Global Affairs Canada

Foreign Direct Investment Attraction and Contribution Programs

EDA Alberta Annual Conference
Kananaskis – April 7, 2016
Invest in Canada Mandate

- Market Canada as the location of choice for international businesses
- Attract new investors to Canada
- Facilitate expansions by existing investors
- Work with provincial, territorial, and municipal partners on new investments and investment retention
- Identify FDI impediments and advocate for policy changes
Strategic Approach
Key Elements of the FDI program

1. Strategy development
2. Investor Engagement
3. Sales
4. After-sale Services

Strategic Orientation
- Refine priority sectors/markets
- Improve investment climate
- Benchmark performance

Proactive marketing
- Raise Canada’s visibility as a competitive FDI location

Systematic prospecting
- Target key companies in proactive sectors & key markets

FDI aftercare services
- Follow-up and back-to-back outcalls

Built on strong partnerships
The department seeks to attract, expand and retain FDI projects - greenfield or expansion of existing investors - 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

Note: Mergers and acquisitions are not proactively targeted but information; path finding services are provided to facilitate these transactions where and when warranted.
Proactive Sectors

Agrifood

Chemicals and Plastics

Advanced Manufacturing
- Aerospace & Defence
- Automotive
- Machinery & Equipment

ICT
- Wireless communication
- Software
- Digital Media

Life Sciences
- Biopharmaceutical
- Medical devices

Clean Technologies
- Renewable energy technologies
- Environmental technologies

Services
- Business Services
- Financial Services

14 key sectors that offer the best prospects for FDI attraction
Key Markets

The Americas

- United States (49.4%)
- Brazil (2.7%)

Europe

- Netherlands (9.4%)
- Luxembourg (7.3%)
- United Kingdom (6.6%)
- Switzerland (3.8%)
- Germany (1.9%)
- France (1.6%)
- Belgium (0.8%)
- Norway (0.6%)
- Sweden (0.4%)
- Finland (0.3%)
- Italy (0.2%)
- Denmark (0.1%)
- Austria (0.1%)
- Spain (n.a.)
- Israel (n.a.)

Asia/Oceania

- Japan (2.4%)
- China (3.4%)
- Australia (0.8%)
- South Korea (0.5%)
- India (0.5%)

22 Key Markets accounting for over 90% of Canada’s Inward FDI Stock in 2014
Trade Commissioners abroad participate in/host key FDI events and seminars
Developing New Prospects: Expanding the Pipeline

FDI Tools and Products

16 sector-specific value propositions

Invest + Innovate

Newsfeed

Website

Factsheets

Twitter
Missions with the Investor Services Division’s Support:

- Identify the most promising FDI targets for outcalls
- Conduct outcalls with potential investors
- Qualify the potential investors (Lead, Prospect)
- Follow-up with the target company to provide answers to companies’ specific needs
- Refer the lead/prospect to the domestic network
- Encourage the prospect to visit Canada
Proactive Prospecting

BROADLY TARGETED, LESS INTERACTIVE

Identify Targets
Assess Leads
Qualify Prospects
Investment Win

NARROWLY TARGETED, HIGHLY INTERACTIVE

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

- **Raise the profile of aftercare in the broader partnership**

- **Coordinate**
  - With provinces and Territories who are largely responsible for aftercare
  - Introductory calls to investors to ensure the smooth implementation of new investments
  - A « back-to-back » call program on foreign subsidiaries of target firms to encourage retention or expansion
  - Canadian missions conduct retention and expansion calls

- **Provide aftercare assistance to foreign investors**
  - Link investors to government programs
  - Provide intelligence and links to suppliers or private sector contacts
  - Engage investors in an ongoing dialogue to identify investment impediments and advocate a resolution
Canada’s FDI attraction partnership

International Network

- Global Affairs Canada
  - Posts Abroad
- Provinces & Territories
  - Offices abroad
- Foreign Governments & Business Associations

Domestic Network

- Other Federal Government
  - Departments, Agencies, Crown Corporations
- Provinces & Territories
- Municipalities
- Associations

Foreign Investors → Global Affairs Canada Headquarters
Invest in Canada Sector Practices Trade Policy etc.

Canadian Locations

Municipalities
Investor Services: support to Canada’s FDI network

- Maintains ongoing relationships with provincial, territorial and municipal investment promotion agencies

- Refer leads/prospects to provincial, territorial and municipal partners

- Through the Invest Canada Community Initiative program, and the Foreign Trade Zones - Marketing Program, helping to build investment attraction capacity across the country
Overview

- Contribution program to help Canadian communities and non-profit locally-based organizations to attract, retain and expand FDI.

- **Matching funds** of up to 50% of **eligible expenses** for FDI projects.

- Non-repayable contributions range from $3,000 to $300,000.

- ICCI only supports FDI initiatives (attracting investors from within Canada or promoting Canadian businesses is not part of the scope of the program).

Annual Cycle

- September-October: Application (Partners@International portal)

- November-December: Assessment and Adjudication

- January-December: Projects implementation
Projects need to be aligned with Global Affairs Canada’s priority sectors and markets (also available on the ICCI website).

