

# High-performance Economy

Canada's world-class economy is one of the most resilient globally. As the world emerges from the global economic recession, Canada offers investors growth prospects unparalleled among advanced economies.

OVER MOST OF THE PAST DECADE, Canada has been a top performer among the G7 countries for its economic growth.

According to the International Monetary Fund (IMF), Canada's real annual Gross Domestic Product (GDP) growth rate for the 2000 – 2009 decade averaged 1.7%, well above growth in the U.S., the U.K., France, Germany and Italy.

In 2008, at US\$1.5 trillion, Canada's economy is the world's 11<sup>th</sup>-largest (as measured by GDP), rivaling leading destinations of foreign direct investments such as Brazil, India and Russia. Canada has more *Financial Times* Top 500 companies than does Germany, Spain or India. It has one of the highest credit ratings in the world, higher than that of the U.S. or the U.K.

And as the global economy recovers, Canada is poised to lead advanced countries out of recession. The IMF forecasts Canada's growth rate at 2.6% for 2010 and 3.6% for 2011, well above growth rates in other G7 countries or advanced economies. For foreign investors,

therefore, Canada offers a large and growing market with high-growth sectors of activity at a time when most other advanced economies are looking at uncertainty over the short-to-medium term.

## Duty-free Manufacturing

In Budget 2010, the Government of Canada announced a major new initiative that will see tariffs on all manufacturing inputs reduced to zero by 2015. With most of the cuts happening in 2010, the entire country can be considered one big Free Trade Zone (FTZ) for investors.

Investors considering their next investment destination now have the advantage of importing advanced machinery and equipment from their parent companies free of import duties. This duty-free treatment, together with Canada's 50% per-year straight-line depreciation method allowed for manufacturing or processing equipment, means that investors can write off their capital investments in a very short period of time and thereby reduce costs and increase the profitability of their global operations.

## CANADA'S REAL ECONOMIC GROWTH FOR THE LAST DECADE COMPARED TO ITS PEERS, %



Source: Statistics Canada and other national data sources.

Note: Chart not drawn to scale.

## G7 REAL GDP GROWTH RATES 2005 – 2011, %

	Canada	France	Germany	Italy	Japan	U.K.	U.S.	Advanced Economies
2005	3.0	1.9	0.8	0.7	1.9	2.1	2.9	2.6
2006	2.9	2.2	3.0	2.0	2.4	2.8	2.8	3.0
2007	2.5	2.2	2.5	1.6	2.1	3.0	2.0	2.7
2008	0.4	0.3	1.2	-1.0	-1.2	0.5	0.4	0.5
2009P	-2.6	-2.3	-4.8	-4.8	-5.3	-4.8	-2.5	-3.2
2010F	2.6	1.4	1.5	1.0	1.7	1.3	2.7	2.1
2011F	3.6	1.7	1.9	1.3	2.2	2.7	2.4	2.4
<b>Average 2000 – 2009</b>	<b>1.7</b>	<b>1.2</b>	<b>0.5</b>	<b>0.2</b>	<b>0.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.8</b>

Source: International Monetary Fund. *World Economic Outlook*. January 2010 and archived October 2009 database. P: Projected, F: Forecast