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# ANADA-U.S.

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CANADA: NORTH AMERICA'S CHOICE INVESTMENT LOCATION

Celanese selects a

## Canadian Plant

for \$190 million expansion

**W**ith world demand for plastic packaging materials skyrocketing, Celanese Canada, a subsidiary of Hoescht Celanese of Somerville, N.J., is investing \$190 million to build a new resin-production plant to serve the North American market.

To be located at the company's existing polyester-production center in Millhaven, Ontario, the new facility will produce polyethylene terephthalate (PET) resin – most of it for customers in the United States.

Millhaven won the expansion the competitive way: by selling the parent company on its workforce and other benefits in a two-year marketing campaign pitched

at all business units within Celanese's corporate family.

The campaign made the point and Millhaven won a place on the short list of six competing sites for PET resin production in North America. The Canadian plant emerged with the assignment on the basis of a strong showing in five critical areas: proximity to markets; workforce skill; safety and quality; existing plant

*The new Millhaven plant is coming on-stream at the right time with the right product.*

infrastructure; and local community support. Millhaven's first PET resin production line will begin operations in July 1996, and a second facility is scheduled to come on-stream by the end of that year. Company officials expect the plant to generate sales of up to \$250 million in its first year of operation.

Headquartered in Montreal, Celanese Canada manufactures



Artist's rendition of expanded Millhaven site.

fibers, chemicals and other industrial products at three Canadian locations: Millhaven, Ontario; Drummondville, Quebec; and Edmonton, Alberta. All three plants are important centers for export production.

The new Millhaven plant is coming on-stream at the right time with the right product.

According to industry analysts world demand for packaging resin is expected to reach 5.9 million tonnes a year. Half of this market pull will be generated in North America, already the fastest-growing market for these products.

Commenting on Millhaven's success in winning the PET resin assignment, Celanese Canada's President Donald Whitcomb says that in addition to in-house expertise in polymer technology and a quality workforce, "we have earned a solid reputation for consistently delivering top quality products. All our plants in Canada are ISO-certified – and each of them has a strong record of achieving a remarkably high percentage of first-quality product yields. Our plants also hold the distinction of being among the most efficient in the North American organization. These factors bode well for our future success." ●

## U.S. business location experts choose Toronto for annual meeting

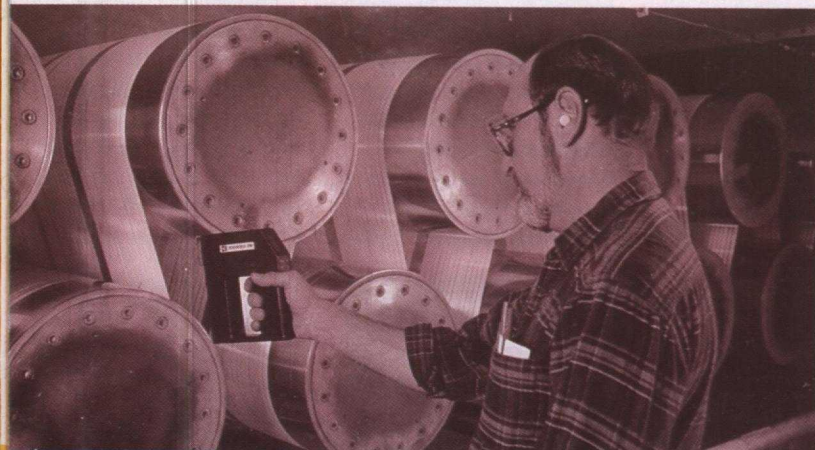
Canada's growing appeal as a business location for U.S. companies was underlined recently by the decision of the International Development Research Council (IDRC) to hold its annual Spring Congress in Toronto.

Founded in 1961 and headquartered in Norcross, Georgia, IDRC is widely recognized as the world's leading association of corporate real estate managers. The Association advises Fortune 500 companies on the location, design, development, financing, construction and management of facilities and assets.

The May 1995 meeting, the largest in IDRC's history, was the first to be held outside the United States. It brought together experts in facility site selection, design and construction, property acquisition and other aspects of real estate asset management for five days of special courses and workshops. Several Canadian provinces and municipalities took the opportunity to highlight their locational advantages. ●

Inside:

Location costs are **LOWER** in CANADA



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Canada



# CANADA-U.S.

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### Inside:

**Location costs are LOWER in CANADA**

43-277-975

Canada



SERVING

# America from Canada

LOCATION COSTS ARE LOWER NORTH OF THE BORDER

U.S. companies scouting for a site from which to serve the North American market have a new reason to look north of the border: a recent study showing that it costs significantly less to start and operate a new plant in Canada than it does in the United States.

The advantages of a Canadian base are documented in a comparison of "location-sensitive" costs (i.e. those that vary with location) in the two countries. The study was prepared in March 1995 by KPMG Management Consulting, a division of Canada's largest professional services organization, for the Department of Foreign Affairs and International Trade.

In its study, KPMG compared the location-sensitive costs (e.g. labor, land, electricity) of setting up a production facility and operating it for 10 years.

## Fifteen cities

The comparisons focused on a group of fast-growing industries in eight Canadian and seven U.S. cities. KPMG selected the U.S. cities to represent some of the fastest-growing business and manufacturing locations in the nation. Canadian cities were selected to provide good geographical representation across the country and also because they were logical alternatives to the U.S. sites.

From west to east the eight Canadian cities examined in the study were: Langley, British Columbia; Calgary, Alberta; Winnipeg, Manitoba; London, Ontario; Ottawa, Ontario; Laval, Quebec; Moncton, New Brunswick; and Halifax, Nova Scotia.

The U.S. cities were Sacramento, California; Bellingham, Washington; Austin, Texas; Minneapolis,

Minnesota; Columbus, Ohio; Raleigh, North Carolina; and Manchester, New Hampshire.

## The bottom line

The KPMG study finds that Canada has the cost advantage in industries as well as regions.

In the location comparisons, Canadian cities ranked first through sixth in every industry – and first through seventh overall. In the region-to-region comparisons, Canadian west coast locations had lower costs than their U.S. counterparts.

And, the analysts note, Canada maintains its advantage over a wide range of currency exchange rates.

## AUTO PARTS MANUFACTURING:

*better mileage in Canada*

### PLANT SPECIFICATIONS

Site:	10 acres (fully serviced)
Building:	100,000 square feet
Product:	auto parts
Annual sales revenues:	\$21 million
Labor requirements:	150 people

Compared region to region on both sides of the border, average annual costs for this plant were significantly lower in all eight Canadian cities than in their seven U.S. counterparts – \$6.6 million compared with \$7.5 million in the United States.

Labor costs were an impressive 22.3% lower in the Canadian cities.

The six lowest-cost locations in the survey were all in Canada. In continental context, Halifax had the lowest costs and Bellingham the highest.

