



INVEST IN CANADA

Canada – Belgium/Belgique:

Trade, Values, Friendship and more work ahead of us

-

Commerce, valeurs, amitié et davantage à développer

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Global Affairs
Canada

Affaires mondiales
Canada

Canada



UN GOUVERNEMENT RÉ-ENGAGÉ ET UN PAYS OUVERT



II

A PROMISING VENUE FOR INNOVATION & INVESTMENT

Bilateral Investment

Canadian Direct Investment to Luxembourg 2015



Stocks in CAD \$ Million: 50.173

4th destination of Canadian Direct Investment Abroad on a global basis



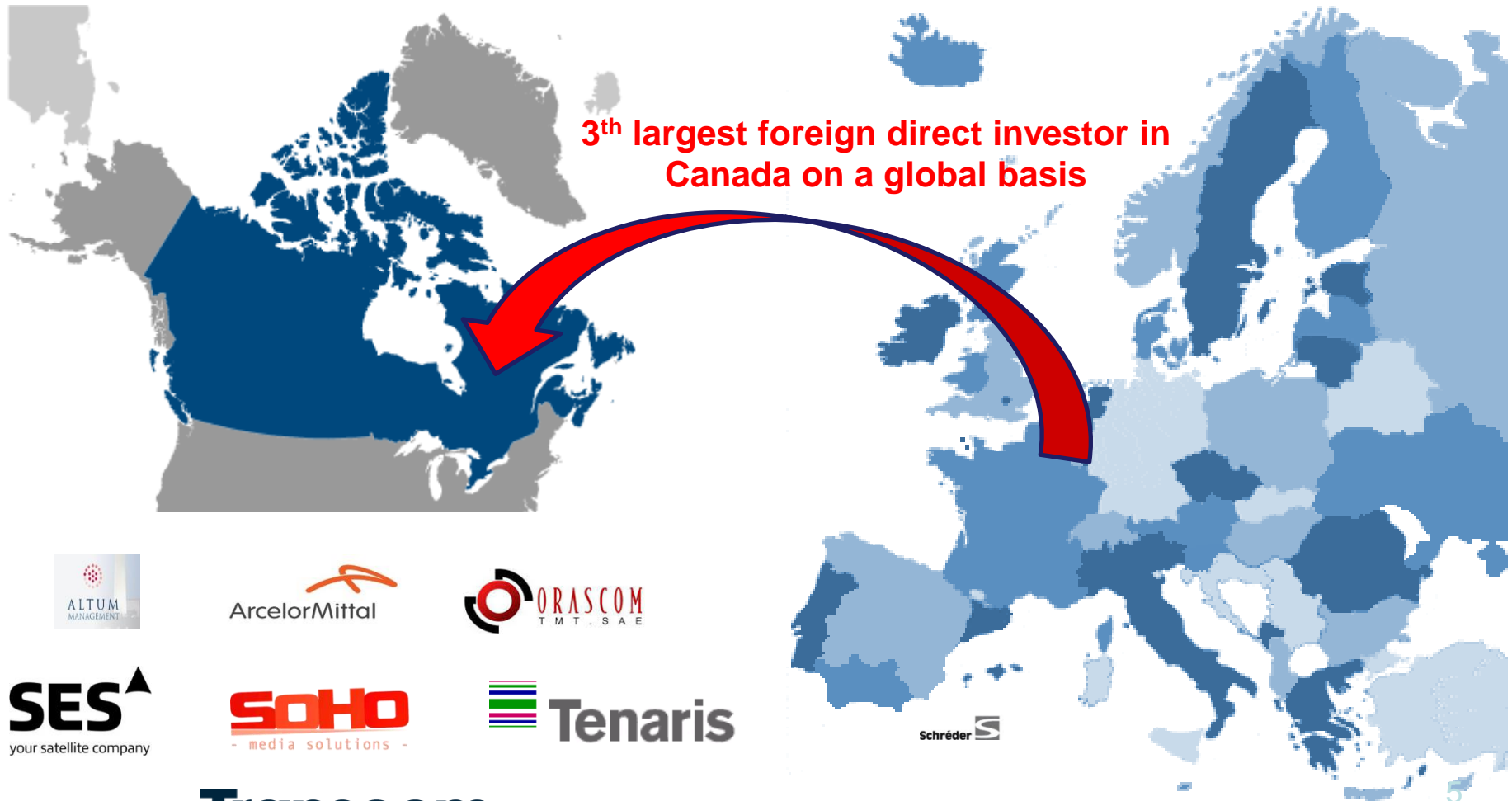
Source: Statistics Canada

Bilateral Investment

Luxembourgian Direct Investment in Canada in 2015



Stocks in CAD \$ Million: 60.824



Triple A rating



The number of countries with a **AAA** credit rating is shrinking and Canada's and Luxembourg's sound fiscal strength is reflected by its triple A.

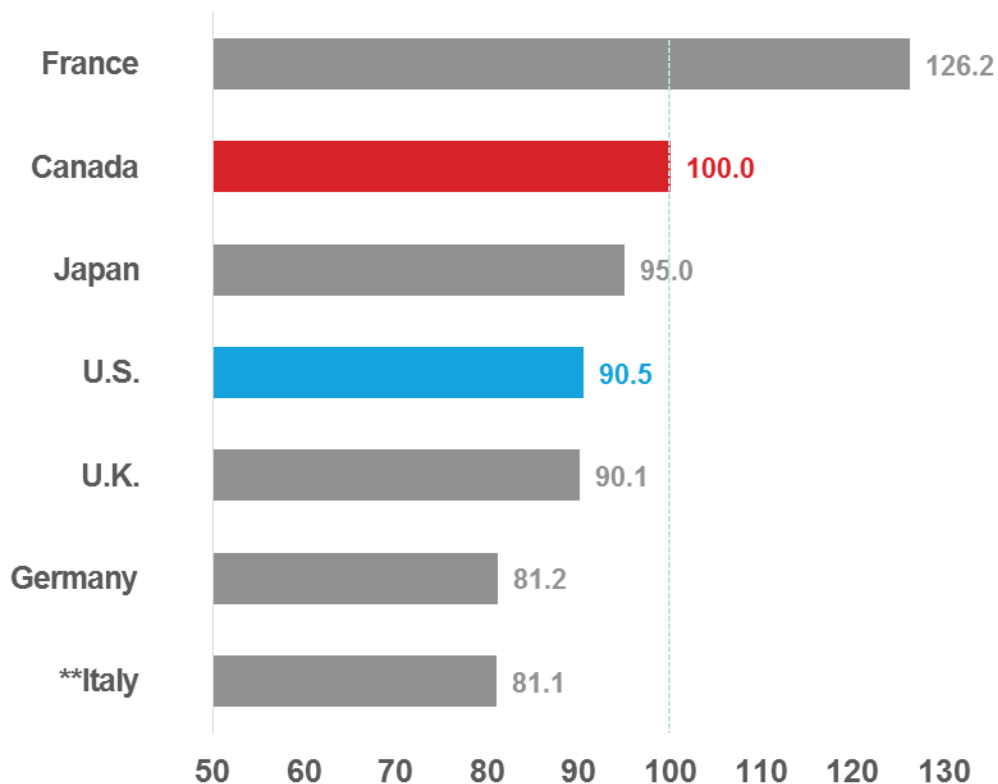
Canada has one of the best R&D tax treatments in the G7...



- Canada currently offers one of the most favorable tax treatments for R&D in the G7.
- Canada provides a system of tax credits and accelerated tax deductions for a wide variety of R&D expenditures.
- Eligible costs include: salaries, overhead and materials.
- These tax policies permit firms to significantly reduce R&D costs through direct investment and sub-contracting in Canada.

Relative Generosity of R&D Tax Treatments*

Index: Canada = 100



Source: Warda, Jacek, Assessing changes to SR&ED and related policy instruments on Canada's competitiveness for Foreign Direct Investment: November 22, 2013.

Note: Relative generosity is determined by dividing the after tax cost of performing \$1.00 of R&D by 1 less the corporate tax rate.

Results are indexed to the relative generosity of Canada's system of tax-based support for R&D. The higher the ratio the more competitive the tax system.

* Calculations based on large firms. ** Pending new legislation proposal.

