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# Canada's Winning Secrets

PEOPLE<sup>2</sup> + TECHNOLOGY<sup>2</sup> + MARKETS<sup>2</sup> = PROFITS<sup>2</sup>



Government  
of Canada

Gouvernement  
du Canada

Canada

**World Trade Magazine Ranks Canada No. 1  
for Investment and Trade Opportunities.**



## WHY, YOU ASK?

Because, if you are looking for an edge against competitors in the cutthroat North American marketplace, Canada's documented advantages will likely give you one. Canada has a number of Winning Secrets.

### CANADA IS...



#### A STONE'S THROW AWAY FROM PROFITS

Canadians are closer to prime U.S. markets than many U.S. producers.



#### SURROUNDED BY PLUMP AND ACCESSIBLE MARKETS

NAFTA makes North America one huge market of 400 million spenders.



#### HOME TO A CEREBRAL WORK FORCE

Canada has a well-educated, more loyal, better priced work force.



#### NURTURED BY BAREBONES BUSINESS COSTS

Canada has the lowest business costs in the G-7. Across the board.



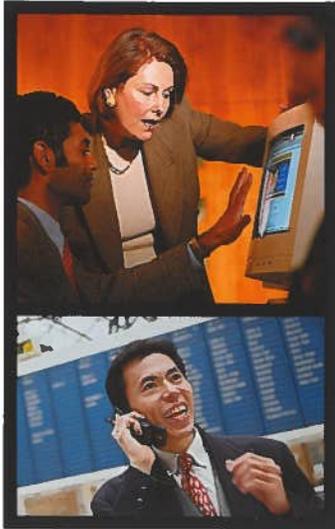
#### WITHIN AN ENERGETIC AND WELCOMING INFRASTRUCTURE

Canadian governments have learned that entrepreneurs need stroking.



#### OFFERING A SANCTUARY IN A VOLATILE WORLD

Ask anybody who has visited. Canada is safe + fun. The UN ranks us #1.



## Cerebral Work Force.

**KNOWLEDGE WORKERS:** Nearly half of Canadians over the age of 25 have post-secondary education, either at university, college or technical school, giving Canada the highest rate of post-secondary enrolment in the world. The last *Global Competitiveness Report* ranked Canada first in the world at developing knowledge workers.

Canadian universities and colleges are world-class. The 1998 Gourman report, produced by American analysts, rated all North American university-level electrical engineering programs. Of the exalted top 40, eighteen were Canadian.

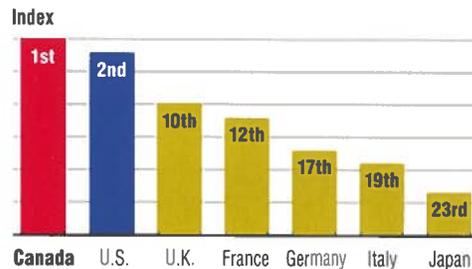
**AVAILABILITY:** Canada's graduation rate of post-secondary students is exceedingly high. In addition, Canada welcomes well-educated workers from abroad. As a result, Canada does not suffer the degree of scarcity of qualified workers that some countries do. With priorities given to high-skill workers, Canada's recent immigration levels have been double those of the U.S.

**LOYALTY:** Canadian labour turnover rates are half the rate in the U.S., resulting in labour costs savings of 7-10% in this area alone.

**COST:** A 1999 KPMG study put the cost of Canadian technical and professional workers at about 65% of the cost of U.S. workers. Canada's overall work force costs were the lowest of eight North American, European and Asian countries surveyed.

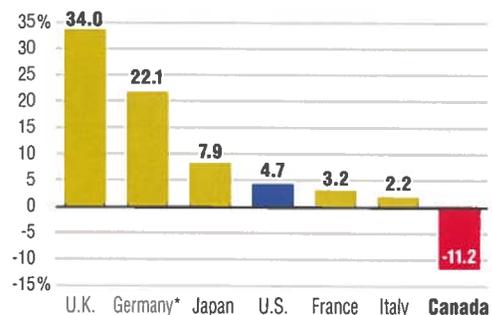
**WORLD TEAMWORK:** Canada is the fastest place to pull together worldwide research or production teams. Fast track immigration is enabled for key employees. High-tech workers do not have to acquire special employment validation. Work visas for key workers and their families can usually be obtained within days.

