

HG5152
.C35

IC

c. 1 aa

*Canada –
An Investment
Perspective*



Canada

This document provides an overview of Canada's business environment and investment opportunities. It is intended to inform companies who are considering Canada as a base from which to serve North American or world markets.

This publication has been prepared by Ernst & Young for Canada's Investment Development Program (IDP), and its participating departments: Investment Canada, External Affairs and International Trade Canada, and Industry, Science and Technology Canada.

All figures are quoted in Canadian dollars.

TABLE OF CONTENTS

CANADA - A GLOBAL LEADER	1
<i>- strong economic growth....investor confidence.....global growth industries</i>	
TEN DECISIVE FACTORS POINT TO ONE SOUND CONCLUSION	5
<i>- profitability....the world's richest market....competitive labour costs....skilled work force....healthy industrial relations....abundant raw materials....vast energy supplies....favourable occupancy costs....sophisticated infrastructure....world-class business services</i>	
SUPPORTIVE GOVERNMENT POLICIES	12
<i>- investment is welcomed....competitive tax regimes....minimal government intervention</i>	
FREE TRADE: UNIQUE OPPORTUNITIES FOR INTERNATIONAL INVESTORS	14
<i>- the Canada-U.S. Free Trade Agreement provides unrivalled access to the U.S. market, and many other benefits</i>	
A SAFE, SOPHISTICATED WAY OF LIFE	16
<i>- an enviable quality of life....varied cultural activities....universal health carequality education....unlimited outdoor recreation</i>	
THE CANADIAN EDGE	18
<i>- Canada represents an unparalleled opportunity for the international investor</i>	

INDUSTRY, SCIENCE AND
TECHNOLOGY CANADA
LIBRARY

AUG 15 1991
BF6L
BIBLIOTHÈQUE
INDUSTRIE, SCIENCES ET
TECHNOLOGIE CANADA



CANADA - A GLOBAL LEADER



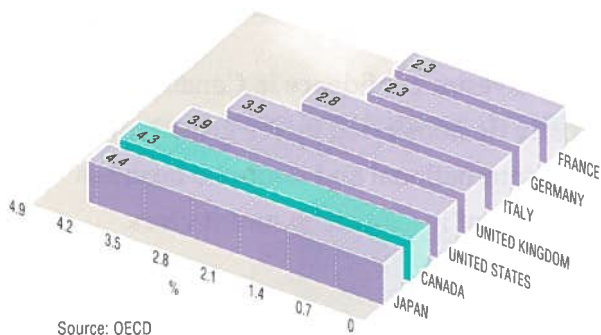
Canada has been enjoying a prolonged period of economic growth, business expansion and prosperity, as the following tables demonstrate. A winning combination of a well-educated labour force, competitive material costs and supportive government policies has fostered international confidence in Canada as a site for business investment.

ECONOMIC GROWTH

Canada enjoys one of the fastest growing free market economies in the industrialized world.

Rapid Real Economic Growth

Average Annual Compounded Growth in real GDP 1982-89



Source: OECD

Burgeoning domestic market

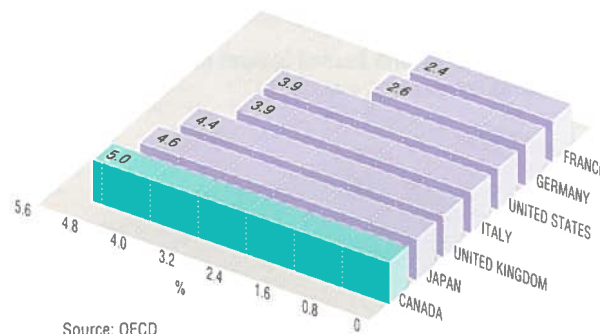
Canada's growing domestic market is an attraction to international investors. Canadian domestic demand for goods and services grew more rapidly than any other G-7 country over 1982-89.

Firms already active in the U.S. market will find a very similar group of consumers in Canada. Canadians are well aware of U.S. brand names and most Canadian consumer product markets feature the same brands that lead in American sales.

European and Asian firms find that the large population of relatively recent immigrants from their home countries offers a starting point for market penetration in North America.

Domestic Demand Growth Leads G-7

Average Annual Compounded Growth 1982-89



Source: OECD

"Canada is poised to become a pivot between the highly developed and well-established industrial order of the western world and the fast growing, new industrialized economies of the Pacific Rim. With its vast resources and progressive political outlook, Canada offers the international industrialist a sound and secure base for expansion and a stable economic platform on which new enterprises can grow and flourish."

— Kenneth J. Minton,
Chief Executive,
Laporte PLC (U.K.)

"When I decided to expand outside of Europe, Canada stood out as my choice. It has stable conditions, it is close to the United States market, and it has a European-style environment."

— Ulrich Saborowski,
Director,
MasterCam Technology Inc.
(Germany)

"I see significant growth on the Canadian west coast in the years to come. I see it emulating what has happened in the United States and becoming the Silicon Valley North West. We are becoming a significant force, and getting in on the ground floor. I am pleased with the number of good people we are attracting here."

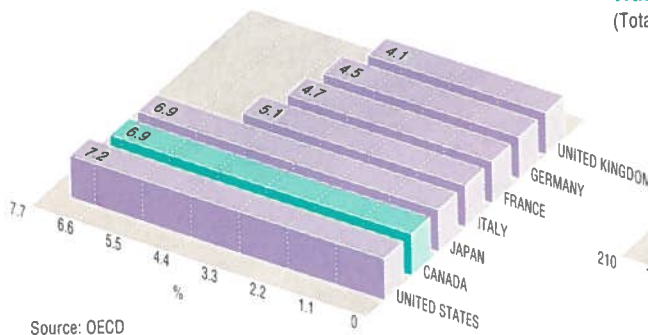
—Farad Azima,
President and CEO,
Mission Cyrus Corporation
(U.K.)

Robust export growth

Canada's success in world markets is reflected in its high rate of real export growth. Over one quarter of Canada's GDP is generated through exports. For well over a century, Canada's natural resources have given it a major share of global markets for minerals, grains, and other commodities. Today, however, Canada's sophisticated and quality-conscious manufacturing sector has made transportation equipment the leading export, followed by a growing volume of telecommunications equipment and machinery.

