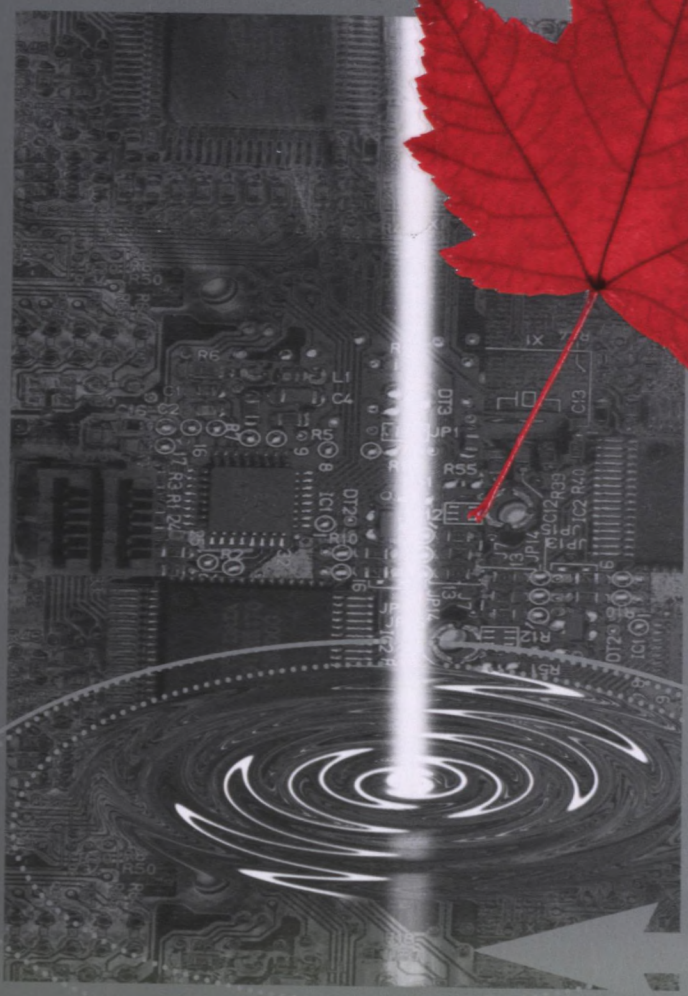


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INVEST IN CANADA

Welcome to Canada

We Take Care of Business

Canada



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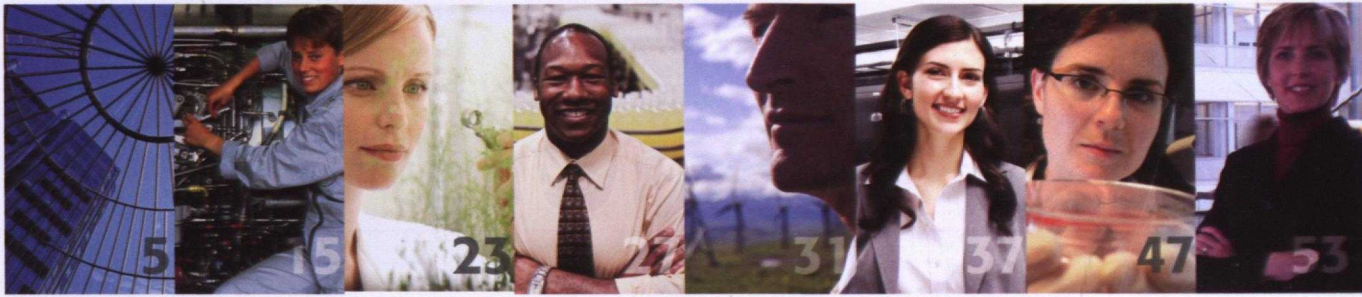
Également disponible en français sous le titre :

Bienvenue au Canada : Nous avons vos affaires à cœur.

All dollars in Canadian currency, unless otherwise specified.

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Table of Contents



Welcome message from the Minister of International Trade 3

PART 1: CANADA'S VALUE PROPOSITIONS FOR FOREIGN INVESTORS

High-performance economy	6
Investor-friendly environment	8
Innovation powerhouse	10
A workforce that delivers to foreign investors	12
Strategic location	13

PART 2: WORLD-LEADING SECTORS

Advanced Manufacturing	15
Automotive	16
Aerospace and defence	18
Machinery and equipment	21
Agri-food	23
Food processing	24
Chemicals and Plastics	27
Clean Technologies	31
Renewable-energy technologies	32
Environmental technologies	34
Information and Communications Technology	37
Digital media	39
Software	42
Wireless communications	45
Life Sciences	47
Biopharmaceuticals	48
Medical devices	51
Services	53
Business services	54
Financial services	56

PART 3: SERVICES YOU CAN COUNT ON

59

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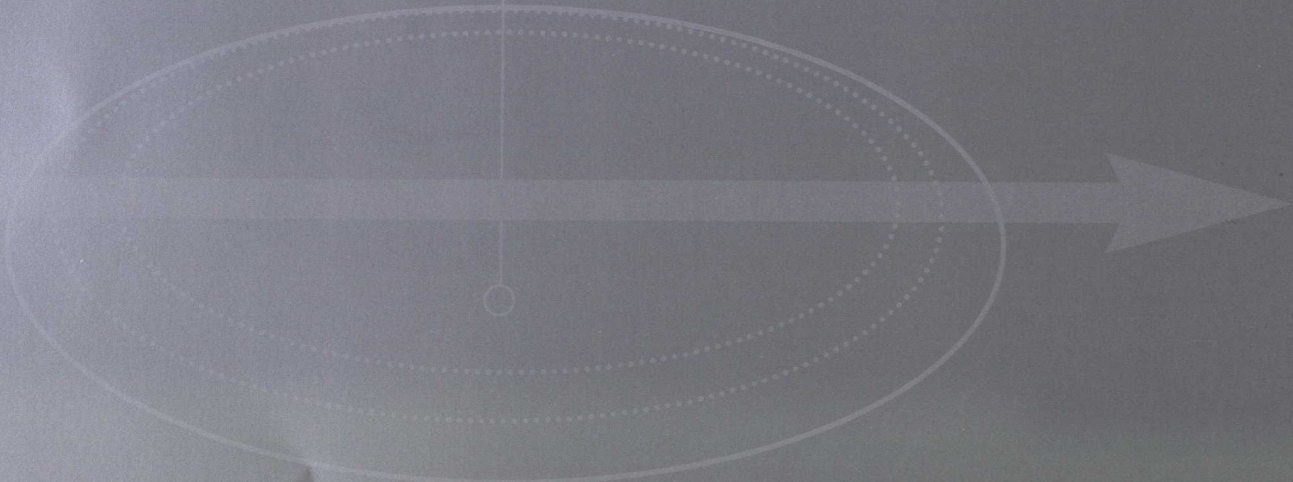
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Invest in Canada



Welcome to Canada

Minister's Message to Business Leaders

Canada offers excellent opportunities for business leaders who are looking for growth, innovation and manageable risks. Home to world-leading research and education, and offering lower costs, risks and business taxes, as well as ready access to North American markets, Canada is an investment partner of choice.

When I speak to global business leaders, I never miss a chance to tell them what makes Canada a great location for business and investment. We offer one of the most attractive and low-risk business destinations in the world. Our rich diversity, spirit of innovation and excellent business conditions are key drivers of our economy. The advantages and opportunities that Canada offers are countless:

- Lowest taxes on new business investment in the G7
- Lowest debt-to-GDP ratio in the G7
- Fastest economic growth in the G7 for 2011, according to the International Monetary Fund
- World's soundest banking system, according to the World Economic Forum
- A "tariff-free zone" for manufacturers by 2015
- The highest proportion of post-secondary graduates in the OECD
- High quality of life
- A commitment to the rule of law and a strong justice system

Our economic growth has outperformed the rest of the G7 over the last decade. We have demonstrated the value of prudent regulation during the global economic downturn. Canada is in steady fiscal shape, with government debt levels well below those of almost every other industrialized nation. At a time when others are contemplating corporate tax hikes to pay for ballooning government debt, Canada continues to offer the lowest overall tax rate on new business investment in the G7.

Canada's strength and stability have positioned us to emerge from the global economic downturn stronger than ever. Our first-rate performance in the world economy is just one of the many reasons why Canada continues to eliminate barriers to trade and investment. The Government of Canada has already 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.

Even more compelling is what I hear from global business leaders who have already invested in Canada. They tell me that Canada's highly skilled workforce and enviable quality of life make it a place to do business and succeed. Of course, the two go hand in hand. High quality of life attracts the capable and creative workers so essential to innovation and to gaining a competitive advantage in today's economy. Canada's safe, family-friendly cities; its beautiful natural environment and its world-leading research offer global companies a great place in which to invest, grow and succeed today, tomorrow and beyond.

This 2010 edition of *Invest in Canada* tells a compelling story about this country's many business credentials. Once you have perused its pages, I encourage you to contact us to discuss what Canada offers for your company. With over 900 trade and investment professionals located in more than 150 cities worldwide, we stand ready to help you find the right path to success in Canada.

Canada will take care of your business.



The Honourable Peter Van Loan
Minister of International Trade

The Honourable Peter Van Loan
Minister of International Trade



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We Take Care of Investors

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*Welcome to
Growth and Stability*

Value Propositions for Foreign Investors



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 11th-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,

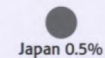
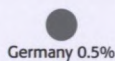
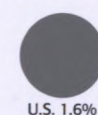
therefore, Canada offers a large and growing market with high-growth sectors of activity at a time when most other advanced economies are looking at uncertainty over the short-to-medium term.

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
Average 2000 – 2009	1.7	1.2	0.5	0.2	0.5	1.5	1.6	1.8

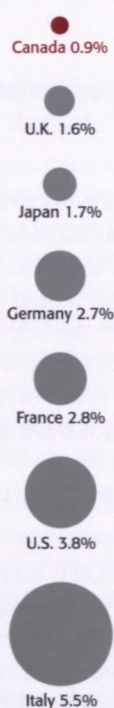
Source: International Monetary Fund, *World Economic Outlook*, January 2010 and archived October 2009 database. P: Projected, F: Forecast

WE TAKE CARE OF BUSINESS: LOW CORPORATE TAXES IN CANADA MEAN BIG SAVINGS FOR BUSINESS

AT A TIME WHEN most advanced jurisdictions are raising corporate income taxes, Canada's corporate taxes are heading down across a broad range of categories. Canada has the lowest payroll taxes among the G7 countries, and by 2012 Canada's federal corporate income tax rate will fall from 18% in 2010 to 15%, less than half of the top U.S. federal marginal corporate income tax rate, and the lowest in the G7.

For a company earning \$100 million in profit, total taxes payable in Canada will amount to \$27.2 million, compared to \$39.3 million in the U.S. That is a tax savings of \$12.1 million, or over 30% of taxes payable in the U.S.

NON-PERFORMING BANK LOANS AS A SHARE OF TOTAL LOANS IN CANADA COMPARED TO OTHER G7 ECONOMIES, %



Source: International Monetary Fund, *Global Financial Stability Report*, October 2009.

Note: Latest data available.

Best-in-class Financial System and Solid Public-sector Finances

Canada's growth is underpinned by a financial system that is the envy of the world. For two years in a row (2008, 2009), the World Economic Forum (WEF) 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.

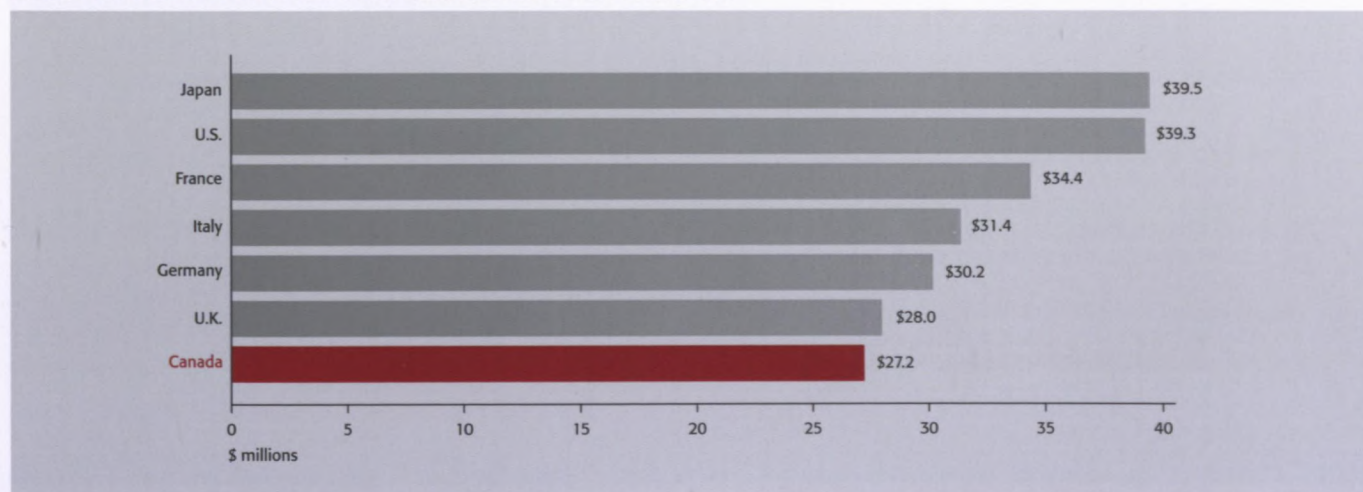
At a time when numerous financial institutions around the world were collapsing, no Canadian bank or insurer failed. None required bailouts. As a result, investors can expect Canada's financial institutions to be more receptive to their investment and expansion plans. Canada's banks are also among the largest in North America. Four Canadian banks are among North America's Top 10 banks, as measured by assets.

Another important feature of Canada's economy is the excellent shape of its public-sector finances. While other major

G7 economies ran multi-year budget deficits, Canada's federal government enjoyed eleven consecutive annual surpluses ending in 2007 – 2008. With the global economic recession taking hold, Canada, like other countries, has gone into a deficit to finance its \$62-billion stimulus program. Nonetheless, as a percentage of GDP, Canada's deficits are far lower than those of other G7 economies and its public debt as measured by its net-debt-to-GDP ratio is the lowest in the G7.

What this means for investors is flexibility. At a time when most comparable countries will be increasing taxes on business, Canada's finances give the country the flexibility to maintain or even reduce the total tax burden on corporations. It also means lower interest charges, since public-sector deficits will not crowd out private capital markets as much as in other advanced economies. Indeed, long-term and short-term bond yields on government and corporate debt in Canada are among the lowest in the world.

TAXES PAYABLE ON \$100 MILLION IN PROFITS, CANADA COMPARED TO ITS PEERS



Source: The Federal Budget, Finance Canada, January 27, 2009 and the OECD Tax Database. Tax measure used is the Marginal Effective Tax Rate (METR), which takes into account federal and provincial statutory income tax rates, deductions and credits available in the corporate tax system, and other taxes paid by corporations.

Investor-friendly Environment

Canada has always been a great place to invest. 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 up a company in Canada, and the entire process takes about five days. In most instances, applications are accepted on-line.

THAT'S HOW CANADA TAKES CARE of business. Foreign investors wanting to establish operations in Canada need only register their company federally or in a provincial jurisdiction. In fact, according to The World Bank Group's *Doing Business in 2010*, Canada ranks first among the G7 and OECD countries for the lowest number of procedures required to establish a new business.

The EIU's Business Environment Ranking places Canada #1 in the G7 and #5 in the world as a 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 prevents unfair competition.

The reason for these consistently high rankings is a reliable and business-friendly regulatory environment. Canada's strong legal and judicial system, its modern contract and labour regulations, its world-class intellectual property protection, its transparent system of government procurement and corporate governance structures—all help ensure that foreign investors have clarity in their commercial relationships. In fact, the global governance rating agency GovernanceMetrics International ranks Canada third in the world for its corporate governance environment.

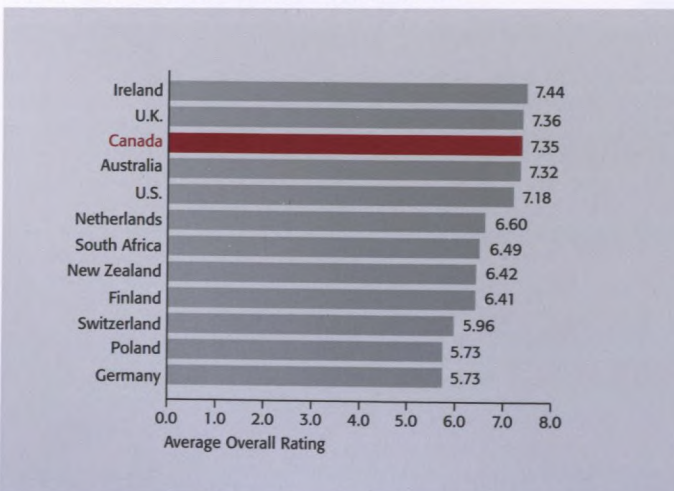
Investors have recognized this friendly business environment and have invested heavily in Canada. For the 2000 – 2008 period, accumulated Foreign Direct Investment (FDI) into Canada amounted to US\$362.2 billion—sixth-largest in the world

and higher than in other leading FDI destinations such as Brazil, India, Mexico and Russia.

Comparing Canada to China gives a good sense of how well Canada has fared in receiving global FDI. China (including Hong Kong) is the second-largest recipient of global FDI after the U.S., and arguably one of the key destinations considered by foreign investors in any investment decision. China's economy is more than 3.5 times larger than Canada's. However, it only received 2.6 times more FDI than did Canada.

In fact, for the 2000 – 2008 period, among the Top 15 destinations for FDI, the total accumulated FDI inflows into Canada as a share of this country's GDP in 2008 was 24.2%—the fourth-highest in the world, after only Belgium, the Netherlands and the U.K.

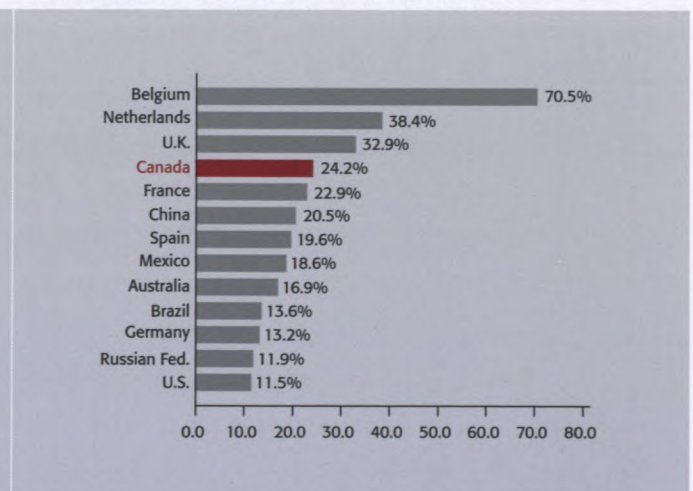
GLOBAL CORPORATE GOVERNANCE RANKINGS, 2009



Source: GovernanceMetrics International. *Country Rankings*, September 2009.

Note: GMI rating criteria are based on securities regulations, stock exchange listing requirements and various corporate governance codes and principles.

ACCUMULATED FDI INFLOWS AS A SHARE OF GDP, %



Source: Calculations from UNCTAD. *World Investment Report 2009*.

Note: Accumulated inflows for the 2000 – 2008 period as a share of 2008 nominal GDP.

**WE TAKE CARE OF BUSINESS:
LOW OFFICE OCCUPANCY COSTS IN CANADA MEANS BIG SAVINGS FOR BUSINESS**

FOR FOREIGN INVESTORS, the price of real estate is an important factor when considering investment locations. In Canada, the cost of prime office space is among the most competitively priced in the world, and compares very favourably to that of other major centres in North America and Europe. For example, the cost of prime office space in Toronto's Central Business District is 70% lower than comparable space in London's West End. Vancouver's office space is 44% cheaper than comparable space in Los Angeles. An investor leasing a 20,000-square-foot office in Toronto will save \$336,200 annually, compared to similar offices in midtown New York.

Note: Calculations based on data provided in CB Richard Ellis. *Global Market View: Office Occupancy Costs*, May 2009.

Cost-competitive Investment Location

The costs of labour, transportation, utilities and taxes are important factors that affect the bottom line of foreign investors. Here, Canada offers investors cost structures unparalleled in the G7. The latest *Competitive Alternatives 2010*, KPMG's guide to international business costs, found that 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 analyzed by KPMG, cost structures in Canada are the 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.

In sectors such as biotechnology, product testing, software design, web and multimedia, Canada has a significant cost advantage over the other G7 jurisdictions—a full 8.4% – 10.4% cost advantage over the next least-cost alternative in the G7.

Among the countries in KPMG's study, Canada has:

- The lowest R&D costs in the G7, with a 12.9% advantage over the U.S.;
- The second-lowest labour costs (after Mexico);
- The third-lowest facility lease costs (after Mexico and the U.S.);
- The lowest electricity costs; and
- The second-lowest tax costs (after the Netherlands).

According to KPMG, Canadian cities offer some compelling cost advantages over their competitor cities in the United States. For example, Montréal and Toronto have a 7.8% and 6.2% cost advantage over New York, respectively. Vancouver has a 6.5% cost advantage over Los Angeles.

Canadian cities are also globally competitive in a wide range of sectors. For example, Moncton, New Brunswick comes in third out of 95 cities analyzed in specialty chemicals manufacturing, pharmaceutical production and telecom equipment manufacturing. Sherbrooke, Quebec is ranked the third-lowest-cost city in metal machining and the fourth-lowest-cost city in food processing and auto parts manufacturing. In aircraft parts manufacturing, Winnipeg's cost structure ranks it the sixth-lowest-cost city out of 95 cities analyzed by KPMG.

