of R&D excellence in this space. For example, Ontario's Centre for Probe Development and Commercialization is the world's first facility to focus on all areas of molecular imaging probes, which provide non-invasive diagnosis of diseases in their earliest stages. Supporting this research excellence is Canada's Scientific Research and Experimental Development (SR&ED) tax credit program.

In its 2016 *Competitive Alternatives* report, KPMG found that Canada offers the lowest business cost structure and the lowest tax burden among the G7 countries for medical device manufacturing. Relative to US-based medical device manufacturers, operations based in Canada typically enjoy a 13.1-percent savings with lower employee healthcare costs being the main contributor.

CANADA'S COST HIGHLIGHTS

MEDICAL DEVICES MANUFACTURING COST INDEX, G7 RESULTS (US=100.0)



Source: KPMG. *Competitive Alternatives* 2016.

¹ Statistics Canada. *Canadian Industry Statistics. NAICS 3391 – Medical Equipment and Manufacturing. CANSIM 304-0014.*



JANSSEN INC. LOOKS TO CANADIAN SCIENTISTS FOR THE NEXT GENERATION OF INNOVATIVE MEDICINES

*Mark Fleming
Director, Federal Affairs and Health Policy, Janssen Inc.*

Q: What is your staff complement in Canada?

Janssen Canada employs more than 800 people.

Q: What are some of your locations in Canada?

Our Janssen head office is located in Toronto. Our parent company, Johnson & Johnson, is also represented in Ontario, and in British Columbia. Janssen Canada employs people in every province in the country—for example, physicians, nurses and specialists for our clinical trials, in addition to related support infrastructure.

Q: Why did Janssen choose Canada as a location for investment?

Janssen Canada was established to bring our innovative medicines to Canadians. We also chose Canada because the country is home to some of the most innovative universities, scientists and healthcare professionals in the world. More recently, Canada's participation in the Comprehensive Economic Trade Agreement between this country and Europe holds promising prospects for facilitating trade and investment in the future.

Q: What types of investments has Janssen made in Canada?

We have invested significantly in innovation hubs across the country. For example, in May 2016 we established the JLABS Innovation Facility, which is located in the MaRS Innovation Centre in Toronto. Janssen Canada currently has over 649 clinical trial sites across the country, with over 11,000 patients enrolled in these trials. Clinical trial investment accounts for approximately half of our R&D footprint in Canada.

Q: In your view, have the skills of the Canadian workforce met Janssen's needs?

We certainly have no problem hiring great people here in Canada. The university system is strong and there are outstanding graduates entering the workforce every year. We have had great success in putting Canada on the map for R&D within our global organization.

Q: Why should foreign organizations invest in Canada?

In two words: great science. There has been an underestimation of the quality of science in Canada, and when they do come here, many investors are particularly struck by the size of the investments being made in life sciences in this country.

The clinical trial infrastructure in Canada is very small, so there is a great deal of room for improvement. The federal government has taken some very positive steps to enhance Canada's clinical trial infrastructure and, in the coming years, we should see significant and sustainable growth in the sector as a result of these initiatives.

PHARMACEUTICAL MANUFACTURING: CANADA'S RESEARCH SUPPORT, INNOVATION AND FUNDING PUT PHARMACEUTICALS OVER THE TOP

Canada offers foreign investors significant opportunities in the pharmaceutical manufacturing sector, and the reasons why organizations such as Janssen have invested close to \$1 billion in R&D in this country over the last two years alone, are clear. As the home to the world's ten largest pharmaceutical companies, the Canadian pharmaceutical manufacturing sector spans all levels of the industry's value chain, from drug discovery, clinical synthesis and formulation to clinical trials planning and management, and drug manufacturing and packaging. World-leading pharmaceutical companies have operations in key segments in Canada, including vaccines and immunotherapeutics, oncology therapeutics, central nervous system therapeutics, regenerative medicine and stem cell research.

Pharmaceutical sales in Canada have a 2.5-percent share of the global market, making this country the ninth-largest pharmaceutical market in the world.¹ The Canadian pharmaceutical manufacturing sector also has a growing presence in international markets, with more than half of our current pharmaceutical production, valued at \$5.6 billion, exported to the United States.²

In addition to this sector's outstanding sales performance in the global market, Canadian-

based pharmaceutical manufacturing operations enjoy a 31.6-percent cost savings on labour relative to the United States, according to KPMG's *Competitive Alternatives 2016* report, and when all cost factors (such as utility costs, lease costs for industrial facilities and corporate taxes) are combined, Canada has the lowest business cost structure among all G7 countries, with total business costs at 11.2 percent below the United States.

Canada's cost advantages, tax rates and dedication to excellence in medical research and innovation present a unique environment for foreign investment in the pharmaceutical manufacturing industry, and with our ongoing dedication to health research, this country clearly presents a competitive home for organizations looking to profit in this growing global industry.