Canada is the United States' largest trading partner — surpassing such countries as Japan and Germany, with bilateral trade between Canada and the rich American market exceeding \$185 billion in 1988.

Canadian Export Growth Second Highest in G-7
Average Annual Compounded Growth 1982-89



Source: OECD

INVESTMENT GROWTH

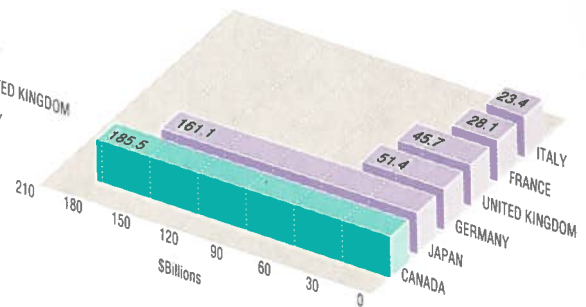
In 1986, a delegation of Japanese investors reported "The Discovery of a New Canada" ready to welcome international investment. Three years later, in October 1989, the President of the Mitsubishi Corporation, Shinroku Morohashi, led another high-level delegation. The delegation concluded:

"In our evaluation, it is clear that Canada extends a warm welcome to international investment and that it is challenging the world. We also saw the advantages of the Canadian investment climate... leading us to the conclusion that the potential for increased Japanese investment in Canada over the long term is high."

— excerpt from the Report of the Japanese Investment Study
Mission in Canada, March 1990

Investor confidence in Canada is clearly demonstrated by the growth in both international and domestic business investment in Canada in recent years.

Trade by G-7 Country with the U.S.
(Total Imports and Exports, 1988)



Source: IMF, Direction of Trade Statistics

Surging International Investment

The stock of foreign direct investment in Canada doubled in the 1980s. The growth in Japanese and European investment has been particularly strong.

Many of the world's largest corporations have major investments in Canada. All of the 10 largest U.S. industrial companies, as well as the majority of the top 50, have operations in Canada. Overseas investors include a growing number of international giants, such as Honda, Nissan, Mitsubishi and Toyota of Japan, Hyundai of Korea, Siemens of Germany, L'Air Liquide and Michelin of France, Dowty of the U.K., Philips of the Netherlands and Oerlikon Aerospace of Switzerland. All have launched major capital spending programs in Canada.

What's more, both the 1989 and 1990 World Competitiveness Reports of the Swiss-based World Economic Forum, based on both hard data and a survey of international business leaders, ranked Canada in the top 5 among 23 industrialized countries in its attractiveness as an investment location.

"Metallgesellschaft decided that Canada was one of the better places to run a public company due to its stability...We are constantly on the lookout here for new investment opportunities."

—Norman Hardie, Metall Mining Corp. (Subsidiary of Metallgesellschaft, Germany)

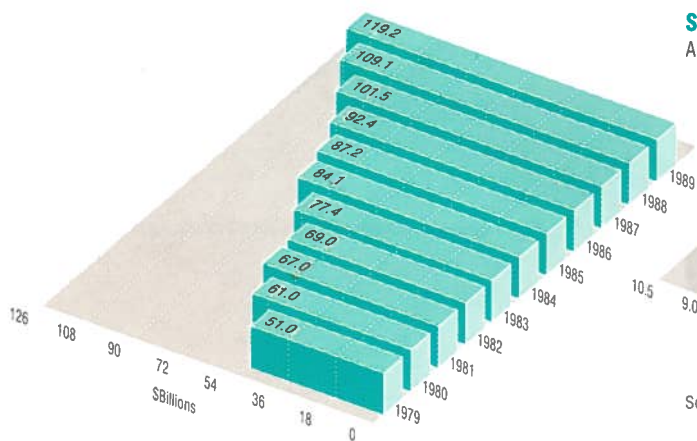
Strong Domestic Investment

Canada devotes more of its GDP to business investment than any other G-7 country except Japan, giving it an excellent base for further growth.

Another measure of Canada's dynamic economy is the growth of its real plant and equipment investment. Here too, it sustained one of the highest rates of growth of all G-7 countries from 1979 to 1989.

Rapidly Growing Foreign Direct Investment 1979-1989

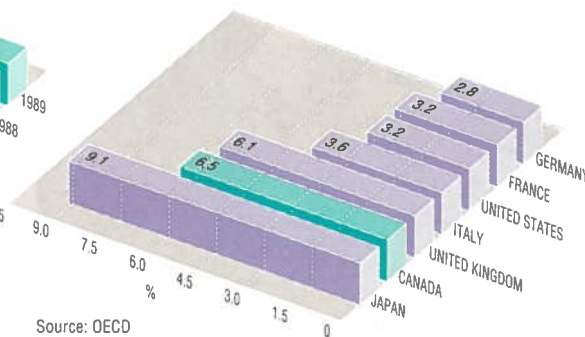
Stock of Foreign-Owned Assets in \$Billions



Source: Statistics Canada

Strong Growth in Real Plant and Equipment Investment

Annual Compounded Growth 1979-89



Source: OECD

"Investing in Canada in 1927 represented a bold move for Ferro at that time. However, with a business relationship now spanning over six decades, our Canadian company is an integral part of our global strategy, embracing operations in 22 countries serving markets in over 100 countries on six continents."

—Adolph Posnick,
Chairman and CEO,
Ferro Corporation (U.S.)

Investment in machinery and equipment contributes to productivity and competitiveness and has been increasing as a proportion of total business investment, from 51.2% in 1983 to 65.4% in 1989.

GLOBAL GROWTH INDUSTRIES

Many of tomorrow's leading industries are already significant contributors to Canada's economic growth. These include high technology industries such as telecommunications equipment, lasers, biotechnology, aerospace, and computer software. Other examples

include plastics, electrical equipment, chemicals, machinery and paper. Industries in the financial and communications services group represent a third area in which Canada is enjoying significant growth.

