

Fact Sheet: Canada's Competitive Advantages for Foreign Direct Investment

Canada is open for business and welcomes foreign investment:

- Canada is one of the best countries for business in the G20 according to *Forbes*.
- Canada ranks second in the G20 for doing business over the five-year period 2017-2021, says the *Economist Intelligence Unit (EIU)*.
- Canada is the easiest place to start a business in the G20, according to the *World Bank*.
- Canada is a favourite destination for foreign direct investment, having been the second-largest recipient of FDI inflows per capita in the G20 over the ten year period 2007–2016.

Canada provides a top performing economy for businesses to innovate, grow and succeed:

- Canada's economy has fully recouped more than all of the output and jobs lost during the recession.
- Since the end of the recession in June 2009, over 1.6 million jobs have been created in Canada, an increase of nearly 10.0%, with over 80% of the new jobs being in the private sector and full-time.

Canada's fiscal strength provides operational certainty for business:

- Canada currently has the lowest net debt-to-GDP ratio in the G7, according to the *International Monetary Fund (IMF)*.
- Canada's budget stimulus will raise the level of real GDP by 1.7% over the period 2016-2021, and reduce the federal debt-to-GDP ratio to 30.9% by 2021–22.
- Canada leads the G20 in terms of its sound fiscal strength as reflected by its triple A credit rating from *Standard & Poor's*, *Moody's* and *Fitch*.

Canada's economic strength is reinforced by one of the world's most stable financial sectors:

- Canada's banking system, ranked 3rd by the *World Economic Forum (WEF)*, remains one of the soundest in the world following eight consecutive first place standings.
- Six major Canadian banks, consistently ranked among the 10 safest banks in North America by *Global Finance Magazine's* annual report, continue to be among the highest-rated by *Standard & Poor's*, *Moody's* and *Fitch*.
- Canada has the safest banking sector in the G20, as recently determined by the *Economist Intelligence Unit's* banking sector risk ratings.

Canada offers a low cost, low tax environment:

- Overall business costs in Canada continue to be the lowest in the G7 and are now 14.6% lower than the U.S., according to *KPMG's 2016 Competitive Alternatives Report*.
- *KPMG's Focus on Tax* also places Canada as the most tax competitive country in the G7.
- Canada offers foreign investors a tariff-free zone for manufacturing, having decreased tariffs on machinery, equipment and industrial inputs to zero in 2015.
- Canada's combined federal-provincial general corporate income tax rate of 26.7% in 2016 is the second lowest in the G7 and 12.2 percentage points lower than the U.S.

Canada offers a world leading cost effective R&D environment:

- Canada leads the G20 in R&D spending in higher education as a share of GDP.
- Canada combines one of the best R&D tax incentives in the G7 with increased certainty of eligibility and reduced administrative costs for business.
- R&D-intensive sectors in Canada also enjoy the lowest costs in the G7 - 27.7% lower than that in the U.S. according to *KPMG's 2016 Competitive Alternatives Report*.

Canada provides business with a highly educated and competitive workforce:

- Canada offers business the most educated talent pool among countries of the *Organization for Economic Co-operation and Development (OECD)*, with more than half of its population aged 25 to 64 having a tertiary level education.
- Canada ranks second in the G20 in meeting business needs for high quality workers, according to the 2016 Human Capital Index of the *World Economic Forum (WEF)*.
- Canadians are linguistically diverse, with 1 in 5 Canadians speaking one of over 200 languages in addition to either of Canada's official languages of English and French.
- Canada's management education is second in the G20 for meeting business needs, according to the 2017 annual report of the International Institute of Management Development (IMD).
- Canada's population ranks third in the G20 for the number of internet users per capita and third in the G20 for the per capita ownership of personal computers according to the 2017 IMD report.

Canada is a great place to live and prosper:

- Canadians enjoy the third-highest standard of living in the G20 as measured by GDP per capita (US\$), according to the *International Monetary Fund (IMF)*.
- The *OECD's Better Life Index* shows Canada as second-best in the G20 in terms of overall living conditions and quality of life, based on a variety of indicators including housing, income, jobs, environment, education and health.
- Canada ranks second in the G20, according to *The Heritage Foundation*, in providing the economic freedom for a prosperous society.
- Canada ranks first in the G20, according to the 2016 Legatum Prosperity Index, in terms of overall prosperity of its citizens.
- Canada is the most democratic country in the G20 according to the Economist Intelligence Unit's 2016 Democracy Index.

Canada, your gateway to North America and the world:

- 16 of Canada's 20 largest cities are located within a 90 minute drive of the Canada-U.S. border, anchoring trade valued at over US\$1.8 billion crossing the Canada-U.S. border each day.
- Canada's status as a NAFTA member offers foreign investors in Canada preferential access to a North American market of over US\$21 trillion (GDP) with nearly 482 million consumers.
- Once CETA comes into force, companies operating in Canada will have preferential market access, through 12 trade agreements (9 bilateral and 3 regional), to 44 countries with almost 1.2 billion consumers and a combined GDP of nearly US\$ 41.2 trillion, representing over one-half of the world's output of goods and services.
- Canada provides business with tax and tariff benefits similar to those available in foreign trade zones (FTZs) of other countries. However, FTZ advantages in Canada are available to businesses in all locations.
- Businesses in Canada realize increased market reach through export financing from Export Development Canada (EDC) for qualified export opportunities.