In addition to Canada's considerable cost advantages in the pharmaceutical manufacturing industry, factors such as our skilled labour pool, financial support for health research and innovation and funding support for organizations in the life sciences industries set Canada apart as a global leader in pharmaceutical research, development and sales.

¹ Industry Canada. *Life Sciences Industries: Pharmaceutical Industry Profile*.

² Ibid.



SKILLED RESEARCHERS, FUNDING SUPPORT AND WORLD-LEADING CLUSTERS

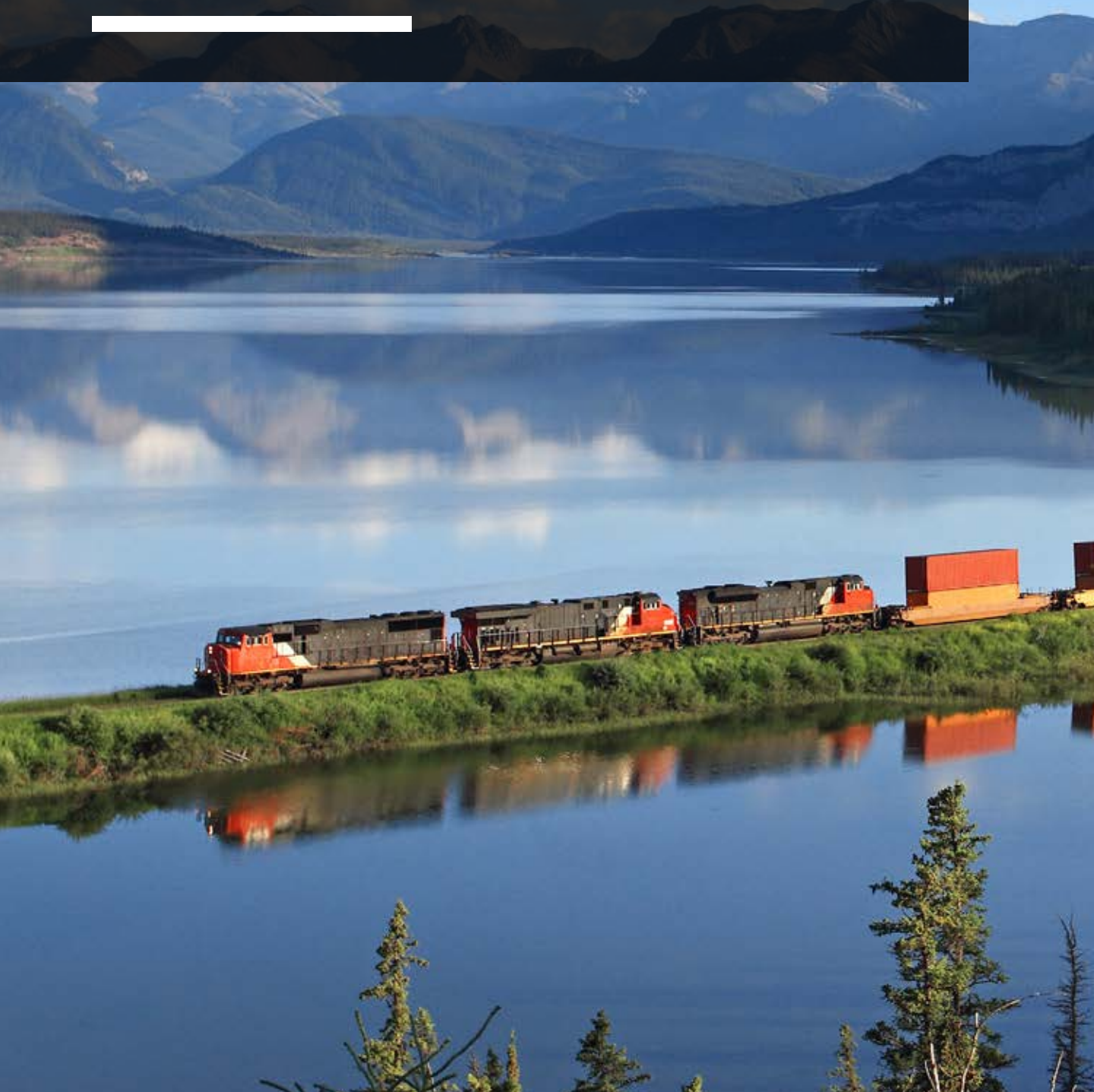
With an extensive network of academic health institutions, research centres, seventeen medical schools and thousands of health researchers employed at dozens of healthcare organizations across the country, Canada has the expertise and experience necessary for organizations in the pharmaceutical industry to thrive and grow.

In 2014-2015, the Canadian Institutes of Health Research (CIHR), Canada's federal funding agency for health research, supported thousands of

health researchers across the country, providing close to \$1 billion in funding.

This dedication to health research has made Canada an international destination for biopharmaceutical research, and some of North America's largest pharmaceutical clusters are based in Canada. These include Toronto, Montréal/Laval, Quebec City, Vancouver and Winnipeg.

