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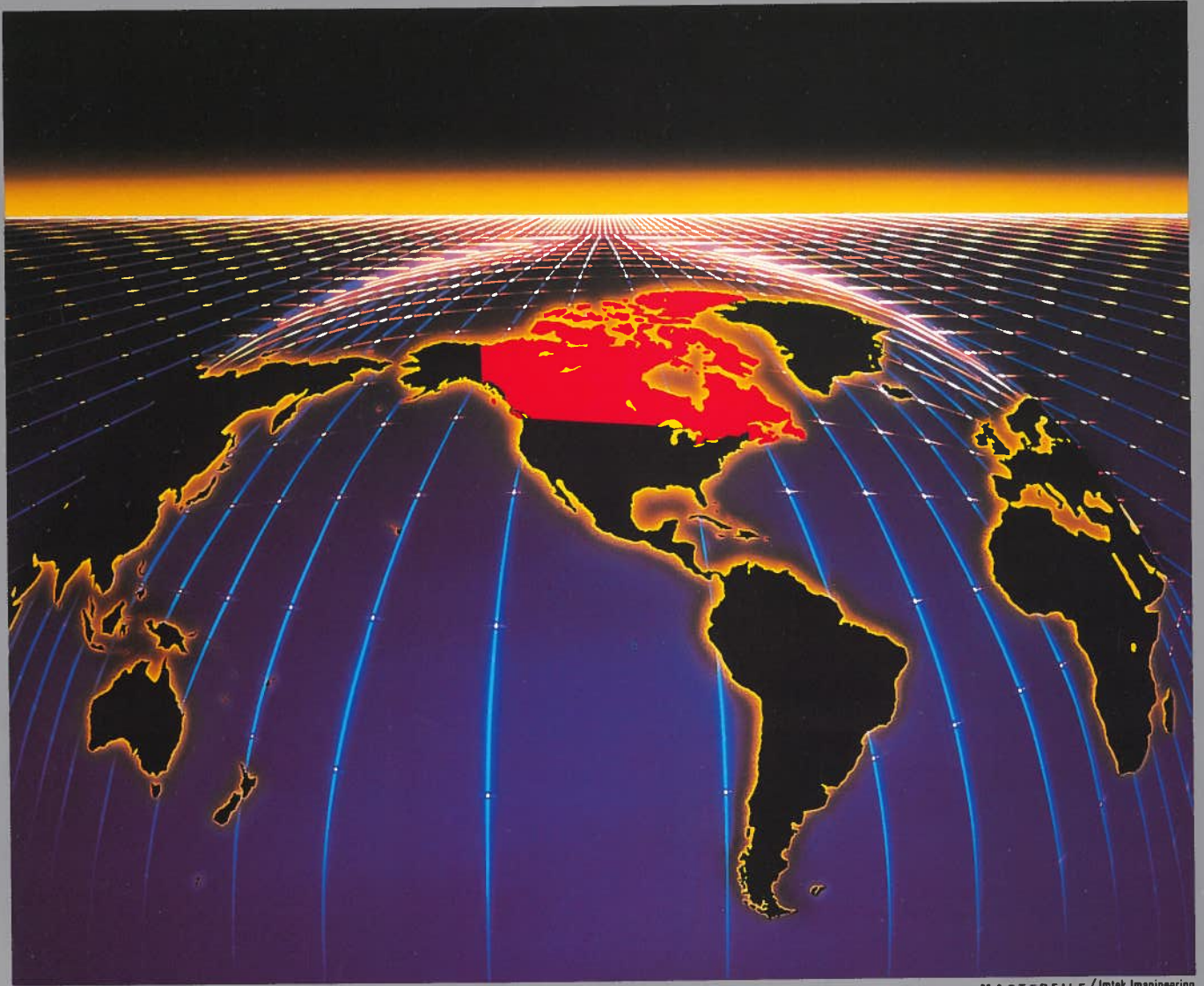
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PROSPECTUS CANADA



INVESTMENT
CANADA



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Canada is ideally situated for access to the three most dynamic economic regions of the world— North America, Europe and the Pacific Rim.