### KNOWLEDGE WORKERS — WORLD RANK\*



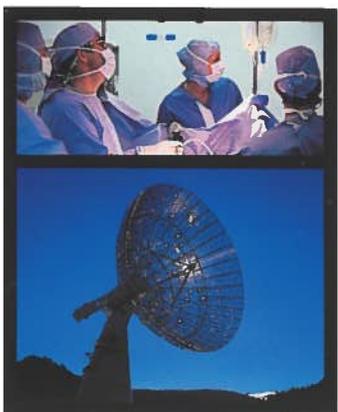
\*Tertiary education enrolment among 59 countries considered.  
Source: *Global Competitiveness Report 2000*.

### PERCENTAGE CHANGE IN MANUFACTURING UNIT LABOUR COSTS (US\$ BASIS) — G-7, 1989-1998



\*Former West Germany.  
Source: U.S. Bureau of Labor Statistics.





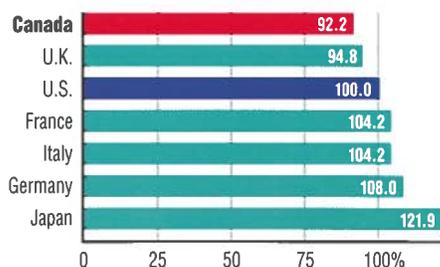
## Barebones Business Costs.

The *cost of living* is considerably lower in Canada than it is in the United States. That may be of interest to families moving to Canada. Of much more interest is the fact that the *cost of doing business* is considerably lower in Canada than it is in the United States. Canadian wages and salaries are lower, but so are Canadian costs in such categories as construction, land, rentals, communications, transportation, energy and even corporate taxes.

A 1999 KPMG study demonstrated that Canada offers by far the lowest business costs of any country in the G-7. This study examined 11,000 cost items incurred by small and medium-sized enterprises setting up and operating in the fields of electronics, telecom, software, metal fabrication, food processing, pharmaceuticals and plastics. It was conducted in 64 cities, including 25 in Canada and 21 in the United States. Lowest-cost U.S. locations were used for comparisons.

Canada's production costs rank nearly 8% lower than those in the United States. In high-tech sectors, the difference was 15%. The cost gap was even greater with Europe and Japan. There are obviously places in the world where production costs are lower than they are in Canada. But there is no other place where costs are this low and other advantages – such as availability of first-class knowledge workers, access to low-cost R&D, and easy access to huge markets – are so bountiful.

### COMPARISON OF ANNUAL BUSINESS COSTS\* — NINE-INDUSTRY AVERAGE, G-7



\*Total business costs comprise the sum of location-sensitive costs and location-insensitive costs.

Source: *The Competitive Alternative: A Comparison of Business Costs in North America, Europe and Japan*. KPMG, 1999.

### BUSINESS COST INDEX RATINGS (U.S. = 100%)

LOCATION	Electronics	Food Processing	Medical Devices	Metal Fabrication	Pharmaceuticals	Plastic Products	Telecom Equipment	Software	Advanced Software	Overall
Austria	106.7	98.6	103.7	101.4	102.8	100.8	102.7	115.2	114.5	104.1
<b>Canada</b>	<b>91.5</b>	<b>94.3</b>	<b>92.4</b>	<b>92.1</b>	<b>93.4</b>	<b>92.2</b>	<b>94.9</b>	<b>86.0</b>	<b>85.5</b>	<b>92.2</b>
France	106.0	100.3	103.2	102.6	102.9	101.3	102.5	114.2	112.6	104.2
Germany	111.8	102.4	107.7	108.6	106.1	107.9	104.8	118.0	116.0	108.0
Italy	105.8	99.6	103.4	101.8	103.0	100.7	102.8	115.0	114.2	104.2
Japan	132.7	113.6	121.8	139.5	117.9	141.4	109.0	125.4	121.9	121.9
United Kingdom	98.4	93.1	94.0	92.5	94.8	93.2	97.3	94.0	93.9	94.8
United States	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0





## Canada's Welcoming Infrastructure.

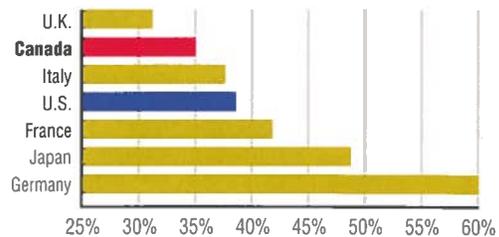
**AN ECONOMY BUILT FOR ENTREPRENEURS:** Although the Institute for Management Development named Canada the best fiscally-managed country in the G-7 in 2000, fiscal restraint is only part of the story. Canada has undergone an entrepreneurial revolution over the past decade. The country has retooled to embrace globalization and the knowledge economy. Canada now ranks consistently among the top ten rated countries for competitiveness. It was second only to the U.S.A. in a recent study by the *Global Entrepreneurship Monitor* ranking the countries' vitality of entrepreneurial activity.

