

SECTION 1 – WHY CANADA?

Today more than ever before, investors and business leaders think globally when they contemplate new ventures. Many countries compete for their attention. High-growth Asian “Tigers,” newly liberalized Latin American trading blocs and emerging East European democracies have all attracted their share of notice. In most of these countries, opportunity comes mainly from the recent removal of restraints on trade.

Canada’s attraction is more complex, and at the same time more compelling. It derives not so much from the size or growth rates of domestic markets, as it does from the country’s position as a solid base for global trade. The Canadian economy is large, robust and competitive. But the regional market is much larger. Under the North American Free Trade Agreement (NAFTA), a Canadian location provides ready access to a market approaching 400 million people, with a combined gross domestic product (GDP) of about \$11 trillion.¹ Canada also has free-trade agreements with Israel and Chile. And as an influential member of the World Trade Organization (WTO), it participates in ongoing efforts to lower global trade barriers. Companies that are attracted by these opportunities have the further advantage of hospitable and efficient business conditions. In short, Canada is “open for business.”

Canada’s competitiveness in world markets has been widely recognized by international authorities. In 1997, the Swiss-based World Economic Forum ranked Canada as the world’s fourth most competitive country. The Forum’s Global Competitiveness Index incorporates 8 competitiveness indicators for 53 countries. Only Singapore, Hong Kong and the United States scored better, placing Canada second among large industrialized economies. The country ranked in the top five of all but three of the individual indicators. The highest rankings were in management (3), openness (4), infrastructure (4), technology (4), finance (5) and institutions (8). Even Canada’s lower rankings in government (24) and labour (15) are still relatively high. Importantly, the scores for the sub-categories of competence of government (9) and skills and productivity of labour (12), are higher.

When it comes to location-sensitive costs, other studies reveal Canada as being more competitive than the United States for a wide range of manufacturing industries. For example, since 1994 the consulting firm KPMG Canada has been comparing operating costs for model manufacturing operations in Canada and the United States. Average location-sensitive costs have been consistently lower in Canada and this country’s

¹ Unless otherwise indicated, all monetary values are expressed in Canadian dollars.