



# **Ontario Automotive Communities Alliance: September 23, 2010**

## **Overview of DFAIT's Foreign Direct Investment Promotion and Attraction Strategy**

Advocate, negotiate and promote Canadian commercial interests:

- Advise Canadian exporters and investors in foreign markets
- **Promote Canada as an investment destination**
- Facilitate partnerships between Canadian and foreign researchers
- Stage and support wide variety of events and activities abroad and in Canada

# FDI contributes directly to our economic growth and long-term prosperity

## The benefits of multinational firms (MNEs) are well documented

Multinational firms...

- are more innovative and productive
- are more export oriented
- allow transfer of latest technologies
- stimulate domestic competition
- offer higher wages
- connect Canadian industries to global value chains (GVCs)
- provide indirect spillovers (i.e. technology know-how, management practices)
- add capital to the economy

## FDI plays a major role in shaping the Canadian economy

Foreign controlled MNEs in Canada account for...

- 45% of merchandise exports
- 34% of R&D business expenditures
- 26% of corporate profits
- 29% of operating revenues
- 25% of capital investment
- 21% of assets

Source: Based on data from Statistics Canada and OECD: Corporate assets (2006), Corporate revenues (2006), Corporate profits (2006), R&D expenditures (2006), Investments (2006), Exports (2002) Capital investment (2007-2009 average).

**Enables higher productivity, living standards and pursuit of social objectives**



# Strategic approach: Objectives of DFAIT's FDI program

## Objective

The department seeks to attract, expand and retain FDI projects - greenfield or expansion - that directly contribute to:

- the production of high value-added goods and services in Canada
- the promotion of skilled employment and high wages
- the introduction or development of new products and process technologies
- the globalization of Canadian industries

## The program focuses on:

### Proactive sectors

- ✓ where Canada has clear competitive advantages; and
- ✓ proactive promotion will make a difference

### Key markets

- ✓ major sources of FDI worldwide for our proactive sectors
- ✓ where sector's experts think we should be
- ✓ targeted by our partners

### Dynamic firms

- ✓ which demonstrate high propensity to invest in the near term

## Note:

- **Mergers and acquisitions** are not proactively targeted but information and pathfinding services are provided.

# Strategic approach: priority sectors

## Agrifood

- Food processing
- Bio- products



## Plastics and Chemicals



## Advance manufacturing

- Aerospace
- Automotive
- Machinery equipment



## ICT

- Wireless
- Software
- Game (Digital Media)



## Life science

- Pharmaceutical
- Medical devices
- Biotechnology



## Clean Technologies

- Wind, Solar, Biomass



## Services

- Business Services
- Financial Services



15 key sectors that offer the best prospects for FDI attraction

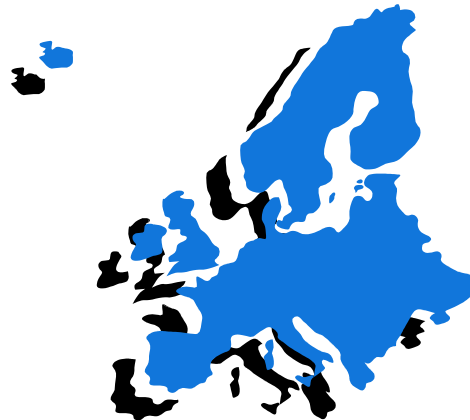
# Strategic approach: key markets

## The Americas



- United States \*
- Brazil

## Europe



- UK
- France
- Netherlands
- Switzerland
- Germany\*
- Belgium/  
Luxembourg
- Finland
- Sweden
- Norway
- Italy\*
- Denmark
- Spain
- Israel
- Austria