Strong Research Capabilities

Investors will find that Canada has much to offer in the way of research professionals and institutions. Canadian universities and scientists represent unique pools of talent that can contribute to new product development. Canadian-based companies are benefiting, for example, from university-business consortia in such areas as robotics, automated inventory control, computer-aided design (CAD), and pharmaceutical product development.



TEN DECISIVE FACTORS POINT TO ONE SOUND CONCLUSION



The following ten decisive factors demonstrate what Canada has to offer to the international investor:

1. PROFITABILITY

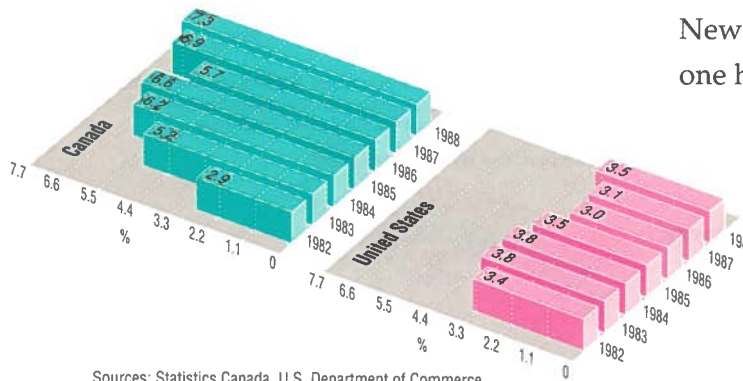
After-tax profits as a share of GDP in Canada have consistently outpaced those in the U.S., and the gap has been increasing.

Foreign-controlled manufacturing firms in Canada typically match or exceed the profitability of manufacturers in the United States.

According to *The Economist*, (Jan. 1990) Canada is also expected to lead all industrialized countries in corporate profit growth in 1990.

Canadian Corporations More Profitable

After-Tax Corporate Profits as a % of GDP 1982-1988



Sources: Statistics Canada, U.S. Department of Commerce

2. THE WORLD'S RICHEST MARKET

The Canada-U.S. Free Trade Agreement (FTA) joins the Canadian and U.S. markets into one market of 266 million consumers. Canadian-based companies enjoy the advantage of being within this vast industrial and consumer market.

More than 110 million consumers are within a day's drive of southern Ontario. Toronto, with a population of over 3 million, is situated nearly midway between New York City and Chicago, and about an hour's flight from either of them. Montreal is within a day's drive of Washington, D.C., New York and Boston. Vancouver is just 48 hours by truck from San Francisco and the dynamic California market. The Atlantic Region has ready access to the New England market, with Halifax only one hour by air from Boston.

"Proximity to a North American marketplace of 266 million people; ready and willing Canadian suppliers, and a well-trained work force all make Canada an ideal country for both domestic and export business"

— James Wilson,
President, Kao-Didak Limited
(majority-owned by
Kao Corporation, Japan)

"When we looked at potential sites in Canada and the United States we took all the boundaries off the map. The pin went in around St. Thomas (Canada)"

— John Mosier,
President,
Freightliner of Canada,
announcing plans to build a
new production facility to
employ 1,100 people (U.S.)

Access to North American Markets from Canadian Centres



“As an investment location, Canada offered us a qualified labour force and access to the North American market”

– Ron Wood,

V.P., Dieffenbacher

North America Inc. (Germany)

“We’re in a unique position here, in terms of raw materials, transportation and a good work-force. It all fits.”

– Bud Nurani,

President,

Novatex Canada Ltd.

3. COMPETITIVE LABOUR COSTS

Firms in Canada enjoy the benefits of a skilled, cost-effective labour force, which has proven itself to be adaptable to changing technologies and varied international management methods. In 1988, average wage and benefit costs in Canadian manufacturing were below those of the United States, France, Japan, and West Germany. Chrysler Corp. calculates that health costs account for \$819 of the cost of making a car in the U.S. The equivalent cost is just \$261 in Canada. (Robert Perkins, V.P., Chrysler Corp.)

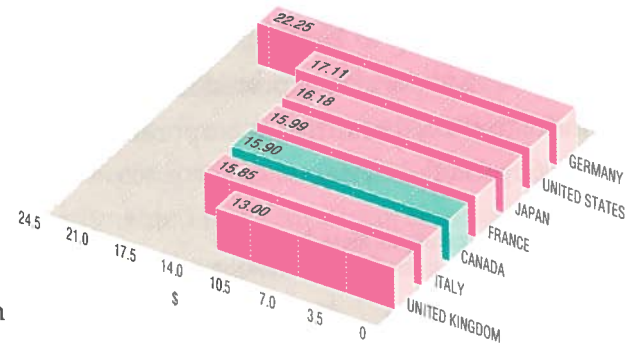
Professional and administrative costs in Canada compare favourably with other countries. While relative labour costs between countries tend to shift with exchange rate movements, Canada’s close manufacturing links with the U.S. ensure that market forces will continue to act to keep its wage rates competitive.

4. SKILLED LABOUR FORCE

Canada also offers the highly-skilled, educated work force demanded by today’s knowledge-based industries. Canada ranks closely behind the United States among G-7 countries in per capita post-secondary education enrollment, and well ahead of West Germany, Japan, France and the U.K. Reflecting the emphasis placed on schooling, public

Competitive Labour Costs in Manufacturing

Hourly Compensation Cost in Manufacturing Industries, 1988

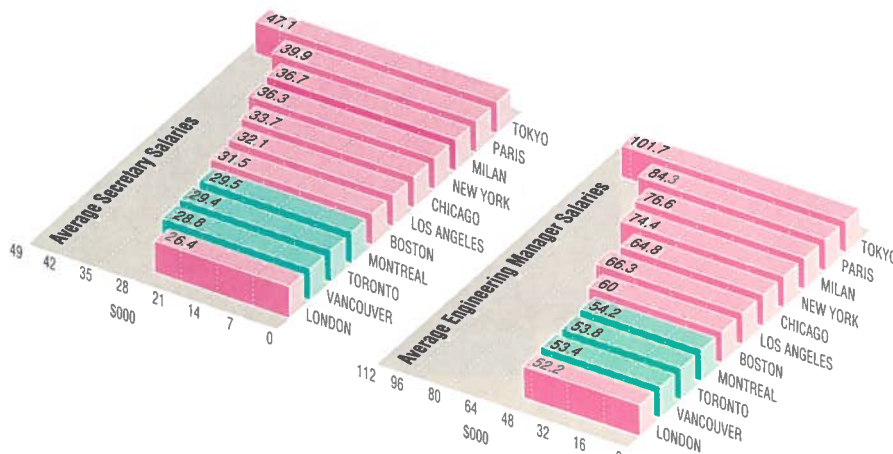


Note: Includes payments made directly to worker, pay for time worked and not worked, bonuses, special payments and the cost of payments made in kind, and employer contributions legally required, contractual and private benefit plans.