COST COMPARISONS BETWEEN CANADA AND OTHER G7 ECONOMIES, SELECTED SECTORS

	Canada	France	Germany	Italy	Japan	U.K.	U.S.
Aerospace	96.9 [1]	97.8	101.4	99.5	105.3	98.6	100
Agri-food	96.9 [1]	98.1	99.4	97.6	105.3	97.2	100
Automotive	97.1 [1]	97.7	100.7	98.8	107.1	99.4	100
Back office/Call centres	95.0 [1]	104.1	111.7	101.2	129.3	98.5	100
Biotechnology	90.9 [1]	101.4	111.3	107.2	121.4	101.7	100
Medical devices	95.2 [1]	97.6	102.7	98.6	108.4	98.4	100
Pharmaceutical	94.9 [1]	97.3	101.1	97.7	104.9	97.1	100
Product testing	84.9 [1]	95.7	107.3	105.2	112.0	95.3	100
Software design	87.9 [1]	104.4	109.2	109.4	107.0	97.7	100
Telecom equip. mfg.	95.4 [1]	98.4	102.2	99.3	105.3	98.1	100
Web and multimedia	88.8 [1]	103.8	108.6	107.2	108.5	97.2	100
Overall costs	95.0	98.3	102.6	100	107.6	98.2	100
Overall results	1	3	6	4	7	2	5

Note: [1] = Ranking among G7 countries.

Source: KPMG. *Competitive Alternatives*. 2010.

Innovation Powerhouse

Canada is one of the best places in the world for research and development. Global corporations undertaking their research projects in Canada can expect one of the most generous tax treatments for their research expenditures among advanced economies. This favourable tax treatment is complemented by the availability of hundreds of research institutions, world-class universities and tens of thousands of scientists and engineers doing cutting-edge research across the country.

CANADA IS AN INNOVATION NATION. Inventions and discoveries made in Canada affect the lives of people around the world every day. Whether it is technology used in making phone calls or discoveries such as insulin, Canadian research is on the very cutting edge of human knowledge.

Canada invests more in higher-education R&D as a share of the economy than does any other G7 country. Canadian cities are leading international innovation centres. According to the fDi Benchmark database from fDi Intelligence, Vancouver is #1 in North America for patents filed for fuel cells. Toronto is #3 in North America for patents filed in the automotive sector. In the life sciences sector, Montréal, Vancouver and Toronto consistently rank among the Top 10 cities in North America for life sciences patent filings.¹

According to the World Intellectual Property Organization (WIPO), Canada is ranked #8 in the world when it comes to 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 also ranks #1 in the G7 for the number of scientific articles published per capita.²

R&D Tax Incentives in Canada Among the Best in the G7

At the heart of Canadian innovation is favourable tax treatment for R&D expenditures. Canada's Scientific Research & Experimental Development (SR&ED) tax credit program provides one of the most lucrative R&D tax credits and accelerated deductions for R&D expenditures in the world. Eligible expenses include salaries, overhead, capital expenditures, materials and sub-contracted R&D services. In 2009, SR&ED provided over \$4 billion in tax assistance.

The SR&ED tax credit program offers a 20% non-refundable tax credit for qualifying research expenditures over \$3 million, and a 35% tax credit for qualifying research expenditures under \$3 million.

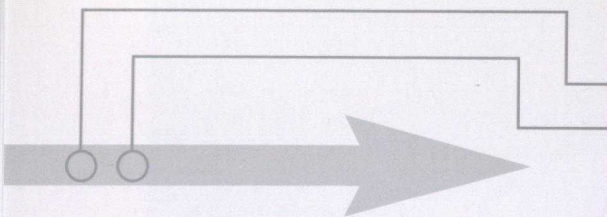
Provincial governments in Canada top up these generous tax credits with credits of their own. The net benefit of these R&D tax credits amounts to investors getting back up to 60% of their qualifying R&D expenditures undertaken in Canada.

Put together, 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.

Lucrative R&D Funding by Governments in Canada

Canada also has lucrative multi-billion-dollar funding mechanisms available for R&D undertaken in the country. In response

NRC Biotechnology Research Institute in Montréal delivers leading-edge science and technology solutions to its clients. Using NRC's multi-vessel bioreactor system, researchers investigate the applications of groundbreaking biotechnologies, which includes development of biopharmaceuticals.



WE TAKE CARE OF BUSINESS: HIGH R&D TAX CREDITS MEAN GREATER CASH FLOW FOR INVESTORS

Canada's R&D tax incentives make it an attractive place for investors to undertake their North American R&D activities. For \$50 million in eligible R&D expenditures, large public or foreign-controlled corporations receive a non-refundable tax credit ranging from \$10 million to \$18 million, depending on which province the R&D activity is undertaken in. That is a tax savings of 20% – 36%, which means an injection of non-dilutive capital into an investor's balance sheet.

Not only is Canada a G7 leader when it comes to R&D tax incentives, its R&D tax structure is also one of the most flexible and open. No limitations exist on the sector in which the R&D is undertaken. Unlike many of Canada's OECD and G7 competitors, expenditures such as contracted R&D, capital equipment, overhead, process R&D, salaries and materials are covered. Canada's R&D tax credits do not require expenditures to be incremental. Deferral of claims is without limit. Canada also offers landed-immigrant status to specialists involved in R&D, resulting in faster formation of international R&D teams. Such flexibility is head and shoulders above other tax credit programs available in advanced economies.

to the recent downturn, Canada's \$62-billion stimulus program, *Canada's Economic Action Plan*, includes about \$4 billion for post-secondary education and research, and technology and innovation programs at research facilities in Canada. Some of the new measures announced in Canada's most recent federal budget, in March 2010 include:

- Increased funding for Canada's research granting councils, to enable these councils to sustain their support for advanced research and R&D commercialization opportunities (additional \$32 million per year, starting in 2010-2011);
- Increased funding for Genome Canada, to launch a new research competition focused on forestry and the environment, and to continue funding for Canada's regional genomics innovation centres (\$75 million);

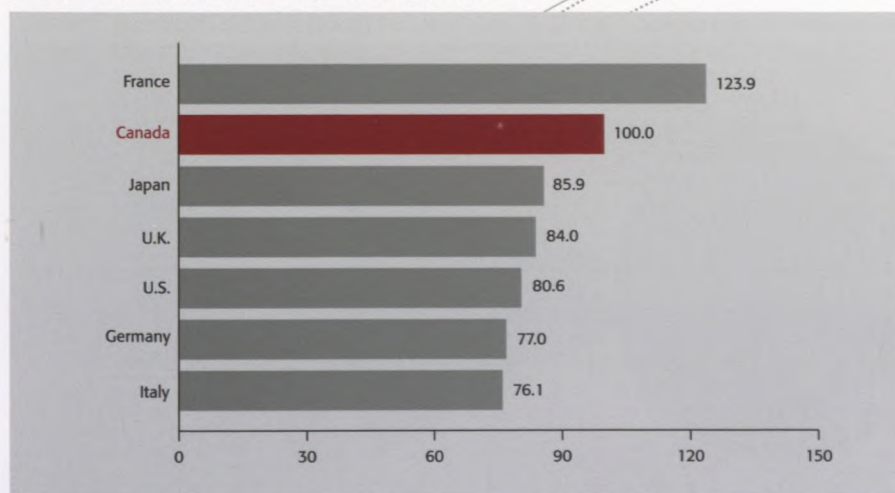
- Extended funding for the International Science and Technology Partnerships Program, to help foster strategic international R&D partnerships (\$8 million over 2 years);
- The new Small and Medium-sized Enterprise (SME) Innovation Commercialization Program—a two-year pilot initiative, through which federal departments and agencies will adopt and demonstrate the use of innovative prototype products and technologies developed by SMEs (\$40 million);
- A new, prestigious Post-Doctorate Fellowships Program to attract top-level talent to Canada (\$45 million over 5 years);
- Changes to Section 116 of Canada's *Income Tax Act* to eliminate the need for tax reporting for many international investments. These changes will improve

the ability of Canadian companies, particularly high-growth technology companies, to attract global venture capital funding; and

- Increased funding for the National Research Council of Canada's Regional Innovation Cluster Program, to foster knowledge-based partnerships among business, academia and other levels of government (\$135 million).

In many instances, these expenditures on R&D benefit foreign investors directly. Research institutions across the country undertake leading-edge industry research in collaboration with foreign investors, who benefit from both the expertise of Canadian researchers and the facilities funded by government programs.

RELATIVE GENEROSITY OF R&D TAX INCENTIVES, 2009



Source: Warda, Jacek, *Rating Measuring Canada's R&D Tax Incentives*. May 2009.

Note: Relative generosity is calculated by dividing the after-tax cost of performing \$1.00 of R&D by 1, less the corporate tax rate. Results are indexed to the relative generosity of Canada's tax-based support for R&D.

¹ Loewendahl, H. *Future Challenges of Investment Promotion*. fDi Intelligence. September 23, 2009. p. 42.
² Conference Board of Canada. <<http://www.conferenceboard.ca/HCP/Details/Innovation/scientific-articles.aspx>>. Downloaded March 25, 2010.

A Workforce that Delivers to Foreign Investors

Canada's workforce is highly educated and motivated to achieve excellence. 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.



CANADA'S HIGHLY SKILLED AND multi-cultural workforce is one of the main reasons cited by global corporations when asked why they choose Canada over other jurisdictions. By any measure, Canada excels in developing a skilled workforce:

- Canada ranks fourth among member countries of the Organisation for Economic Co-operation and Development (OECD) for its high school completion rates (86.6% of working-age Canadians have a high school diploma).¹
- Canada ranks first in the OECD for its college completion rates (23.7% of working-age Canadians have graduated from college).²
- Canada ranks seventh in the OECD and second in the G7 for its university completion rates (24.6% of working-age Canadians have a university degree).³

All of these rankings are complemented by the world-class engineering and management education available in

Canada. The WEF ranks Canada second in a 133-country study on the quality of management schools.⁴ And Canada leads the G7 in terms of the availability of qualified engineers in its workforce, according to the IMD.

And that's not all. Canada is a multi-cultural country, and its workforce is reflective of that. One in every five Canadians has a mother tongue other than English or French. That is close to 6.5 million people. Both Asian and European languages are spoken extensively in Canada.

This diversity is an asset to foreign investors. Businesses looking for global skillsets, will find Canada's ethnically diverse workforce very familiar with different business cultures. This is important in sectors such as financial services and business process outsourcing, where foreign investors wanting a global reach have already taken advantage of this Canadian asset, establishing successful operations that service global markets.

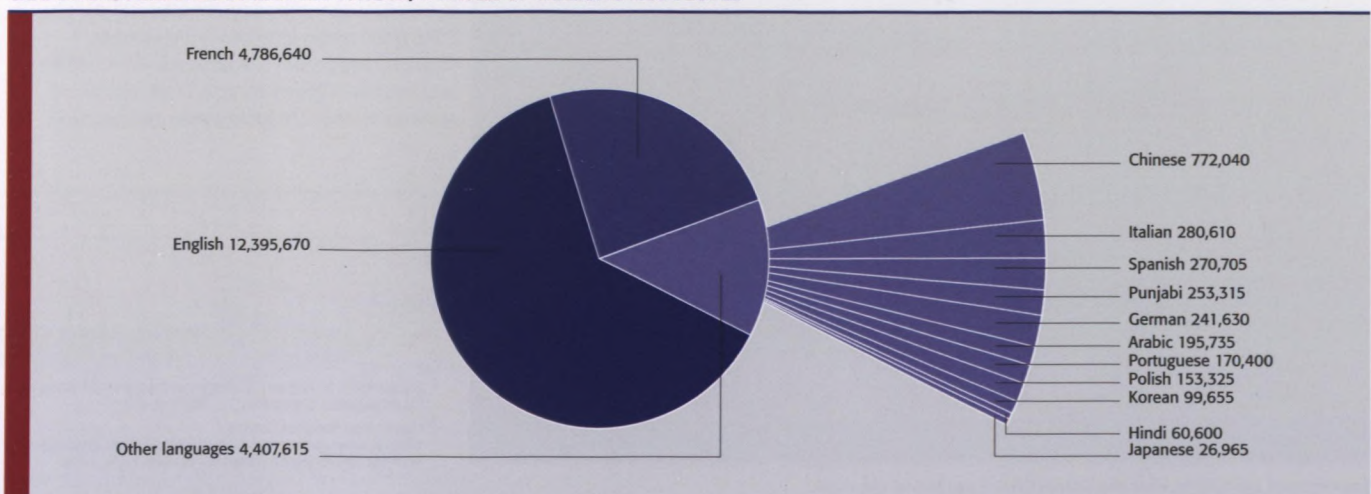
¹ OECD, *Education at a Glance 2009*.

² OECD, *Education at a Glance 2009*.

³ OECD, *Education at a Glance 2009*.

⁴ World Economic Forum, *Global Competitiveness Report 2009 - 2010*

CANADA'S WORKFORCE BY MOTHER TONGUE, NUMBER OF WORKING-AGE PEOPLE



Source: Statistics Canada. *Census 2006*.

Strategic Location

Canada is located at the crossroads of three great continents—Asia, Europe and North America. Shipping times between the Asia-Pacific region and Europe, and the heartland of North America are shortest through Canada, making the country an important part of global supply chains. Canada also shares the same time zones as do North and Latin America. For global companies that follow a 24/7 business model where after-hours customer service and working as part of a global team are an important element of business, Canada offers excellent time-zone advantages over other international destinations.

INTERNATIONAL TRADE IS THE BEDROCK of Canada's economy. In 2009, exports and imports of merchandise were equivalent to 58.9% of Canada's GDP, making it one of the most open economies in the world. As a share of international trade, 65.9% of Canada's international merchandise trade took place with the U.S. and Mexico, 15.4% with the Asia-Pacific region, and 11.3% with Western Europe in 2009.

This diversity in international trade is reflective of Canada's location. Canadian ports, like Prince Rupert and Vancouver on the Pacific coast, and Halifax on the Atlantic coast, are excellent winning choices for shipping companies. For example, Halifax, Nova Scotia, has a 52-hour transit time advantage over Savannah, Georgia for goods shipped from Europe. Prince Rupert, British Columbia, has a 65-hour transit time advantage over Los Angeles, California for goods shipped from the Asia-Pacific.

All of the major global shipping lines and air lines make seaport and airport calls to Canadian ports, ensuring low shipment and air freight rates for goods shipped through Canada into North America. Canada's location and its recent multi-billion-dollar investments in port, rail, road and air transportation infrastructure have also resulted in major third-party logistics (3PL), distribution and logistics companies establishing operations in Canada. This, combined with Canada's recent initiative to eliminate tariffs on all manufacturing inputs, means that foreign investors wanting to undertake value-added manufacturing in Canada can expect zero tariffs and excellent supply chain efficiencies from their Canadian operations.

For investors in the services sector, value chains are increasingly global in nature. Canada shares time zones with North and Latin America, meaning Canadian operations will be highly integrated with

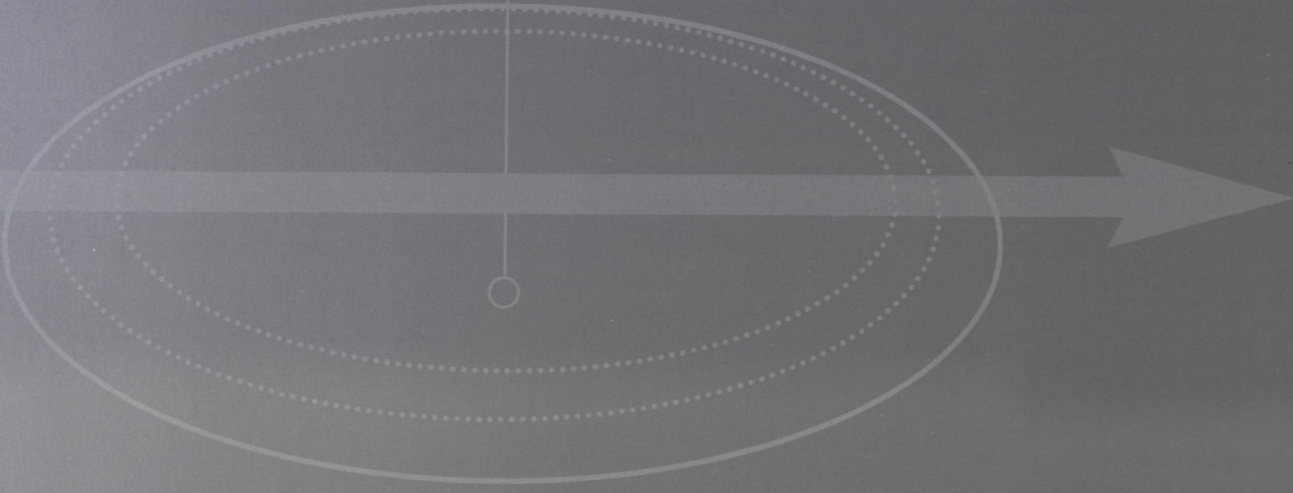
parent operations in other countries of the western hemisphere. Major Canadian centres such as Toronto, Montréal, and Vancouver offer excellent human resource capabilities and infrastructure advantages over other North American destinations for activities such as customer support and back office financial operations. For functions such as customer support, application management and development, data centre operations, or testing and quality assurance, time differences between Canada and Europe/Asia-Pacific make Canada the ideal place for such functions to be located.

CANADA'S STRATEGIC LOCATION ENABLES A HIGH LEVEL OF INTEGRATION WITH GLOBAL OPERATIONS



Source: Department of Foreign Affairs and International Trade.

World-leading Sectors





Welcome to Six Sigma

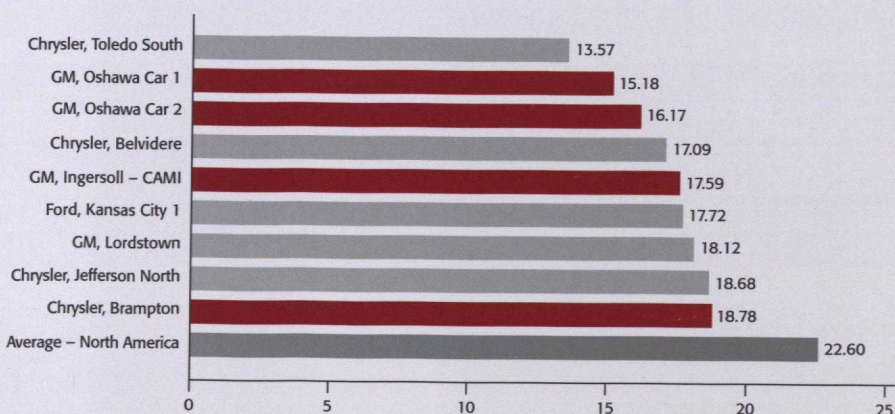
Advanced Manufacturing



From automotive to aerospace, Canada is a top investment destination for investors in advanced manufacturing industries. High productivity, low taxes, technological savvy and world-class quality assurance give Canada a manufacturing edge. To further entice manufacturers, Canada has a 50% straight-line accelerated capital cost allowance (CCA) on eligible machinery and equipment. It will eliminate most tariffs on manufacturing inputs between 2010 and 2014, making the entire country a free-trade zone for manufacturers—the first country in the G20 to do so.

Automotive

Canada has some of the most productive auto plants in North America



TEN MOST PRODUCTIVE ASSEMBLY PLANTS IN NORTH AMERICA 2007 (IN HOURS PER VEHICLE)

Source: 2008 Harbour Report.

Canadian assembly plants have won about 30% of all J.D. Power Plant Quality Awards for North America

1991	Toyota Cambridge (Gold)	2001	Toyota Cambridge (Gold)
1992	Toyota Cambridge (Silver)	2002	GM Oshawa 2 (Gold)
1993	Toyota Cambridge (Bronze)	2003	GM Oshawa 1 (Gold)
1994	Ford St. Thomas (Silver)	2005	GM Oshawa 2 (Gold)
1995	Toyota Cambridge (Gold)	2005	GM Oshawa 1 (Silver)
1996	Toyota Cambridge (Gold)	2006	GM Oshawa 2 (Gold)
1996	Honda Alliston (Silver)	2006	Chrysler Windsor (Silver)
1998	Ford St. Thomas (Gold)	2007	GM Oshawa 2 (Silver)
1999	GM Oshawa 1 (Bronze)	2009	GM Oshawa Car (Silver)
2000	Toyota Cambridge (Bronze)		

J.D. POWER PLANT QUALITY AWARDS

Source: J.D. Power and Associates.

CANADA IS THE WORLD'S THIRD-LARGEST exporter of automotive products after Japan and the United States. With \$71.6 billion in vehicle and component shipments in 2008, automotive is one of the country's biggest manufacturing sectors. Global firms representing all four tiers of the supply chain have substantial operations in Canada, which boasts the best business environment of all auto-producing countries, according to the EIU.

Tier 0 suppliers or Original Equipment Manufacturers (OEMs) with Canadian assembly plants include six carmakers—**Chrysler Group**, **Ford Motor Co.**, **General Motors Co.**, **Honda Motor Co.**, **Suzuki Motor Corp.**, and **Toyota Motor Corp.**—and bus and truck manufacturers **Hino Motors**, **Motor Coach Industries International Inc. (MCI)**, **Navistar Inc.** and **PACCAR Inc.** Among the global Tier 1 through 3 suppliers are **Denso Corp.** of Japan, Germany's **Continental AG**, Wisconsin-based **Johnson Controls Inc.** and Canada's **Magna International Inc.**—all leading global players in their respective verticals.

Canadian automotive expertise encompasses metal processing; information and communications technology; advanced materials, design and manufacturing; and advanced technologies such as mechatronics and fuel cells. Beyond its world-class supply base—which includes steel and other materials producers—Canada is a strategic location for auto

Honda Motor Company operates three large auto manufacturing facilities in Alliston, Ontario. With investments of over \$2.15 billion, Honda's Alliston facilities are among its most flexible in the world, with the capability to produce both large and small vehicles at the same time. Alliston also represents Honda's second-largest investment in automotive manufacturing in North America.



manufacturers. Part of the integrated North American Free Trade Agreement (NAFTA) market, it has an advanced logistics infrastructure that specifically caters to the auto sector. Canada's major auto manufacturing cluster is in southern Ontario, near an impressive list of domestic R&D facilities and every major auto R&D centre in Michigan and Ohio.

