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INVEST IN CANADA



Welcome to Canada
We Take Care of Business

2010 EDITION

Canada



Welcome to Growth and Stability

Growth, innovation and risk management
are what Canada offers to investors looking for
their next investment destination.

Home to the most robust banking system in the world,
Canada also offers the lowest overall tax rate
on new business investment in the G7.

In 2010, the Government of Canada announced
the elimination of over 1,500 tariffs on manufacturing
inputs and machinery and equipment.

This will make Canada the first country in the G20 to become
a tariff-free zone for manufacturers.

High-performance Economy

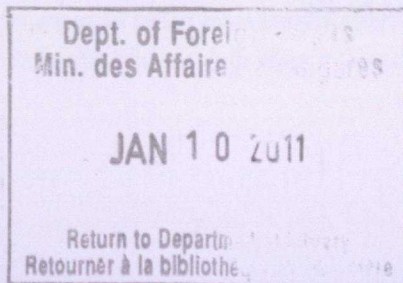
Canada's economy is one of the most resilient in the world, with unparalleled growth prospects.



Canada has a large and growing domestic market, with high-growth sectors of economic activity. Canada's economy is the eleventh-largest in the world (as measured by GDP), rivaling leading destinations of foreign direct investment such as Brazil, India and Russia.

Canada's Strengths

- Canada's real annual Gross Domestic Product (GDP) growth rate for the 2000 – 2009 decade averaged 1.7%, well above growth in the United States., the United Kingdom, France, Germany and Italy.
- The IMF forecasts Canada's growth rate at 2.6% for 2010 and 3.6% for 2011, well above growth rates in the other G7 countries or other advanced economies.
- Canada has more *Financial Times* Top 500 companies than does Germany, Spain or India.
- Canada has one of the highest credit ratings in the world, higher than the U.S. or the U.K.
- For two years in a row (2008, 2009), the World Economic Forum has named the Canadian banking system the soundest in the world.
- In Canada, the share of non-performing bank loans to total loans stood at 0.9% in 2009—one of the lowest levels in the world and the lowest among its peers in the other G7 countries.
- At a time when numerous financial institutions around the world were collapsing, no Canadian bank or insurer failed. None required bailouts.
- Canada's banks are among the largest in North America. Four Canadian banks are among North America's Top 10.
- As a percentage of GDP, Canada's deficits are far lower than those of the other G7 economies and its public debt as measured by its net-debt-to-GDP ratio is the lowest in the G7.



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Investor-friendly Environment

Business competitiveness studies have consistently ranked Canada as one of the best countries on the planet for investment. It takes, on average, only one procedure to start a company in Canada.



Canada's fair judicial system, its world-class intellectual property protection, transparency in its government procurement and strong corporate governance—all help ensure that foreign investors have clarity in their commercial relationships.

Canada's Strengths

- Canada ranks #1 among G7 and member countries of the Organisation for Economic Co-operation and Development (OECD) for the lowest number of procedures required to establish a new business, according to the World Bank Group's *Doing Business in 2010*.
- The Economist Intelligence Unit's (EIU) *Business Environment Ranking* places Canada #1 in the G7 and #5 in the world as the country in which to conduct business over the next five years (2010 – 2014).
- The International Institute for Management Development (IMD) ranks Canada #2 in the G7 and #8 in the world for its ability to maintain and create an environment that sustains the global competitiveness of its enterprises.
- The global governance rating agency GovernanceMetrics International ranks Canada #3 in the world for its corporate governance environment.
- According to KPMG's *Competitive Alternatives 2010*, Canada leads the G7 in low business costs, with an overall cost advantage of 5.0% over the U.S.
- In terms of sectors, Canada has some significant advantages over other G7 economies. In 14 of the 17 sectors analysed by KPMG, cost structures in Canada are lowest in the G7. In the remaining three sectors (clinical trials, metal components and plastics), cost structures in Canada are the second- or third-lowest in the G7.
- The total accumulated FDI inflows into Canada (for the 2000 – 2008 period) as a share of Canada's GDP in 2008 was 24.2%—the fourth-highest in the world, after only Belgium, the Netherlands and the U.K.