Source: US Department of Labour

Favourable Administrative and Professional Labour Costs

Salaries*, 1988



* Include base salary and social benefits

Sources: Hay Management Consultants and U.S., Ontario and Quebec governments

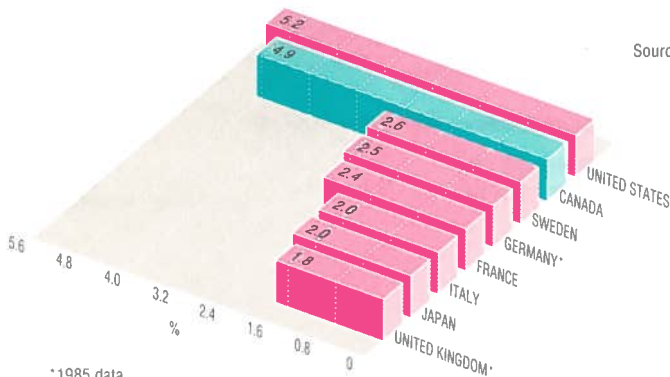
sector support for education in Canada exceeds all other G-7 countries as a share of GDP, according to UNESCO.

Canada's 67 universities annually produce more than 16,000 graduates in engineering and applied science, physical science and mathematics, while technical institutes provide 11,000 graduates annually in areas relating to electronics and telecommunications.

New federal government initiatives are further enhancing Canada's ability to train and re-train workers for tomorrow's growth industries. For example, under the Skill Investment Program, government assistance is provided in the form of wage subsidies and reimbursement of training costs for up to three years.

Highly Educated Work Force

% Enrollment in Post-Secondary Education, 1986



* 1985 data
Source: UNESCO

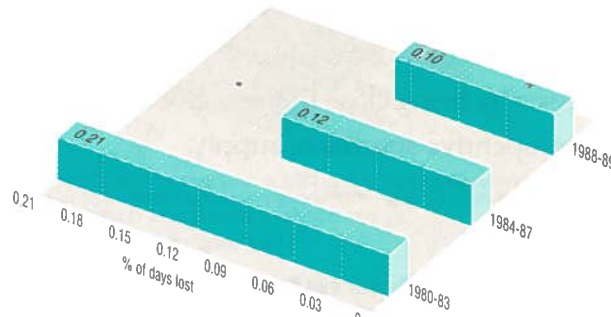
5. HEALTHY LABOUR RELATIONS

Two important trends bear out Canada's claim to one of the most productive labour-management environments in the G-7 countries: strikes are on the downturn, while employee share ownership plans are on the rise.

Major international firms have won many productivity improvements in their Canadian operations through workplace initiatives in labour-management relations.

Improving Labour Climate

% of Days Lost to Strikes



Source: Labour Canada; Bureau of Labour Information

"The refining and marketing operations of Ultramar Canada form a cornerstone of our Group. Canada has proven to be not only an excellent investment for Ultramar but also a fine proving-ground for management skills in oil exploration, refining and marketing, which help us to develop our business across the world."

*— John O.R. Darby,
Chairman, Ultramar PLC
(U.K.)*

"New Brunswick has abundant human and natural resources and good access to markets. We are front runners in particleboard and fibreboard technology. This combination makes an investment in New Brunswick very attractive."

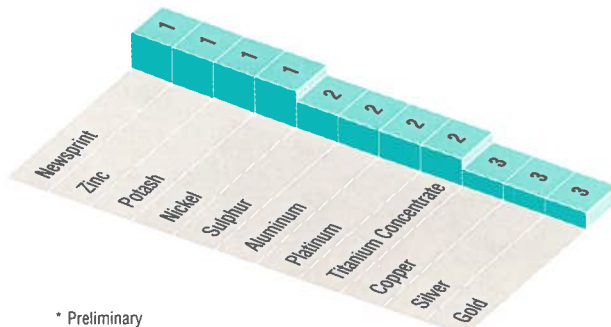
— Berndt Greten,
 President, Bison Werke,
 (Flakeboard Co. Ltd.)
 (Germany)

6. ABUNDANT RAW MATERIALS

Canada is renowned for its mineral reserves and productive agricultural land. These resources, and the cost-effectiveness of their extraction, enable Canada to be a leading exporter of key commodities in both raw and processed form. These include ferrous and non-ferrous metals, nickel, gold, zinc, copper, pulp and paper, lumber and potash, as well as agricultural products such as grains, oilseeds, beef and pork. As a result, the 1990 World Competitiveness Report ranked Canada second among 23 countries in terms of its natural endowments. Canadian-based processors and manufacturers can reduce transportation costs by being close to these globally-competitive sources of supply.

World Leader in Mineral and Commodity Production

Rank of Canada among Non-Centrally Planned Countries, 1987*



* Preliminary

Sources: Mining Annual Review, 1986 and 1988
 Canadian Pulp and Paper Association Reference Tables

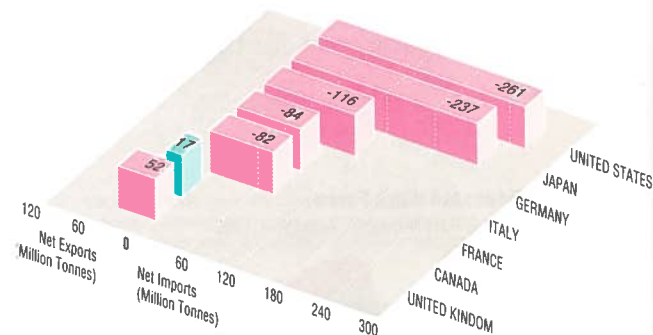
7. VAST, LOW-COST ENERGY SUPPLIES

Canada is blessed with huge deposits of oil and gas, coal and uranium, as well as virtually unlimited hydroelectric generating capacity. Canada is one of only two G-7 countries that are self-sufficient in oil supplies.