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. It also ranks #1 for the supply of qualified engineers,¹ #2 for knowledge transfer between industry and academia, and #3 for technological infrastructure.² In another distinction, Toronto is third among North American cities for U.S.-registered automotive patents.³

In quality and productivity, the Canadian auto sector shines. Four of the continent's ten most productive auto assembly plants are in Canada. And since 1996, Canadian facilities have won 30% of all J.D. Power Plant quality awards for North America—double the nation's share of regional production.

In addition to delivering tax incentives, Canada is encouraging investment in the auto sector in new ways. The \$250-million federal Automotive Innovation Fund (AIF) supports strategic large-scale R&D projects, while the mandate of Ontario's \$1.15-billion Next Generation of Jobs Fund

(NGOJF) includes green auto research, production and assembly.

Vehicle Assembly

Tier 0 suppliers or OEMs continue to re-invest in Canada's passenger and commercial vehicle assembly plants. In 2009, **Toyota** added 800 jobs at its new \$1.1-billion plant in Woodstock, Ontario. It also announced that it was moving production of its sub-compact Corolla from California to its Cambridge, Ontario, facility. Meanwhile, **General Motors** announced that it would invest \$100 million to boost production at its **CAMI Automotive Inc.** plant in Ingersoll, Ontario.

Automotive Components

Consisting of more than 1,000 manufacturing facilities, Canada's automotive components industry shipped \$24.3 billion worth of products in 2008. In 2009, **Ford** announced that it would build engines for its 2011 Mustang GT at its Essex engine plant in Windsor, Ontario. And in 2010, the provincial government committed up to \$81.2 million to the plant. This support will allow Ford to increase its investment to \$736.4 million.

KEY VALUE-CHAIN STRENGTHS

- **Research and development:** Advanced materials, powertrain engineering, mechatronics, vehicle design, fuel cells and alternative fuels, hybrid technologies, clean diesel, intelligent systems, manufacturing, plant design
- **Product development:** Vehicles, engines, transmissions, steering, brakes, body shells, dashboards, seating, electronic systems, bearings, cables, tires, pumps, sensors, valves, fasteners, stampings, castings, forgings and extrusions

KEY SEGMENT STRENGTHS

- Cars, vans and light trucks
- Heavy trucks, buses and military vehicles
- Major functional systems
- Minor functional systems
- Discrete parts and minor assemblies

¹ Industry Canada. *The Case for Investing in Canada's Auto Sector*. September 2009. p. 16.

² *Ibid.* p. 28.

³ Loewendahl, H. *Future Challenges of Investment Promotion*. fDi Intelligence. September 23, 2009. p. 42.

Aerospace and Defence

Canada's aerospace industry ranks fifth-largest in the world, after the U.S., the U.K., France and Germany. This sector generated revenues of \$23.6 billion in 2008, with R&D investments totaling more than \$1.3 billion. In 2008, 83% of all aerospace revenues in Canada were derived from the export of goods and services.



CANADA'S 400-PLUS AEROSPACE FIRMS are located in every region of the country. Geographically, the highest concentration of firms in Canada is in Quebec, followed by Ontario, with solid centres of expertise in Manitoba and in Atlantic Canada. Whether it's civil aviation or defence, Canada leads in many market segments—partly thanks to 20 universities offering advanced degrees in aerospace and aerospace engineering.

Canada's aerospace sector is highly oriented toward commercial markets. Canada occupies a global leadership position in the fields of commercial flight simulators (with an 81% market share), small gas turbine engines (43%), environmental control systems (41%), regional aircraft (35%) and civil helicopters (22%).

Other important segments are corporate aircraft, structural assemblies, avionics and maintenance, repair and overhaul (MRO) services. Global OEMs and Tier 1 suppliers with Canadian operations include U.S. giants **Boeing Co.** and **Pratt & Whitney**, **General Dynamics Corporation**, **Lockheed Martin Corporation** and **Rolls-Royce Group plc**. Representing Tiers 2 through 4 are firms such as Washington-based aerospace and defence manufacturer **Esterline Technologies Corp.**



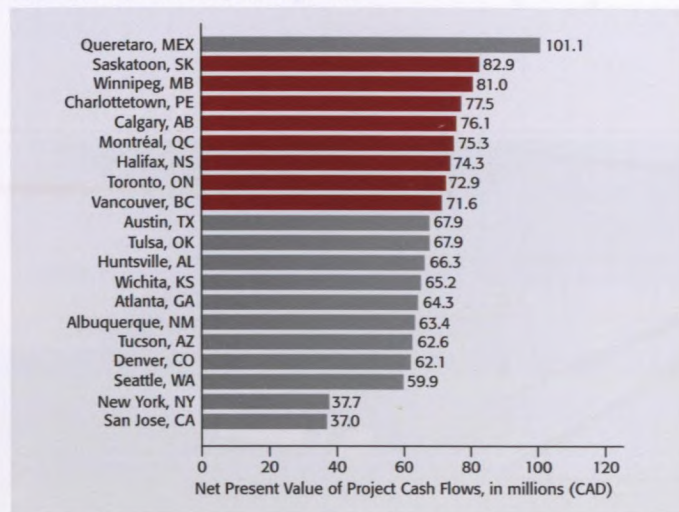
The British Columbia Institute of Technology's (BCIT) Aerospace Technology Campus (ATC), in Richmond, British Columbia offers Canada's largest selections of aviation and aerospace training programs. This new 300,000-square-foot facility cost \$77 million to build and includes 40 classrooms, computer labs, a library and a control tower simulator. BCIT is the first educational institution in Canada to offer its students a control tower simulator that re-creates the real-world air traffic control environment.

¹ KPMG. *Competitive Alternatives 2010*.

² IBM. *Plant Location International*. 2009. Rankings based on relative quality scores associated with high-value-added aerospace components manufacturing.

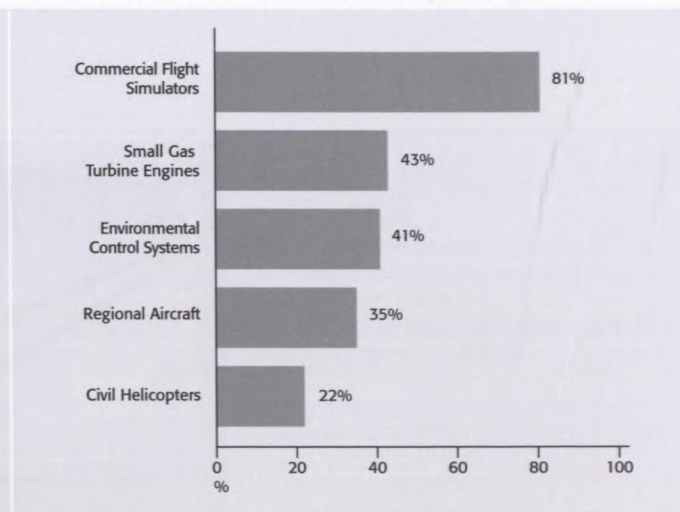
³ Loewendahl, H. *Future Challenges of Investment Promotion*. fDi Intelligence. September 23, 2009. p. 37.

Canadian centres are some of the most profitable locations in North America for aerospace investment



PROJECT CASH FLOW FOR AEROSPACE COMPONENTS MANUFACTURING, 2009
Source: IBM Plant Location International 2009.

Canada has global market leadership in aerospace verticals



CANADA'S GLOBAL MARKET SHARE IN KEY AEROSPACE MARKETS, 2009 (%)
Source: Teal Group Q1 2010; PMI Media; Flight International and company data.

and France's **Messier-Dowty International**, the world's top landing gear maker.

These industry leaders have many good reasons to invest in Canada. Among the G7 nations, Canada has the lowest aerospace production costs.¹ In 2009, eight Canadian cities finished among the Top 30 internationally for overall competitiveness for an aerospace plant location, according to a report by IBM's *Plant Location International*.² Canada produces 3,000 aerospace graduates every year, and it ranks second worldwide in aerospace patents.³

Another advantage of establishing aerospace operations in Canada is proximity to OEMs such as **Bombardier Inc.**, **Bell Helicopter Textron Inc.** and **Boeing Co.** Canada is also a full NAFTA partner, which means that investors in Canada have free-trade access to the U.S. market.

Sustained commitment to R&D keeps Canada at the forefront of aircraft technology development and applications—annual R&D and capital investment are more than \$1.3 billion. In order to accelerate innovation and produce economic, technological and social benefits, the Canadian federal government's Strategic Aerospace and Defence Initiative (SADI) aims to increase this level of investment

by providing repayable contributions of up to 30% of eligible costs in support of pre-competitive R&D by Canadian aerospace, defence, space and security industries engaging in strategic R&D.

Civil Aircraft and Helicopters

Canada is one of the most exciting places for investment in the civil aircraft and helicopters sub-sector, offering investors a diversified industry base, cost structures that are lower than those of competitor locations and leading-edge aerospace R&D institutions. Besides **Boeing Co.**, international firms producing civil aircraft and helicopters in Canada include Texas-based **Bell Helicopter Textron Inc.** and Montréal's **Bombardier Inc.**

Landing Gear

In 2009, **Boeing** announced that it would match a \$1.2-billion contract for Chinook CH-147 military helicopters from the Canadian government by executing contracts and investments of equal value in Canada. It subsequently identified \$231 million worth of CH-147 sub-contracts to Canadian suppliers.

Defence

Maryland-based **Lockheed Martin Corp.**'s Canadian operations are part of a \$10-billion defence and security sub-

sector with 70,000 high-tech employees. In 2009, **Lockheed Martin Canada** announced that it would expand its presence in Nova Scotia, creating 100 new jobs.

Avionics

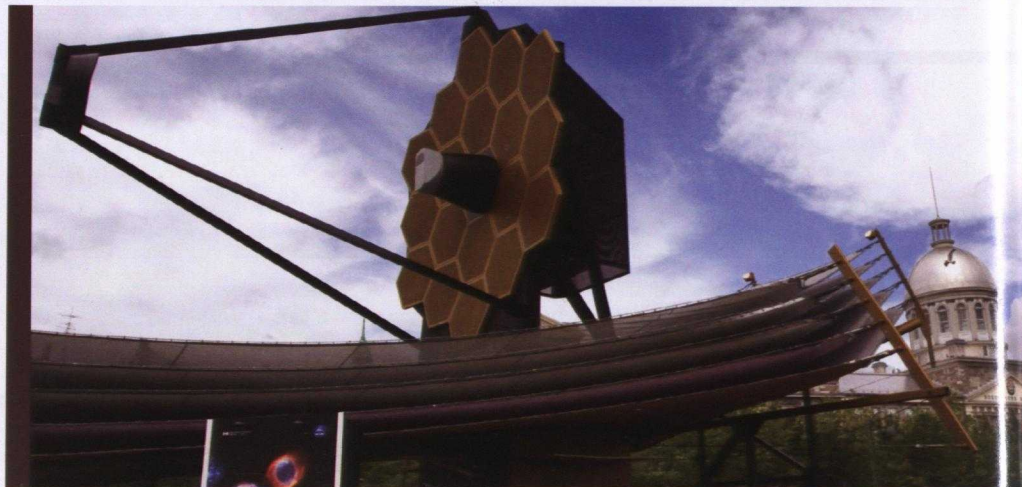
Canada's avionics sub-sector includes communications and in-flight entertainment systems. In 2009, **Esterline's** Canadian subsidiary, **Esterline CMC Electronics Inc.**, announced that it would invest \$149.4 million in its Quebec R&D facilities. Supported by a \$52.3-million repayable investment from the Canadian government, the company will develop an integrated cockpit and communications system for business jets, helicopters and transport aircraft.

Maintenance, Repair and Overhaul (MRO) Services

Across Canada, some 1,100 aircraft, engine and component MRO organizations employ 17,500 workers and generate more than \$3 billion in annual revenues. In 2009, **StandardAero**—a division of **Dubai Aerospace Enterprise (DAE)**—launched a \$13-million expansion of its Winnipeg MRO facility. Western Canada's biggest aerospace cluster, Winnipeg, is a major North American centre for MRO and composite aircraft components.

Aerospace and Defence (cont.)

Slated for launch in 2014, the James Webb Space Telescope (JWST) will probe even further into the Universe than the Hubble Space Telescope. Designed to detect the first stars and quasars of the early universe, Canada's contributions to the JWST include the Tuneable Filter Imager (TFI). The TFI is a unique, narrow-band camera that will allow astronomers to search for extrasolar planets by blocking out starlight so that they can see what is in the star's neighbourhood.



Space

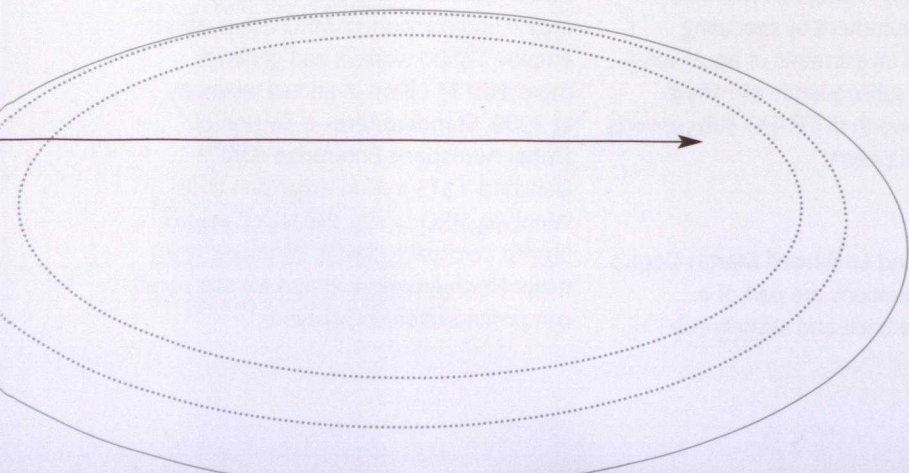
Canada's space sector consists of over 200 private-sector companies, research organizations, universities and government departments and agencies. Over 6,700 highly skilled professionals work in Canada's space sector. In 2008, over \$2.8 billion in revenues were generated annually by this sector, 50% originating from export sales. Canada's space sector has established a world-class reputation in areas such as earth observation, space robotics, space science and exploration, and satellite communications. A world leader in satellite communications, Canada is home to the fourth-largest fixed satellite service provider in the world. Canadian technology is also used in over 80% of all commercial communications satellites launched internationally.

KEY VALUE-CHAIN STRENGTHS

- **Upstream:**
Composites and other advanced materials, robotics, defence electronics, space sciences, components, satellite technology
- **Midstream:**
Manufacture of aircraft, helicopters, flight and visual simulators, command and control systems, unmanned vehicle systems (UVS)
- **Downstream:**
Maintenance, repair and overhaul (MRO) services, aviation and aerospace training

KEY SEGMENT STRENGTHS

- Regional and corporate aircraft, commercial helicopters
- Commercial flight and visual simulators
- Gas turbine engines, landing gear systems, structural assemblies, precision sheet metal fabrication, component plating and coating
- Civil and military avionics
- UVS
- Satellite communications



Machinery and Equipment

The Hibernia platform is the world's largest offshore platform by weight. Located off the coast of the province of Newfoundland and Labrador, the platform stands 224 metres high—about half the height of the Empire State Building. During construction, a large share of Hibernia's oil and gas machinery was supplied by Canadian companies.



WITH SALES OF SOME \$26.8 BILLION in 2009, Canada's machinery and equipment manufacturing sub-sector continues to attract international investment. Global machinery and equipment manufacturers with a Canadian presence include France's **ALSTOM**, **Hitachi Ltd.** of Japan, Germany's **Siemens** and Texas-based **Tesco Corp.** Canada offers these firms the lowest statutory payroll costs in the G7 and the highest proportion of engineers in the G8.¹ Its 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. Two other inducements are provincial manufacturing and R&D tax credits, and proximity to key customers throughout North America.

Metalworking Machinery

Toronto and southwestern Ontario are home to Canada's largest machinery manufacturing cluster, which accounts for half of all employment in the sub-sector. With 80% of total Canadian employment in metalworking machinery, the Ontario cluster serves the automotive and aerospace industries.

Mining, Oil and Gas Field Machinery

One-quarter of Canada's biggest machinery manufacturers produce equipment for the extractive industries. The bulk of medium and large oil-and-gas-equipment makers are clustered in Calgary and Edmonton, where **Tesco** and others serve Alberta's booming energy sector. In 2008, **Metso Corp.** of Finland acquired the **GE Energy** fabrication and machining plant in Lachine, Quebec, which increases the company's capacity for large mining equipment.

Agricultural Machinery

Two Canadian centres for agribusiness manufacturing are Brandon and Winnipeg, Manitoba, whose annual shipments of agricultural machinery top \$1 billion. Manitoba's 250 agricultural machinery firms include more than 80 OEM suppliers.

General-purpose Machinery

Canada's general-purpose machinery manufacturers produce everything from pumps and compressors to materials handling equipment. In 2009, following a \$2-million upgrading investment, **Siemens Canada Ltd.** launched production of its new **TIASTAR** Motor Control Centre (MCC) products at its Burlington, Ontario facility.

KEY VALUE-CHAIN STRENGTHS

- **Research and development:** Advanced materials, machinery design, hybrid technologies, intelligent systems design, plant design
- **Product development:** Engines, transmissions, electronic systems, bearings, cables, pumps, sensors, valves, fasteners, stampings, castings, forgings and extrusions

KEY SEGMENT STRENGTHS

- Automotive and aerospace metalworking machinery
- Extractive field machinery
- Construction machinery
- Agribusiness machinery and equipment
- Environmental systems

¹ IMD. *World Competitiveness Yearbook 2009.*

Canada's World-class Automotive Infrastructure Attracts Investment



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

CANADA IS ONE OF THE WORLD'S LEADING VEHICLE manufacturers, recognized not only for the exceptional quality and the outstanding productivity of its skilled workforce, but also for its generous R&D tax credits and extensive opportunities for collaboration with world-class universities and research institutes.

Canada's track record of automotive success, built on a healthy fiscal climate, business-friendly governments at all levels and exceptionally skilled workers, continues to set the global standard for manufacturing excellence. General Motors' (GM) Oshawa, Ontario assembly plant is exemplary of the success that attracts and sustains foreign investment in Canada.

Beacon Project investments create opportunities for GM's Oshawa assembly plant

In 2005, General Motors announced the largest and most comprehensive private investment in Canadian automotive history. Following agreements with the Ontario and federal governments, General Motors announced a \$2.5-billion investment in its Canadian operations. GM's "Beacon Project" investments aimed to strengthen automotive engineering, R&D and manufacturing capabilities in Canada. The Beacon Project has funded new vehicle programs, enhanced vehicle engineering activities, flex manufacturing, employment skills and training, environmental leadership and the creation of a new Canadian Automotive Innovation Network.

"These important investments in Oshawa, Canada would not have been possible without the strong partnership GM has with the federal, provincial and local governments," says Neil Macdonald, Vice-president Corporate Affairs and Chief Counsel for General Motors of Canada. "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."

The Oshawa assembly plant's quality record is exceptional. In the past eight years, the plant has received four Gold and three Silver Awards for plant quality in North America in the annual J.D. Power and Associates Initial Quality Study. In 2008, GM's Oshawa car plant was recognized with the prestigious J.D. Power and Associates "Founder's Award" in recognition of its commitment to excellence and a solid track record of industry leading performance.

Flexible manufacturing line helps GM adapt to changes in market

Major investments in flexible manufacturing processes and technologies, as part of the expansion at the Oshawa assembly plant, enable the company to adapt quickly to market shifts and to produce a multitude of vehicle models and platforms on the same assembly line. In 2010, the fruits of these investments became readily apparent.

In February 2010, GM's Oshawa assembly plant announced plans to add a new shift to its state-of-the-art Flexible Manufacturing Line, to prepare for the 2011 launch of the Chevrolet Camaro convertible and the all-new Buick Regal. These new products will be built alongside the hot-selling Chevrolet Camaro.

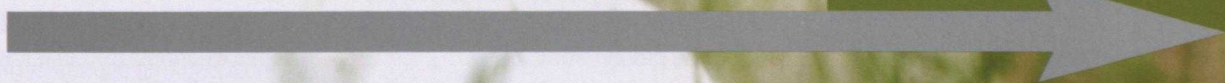
"The addition of the second shift is terrific news for our employees, the Canadian Auto Workers' union, suppliers and the community," adds Macdonald. "We're exceptionally proud of the quality record of this plant and we look forward to supplying customers with these exciting new models."

The Oshawa assembly plant has been working Saturday overtime since June of 2009, and this continues into 2010 to keep pace with strong customer demand for the Chevrolet Camaro. Within just three months of its launch, the Camaro quickly became the top-selling car in its class.

The combination of skilled labour, R&D expertise, and public support continues to contribute to Canada's track record of success in the automotive industry.

Welcome to Organic Growth

Agri-food



Food Processing

A key driver of the Canadian economy, the agri-food industry offers investors the right mix of resources, cutting-edge innovation and investment opportunities. From primary agricultural production to wholesale and retail distribution, from leading-edge R&D to innovative product manufacturing, Canada's agri-food industry offers expertise in all segments of the agriculture value chain.

WITHOUT A DOUBT, CANADA IS A MAJOR agri-food player at the global level. Our natural ingredients for success include easy access to quality agricultural raw materials. However, it is the Canadian food industry's product innovations and world-class food safety standards that sustain global consumer interest and confidence in our agri-food products.