WHERE SERVICE IS DELIVERED



CANADA'S BOOMING INFRASTRUCTURE IS SUPPORTED BY A VIBRANT SERVICES SECTOR COMPRISED OF ENGINEERING, ARCHITECTURAL AND CONSTRUCTION SERVICES FIRMS. PICTURED ABOVE, AN INTERMODAL TRAIN TRAVELS PAST BRÛLÉ LAKE IN ALBERTA, PROVIDING EFFICIENT LOGISTICAL ACCESS TO EVERY CORNER OF NORTH AMERICA.



SERVICES

BUSINESS SERVICES: FROM INFORMATION TECHNOLOGY (IT) TO ACCOUNTING, CANADA'S VIBRANT BUSINESS SERVICES SECTOR GIVES GLOBAL COMPANIES A COMPETITIVE ADVANTAGE

When it comes to breadth and depth of business services, few countries can compete with Canada. As Cristina Falcone, Vice President of Public Affairs for UPS Canada, notes, Canada's market access and the government's orientation towards facilitating trade were key motivators that caused UPS to invest in this country. Canada provides a wide range of expertise to foreign investors, such as: human resources management, business process outsourcing, finance and accounting, engineering services, computer system design and programming, 3PL and 4PL service, and creative services in a wide range of disciplines, including architecture, graphic design, multimedia services, marketing and advertising. In 2015, almost 866,000 Canadians were working in professional, scientific and technical services, which represented about \$88.5 billion of the national GDP.¹

Forty years ago, United Parcel Service chose Canada as its first international market; today, 12,000 of the US logistics giant's 400,000 employees are Canadian. "There is a willingness from government to work with foreign investors, to help make them successful," says Cristina Falcone, Vice President for Public Affairs at UPS Canada.

INFRASTRUCTURE SERVICES

The engineering, construction and architectural services firms that support Canada's infrastructure market enjoy an excellent reputation—both at home and abroad. Canada is the 5th largest exporter of engineering services in the world: consulting engineering services in Canada represented a \$28.4-billion industry in 2015.² Infrastructure services companies operating in Canada will find plenty of opportunity. In its latest federal budget, the Government of Canada has announced the "Building Canada" plan, a \$53-billion long-term infrastructure plan that will contribute to economic growth, job creation and productivity, and encourage investment.³

BUSINESS PROCESS OUTSOURCING (BPO)

Thanks to its skilled workforce and its proximity to the United States, Canada is a top provider of BPO services to US-based companies. The country is a logical choice as US multinationals move everything from IT outsourcing to back-office financial services closer to home. Another helpful factor: Canada offers the world's second-best business environment for global services offshoring, according to a 2016 ranking by management consulting firm A.T. Kearney.⁴

ACCOUNTING AND MANAGEMENT SERVICES

Canada has no shortage of accounting talent. Just ask the CFA Society in Toronto, which boasts the world's second-largest Chartered Financial Analyst membership. All of the Big Four accounting firms—Deloitte Touche Tohmatsu, Ernst & Young, KPMG and PricewaterhouseCoopers—have a significant presence in Canada.

1 Statistics Canada. *Labour Force Survey*. CANSIM, 281-0023 and CANSIM, 379-0031.

2 Association of Consulting Engineering Companies. *Annual Report 2014-2015*.

3 Infrastructure Canada. *New Building Canada Plan, 2016*.

4 A.T. Kearney. *Global Services Location Index, 2016*.



UPS DELIVERS SOLID GROWTH FROM ITS CANADIAN OPERATIONS

*Cristina Falcone
Vice President of Public Affairs, UPS Canada*

Q: What is your staff complement in Canada?

UPS employs 12,000 people in Canada, primarily in UPS Package Operations. Of those, approximately 1,700 people work in UPS Global Logistics, distribution and global freight forwarding.

Q: What are some of your locations in Canada?

Our Head Office is in Burlington, Ontario, and we have offices and facilities in every province.

Q: Why did UPS choose Canada as a location for investment?

Canada was the very first international expansion for UPS. We had a strong customer base in the US, and we saw an opportunity to help with their exports—for that reason, we decided to invest in Canada. Market access was a key consideration in our decision to invest, as was the Canadian government's orientation towards facilitating trade. We also saw that Canada's resourceful workforce, skills base and language similarities made this country the right fit for us to expand to first, before any other country.

Q: What types of investments has UPS made in Canada?

Aside from our investment in physical locations, a very high percentage of our UPS Canada fleet runs on alternative fuel. We converted 32 percent of our fleet to run on propane, and we're looking to expand that even further. We have also established our contact and accounting centres in Atlantic Canada.

Q: Why did UPS decide to outfit its vehicles with propane?

UPS has long been committed to environmental sustainability, and one reason why we invested in propane vehicles in Canada is because the province of Ontario introduced a commercial vehicle program, through which we were able to secure a grant to assist with the incremental cost of moving to cleaner fuel.