## PHARMACEUTICALS MANUFACTURING:

*a lower-cost prescription*

### PLANT SPECIFICATIONS

Site:	6 acres (fully serviced)
Building:	70,000 square feet
Product:	pharmaceutical preparations
Annual sales revenues:	\$18 million
Labor requirements:	120 people

For start-up and operation of such a plant, all Canadian cities but one in the survey had lower costs than their U.S. counterparts.

In the case of initial facility investment (site and building), average costs in the Canadian cities were \$3.5 million, compared with \$4.1 million in the U.S.

Annual labor costs were approximately 26% lower in Canada.

## ENVIRONMENTAL INDUSTRIES (MANUFACTURING):

*a clean cost edge*

### PLANT SPECIFICATIONS

Site:	6 acres (fully serviced)
Building:	70,000 square feet
Product:	water treatment systems
Annual sales revenues:	\$20 million
Labor requirements:	100 people

The study shows that it costs less to establish and operate this plant in all of the Canadian cities surveyed than in their regional U.S. counterparts. In initial facility investment costs (including site purchase and plant construction), Canadian cities captured the top six rankings. Average labor costs were lower in all Canadian locations.

## EXCHANGE RATES :

*up north, a buck goes further*

KPMG's analysts note that in the year since they last compared Canada-U.S. costs the value of the U.S. dollar rose from \$1.33 Canadian to \$1.41 Canadian, increasing an already significant Canadian cost advantage.

Furthermore this part of the Canadian edge has wide margins. Even with a sharp shift in exchange rates in which the U.S. dollar became equivalent to \$1.22, Canada would still have a cost advantage.

Summing up the results, KPMG's Stuart MacKay, who directed the study, said "the common perception of Canada is that it is a high-cost place to do business. These results show exactly the opposite." ●

## For your copy of the full report

This article is a condensation of KPMG's report titled *A Comparison of Business Costs in Canada and the United States*. For a copy of the complete report please contact the Canadian Investment Officer nearest you (see list on page 4).

**Note: All figures in this report are expressed in U.S. dollars unless otherwise specified.**

## TELECOMMUNICATIONS EQUIPMENT MANUFACTURING:

*on-line advantage*

### PLANT SPECIFICATIONS

Site:	6 acres (fully serviced)
Building:	60,000 square feet
Product:	modems
Annual sales revenues:	\$30 million
Labor requirements:	120 people

The survey shows that it would cost less to establish and operate this plant in the Canadian cities surveyed than in their regional U.S. counterparts.

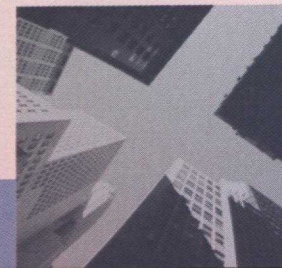
Here, as in other industries, labor costs (pay and benefits) were a critical factor. In all Canadian cities examined, labor costs were lower than for the United States. For the facility above, labor costs are approximately 26% lower in Canada.

Facility investment costs averaged \$3.1 million in Canada compared with \$3.6 million for the U.S. cities.

## The cost advantage in Canada: here's where it comes from

### LAND

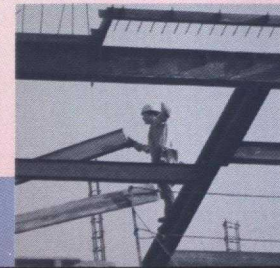
The survey found that except for three cities – Langley, Ottawa and Calgary – Canadian industrial land costs are either comparable to, or lower than, those in U.S. cities. In fact, Canadian cities captured five of the top eight rankings in this category.



### CONSTRUCTION

In developing their computer-based model, the KPMG analysts assumed a new plant or "greenfield" manufacturing facility.

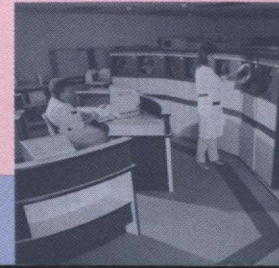
On this basis, Canadian cities took seven of the eight top spots. Halifax had the lowest construction costs of all 15 North



### LABOR

American cities, followed by Laval, Moncton, Calgary and Winnipeg; while Langley and London came in seventh and twelfth respectively. And Langley, on Canada's Pacific coast, had lower costs than its U.S. regional counterpart: Bellingham in the state of Washington.

Across the industries surveyed, labor expenses account for about 75 cents of every dollar of location-sensitive costs, and they are the most important factor in the Canadian edge. KPMG's analysts found that when all labor costs are considered, Canada-based companies pay less

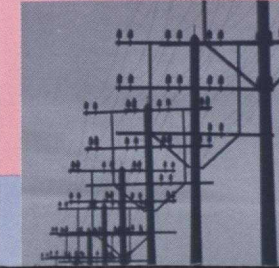


than their counterparts in the United States.

The greatest contributor to this Canadian advantage is the fact that companies pay less for hospital, surgical, medical and major insurance. In the U.S., premiums for these benefits accounted for 8.2% of gross pay compared with 1.0% in Canada.

### ELECTRICITY

KPMG's comparisons show that costs are dramatically lower in Canada. Led by Calgary, Winnipeg, Langley and Laval, Canadian cities occupied six of the eight lowest-cost rankings in the survey.



### TRANSPORTATION AND DISTRIBUTION

The study shows that transportation costs vary by jurisdiction and industry in both countries, but that rates are generally lower in Canada than in the United States.

Reckoned in dollars per metric ton, Canadian road transportation costs are 32% lower than U.S. rates.



The difference stems from the combined influence of exchange rates and different government limits on gross vehicle weight in the two countries – they are higher in Canada than in the United States.

### TAXATION

Federal, state, provincial and local tax rates vary significantly among jurisdictions covered in the survey. However, some of the world's most generous tax write-offs for eligible research and development give Canada-based companies a significant cost edge.



For example: Canadian tax regulations allow a 100% deduction for all qualified current and capital R&D expenditures and an additional 20% federal investment tax credit.

In addition, five provinces – Nova Scotia, New Brunswick, Quebec, Ontario and Manitoba – provide tax credits for spending on R&D. By comparison, in the United States, the general tax credit at the federal level is 20%.





# B O T T O M L I N E

## CANADA could be your best Location Buy for the NAFTA market

Here's how to find out *more*

A growing number of U.S. companies are choosing Canadian bases and partners for the North American market. They're doing so because Canada offers competitive edges that include lower labor costs, favorable currency rates, and excellent workforce performance.

Interesting. But how do you find out how these advantages apply to your company? Start with a phone call or fax message to one of the offices listed below.

Contact with one of these offices puts you on the path to the answers you need to move from guesswork to informed investment decision-making.