As one of the Top 10 exporters of agri-food products in the world, Canada shipped processed food and beverages valued at \$80.2 billion in 2007, with \$19.3 billion in exports shipped to over 180 countries in 2009. According to KPMG's *Competitive Alternatives 2010*, Canada ranks first in the G7 in low food processing costs.¹ Canadian cities such as Montréal, Ottawa, Québec City, Sherbrooke, Toronto and Waterloo offer some of the lowest agri-food business costs on the continent. Ontario, Canada's largest province by population, is one of the largest and most competitive food clusters in North America, ranking as the third-largest food processing jurisdiction on the continent, with over \$32.3 billion in annual sales.²

Meat

Canada is a major global producer of quality meat products. The industry produces wholesome livestock, while adhering to strict animal health standards and quality grading systems. The Canadian

meat industry also uses efficient, technologically advanced animal care and feeding systems, and the latest in meat processing technology.

The Canadian meat industry's success is self-evident. In 2008, beef production contributed a hefty \$26 billion to the Canadian economy. Canada is one of the Top 10 beef-producing nations on the planet and the sixth-largest beef exporter in the world. Canada is also the third-largest global exporter of pork, sending more than \$2 billion worth of pork products to more than 100 countries every year.

Functional Foods and Nutraceuticals

Canada is an innovator in the functional foods and natural health products industry, which produces over \$3.7 billion in annual revenues. The country boasts more than 300 companies—from small start-ups to multinational enterprises—many of which are internationally recognized for their bioactive ingredients, such as soluble fibre from oats, barley and pulses; omega-3 fatty acids from fish and flax oil; unsaturated fatty acids from canola oil; plant sterols and stanols from vegetable oils; and protein from soy.

The country is a leader in the development, formulation, and manufacturing of essential fatty acid products, vitamins, minerals, and anti-oxidants. Flax bio-

actives, fibre-based prebiotics and berry-based polyphenolic antioxidants are just a few healthy, breakthrough products made in Canada.

Grain and Oilseed

Canada is world-renowned for its strength in grain and oilseed processing. Each year, it supplies over 3.5 million tonnes of wheat, oats, corn, barley, and milled grain products to about 30 countries.

Canada is a world leader in grain and oilseed R&D. The province of Saskatchewan is at the very heart of Canadian innovation, with facilities such as the Plant Biotechnology Institute, the Saskatoon Research Centre, POS Pilot Plant Corporation, and the Saskatchewan Food Industry Development Centre offering research, product development, and processing facilities to investors.

In 2009, **Louis Dreyfus Mitsui Foods**, a joint partnership between France's **Louis Dreyfus Group** and the Japanese trading house **Mitsui & Co. Ltd.**, began production from its newly built \$90-million canola crushing plant in Saskatchewan.

In 2009, Kansas City's **CII Laboratory Services** announced that it was opening a new wholly-owned subsidiary laboratory in Saskatoon that will provide the grain industry with efficient lab services in grain milling and baking.

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 – 2009.³ Canada now accounts for about 75% of the world's canola trade.



In 2009, the Canadian subsidiary of Minneapolis-based **Cargill Inc.** established a new specialty canola research and production centre in Saskatchewan.

In 2008, Michigan's **Kellogg Co.** opened a \$97-million Ontario plant, its first in North America in 20 years, to produce its cereal products.

In 2008, Massachusetts-based **Twin River Technologies Inc.** invested more than \$150 million in a Quebec canola seed and soybean crushing plant.

Niche Areas of Excellence

Along with Canada's top agri-food exports (cereals, canola seeds, vegetables, and meat), Canadian niche products are also capturing the world's attention.

Canada is recognized for its excellent wines. British Columbia alone has won over 950 medals in international wine competitions. With its cool climate, Canada has become the world leader in ice wine production. There are about 50 wineries in British Columbia and Ontario that produce superior ice wines that meet the Vintners Quality Alliance's strict growing and production standards.

In the area of food storage and packaging, Canadian innovation has produced some of the most advanced techniques for fresh food products. One example of Canadian

innovation is the fermentation process to expand the shelf life of kimchi, the Korean staple dish, from one month to a full year without pasteurization or preservatives. Thanks to this Canadian technology, kimchi can now be eaten as a fresh and tasty dish all year round, with improved safety over the traditional process.

In 2009, Massachusetts-based **Ocean Spray International Inc.** began constructing its \$90-million cranberry farm in eastern New Brunswick.

In 2009, Denmark's **Aqualife Logistics A/S** ramped up its operations in Halifax, to increase exports of live shellfish to expanding European markets.

In 2008, the Canadian subsidiary of French multinational **Royal Canin S.A.S.**, one of the world's leading speciality pet-food manufacturers, announced the opening of a new \$73-million pet nutrition manufacturing facility in Guelph, Ontario. This state-of-the-art facility is the first of its kind to manufacture therapeutic dog and cat nutrition.

KEY VALUE-CHAIN STRENGTHS

- Primary agricultural production
- Food and beverage processing
- Product manufacturing
- Wholesale and retail distribution

KEY SEGMENT STRENGTHS

- Meat
- Dairy
- Bakeries and tortilla
- Fruit and vegetables
- Grain and oilseed
- Functional foods and nutraceuticals
- Animal food
- Breweries
- Sugar and confections
- Seafood
- Soft drinks and ice wine
- Distilleries
- Wineries

¹ KPMG. *Competitive Alternatives 2010*. Agri-food sector profile. p. 13.

² Invest In Ontario. <<http://www.investinontario.com/food/default.asp>>. Downloaded March 22, 2010.

³ Statistics Canada. *Cereals and Oilseed Review 2009*. Figures are for crop year August 1 – July 31.

Global Leader Invests in Canada's Cranberry Crop for the World Market



Bill Frantz,
Project Manager, Ocean Spray

OCEAN SPRAY, THE WORLD'S TOP PRODUCER of cranberries, has invested in a sizeable farm development in rural New Brunswick. The development will further expand Canada's capacity as a leading producer of cranberries. Cranberries are a major commercial crop in Canada, with farm operations concentrated in British Columbia and Quebec. There are also producers in Ontario and all four Atlantic provinces.

Ocean Spray is a U.S.-based co-operative owned by 700 cranberry growers and 100 grapefruit growers across North America. Founded 80 years ago, its current members farm in several U.S. states and Canadian provinces. The company manufactures and sells cranberry juice and sauce, and sweetened dried cranberries, to 60 countries. The New Brunswick operation will be the co-operative's first wholly-owned farm.

Construction is underway near Rogersville, N.B., on 8,400 acres (3,399 hectares) of land leased from the provincial government for 90 years. During the first phase, Ocean Spray will invest \$8 million to prepare and plant the first 125 acres (50 hectares) of cranberry fields. Over time, the project could blossom into a \$90-million operation.

The company's research showed that New Brunswick is an ideal location—climate, location and transportation links are all favourable, for instance.

Bill Frantz, Project Manager, says the province also has a helpful regulatory business development climate. "Our company received direction from the Department of Agriculture as well as business development support, when we were looking at potential sites. There was a rigorous environmental review process, but it was streamlined and efficient without compromising environmental safeguards." The province also set up an office in Rogersville to assist in contracting to local companies and hiring employees.

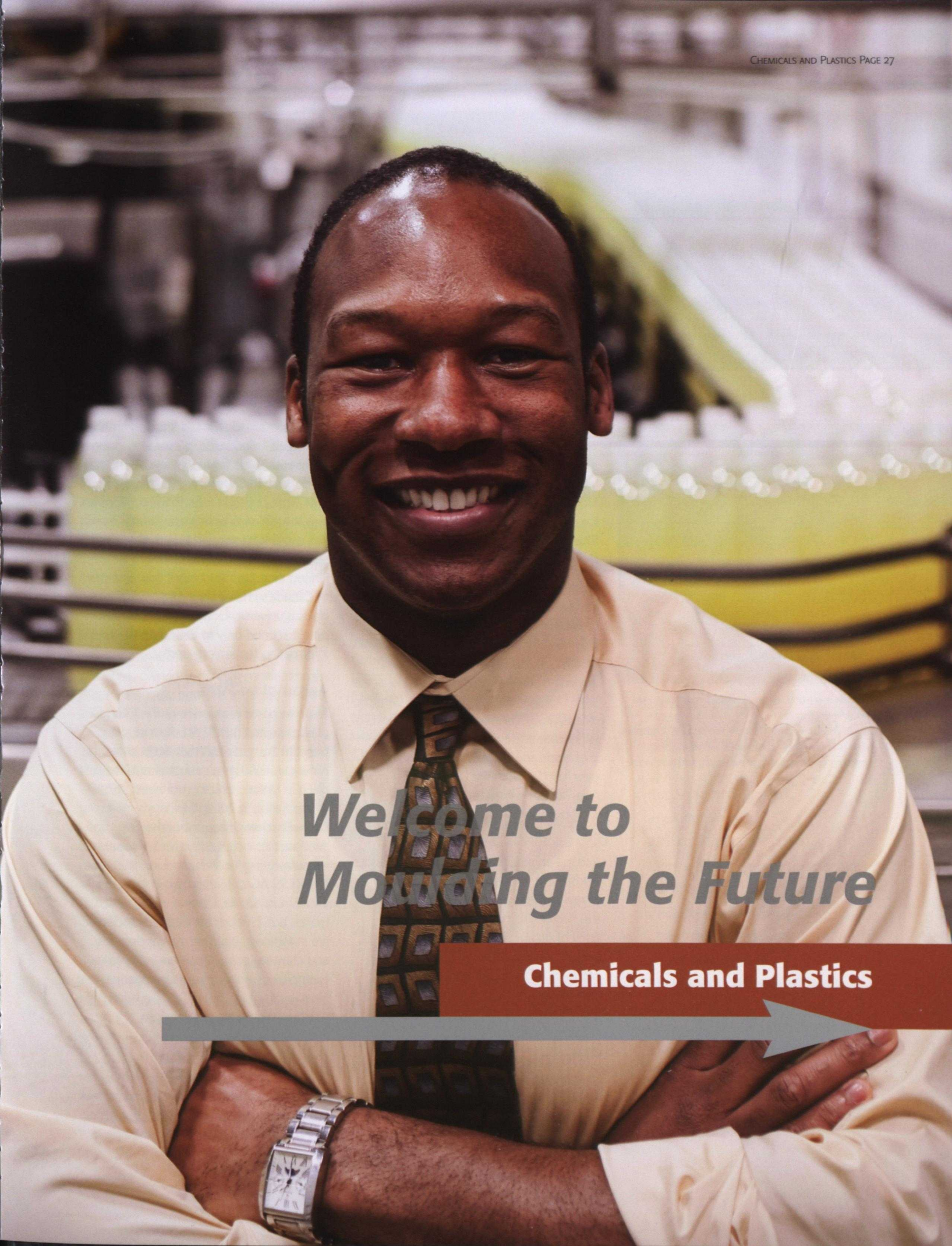
The workforce in Rogersville and nearby communities is both capable and sizeable. The project could create more than 100 jobs in a variety of sectors such as construction, farming, maintenance and other spin-off industries. The company has a unique joint-venture agreement with the Mi'kmaq First Nations, to provide training and help First Nations members develop their own cranberry farms. "We look forward to continuing the partnerships we have forged in Rogersville and the rest of New Brunswick in the future," said Mr. Frantz.

The resources needed for growing cranberries (water and high-quality sand) are abundant in New Brunswick. There are already 500 acres of independent cranberry farms in the province, with consistently high production and yields. Cranberries, which grow on long-running vines in bogs or soft, marshy ground, require major up-front preparation of land and time to mature. They can take up to four years to produce commercially viable yields.

Rogersville is a nine-hour drive from the company's head office in Massachusetts, where harvested fruit will initially be shipped for processing. While the focus of the first several phases of the project will be on the development of the cranberry beds and crops, construction of processing and value-added manufacturing is a possibility.


"Canada opened its doors to Ocean Spray and provided a perfect location and supportive environment, where we can profitably grow our business," says Mr. Frantz. Ocean Spray expects the strong global market for cranberries will continue and grow, due to the fruit's high nutrient content and unique anti-adhesive and anti-oxidative properties.

Canada's natural resources and positive business climate, together with a supportive regulatory regime and trade policies for food production, have provided Ocean Spray with all the ingredients for success and are a good example of why Canada's agri-food sector has a leading reputation around the world.



*Welcome to
Moulding the Future*

Chemicals and Plastics



Chemicals and Plastics Industry

Canada's chemicals and plastics industry is a vertically integrated sector with world-class capabilities in areas such as automotive products, plastics machinery, industrial and agricultural chemicals, petrochemicals, and bio-based chemicals. Eight of the world's ten biggest chemicals and plastics firms have production or R&D facilities in Canada.

Canada's chemicals and plastics industry delivers exceptional value to investors, with shipments totaling \$66 billion in 2009. Consisting of 6,300 companies and employing 157,000 workers, the industry offers an unbeatable mix of breadth, expertise and innovation. The Canadian sector manufactures everything from car parts and construction materials to petrochemicals and fertilizers—and foreign direct investment is strong.



Canada is a world leader in plastics machinery and mould manufacturing. The Top 3 North American mould producers were Canadian companies. Canadian plastics and moulds are used in everything from performance films and retail packaging for brand names, such as Coca-Cola to moulds used in automobiles.

BETWEEN 1999 AND 2008, FDI in the plastics and rubber sector grew 45% annually, to \$6.2 billion. 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.

Locating chemicals and plastics operations in Canada gives investors quick access to the global marketplace. In the Sarnia-Montréal corridor of southern Ontario and Quebec, manufacturers are 12 hours' trucking distance from 60% – 70% of the large U.S. market. And in Western Canada, extensive rail connections and the ports of Vancouver and Prince Rupert put chemicals and plastics producers within easy reach of both the U.S. and high-growth Asia-Pacific markets.

Proximity to large markets is just part of a sophisticated value chain that makes Canada an attractive chemicals and plastics investment location. Canada's abundance of raw materials means that investors in this sector can choose from a diverse array of organic and inorganic feedstocks, including natural gas, refined petroleum products, wheat, corn and fats and oils. And under NAFTA, Canadian operations of foreign investors can import and export U.S. chemicals and plastics ingredients duty-free.

Canada has many other features that make it a welcoming business environment for chemicals and plastics companies. 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 Plant Location International*.¹ Toronto was #1. Relative to its population, Canada has more R&D specialists in the plastics sector than does 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.

Automotive Parts

As an important segment of the Canadian plastics sector, this \$1.9-billion industry benefits from the fact that 60% of North American vehicle manufacturing takes place in Ontario and the northeastern United States. In 2009, Germany's **Dieffenbacher Group** established its Windsor, Ontario, automotive component manufacturing facilities. And in 2009, **LANXESS AG** of Germany continued to invest in its Sarnia, Ontario, plant, which makes butyl rubber for uses that include tire innerliners, pharmaceutical closures and chewing gum. These are just some examples of global plastics companies that have invested in Canada, to take advantage of its integrated North American automotive sector.

Plastics Machinery and Moulds

Canada has an enviable reputation for the quality and range of its plastics processing and mould manufacturing technology. In

¹ *IBM, Plant Location International, 2009*. Rankings based on relative quality scores associated with manufacturing polypropylene products.

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, making it one of the largest chemicals plants in the world. The facility currently employs about 1,030 workers.



2008, the Top 3 North American mould producers were Canadian companies. And in 2009, Pennsylvania-based **Associated Packaging Technologies (APT)**, a global leader in plastic food tray production, announced an expansion of its Cambridge, Ontario, plant. This investment will increase the company's capacity for polypropylene thermoforming and advanced multi-layer trays.

Petrochemicals

Most of Canada's 18 major petrochemical plants are owned by foreign multinationals. Alberta's energy boom is attracting multi-billion-dollar investments in the province's oil and gas sector. In 2009, for example, Texas-based oilfield services giant **Baker Hughes Inc.** announced greenfield investments in two facilities in the province: an oilfield chemicals plant in Leduc and an operations centre in Fort McMurray. Alberta also has extensive R&D facilities that are on the very cutting edge of petrochemicals research.

Synthetic Resins

In 2008, Canada's \$9-billion synthetic resins industry was concentrated in Alberta, Ontario and Quebec. In 2009, Abu Dhabi's **International Petroleum Investment Co. (IPIC)** invested US\$499 million, to become the largest synthetic resin producer in Canada. **AOC**, North America's largest maker of synthetic resins, also has a plant in Guelph, Ontario, which is one of the largest plants of its kind in North America.

Agricultural Chemicals

Western Canada has an abundant supply of natural gas, a key fertilizer feedstock—at North America's lowest prices. Fertilizer manufacturers also like the region because of its proximity to both the large North American and Asia-Pacific agricultural markets. An example of the confidence that investors have in Canada's agricultural chemicals sector was demonstrated in 2008, when Minnesota-based crop nutrient producer **The Mosaic Company** announced that it will invest US\$3.15 billion to expand its potash capacity in Saskatchewan. Saskatchewan is also a major producer of potash, with the world's largest potash company, **Potash-Corp.**, headquartered there.

Environmental Opportunities

Canada's carbon-free hydropower, expertise in bio-based chemicals and leadership in environmental technologies such as fuel cells and photovoltaics are boosting its chemicals sector. In 2010, Norway's **Renewable Energy Corp. (REC)** begins construction of a US\$1.2-billion complex in Bécancour, Quebec that will make polysilicon for solar panels. Recent legislation in the United States, encouraging the use of alternative energy sources, will result in increased demand for solar panels, and Canada offers investors some compelling value propositions in this segment.

KEY VALUE-CHAIN STRENGTHS

- **Research and development:** Polymers, bio-based chemicals, advanced coatings, thermoplastics, nanotechnology
- **Product development:** Synthetic resins, adhesives and sealants, paints and coatings, thermoforming machinery, blown-film extrusion systems, injection and blow moulds, fuel cells, soy-based plastics
- **Marketing and sales:** Proximity to large customers in the U.S. market and firmed-up supply chains

KEY SEGMENT STRENGTHS

- Automotive parts
- Plastic bags, bottles, films and sheets
- Pipes, fittings and plumbing fixtures
- Windows and doors
- Polystyrene foam products
- Urethane and other foams
- Laminated materials
- Petrochemicals, organic chemicals and polymers
- Inorganic chemicals and gases
- Fertilizers and other agricultural chemicals

For LANXESS, Innovation Begins in Canada



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

"LANXESS IS A SUCCESSFUL, GLOBAL COMPANY that knows exactly who it is and exactly where it's going," says A.J. (Sandy) Marshall, President and Managing Director for LANXESS Inc. in Canada. It's a strong statement, and one that underscores the reasons that LANXESS, a German company that's a leader in specialty chemical and polymers, chose Canada as an investment destination, citing its enviable mix of advantages that support the plastics and chemicals sector.

Although few people may recognize the company's name, LANXESS products are part of everyday life for people around the world. The company's products are used in everything from chewing gum and fuel-efficient tires to medical equipment, solar panels and water purifiers. Chances are, most Canadians will touch a product enhanced by LANXESS technology today.

Sustainability is at the heart of LANXESS' production philosophy. The company strives to develop innovative ways to make chemical production safer and more environmentally friendly. It is building unique cogeneration facilities that all but eliminate CO2 emissions and can power its plants with renewable energy sources. It is pioneering waste water management projects that reduce water use by as much as 50% and purify the water used.

Originally part of the chemicals division of the pharmaceutical giant Bayer AG, LANXESS became an independent company in 2005. The company's roots in Canada stretch back to Polymer Corporation, a Crown corporation created in 1942 and featured on the back of Canada's ten-dollar bill during the 1970s. LANXESS is now a global company with more than 14,000 employees worldwide and 2008 annual sales in excess of \$9 billion. The company's Canadian facilities, focused on butyl rubber and the petrochemical industry, have helped make LANXESS a leading player in the global chemical industry. To achieve this, LANXESS AG has invested more than \$200 million in its Canadian facilities since 2005.

"From the beginning, we had to make tough decisions to create our identity," says Sandy Marshall. "We shed under-performing and non-core businesses and concentrated on our strength in specialty chemicals and polymers, including Butyl and high-performance Butadiene rubbers."

In Canada, and in particular the Sarnia area, the two hallmark strengths of the new LANXESS soon emerged as innovation and sustainability—strengths well supported and nurtured by the Canadian business environment.

LANXESS' innovative spirit thrives in Canada, thanks in part to the country's research and development incentives. The company continues to invest heavily in Canadian R&D and partners regularly with Canada's cutting-edge research institutions and world-class universities.

Green Chemistry, a central theme within LANXESS, is also fostered by the Canadian milieu. "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," say Sandy Marshall. The Canadian and provincial governments recognize chemicals from bio sources as an important developing business segment.

Financial support in this area provides a strategic advantage for companies located in Canada. To this end, LANXESS has established Canada's largest Bio-Industrial Park in Sarnia, providing land, energy and infrastructure for the development of new bio-industrial business ventures.

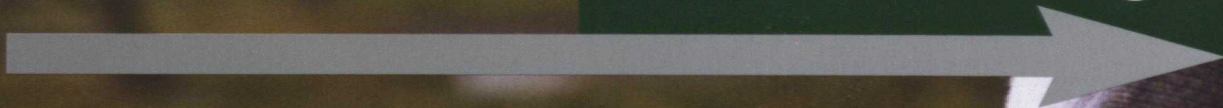
Another advantage for LANXESS is easy access to the U.S., the largest chemical market in the world, with transportation that is within a one-day drive of its Ontario operations. Half of all LANXESS' products manufactured in Sarnia are exported to North and South America.

Highly-skilled workers are another benefit that attracted LANXESS to continue investing in the Canadian market. "We have advantages in Canada with the highly skilled workers who are trained to meet the specific needs of our business. The local colleges and universities are focused on developing these skilled workers as needed," says Sandy Marshall.

"Our goal is sustainable growth that is good for the environment, good for society and good for stakeholders," Sandy Marshall sums up. "Canada is an optimal location to achieve our goals."

*Welcome to
Clean Tech Innovation*

Clean Technologies



As the world seeks new ways to reduce its environmental footprint, Canada stands at the forefront of the cleantech boom. Thanks to abundant renewable resources and cutting-edge research, Canada is an emerging leader in cleantech products and solutions, with best-in-class strengths in sectors such as bioenergy and waste management. Canada also offers investors a strong manufacturing base, with tariffs on manufacturing inputs set to fall to zero by 2015, and financial, tax and R&D incentives to build the sustainable technologies of tomorrow.