**BOOSTING ENTERPRISE:** When the Canadian government does spend, the business community almost always benefits. The government recently reinvested heavily in Canada's national health care system, which dramatically reduces employers' costs. To encourage entrepreneurs to take advantage of the country's superb system of universities, colleges and research institutes, Canada offers the most generous R&D tax write-offs in the G-7. Any dollar a company spends on R&D really costs between 34¢ and 50¢. Several initiatives have been launched to upgrade R&D capacity, including the Canada Foundation for Innovation and Genome Canada. These and other institutions are stimulating continuous research at Canadian schools and hospitals.

**CONNECTING WITH A PASSION:** Canadians are passionate users of the Net, and their government is committed to making Canada the most connected nation in the world. Canada boasts CA\*net 3, the longest, fastest and most advanced fibre optic research and education network anywhere. It tests advanced Internet applications, such as distance learning, telemedicine, bioinformatics, virtual reality modelling and real-time multimedia streaming, often in collaboration with foreign research networks.

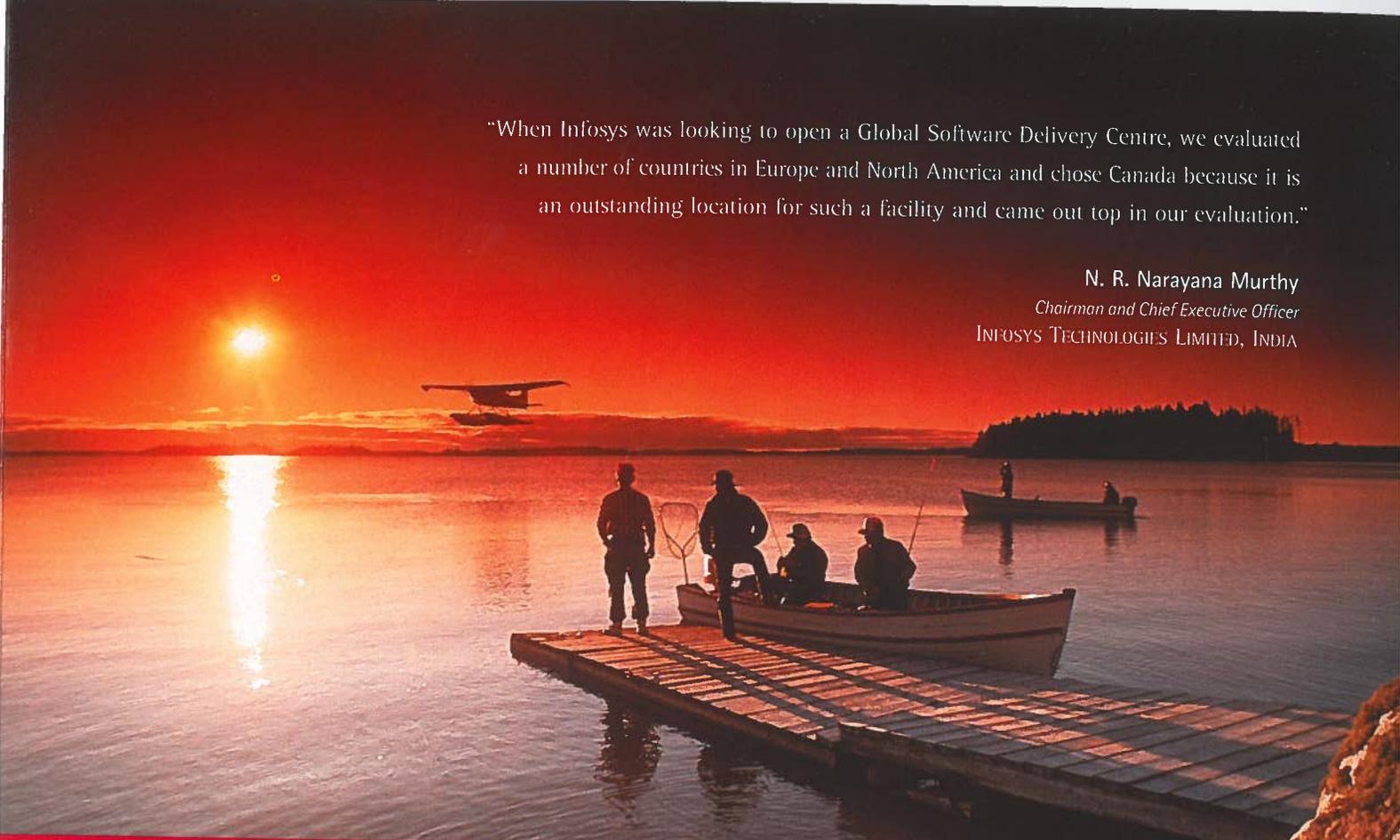
**TAX RESTRAINT:** Canadian income taxes, traditionally middle-of-the-road in comparisons to other G-7 countries\*, are shrinking. In early 2001, the federal government implemented a \$100-billion tax cut package. Personal income taxes were dropped by an average of 21%. The average corporate tax falls to 32% – almost 5% lower than the average U.S. rate. *N.B.: Canada's payroll taxes are the lowest in the G-7 and a fraction of the U.S. rate.*