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ACCESS CODE CODE D'ACCÈS	CDHM
COPY / ISSUE EXEMPLAIRE / NUMÉRO	1988 C.1



Canada offers international investors one of the most attractive locations in the world: investment in our country is highly profitable; we impose no exchange controls or other restrictions on the repatriation of profits; our economic performance is strong and stable; and, since the end of 1982, our GDP has grown faster than that of any other major OECD economy.

The world's seventh largest trading nation, Canada is an active partner in the global economy and in international investment. At the end of 1987, the book value of foreign investment in Canada reached C\$103.1 billion, while the book value of Canadian direct investment abroad totalled C\$59.9 billion.

Canadians recognize that investment is essential for increasing our international competitiveness and for ensuring that our economy remains strong. As a result, we welcome investors and actively seek out all forms of industrial and commercial co-operation.

Our search for new opportunities and partnerships is supported by impressive domestic advantages. Canadians are highly educated, productive, and technologically sophisticated, and work within an environment of stable industrial relations. These characteristics are combined with a well developed industrial infrastructure, advanced research and development facilities, and superior transportation and communications networks.

Canada's economic performance, openness to investment and political stability combine with an enviably high quality of life to present a unique combination of strengths and tremendous market potential. The following pages provide important data on some of these strengths. Discover why Canada is one of the world's most attractive countries for investment.

Paul Labbé
President
Investment Canada

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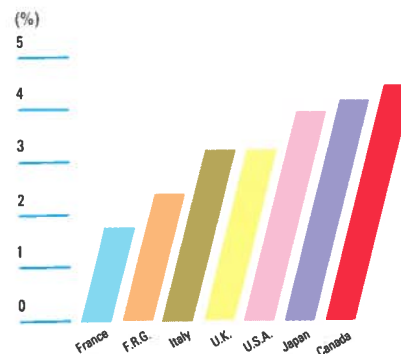


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Canadian GDP Growing Faster Than That of Other Major OECD Countries

Canada's future prospects are based on an impressive performance record. Canada is the seventh largest of the industrialized economies. Between 1983 and 1987, its GDP grew at an average annual rate of 4.4%, making it the fastest growing of the G-7 economies. This dynamism continued into 1988 with record levels of business investment fueling a sixth consecutive year of growth.

REAL GROSS DOMESTIC PRODUCT COMPOUND AVERAGE ANNUAL GROWTH RATE 1983-1987

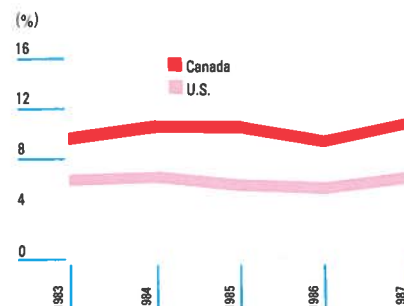


Source: OECD.

Canadian and U.S. Pre-tax Corporate Profits

Powerful economic growth is complemented by corporate profitability. Since 1983, pre-tax corporate profits in Canada have consistently outpaced those in the U.S. In 1987, Canadian pre-tax corporate profits were 10.4% of GDP compared to 6.2% in the United States.

CORPORATE PRE-TAX PROFITS CANADA AND UNITED STATES — 1983-1987 (Profit as a percent of GDP)



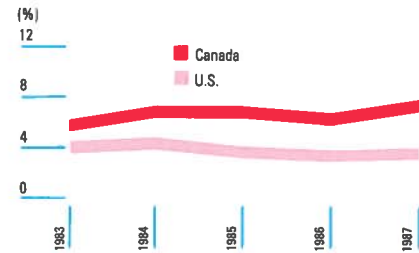
Source: Statistics Canada; U.S. Department of Commerce; OECD.