<table>
<thead>
<tr>
<th>Priority Sectors</th>
<th>Priority Markets</th>
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<tbody>
<tr>
<td><strong>Agrifood</strong>: Food Processing</td>
<td><strong>Americas</strong>: United States, Brazil.</td>
</tr>
<tr>
<td><strong>Advanced manufacturing</strong>: automotive, aerospace and defence, machinery and equipment</td>
<td><strong>Asia</strong>: Japan, China, Korea, Taiwan, India.</td>
</tr>
<tr>
<td><strong>Chemicals and plastics</strong></td>
<td><strong>Europe</strong>: United Kingdom, Germany, France, Spain, Italy, Netherlands, Belgium, Luxembourg, Switzerland, Finland, Sweden, Norway, Denmark, Israel, Austria.</td>
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<tr>
<td><strong>Clean technologies</strong>: Renewable-energy technologies, environmental technologies</td>
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Project Eligibility

Examples of eligible expenses

- Research and studies
- Economic data
- Strategic FDI planning
- Website development
- Translation
- Promotional materials /Advertising: (design and layout only)
- Investment Training (including travel costs)
- Meeting room rental (in-Canada)
- Software customization
- Consultants

Examples of ineligible expenses

- Research activities not associated with FDI
- Purchase of statistical data not associated with FDI
- Development of training courses/modules.
- Consultants hired to facilitate a training session.
- Hiring consultants to develop ICCI applications.
- Regular website maintenance
- Corporate logo design
- All giveaways
- Personnel or in-kind contributions
- Travel costs
- Taxes
- Hospitality
- Trade show/conference participation
- Projects related to tourism and motion picture industries
- Capital costs
- Overhead costs
Factors to consider

- Size of the community/organization
- FDI projects already undertaken by the community/organization
## ICCI FDI Projects

<table>
<thead>
<tr>
<th>FDI Training</th>
<th>FDI Strategic Planning and Analysis</th>
<th>FDI Tool and Material Development</th>
<th>Lead Generation and Meetings with Potential Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ FDI Training</td>
<td>✓ FDI Strategy/Framework</td>
<td>✓ Business case</td>
<td>✓ List of prospective investors/Targeted company research</td>
</tr>
<tr>
<td></td>
<td>✓ Business Retention and Expansion Plan for FDI</td>
<td>✓ Development or redesign of FDI website</td>
<td>✓ Meeting in Canada with potential foreign investors</td>
</tr>
<tr>
<td></td>
<td>✓ Best Practices/Bench-marking studies</td>
<td>✓ Addition of significant architecture or functionality on website for FDI attraction</td>
<td>✓ Meeting with potential pre-qualified foreign investors</td>
</tr>
<tr>
<td></td>
<td>✓ FDI Action Plan</td>
<td>✓ Economic Database Analysis/Acquisition</td>
<td></td>
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<tr>
<td></td>
<td>✓ SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)</td>
<td>✓ Region/Community economic profile</td>
<td></td>
</tr>
<tr>
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<td>✓ Market Studies</td>
<td>✓ Labour Force Profile</td>
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<tr>
<td></td>
<td>✓ List of key sectors as investment attraction targets</td>
<td>✓ Sector-specific fact sheets</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>✓ Design and Layout of promotional material</td>
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<td>✓ Site Selection Criteria for potential investors/site selectors</td>
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</table>
ICCI Projects Evaluation Process

- Funding determined on a comparative basis
- Applications evaluated and approved by regional Adjudication Committees
- Evaluation based on 6 criteria

- Strategy
- Project Components
- Performance Measures
- Capacity
- Work Plan
- Partnerships
Program Priority

Regional organizations and non-profit organizations that promote Canada’s FTZ advantage and the FTZ-type benefits linked to strategic locations across Canada

Overview of Canada’s FTZ-Type Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Main Benefit</th>
<th>Main Qualifications</th>
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</thead>
<tbody>
<tr>
<td>Duties Relief Program</td>
<td>Upfront relief of duties</td>
<td>Goods must be exported within four years</td>
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<tr>
<td>Drawback Program</td>
<td>Refunds duties for exported goods</td>
<td>Goods must have been exported within four years</td>
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<tr>
<td>Customs Bonded Warehouse</td>
<td>Defers/relieves duties and taxes</td>
<td>Goods must not be substantially altered</td>
</tr>
<tr>
<td>Export Distribution Centre Program</td>
<td>Upfront relief of GST/HST on certain imports and domestic purchases</td>
<td>Must be export-oriented commercial entity that adds only limited value to goods</td>
</tr>
<tr>
<td>The Exporters of Processing Services Program</td>
<td>Upfront relief of GST/HST on certain imports</td>
<td>Goods must belong to non-resident and be re-exported after being processed</td>
</tr>
</tbody>
</table>
Foreign Trade Zones - Marketing Program

Eligible activities

Activities which support marketing of FTZ-type policies and programs, such as:

- Research, studies, data purchase
- Development of FTZ marketing and promotional strategies and plans
- Outgoing missions to meet with targeted potential investors
- Website design or content development
- Design and translation of marketing materials
- Comparative analysis/benchmarking of a Canadian FTZ against competing foreign FTZs
Through Canadian diplomatic missions around the world, and with direct access to investment contacts at national, provincial and municipal levels within Canada, the Invest in Canada Bureau of Global Affairs Canada is well positioned to assist you with investing in Canada. We invite you to start exploring all that Canada has to offer at:

- [www.investincanada.com](http://www.investincanada.com)

For further information, please contact our investment specialists at your local Canadian Embassy, High Commission or Consulate:

- [www.tradecommissioner.gc.ca/](http://www.tradecommissioner.gc.ca/)

or write to us at:

- [investincanada@international.gc.ca](mailto:investincanada@international.gc.ca)

For further information on the Invest Canada – Community Initiatives program or the Foreign Trade Zones Marketing Program, please write to us at:

- [icci@international.gc.ca](mailto:icci@international.gc.ca)
- [ftzmarketing@international.gc.ca](mailto:ftzmarketing@international.gc.ca)