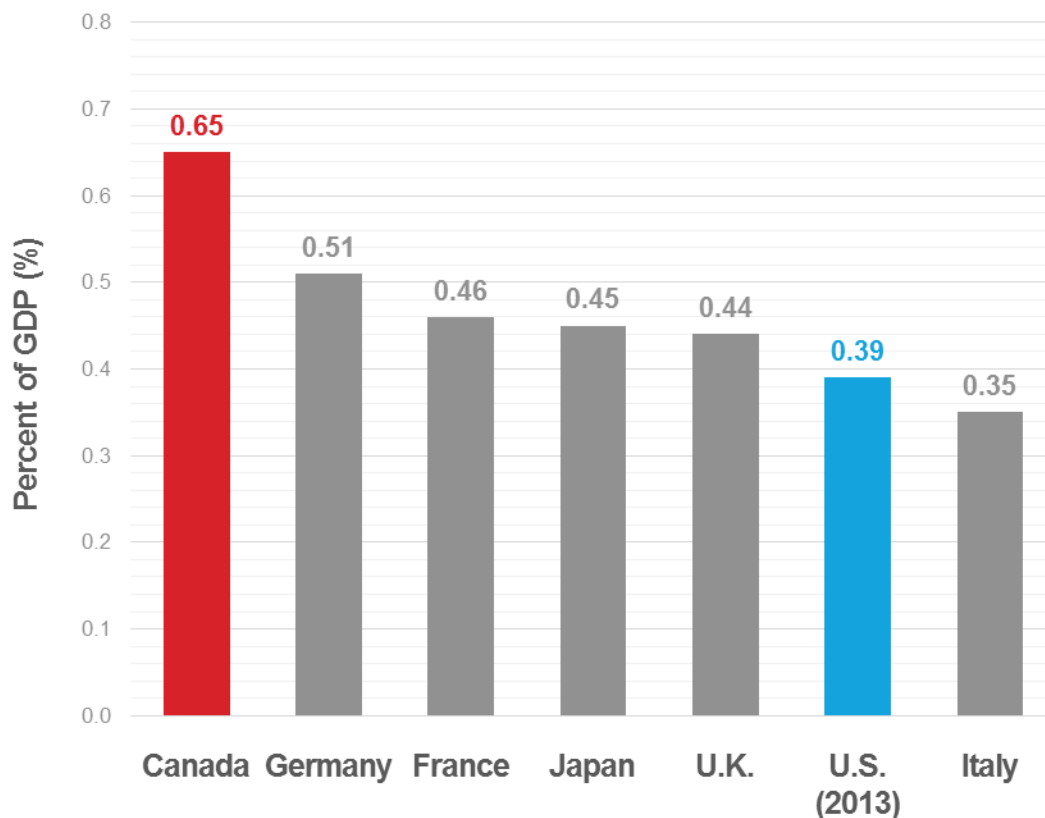
...and a high level of R&D investment in higher education...



- Canada is a world leader in post-secondary research, outpacing other G7 countries on higher education investment.



R&D Investment in the Higher Education Sector 2014



Source: OECD Main Science and Technology Indicators, 2016, Volume 1, July 2016.