Canadian and U.S. After-tax Corporate Profits

After-tax profits in Canada have also consistently outpaced those in the U.S., and the gap has been increasing. Measured as a percent of GDP, after-tax corporate profits climbed from 5.7% in 1986 to 7.0% in 1987 compared with 3.0% and 3.1%, respectively, in the United States.

CORPORATE AFTER-TAX PROFITS CANADA AND UNITED STATES — 1983-1987
(Profit as a percent of GDP)

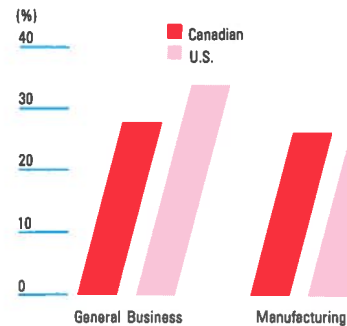


Source: Statistics Canada; U.S. Department of Commerce; OECD.

Canadian Tax Reform Maintains Favourable Tax Rates

Canadian income tax rates compare favourably with those in the U.S. The current federal tax rate on corporations in Canada is 26% for manufacturing companies and 28% for other companies compared to 34% for both manufacturing and other companies in the U.S.

COMPARISON OF CANADIAN AND U.S. CORPORATE INCOME TAX RATES — 1988*



*Canadian tax rates effective July 1, 1988.

Source: Department of Finance, Canada.

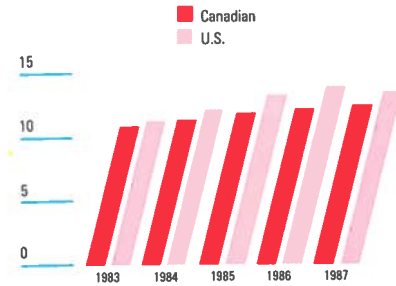


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Wage Rates and Costs of Benefits

Canadian wages in the manufacturing sector are lower than those in the United States, after adjusting for exchange rates. Also, increases in wage rates are growing less quickly in Canada than in the United States and the costs of employee benefits such as health care are lower in Canada.

COMPARISON OF CANADIAN AND U.S. AVERAGE HOURLY EARNINGS IN MANUFACTURING 1983-1987
(C\$ per hour)

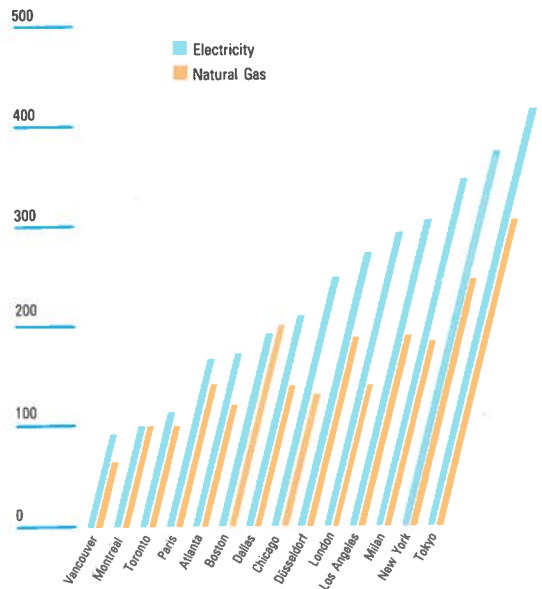


Source: Statistics Canada; U.S. Department of Labor.

Canada's Low Energy Costs

Canada offers lower industrial electricity and natural gas costs. In a 1986 international survey, the Montreal Urban Community found that the three major Canadian urban centres of Vancouver, Toronto and Montreal have considerably lower costs for industrial electricity and natural gas than major U.S. cities, including New York, Boston, Chicago and Los Angeles.

COMPARATIVE INDUSTRIAL ELECTRICITY AND NATURAL GAS COSTS — 1986
(Index: Montreal = 100)



Source: Montreal Urban Community.