Innovation Powerhouse

Canada offers one of the most generous and flexible tax treatments for business research expenditures among advanced economies.

NRC Biotechnology Research
Institute in Montréal



Research institutions across Canada undertake leading-edge industry research in collaboration with foreign investors. Investors benefit from both the expertise of Canadian researchers and the facilities funded by government programs.

Canada's Strengths

- Canada invests more in higher-education R&D, as a share of the economy, than does any other G7 country.
- Canada ranks #1 in the G7 for the number of scientific articles published per capita.
- Vancouver is #1 in North America for patents filed for fuel cells, and Toronto is #3 in North America for patents filed in the automotive sector, according to the fDi Benchmark database from fDi Intelligence.
- According to the World Intellectual Property Organization (WIPO), Canada is ranked #8 in the world for the overall number of patents in force. On a per-capita basis, Canada ranks #3 in the G7 for patent filings related to IT methods for management and #4 in the G7 for patent filings related to civil engineering.
- Canada's Scientific Research & Experimental Development (SR&ED) program provides one of the most lucrative R&D tax credits and accelerated deductions for R&D expenditures in the world. In 2009, SR&ED provided over \$4 billion in tax credits.
- Canada's R&D tax structure is also one of the most flexible and open in the world. No limitation exists on the sector in which the R&D is undertaken. Eligible expenses include salaries, overhead, capital expenditures, materials and sub-contracted R&D services.
- Canadian tax incentives are ranked #2 in the G7, with a full 19.4% advantage over R&D tax incentives offered in the U.S.
- Canada's \$62-billion stimulus program, *Canada's Economic Action Plan*, includes investments of about \$4 billion for post-secondary education and research, and technology and innovation programs at research facilities in Canada that can benefit investors.

Workforce that Delivers to Foreign Investors

Underpinning Canada's skilled workforce is a culture of learning that begins with publicly-funded early childhood education programs. Canada also has a flexible tertiary education system that focuses not only on university education, but also on technical trades.



One of the top reasons why global companies choose Canada over other jurisdictions is the availability of a skilled workforce. Canada's multicultural workforce is highly educated and motivated to achieve excellence.

Canada's Strengths

- Canada ranks #4 in the OECD for its high school completion rates (86.6% of working-age Canadians have a high school diploma).
- Canada ranks #1 in the OECD for its college completion rates (23.7% of working-age Canadians have graduated from college).
- Canada ranks #7 in the OECD and #2 in the G7 for its university completion rates (24.6% of working-age Canadians have a university degree).
- The World Economic Forum ranks Canada second in a 133-country study on the quality of their management schools.
- Canada leads the G7 when it comes to the availability of qualified engineers in its workforce, according to the IMD.
- Canada is a multicultural country, where one in every five Canadians has a mother tongue other than English or French. The diversity that Canada's workforce enjoys is a key asset to many foreign investors looking for talented workers who quickly adapt to different ways of taking care of business.
- It is particularly important for global firms in services sectors to have highly skilled workers who are familiar with different languages and varying business cultures. Over 4.4 million working-age Canadians speak a language other than English or French. These languages include Chinese, Italian, Spanish, Punjabi, German, Arabic, Portuguese, Korean, Hindi and Japanese.
- Canada offers global companies excellent time-zone advantages. Canada's human resources capabilities, for functions such as customer support and application development, are enhanced because the country shares the same time zones with North and Latin America.