Canada's future energy needs will be supplied by a portfolio of options, including major hydroelectric projects, on- and off-shore oil and gas development, a variety of "alternative fuels", and additional nuclear plants using

Self-Sufficient in Oil

Net Trade in Oil, 1986



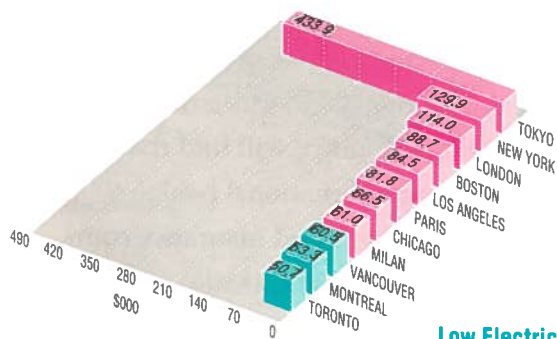
Source: BP Statistical Review of World Energy, 1987

Canada's highly-regarded CANDU technology. Canada remains a net energy exporter, so it is not surprising that international business leaders ranked Canada first in the supply of power to business in 1990, according to the World Economic Forum.

Industrial prices for natural gas and electricity are significantly lower in Canadian cities than in the U.S., Europe or Japan. The resulting benefits of Canada's energy abundance to industry are widespread. For example, low-cost hydroelectric power has enabled Canada to become a leading exporter of aluminum and aluminum products.

Low Natural Gas Cost

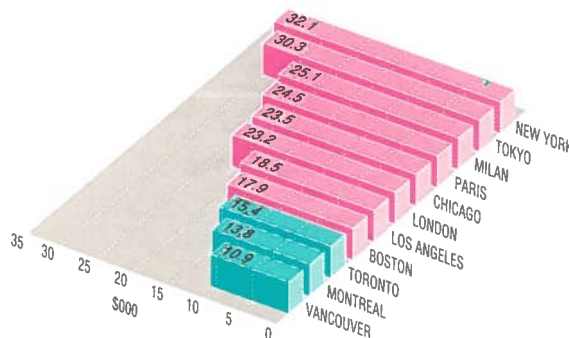
Natural Gas 1988 Cost (425,000 m³ per month)



Sources: Various Gas Utilities

Low Electricity Cost

Electricity 1988 Cost (200,000 kWh per month, demand 500 kW)



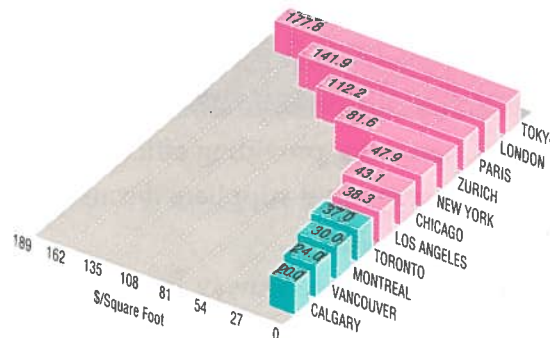
Sources: Various Electrical Utilities

8. ADVANTAGEOUS OCCUPANCY COSTS

Many Canadian cities have experienced a boom in commercial and industrial development in the past decade adding to Canada's facilities for manufacturing and head office locations. Canadian office rents and industrial land costs are generally lower than in comparable business centres in the U.S., Europe or Japan.

Moderate Office Rent

Average Cost of Office Space*, 1989



*Rents based on 1st class suites of 5,000 sq. ft. in prime location of principal cities and on modern schemes in excess of 20,000 sq. ft. with a good specification in the best location in provincial cities

Source: International Property Bulletin

"When Volvo decided to open a third car assembly plant in Nova Scotia, Canada, it found the same advantages offered 25 years ago still existed - the closest major, ice-free port to Sweden, good rail connections to speed finished cars to Canadian and U.S. markets, and an excellent workforce contributing to both high productivity and quality."

- Gunnar K.G. Jennegren,
VP Volvo Canada (Sweden)

9. SOPHISTICATED INFRASTRUCTURE

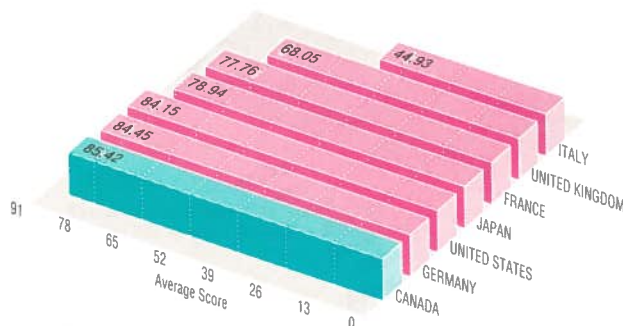
Canada received the highest rating for transportation, communications and power supply infrastructure among the G-7 countries in the 1990 survey of international business leaders by the World Economic Forum.

A comprehensive network of roads, ports, airports, and rail lines provides fast and cost-effective freight and passenger services. Recent deregulation has led to enhanced competition among alternative modes of transport. Rail, truck and air services are fully integrated into U.S. networks, providing efficient access to markets and suppliers throughout North America.

The St. Lawrence Seaway system is a major inland water route into North America's heartland, serving ports over 2200 km from the nearest coast. Canada's Atlantic and Pacific ports are major links to Europe and the Pacific Rim.

Effective Infrastructure in Place

Extent to which Infrastructure is Developed to Meet Needs of a Company Competing Internationally



Source: The World Competitiveness Report, 1990

The need to provide effective communications links from coast to coast and abroad led to Canada's emergence as a major telecommunications equipment exporter, and an international leader in satellite communications.