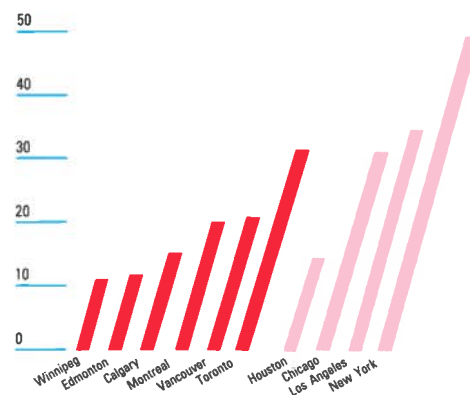
Land and Real Estate Costs

The Canadian rates for leasing office space in central business districts are attractive. In 1988, the rates for major Canadian cities ranged from C\$11–\$32 per square foot (C\$118–\$344 per square metre), while in major U.S. centres the range was C\$15–\$49 per square foot (C\$161–\$527 per square metre).

The cost of industrial land in Canada is very competitive. In 1988, the cost ranged from C\$3.25–\$5.25 per square foot (C\$35–\$57 per square metre) in central Canada and from C\$2.50–\$5.00 per square foot (C\$27–\$54 per square metre) in western Canada.

INTER-CITY COMPARISON OF OFFICE-SPACE LEASING COSTS* — 1988

(C\$/square foot)**



*Rates for central business district locations

**US\$ converted at US\$1 = C\$1.22 (September 29, 1988)

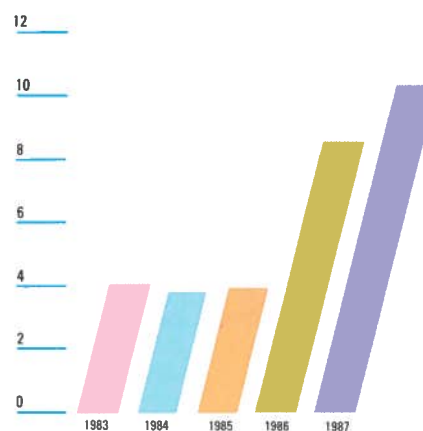
Source: Royal LePage, Toronto; Realtors National Research Institute, Chicago.

Investment Inflows into Canada

In 1987, Canada attracted a record C\$10.2 billion of foreign direct investment, a 21% increase from the previous record of C\$8.4 billion in 1986. New investment from Asia and Europe has been especially strong.

GROSS INFLOWS OF FOREIGN DIRECT INVESTMENT IN CANADA — 1983-1987

(C\$ billion)



Source: Statistics Canada.