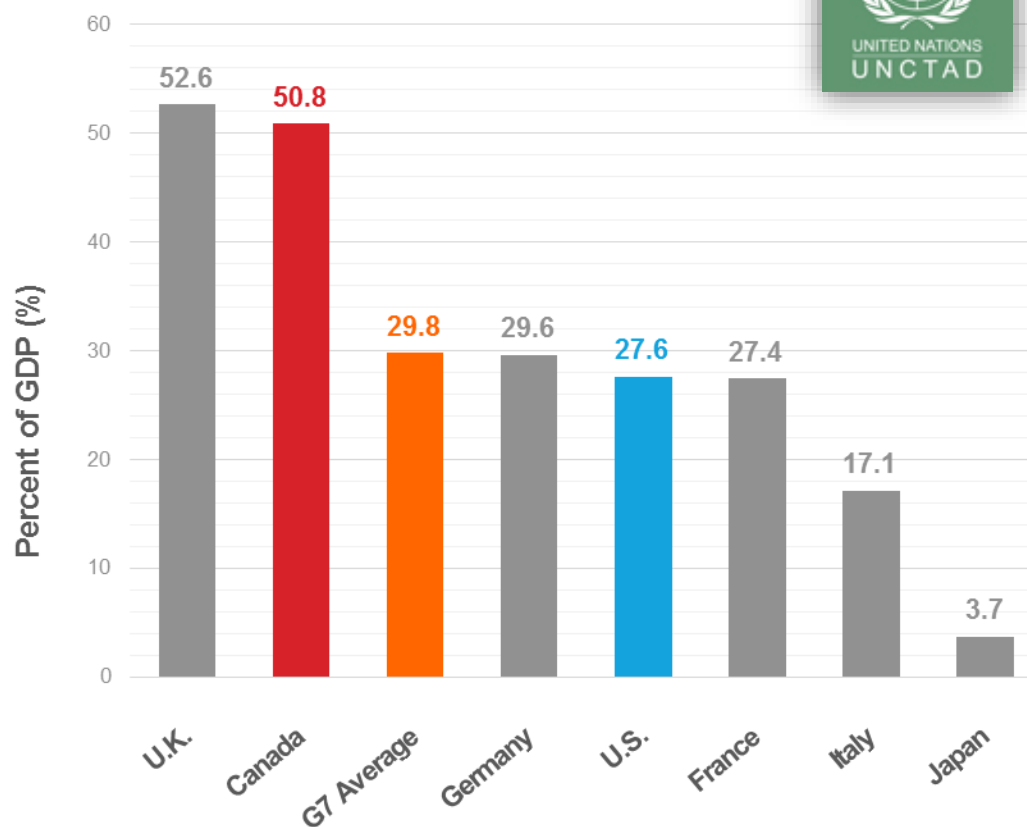
...in an above-average investment environment...



- Canada is a leading G7 nation in foreign direct investment (stock) performance when measured as a share of its GDP.



FDI-GDP Ratio 2011-2015



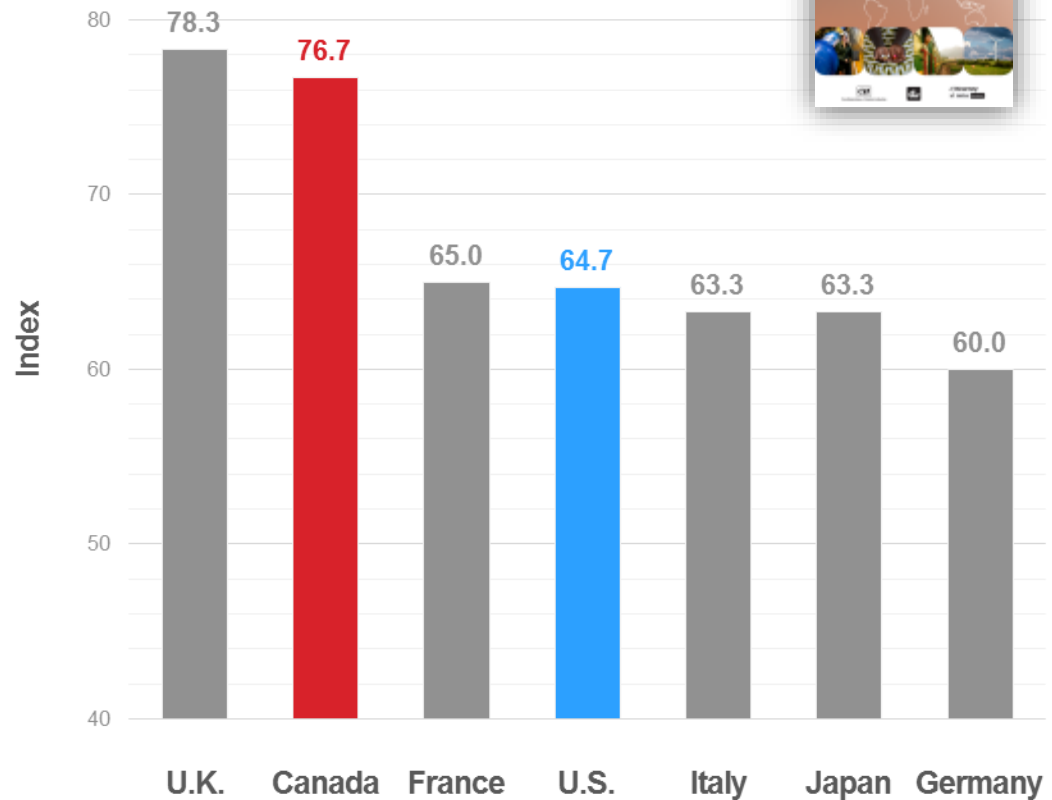
...with solid investor protection.