10. WORLD-CLASS BUSINESS SERVICES

Canada's service sector is enjoying rapid growth with real output of the "services to business" industries expanding by nearly 40% over 1982-88.

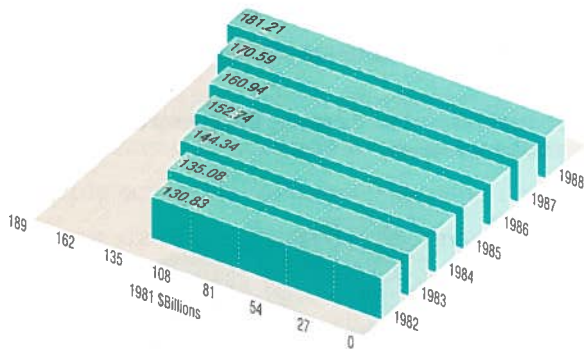
Canadian banks, which provide both lending and investment banking services, rank among the largest in North America, with international offices in the U.S., Europe and the Far East. Trust companies and other institutions provide additional financial services. International investors who prefer to deal with financial service firms based in their home country will find that many leading international banks, investment dealers and insurance companies have offices in Canada.

Stock exchanges in Toronto, Montreal and Vancouver provide many international firms with Canadian equity participation.

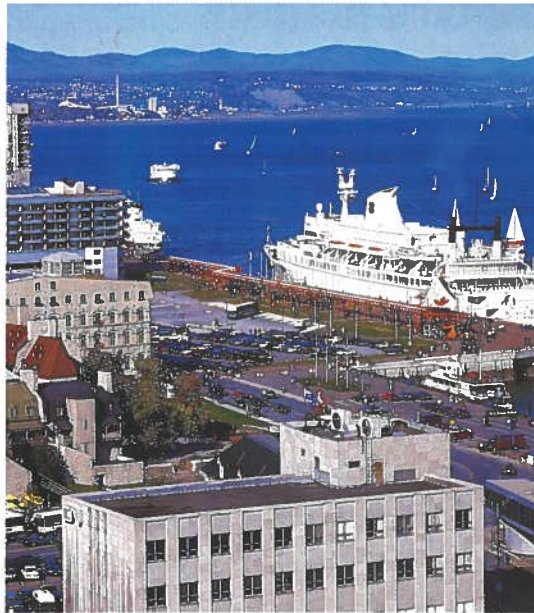
In the fields of engineering and architecture, Canadian firms are world-renowned for their expertise. Other top-quality professional services are available from globally active insurance, accounting, advertising, law and consulting firms.

Growing Business Services Sector

Real Business Services Output, 1982-88



Source: Statistics Canada



“With Canadian access to the United States market now secure, it is appropriate for us to begin manufacturing here. We established a successful manufacturing facility for tillage tools in Regina, Saskatchewan. Canada offers just the right infrastructure for us to expand our plant.”

*– Hans Gaastra,
President, Ralph McKay
(Canada) Ltd. (Australia)*

...Canada does indeed offer unparalleled advantages to the international investor



SUPPORTIVE GOVERNMENT POLICIES

“Canada Is Open for Business”

- Prime Minister

Brian Mulroney

speaking to the

Economic Club of New York

COMPETITIVE TAX REGIMES

All levels of government in Canada are sensitive to maintaining competitive corporate tax regimes with lower rates than those in the United States. Indeed, recent federal tax reform was designed to accomplish that objective.

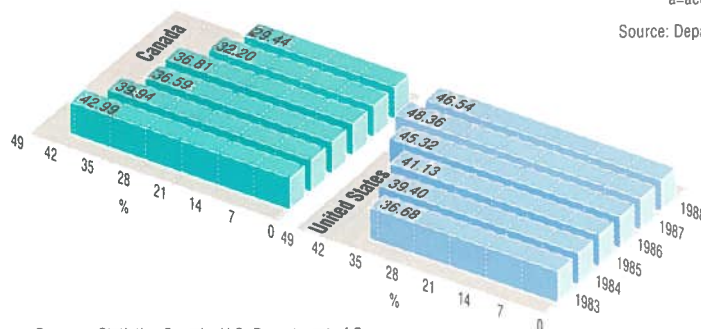
On January 1, 1991 a new 7% goods and services tax (GST) is scheduled to replace the 13.5% federal sales tax. The GST is a VAT-type multi-stage sales tax that will eliminate the tax on all business inputs. The GST will broaden the tax base and further increase Canada's competitiveness.

Canada's tax treatment of R&D conducted by large manufacturing corporations is the most favorable among the ten major industrial countries studied by The Conference Board of Canada.

The federal government has also demonstrated its commitment to holding down future tax rates by cutting its costs and reducing its annual deficit, thus lowering its borrowing requirements.

Lower Effective Corporate Taxes

Corporate Taxes as a Percentage of Pre-tax Profits



Sources: Statistics Canada, U.S. Department of Commerce

LESS GOVERNMENT INTERVENTION

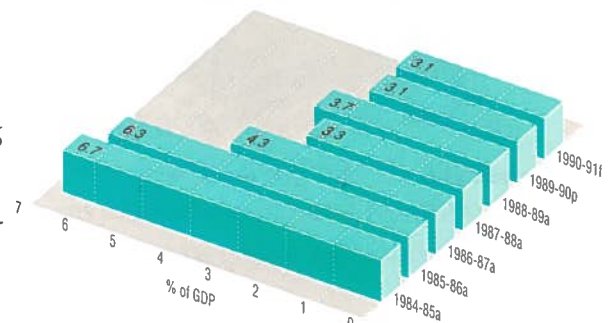
Deregulation and privatization are key elements of the government's market-based industrial strategy.

Regulatory reforms have improved efficiency in the resource, transportation, telecommunication and food and drug industries, and further reforms are planned to enhance competition and efficiency in the financial services sector.

As well, the federal government has stimulated free market forces by privatizing many government enterprises in the aerospace, transportation, satellite communications, fisheries, oil and gas and other sectors since 1984.

Federal Government Borrowing Requirements*

Financial Requirements



Notes: *Excluding foreign exchange transactions
a=actual, f=forecast, p=preliminary

Source: Department of Finance

ENCOURAGING INVESTMENT

Now, more than ever, Canada welcomes international investment, whether from a multinational enterprise looking to invest in a new facility, or an individual bringing capital and an entrepreneurial spirit.