Q: In your view, have the skills of the Canadian workforce met UPS Canada's needs?

Canada's skilled workforce is most definitely an asset. The quality of the workforce, in addition to the state-of-the-art communications technology available to us, has allowed UPS to establish contact and accounting centres in various provinces, as one example. So, yes, I would say that the diversity and skills of the Canadian workforce are some of the main components of our success story in Canada.

Q: Why should foreign organizations invest in Canada?

At UPS Canada, we feel that there is a particular willingness from government to work with foreign investors to help them succeed. Canada provides us with access to an extensive and highly skilled workforce. We have also found Canadians to be highly engaged in their communities—a factor that ties in very well with our corporate values. Also, the infrastructure that the country has invested in over the past few decades is an extremely positive factor for a business like ours. All these factors have been critical components on our road to success in the Canadian market.

FINANCIAL SERVICES: A GLOBAL FINANCIAL POWERHOUSE

THE WORLD'S SOUNDEST BANKING SYSTEM AND DEEP CAPITAL MARKETS ARE JUST TWO REASONS WHY FOREIGN INVESTORS CHOOSE CANADA'S FINANCIAL SERVICES SECTOR

For proof that Canada is a leader in financial services, look no further than Toronto, ranked North America's 4th financial centre and 10th worldwide.¹ Montréal and Vancouver also place in the global top 30 financial centres.²

Foreign investors recognize the strengths of this diverse sector, whose players range from asset managers and securities dealers to pension funds and hedge fund administrators. In 2014, foreign direct investment in the country's finance and insurance industries totalled \$90.5 billion.³

Underpinning this success is a banking system named the world's soundest by the World Economic Forum for eight years running. Canada's deep and mature capital markets offer another advantage. In 2014, the Toronto Stock Exchange and the TSX Venture Exchange ranked 1st in North America for total number of listed companies and #8 globally for market capitalization.

CANADA GIVES INVESTORS IN THE FINANCIAL SERVICES SECTOR THE MOST COMPETITIVE BUSINESS COSTS IN THE G7

- International financial services firms based in Canada benefit from total labour costs that are 34.6 percent lower than equivalent costs for similar firms in the US.
- Canada's leading cities offer downtown office lease costs that are very affordable relative to most major cities in the G7, with savings of 21.1 percent, compared to the US baseline.⁴
- When all cost factors are considered, Canada has the lowest business cost structure among all G7 countries, with total business costs 27.6 percent below the US and 14.3 percentage points lower than in the UK.⁵

INVESTORS HAVE THE MOST COMPETITIVE TAX COSTS IN THE G7

With the competitive and comprehensive tax credits that Canada offers to financial services firms, organizations can effectively reduce their corporate income tax rate to 20.8 percent, the second-lowest among the G7 countries.⁶

GLOBAL INVESTORS BENEFIT FROM CANADIAN CURRENCY EXCHANGE RATES

In 2015, the US dollar appreciated in value relative to the Canadian dollar. The stronger US dollar significantly increases Canada's cost advantage for international financial services firms, and provides robust buying power, allowing global investors to buy more for less.

1 Long Finance. *The Global Financial Centres Index 18, 2015*.

2 Ibid. p. 6.

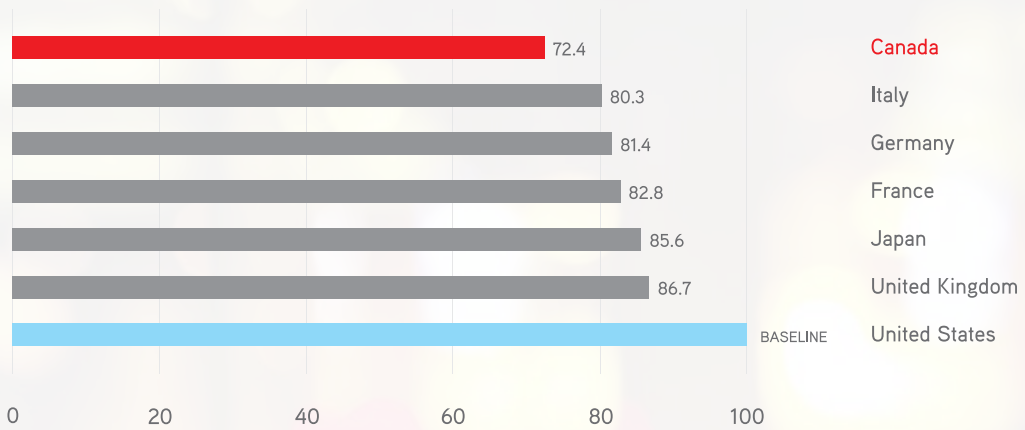
3 Statistics Canada. *CANSIM, Table 376-0052*.