- Canada ranks second in the G7 and sixth in a 128-country study measuring the ease of investor protection.



Ease of Investor Protection* G7 Ranking



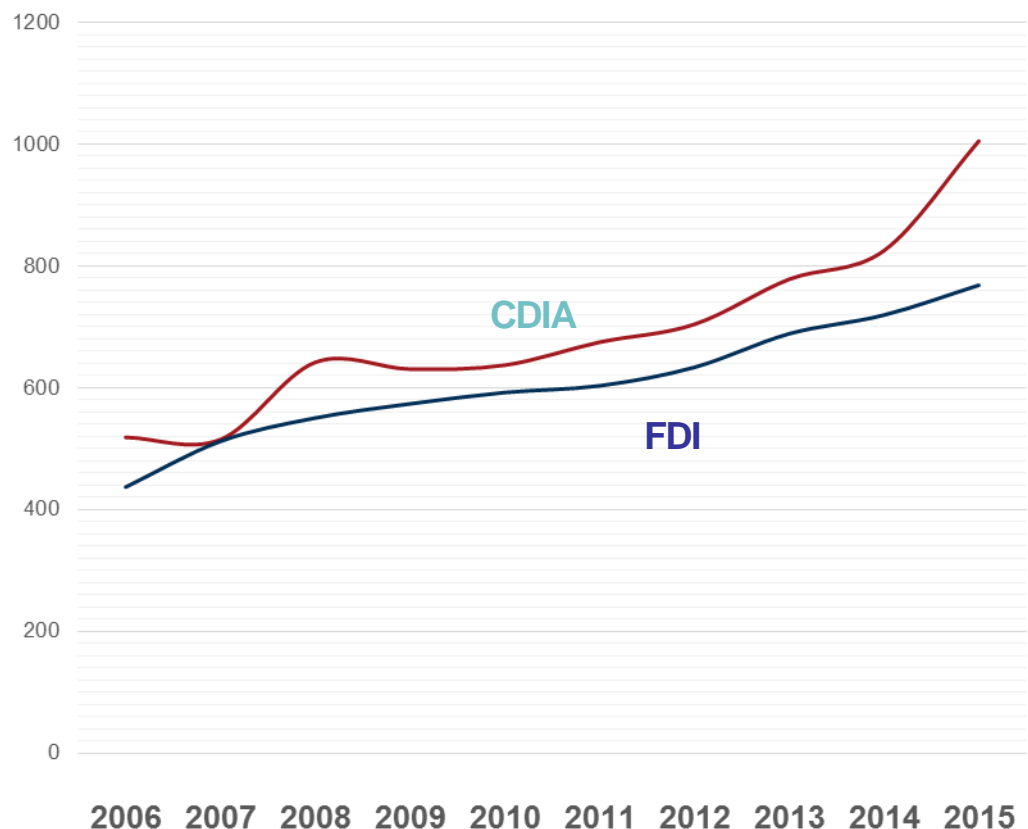
* Standing based on three dimensions of investor protection: transparency of related party transactions, liability for self dealing, and shareholders' ability to sue officers and directors for misconduct.
Source: *Global Innovation Index 2016*, Cornell University, INSEAD Business School, and World Intellectual Property Organization

Canada's globalized economy is driven by a dynamic two-way investment process...



- Over the past decade, Canada has witnessed substantial growth in both inward and outward FDI, reflecting its strong connection to global supply chains.
- Canada's inward FDI stock reached C\$768 billion in 2015, an almost two-fold increase from C\$398 billion in 2005.
- As for Canada's outbound FDI, the expansion of Canadian direct investment abroad (CDIA) has been even more spectacular, rising from C\$452 billion in 2005 to C\$1,005 billion in 2015.