Welcome to

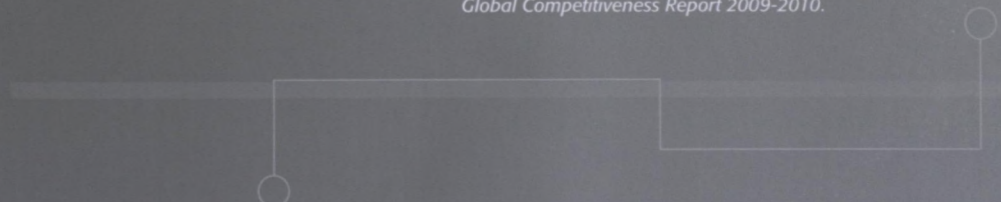
World-leading Sectors

"Canada benefits from excellent transport and telephony infrastructure, highly efficient markets and well-functioning and transparent institutions.

In addition, the country has been successful in nurturing its human resources.

Education has paved the way for the country's workforce to adopt the latest technologies for productivity enhancements."

World Economic Forum,
placing Canada in the Top 10 list for two consecutive years in the
Global Competitiveness Report 2009-2010.



Advanced Manufacturing



"Our important investments in Oshawa, Canada would not have been possible without the strong partnership GM has with the federal, provincial and local governments. GM believes Canada is a great place to do business. These investments are a tribute to our employees' reputation for the industry's best quality and productivity."

*Neil Macdonald
Vice-president Corporate
Affairs and Chief Counsel
General Motors of Canada*

Aerospace

- Canada's aerospace industry ranks fifth-largest in the world, after the U.S., the U.K., France and Germany. It generated revenues of \$23.6 billion in 2008, with R&D investments totaling more than \$1.3 billion.
- Canada has 20 universities offering advanced degrees in aerospace and aerospace engineering.
- Among the G7 nations, Canada has the lowest aerospace production costs. In 2009, eight Canadian cities finished among the Top 30 internationally for overall competitiveness for an aerospace plant location, according to IBM's *Plant Location International*.
- More than 6,700 highly skilled professionals work in Canada's space sector, which generates \$2.8 billion in revenues annually.

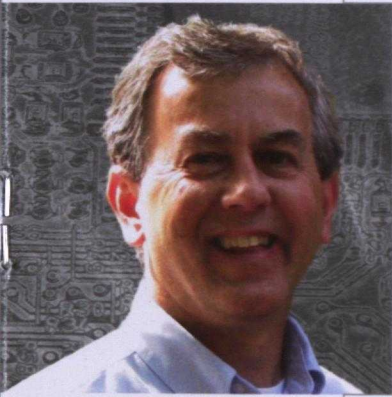
Automotive

- Canada is the world's third-largest exporter of automotive products after Japan and the U.S. With \$71.6 billion in vehicle and component shipments in 2008, automotive is one of the country's biggest manufacturing sectors.
- Canada's automotive components industry consists of over 1,000 manufacturing facilities, and it shipped \$24.3 billion worth of product in 2008.
- Canada is part of the integrated NAFTA market, and it has an advanced logistics infrastructure that specifically caters to the auto sector.
- Among the Top 10 auto producers, Canada has the second-lowest marginal effective tax rate (METR) for manufacturing—two-thirds that of the U.S.

Machinery and Equipment

- With sales of \$26.8 billion in 2009, Canada's machinery and equipment manufacturing sector has attracted significant investments from foreign investors.
- Canada offers these firms the lowest statutory payroll costs in the G7 and the highest proportion of engineers in the G8.
- Canada's machinery and equipment manufacturers are highly diversified, with a pool of more than 150,000 skilled workers in niches ranging from metalworking machinery to agricultural equipment.

Agri-food



"We look forward to continuing the partnerships we have forged in Rogersville and the rest of New Brunswick in the future. Canada opened its doors to Ocean Spray and provided a perfect location and supportive environment where we can profitably grow our business."