4 KPMG. *Competitive Alternatives 2016*.

5 Ibid.

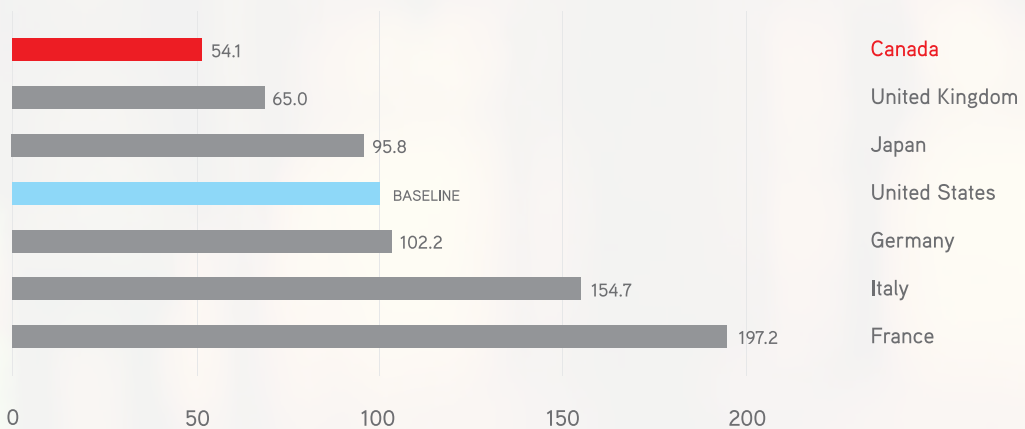
6 Ibid.

INTERNATIONAL FINANCIAL SERVICES COST INDEX, G7 RESULTS (US=100.0)




Source: KPMG. *Competitive Alternatives 2016*.

INTERNATIONAL FINANCIAL SERVICES TOTAL TAX INDEX, G7 RESULTS (U.S.=100.0)



Source: KPMG. *Competitive Alternatives 2014*.

WHERE RESOURCES ARE ASSETS

A large 700-tonne haul truck is shown from a low angle, emphasizing its massive scale. The truck is filled with raw goods, and its heavy-duty tires are visible in the foreground. The background shows a mining site under a clear sky.

WITH OVER 200 ACTIVE MINES, AN IMMENSE INFRASTRUCTURE HAS BEEN SET UP TO SUPPORT NATURAL RESOURCE EXTRACTION IN CANADA. THE 700-TONNE TRUCKS PICTURED ABOVE HAUL RAW GOODS FOR PROCESSING, AND ARE AN EMBLEM OF THE ENGINEERING AND MANUFACTURING SCOPE BROUGHT TO MINING OPERATIONS IN CANADA.



NATURAL RESOURCES

MINING: CANADA'S NATURAL RESOURCES POWER OUR ECONOMY AND YOUR BUSINESS

With an estimated employee base of 418,000 workers and a \$57-billion contribution to Canada's GDP in 2014, mining and related industries account for over 20 percent of Canadian goods exported.¹

As the world's top destination for exploration, attracting more global investment in 2015 than Australia, the United States, and Mexico,² Canada's mining industry is a driver not only of the national economy, but also of foreign direct investment, and the stock of foreign direct investment in this country's metallic minerals and metal products industry totalled \$66.4 billion in 2013.³

As major producers of aluminum, cobalt, diamonds, nickel, platinum-group metals, titanium, tungsten, uranium and zinc, Canada's 200+ mines represent a major opportunity for foreign investment, and growing interest in rare earth metals has spurred continuing growth in our numerous mining projects.

Supporting Canada's mining industry is an unrivalled network of science and technology, developed specifically for the extraction of natural resources in this country. Canada is also home to broad expertise in geoscience, through its numerous and prestigious universities, colleges, and institutes of excellence, such as the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), a professional organization with over 12,000 members both here and abroad.

PUT OUR INSTITUTIONS TO WORK FOR YOU

In addition to this country's expertise, sophisticated financial institutions and research organizations here are eager to collaborate with foreign investors to drive innovation and investment in Canada's mining sector. They include:

- Scientific Research and Experimental Development Program (SR&ED)
- Canadian Mining Industry Research Organization (CAMIRO)
- Canadian Mining Innovation Council (CMIC)
- Centre for Excellence in Mining Innovation (CEMI)
- CANMET Mining, a branch of Natural Resource Canada's Minerals and Metals sector
- Mining Innovation, Rehabilitation, and Applied Research Corporation (MIRARCO)

Foreign investors looking to leverage these organizations' experience need look no further than the Canadian innovations fostered by these institutions and research organizations. Examples of mining innovations developed in Canada include: automated shaft monitoring and inspection systems for deep-level mining, hybrid diesel-electric loaders that decrease noxious gas emissions, a metallic sulphide detecting system and software solutions designed to deliver leading-edge data management and production-proven solutions.

1 The Mining Association of Canada. *Facts and Figures of the Canadian Mining Industry 2015*.

2 *Ibid.* p. 77.

3 *Ibid.* p. 78.

Q: What is your staff complement in Canada?

ArcelorMittal currently employs approximately 10,000 Canadians across our 22 locations, and when factoring in the indirect and support roles created by our projects, that number expands to 40,000 additional jobs.