For example, about :

- *Costs of doing business in Canada, province by province, city by city.*
- *Canadian regulations that apply to your industry.*
- *Federal and provincial government tax regimes including write-offs and other incentives.*
- *Names of key Canadian experts in your industry and how to contact them.*
- *Possible partners for joint ventures, strategic partnerships or licensing agreements.*

For answers to these and other critical investment questions, start with a phone call or fax message to the Canadian advisor closest to you. **We'll do the rest.** ●

### U.S. Industry experts point to post-NAFTA advantages of a Canadian location

A prestigious U.S. magazine specializing in business location and facility issues, says that because of NAFTA and other competitive advantages, Canada has become a highly attractive location option for U.S. firms.

A cover story in the August 1995 issue of *Area Development: Sites and Facility Planning*, reporting on the views of several U.S. site selection experts, says "Canada can now be much more readily considered as a site option by locationally active U.S. firms. Given currency exchange rates, Canada's labor costs are highly competitive."

Other Canadian advantages cited in the article include "an ample supply of well-educated workers, lower fringe benefit costs, excellent infrastructure and good transportation linkages to the United States."

The article concludes, "these factors, combined with tariff elimination under NAFTA, should result in greater locational investment by U.S.-owned firms across Canada."

Author of the report was James Renzas, a principal of The Wadley-Donovan Group, a company that specializes in corporate site selection and relocation services. ●

For information about investment opportunities in Canada:

### Here are your points of contact

Location	Officer	Phone	Fax
Atlanta	Mr. Jean-Pierre Petit	404-577-6810	404-524-5046
Boston	Ms. Alison Tait	617-262-3760	617-262-3415
Buffalo	Mr. Leo Leduc	716-858-9500	716-852-4340
Chicago	Ms. Cathy M. Patton	312-616-1860	312-616-1877
Cincinnati	Dr. Walter Staples	513-762-7655	513-762-7802
Cleveland	Mr. R.J. (Rick) Winter	216-771-0150	216-771-1688
Dallas	Mr. Marcel Saucier	214-922-9806	214-922-9815
Detroit	Ms. Margaret Baxter	313-567-2340	313-567-2164
Los Angeles	Mr. Peter McLachlan	213-346-2700	213-620-8827
Miami	Mr. Douglas J. Campbell	305-579-1600	305-374-6774
Minneapolis	Mr. Robert C. Lee	612-332-7486	612-332-4061
New York	Ms. Catherine Barclay	212-596-1600	212-596-1790
Pittsburgh	Mr. John Pearce	412-392-2308	412-392-2317
Princeton	Ms. Brigitte Léger	609-252-0777	609-252-0792
San Diego	Mr. Michael Stinson	619-597-7050	619-457-2844
San Francisco	Mr. Robert Logie	415-543-2550	415-512-7671
San Jose	Mr. Cameron Miller	408-289-1157	408-289-1168
Seattle	Mr. Robin O. MacNab	206-443-1777	206-443-9735
Washington	Mr. R.J. (Bob) Rutherford	202-682-7740	202-682-7619

### For more information

Find out more about investing in Canada by contacting the Canadian embassy or the nearest consulate, or by contacting directly:

Department of Foreign Affairs  
and International Trade  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
Canada K1A 0G2

**INTERNET:** <http://www.dfait-maeci.gc.ca>  
**FaxLink:** (613) 944-6500

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1995



# CANADA-US.



CANADA: NORTH AMERICA'S CHOICE INVESTMENT LOCATION

## The Place for R&D Investment



The Montreal R&D unit of Ericsson, a Swedish telecommunications giant.

Last year foreign investors poured a record \$15.3 billion into Canada in new direct investment, with ever-increasing sums going into advanced industrial sectors where R&D activity is intense.

One of the key reasons is that Canada today offers one of the most welcoming environments anywhere for industrial R&D. Its R&D tax regime is among the most generous in the world. Its engineers, scientists, health professionals and technicians are highly trained and educated, and available at exceptionally competitive wage rates.

Together, this adds up to large cost savings for firms conducting R&D in Canada and is a tangible sign of Canada's supportive climate for research activity and innovation. Furthermore, Canada offers a healthy lifestyle, safe environment, quality social services, and great recreational amenities. For instance, according to Fortune magazine, Toronto is the best city in the world to mix "work and family."

Increasingly, as these attractions suggest, Canada is building its economy on a base of knowledge-intensive industries and putting in place a dynamic infrastructure to support it:

- Industry, governments and universities have been investing heavily in new laboratories, research institutes, centres of

excellence and research networks, building on Canada's already rich array of research institutions. Increasingly, industry and public sector researchers are forging alliances to seek out frontier knowledge and to bring new products to market.

- At the same time, intellectual property rights receive strong protection, as a result of a recently revised Patent Act.

- World-class telecommunications facilities keep research professionals and

Today interest is focused, in particular, on a handful of R&D-intensive industrial sectors in which Canada has world-class capabilities, and where market opportunities exist on a global scale. These sectors are: information technologies and telecommunications, electronics, health care including biotechnology, agri-food, environmental industries and ocean technology.

World-class industries in these sectors, along with major teaching and research institutions, have helped spawn vibrant high-tech "clusters", as illustrated in six major Canadian locations: Vancouver; Calgary; Greater Toronto; the "Technology Triangle" which includes Guelph, Kitchener-Waterloo and Cambridge; the Ottawa-Hull National Capital Region and the Greater Montreal Region.

Continued on page 5

**"We do our R&D in Canada because, economically and in other ways, this is a good setting for innovative work... For an R&D-intensive company such as ours, the system actually makes the total tax bill lower than it would be in the United States..."**

DR. KARL BRACKHAUS,  
PRESIDENT & CEO, DYNAPRO SYSTEMS INC.

their firms in touch and out front. A highly developed road, air, rail and marine transportation network links Canada seamlessly with its southern neighbours and provides easy access to the world.

- Its universities and colleges are graduating some 40,000 engineers, scientists, health professionals and technicians a year. Education levels in the workforce are steadily advancing, with two-thirds of young people aged 20 to 24 enrolled in universities or training institutions.

Inside:

Canada's  
R&D  
Tax  
Incentives

Canada



# Canada

welcomes research with **Big**

## Canada Is a More Attractive R&D Investment Location than the U.S.

Significant savings await firms carrying on R&D in Canada. Canada's cheaper business costs, coupled with a high quality of life in Canadian cities, make it the preferred location for performing R&D in North America. R&D is further encouraged by a favourable regulatory environment and the most generous R&D tax credits offered among G7 nations. Recent studies have shown that Canada's R&D costs are among the lowest in the industrialized world.

The article on these pages, based on a study by Deloitte & Touche, describes how Canadian R&D tax credits work and compares them with those available in the United States.

**Two Tax Benefits Offered**  
Both Canada and the United States offer two types of income tax incentives to firms carrying out research and development:

- **Tax DEDUCTIONS**, reducing the amount of income subject to tax.
- **Tax CREDITS**, applied to reduce the tax payable.

Activities viewed as research and development are similar in both countries. The table below provides a comparative summary of R&D tax credits offered in both countries.