### CORPORATE INCOME TAX,\* G-7 COMPARISON



\*Combined federal, provincial (or state) and local income tax rates for large manufacturing and processing firms as of July 1, 1998.  
Source: KPMG, 1999.



A photograph of a sunset over a body of water. The sun is low on the horizon, creating a bright reflection on the water. In the foreground, a wooden dock extends into the water. A small boat is moored at the dock, with several people on board. In the background, a larger boat is visible on the water, and a forested island is on the right.

"When Infosys was looking to open a Global Software Delivery Centre, we evaluated a number of countries in Europe and North America and chose Canada because it is an outstanding location for such a facility and came out top in our evaluation."

N. R. Narayana Murthy  
Chairman and Chief Executive Officer  
INFOSYS TECHNOLOGIES LIMITED, INDIA

## The Canadian Sanctuary: Safe, Civilized, Clean, Stimulating.

*Okay, okay.* Maybe describing Canada as a "sanctuary" from the world's troubles may be a bit strong. Canadians clearly like life here. Top-end knowledge workers tend to be extremely mobile, but the number who leave Canada for opportunities elsewhere constitutes a trickle when compared to the flow of superb workers Canada attracts from other countries every year. Visiting CEOs, their families, and the people who join them to help run Canadian-based companies enjoy living in Canada. Professional sports and entertainment abound, recreational and tourism opportunities are breathtaking, first-class colleges and universities offer great educational opportunities, the public education system actually works for kids, and there are no restrictions on spouses and other family members joining the work force.

The United Nations has pointed to Canada as the best place in the world to live for seven straight years. We are ranked 4th in the world in terms of personal security. One more thing. Rumours that the Canadian climate is less than civil are invariably exaggerated. The truth is that winters in Montréal and Toronto (and Vancouver) aren't much different from winters in New York and Chicago (and Seattle), except there are more opportunities in Canada to enjoy outdoor sports. People who come to Canada like living here. For businesses, that's important.



## A Stone's Throw Away...

Of Canada's 20 largest cities, 17 are within an hour-and-a-half's drive of the United States. Several, like Vancouver, Windsor, and Montréal, are minutes away.

Canada and the United States mesh better than any two economies in the world. Production locations in the industrial heartlands of Ontario and Quebec are often closer to huge American markets around New York, Boston, and Chicago than U.S. production hubs like Atlanta and Raleigh. Efficient trucking and air services focus on just-in-time delivery. Many large North American firms have integrated Canadian and American production facilities.

