

# CHAPTER 1: *Canada's Competitive Advantage — An Introduction*



**F**INANCIAL AND BUSINESS communities in Canada and abroad have reacted favourably to recent government initiatives that improve private-sector competitiveness. Such policies as privatization; tax reform; deregulation in the financial, transportation and telecommunications sectors; a reduced burden of government regulation on small- and medium-sized companies; and improved market access through the Canada-U.S. Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) are making the environment for foreign investment in Canada even more attractive.

Canada is more than just a good place to do business. It is also one of the best countries in the world to live. By any measure, Canadians enjoy an excellent standard of living and overall quality of life.

Canada consistently comes at or near the top in international comparative measures of the quality of life. The 1994 *United Nations Human Development Report* ranked Canada number one in the world according to its "Human Development Index", an aggregate measure based on three composite indexes that rate life expectancy, education and income. The *World Competitiveness Report (1994)* calculates that Canada has the fifth highest level of income per capita in the world. In a new World Bank measure that compares countries' wealth — as opposed to income — Canada is ranked second.

The quality of life in Canadian cities is also among the highest of the major cities of the world. The Geneva-based Corporate Resources Group developed a quality of life indicator based on a composite of 42 factors including political and social environment, security, culture, health, education, public service, recreation, consumer goods, housing and natural environment. According to this measure, four Canadian cities — Vancouver, Toronto, Ottawa and Montreal — ranked among the top ten.

When considering an investment in Canada, foreign companies will find a cost-effective environment for wages, raw materials, energy and real estate. The research and development (R&D) community is world-class and the incentives for doing research in Canada are some of the most attractive in the world. Labour productivity is high and labour relations are healthy. Business services and the infrastructure for efficient business operations are exceptionally efficient. A snapshot of these advantages follows, which is expanded upon in subsequent pages.

## **SOLID RESEARCH AND DEVELOPMENT COMMUNITY**

**A**n ever increasing part of Canada's economy is based on R&D-intensive sectors such as telecommunications and health care. This is generating more investment in laboratories, research institutes, centres of excellence and research networks. Industry, universities and governments are forming alliances, strengthened by the latest data networking technology.