### R&D Tax Credits: Comparing Benefits

Canada	United States
Option to defer claim	Deferral of claim is restricted
Total cost of contracted R&D eligible, where contract is at arm's-length	Only 65 percent of contracted R&D eligible
Equipment costs qualify	Equipment costs do not qualify
Canadian travel costs qualify	Travel costs do not qualify
Research funded by non-residents qualifies	Research funded by non-residents does not qualify
Option to claim tax credits on proxy amount instead of overhead	No provision for using proxy amount

### Tax Deductions

Canadian taxpayers have greater flexibility in writing off R&D expenditures. They also benefit from a faster write-off for R&D capital equipment. Expenses eligible for the R&D tax deduction are similar in Canada and the U.S.. However, restrictions can apply in Canada for salaries paid to certain shareholders and for R&D performed within a corporate group.

#### Federal Benefits - Canada

Taxpayers may immediately write off current and capital expenditures for R&D performed in Canada. They may also choose to defer these claims to any future year. Taxpayers are similarly entitled to write off current R&D expenses incurred outside the country. Capital expenditures for R&D performed abroad are subject to normal tax depreciation rules.

#### Provincial Benefits - Canada

For provincial tax purposes, all provinces allow the deductions established for the federal tax system. Ontario offers an R&D Superallowance, which permits an additional deduction of 25 percent (for large firms) or 35 percent (for smaller firms) for R&D spending equal to a firm's three-year average. This deduction jumps to 37.5 percent and 52.5 percent for R&D expenditures exceeding this base period amount. As a special incentive, Quebec allows a tax holiday in some circumstances to foreign researchers working for Quebec firms.

#### United States' Benefits

In the U.S., a taxpayer may elect either to deduct current R&D expenditures or amortize the costs over at least five years, beginning when the first benefits from the R&D are realized. Capital equipment costs must be depreciated. There is no immediate write-off.

### Tax Credits

Canada offers a more generous tax credit system than does the United States. In both countries, R&D tax credits are available at both the federal and the provincial or state levels. Note, however, that the U.S. R&D tax credit expired on July 1, 1995. Congress later reinstated the credit, to take effect July 1, 1996. This credit has been revised to allow a new alternative method of calculation. This new method is effective up to July, 1997 when it will be up for renewal.

In Canada, the tax credits are considered government assistance. They reduce the amount of expenditures that can be used as a tax deduction.

#### Canadian R&D Tax Credit - Federal

The basic federal tax credit, the "investment tax credit", is a non-refundable, 20 percent credit, available to all taxpayers in Canada. It is offered for qualifying R&D expenditures, after government or other assistance is subtracted. Payments received from Canadian firms or individuals under contract arrangements must similarly be subtracted. The credit may be used to reduce federal tax payable in the current year or be carried forward up to 10 years or back three. [When claimed, the federal credit then reduces the amount of R&D expenditures available for deduction in the next year.]

Smaller, Canadian-controlled private corporations (CCPCs) may qualify for an enhanced credit of 35 percent for the first \$2 million of R&D expenditures. This credit is fully refundable if earned on current R&D, and 40 percent refundable for capital R&D expenditures.

To be eligible, a corporation along with its associated corporations, must have taxable income not exceeding \$200,000 in the preceding year and taxable capital not exceeding \$10 million. It must be a CCPC throughout the year. The tax credit is phased out for corporations with higher earnings and higher levels of taxable capital.

# Tax Savings

A joint venture corporation owned 50/50 by a U.S. company and a CCPC could potentially benefit from Canada's enhanced R&D tax credit.

#### Canadian R&D Tax Credit - Provincial

Six provinces offer their own tax credits to further reduce the provincial tax payable. Manitoba and New Brunswick add on non-refundable R&D tax credits of 15 percent and 10 percent respectively. Newfoundland offers a refundable R&D tax credit of 15 percent. Nova Scotia allows a refundable 15 percent credit to all corporations subject to the province's tax; such companies need not be eligible for the federal R&D tax benefit.

Ontario provides a 10 percent fully refundable tax credit - the Ontario Innovation Tax Credit - to small and medium-sized CCPCs on expenditures eligible for the enhanced federal credit.

Quebec offers an R&D wage tax credit equal to 20 percent of a company's wage costs for R&D activities in the province. The credit can be increased to 40 percent on the first \$2 million of wages if the corporation is Canadian-controlled and, with its associated companies, has assets of less than \$25 million or net shareholders' equity of less than \$10 million. For companies meeting these assets or equity tests, the credit is refundable.

#### U.S. R&D Tax Credit - Federal

A non-refundable 20 percent R&D federal tax credit has been available for some R&D expenditures. It applies only to incremental expenditures, and the credit amount can not exceed 10 percent of a firm's total R&D spending, either incurred or paid in the year. Also, a new alternative method to determine the incremental credit is available in the U.S.

#### U.S. R&D Tax Credit - State

Thirteen U.S. states offer some form of tax credit. These are generally calculated as percentages of R&D expenditures. The average credit in these states is 6 percent. It is refundable only in Iowa.

#### Expenditure qualifying for R&D tax credits - Canada and U.S.

Expenditures eligible for the credit are similar in Canada and the U.S. except for the following:

- In the case of contracted R&D, Canadian firms are credited for the full amount of their expenditure, while the U.S. allows only 65 percent of spending. The allowable amount may be limited in Canada, however, where the contracting parties are not dealing at arm's length.

## R&D in Canada vs the U.S.

	Ontario	Quebec	Other Cdn. Provinces	U.S. Base Spending Only	U.S. Incremental <sup>9</sup>
<b>Small Company</b>					
R&D Expenditure	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000 <sup>1</sup>	\$1,000,000 <sup>2</sup>
Provincial/State R&D Credit	(100,000)	(400,000)	(150,000) <sup>3</sup>		(60,000) <sup>4</sup>
Federal R&D Tax Credit	(315,000)	(210,000)	(297,000)		(200,000)
Tax Saving from Deduction <sup>7</sup>	(135,000)	(98,000)	(127,000)	(330,000) <sup>5</sup>	(244,000)
Ontario Super Allowance	(29,000) <sup>6</sup>				
<b>After-Tax Cost</b>	<b>\$ 421,000</b>	<b>\$ 292,000</b>	<b>\$ 426,000</b>	<b>\$ 670,000</b>	<b>\$ 496,000</b>

	Ontario	Quebec	Other Cdn. Provinces	U.S. Base Spending Only	U.S. Incremental <sup>9</sup>
<b>Large Company</b>					
R&D Expenditure	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000 <sup>1</sup>	\$1,000,000 <sup>2</sup>
Provincial/State R&D Credit		(200,000)	(150,000) <sup>3</sup>		(60,000) <sup>4</sup>
Federal R&D Tax Credit	(200,000)	(160,000)	(170,000)		(200,000)
Tax Saving from Deduction <sup>7</sup>	(352,000)	(258,000)	(299,000)	(410,000) <sup>5</sup>	(303,000)
Ontario Super Allowance	(47,000) <sup>8</sup>				
<b>After-Tax Cost</b>	<b>\$ 401,000</b>	<b>\$382,000</b>	<b>\$381,000</b>	<b>\$590,000</b>	<b>\$437,000</b>

**NOTE:** The figures here are abstract, and may not represent a particular company's real life situation. Readers are advised to consult their own lawyer or accountant before making an investment decision arising from this material. These calculations assume the R&D expenditures are in-house wages and salaries.