Canada's Inward and Outward FDI Stock \$ Billion



Source: Statistics Canada, April 26, 2016

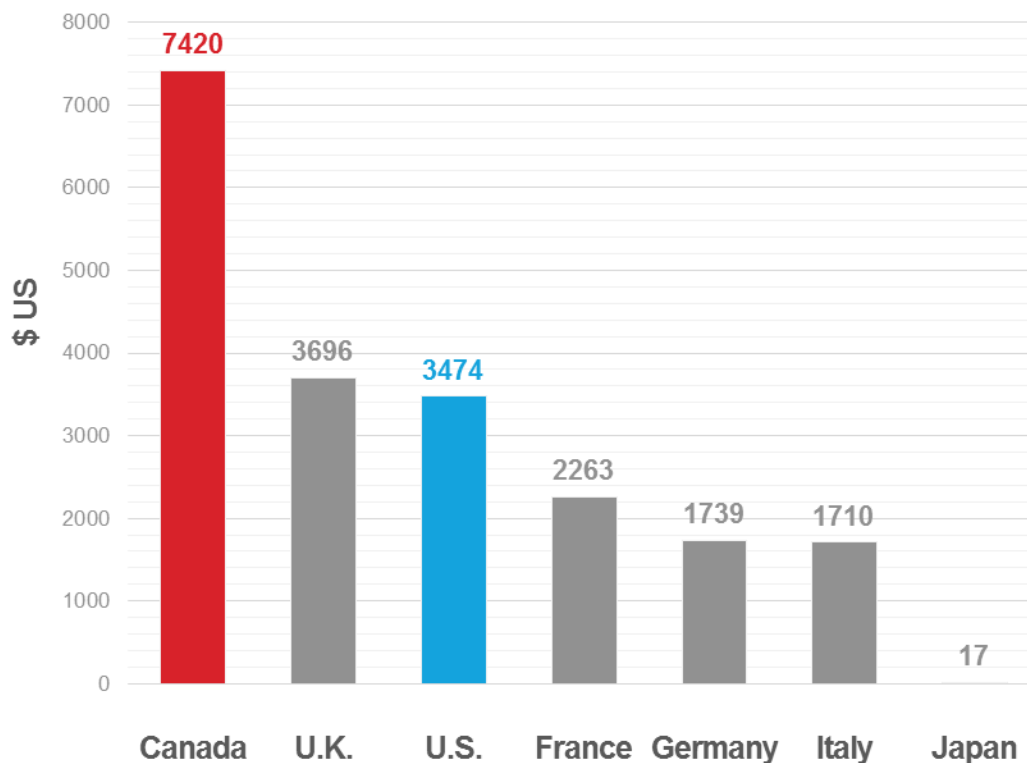
Canada is also a leader in FDI attraction...



- Since the financial crisis and ensuing global downturn, Canada has outperformed major global economies in attracting FDI: From 2011-2015, Canada was the largest recipient of per capita inflows among G-7 countries and the second largest in the G-20 following Australia.