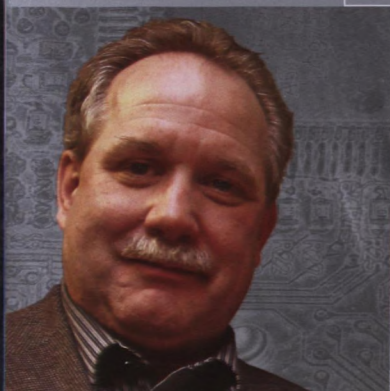
Bill Frantz
Project Manager
Ocean Spray

- Canada is a major agri-food player at the global level. It shipped processed food and beverage products valued at \$80.2 billion in 2007, with \$19.3 billion in exports shipped to over 180 countries.
- According to KPMG's *Competitive Alternatives 2010*, Canada ranks #1 in the G7 for low food processing costs.
- Canadian cities such as Montréal, Ottawa, Québec City, Sherbrooke, Toronto and Waterloo offer some of the lowest agri-food business costs on the continent.
- Canada, with its strict animal health standards and quality grading systems, produces wholesome livestock consumed around the world. Canada is also the world's third-largest exporter of pork and the sixth-largest exporter of beef.
- Canada has a strong functional foods and natural health products industry, which generates over \$3.7 billion in annual revenues.
- Each year, Canada's grain and oilseed processing sector supplies over 3.5 million tonnes of wheat, oats, corn, barley and milled grain products to about 30 countries.

One of the great success stories of Canadian agricultural innovation is canola oil. This entirely new crop was first developed in 1978, by two Canadian scientists. Dubbed "canola" from "Can" (for Canada) and "ola" (for oil low acid), the crop in a liquid oil form is highly nutritious. Canada has very successfully tapped into the global canola market, doubling its exports of canola oil and canola meal over the past ten years, from 1.73 million tonnes in 1999 to 3.4 million tonnes in 2008 – 2009. Canada now accounts for about 75% of the world's canola trade.



Chemicals and Plastics



"In Canada, we believe we are optimally located within a well developed petrochemical infrastructure and have access to a wide variety of readily available biomass and cellulosic raw materials."

*A.J. (Sandy) Marshall
President and
Managing Director,
LANXESS (Canada) Inc.*

- Canada's chemicals and plastics industry consists of 6,300 firms and it employs 157,000 workers. It delivers exceptional value to investors with shipments totaling \$66 billion in 2009.
- Eight of the world's ten biggest chemicals and plastics firms—including **BASF AG, Dow Chemical Co., DuPont, ExxonMobil Corp.** and **Shell Chemicals**—have production or R&D facilities in Canada.
- In 2009, six Canadian cities finished among the Top 20 worldwide in overall competitiveness for industrial chemicals plant locations, according to a report by IBM's *Plant Location International*. Toronto was #1.
- Relative to its population, Canada has more R&D specialists in the plastics sector than France, Germany or the United Kingdom. And more than one-third of Canada's chemicals industry workforce holds a university degree—a statistic that puts it second only to the country's information technology sector.
- Canada's strengths in the chemicals and plastics sector include: automotive parts, plastics machinery and moulds, petrochemicals, synthetic resins and agricultural chemicals.

ExxonMobil Corp.'s Sarnia oil refinery complex is one of the most integrated petrochemicals operations in the world. The chemical plant at this facility has an annual capacity of more than one million tonnes—one of the largest chemicals plants in the world. The facility currently employs about 1,030 workers.



Clean Technology



"With rapidly expanding expertise in the renewable energy sector, our project marks the forging of a win-win partnership, where Samsung C&T will provide optimal solutions to assist the Government of Ontario in reaching its goal to increase the volume of renewable energy produced in the province."