1. Assumes the expenditure is non-incremental or for other reasons does not qualify for a U.S. credit.
2. Assumes the U.S. firm spent \$6 million (Can.) in direct salaries and wages related to qualified R&D in the current taxation year, compared to \$5 million (Can.) spending in its base period.
3. 15 percent is used as an average rate for the four other provinces offering tax credits.
4. 6 percent is the average rate in the 13 U.S. states offering an investment tax credit.
5. A 33 and 41 percent tax rate represents respectively the top combined effective federal and state corporate tax rate for small and large U.S. corporations. The maximum state tax rate is currently 9 percent.
6. Expenditures net of investment tax credits, times the percentage for incremental costs for small performers, times the provincial tax rate [(1,000 - \$200) x .525 x 9.5 percent]. For non-incremental R&D expenditures, the tax saving is \$28. The multiple becomes .35 instead of .525.
7. Effective provincial tax rates may vary. Newfoundland, Nova Scotia, New Brunswick and Manitoba have special tax incentives that further reduce after-tax cost.
8. Expenditures net of investment tax credits, times the percentage for incremental costs for large performers, times the provincial tax rate [(1,000 - \$200) x .375 x .155]. For non-incremental R&D expenditures, the tax saving is \$31. The multiple becomes .25 instead of .375.
9. A new alternative method to determine the incremental credit is available and may affect calculations. This credit, instated in July, 1996 is up for renewal in July, 1997.

Source: Deloitte & Touche.

Continued on page 6





Continued from page 1

In Canada, high-tech clusters usually contain one or more key R&D-intensive industries along with other major and niche sectors. Here are some features of these clusters:

### Canada's Technology Triangle

The four-city grouping of Guelph, Kitchener-Waterloo and Cambridge is so named due to its high concentration of R&D activities and technology-related businesses in a relatively small geographic area, which includes over 60 computer-related high-tech firms.

This area, in Canada's industrial heartland, draws its strength from respected universities and the region's historic manufacturing tradition. Tooling and machinery factories evolved in an earlier era to serve the Triangle's numerous manufacturing companies. That tradition lives on today, in high-tech form, in various advanced industrial machinery and supply operations.

The University of Guelph is one of Canada's largest research-intensive universities, emphasizing crop science, food and environmental technology. The University of Waterloo, a world-leader in computer software R&D, performs more contract research than any university in Canada.

### The National Capital Region

With \$8 billion in annual revenues, \$5 billion in exports and 700 private technology companies, Ottawa-Hull has earned the name "Silicon Valley of the North." It is home to a luminous group - Nortel, Corel, Cognos, Newbridge Networks, Mitel, SHL System House and Digital Equipment among other international firms.

As one of the world's major centres for telecommunications R&D, a leader in satellite communications, a major centre for research in life sciences and a growing centre for environmental technologies, the region is seeing rapid growth in high-tech industries.

The largest concentration of activity is in telecommunications where total R&D expenditures exceed \$600 million annually. Industrial R&D is complemented by activities in private and government labs such as the National Research Council (NRC) and the region's three major universities. A fine quality of life and highly educated and skilled workforce are among its strengths.

### Greater Vancouver

Vancouver is home to the majority of over 1,000 high-tech companies located in B.C..

The manufacturing field is dominated by communications, electronic equipment and computer manufacture. A host of young world-class firms are developing frontier products in fields such as biotechnology, alternative fuels technology, and computer software.

The depth of capabilities among its software producers is extensive, and ranges from database systems for the financial and hospital sectors; to mining and forestry modelling and advanced data communications.

The Vancouver region offers an enticing lifestyle and is an ideal springboard to lucrative Asia-Pacific markets.

### Greater Toronto Area

Telecommunications and electronics, biotechnology and pharmaceuticals, multimedia and graphics design - these are the most prominent high-tech industries in and around Canada's largest metropolitan area.

Toronto is the fourth largest financial centre in North America. It is also home to headquarters of 58% of the country's top 50 foreign-owned companies.

It houses three universities, research centres for IBM and Xerox, among others, and many of Canada's major pharmaceutical companies. The University of Toronto is one of the largest medical schools in North America, with over 32 medical research institutes.

### Greater Montreal Region

Montreal offers world-class capabilities in niche sectors such as telecommunications, aerospace and pharmaceuticals. The region has 575 companies managing R&D projects worth over \$1 billion annually, accounting for about 1/4 of all Canadian private sector R&D.

Telecommunications R&D amounts to \$200 million annually. This key sector and that of related computer and electronics industries, provides \$2.8 billion of combined output. Together, they contribute 21,500 jobs to the region.

It is also home to 350 software firms, many with world-class standing in systems management, business and computer animation.

### Calgary

Calgary is home to the largest concentration of research facilities in Western Canada and is Canada's leading wireless technology development area. This includes Nortel's new-world centre for wireless technology and a handful of multi-national research operations. On the energy side, it is the world's chief centre of operations for high-tech companies servicing the oil industry.

Emerging applications of local high-tech capabilities include; telecommunications, geomatics, healthcare, wireless systems and distance education through multi-media. Behind this is an impressive network of computer scientists, geologists, geophysicists, mathematicians and engineers.

Total output in 1995 for high-tech sectors, within Calgary and Southern Alberta, was \$5 billion, exports were around \$3.5 billion and employment was 29,000. ■



# High-tech clusters



Continued from page 4

**International firms operating major research facilities in Canada include:**

Amdahl, AT&T Global Information Solutions, Allied-Signal Canada Inc., Asea Brown Boveri Inc., Astra Pharma, Canadian Marconi Co., Connaught Laboratories, Digital Equipment of Canada Ltd., DuPont Canada, Ericsson Communications Inc., General Motors of Canada, Glaxo Canada Ltd., Hewlett-Packard (Canada) Ltd., IBM Canada Ltd., Marion Merrell Dow (Canada) Inc., Merck Frosst Canada Inc., Pratt & Whitney Canada Inc., Siemens Group and Xerox Canada.

- In Canada, expenditures on capital equipment are eligible for tax credits where these are to be used at least 90 percent for R&D. Where equipment will be used primarily for R&D (between 50 percent and 90 percent) costs are eligible for a reduced credit.

In the U.S., expenditures on capital equipment do not qualify for the tax credit.