Q: What are some of your locations in Canada?

We have seven business units operating in Canada, located across Ontario, Quebec and Nunavut. These units are responsible for a variety of projects, including ore extraction, steel production for the automotive and construction sectors, and research and development activities for our global operations.

Q: Why did ArcelorMittal choose Canada as a location for investment?

Our investment decisions in Canada are made on the basis of the competitiveness and profitability that operations here are able to yield. Strategic provincial and federal government investments in capital expansion and energy conservation initiatives, amongst others, attract further investments which allows us to sustain employment and foster success.

Q: What types of investments has ArcelorMittal made in Canada?

ArcelorMittal has made a variety of investments in Canada, including production equipment and machinery, research and development, and manufacturing and mining facilities. Since 2008, we have invested more than \$6 billion in Canadian operations, allowing us to markedly improve the quality and production of our mining and steelmaking enterprises.

Recent investments include expanding the capacity of our mining operations, restoring two primary production facilities and constructing new steel coating lines. Outside of our investments in production, ArcelorMittal is dedicated to direct community support—we annually invest \$3 million in Canada, through associations with charitable organizations and community partners.

Q: In your view, have the skills of the Canadian workforce met ArcelorMittal's needs?

The skills and talents of the Canadian workforce have proven to be one of our key competitive advantages. As a result, we have been proactively recruiting from the Canadian labour pool for our steel business. The team members we are able to recruit—ranging from trade apprentices to technologists to engineers and other professionals needed for our business units to operate productively—are of very high calibre.

Q: Why should foreign organizations invest in Canada?

The Canadian workforce is an essential resource for our competitive operations, and provides us with high-quality talent. The Canadian government, at provincial and federal levels, has also been a key partner in providing ongoing investment incentives. As well, Canada supports the sophisticated needs of the market, allowing us to maintain good supply chains to meet our customers' and suppliers' needs and demands.



**ARCELORMITTAL'S CANADIAN OPERATIONS
SUPPLY AND INNOVATE AROUND THE WORLD**

*Sean Donnelly
President and CEO, ArcelorMittal Dofasco*



OIL AND GAS: UPSTREAM AND DOWNSTREAM, CANADA'S OIL AND GAS INDUSTRY GROWS AT A RAPID PACE

As the world's fifth-largest producer of oil and fourth-largest of natural gas,¹ Canada's business environment protects and encourages the large investments necessary for oil and gas extraction, and has proven itself time and again as the destination of choice for leading global companies across the oil and gas value chain. As a host to industry giants such as Royal Dutch Shell Plc, Chevron Corporation, ExxonMobil and Sasol, and with recent investments from PetroChina, Total S.A. and Spectra Energy, Canada's oil and gas reserves continue to be a world-leading destination for foreign investors.

Canada's numerous foreign investments in the oil and gas industry have made the country an important hub for the oil and gas sector. Canadian research institutions, such as the Petroleum Technology Research Centre (PTRC), which funds and manages research programs in enhanced oil recovery and carbon strategy, and the Petroleum Technology Alliance Canada (PTAC), which facilitates collaborative technology development, work closely with

foreign investors across a range of projects. This collaboration is key to the continuing growth and success of Canada's oil and gas industry segments, and is crucial to the expansion and profit of our foreign investors in this industry.

The majority of Canada's oil reserves are fully open to private and foreign investment, and are not controlled by national oil companies. On this count, Canada stands alone in providing foreign investors with an opportunity for unprecedented growth.

Supporting Canada's oil and gas opportunities, in addition to the research institutions outlined above, is a deep pool of professional expertise. Canadian companies in the upstream oil and gas sector have unmatched experience in exploration, drilling, casing, hydraulic fracturing and the recovery of oil through both thermal and gas injection. Together with foreign investors, this country's upstream oil and gas companies are ready to help maximize the unique resource extraction opportunities offered in Canada.

¹ Natural Resources Canada. *Energy Fact Book, 2014–2015*.



CANADA PROVIDES FOREIGN INVESTORS WITH **WORLD-CLASS ADVANTAGES IN THE OIL AND GAS INDUSTRY**

FINANCIAL INCENTIVES

Foreign investors can use flow-through shares (FTS) to transfer eligible exploration and development expenses, which can be applied for tax credits, to their beneficial owners. This feature provides investors with attractive prices for FTS, allowing players involved in exploration, drilling, production, refining and pipeline activity to easily fund these high-capital activities.

PRODUCTION AND TRANSPORTATION INFRASTRUCTURE

With an integrated network of coast-to-coast pipeline systems and over 825,000 kilometers (and counting) of pipelines, Canadian oil and gas production is well connected to domestic and export markets in North America. Furthermore, a growing capacity for oil refinement means that Canadian refineries are ready to expand with continuing foreign investments.