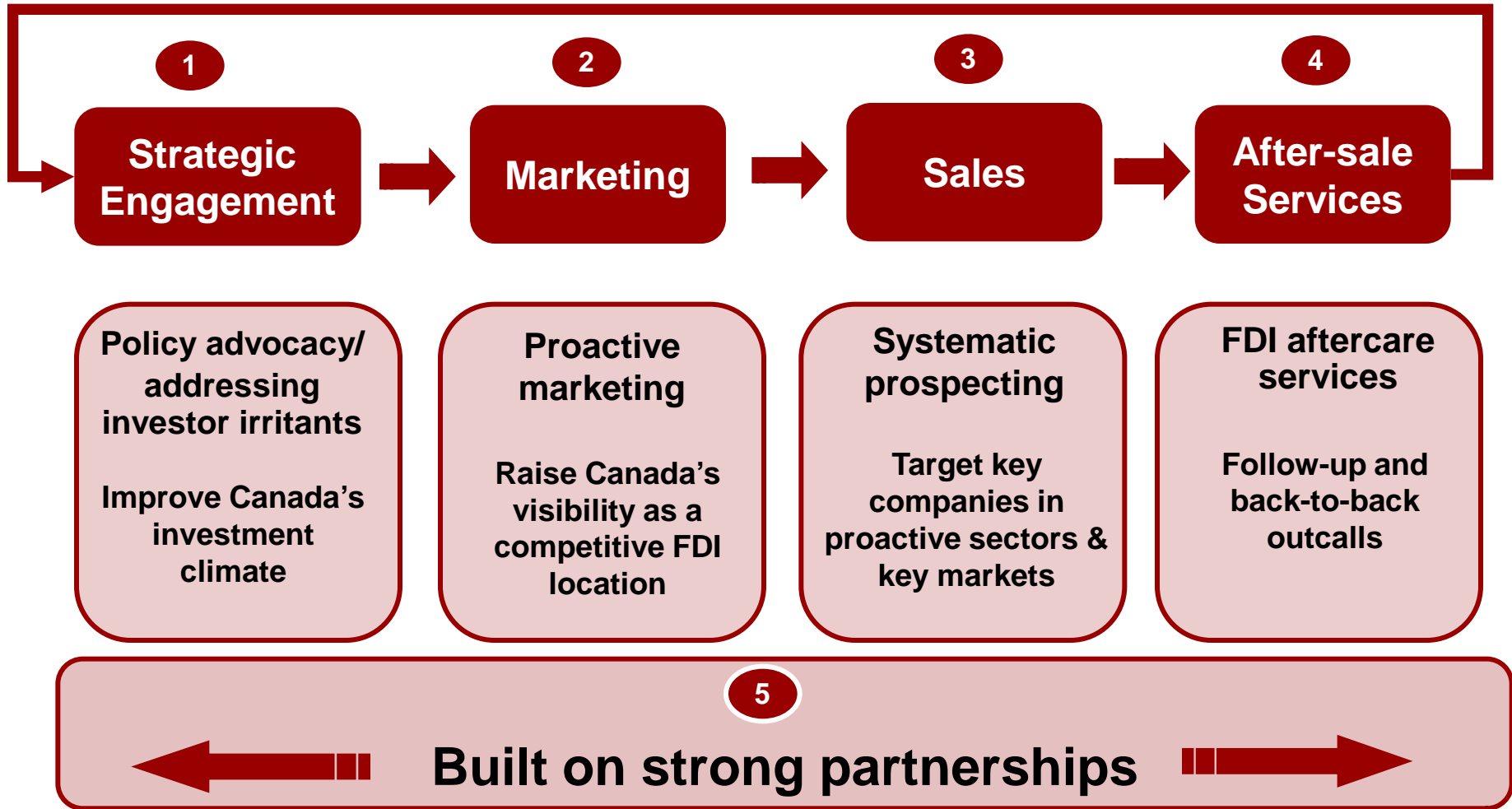
## Asia/Pacific Region



- Japan\*
  - China/HK
  - South Korea\*
  - Taiwan
  - India\*
- (\* Posts at which auto is a priority sector for FDI)

21 Key Markets accounting for 94% of Canada's Inward FDI Stock in 2009

# Strategic approach - Key elements of the FDI program





# 1 Strategic approach - Policy advocacy / addressing investor irritants

## Key activities

- 1) Benchmark and analyze international competitiveness reports to assess Canada's business climate against competitors, e.g.,**
  - ✓ *Global Competitiveness Report* - World Economic Forum
  - ✓ *Business Environment Rankings* - Economist Intelligence Unit
- 2) Engaging OGD's to address FDI irritants in Canada as reported to Posts /domestic network by foreign investors, as for example on:**
  - ✓ Section 116 of Canada's Income Tax Act – Withholding taxes on the disposal of Canadian Taxable Property by Non-Residents;
  - ✓ Canada's Scientific Research & Experimental Development Program
  - ✓ Temporary foreign worker permits and skills shortages

## Key activities

### 1) Enhance activation of the Canada business brand in key markets

- ✓ Implement a series of customized investor engagement and outreach events (e.g. the Global Business Leaders Day and CEO breakfast series during Vancouver 2010)
- ✓ Strengthen Canada's investment promotion network through annual FPT activities

### 2) Manage a private sector Investment Champions Program

- ✓ Engage private sector experts to promote Canadian advantages at international events

### 3) Disseminate focused messages through strategic products

- ✓ *investincanada.gc.ca* website
- ✓ Flagship report, value propositions, success stories, presentations, key messages
- ✓ Audiovisuals like *Canada-we take care of business* video
- ✓ Journalist tours

### 4) Engage decision-makers and influencers at major global events

- ✓ Cross-sectoral events (e.g., World Business Forum, APEC)
- ✓ Sector specific events (IZB Wolfsburg, Tokyo Motor Show, Japan SAE)

## Key activities

### 1) Identify high-potential companies in proactive sectors and key markets

- ✓ Identify target companies most likely to invest in proactive sectors key markets
- ✓ Develop investment opportunity briefs on targeted companies to support outcall program