- Travel inside the country related to R&D activities qualifies for Canada's tax credit. Travel outside the country qualifies only when its purpose is to attend R&D-related conferences or seminars.

In the U.S. travel costs do not qualify.

- Costs incurred in adapting a product for the specific needs of a customer, in making style changes or in product improvement will qualify in Canada if the work entails technical risk, innovation and uncertainty.

- Benefits for R&D employees, along with incremental overhead and general administrative costs, may be eligible for the tax credit in Canada. Taxpayers may use a "proxy amount", essentially equal to 65 percent of R&D wage payments, to represent these costs. [Salaries paid to certain shareholders may be partially excluded.]

- Leasing costs of equipment used in R&D activities qualify for the Canadian tax credit, though restrictions can apply.
- Research funded by grants or contracts, or otherwise receiving outside support, does not qualify for the tax credit in the U.S.. In Canada, research carried out under contract does qualify if the payments are made by foreign parties who are not carrying on business in Canada. This provision gives Canadian researchers a significant cost advantage.
- Compensation paid to employees exercising stock options may qualify for the tax credit in the U.S., but may not always in Canada.

**After-tax cost comparisons**

The table appearing on page 4 shows the after-tax cost of a \$1 million expenditure on R&D in various Canadian and U.S. jurisdictions.

They indicate that for small and large companies, it is often less costly, after tax, to carry out R&D anywhere in Canada than in the U.S.. Exceptions can occur, where income tax rates and the R&D incentives offered by a state are sufficiently advantageous compared to the province under study.

In the case of small companies, the table shows that it is less costly, after tax, to spend

\$1 million on qualified R&D in Quebec than anywhere else in Canada or the U.S.. Quebec's after-tax advantage depends on the role salaries and wages play in total R&D expenditures.

The figures are illustrative only, indicating the tax savings available to a large company and a small company.

**Non-Tax Incentives in Canada**

Targeted grant and assistance programs in Canada support R&D in specific industrial sectors or geographic regions. In addition, a number of programs are specifically designed to encourage industry-based R&D consortia.

Governments in Canada offer an assortment of grants, subsidies and low-interest loans to encourage R&D.

**Legislative environment**

In the U.S., incentives are subject to periodic Congressional reviews, each time providing an opportunity to change R&D benefits.

In Canada, R&D policy has been relatively stable since 1985. Governments in Canada are genuinely committed to encouraging R&D through tax incentives and industrial and regional policies. In its March, 1996 budget, the federal government reaffirmed its commitment to the R&D program. ■

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Princeton	Mr. Donald Marsan	609-252-0777	609-252-0792
San Diego	Mr. Michael Stinson	619-597-7050	619-457-2844
San Francisco	Mr. Robert Logie	415-543-2550	415-512-7671
San Jose	Mr. Brian Cox	408-289-1157	408-289-1168
Seattle	Mr. Carl Kuhnke	206-443-1777	206-443-9735
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Strategis: 1-800-328-6189

InfoLine: (613) 954-2788

1996

Canada



# CANADA-US.



CANADA: NORTH AMERICA'S CHOICE INVESTMENT LOCATION

## A Natural Choice for Agri-Food Processing

### A Dynamic and Growing Sector

**T**he agri-food industry – which includes agriculture, food and beverage processing, and the distribution, retail and food service component – enjoys a prominent place in the Canadian economy, accounting for 13 percent of the country's manufacturing GDP. More importantly, it is a major employer, accounting for 15 percent of all jobs in Canada.

The Canadian food and beverage processing industry is also a prime target for foreign investment. Over the past five years, international investment in the industry has grown by almost 30 percent, much faster than in any other part of the manufacturing sector.

### A Record of Growth and Diversification

The Canadian processed food and beverage sector has experienced significant growth in the first half of the decade. Between 1990 and 1994, the value of annual industry shipments increased by an estimated \$3 billion. As a result, the value of annual shipments today is approaching \$50 billion.

As it grows, the sector also diversifies.

Nowhere is this more evident than in dairy products, which were second only to frozen foods in retail grocery sales

volume growth in 1994. Canadian consumers now can buy Canadian-made dairy products such as variety cheeses, yogurts and spreads that were previously available only as imported foods. Similar examples of diversification are to be found in the manufacture of sauces, preserves and condiments. Even industries previously considered to be "mature" have

witnessed dramatic change. For example, small, independent brewing companies have been launched throughout the country. Small firms in both the brewing and wine industries are now moving beyond local and regional markets into inter-provincial and international markets.

**"In the food industry, we convinced our parent organization in the U.S. to award missions to Canada chiefly by passing our arguments on bottom-line costs and customer servicing"**

**GEORDIE BEAL, VICE-PRESIDENT,  
STRATEGY, DEVELOPMENT AND TOTAL QUALITY, KRAFT CANADA INC.**

### Technological Excellence

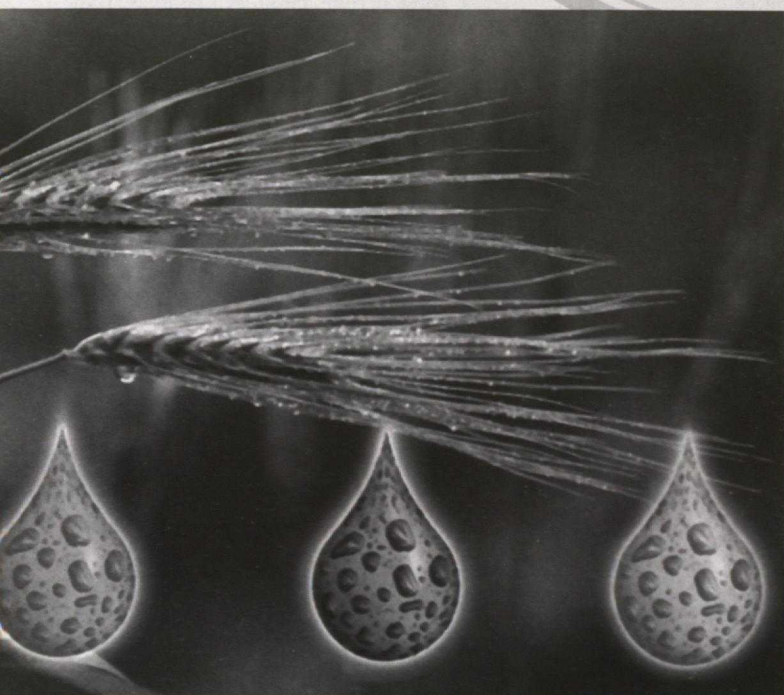
Canadians have long been among the world's leaders in agricultural and food research. From the development of hardier strains of wheat in the 19th century to the more recent development of canola, varieties have been created that can take advantage of the unique char-

Continued on page 5

Inside:

Canada's  
Advantages  
in  
Food  
Processing

Canada





# Canada's advantages in food processing

## Investment Environment

Capital investment in Canadian-based food and beverage processing is now in excess of \$2 billion a year. Over three quarters of the world's leading food and beverage firms have chosen to invest in processing facilities in Canada.