PROXIMITY TO MARKETS

As the largest crude oil and refined petroleum products supplier to the United States, Canada is actively developing infrastructure for delivery of oil and gas products to additional markets in Asia and Europe. With its advantageous global positioning, this country is able to transport oil and gas products from its western regions to East Asia up to 14 days faster than from ports on the US Gulf Coast, so foreign investors in Canada enjoy significant cost advantages over other North American destinations.

WHERE YOUR SUCCESS BEGINS



INVESTOR BASICS: STARTING A BUSINESS IN CANADA IS SIMPLE

Starting a business in Canada is easy, any way you look at it. In the World Bank's *Doing Business* report, Canada ranked #1 in the G20 when it comes to the number of procedures needed to establish a business. Companies can literally set up a business in Canada in less than two days!

KEY STEPS TO INVESTING IN CANADA

1. PLANNING YOUR BUSINESS

Invest in Canada and its partners will provide you with market intelligence, information on the right type of business structure for your company, how your specific business activities will be regulated and more.

2. ORGANIZING YOUR FINANCES

Invest in Canada and its partners will provide you with information about incentive measures and funding programs available to your company, as well as sector-specific benchmarking data that allow you to evaluate and select the best location for your company.

3. REGISTERING YOUR BUSINESS

Licensing your business with municipal, provincial and federal governments is a quick one-step process, and all provinces, along with the Canada Revenue Agency, allow businesses to register online. Once you have registered for a Business Number and a GST/HST account, the process is complete.

4. HIRING AND MANAGING EMPLOYEES

Invest in Canada and its partners will provide you with information on how to recruit, hire and maintain the health and safety of your employees in Canada.

INCENTIVES IN CANADA

CANADA-WIDE PROGRAMS



AgrilInnovation Program

Supports agri-based R&D, including commercialization and/or adoption of innovative products, technologies, processes, practices and services



Automotive Innovation Fund

Supports R&D and the creation of new or expanded facilities to produce leading-edge, energy-efficient vehicles and powertrains



Automotive Supplier Innovation Program

Supports automotive suppliers with technology demonstration and prototyping of innovative products or processes in the automotive sector



Strategic Aerospace and Defence Initiative

Supports strategic R&D in the aerospace, space, defence and security sectors, to develop new and improved products, services or production capabilities



Technology Demonstration Program

Supports OEM or Tier 1 companies with large technology demonstration projects in the aerospace, defence, space and security sectors



Industrial Research Assistance Program

Provides small and medium-sized companies engaged in technology innovation with technical advisory services and financial support



SD Tech Fund: Sustainable Development Technology Canada

Supports investors' cleantech solutions that address climate change, air quality, clean water and clean soil



SD Natural Gas Fund: Sustainable Development Technology Canada

Supports late-stage development and pre-commercial demonstration of downstream natural gas projects



Scientific Research and Experimental Development Program

Provides businesses with tax credits for the direct cost of performing eligible R&D work in Canada

FOREIGN TRADE ZONE-LIKE PROGRAMS



Customs Bonded Warehouse Program

Provides deferral of customs, anti-dumping, countervailing and excise duties, the Goods and Services Tax and the Harmonized Sales Tax



Duties Relief Program

Relieves the payment of duties on goods that will be exported, either in the same condition or after being used for processing other goods



Exporters of Processing Services Program

Enables manufacturing companies to import consigned goods for re-export, without paying the Goods and Services Tax/Harmonized Sales Tax



Export Distribution Centre Program

Provides a cash-flow benefit from not having to pay Goods and Services Tax/Harmonized Sales Tax at the time of purchase/importation of goods

WESTERN CANADA PROGRAMS



Western Innovation Initiative

Supports businesses in moving their new and innovative technologies from the later stages of research and development to the marketplace



Health Product Development Program

Supports Alberta-based health technology businesses in the development of new health products



Agriculture Development Fund

Provides support for R&D activities for a sustainable agriculture and agrifood sector in Saskatchewan



Commercialization Support for Business Program

Supports product and process commercialization and business development in all sectors and all regions in Manitoba

INCENTIVES IN CANADA

WESTERN CANADA PROGRAMS (cont'd)



Manitoba Industrial Opportunities Program

Provides Manitoba-based businesses with financing for projects that create significant strategic economic benefit



Interactive Digital Media Tax Credit – British Columbia

Provides support for corporations that develop interactive digital media products in British Columbia



Manufacturing & Processing Investment Tax Credit – Saskatchewan

Provides support for plant and equipment investment by Saskatchewan-based manufacturing and processing businesses



Manufacturing Investment Tax Credit – Manitoba

Provides a partially refundable tax credit for plant and equipment purchased for manufacturing or processing in Manitoba



Manitoba Research and Development Tax Credit

Provides a tax credit for corporations that incur qualifying scientific research and development expenditures in Manitoba



Data Processing Investment Tax Credit – Manitoba

Provides a refundable tax credit to companies investing in significant high-technology data processing facilities in Manitoba

ONTARIO PROGRAMS



Investing in Business Growth and Productivity: Federal Economic Development Agency for Southern Ontario