## ...From Plump, Accessible Markets.

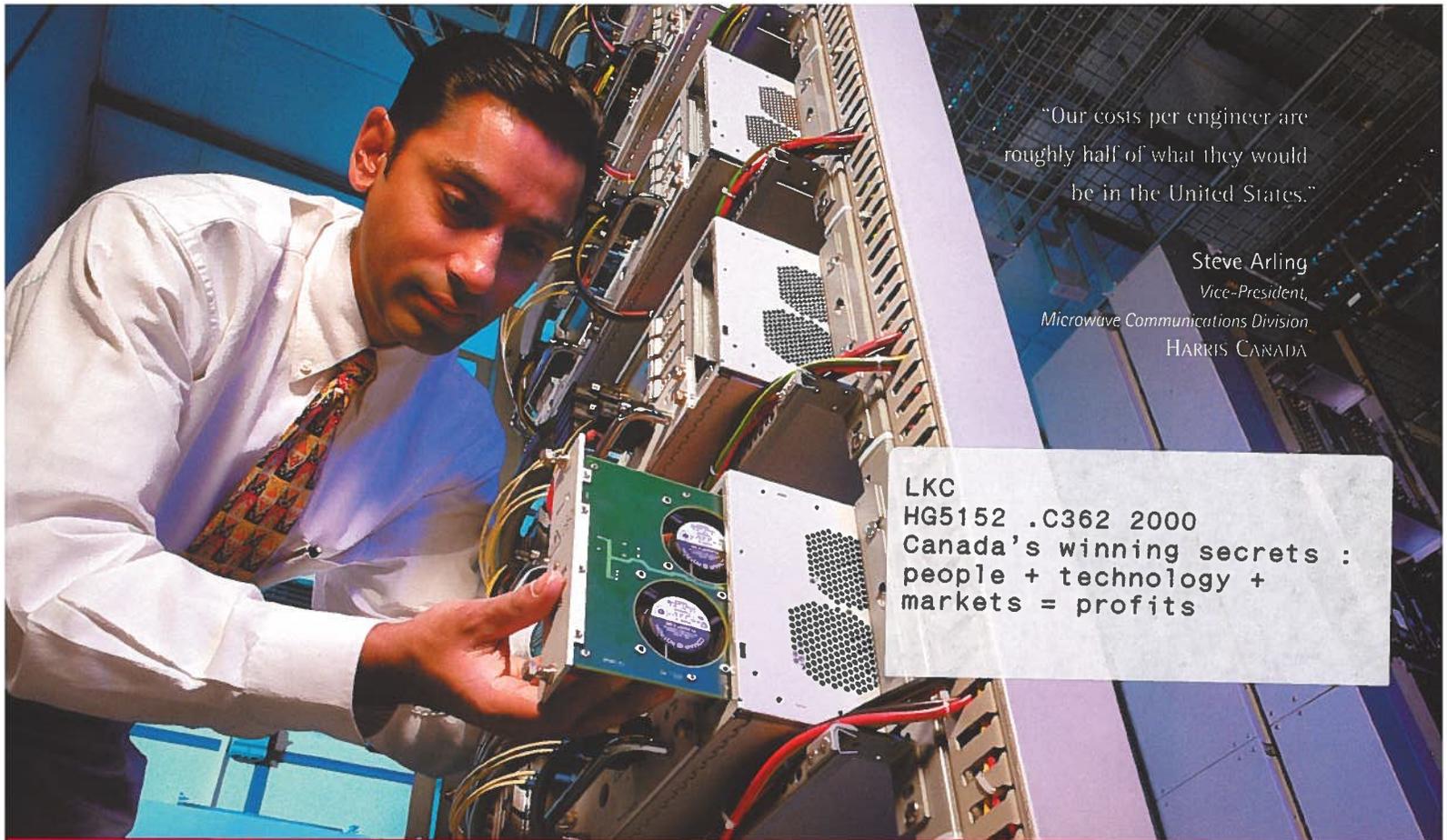
In 1993, NAFTA intertwined the Canadian and U.S. economies for nearly all business purposes. Canadian-based producers have access to nearly 400 million consumers with a combined GDP of more than US\$9.4 trillion.

Canada's own economy has been growing at an astonishing rate and the country's 30 million consumers constitute a lucrative market in themselves. But it is the voracious U.S. marketplace, home to nearly 300 million consumers, that gives Canadian-based companies such a distinct advantage over countries outside North America. Canada is the U.S.A.'s largest trading partner for good reason.

Canada has held a balance-of-trade surplus with the U.S. in recent years, even in many high-tech fields such as telecommunications. In 2000, more than two thirds of Canada's exports were machinery, electronic equipment and other high value-added products.

Success in lucrative U.S. markets separates winners from losers in the global marketplace. Canadian-based companies are proving themselves winners, over and over again.





"Our costs per engineer are roughly half of what they would be in the United States."

Steve Arling  
Vice-President,  
Microwave Communications Division  
HARRIS CANADA

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Canada's winning secrets :  
people + technology +  
markets = profits

## There is Much More to Canada Than a Simple Brochure.

Canada is a country with far too many advantages to list here. Yes, we're less litigious than the Americans. And, yes, the World Economic Forum ranks us No. 1 in technological potential – a combined measure of capable people and cutting-edge technology. And it's true, the cost of living in Canada averages 20% lower than it does in the United States. There is much more to know. But is there room here to finish the Canadian story? *There is not.*

[www.investincanada.gc.ca](http://www.investincanada.gc.ca)

PLEASE CONTACT YOUR LOCAL CANADIAN EMBASSY, HIGH COMMISSION OR CONSULATE OR  
Investment Partnerships Canada • 235 Queen Street, 6th Floor • Ottawa ON Canada K1A 0H5  
Telephone: 1 (613) 941-0354 • Fax: 1 (613) 941-3817 • E-mail: [InvestinCanada@ic.gc.ca](mailto:InvestinCanada@ic.gc.ca)



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