Canadian governments support business investment through an extensive network of regional development programs and by providing counselling and information services as well as incentives for research and development, training and other business activities.

Investment Incentives Available

The Federal Government has a variety of programs which support business investment. In addition to programs that apply across Canada, investors should be aware of the following regional programs:

Western Economic Diversification Canada (WD) encourages economic development in Western Canada by acting as an advocate for Western interests. WD provides repayable financial assistance to projects involving new products, new markets, new technology, import replacements and improved industry – wide technology.

The Federal Economic Development Initiative in Northern Ontario (FEDNOR) provides business information, advice and financial assistance to a variety of business sectors including manufactur-

ing and processing, selected service and repair businesses, tourism enterprises and small business. Assistance is available for start-up, expansion or modernizing of facilities, market research and promotion and product innovation or development.

The Atlantic Canada Opportunities Agency (ACOA) provides assistance towards the establishment, development, and promotion of small and medium-sized businesses in Atlantic Canada. Sectors eligible for support include manufacturing and processing, business support services, commercial research/development activities, mining, tourism and aquaculture.

The Canada-Quebec Subsidiary Agreement on Regional Development, administered by Industry, Science and Technology Canada, provides for programs in the resource regions of northern Quebec and in the central regions. These programs assist manufacturing and processing companies in improving their competitiveness, domestically and internationally. Financial assistance is available for studies and capital investment (plant and equipment in the resource regions; new equipment only in the central regions). There are two additional programs targeted towards the Montreal area (east and southwest) and for innovation projects in the entire province.

"We have used our established position in Canada as a springboard into the North American market. Canadian government policy to encourage high technology and long-term industries continues to be an important factor in our plans. Such support could position us to compete globally."

–Jim Lightfoot,
Division Managing Director,
Dowty Aerospace PLC (U.K.)



FREE TRADE: UNIQUE OPPORTUNITIES FOR INTERNATIONAL INVESTORS

“Getting rid of the tariffs means we can grow those businesses in Canada much more aggressively”

– J.E. Newall,

C.E.O., Du Pont Canada, announcing an 80% increase in capital spending in Canada and plans for a 40% increase in exports from Canada, in response to the Free Trade Agreement. (U.S.)

“Our future manufacturing operations can include Canada in a way that we could not before. Free trade now allows us to make a risk free investment in Canada in a way we couldn't before”

– James Leto,

President, AT&T Canada (U.S.)

GREATER OPPORTUNITIES FOR BUSINESS IN CANADA

The Canada-U.S. Free Trade Agreement (FTA) builds on a long history of economic co-operation between the two countries. As a result of the Canada-U.S. Auto Pact signed in 1965, the major U.S. automobile companies – General Motors, Ford and

Chrysler – have for many years used cost-effective Canadian plants as a base for production for the U.S. market, and Canada has been a net exporter of automobiles for this reason.

The FTA, which came into effect on January 1, 1989, creates the richest market in the world - for all goods made in Canada that meet North American con-

Major Provisions of the Canada-U.S. Free Trade Agreement

Tariffs Eliminated

All Canadian made goods will enter U.S. free of tariffs or customs user fees. Many tariffs already eliminated; others phased out over 5-10 years.

Access to U.S. Government Contracts Enhanced

Canadian products will receive equal treatment on most sales to U.S. government departments.

Business Travel and Services Trade Opportunities

Travel and temporary residency in the U.S. will be eased for Canadian professionals and service providers.

Impartial Trade Dispute Resolution

New bilateral panels will work to speed settlement of trade disputes and ensure fair application of trade laws.

Harmonized Standards

Canadian and U.S. standards, testing and certification procedures will be harmonized wherever possible.

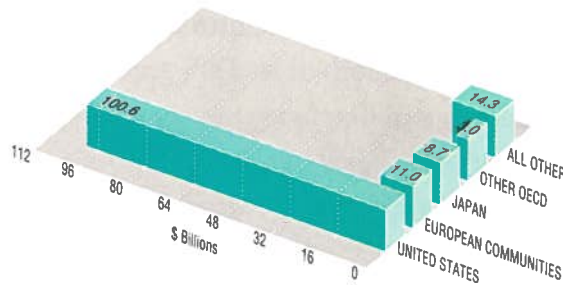
tent requirements. Already over 80% of Canadian exports enter the U.S. market duty free and the tariffs on the remaining 20% are being progressively phased out. In fact, many of the remaining tariffs are being phased out more quickly than called for by the FTA, in response to requests from Canadian and U.S. business leaders.

Under the FTA the oil and gas, metals, aerospace, machinery and various other secondary manufacturing

industries expect to benefit from the ability to produce in Canada on a North American scale and export their products duty free to the U.S. For example Du Pont, Black & Decker, NCR and Procter and Gamble use, or plan to use, their Canadian production facilities as a base for North American or global product mandates.

Canadian Exports, 1988

Value \$ Billions



Source: Statistics Canada

"We found in Montreal easy access to suppliers; a trained work force; a good opportunity to develop new equipment and devices, and access to the entire North American market."

– Dr. Thomas Kecskemeti,
President, Alliance Medical Inc.
(Hungary)

"We saw an opportunity to introduce Canada to European air-laid technology and build a good company in a non-cyclical niche market. Canada's rich natural resources and proximity to major world markets will benefit our company's future growth."

– Dieter Peter,
President and CEO,
Merfin Hygienic Products Ltd
(Germany)



A SAFE, SOPHISTICATED WAY OF LIFE

“Canada offers the best of both the new and the old world. Europeans tend to feel more at home in the Canadian cultural environment than they do in that of the United States, while at the same time, they have all the benefits of the U.S. markets and business environment available to them.”

—Jock von Karstedt, V.P. and former General Manager, Edscha of Canada (Germany)

In addition to a high level of business success, executives moving to Canada can look forward to enjoying a high quality of life.

Canada has 26 urban areas with populations in excess of 100,000, and 3 cities with more than 1 million people.