Renewable-energy Technologies



The Robert Bourassa dam. Hydro-Québec's La Grande complex is the world's largest hydroelectric generating system.

WHEN IT COMES TO RENEWABLE ENERGY, Canada's advantages are only natural. Among developed economies, Canada is the second-largest generator of electricity from renewable and waste sources. Canada is the world's #2 producer of hydropower, and has the potential to become the world's largest producer of wind and ocean energy. It is also on par with the United States for its supply of scientists and engineers specializing in cleantech research and product development.¹ Globally, Canada ranks #3 in biomass and fuel-cell patents and #4 in energy and photovoltaic patents.²

Wind and Solar Power

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. 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 Plant Location International*.³ And in 2009, the World Wind Energy Association named Ontario North America's leading wind-power jurisdiction.⁴

To encourage investment in renewable-energy technologies, Ontario recently introduced North America's first comprehensive guaranteed pricing for renewable energy. In 2010, the province signed a \$7-billion investment agreement with **Samsung C&T Corp.** and the **Korea Electric Power Corp. (KEPCO)**. Over the next 20 years—in the biggest energy

project of its kind anywhere—Samsung and KEPCO will build and operate wind and solar power clusters throughout Ontario.

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. In 2009, **Umoe Solar** of Norway announced plans to build a \$700-million solar PV module plant in New Brunswick, one of the largest investments of its kind in the world.

Bioenergy

From having more biomass per capita than any other country in the world to maintaining a growing biofuel industry, Canada is a bioenergy powerhouse. A number of investors have leveraged their investments in Canadian agriculture to establish bioenergy facilities in Canada. In 2009, **Archer Daniels Midland Co.** and Vancouver-based **Canadian Bioenergy Corp.** announced plans to build the country's biggest canola biodiesel plant in Lloydminster, Alberta. Canada is also home to **logen Corporation**, which has built and operates the world's only demonstration-scale facility to convert biomass to cellulosic ethanol using enzyme technology. This facility is located in Ottawa, Ontario.

Fuel Cells

With key clusters in British Columbia and Ontario, the hydrogen and fuel-cell subsector is another Canadian strength in renewable energy. British Columbia's fuel-

¹ Loewendahl, H. *Future Challenges of Investment Promotion*. fDi Intelligence. September 23, 2009. p. 37.

² Ibid. p. 37.

³ IBM. *Plant Location International*. 2009. Rankings based on relative quality scores associated with manufacturing turbines or components for on- and offshore wind farms.

⁴ World Wind Energy Association. <www.windea.org/home/index2.php?option=com_content&do_pdf=1&id=246>. Downloaded March 19, 2010.

⁵ Loewendahl, H. *Future Challenges of Investment Promotion*. fDi Intelligence. September 23, 2009. p. 37.

⁶ Sustainable Development Technology Canada. <http://www.sdtc.ca/en/news/VIS_Public_Meeting.pdf>. Downloaded March 26, 2010. p. 7.

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.



cell cluster is the world's largest in terms of both employment and number of companies, and is based in Vancouver. In addition to being North America's #1 centre for U.S.-registered fuel-cell patents,⁵ Vancouver is frequently recognized as the world's most liveable city. Metro Vancouver-based **Ballard Power Systems Inc.** is an industry pioneer, and its fuel cells powered the world's first zero-emissions vehicle in 1993. In 2009, **Daimler AG** of Germany signed a \$24-million deal to receive products for its fuel-cell cars and buses from Ballard. Another anchor in Vancouver is **Powertech Labs**, which has built the world's first public-use 700-bar fast-fill hydrogen fueling station.

Hydro and Ocean Power

Canada offers investors considerable expertise in hydropower, its oldest green industry. **ALSTOM Hydro**—a joint venture between French multinationals **ALSTOM** and **Bouygues**—has a strong Canadian presence, with its Canadian operations having specialist capabilities in the design and development of hydroelectric and thermal energy plants. Germany's **Andritz Group AG**—a world leader in industrial plants, systems and services—has a plant in Lachine, Quebec.

With the longest coastline of any country in the world, Canada is well positioned to become a major producer of ocean energy. **OpenHydro Group Ltd.** of Ireland recently partnered with utility **Nova Scotia Power Inc.** to create a tidal demonstration project in the Bay of Fundy, site of the world's

highest tides. The United Kingdom's **Marine Current Turbines Ltd.** has a tidal-energy agreement with Nova Scotia's **Minas Basin Pulp and Power Co. Ltd.**

Canadian Government Programs in Renewable Energy

Government programs and funds support the growth of Canada's renewable-energy industry. Canada's federal ecoENERGY for Renewable Power program has thus far invested \$1.48 billion to boost electricity from renewable sources, including wind, solar, biomass, geothermal and ocean energy.

For cleantech solutions at the late-stage development and pre-commercial phases, Canada has initiated a \$550-million Sustainable Development Technology Canada Tech Fund. In addition, Canada has invested \$500 million in the NextGen Biofuels Fund, which backs first-of-a-kind commercial-scale demonstration facilities for producing renewable fuels. Both funds are among the largest funds of their kind in the world.⁶

In its March 2010 budget, the federal government has introduced several measures encouraging companies to increase their investments in renewable power from forestry waste. This includes a four-year \$100-million fund for the development, commercialization and implementation of advanced clean energy technologies in the forestry sector, and accelerated capital cost allowances applicable to clean-energy equipment.

KEY VALUE-CHAIN STRENGTHS

- **Research and development:** Wind energy, solar energy, biofuels and biogas, hydrogen and fuel-cell technology, wave technology, tidal energy demonstration projects
- **Product development:** Biodiesel, grain ethanol, cellulosic ethanol, biogas, syngas, zero-emissions vehicles, vertical tidal turbines
- **Manufacturing:** Wind turbine towers and components, solar thermal systems, solar photovoltaic modules, ethanol production plants, biomass gasification systems, fuel-cell power systems
- **Distribution:** Completely integrated into the North American electricity grid

KEY SEGMENT STRENGTHS

- Wind, hydro, solar
- Hydrogen and fuel cells
- Bioenergy
- Tidal and wave energy

Environmental Technologies

The demand for sustainable environmental technologies is growing worldwide—and Canada has the natural advantage. This \$30-billion Canadian sector is especially strong in water and wastewater treatment, and solid waste management infrastructure, which account for almost half of the global market in environmental services. Home to some 10,000 environmental firms, Canada graduates 16,000 engineers annually—more per capita than the United States. It also ranks fifth among OECD countries for environmental sustainability.

Proximity to U.S. markets gives Canada another advantage. And at home, Canadian environmental technology firms service Alberta's Athabasca Oil Sands—the world's second-largest proven oil reserves, with \$170 billion in active and proposed investments.



The Edmonton Waste Management Centre is North America's largest integrated waste processing and research facility. The 233-hectare site includes facilities for materials recovery, composting, electrical and electronics waste recycling, construction and demolition recycling, landfill and landfill gas recovery, paper and glass recycling, and biofuels.

Waste Management Services

Canada excels at waste management and remediation, the biggest segment of the country's environmental sector. In 2009, Texas-based **Waste Management Inc.**—North America's largest waste management provider—recognized Canada's expertise by announcing a \$53.8-million investment in Montréal's **Enerkem Inc.** With two Canadian waste-to-biofuels plants already operational, Enerkem will use the funds to build a third facility in Edmonton, the continent's #3 city for foreign direct investment in energy.

Water and Wastewater Services

Canada offers a wealth of opportunities for investors in this sub-sector. In 2008, the country had more than 4,000 wastewater collection and treatment systems. An important player in this sub-sector is France's **Veolia Environment**. In 2009, it launched Mississauga, Ontario-based **Veolia Water Solutions & Technologies Canada Inc.**, to tap into the Canadian market for municipal and industrial water and wastewater treatment.

Environmental Consulting Services

Consulting services account for more than half of all exports in Canada's environmental technologies sector, but there's plenty of work at home too for large infrastructure

Built by the Canadian branch of French-owned EDF Energies Nouvelles, Canada's largest solar photovoltaic installation is located in Arnprior, Ontario. The 200-acre property has 312,000 solar panels that now feed 23.4 MW of energy into the provincial grid—enough to power 7,000 homes.



projects. In 2009, **AMEC Earth and Environmental Inc.**, a division of London-based engineering and project management firm **AMEC plc**, established offices in Calgary and Edmonton. Also in 2009, in a nod to Canadian expertise, Los Angeles-based design and management giant **AECOM** acquired environmental consulting firm **Gartner Lee Ltd.** of Markham, Ontario.

Carbon-capture Technologies

Canada stands at the leading edge of carbon capture and storage (CCS) and clean-coal technology. Britain's **BP plc** is one of 18 industry participants in **ICO₂N**—the Integrated CO₂ Network, a proposed Canadian system for capturing, transporting, distributing and storing carbon dioxide.

In 2009, the Government of Alberta announced support for four CCS projects through its \$2-billion CCS Fund. With \$780 million from the Alberta and federal governments, France's **ALSTOM**, Calgary-based **TransAlta Corp.** and Edmonton's **Capital Power Corp.** will build a coal-fired electricity plant that captures carbon dioxide and stores it underground. This project will be the first to capture one million tonnes of CO₂ annually.

The world also looks to Canadian companies for air-pollution and control technologies. In 2008, **Shell Global Solutions International** acquired

Montréal-based **Cansolv Technologies Inc.**, whose "scrubbing" systems capture industrial carbon dioxide and sulphur dioxide.

Green Materials and Related Manufacturing

Canada is equally innovative in green materials and manufacturing. The first facility of its kind in North America, **GreenCentre Canada**, is a collaboration between foreign investors, Canadian companies and local researchers, to commercialize cleaner and less energy-intensive chemicals and manufacturing processes in buildings. Its global partners include **Veolia Water Solutions & Technologies**, and Pittsburgh's **Pressure Chemical Co.**

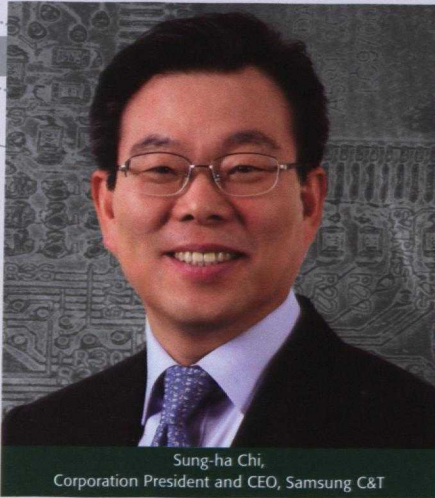
KEY VALUE-CHAIN STRENGTHS

- **Research and development:** Carbon capture and storage, clean-coal technology, green chemicals, manufacturing
- **Product development:** Water and wastewater membrane technologies, disinfection technologies, biological treatment and nutrient recovery, waste-to-energy technologies, green buildings, air "scrubbing" systems, transportation emissions control equipment
- **Services:** Waste management, water and wastewater treatment, environmental consulting, municipal infrastructure

KEY SEGMENT STRENGTHS

- Waste management and remediation
- Water and wastewater technologies
- Environmental consulting services
- Air-pollution and control technologies
- Analytical monitoring and testing services

Samsung C&T Develops Massive Renewable-energy Project in Canada



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

SAMSUNG C&T IS CARVING OUT a dominant position in the emerging green energy sector, by moving aggressively into Canada with one of the world's largest renewable-energy projects. The company has signed a \$7-billion agreement with Korea Electric Power Corp. (KEPCO) and the Ontario government to set up and operate several wind and solar energy facilities (farms and supporting production facilities) throughout Canada's most populous province over the next 20 years.

The consortium is working towards a combined wind and solar power generating capacity of at least 2.5 gigawatts by 2016. The energy produced by the project will be equivalent to 4% of Ontario's total electricity consumption.

The project will roll out in five phases. The first will create green energy farms in the Chatham-Kent and Haldimand County regions of southern Ontario. The consortium will begin construction of a 500-MW cluster there (400 MW of wind and 100 MW of solar power) by 2012. The resulting capacity will help to replace power currently generated by coal-fired plants. Modern wind turbines have a rated capacity of anywhere from 1 to 5 MW. A typical turbine rated at 2 MW will produce 6.1 gigawatt-hours over a one-year period—sufficient to meet the electricity demands of 600 households.

Samsung C&T, along with more than 30 other affiliated companies, comprises the Samsung Group, headquartered in Samsung Town, Seoul, South Korea. In 2008, the Group employed approximately 277,000 people in 477 offices in 68 countries. It is taking a leadership role in renewable-energy programs, by forging strategic partnerships around the world.

At the heart of the agreement in Canada is the Ontario Green Energy Act of 2009, which provides subsidies for renewable-energy production. The legislation guarantees above-market prices for green energy as well as priority grid access. Ontario is just one of several provinces with aggressive incentives for renewable energy.

The Samsung C&T consortium project will help create local infrastructure for the renewable-energy industry in Canada, with the construction of four production facilities to provide key components such as blades, wind towers, solar modules and inverters.

"Since the landmark agreement was signed, we have been advancing discussions with leading makers in the field, to help fast-track the establishment of North America's first green energy manufacturing sector," says Sung-ha Chi, Samsung C&T Corporation President and CEO. The Korean consortium is working with Dongkuk Steel, a leading wind tower maker, and Satcon Technology, a Canadian manufacturer of solar inverters.

Samsung C&T will oversee manufacturing, procurement and financing; KEPCO will handle design, operations and connections to transmission and distribution systems. Ontario will provide legislated subsidies and administrative assistance, and help secure land for the facilities.

In total, the project is expected to generate more than 16,000 jobs, including full-time permanent positions at manufacturing facilities, as well as thousands of temporary and contract positions in construction, engineering, operations, and maintenance.

"With rapidly expanding expertise in the renewable-energy sector," says Sung-ha Chi, "this 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."

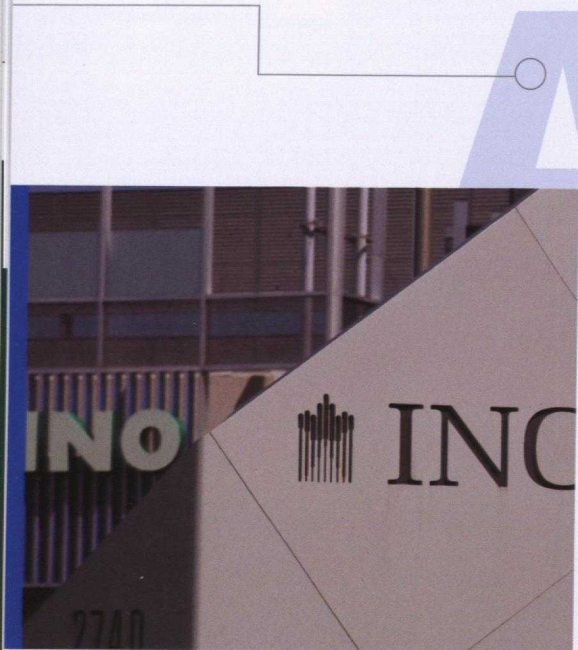
The Samsung C&T project is one of many renewable-energy mega-projects, fueled by investors, that are underway across Canada.

Welcome to Cutting-edge

Information and Communications Technology



Canada's high-technology sectors are breaking new ground and transforming the industry worldwide. From developing the BlackBerry® and 3D animation tools for Academy Award®-winning movies to integration of wireless technologies into verticals such as microelectronics, auto IT, health IT and digital media, Canada is a major destination for global technology investors.



Canada's Institut national d'optique (INO) in Québec City is home to the largest concentration of skills in the optics/photonics field in the world. INO has a staff complement of 225 physicists, optical designers, electronics and production quality engineers, mechanics, electricians, programmers and technologists. INO offers a complete range of integrated services in the field of optics/photonics to clients in every area of industrial activity.

AS A LEADING DESTINATION FOR information and communications technology (ICT) investments, Canada is highly attractive to foreign investors. Its booming ICT industry is a key driver of national growth, having generated revenues of over \$155 billion in 2008. Over 572,000 employees work in nearly 32,000 ICT firms across Canada. More than 70% of ICT products manufactured in the country, totaling \$22.1 billion, are exported. Digital gaming, software and wireless are the key segments of Canada's ICT sector experiencing remarkable growth.

Canada's ICT industry is on the cutting edge of global competitiveness. In 2009, the EIU ranked Canada fourth overall

among 66 countries for its ICT competitiveness.¹ Canada topped the list at #1 for its R&D environment² and ranked #3 for ICT industry support.³ On a per-capita basis, Canada is the most active generator of ICT patent applications filed with the European Patent Office.⁴ Toronto is the joint #1 city in North America for ICT and electronics patents (along with New York City).⁵ Other major ICT clusters are in Montréal, Vancouver, Ottawa, and Waterloo. But ICT firms are also attracted to smaller Canadian clusters such as Calgary, Charlottetown, Fredericton, Moncton, Sherbrooke and Winnipeg, which offer some of the lowest costs in advanced software development on the continent.

Canada is ranked fourth in the world when it comes to IT competitiveness

2009 Rank	2008 Rank	Country	Score
1	1	U.S.	78.9
2	13	Finland	73.6
3	4	Sweden	71.5
4	6	Canada	71.3
5	10	Netherlands	70.7
6	3	U.K.	70.2
7	7	Australia	68.7
8	5	Denmark	68.6
9	9	Singapore	68.2
10	14	Norway	67.1

TOP 10 COUNTRIES IN IT COMPETITIVENESS

Source: Economist Intelligence Unit. *Resilience amid turmoil Benchmarking IT industry competitiveness 2009*. p. 5.

¹ Economist Intelligence Unit. *Resilience amid turmoil Benchmarking IT industry competitiveness 2009*. p. 5.
² *Ibid.* p. 16.
³ *Ibid.* p. 9.
⁴ *Ibid.* p. 16.
⁵ Loewendahl, H. Future Challenges of Investment Promotion. *fDi Intelligence*. September 23, 2009. p. 40.
⁶ *Develop* magazine, November 2009.

Digital Media

Home to booming digital media clusters, Canada is inspiring the world with its world-class digital media products and industry talent. Historically, two of the Top 5 best-selling video games in the world have come from Canadian studios. The Canadian interactive entertainment industry alone exceeded \$2.2 billion in sales in 2008.



The province of Quebec is a major global centre for games development. Quebec's biggest video game companies include Artificial Mind and Movement, EA, Frima Studio, Eidos, Ubisoft and now, THQ. The province's 4,000-plus developers specialize in all aspects of game development and all genres.

CANADA HAS LONG BEEN AT THE forefront of developing the latest high-tech digital media tools. For example, world-renowned 3D modeling and animation software such as Maya®, Houdini, VFX and **Softimage Co.**'s 3D animation products are all Made-in-Canada platforms that allow industry experts to create lifelike graphics, animation and visual effects. Such award-winning software is heavily relied upon in today's digital gaming, film, television and advertising industries.

Digital Gaming

With 20% of the top-selling digital games in North America produced by Canadian firms, it's no surprise that Canada has become a leading player in digital gaming. **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.⁶ The country's game development scene is thriving with new jobs at its 247 participating studios and gaming firms. By late 2009, the number of game developers in Canada had grown to about 14,000, according to Game Developer Research (GDR).

In 2009, California's **THQ Inc.** announced plans to establish a video game development studio in Montréal. The studio is expected to become **THQ's** largest facility in its global studio system, and will result in over 400 jobs over the next five years.

Digital Media (cont.)

In 2009, France's **Ubisoft Entertainment S.A.** announced plans to open an 800-person studio in Toronto. For more than 12 years, the company has maintained production facilities in Montréal.

In 2009, Norway's **Funcom**, a leading independent developer and publisher of massively multi-player on-line games, announced plans to launch a new development studio in Montréal.

In 2009, New York-based video game developer **Longtail Studios** announced it is expanding to Halifax, creating up to 60 jobs over the next five years.

Other Applications

Canada's advances in 3D animation and visual effects have deeply benefited the film and television industries. In fact, most films nominated for special-effects Academy Awards®, including *Avatar*, the *Harry Potter* series, *Jurassic Park*, *Lord of the Rings*, *Star Wars: The Phantom Menace*, *Titanic*, and *The Twilight Saga: New*

Moon, have relied on Canadian-developed multimedia technology.

Game-like technology has also been incorporated into educational training and simulation products. Canadian companies like Newfoundland's **Virtual Marine Technology** and Montréal's **CAE Inc.** offer simulators for civilian and military aviation training, marine training, and other high-tech clients.

In 2009, California's **Pixar Animation Studios**, a multi-Academy-Award®-winning studio, announced plans to build a 20,000-square-foot facility in Vancouver, to produce its popular computer-animated short features.

In 2009, California's **Digital Domain Productions Inc.** announced it would build a new 20,000-square-foot visual effects studio in Vancouver in early 2010. The new facility expands the company's capacity to work on high-end feature film projects.

KEY VALUE-CHAIN STRENGTHS

- Digital entertainment middleware
- Content and game development
- Technical services

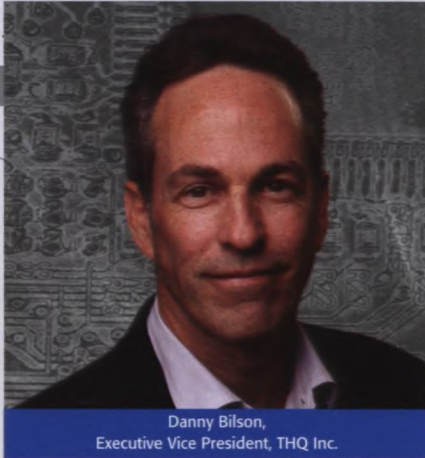
KEY SEGMENT STRENGTHS

- **Video and computer games:** Casual games, hand-held console games, serious games, mobile games
- Game design and development tools
- Digital animation and visual effects
- Education, training and simulation products
- Business applications and web marketing



Electronic Arts, the world's largest games publisher, has its biggest studio in Burnaby, British Columbia. The campus consists of a motion capture studio, 22 rooms for composing, 14 video editing suites, three production studios, a wing for audio compositions, and a quality assurance department. Electronic Arts' Burnaby studio has been responsible for developing some of the best-selling video game franchises ever produced, including such titles as Need for Speed, NBA Live and FIFA World Cup.