Sung-ha Chi
Corporation President
and CEO
Samsung C&T

- Canada is at the very cutting-edge of clean technology R&D and production of energy from clean technologies such as wind and solar power, bioenergy, and fuel cells.
- Among developed economies, Canada is the second-largest generator of electricity from renewable and waste sources. Canada is also the world's #2 producer of hydropower.
- In 2009, seven Canadian cities ranked among the Top 20 internationally in competitiveness as a wind-power plant location, according to data produced by IBM's *Plant Location International*.
- Every province in Canada is now producing wind energy, with the total installed capacity across the country coming in at 3,319 MW in 2009.
- Canada's clean, affordable electricity—the cheapest in the G7, according to KPMG's *Competitive Alternatives 2010*—and its wealth of raw materials make it an ideal location to produce silicon for photovoltaic (PV) modules.
- British Columbia's fuel-cell cluster is the world's largest, in terms of both employment and number of companies. Vancouver is North America's #1 centre for U.S.-registered fuel-cell patents, and is home to leading fuel-cell companies.
- Canada's \$30-billion sustainable environmental technologies sector is especially strong in water and wastewater treatment, and solid waste management infrastructure.

The Bay of Fundy, situated between the provinces of Nova Scotia and New Brunswick, is known for having the greatest difference in water level in the world between its high and low tides. Twice a day, 14 billion tonnes of seawater move through this channel—equivalent to the combined flow of every river on Earth.



Information and Communications Technology



"Montréal's outstanding pool of creative digital media talent and its highly regarded university system make this the ideal location to support our future product and technology development needs. Moreover, government support, in the form of reimbursable tax credits and other incentives, enabled Montréal to stand out as the best combination of creative talent and favourable economics of the cities we evaluated for our new studio."

Steve DeCosta
Senior Vice President
THQ Core Games
Operations and Finance

Digital Media

- The Canadian interactive entertainment industry exceeded \$2.2 billion in revenues in 2008. Historically, two of the Top 5 best-selling video games in the world have come from Canadian studios.
- World-renowned 3D modeling and animation software such as Maya®, Houdini and VFX are all Made-in-Canada platforms that allow industry experts to create lifelike graphics, animation and visual effects.
- Electronic Arts' Vancouver studio and Ubisoft Entertainment's Montréal studio are ranked second and third respectively on Develop 100's list of Top 100 most bankable games development studios.

Software

- The software and computer services industries together comprise nearly 80% of Canada's ICT sector. Software publishers earned revenues of \$6.8 billion in 2008.
- According to *Software* magazine, in 2009, 20 of the Top 500 global software firms originated in Canada, which is second only to the United States.
- With rising health costs, health care has become a priority for ICT investments around the world. Canada shows strength in this sector, with its Top 10 health IT companies generating over \$7 billion in revenues globally in 2009.

Wireless

- Canada's wireless carriers invest more than \$1 billion in mobile phone communications infrastructure each year.
- Canada is home to a quarter of North America's fastest-growing wireless companies, according to the Deloitte Technology Fast 50™.
- Canada is an important destination for global network infrastructure providers wanting to undertake core R&D activities. Its major wireless clusters include Toronto, Montréal and Vancouver.
- Canada is a hotbed of R&D in Long Term Evolution (LTE) technology, with research in this area being done in Canada by **Ericsson** and **Alcatel-Lucent**, among other companies.

Life Sciences



- Canada's bio-based economy totals \$78.3 billion in sales, and leads the G7 in the growth of health research patents.
- Canada's life sciences industry is supported by a top-notch research community of over 100 institutes, 670 biotech companies and over 28,000 employees.
- Canada's domestic pharmaceutical industry is a \$20-billion market, the world's ninth-largest. Among our peer G7 nations, Canada's biopharmaceuticals industry is the fastest-growing.
- Canadian biotech and pharmaceutical firms have over 300 products under development or on the market, and annual spending on biopharmaceutical R&D in Canada is \$1.3 billion.
- Montréal, Toronto and Vancouver are important North American clusters for biotech activity, and are consistently ranked in the Top 10 cities in North America for life sciences patents.
- Key areas of Canadian biopharma expertise include vaccines R&D and production, central nervous system (CNS), oncology, contract research and clinical trials.
- Canada's \$7.1-billion medical devices industry offers the lowest costs for establishing and operating a medical devices manufacturing facility in the G7, according to KPMG's *Competitive Alternatives 2010*. Specific Canadian strengths include in vitro diagnostics, medical imaging and analysis, and niche medical devices such as point-of-care diagnostics and surgical devices.