Canada's many advantages, coupled with the high quality of life in Canadian cities, make it a preferred location for investment. Canada welcomes and encourages international investment in its food and beverage sector and has a policy environment that is favourable to business investment and growth. Investment trends prove it.

## Quality Ingredients

Canada has abundant supplies of the highest quality fruits, vegetables, seafoods, livestock, poultry, vegetable oils, dairy products, cereal grains, fresh water and other food ingredients. Its hardy climate, clean air, abundant land surface and extensive seacoasts provide an ideal environment for food harvesting and production.

## SNACK FOODS

**Size:** 20 large companies and a series of smaller new firms.  
**Market:** \$15 billion a year in North America.  
**Trends:** Consumption increased by 23% (1988 to 1994); 2,000 new products are introduced in North America every year.  
**Advantages:** Canadian consumers enjoy high disposable incomes and are willing to try new products.  
**Areas of Growth:**

- nutritional products of all sorts;
- food prepared through baking, toasting and microwaving; and
- local and regional markets test new products at low cost.

## CEREAL GRAIN PRODUCTS

**Size:** 650 Canadian-based cereal grain product manufacturers, shipping \$4 billion annually, employing 32,000 people.  
**Market:** \$90 billion annually in North America.  
**Exports:** Trade with the U.S., has grown by nearly 90% in the past three years and trade with Mexico is increasing.  
**Advantages:** High quality principal grains; primary processed cereal grain products and further processed grain products.  
**Areas of Growth:**

- cereal grain products from other cultures;
- healthy convenience food such as snacking crackers, gourmet cookies and high fibre products; and
- export markets such as Mexico and Japan.

## A Skilled Work Force

Canadian-based food processors benefit from a highly educated, skilled and productive labour force. The country is also a leader in labour productivity growth.

Training and educational institutions are responsive to industry requirements and have tailored their programs to meet the specific technical, production and management skills required for food and beverage processing industries.

The highly skilled and well educated work force is augmented by 10,000 post-secondary graduates in agricultural and biological sciences from the 14 universities with biotechnology programs.

## AGRICULTURE, FOOD AND AQUACULTURE BIOTECHNOLOGY

**Size:** 310 companies employing 13,000 people.  
**Sales:** Almost \$600 million (1993).  
**Exports:** \$400 million (1993).  
**Trends:** Employment rising by 4% annually, sales by 17% and exports by 7% (1989-1993).  
**Advantages:** Canada has leading-edge achievements in enzyme regulation, protein engineering and fermentation.  
**Areas of Growth:**

- broodstock development of fish stocks;
- plant and animal breeding technologies; and
- food products with medical properties, bio-engineered yeast, enzymes, natural flavours, colours and preservatives.

## Quality Assurance

Canada's reputation for quality is assured and enhanced by joint government-industry standards, quality control and inspection systems which are ISO-compatible. The quality and the integrity of Canada's standards, grading and inspection systems give companies a competitive advantage in accessing export markets.

## Retail Strengths

Canada has a diverse retail sector that includes both large super-market chains as well as small specialty stores with a strong interest in innovative approaches to food sales. This is an ideal environment in which to test different marketing strategies.

## BEVERAGES

**Size:** 250 manufacturing locations employing 13,000 people.  
**Sales:** \$7 billion a year in Canada.  
**Exports:** Between 1991 and 1994, Canadian beverage exports to the U.S. increased by 37%; exports to Japan tripled.  
**Trends:** In the early 1990s, sales of non-alcoholic beverages grew by 7% annually, and bottled water by 13 to 16%.  
**Advantages:** An abundant supply of pure fresh water, leading-edge research in fermentation, and dairy products.  
**Areas of Growth:**

- high quality non-alcoholic drinks, especially new flavours;
- nutritional and "dairy type" drinks for lactose intolerance; and
- small specialized micro-breweries and estate vineyards

## SEAFOOD AND MARINE PRODUCTS

**Size:** 900 processing establishments on the Atlantic coast and 200 on the Pacific.  
**Market:** Despite supply shortages, per capita consumption in North America remains at about 7 kilograms a year.  
**Exports:** In 1993, Canada was the world's fifth largest seafood exporter; more than 90% of production is exported.  
**Advantages:** Highly successful fishing fleets, rapidly growing aquaculture production, and modern facilities.  
**Areas of Growth:**

- frozen and prepared seafood products; use of new species and new aquaculture production;
- new marine-based products (food, pharmaceuticals, pigments, oils, chemicals); and
- high quality fresh products for food services and exports.

## Packing and Processing Technology

Canada has well developed food packaging materials and packaging technologies industries, ready to serve the requirements of new product developers. (See page 6.) Advanced processing technologies are supporting increased flexibility in packing plants, allowing them to respond to the specific requirements of customers quickly and efficiently.

## Competitive Costs

Canada offers significant locational advantages in terms of initial capital investment, energy, transportation and labour inputs. (See page 5).

## Consumer Base

As an ethnically diverse society with relatively high disposable incomes, Canadians are receptive to a wide variety of foods and thus constitute an ideal testing ground for new products. The market is also an excellent indicator of trends and preferences in the neighbouring U.S. Most Canadian retailers feature the same brands that lead in food and beverage sales in the United States. This makes Canada an ideal test market for products destined for all of North America.

## FROZEN FOODS

**Size:** Frozen foods are now the third largest retail food product category (after meat and dairy products).  
**Sales:** North American market of \$25 billion annually.  
**Exports:** Exports of frozen vegetable products to the U.S. increased by 95% (1991 to 1994); new markets in Japan, Mexico and Latin America.  
**Trends:** Frozen foods are among the fastest growing food categories in both Canada and the U.S.  
**Advantages:** Highest quality inputs of fruits, vegetables, oils, dairy products, cereal grains, developed food packaging materials and technologies, and an advanced R&D environment.  
**Areas of Growth:**

- up-scale frozen foods available in larger packages;
- healthier, nutritious frozen foods; and
- portion-packed frozen meats, seafoods, sauces and semi-prepared foods for food services operations.

## Secure Market Access

NAFTA provides Canadian-based food manufacturers with assured access to all North America. Well established trading channels deliver products safely and quickly to more than 50 different countries around the world.

The Canada-U.S. Free Trade Agreement continues to govern agricultural trade between Canada and the United States. Within NAFTA, Canada and Mexico have a separate agreement. Mexico's market is being opened through the immediate elimination of import licences and the phase-out of tariffs.