To assist established investors in expanding their markets and facilities, and increase investor adoption of new technologies and processes



Southwestern Ontario Development Fund

The Fund provides financial assistance and incentives to investors in southwestern Ontario



Eastern Ontario Development Fund

Provides financing and grants to eligible businesses in a variety of sectors that operate in or will locate to eastern Ontario (defined counties)



Jobs and Prosperity Fund

Provides grants and/or loans for significant investment projects in Ontario, to enhance productivity growth, innovation and exports



Northern Business Opportunity Program – New Investment Projects

Supports investments in a variety of sectors where projects may anchor other investments and/or support regional cluster development



Ontario Tax Credit for Manufacturing and Processing

Reduces the corporate tax rate on corporate income earned from manufacturing and processing



Ontario Computer Animation & Special Effects Tax Credit

Provides a refundable tax credit to firms in Ontario for labour expenditures on computer animation and special effects activities



Ontario Interactive Digital Media Tax Credit

Provides a refundable tax credit to Ontario companies for eligible expenditures in the creation of interactive digital media products



Ontario Research and Development Tax Credit/Ontario Innovation Tax Credit

Provides corporations with a tax credit on eligible scientific research and experimental development expenditures incurred in Ontario



Feed In Tariff (FIT) Program

Encourages the development renewable energy production in Ontario through guaranteed incentivized rates for electricity generated

INCENTIVES IN CANADA

QUEBEC PROGRAMS



**UNIQ Financing—Capital Assets:
Investissement Québec**

Provides financing to businesses for investment projects in manufacturing, software publishing, research centres, environmental services and tourism



ESSOR: Investissement Québec

Provides financial assistance to companies for the creation, expansion or modernization of a substantial investment project



Development Capital: Investissement Québec

Provides customized debt or equity financing for large-scale projects



Tax Credit on Salaries—R&D: Québec

Provides a tax credit to businesses conducting R&D for eligible labour expenditures



Tax credit for the development of e-business: Investissement Québec

Provides a refundable tax credit to corporations for innovative, high-value-added activities in the information technology sector



Tax Credit for the Production of Multimedia Titles—General Component: Investissement Québec

Provides corporations with a refundable tax credit for eligible labour expenditures in the production of multimedia titles



Tax Credit for Investments Relating to Manufacturing and Processing Equipment: Investissement Québec

Provides a variable tax credit for investment in manufacturing and processing in specified regions of Quebec

ATLANTIC CANADA PROGRAMS



Atlantic Innovation Fund: Atlantic Canada Opportunities Agency

Provides funding to business for the development of innovative products and services that lead to commercial success



Business Development Program: Atlantic Canada Opportunities Agency

Provides access to capital for businesses to start up, expand or modernize, and develop innovative products or services



Financial Assistance to Industry Program: New Brunswick

Provides funding for capital expenditures and working capital to enable the establishment and expansion of eligible industries



R&D Proof of Concept: Newfoundland and Labrador

Provides support to businesses for pre-commercial R&D projects, to realize the commercial potential of innovative products, processes or services



Petroleum R&D Accelerator: Newfoundland and Labrador

Provides support for R&D investments with significant potential to impact petroleum exploration, development and operations



ArcticTECH: Newfoundland and Labrador

Supports R&D projects undertaken by businesses to develop technologies for Arctic and harsh environments



Research and Development Tax Credit: New Brunswick

Provides a tax credit to New Brunswick corporations, for qualified Scientific Research and Experimental Development expenditures



Research and Development Tax Credit: Nova Scotia

Provides a tax credit to Nova Scotia corporations that incur qualified scientific research and experimental development expenditures



Aerospace and Defence—Tax Rebate Incentive Program: Prince Edward Island

Provides a tax rebate, for aerospace and defence-related companies, on all corporate income tax paid to the province of Prince Edward Island



Bioscience Tax Holiday: Prince Edward Island

Provides a tax holiday of up to ten years on provincial corporate income taxes, for companies engaged in bioscience in Prince Edward Island

INCENTIVES IN CANADA

ATLANTIC CANADA PROGRAMS (cont'd)



Economic Diversification and Growth Enterprises Program: Newfoundland and Labrador

Provides new or expanding businesses with tax relief on provincial corporate income tax and payroll taxes



Scientific Research and Experimental Development Tax Credit: Newfoundland and Labrador

Provides a tax credit for eligible scientific research and experimental development activities performed by corporations in Newfoundland and Labrador

YUKON TERRITORY PROGRAMS



Strategic Industries Development Fund: Yukon

Provides support to businesses for projects that increase employment and generate economic growth and diversity in Yukon



Research and Development Tax Credit

Provides a tax credit to businesses for eligible expenditures in respect of scientific research and experimental development carried on in Yukon



Yukon Manufacturing and Processing Profits Tax Credit

Reduces corporate income tax payable for eligible corporations engaged in manufacturing and processing in Yukon



**INVEST IN
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