THQ Plans New Development Studio in Montréal



Danny Bilson,
Executive Vice President, THQ Inc.



Steve DeCosta, Senior Vice President,
THQ Core Games, Operations and Finance

THQ INC., A LEADING WORLDWIDE DEVELOPER AND PUBLISHER of interactive entertainment software, has selected Montréal, Quebec as the location for a new video game development studio. THQ Montréal will be the company's second fully operational development and production studio in Canada. THQ's global system currently includes more than 1,200 people located in North America, the United Kingdom and Australia.

Canada's thriving digital media industry

Gaming is a key component of the Canadian ICT sector, and continues to grow at a tremendous rate. With 250 companies posting a total of over \$2.2 billion in revenues in 2008, Canada is a top player in entertainment software. Government-sponsored grants and tax credits for both local and foreign companies promote an environment where innovation is readily incubated and commercialized. As well, Canada has world-renowned educational institutions, many with specific programs designed in conjunction with the games industry.

Canada's thriving digital media sector has attracted such giants as Pixar, Activision, Ubisoft and EA. THQ's arrival in Montréal adds yet another global leader, and furthers Canada's international reputation as a centre for game development. Canada recently surpassed Britain, to become the third-largest home of game developers after Japan and the U.S.

THQ expects the Montréal operation will become the largest of its suite of global studios and eventually create jobs in several disciplines, including design, engineering, art, content and technology development, quality assurance and localization.

Montréal a key centre for game development

Montréal boasts one of the most cosmopolitan populations in the world, a highly skilled workforce, a relatively low cost of living and an exceptionally high quality of life. These attributes continue to drive growth in Montréal's games industry; the city is now one of the leading development centres in the world.

"Montréal's outstanding pool of creative digital media talent and its highly regarded university system makes this the ideal location to support our future product and technology development needs," says Steve DeCosta, Senior Vice President, THQ Core Games, Operations and Finance. "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."

"We are focused on building hit franchises and achieving efficiencies within our studio organization and THQ Montréal will play an integral role in achieving both of these objectives," says Danny Bilson, Executive Vice President, THQ Core Games. "We expect to ramp up the studio over the next several years, with our first titles targeted for release in fiscal 2013."

Foreign investment drives growth

THQ's new studio is another key investment by a premier video game developer in Montréal's technology sector, further enhancing the city's position as a leading centre of creative talent and game design. The 21st century is a multimedia world. Canada's expertise across the entire digital media spectrum, in conjunction with business-friendly government at every level, a deep talent pool and unparalleled quality of life, ensures continued growth for the Canadian digital media industry.

Software

Software companies in Canada are world-renowned for developing high-quality, innovative, cost-effective applications. The sophisticated software and computer services industries together comprise 78.6% of the country's ICT companies. Software publishers earned revenues of \$6.8 billion in 2008.¹

CANADA IS A MAJOR GLOBAL HUB for software engineering and development. 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.² Over 396,000 people work in ICT services, including software services.³ They offer valuable insight for tailoring software applications and solutions that suit the specific needs of customers from all parts of the world.

Enterprise Application Software (EAS)

Within the software industry, the EAS vertical has experienced tremendous growth in Canada. Canada itself is a large EAS market, with 57% of emerging Canadian software companies providing EAS services. Canada is competitively tapping into the global EAS market, which is expected to be worth US\$108.3 billion by 2013, according to research firm Gartner, Inc.⁴ Industry players leading the way have included homegrown heavyweights **Cognos Inc.** in Ottawa (now part of **IBM**) and **Open Text Corporation** in Waterloo. Other global EAS firms that have Canadian operations include **Adobe Systems Incorporated**, **IBM**, **Microsoft Corporation**, **Oracle Corporation**, and **SAP AG**.

Canadian firms have expertise in all EAS sub-segments, including customer relationship management (CRM), digital content creation, e-mail and calendaring, enterprise content management, enterprise resource planning (ERP), project and portfolio management, supply chain management, and web conferencing and collaboration.

In 2009, Massachusetts-based **IMAGINiT Technologies**, a RAND Worldwide® company, opened a new field office in Winnipeg. **IMAGINiT** is a globally diversified engineering group and the world's largest independent provider of enterprise solutions to the architecture, civil engineering, geospatial, and manufacturing industries.

In 2009, the U.K.'s **4Projects Ltd.** expanded into Canada by opening an office in Calgary. **4Projects** is a leading provider of construction collaboration software.

In 2008, Massachusetts-based **Progress Software Corporation (PRGS)** announced plans to expand its product development centre in Newfoundland and Labrador, and create additional software engineering and technology-oriented jobs. **PRGS** is a provider of leading application infrastructure

software to diverse verticals, including enterprise resource planning and financial trading.

In 2008, **Microsoft Corporation** opened its newest development centre in the Metro Vancouver area. Over 300 staff members work on roughly half of Microsoft's many software products, including well-known applications such as Windows and Microsoft Office.

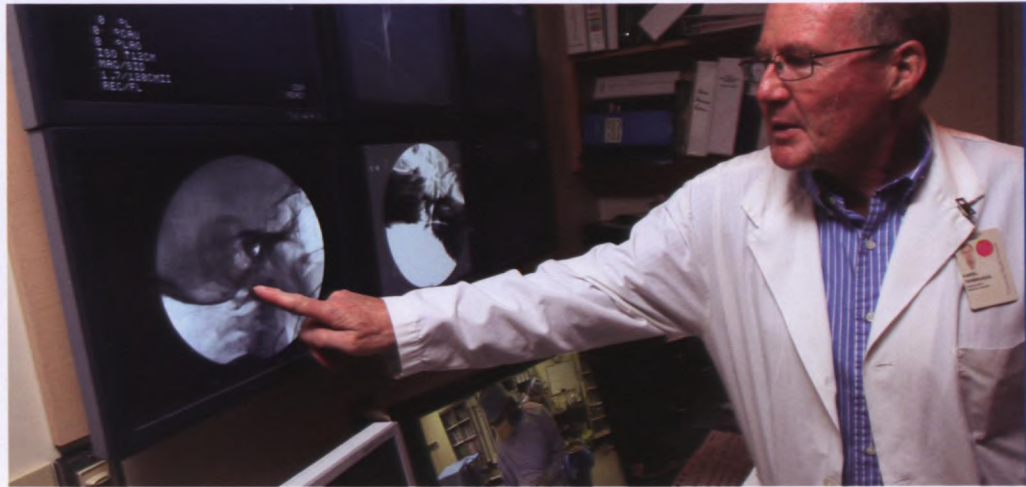
Health IT

With rising health costs, health care has become a priority for ICT investment by both public and private sectors around the world. The health IT sector in Canada enjoys broad public and private support. Health IT expenditures in Canada are estimated to be \$3.6 billion—about 2% of all healthcare expenditures taking place in Canada.

At the centre of Canada's health IT strategy is the Canada Health Infoway (CHI), which is mandated with defining and coordinating the implementation of Canada's health IT initiatives. Canada will invest \$10 – \$12 billion in its "infostructure" vision over the next 10 years.

Global health IT companies have established major operations in Canada.

Canadian companies are world leaders in medical imaging, analysis and software development. Winnipeg-based IMRIS Inc. and Calgary-based Imaging Dynamics Company, for example, are worldwide leaders in magnetic resonance and digital radiography imaging systems, and related software products. These hardware and software products are used widely by healthcare providers around the world.



These include **Agfa HealthCare Inc.**, **Canon Inc.**, **GE Healthcare**, **IBM**, **Kodak Health Imaging**, **McKesson Corp.**, **Microsoft**, **Philips Healthcare**, and **Siemens AG**. These investors have been attracted not only by the size of the Canadian health IT market, but also by the strong capabilities of Canadian firms in this sector. The Top 10 Canadian health IT companies generated over \$7 billion in revenues globally in 2009 and include global leaders in digital imaging technology, electronic data capture and use, and wireless/ communications technologies applied to remote monitoring and telehealth solutions.

In 2010, **Agfa HealthCare Inc.** announced the construction of a new global research and development facility at the University of Waterloo in Ontario. This new facility will support its next generation of enterprise-wide healthcare solutions. This is in addition to the \$200-million investment announced in 2009, for expanding its existing operations in Waterloo.

In 2009, Germany's **InterComponentWare AG (ICW)** opened a Toronto office to aid Canadian organizations in extending their information systems and creating a secure patient health record profile based on aggregate data. ICW delivers interoperable

e-health infrastructure and end-user applications for health professionals and their patients.

E-security

Technology security is another area where Canada excels. Particular strengths include developing software for countering computer viruses, cryptography, encryption, mobile authentication, and intrusion detection.

With high consumer use of Internet banking, Canada has become a leading adopter of technologies that make e-security a priority. In 2008, the World Economic Forum ranked Canada fifth in the world for the number of Secure Internet Servers per capita.⁵ Indeed, security software is the fastest growing software market in Canada.

Attracted by Canada's e-security market, world-leading companies such as **CA Inc.**, **Cisco Systems Inc.**, and **Symantec Corporation** have set up operations here. California-based **McAfee Inc.**, a leading provider of computer intrusion prevention solutions, had previously expanded its consumer product software R&D facility in Waterloo from 5,000 to 13,000 square feet.

KEY VALUE-CHAIN STRENGTHS

- Software design
- Research and development
- Data processing
- Software publishers
- Software support

KEY SEGMENT STRENGTHS

- **Enterprise applications:**
CRM, ERP, digital content creation, data mining, project and portfolio management
- **Health IT:**
Biometrics, digital imaging, electronic data capture
- **E-security:**
Countering computer viruses, cryptography, encryption, mobile authentication and intrusion detection
- **Web solutions**

¹ Industry Canada. <<http://www.ic.gc.ca/eic/site/ict-tic.nsf/eng/rt05817.html>>. Downloaded March 25, 2010.

² Software magazine. *The Software 500 Feature*. October 2009.

³ Industry Canada. <<http://www.ic.gc.ca/eic/site/ict-tic.nsf/eng/rt05817.html>>. Downloaded March 25, 2010.

⁴ Gartner, Inc. *Forecast Analysis: Enterprise Application Software, Worldwide, 2008-2013*. 3Q09 Update.

⁵ World Economic Forum. <<http://www.insead.edu/v1/gitr/wef/main/analysis/showdatatable.cfm?mo=3.2>>. Downloaded March 22, 2010.

Bolstering Investment in Health IT: Agfa HealthCare in Canada



Michael Green,
President & CEO, North America Region,
Agfa HealthCare

AGFA HEALTHCARE, A LEADING PROVIDER of diagnostic imaging and health IT solutions, has begun construction of a new global research and development facility in the Research and Technology Park at the University of Waterloo in south-western Ontario.

Scheduled to open in 2011, the new facility will help Agfa HealthCare deliver on its commitment to supply industry-leading technology to the healthcare community and improve the delivery of patient care in Canada. "Through our growing partnership, Canada and Agfa HealthCare continue to advance the technologies and systems that will define health care throughout the 21st century," says Michael Green, President & CEO, North America Region, Agfa HealthCare.

Agfa HealthCare, part of Belgium's Agfa-Gevaert Group, has more than a century of diagnostic-imaging experience and has been a pioneer in the health IT market for decades. The Group has sales offices and agents in more than 100 markets worldwide. The company's Waterloo office is the site of its global research and development arm, producing Agfa's industry-leading Picture Archive and Communication (PACS) software, IMPAX™ and other advanced software solutions for hospitals and healthcare facilities.

Canada's healthcare IT business environment fosters innovation and growth

In recent years, Canada's healthcare sector has attracted increasing IT investment from both public and private agencies, and today represents a significant and valuable opportunity for IT developers. Canada's 10 provinces and three territories, supported by the federal agency Canada Health Infoway (CHI), are committed to facilitating healthcare IT in an interoperable environment. Central to this commitment is CHI's national initiative to create electronic health records for all Canadians by 2016. Equally attractive to IT investors are Canada's deep pool of skilled workers, generous scientific research and experimental development tax credits, and world-class post-secondary institutions keen to collaborate on leading-edge projects.

"Canada's mature and competitive economy has all the attributes required to foster innovation in this sector," says Michael Green.

Agfa HealthCare: Leading innovation through collaboration

In 2009, Agfa HealthCare earned a \$29.6-million grant from the Ontario government, to support the expansion of the company's R&D and regional operation centres in Toronto and Waterloo. The grant was part of a total investment of nearly \$200 million in Agfa HealthCare's Ontario operations, creating 140 new jobs.

In the same year, Agfa HealthCare introduced the Agfa HealthCare Institute: a new initiative that leverages collaborative partnerships with world-class vendors, academic institutions, government and healthcare providers. The company currently works in co-operation with several partners, including the University of Waterloo, the National Research Council of Canada and the Canadian Digital Media Network, on projects that drive innovation and commercialization in health informatics.

Expanding opportunities for research and development

The 2011 opening of its new R&D centre on the campus of the University of Waterloo will extend Agfa HealthCare's capacity to develop and refine the next generation of enterprise-wide healthcare solutions. The University of Waterloo Research and Technology Park is one of many across Canada designed to incubate and nurture new technologies.

"The brilliant talent at the Waterloo R&D centre and the continued support from government and local partners have allowed us to accelerate our growth plans and bring progressive healthcare innovations to the next level, for the benefit of Canadians," says Michael Green.

Wireless Communications

Canada's success in wireless communications has been driven by excellence in all parts of the wireless value chain, from infrastructure to data-centric devices to software and application development. Canada's wireless carriers invest more than \$1 billion in mobile phone communications infrastructure each year. With rapidly growing wireless penetration, the industry has been enjoying an annual growth rate three times that of any other telecommunications sector.

DEMAND FOR NEW APPLICATIONS and data-centric wireless technology continues to grow rapidly around the world. In Canada, emerging wireless applications are regularly used in sectors such as health (for mobile heart rate monitoring and remote patient support, for example), transportation (for mobile worker and fleet management, cross-border tracking of containers, mobile vehicle and assets tracking), and finance (for ATM machines).

At the forefront of innovative wireless technologies and applications, Canada is home to a quarter of North America's fastest-growing wireless companies, according to the Deloitte Technology Fast 50™.¹ It has also attracted major international players that have established operations in wireless industry clusters across the country.

Network Infrastructure Equipment and Services

As the lines between wireline and wireless connectivity blur in a 4G world, vast amounts of information and computing resources will be demanded by consumers, anytime and anywhere. More network infrastructure will be needed to handle these tasks. Canada is an important destination for global network infrastructure providers wanting to undertake core R&D activities here. Multinational investors such as **Alcatel-Lucent**, **LM Ericsson**, **Nokia Corporation** and **Nokia Siemens Networks** have established operations in major wireless clusters across Canada, including Toronto, Montréal, and Vancouver. These investors benefit from the availability of highly skilled technology workers,

Canada's expansive clusters of high-tech companies, advanced educational institutions and R&D tax incentives that are among the most lucrative in industrialized countries.

Research undertaken in the wireless sector in Canada has had a tremendous impact on the global network infrastructure market. Canada has been a hotbed of R&D in Long Term Evolution (LTE) technology, with research in this area being done in Canada by **Alcatel-Lucent**, **Ericsson**, and **QNX Software Systems**, among other companies. As well, global network infrastructure providers undertake core R&D work in Canada. For example, Ericsson's Canadian operations fulfill worldwide mandates in the development, testing, and support of wireless networks, advanced end-user multimedia services, and subscriber management software used in its network routing products.

Mobile Devices Ecosystem

Data-centric mobile devices have a strong ecosystem in Canada. Taking the world by storm, the wildly popular BlackBerry® is a mobile device developed by Waterloo's **Research in Motion Ltd. (RIM)**. With this superstar product, RIM holds a significant share of the global smartphone market and was ranked the #1 fastest-growing company in the world in 2009 by *Fortune* magazine.

Supporting the mobile devices ecosystem in Canada are global companies engaged in innovative R&D in almost all aspects of the mobile-devices value chain. For example, **Autodesk Inc.** undertakes core



The Inukshuk Wireless broadband network is currently available in 170 communities across Canada. Built in conjunction with Bell Canada and Rogers Communications, the Inukshuk Wireless network is one of the largest of its kind in the world. This next-generation IP wireless network, based on pre-WiMAX standards, enables portable megabit services, allowing subscribers in rural and northern communities to access the Internet and other applications such as VoIP, video streaming and a variety of data applications.

¹ Department of Foreign Affairs and International Trade. <<http://investincanada.gc.ca/eng/publications/wireless-canada.aspx>>. Downloaded March 25, 2010.

Wireless Communications (cont.)

industrial design and development work at its Montréal offices. U.K.-based **Micro Focus International plc** conducts core user interface design in its Saint-Laurent, Quebec facilities. Canada also has deep competencies in areas such as imaging software, multimedia chipsets, and RF components.

Mobile Services

Canada is at the forefront of innovation in data-centric mobile services. Hundreds of Canadian companies and investors in Canada are involved in key areas of the mobile-services value chain. **Adobe Systems Inc.**'s core mobile developer tools R&D is taking place in Canada. Mobile security solutions are being developed in Canada by **Trend Micro Inc.** and **McAfee Inc.**, among others. Location-based services platform development is taking place at **ESRI, Inc.**'s and **Pitney Bowes Software Inc.**'s Canadian offices.

One key area of Canadian innovation is the use of wireless technologies in the automotive industry. LTE-enabled applications will be the next major innovation in car technology, with consumers demanding safety and security, diagnostics, navigation, and infotainment in their vehicles. Canadian firms are strong leaders in this field. A great example is **ng Connect**, a partnership forged by **Alcatel-Lucent**, Ottawa-based **QNX Software Systems** and over forty partners globally. ng Connect showcased the world's first LTE Connected Car in 2009. The QNX application platform provided all of the car's system software and infotainment applications, including the real-time operating system, touchscreen user interfaces, streaming media players, navigation systems, climate controls, and a virtual mechanic.

KEY VALUE-CHAIN STRENGTHS


- Technology and communications infrastructure
- Research & development
- Systems integration
- Manufacturing

KEY SEGMENT STRENGTHS

- Network infrastructure equipment
- Mobile devices ecosystem
- Mobile services ecosystem
- Wireless terrestrial systems and satellite communications




The world's first LTE-connected car. Canadian wireless and software technologies are playing an important role in the development of complex LTE-enabled systems in vehicles.

A close-up photograph of a woman with dark hair and glasses, wearing a white lab coat, looking intently into a petri dish. The petri dish contains a yellowish substance. In the background, a microscope is visible. The overall scene is a laboratory setting.

Welcome to Healthy Profits

Life Sciences

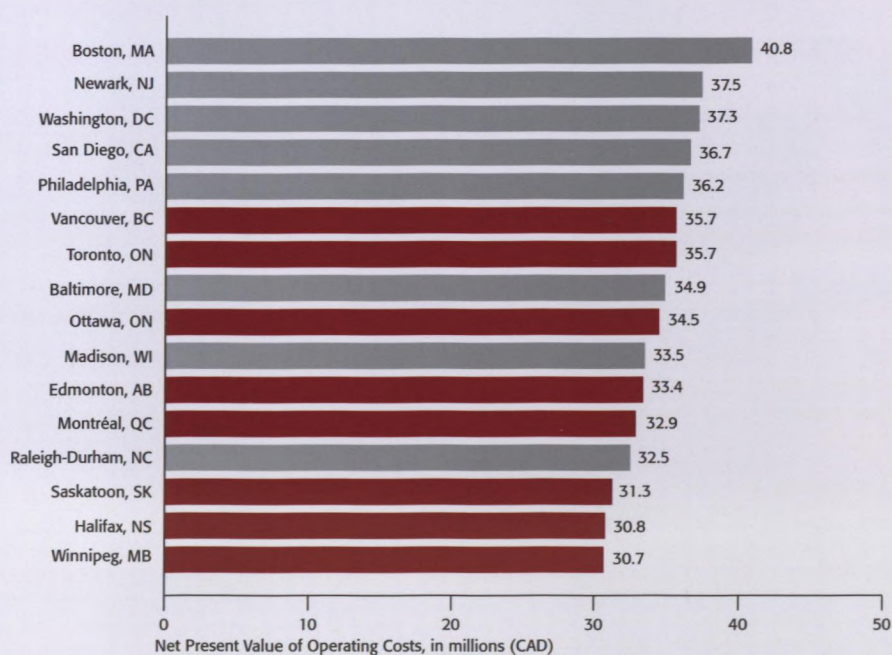
A thick, grey arrow pointing horizontally to the right, positioned below the 'Life Sciences' text.

From the discovery and development of biopharmaceuticals to the design of medical devices, Canada's life sciences sectors offer foreign investors world-class R&D infrastructure, leading healthcare specialists and a regulatory environment that rewards innovation. Canada's bio-based economy totals \$78.3 billion in sales and leads the G7 in the growth of health research patents.

Canada's robust life sciences industry is pulsing with talent, creativity and achievement. This sector has biopharmaceutical and medical device firms commercializing groundbreaking products, with the support of a top-notch research community of over 100 institutes, 670 biotech companies and over 28,000 employees. With groundbreaking innovations and a safe, efficient regulatory system in place, the industry is injected with a healthy dose of success.

Biopharmaceuticals

Canadian cities have some of the lowest cost metrics in biotechnology R&D in North America



BIOTECH R&D OPERATING-COST COMPARISONS IN NORTH AMERICA

Source: IBM Plant Location International. 2009.