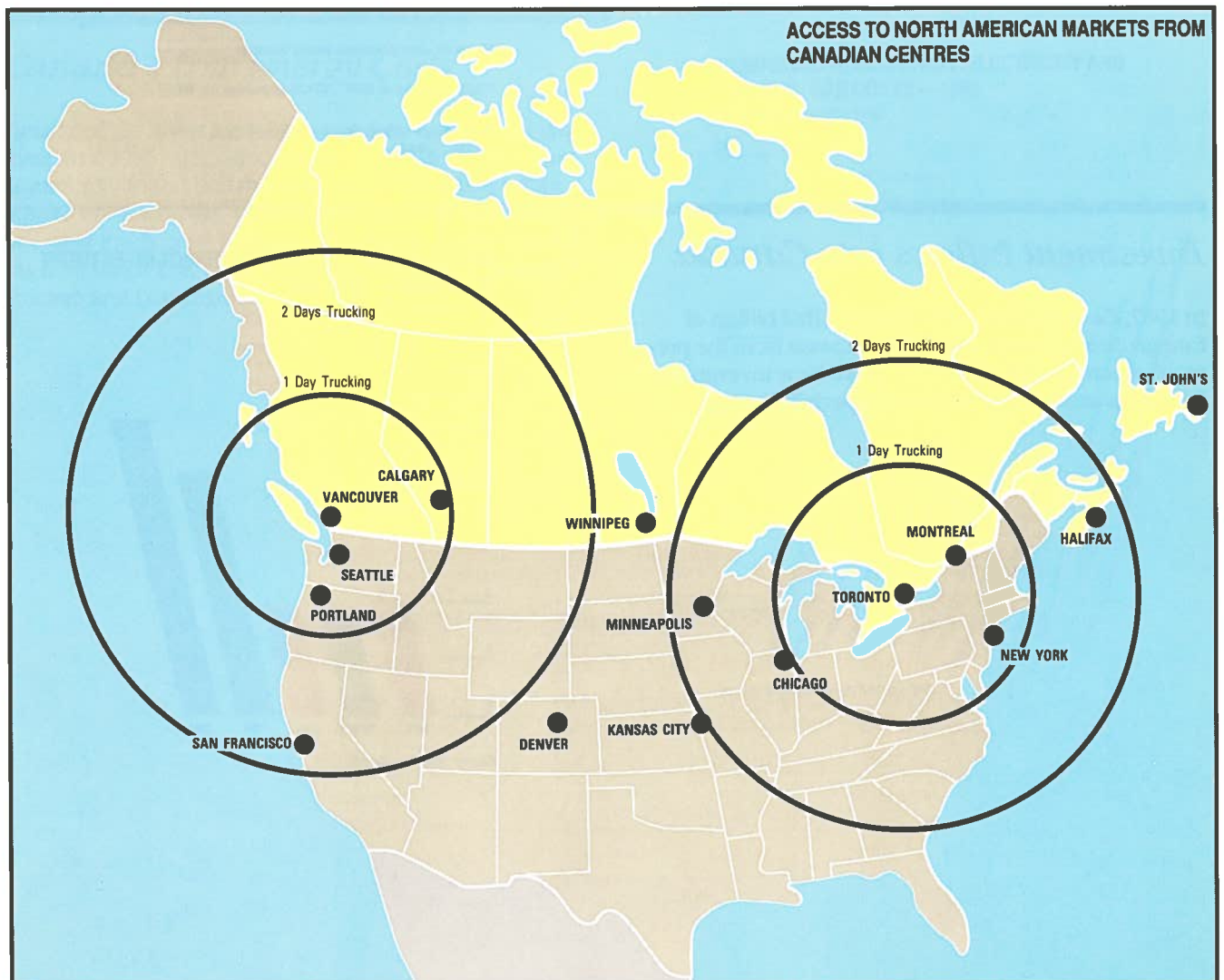


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North American Market

The Canadian and U.S. markets are highly integrated. Proximity, time zones, and common linguistic and cultural ties have created several regional economic markets in North America following a north-south pattern. For example, within two days' trucking distance of Vancouver the market consists of 25 million consumers, including U.S. cities such as Seattle and San Francisco. Within two days of Winnipeg, there are 64 million people, in centres such as Denver and Kansas City.

One hundred and three million consumers live within one day's trucking distance of central Canada, including those in such major centres as Detroit, Chicago, Philadelphia and New York. On the East Coast, within two days of Halifax, are almost 50 million, including those living in Montreal, New York, and Boston.

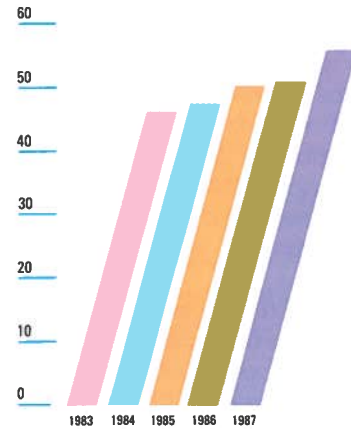




Business Investment

International investors join a strong and dynamic Canadian business community. The total real business investment in new plant, machinery and equipment grew from C\$46.5 billion in 1983 to C\$55.8 billion in 1987, an average annual increase of 4.7%. Investment in machinery and equipment contributes primarily to increasing productivity and competitiveness. It has been increasing as a proportion of total business investment, from 51.2% in 1983 to 60.7% in 1987.