### 2) Strategic guidance and support to posts/Regional Offices

- ✓ Provide strategic advice to foreign investors on Canada's competitive advantages through dedicated sector Account Executives
- ✓ Support posts and regional offices through tools such as our Cost-Plus benchmarking program
- ✓ Provide one-stop service for posts to link with our in-Canada network, and for in-Canada network to link with our posts
- ✓ Engage tactically with sector and Global Value Chain teams

### 3) Strategic Support for Investors (via posts and Regional Offices)

- ✓ Develop industry-specific investment cases
- ✓ Implement experts outcalls program
- ✓ Provide path-finding and problem-solving solutions (business visas, immigration, SR&ED tax credits)
- ✓ Facilitate site visits for foreign investors

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#### Posts

- ✓ Conduct international investment calls
- ✓ Support investment partners at Posts

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#### Regional offices

- ✓ Coordinate domestic network to service prospects

## Key activities

Through our extensive network of international and domestic representatives, Invest in Canada collaborates with partners to:

- 1) Raise the profile of aftercare in the broader partnership
- 2) Coordinate:
  - ✓ Calls to investors to ensure the smooth implementation of new investments (often with Provinces and municipalities)
  - ✓ A “back-to-back” call program on foreign subsidiaries of target firms to encourage retention and expansion
- 3) Provide aftercare assistance to foreign investors:
  - ✓ Link investors to government programs
  - ✓ Provide intelligence and links to key suppliers or private sector contacts
  - ✓ Engage investors in an ongoing dialogue to identify investment impediments and advocate a resolution

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### Posts

- ✓ Conduct retention calls

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### Regional offices

- ✓ Conduct back-to-back domestic investment calls



## 5 Strategic approach - Building strong partnerships

### Key activities

#### 1) Build capacity across Canadian communities to attract FDI

- ✓ Invest Canada Community Initiative (\$3.0 million contribution program for Municipalities)

#### 2) Proactive relationship management with Federal/Provincial/Territorial (FPT) Partners

- ✓ FPT Conferences at ADM and DG level
- ✓ Communicate with the broader partnership on investment issues

#### 3) Support training on investment promotion to broader partnership

#### 5) Develop and sign Investment facilitation MOUs with partner countries

- ✓ E.g. Japan, Hong Kong, China, Taiwan, Chile

# TRNTO Key Partners

## DFAIT Network

Invest in Canada

Embassies and  
Consulates

Sectors Branch

Other Regional Offices

## Regional Network

Ontario Government:  
MEDT/MRI/OMAFRA

Municipalities

Investment Promotion  
Agencies

Economic Developers Council of  
Ontario



**FDI Partnership**

Other Federal Departments: AAFC and  
Industry Canada

- Advanced Automotive Manufacturing Practice
  - The Automotive Practice aims to bring a focused, industry perspective to DFAIT's support of Canada's Automotive sector
  - Oversight and feedback is provided by a standing Advisory Board comprised of senior executives from automotive companies, association representatives and relevant government agencies

- **Advanced Automotive Manufacturing Sector Strategy Objectives**
  - Develop compelling messaging about Canada's automotive advantages
  - Compile up-to-date profiles on Canadian automotive firms and capabilities
  - Attract, retain, and expand foreign investment in the Canadian auto sector
  - Connect Canadian firms to the global value chains of OEMS and their key suppliers
  - Protect Canadian interests and ensure fair access to global markets.

- European and Asian Auto Parts Suppliers
  - Technological leaders and participants in supply chains for advanced materials, “green” technologies, the “networked vehicle” and vehicle safety. Advanced materials include biomaterials, bio-composites, polymers, hybrid structures, lightweight metals, and the application of materials in innovative ways that lighten vehicle weight without compromising strength.
  - Powertrain and transmission innovations – fuel cells, hybrids, lithium-ion batteries, fuel injection, clean diesel, biofuels, continuously variable transmissions (CVT), displacement-on-demand, and dual clutch transmission

- Priority Targets, European and Asian Auto Parts Suppliers (cont'd)
  - “networked vehicle”, which also encompasses many aspects of vehicle safety, embraces concepts such as sensing, in-vehicle electronics and information systems, vehicle-to-vehicle and vehicle-to-infrastructure communications, geomatics, WiFi and other high-speed data connection networks, and many other emerging information and communications technologies
- Investment retention and expansion – OEMs and Tier 1s
- Research-Intensive Investment in Canada

- Sharing of intelligence/targets, where appropriate
- Provide complementary products/intelligence
  - to that already in place at Federal/Provincial arsenal, specifically micro-level data such as:
    - Supply chain information (tier 1, 2, tooling, manufacturing technologies)
    - Skilled labour data – availability, apprenticeship training programs...
    - Infrastructure and cost information (e.g., energy, water, land availability, appropriate buildings)

- Investment and ICCI

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