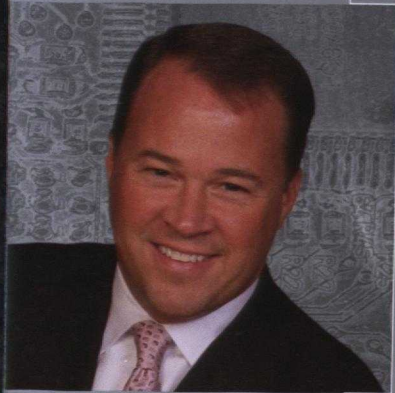
"Ontario's support has been a tremendous asset—it reinforces the importance of our work and contributes to our success. By providing an ideal home for us to expand our business, Canada has supported our innovations to help prevent disease and save lives."

Mark Lievonen
President
Sanofi Pasteur

The Leslie L. Dan Pharmacy Building is an award-winning structure and home of the Faculty of Pharmacy at the University of Toronto. The building provides state-of-the-art facilities to over 1,000 pharmacy students at the University. It is particularly notable for its two orb-shaped classrooms, referred to as the "pods", which are suspended lecture halls that look like pills. Students use a catwalk to enter, and the pods are suspended in the vaulting glassed-in lobby of the building.



Services



"Growth in Canada's export-based economy drives demand for our corporate and commercial services. Also, our consumer services appeal to internationally-minded people—a description that fits many in Canada, one of the most cosmopolitan nations on earth."

Matt Bosrock
Deputy CEO
HSBC Bank Canada

- With more than 2.3 million employees in 2009 and a GDP contribution of \$305.5 billion to the Canadian economy in 2008, the Canadian business and financial services sector has a worldwide reputation for quality, productivity and versatility.

Business Services

- In a 2009 assessment, eight Canadian cities placed among the Top 20 internationally for overall competitiveness of their business services sectors, according to IBM's *Plant Location International*. Toronto and Montréal ranked first and second, respectively, in that ranking.
- Canada is the world's third-largest exporter of engineering services, and its engineering services firms employ 85,000 workers and generate more than \$13 billion in annual revenues.
- Canada is ranked second only to the United States, among developed markets, in terms of its attractiveness as a business-process outsourcing (BPO), knowledge-process outsourcing (KPO) and information technology outsourcing (ITO) destination, according to A.T. Kearney's 2009 *Global Services Location Index*.

Financial Services

- Canada's banking system was ranked the soundest in the world by the World Economic Forum two years in a row.
- In 2009, six Canadian cities finished among the Top 20 internationally for overall competitiveness of their financial services sectors, according to IBM's *Plant Location International*.
- Canada has well-qualified financial professionals—12,000 Certified Financial Analysts (CFAs), 17,000 Certified Financial Planners (CFPs) and 74,000 Chartered Accountants (CAs).

The Confederation bridge links the Canadian provinces of New Brunswick and Prince Edward Island. At 12.9 kilometres, it is the world's longest bridge over ice-covered water. It has won dozens of international engineering awards since its construction, and was designed to last for a century.



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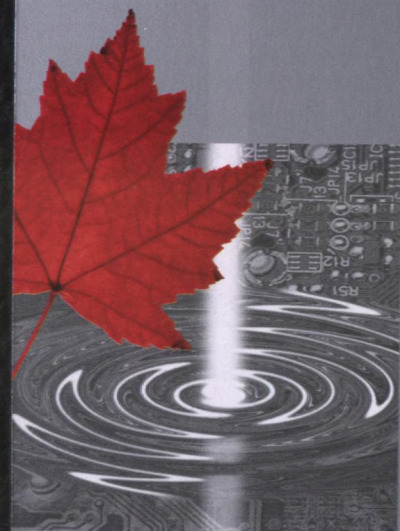
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