

# SECTION 2 Canada's Attractive Business and Investment Environment

## Introduction

A COUNTRY'S BUSINESS AND INVESTMENT environment is a composite of numerous factors. Canada's sound economic fundamentals and solid, efficient infrastructure — examined in the two previous sections — form the base upon which successful business can be built. Implementing this are the country's internationally recognized high quality of life, and talented, innovative people.

Attracted by these factors, the prospective investor will find that Canada offers an attractive legal and political environment within which to carry on their business activities. Government policies are geared to creating a stable, welcoming environment in which international investment can flourish.

The reason for this is to be found in Canada's long history of reliance on foreign investment for economic development. The tradition extends back to the country's earliest days when external investment financed the fur trade and then the transcontinental railway construction of the 19th century. It continues today, indeed over the past decade, the importance of foreign capital for Canada's future has only increased.

Successive governments, in both the federal and provincial levels, have introduced policies to favour business activity and investment. Most restrictions on foreign investments have been eliminated and the rules governing such investment have been liberalized. At the same time, the tax regime for business has been improved. Key sectors such as transportation, energy, communications and financial services have been deregulated. And many government-owned corporations have been privatized. The government believes that such policies offer the best way of encouraging business to invest, generate jobs, improve productivity and create a competitive economy.

The government has not lost sight of its many other responsibilities. For example, it is still committed to creating the conditions for a safe, healthy and fair society as well as a clean environment. But it carries out these commitments in ways that are aligned with the operations of market forces and respect the concerns of business.