Cumulative FDI Inflows per Capita in the G7 2011-2015 | US\$



Source: UNCTAD Stat Database, October 2016

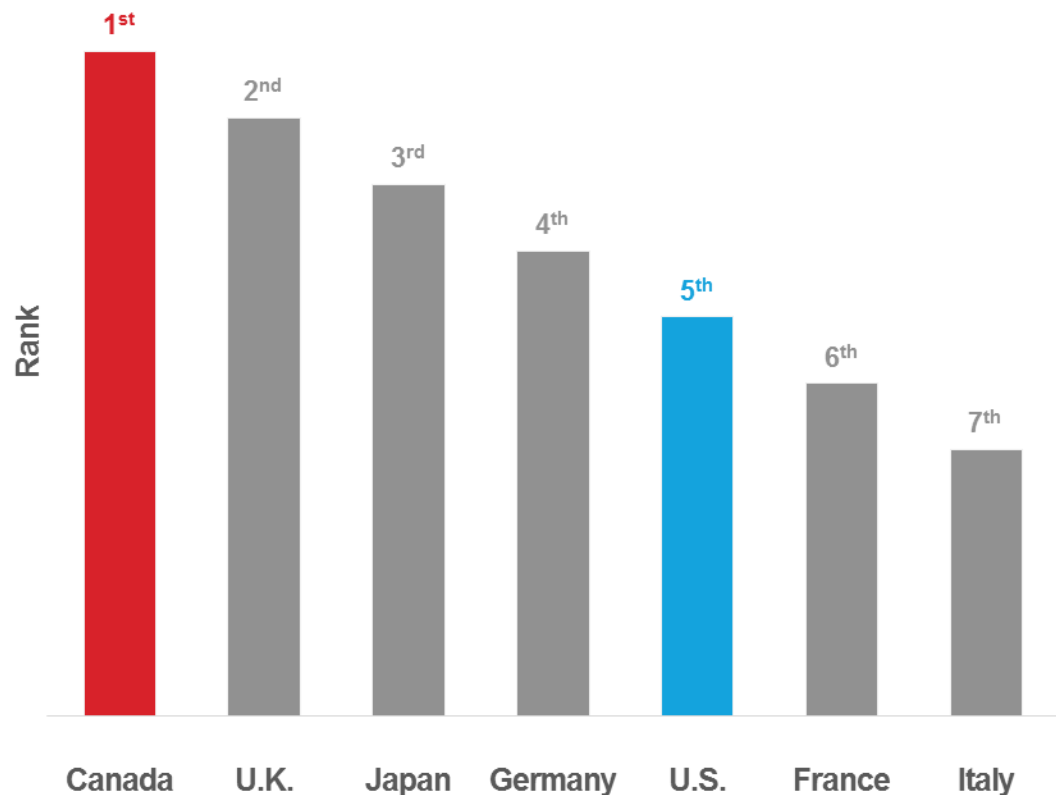
...based on its strong economic and institutional environment for FDI.



- The *Global Opportunity Index** ranks Canada's economic and institutional factors for attracting foreign direct investment (FDI) as best in the G7 and the G20, and second-best among all 124 countries surveyed.



Economic and Institutional Factors for Attracting FDI G7 Ranking



*The 2016 index ranks 124 countries on 54 variables aggregated among five categories: Economic Fundamentals, Financial Services, Business Perception; Institutional Framework and International Standard and Policy. Each of the 5 categories measures an economic or institutional factor affecting the attraction of foreign direct investment.

Source: Milken Institute, September 2016

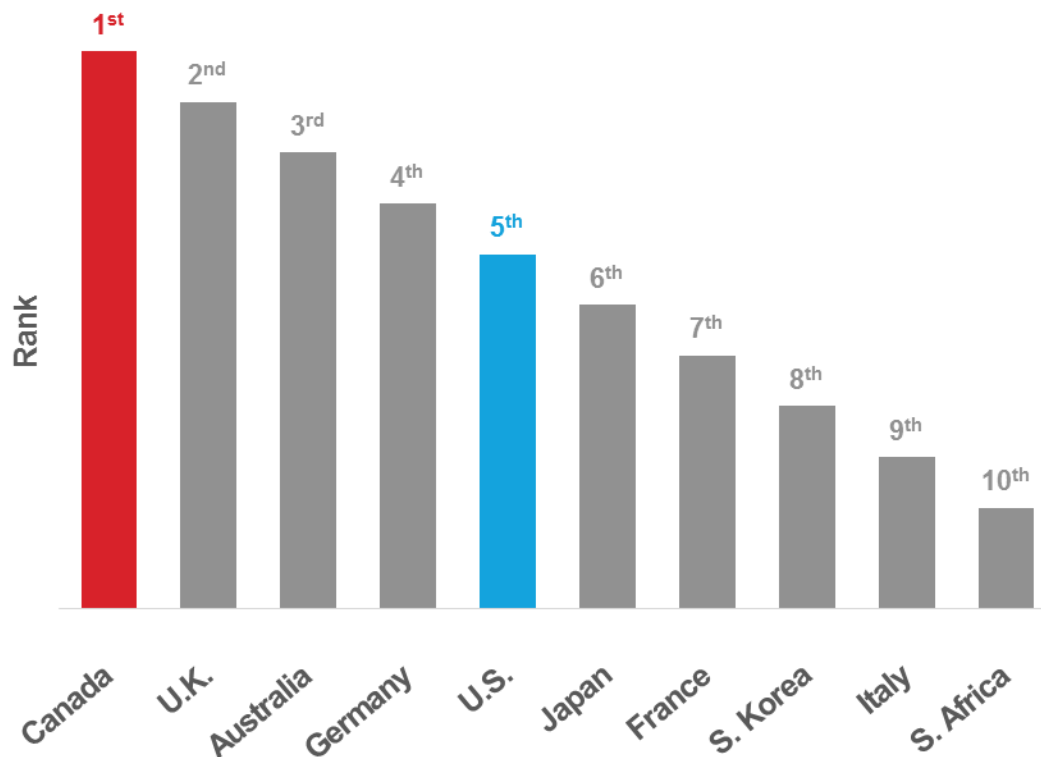
Canada is acclaimed by Forbes for its superior business climate...