Open spaces for sports and recreation

As the world’s second largest country with the lowest population density among major industrialized nations, Canada offers unlimited opportunities for outdoor recreation.

Canada’s national and provincial parks, encompassing an area larger than the entire national territory of Italy or Japan, include rugged mountain terrain, fresh water lakes, scenic coastal areas, unique Arctic vistas, and vast stands of unspoiled forests.

Popular recreational sports include golf, fishing, swimming, bicycling, skiing, hockey, baseball, soccer, hiking, sailing and canoeing.

Features of Canadian Urban Areas

Varied cultural activities	High-quality theatre, film, music, and dance companies, art galleries and public libraries. According to a report for the U.S. National Endowment for the Arts, Canada is a leader in per capita public support for arts and culture, ahead of the U.S. and six European countries studied.
Low crime rates	Safe and secure neighbourhoods in which to work and raise a family.
Urban transit systems	Clean and efficient subways, commuter rail lines and buses. Modern, well maintained highway and road systems.
Cosmopolitan environment	Canada is composed of a society of residents from Western and Eastern Europe, Asia, Africa, Latin America and the Caribbean. International executives enjoy both North American and their traditional home country cuisine, entertainment, and literature in Canada.

World-class meeting facilities

Canadian cities have long been recognized for their expertise in organizing major international gatherings, including 186 international conventions in 1989 alone. For example, the G-7 Heads of State met in Toronto in 1989, Vancouver played host to the World's Fair in 1986, as did Montreal in 1967. Both Montreal and Calgary have hosted highly successful Olympic Games.

Hospitable climate

Canada has a varied, four-season climate that often surprises visitors expecting much colder conditions. The vast majority of the nation's population lives within 250 km of the U.S. border, and Canada's most southerly point is on the same latitude as Northern California. As a result, most major Canadian cities experience weather that is similar to that of the Northern U.S. or Northern Europe.

Universal health care

Canada's health care system combines the best features of American and European practices to provide excellent care at reasonable cost. All Canadian residents are insured through a health care plan administered by their provincial governments, which allows individuals the right to select their own doctor. This health insurance program is particularly

beneficial to the business community, by offering comparable care at costs much lower than those in the United States. Annual per capita health costs in Canada are \$1,612, versus \$2,266 in the United States. (Time, May 1990).

High-quality, low-cost education

Canada has a mix of both public and private schools to the secondary level, including international schools that attract students from around the world. Canada's universities and colleges rank among the best in the world, and through extensive public-sector support, are able to provide quality education at substantially lower tuition fees than those of equivalent institutions in the United States.

Affordable cost of Living

Canada's cities and towns offer all of the above amenities while remaining very affordable relative to other international business centres.



THE CANADIAN EDGE

“When I think of its wide territory and abundant natural resources, its well educated people, and its high quality of life, my conviction for Canada’s success in the 21st century remains unchanged. Canada deserves very serious consideration as a destination for investment.”

– Masao Ikeda,
Executive
Vice-President,
Mitsui & Co. (Japan)

“From our Canadian base, we have been able to expand our business into the United States, and we look forward to solid growth in both countries. Our belief in the stability and growth potential of this country has been well rewarded.”

– R.G. Lewis,
Chairman and C.E.O.,
Racal-Chubb Canada Inc.
(a member of Racal Security
Group Limited, U.K.)

INVESTMENT PROSPECTS IN CANADA ARE EXCELLENT.

More and more companies the world over are viewing Canada as an increasingly attractive location for investment. As demonstrated in this publication, the result has been a surge in investment activity which has put Canada in a strong position for the future...a future that presents an unparalleled opportunity for the international investor.



“Xerox has been doing business in Canada for more than 40 years...We now have more than 5,000 employees working in 50 (Canadian) centres... We have developed a Canadian supplier network which...is truly world-class, meeting stringent cost, quality and just-in-time parameters in a highly competitive environment.”

“We see Canada as a mature and sophisticated market.”

– David R. Myerscough
Corporate Vice-President and
President Xerox Americas
Operations (U.S.)

HG5152/.C35
Ernst & Young (Firm)
Canada : an investment
perspective.
BFOL c. 1 aa ISTC

The Investment Development Program (IDP) is a cooperative program which combines the efforts of Investment Canada, External Affairs and International Trade Canada, Industry, Science and Technology Canada, to increase business in Canada.

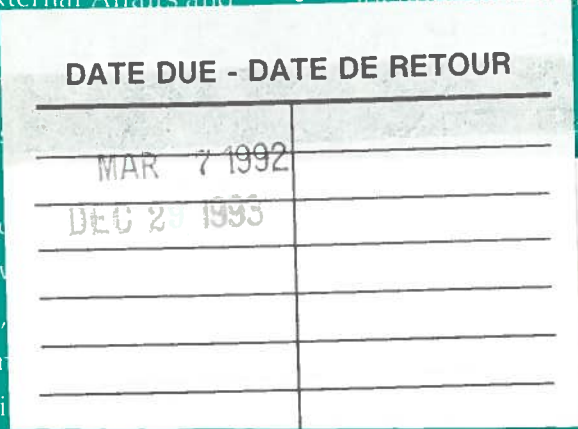
As a partner in the IDP, Investment Canada works closely with representatives abroad, government departments, authorities, municipal commissioners and the private sector to provide a range of services aimed at matching investor interests with specific opportunities in Canada.

Examples of assistance provided to other investors include:

- provision of profiles of individual Canadian companies seeking investment partners.

- introduction to Canadian companies considering joint-venture partnerships.

- identification of attractive business opportunities in family communi-



ties on opportunities including profiles of industry structures and government poli-

cies of appropriate con-

- municipal governments, and the private sector.
- the provision of information on federal, provincial and municipal incentives and other forms of assistance.

Potential investors can obtain additional information and assistance by contacting Investment Canada directly at the address below or by contacting the nearest Canadian Embassy, High Commission or Consulate.

INVESTMENT CANADA
P.O. Box 2800, Station "D"
Ottawa, Ontario, Canada
K1P 6A5
Telex: 053-4450
FAX: (613) 996-2515
Telephone: (613) 995-0465