## SPECIALTY AND ETHNIC FOODS

**Size:** 400 small, young manufacturers averaging fewer than 50 employees and less than \$3 million in annual sales.  
**Sales:** Canadian market is about \$700 million a year.  
**Exports:** Half of all Canadian manufacturers in this sector do some exporting, primarily to the U.S.  
**Trends:** 12,000 new products introduced in North America annually; in 1993, sales of 11 basic categories grew by 12%.  
**Advantages:** A growing number of retail outlets focusing exclusively on ethnic, health or specialty foods: over 75% of North American super-markets have delicatessen sections.  
**Areas of Growth:**

- premium quality food with health or nutritional benefits;
- unique flavours and dining experiences; and
- substitutes for imports of ethnic and specialty foods.

## Transportation

Canada's transportation industries are equipped to meet specialized needs such as those of frozen food producers and beverage manufacturers. Transportation is well integrated into the entire North American market as well as supporting overseas exports.

## RED MEAT INDUSTRIES

**Size:** 100,000 livestock producers, 32,000 people employed in 467 processing establishments.  
**Sales:** 3 million cattle and 16 million hogs sold annually.  
**Exports:** 210,000 metric tonnes of beef and 280,000 metric tonnes of pork in 1994; between 1991 and 1994, exports grew at an average annual rate of 17%.  
**Trends:** A growing demand for processed meat products (cooked ham, cooked and cured sausages, meat pies, other ready-cooked and convenience meat products).  
**Advantages:** Superior livestock genetics coupled with climate, feed supply and strict health and grading standards ensure a plentiful supply of high quality meat.  
**Areas of Growth:**

- convenience-oriented, pre-cooked frozen meat and poultry;
- export markets for pork and beef, especially in Asia; and
- export of high value-added consumer products.

## RESEARCH AND DEVELOPMENT

R&D is essential for success in the agri-food industry. Canada's universities, medical institutions and government labs are known world-wide for their scientific and research excellence.

Collaboration between government and private-sector institutions is extensive. For example, Centres of Excellence bring together leading university and private-sector researchers.

A national network of food research and development centres has achieved much, including:

- a leading position in fermentation research and development, and in dairy science;
- development of many new frozen food products and processes;
- global recognition for the excellence of its livestock herds and processed meat products;
- a leading position in cereal grain breeding, production and processing research.

A recently revised patent act strengthens protection for intellectual property. R&D is further encouraged by a favourable regulatory environment and the most generous R&D tax credits offered among the G7 nations. Recent studies have shown that Canada's R&D costs are among the lowest in the industrialized world.



Canada has long recognized the role international investment plays in developing the country's vast potential and it welcomes new international partnerships to achieve its growth objectives.

continued from page 1

acteristics of the Canadian environment. Areas of demonstrated Canadian strength include:

- livestock breeding;
- fermentation technologies;
- disease resistant crops;
- new types of edible oils;
- superior grain varieties;
- new seafood species;
- new meat processing technologies; and
- food irradiation.

### Exports

The processed food and beverage sector features prominently in Canada's international trade. On a per capita basis, Canada's agri-food exports are nearly double those of the United States. As a percentage of GDP, Canada's agrifood trade is more than twice that of the U.S. and Mexico and it continues to grow. Canada's agri-food exports rose by more than 40 percent between 1991 and 1994.

Much of this growth is directly attributable to the Free Trade Agreement between the U.S. and Canada. There are many cases of food and beverage categories where trade has increased significantly in both directions.

The advent of free trade with Mexico under the terms of the NAFTA will further stimulate agri-food exports to that large and growing market. With its 380 million consumers, North America is the richest single

market in the world. Combined retail food, beverage and food service sales reach an estimated \$850 billion annually.

### Agrifood 2000

To focus the sector's export efforts, the food industry and governments have set a minimum target of \$20 billion worth of agri-food exports by the year 2000, or better, a 33 percent increase over the \$15 billion worth of exports recorded in 1994.

To meet this goal, agri-food businesses will need additional international investment. Canada has long recognized the role international investment plays in developing the country's vast potential and it welcomes new international partnerships to achieve its growth objectives.

Agrifood 2000 has also developed a "new look" for promoting Canadian foods abroad. This new image, symbolizes to international customers that Canadian products are made in the spirit of the land – natural, wholesome and pure – and meet their expectations for quality and safety. It reflects a national theme, developed cooperatively by federal and provincial governments and industry, to enhance the presence of Canadian agri-food products in export markets. ☘



## KPMG Study - Comparison of Canadian and U.S. Business Costs

A recent KPMG study compared the costs of setting up and operating businesses in Canada and the United States for a number of industries including frozen food manufacturing. The study found that the average initial capital investment required to construct a new frozen food facility in Canada would be about 20 percent lower in the eight Canadian cities studied than in comparable U.S. cities.

The same study determined that frozen food production labour costs would be 31 percent lower in Canada than in the U.S. Canadian electricity and transportation costs are also significantly lower.

Basing the study on a model food processing facility, and drawing data from eight Canadian and seven American cities, KPMG considered what costs would be involved from start-up to the end of ten years. Comparisons were made in a number of locational categories, including initial facility investment costs as well as labour, electricity, transportation and taxation. In a majority of these categories, the Canadian cities were less expensive than the U.S. centres.

Canada is highly cost competitive for start-ups. Typically, initial facility investment costs represent 30-35 percent of the costs of a start-up. KPMG found that a model food processing plant would incur an average of \$2.5 million in facility investment costs in Canada, as compared to \$3 million in the U.S. – an initial saving of \$500,000.

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Continued from page 5

The assessment of labour costs considered factors such as salaries, statutory benefits, taxes and other benefits. All eight of Canada's cities proved to have lower labour costs than the American cities – on average almost one-third lower (31 percent).

The study shows that transportation and distribution costs vary by jurisdiction and industry in both countries, but that rates are generally lower in Canada than in the U.S.

Electricity represents about 5 percent of the costs of firms in the frozen food industry and here too, Canadian locations have a decisive advantage over U.S. cities.

With respect to taxation, rates vary among jurisdictions and there was no particular advantage from a corporate viewpoint to either Canada or the U.S.

## Food Packaging in Canada

**S**hifting consumer preferences toward ready-to-cook meals, specialty foods, and convenience foods have placed new demands on the food packaging industry. Food processors look for longer shelf life, attractive packaging, and new materials for preparation methods such as microwaving.

At the same time, increasing emphasis is being placed on reducing the amount of packaging used, a response to the public's environmental concerns and government regulations that have targeted a 50 percent staged reduction in packaging waste by the year 2000.

These changes translate into a wide range of business opportunities for innovative approaches and solutions in the design and manufacture of packaging, processing and labeling equipment, and for new materials. This potential exists throughout the North American market. Canadian firms are well established in this market, and their exposure will grow as a result of the NAFTA.

For some Canadian companies, up to 80 percent of their sales are to the United States. Canada is one of the top five suppliers of packaging machinery to the U.S.

Canadian companies specializing in food packaging are located across the country, usually closest to the input source. They are also able to tap into the nation-wide Food Network, which assists in the development of strategic initiatives and facilitates research arrangements throughout Canada. ☛



### For information about investment opportunities in Canada:

#### Here are your points of contact

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