ONE OF THE MOST INNOVATIVE and profitable sectors in the country, 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 and benefits from the lowest biotech labour costs. The sector is largely clustered in Montréal, Toronto and Vancouver—all of which fall in the Top 10 cities in North America for life science patents.¹ Canada also leads the G7 nations in the growth of health research patents.

Such high levels of innovation are reflective of the \$1.3 billion spent annually on biopharmaceutical R&D and the \$600 million on clinical trials across the country. Canada also frequently leads the world in approving groundbreaking drugs and therapies. Canadian biotech and pharmaceutical firms have over 300 products under development or on the market. Indeed, our biopharmaceutical prowess has captured the attention and confidence of the world's pharmaceutical giants.

Vaccines

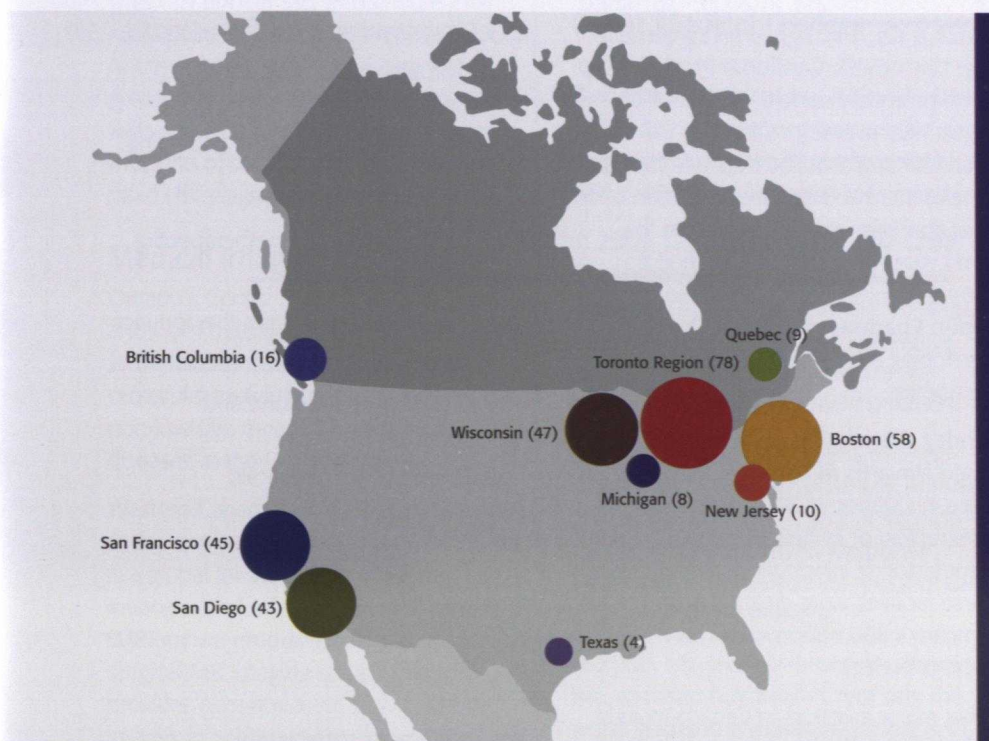
In 2007, **GSK Biologicals**, a division of U.K. multinational **GlaxoSmithKline (GSK)**, invested nearly \$200 million in upgrading and expanding its vaccine production facility in Québec City. It also invested \$50 million in its vaccine R&D headquarters in Laval, Québec—making Laval its North American centre for vaccine R&D. GSK Biologicals is one of only two manufacturers of influenza vaccine on the continent.

¹ Loewendahl, H. *Future Challenges of Investment Promotion*. fDi Intelligence. September 23, 2009. p. 42.



Winnipeg, Manitoba is an international centre for vaccines R&D. Not only is Winnipeg home to the Public Health Agency of Canada and the International Centre for Infectious Diseases, it also houses Canada's only Level 4 containment laboratory, one of just 15 in the world. An example of Canadian expertise in infectious diseases was the role played by this facility in sequencing the H1N1 virus in 2009. Within weeks of receiving samples, Canada was the first country to have completed the full genome sequencing of this virus—an important first step that helped in the creation of an H1N1 vaccine.

Canada has some of the largest clusters of central nervous system and regenerative medicine research in North America



NORTH AMERICAN STEM CELL RESEARCH ACTIVITY, NUMBER OF PRINCIPAL INVESTIGATORS

Data completed by the Toronto Region Research Alliance.

Source: MaRS and Government of Ontario. *Expecting the Unexpected: Regenerative Medicine Asset Map—An Analysis of Ontario's R&D Excellence and Commercialization Capacity*. 2009. p. 4.

Notes: (1) Institute for Scientific Information (ISI) citation analysis, as of August 2008; research association reports; primary research. (2) Capacity for Maryland, New York and Pennsylvania was not plotted, as there are fewer than four PIs in these jurisdictions.

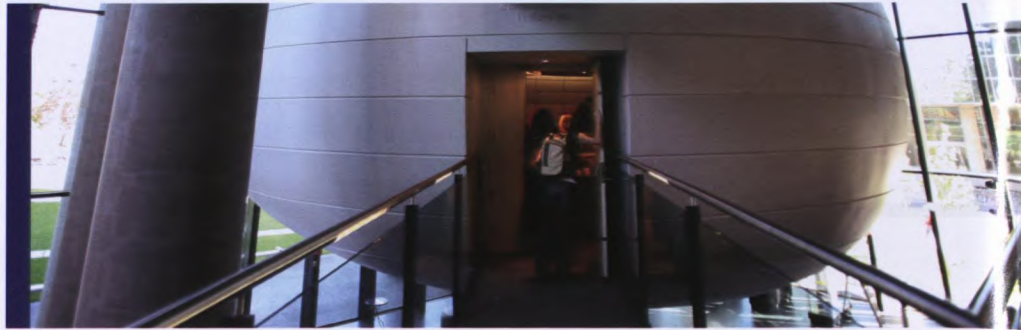
In 2008, **Sanofi Pasteur Limited**, the vaccines division of France's **Sanofi-Aventis Group**, invested \$100 million to expand its vaccine R&D facility in Toronto. This facility is the company's only R&D centre outside of France.

Central Nervous System (CNS)

British Columbia is an important centre for multiple sclerosis (MS) clinical trials and home to a province-wide tertiary MS clinic, the second-largest in North America, with over 4,500 registered patients. Vancouver, British Columbia is the fastest-growing biotech cluster in Canada and is home to several industry leaders such as **QLT Inc.**, **Angiotech Pharmaceuticals, Inc.** and **Cardiome Pharma Corp.** Metro Vancouver-based **Xenon Pharmaceuticals Inc.**, a clinical genetics-based drug discovery and development company, has established multi-million-dollar drug development deals with Merck & Co. Inc., Novartis AG, F. Hoffman-La Roche Ltd. and Takeda Pharmaceutical Company Limited.

In 2007, the Canadian division of Europe-based **AstraZeneca plc** invested \$10 million in expanding its pain control research centre in Montréal. This investment builds on the company's long-standing commitment to R&D in Quebec, a commitment that has translated into more than \$400 million for scientific research and development over the past ten years. The site now employs 125 scientists.

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.



Oncology

Canada is a leading global centre for oncology research. Across the country, various research institutes are collaborating with investors to develop cures for cancer. The **Ontario Institute for Cancer Research (OICR)** is a leading centre in Canada, occupying 55,000 square feet of space in the MaRS Centre in Toronto's Discovery District. The OICR houses the International Cancer Genome Consortium's (ICGC) Data Coordination Centre and hosts the ICGC's Secretariat. The participating research institutes around the world will sequence 500 samples each of the 50 most common types of cancer.

In 2008, Switzerland's **Hoffmann-La Roche Ltd.** invested \$191 million in Toronto-based **Arius Research**. Renamed **Pharma Research Toronto**, this division of Roche is a global leader in personalized cancer therapy and has more than 400 functional cytotoxic anti-cancer monoclonal antibodies in development for treating various cancers.

Contract Research

Canada ranks fourth worldwide in terms of its share of global clinical trials¹ and second among the G7 for cost efficacy.²

In 2009, U.S.-based **Charles River Laboratories International, Inc.** opened a \$140-million pre-clinical services facility in Sherbrooke, Quebec.

Also in 2009, **SGS Life Science Services**, of Switzerland's **SGS S.A.**, announced that it was tripling the size of its existing Toronto facility to meet growing demands for its R&D and quality control services.

Other Pharmaceutical Verticals

Canada has significant expertise in areas such as diabetes research, pain therapeutics, and vascular disease. In 2009, U.S.-based **Merck & Co., Inc.** signed an agreement with Vancouver's **Cardiome Pharma Corp.** worth potentially up to \$1 billion—the largest deal ever for a Canadian life sciences company. The deal was for the development and commercialization of an atrial fibrillation drug candidate. In the same year, Merck also established a \$184-million agreement with Vancouver's **Xenon Pharmaceuticals Inc.** for developing a new cardiovascular disease therapeutic.

Sandoz Canada Inc., a division of Swiss-based **Novartis AG**, opened its new head office in Quebec in 2009, following the construction of its new plant for manufacturing injectable pharmaceuticals. These facilities were created as part of the company's \$80 million investment program in the province.

Other major investors in Canada include: **Abbott Laboratories**, **Amgen Inc.**, **Bayer AG**, **Bristol-Myers Squibb**, **Johnson & Johnson**, and **Pfizer Inc.**

KEY VALUE-CHAIN STRENGTHS

- Drug discovery
- Clinical synthesis and formulation
- Clinical trials planning and management
- Drug manufacturing and packaging

KEY SEGMENT STRENGTHS

- Vaccines and immunotherapeutics
- Oncology therapeutics
- Central nervous system therapeutics
- Genomics and proteomics platforms
- Regenerative medicine and stem cell research
- Generic pharmaceuticals

¹ DFAIT. *Rx for Success in Biopharmaceuticals*. p. 1.

² KPMG. *Competitive Alternatives 2010*. Clinical trials sector profile. p. 40.

Medical Devices

Canada is an outstanding destination for medical device development and manufacturing, with strengths in medical imaging, in vitro diagnostics, health information technology and cardiovascular devices. The bedrock of this \$7.1-billion medical devices industry (2007) is leading-edge innovations in Canada's biotechnology, advanced materials, microelectronics, telecommunications, software, informatics and other associated sectors.

Among the G7 countries, Canada offers the lowest costs for establishing and operating a medical device manufacturing facility. Our homegrown successes in exporting our world-leading digital radiography systems, magnetic resonance imaging equipment, rapid diagnostic tests, e-health technology and other high-tech health solutions have put Canada on the map as a global leader in medical devices.

In Vitro Diagnostics

In 2010, Massachusetts-based **Inverness Medical** inked a \$255-million deal with Ottawa's **Epocal Inc.** to distribute their rapid point-of-care blood analysis platform. Another recent deal in the diagnostics space is an order for half a million HIV tests received by Halifax-based **Medmira Inc.**, one of the first and largest orders of rapid HIV diagnostics tests in the world.

Medical Imaging and Analysis

Ontario's Centre for Probe Development and Commercialization is the world's first facility that focuses on all areas related to molecular imaging probes, which provide non-invasive means of diagnosing diseases in their earliest stages.

Western Canada is a leading global centre in this vertical. Winnipeg-based **IMRIS Inc.** is a global leader in fully integrated intraoperative imaging systems, with its IMRISneuro product offering a unique surgical MR imaging solution, which provides near-real-time, high-field MR images in combination with an integrated data management and display system. The award-winning firm **Imaging Dynamics Company Ltd.** in Calgary is a worldwide leader in digital radiography (DR), with its imaging system used in nearly 40 countries worldwide. Its state-of-the-art patented DR technology not only provides high-resolution X-ray images, but does so with a much lower radiation dose than that used in conventional radiography or other available DR technologies.

In 2009, Belgium's **Agfa Healthcare** of the **Agfa-Gevaert Group** invested \$200 million to support the growth of two

R&D centres in Ontario, to meet the company's growing need for IT-enabled workflow and diagnostic imaging solutions.

Other Medical Devices

In 2009, the American multinational **Baxter International Inc.** entered into a \$25-million licencing agreement that gave it rights to Vancouver-based **Angiotech's** new synthetic sealing agent for surgical use.

In 2009, Dallas-based **Kimberly-Clark Corporation** acquired **Baylis Medical Company's** pain management business in Montréal, which includes a number of innovative, minimally-invasive radio-frequency pain management products.

In 2008, **Roche Diagnostics** of Swiss-based **Hoffmann-La Roche Ltd.** entered into an agreement that gave it rights to market Vancouver-based **Response Biomedical's** cardiovascular point-of-care diagnostic tests worldwide.

In 2008, Minneapolis-based **Medtronic Inc.** acquired Montréal's **CryoCath**, the world leader in cryotherapy products to treat cardiac arrhythmias, in a \$400-million deal.

In 2007, the Canadian subsidiary of Danish-based **Widex**, one of the world's leading producers of digital hearing aids, invested over \$5 million to expand its Ontario manufacturing facilities.

Other major investors in the medical devices sector in Canada include: **Abbott Laboratories**, **General Electric Company**, **Johnson & Johnson Services Inc.**, **Koninklijke Philips Electronics N.V.**, **Siemens AG**, **Smith & Nephew** and **St. Jude Medical Inc.**

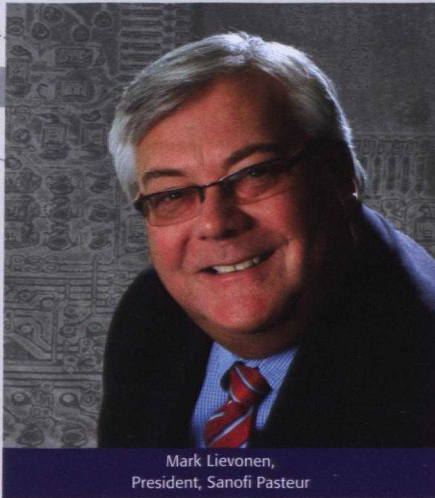
KEY VALUE-CHAIN STRENGTHS

- Product development and design
- Production and manufacturing
- Engineering services
- Software development
- Supply and distribution

KEY SEGMENT STRENGTHS

- In vitro diagnostics
- Medical imaging and analysis
- Health information technology
- Nuclear medicine
- Surgical and implant devices
- Advanced materials and nanotechnology
- Cardiovascular devices

Global Leader in Human Vaccines Expands Canadian Facilities



Mark Lievonen,
President, Sanofi Pasteur

WITH A GOAL TO ACCELERATE THE DEVELOPMENT of its disease-fighting vaccines, Sanofi Pasteur, the world's largest manufacturer of human vaccines, recently completed construction of a \$101-million research and development facility in Toronto. The state-of-the-art facility is further evidence of Canada's continued development of leading research enterprises in the biopharmaceuticals sector.

The R&D expansion—a major investment for the company—had strong support from the Ontario government: up to \$13.9 million through the province's Biopharmaceutical Investment Program.

Mark Lievonen, President of Sanofi Pasteur in Canada, says the company's relationship with the government strengthens its operations. "Ontario's support has been a tremendous asset—it reinforces the importance of our work and contributes to our success. We look forward to continued partnerships in the future."

Sanofi Pasteur is the vaccines division of French pharmaceutical giant Sanofi-Aventis Group, and the largest company in the world devoted entirely to human vaccines. In 2009, the company distributed more than 1.6 billion doses of vaccine globally, for the immunization of more than 500 million people. Sanofi Pasteur's broad range of vaccines provides protection against 20 infectious diseases. In addition to Toronto, the organization has sites around the world, including two in France and one in the U.S.

Canada a perfect fit for Sanofi Pasteur

Canada has proven to be an ideal location for the company. Founded in 1914, the company was known through much of its history as Connaught Laboratories. Originally part of the University of Toronto, the Laboratories played a significant role in the large-scale production of insulin, and of polio and diphtheria vaccines in the early 20th century. The organization also made major contributions to the development of vaccines for smallpox and pertussis. The site was recently designated Sanofi Pasteur's North American centre of excellence for biopharmaceutical vaccine development.

Vaccination with combination vaccines during early childhood has been the cornerstone of both Canada's immunization program and Sanofi Pasteur's leadership role and success. One of the premier products out of the newly expanded Toronto site is the acellular pertussis combination vaccine Pediacel®. The single-shot combination vaccine protects children against diphtheria, tetanus, pertussis (whooping cough), Haemophilus influenzae type B and polio. When its predecessor vaccine, Pentacel®, was licenced and introduced by Sanofi Pasteur in 1997, it provided a better level of protection against pertussis than did prior vaccines, and fewer adverse reactions. The Pentacel vaccine is licenced for use in nine countries outside Canada, including the U.S., Argentina and Australia.


Sanofi Pasteur is the world's largest producer of influenza vaccines, and provided over 170 million doses in 2008, most of them manufactured by the company's U.S. facility. Last year, Sanofi Pasteur's Toronto facility played an important role by packaging and labeling flu vaccine syringes.

Sanofi Pasteur's 1,100 employees work at the Connaught site in Toronto, which is one of several biopharmaceutical manufacturing clusters in Canada. The area is rich in hospitals and universities, and attracts a well-educated and diverse workforce.

"Canada has provided an ideal home for us to expand our business," notes Mr. Lievonen. "In doing so, it has supported our innovations to help prevent disease and save lives."

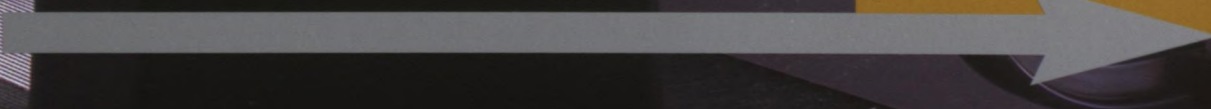
Sanofi Pasteur invests approximately \$100 million in R&D annually in Canada. With 18 vaccines currently in development or submitted for approvals, research targets include new vaccines for the prevention and treatment of diseases such as dengue fever and Clostridium difficile (known as C. difficile, one of the most common causes of hospital-acquired infection).

Sanofi Pasteur is a great example of how international investment helps drive innovation and profitability in Canada's biopharmaceuticals industry.



*Welcome to
World-class Service*

Services



Business Services

Canada's large and sophisticated services sector caters to numerous business needs, from engineering and IT outsourcing to banking and asset management. Drawing on a well-educated and multi-cultural workforce, Canadian business and financial services firms are globally significant and innovative. In Canada, investors will also find the world's soundest banking system and competitive labour and tax environments—factors crucial to profitability in this sector.

WW



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.

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. In a 2009 assessment, eight Canadian cities placed among the Top 20 internationally for overall competitiveness of their business services sectors, according to IBM *Plant Location International*. Toronto and Montréal placed first and second, respectively, in that ranking.¹

According to A.T. Kearney's 2009 *Global Services Location Index (GSLI)*, Canada is ranked second to only 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.² In this ranking, Canada outstrips the United States for its financial attractiveness and business environment score.

Investors in Canada's business services sector include **Accenture plc**, **Aditya Birla Minacs**, **Capgemini**, **CGI**, **Convergys Corp.**, **EDS**, **Infosys**, **Keane**, **SAP AG**, **Tata Consultancy Services** and **Wipro**, among many other BPO firms. **American Express Co.**, **Exxon Mobil Corp.** and **Morgan Stanley** are just some examples of investors that have established Canadian

back office operations to serve their global business needs.

Canada's business service clusters—including Calgary, Charlottetown, Fredericton, Halifax, Montréal, Toronto, and Vancouver—are diverse, dynamic, and home to the world's top business services firms.

Engineering Services

The world's third-largest exporter of engineering services, Canada is especially strong in services related to resource extraction, energy, telecommunications, and infrastructure engineering. Combined, its engineering services firms employ some 85,000 workers and generate more than \$13 billion in annual revenues. One-quarter of Canadian engineering companies are located in Calgary, where they serve the province's booming oil and gas industry.

In the last two years, global leaders in this segment have made forays into the dynamic Canadian market. **AMEC plc**, **Rockwell Automation Inc.**, **Carillion plc**, and **HDR** all acquired strategic Canadian assets to enhance their position in the Canadian marketplace—serving a wide range of industries including transportation, construction, oil and gas, and automotive.

¹ IBM. *Plant Location International*. 2009. Rankings based on relative quality scores associated with managing human resource operations from a particular location.

² A.T. Kearney *Global Services Location Index*™, 2009.

³ Everest Research Institute. *Global Trends in BPO*. December 2008.

Canada ranks #3 among OECD countries for its attractiveness as a global nearshoring/outsourcing destination

Rank	Country	Financial Attractiveness	People Skills and Availability	Business Environment	Total Score
1	Mexico	2.48	1.50	1.45	5.43
2	United States	0.47	2.71	2.15	5.33
3	Canada	0.54	2.10	2.38	5.02
4	United Kingdom	0.43	2.13	2.39	4.94
5	Czech Republic	1.74	1.14	2.07	4.94
6	Germany	0.42	2.10	2.40	4.91
7	Hungary	1.95	1.01	1.92	4.88
8	Poland	1.82	1.22	1.73	4.77
9	Slovakia	2.05	0.94	1.75	4.73
10	France	0.40	2.03	2.29	4.72

THE 2009 A.T. KEARNEY GLOBAL SERVICES LOCATION INDEX™, OECD MARKETS

Notes: (1) Rankings of OECD Member Countries among the 50 top nearshoring/outsourcing destinations.

(2) The weight distribution for the three categories is 40:30:30. Financial attractiveness is rated on a scale of 0 to 4, and the categories for people skills and availability, and business environment are on a scale of 0 to 3.

Source: A.T. Kearney

Nearshoring

For U.S. companies seeking a stable, secure environment and overseas firms looking for a foothold in North America that is cost-effective, Canada is the location of choice for nearshoring high-end, risk-sensitive operations.