**TOTAL REAL BUSINESS INVESTMENT
(GROSS FIXED CAPITAL FORMATION) — 1983-1987**
(C\$ billion, 1981 = 100)

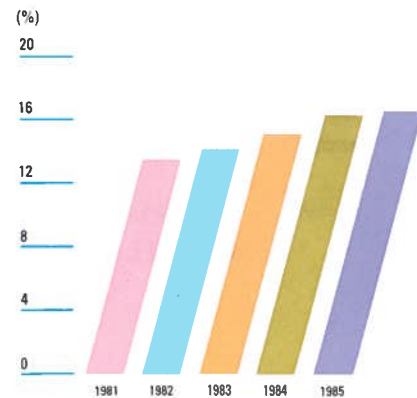


Source: Statistics Canada.

Education

Canada's technological infrastructure is supported by a highly educated population. According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), Canada is a leader in public spending on education. There are now 67 universities in Canada that are graduating an increasing proportion of scientists, engineers and mathematicians.

**DEGREE GRADUATES IN ENGINEERING,
MATHEMATICS AND PHYSICAL SCIENCES AS A PERCENT
OF TOTAL UNIVERSITY GRADUATES — 1981-1985**



Source: Statistics Canada.



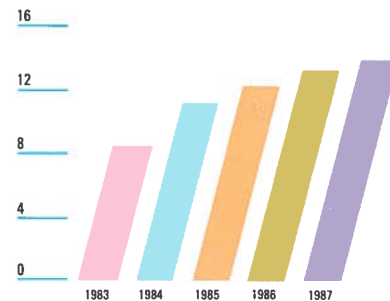
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Canada's Technological Infrastructure

Investors today are attracted by more than established profitability. They also seek the sophisticated technological infrastructure that promises continued competitiveness in the future. In this, Canada has much to offer. For example, Canada's exports of R&D intensive products grew from C\$8.4 billion in 1983 to C\$13.6 billion in 1987 – an increase of 62%. And there are incentives for performing research and development.

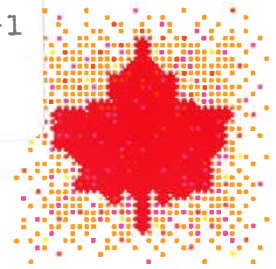
In Canada, the cost of R&D equipment and specialized structures can be written off in the year incurred. In the U.S., such costs must be written off over the useful life of the asset. In Canada, the special 20% tax credit for R&D operating and equipment expenses means that 20% of eligible R&D costs can be used to offset income taxes payable. In the U.S., the 20% investment tax credit applies to R&D operating costs such as salaries but not to equipment costs, and is available only on the incremental R&D spending – that is the increase in R&D spending over the previous three years.

**EXPORTS OF CANADIAN R&D INTENSIVE*
MANUFACTURED GOODS — 1983-1987**
(C\$ billion)



*R&D intensive refers to the ratio of R&D expenditures to gross revenues.

Source: Statistics Canada.



Prospectus Canuuu

Investment prospects in Canada are strong and getting stronger. The Canadian government is committed to opening up Canada's economy to further interaction with the world while pursuing domestic policies that will enhance its competitiveness.

Deregulation of Canada's financial industry has created new opportunities for foreign institutions. For example, the Canadian government has liberalized the regulations governing the activities of foreign banks and investment houses in Canada.

In addition, the Canadian government has embarked on a far-reaching reform of taxation, designed to keep Canadian tax practices competitive. Numerous government-owned enterprises have been turned over to the private sector. Extensive deregulatory initiatives have been undertaken, especially in the energy and transportation sectors. Copyright and patent legislation has been reformed.

There are numerous other advantages. Canada's quality of life establishes it among the most attractive countries in the world. It is known for its political stability, personal security, and scenic beauty. Canada's official commitment to a policy of multiculturalism means that Canadians are encouraged to preserve and develop their ethnocultural roots. Canadians also enjoy universal access to quality health care and an advanced educational system.

Taken all together, Canada's prospects have never been better. For more information on investing in Canada, contact your nearest Canadian Embassy, High Commission or Consulate, or:

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