

Chemicals and Plastics Industry

Canada's chemicals and plastics industry is a vertically integrated sector with world-class capabilities in areas such as automotive products, plastics machinery, industrial and agricultural chemicals, petrochemicals, and bio-based chemicals. Eight of the world's ten biggest chemicals and plastics firms have production or R&D facilities in Canada.

Canada's chemicals and plastics industry delivers exceptional value to investors, with shipments totaling \$66 billion in 2009. Consisting of 6,300 companies and employing 157,000 workers, the industry offers an unbeatable mix of breadth, expertise and innovation. The Canadian sector manufactures everything from car parts and construction materials to petrochemicals and fertilizers—and foreign direct investment is strong.



Canada is a world leader in plastics machinery and mould manufacturing. The Top 3 North American mould producers were Canadian companies. Canadian plastics and moulds are used in everything from performance films and retail packaging for brand names, such as Coca-Cola to moulds used in automobiles.

BETWEEN 1999 AND 2008, FDI in the plastics and rubber sector grew 45% annually, to \$6.2 billion. Eight of the world's ten biggest chemicals and plastics firms—including **BASF AG**, **Dow Chemical Co.**, **DuPont**, **ExxonMobil Corp.** and **Shell Chemicals**—have production or R&D facilities in Canada.

Locating chemicals and plastics operations in Canada gives investors quick access to the global marketplace. In the Sarnia-Montréal corridor of southern Ontario and Quebec, manufacturers are 12 hours' trucking distance from 60% – 70% of the large U.S. market. And in Western Canada, extensive rail connections and the ports of Vancouver and Prince Rupert put chemicals and plastics producers within easy reach of both the U.S. and high-growth Asia-Pacific markets.

Proximity to large markets is just part of a sophisticated value chain that makes Canada an attractive chemicals and plastics investment location. Canada's abundance of raw materials means that investors in this sector can choose from a diverse array of organic and inorganic feedstocks, including natural gas, refined petroleum products, wheat, corn and fats and oils. And under NAFTA, Canadian operations of foreign investors can import and export U.S. chemicals and plastics ingredients duty-free.

Canada has many other features that make it a welcoming business environment for chemicals and plastics companies. In

2009, six Canadian cities finished among the Top 20 worldwide in overall competitiveness for industrial chemicals plant locations, according to a report by *IBM Plant Location International*.¹ Toronto was #1. Relative to its population, Canada has more R&D specialists in the plastics sector than does France, Germany or the United Kingdom. And more than one-third of Canada's chemicals industry workforce holds a university degree—a statistic that puts it second only to the country's information technology sector.

Automotive Parts

As an important segment of the Canadian plastics sector, this \$1.9-billion industry benefits from the fact that 60% of North American vehicle manufacturing takes place in Ontario and the northeastern United States. In 2009, Germany's **Dieffenbacher Group** established its Windsor, Ontario, automotive component manufacturing facilities. And in 2009, **LANXESS AG** of Germany continued to invest in its Sarnia, Ontario, plant, which makes butyl rubber for uses that include tire innerliners, pharmaceutical closures and chewing gum. These are just some examples of global plastics companies that have invested in Canada, to take advantage of its integrated North American automotive sector.

Plastics Machinery and Moulds

Canada has an enviable reputation for the quality and range of its plastics processing and mould manufacturing technology. In

¹ *IBM, Plant Location International, 2009*. Rankings based on relative quality scores associated with manufacturing polypropylene products.