Canada has significant brand equity among global BPO, ITO and KPO investors. Canada offers a combination of skills, innovation, proximity to the large U.S. market, cultural similarities and the availability of a multi lingual workforce. As labour arbitrage declines and the total cost of engagement escalates in places like India, the Philippines and Latin America, English-speaking countries such as Canada—with multilingual capabilities, zero-risk environments and superior infrastructure—will continue to attract investment from global nearshore/off-shore enterprises.

In its 2009 GSLI, A.T. Kearney ranked Canada #4 for its business environment, ahead of the U.S., Mexico, the Philippines and Costa Rica. And for people skills and availability, Canada ranks fifth, ahead of Mexico, the Philippines, Costa Rica and Singapore. As a result of these rankings, Canada was the second-largest market for BPO services in 2008,³ significantly ahead of the Philippines, Mexico, Ireland and China. And as U.S. multinationals repatriate outsourced and captive services,

Canada is an even more attractive lower-cost alternative. Canada's nearshore/off-shore industry has US\$14 billion in annual revenues, and represents 30% of the U.S. market for nearshore and offshore services.

In 2009, Illinois-based **Virtual-Agent Services** announced that it was opening a call centre with up to 50 staff in Central Bedeque, Prince Edward Island. In the same year, Colorado-based BPO firm **TeleTech Holdings Inc.** announced that it was hiring 120 employees at its Amherst, Nova Scotia, office.

Transportation and Warehousing

Canada is considered a North American centre for logistics and supply chain management services. The third-party logistics industry has been growing by between 10% and 15% each year in Canada. Several major logistics and supply chain management services firms have located their operations in Canada, to take advantage of its proximity to the United States, Europe and Asia; its world-class transportation infrastructure, including roads, railways and airports; and its low business taxes.

In 2009, **UPS Canada** invested \$72 million in an expansion that doubled the capacity of its distribution centre in Concord, Ontario. And in 2010, it opened a new distribution centre at Calgary International Airport.

KEY VALUE-CHAIN STRENGTHS

- Complex transaction processing
- Human resource management processing
- Finance and accounts processing
- Claims processing
- Technical support

KEY SEGMENT STRENGTHS

- Engineering services
- Management and technical services
- Accounting and legal services
- Computer system design and programming services
- Creative services in architecture, graphic design, multimedia services, marketing and advertising
- 3PL, 4PL services

Financial Services

Canada is a global leader in financial services, employing more than 1.1 million Canadians across the country. The cornerstone of this \$247-billion sector's success is its banking system—ranked the soundest in the world by the World Economic Forum two years in a row.

Foreign investors interested in establishing operations in Canada can expect a deep pool of financial services expertise across the country, competitive cost structures to set up specialized operation, and a large domestic market for their services in Canada.

HOME TO FOUR OF NORTH AMERICA'S ten largest banks, Canada offers investors three globally competitive financial centres, in Toronto, Montréal and Vancouver. As many of the world's largest banks, insurers, equity funds and investment dealers know, Canada delivers exceptional value to them.

One major advantage for investors in the financial services sector is Canada's proximity to the U.S. and its strategic location between Europe and Asia. In 2009, six Canadian cities finished among the Top 20 internationally for overall competitiveness of their financial services sectors, according to IBM *Plant Location International*.¹ And in 2009, Toronto, Vancouver and Montréal placed third, seventh and eighth in North America, respectively, in the *Global Financial Centres Index (GFCI)*.²

Canada offers a wide range of niche financial services clusters across the country, in centres such as Calgary, Charlottetown, Halifax, Québec City, Waterloo, and Winnipeg. And when it comes to labour supply, Canada has well-qualified financial professionals—12,000 Certified Financial Analysts (CFAs), 17,000 Certified Financial Planners (CFPs), and 74,000 Chartered Accountants (CAs). In 2008, there were more than 4,100 students enrolled in full-time MBA programs at 34 Canadian universities.

In addition to the above advantages, Canada offers large financial services markets in key verticals:

- Canada has the fifth-largest investment fund asset base in the G7. In the third quarter of 2009, US\$544.8 billion in assets were under management in Canada, above both Germany and Italy.³ The strength of the investment fund industry in Canada is driven by very favourable tax treatments offered to Canadians investing in registered savings plans.
- Canada's insurance markets were the ninth-largest in the world in 2008, with premium volumes standing at US\$105.2 billion, according to reinsurer Swiss Re.⁴ Canada's mature and well-regulated insurance industry is home to some of the world's largest insurers, such as **Manulife Financial** and **Sun Life Financial**.
- Canada offers investors a large private wealth management market. According to the *World Wealth Report 2009* produced by Capgemini and Merrill Lynch Wealth Management, Canada ranked seventh in the world for the number of individuals with investable assets of US\$1 million or more. With 213,000 high-net-worth individuals in 2008, Canada had more wealthy individuals per capita than France, the United Kingdom or Italy.

Banking

Safest, soundest, strongest. Renowned for their stability during the global economic crisis, Canada's Big Eight banks posted a combined net income of \$14.56 billion for the year ended October 31, 2009.⁵ Strong balance sheets have helped Canadian banks earn bragging rights such as six of the world's 50 safest banks, according to *Global Finance* magazine.

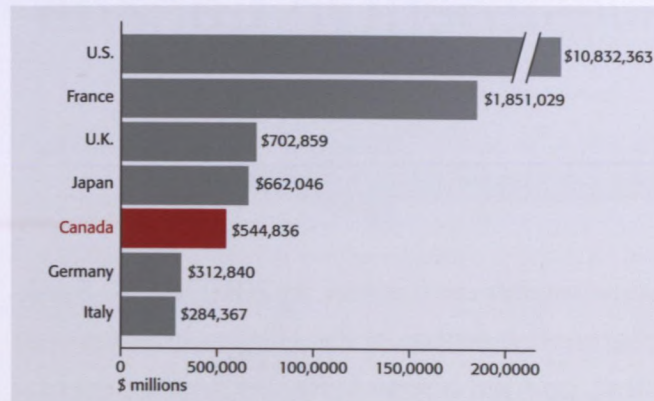
Many leading international banks have Canadian subsidiaries. Among them are the **Bank of East Asia**, **Barclays plc**, **BNP Paribas**, **BNY Mellon**, **Citigroup**, **Citico**, **Deutsche Bank**, **Mitsubishi UFJ**, **Morgan Stanley**, **Rabobank**, **Société Générale**, **State Bank of India** and **UBS**.

In 2010, the **Royal Bank of Scotland (RBS)** announced that it would open a Calgary office for wealth management and investment banking advisory services. **Barclays plc**—which already operates in Canada through **Barclays Capital**—obtained its Canadian banking licence. And a third British bank, London-based **HSBC Group**, chose Canada as the site of its new global software development centre. Located in Burnaby, British Columbia, this facility will house 850 employees.

Asset Management

With its financial services expertise and affluent population, Canada is a natural fit for global asset managers. In 2009,

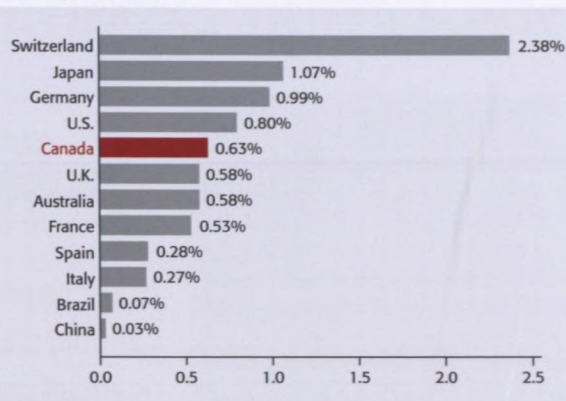
Canada ranks #5 in the G7 on the size of its investment fund industry



INVESTMENT FUND TOTAL NET ASSETS IN U.S. DOLLARS IN THE G7, Q3 2009

Source: National Mutual Fund Association; European Fund and Asset Management Association.

Canada has more high-net-worth individuals per capita than Brazil, China, France, Italy or the U.K.



HIGH-NET-WORTH INDIVIDUALS PER CAPITA, 2008

Note: High-net-worth individuals (HNWIs) are defined as those having investable assets of US\$1 million or more, excluding primary residence, collectibles, and consumer durables.

Source: Cappemini/Merrill Lynch Wealth Management, *World Wealth Report 2009*.

Luxembourg's **Dexia Asset Management** entered the country by establishing a Toronto office. **Fidelity Investments Canada** moved its "Team Canada"—which manages Boston-based **Fidelity Investments'** Canadian mutual funds—back home to new offices in Montréal and Toronto. And **MacQuarie Capital** has made a strong commitment to its operations in Canada by establishing a stock brokerage and mutual funds business line in Canada.

Insurance

Canada is a base of operations for many foreign insurance providers covering the North American market, including **Aetna**, **Allianz SE**, **Hartford Life**, **ING Group**, **Liberty Mutual Insurance Co.**, **Prudential Assurance**, **Standard Life**, and **Swiss Re**.

In 2009, Bermuda-based insurer **Ironshore Inc.** established a Canadian presence by opening a Toronto office. So did boutique surety broker **Rosenberg & Parker Inc.**—making Toronto the first location outside its hometown of Philadelphia. And Bermuda's **Flagstone Reinsurance Holdings** announced that it would expand its operations in Halifax. Flagstone will apply a payroll rebate from the Nova Scotia government to as many as 80 new jobs.

Alternative Investments

To complement its domestic hedge fund and private equity firms, Canada is welcoming a growing number of foreign players. In 2009, California-based private equity firm **Bridgescale Partners** opened its first Canadian office, in Toronto. In 2010, French financial solutions company **eFront**, whose expertise includes alternative investments and risk management, did the same by expanding into Montréal.

Fund Administration

Canada's financial services talent pool, stable regulatory environment, and strategic location make it an attractive nearshoring and offshoring destination for firms such as **Citco Group**, the world's biggest fund administrator. In 2009, **Citco Bank Nederland N.V.** opened its **Citco Bank Canada** subsidiary in Toronto. In 2009 as well, Cayman Islands-based fund administrator **Maples Finance** opened a Montréal branch to serve the North American market.

¹ IBM. *Plant Location International*. 2009. Rankings based on relative quality scores associated with processing of transactions and provision of custody services for the financial services sector.

² Z/Yen Group. Index developed for the City of London. *Global Financial Centres Index 2009*.

³ Investment Company Institute. *Worldwide Mutual Fund Assets and Flows, Third Quarter 2009*.

⁴ Swiss Re. Sigma N° 3/2009. *World Insurance in 2008*.

⁵ Canadian Bankers Association. *Database of Domestic Banks' Financial Results*. Fiscal year-end 2009.

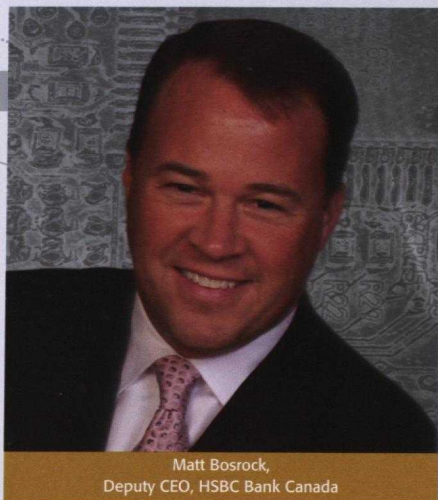
KEY VALUE-CHAIN STRENGTHS

- **Front office:**
Capital markets trading, foreign exchange trading, derivatives trading
- **Middle office:**
Compliance, accounting, credit risk analysis, procurement
- **Back office:**
Processing and settlement, call centres
Financial services IT
Procurement, testing, software development
- **Strategic management:**
Policy development, brand management, regulatory oversight

KEY SEGMENT STRENGTHS

- Banks, credit unions and caisses populaires
- Insurance
- Wealth management
- Securities brokerage
- Pension fund management
- Financing and leasing
- Mutual fund and hedge fund administration
- Credit intermediation

HSBC Group Expands Investment in Canada



Matt Bosrock,
Deputy CEO, HSBC Bank Canada

HSBC GROUP REMAINS BULLISH ON CANADA. In 2010, HSBC Bank Canada, a locally chartered member of the leading international financial services firm, opened a new software development facility in Burnaby, a suburb of Vancouver. Built to LEED® platinum standards, the \$47-million facility will house more than 850 employees devoted to the development of software for HSBC's global operations.

The decision to locate the centre in Burnaby supports the company's business strategy, says Matt Bosrock, Deputy CEO of HSBC Bank Canada. "Canada is an ideal environment for us," he says. "International trade is central to our business model and Canada plays an increasingly large role in world trade—it is a leading supplier of raw materials to emerging economies. HSBC Group continues to seek and develop opportunities in emerging economies, so expanding our presence in Canada makes perfect business sense."

The nature of Canada's financial regime was another important factor in HSBC's decision. Banks in Canada abide by regulations on lending and capital requirements. "Canada's conservative approach complements HSBC's banking philosophy," says Matt Bosrock. "We're risk-averse with depositors' money."

Canada's mature financial sector

These and other factors help propel the growth of Canada's financial sector. Four Canadian banks now rank among the top ten in North America by assets, according to data compiled by Bloomberg in 2009. During the credit crisis of 2007-2008, Canadian banks remained profitable. Other advantages, such as geographic and cultural proximity to the United States, and an exceptionally high quality of life, help make Canada one of the world's top suppliers of business-process outsourcing services. Canada was named the top country for foreign workers in a survey of more than 3,000 HSBC Group employees around the world. The country is also a rich source of talent: In 2009, five of Canada's MBA programs appeared in the Financial Times Top 100 ranking.

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

International trade drives HSBC's success

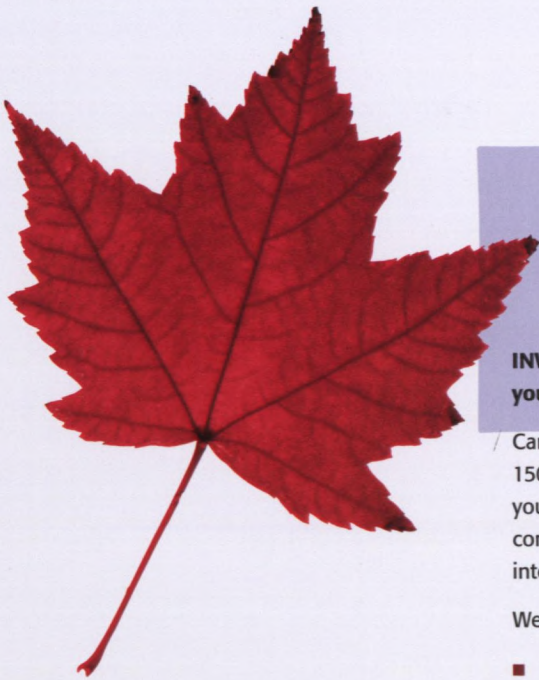
The roots of HSBC Group can be traced back to the Hongkong and Shanghai Banking Corporation Limited, founded in 1865 to help finance the growing trade between Europe, India and China. Today, HSBC Group has grown into one of the world's largest banking and financial services organizations, with a network of more than 8,000 offices in 86 countries and territories. In 2008, the company posted revenues of more than \$137 billion, on assets of more than \$2.6 trillion.

"This global presence is a key competitive differentiator for us," says Matt Bosrock. "HSBC Group has grown into a dominant international bank, by ensuring that our earnings and assets are distributed evenly around the world. Our presence in Canada reflects the country's economic rise."

The company founded HSBC Bank Canada in 1981, and its choice of Vancouver for the head office reflected a focus on the economies of the Pacific Rim. Since then, HSBC Bank Canada has grown and diversified steadily, and is now the country's largest internationally-owned full-service bank. The company's network of 270 offices across Canada provides a wide range of financial services: from consumer and commercial banking to securities, asset management and investment services. With more than 8,400 employees and 2009 assets of \$71 billion, HSBC Bank Canada is the country's seventh-largest bank.

Services You Can Count On

Whether you are considering establishing your own Canadian operation, working with a Canadian partner or gaining a Canadian base for access to North American markets, Canada will take care of your business.



INVEST IN CANADA and the provincial and territorial governments partner to provide you with the right support for your Canadian investment project.

Canada has a global network of investment and trade professionals, present in more than 150 cities worldwide, to assist you in making Canada your next investment destination. Once you have contacted our investment and trade professionals, you can count on excellent and confidential service. Canada's investment professionals will provide you with strategic intelligence and put you in touch with the right decision-makers in Canada.

We offer the following services to our clients:

- Strategic market intelligence on your specific sector;
- Pathfinding for key government contacts engaged in supporting investment in Canada;
- Referrals to investment support professionals, such as lenders, lawyers, accounting firms and information specialists, and private-sector industry associations;
- Facilitation of site visits to support you in the identification of a strategic location;
- Information and advice on how to set up a business in Canada, taxation, Canada's advantageous R&D tax credit system, regulations and financial and non-financial government programs specific to your sector;
- Assistance in developing a business case for your next investment decision.

Contact the Canadian Embassy, High Commission or Consulate nearest you, or visit our website at: www.investincanada.com/globalnetwork

You can also contact us at:

FOREIGN AFFAIRS AND INTERNATIONAL TRADE CANADA

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Email: investincanada1@international.gc.ca

Website: www.investincanada.com

The following list outlines provincial and territorial investment promotional organizations throughout Canada.

Services You Can Count On

ALBERTA

Alberta Employment, Immigration
& Industry
www.alberta-canada.com

BRITISH COLUMBIA

Invest British Columbia
www.investbc.com

MANITOBA

Invest in Manitoba
www.gov.mb.ca

NEW BRUNSWICK

Business New Brunswick
www.gnb.ca

NEWFOUNDLAND AND LABRADOR

Department of Business
www.nlbusiness.ca
www.business.gov.nl.ca

NORTHWEST TERRITORIES

Department of Industry, Tourism
and Investment
www.iti.gov.nt.ca
www.lookupnorth.ca

NOVA SCOTIA

Nova Scotia Business Inc.
Nova Scotia Economic Development
www.gov.ns.ca
www.novascotiabusiness.com

NUNAVUT

Canada-Nunavut Business Service
Centre,
Community Economic Development
Division
www.edt.gov.nu.ca
www.lookupnorth.ca

ONTARIO

Ministry of Economic Development
and Trade
www.investinontario.com

PRINCE EDWARD ISLAND

Invest PEI,
Prince Edward Island Business
Development
www.investpei.com
www.peibusinessdevelopment.com

QUEBEC

Invest Quebec,
Department of Economic
Development, Innovation
and Export Trade
www.investquebec.com
www.mdeie.gouv.qc.ca

SASKATCHEWAN

Investment Saskatchewan
www.investsask.com

YUKON

Invest Yukon, Department of
Economic Development
www.investyukon.com
www.lookupnorth.ca



Invest in Canada

KEY FACTS ON CANADA

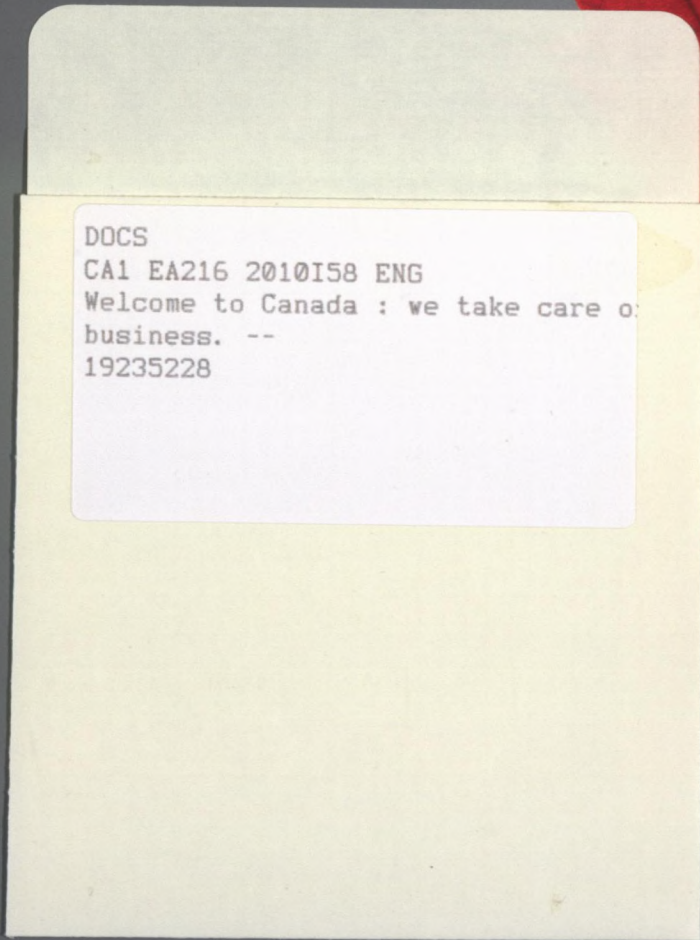
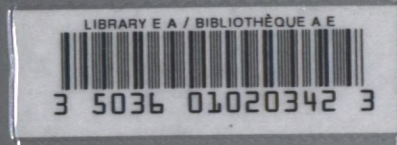
Population (2009):	33.7 million
GDP (2009):	\$1,527.7 billion
GDP per capita (2009):	\$45,278
Exports of goods and services (2009):	\$436.3 billion
Imports of goods and services (2009):	\$463.2 billion
Consumer price inflation (2009):	0.3%
Total stock of FDI in Canada (2009):	\$549.4 billion

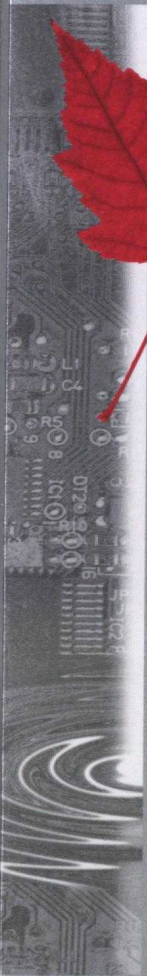


● Provincial or territorial capital ○ Major city ■ Nation's capital

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