- Canada leads the G20 and stood seventh overall in Forbes' latest 144-country annual study, *The Best Countries for Business*.
- Canada ranks particularly well on several study elements, including degree of personal freedom (first overall) and red tape involved in starting a business (second overall).



Top 10 Countries in the G20 for Business 2015



*Standing among G20 countries. Rankings based on the following eleven categories of quantitative and qualitative indicators: trade freedom, monetary freedom, property rights, innovation, technology, red tape, investor protection, corruption, personal freedom, tax burden and market performance.

Source: Forbes Publishing, December 2015.

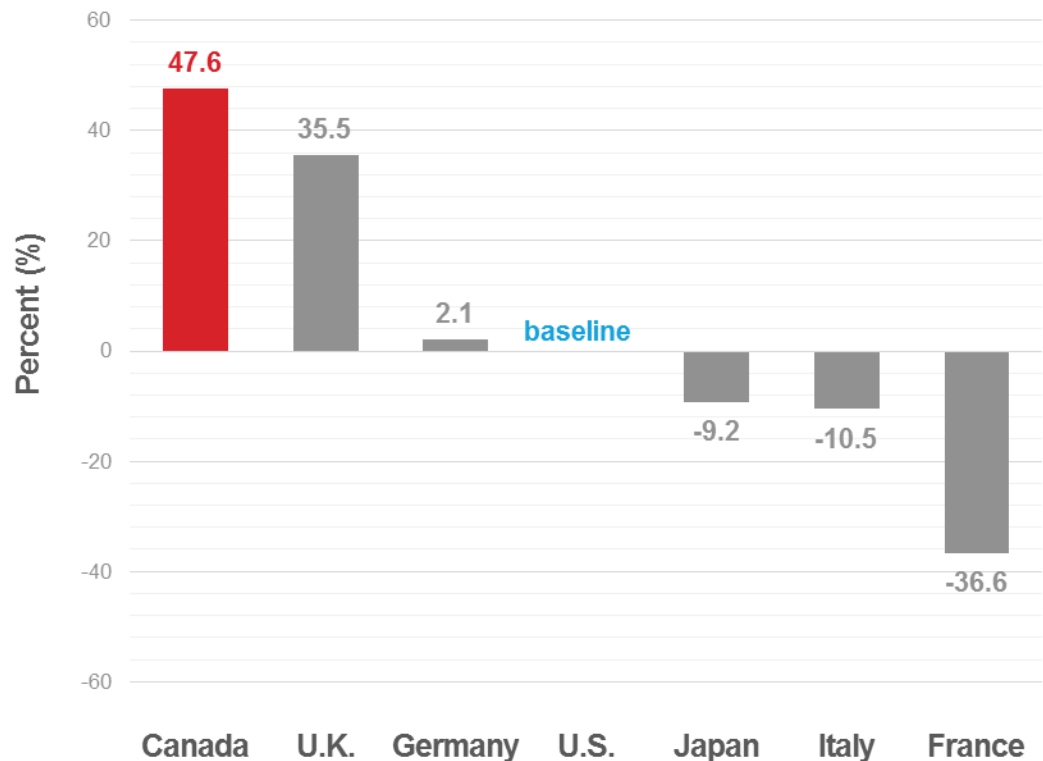
Canada is the most tax-competitive G7 country...



- Canada leads the G7 in tax competitiveness as measured by the relative total tax index,* with total taxes 47.6% less than those in the U.S.



Percentage Advantage (Disadvantage) Relative to the United States Tax Competitiveness



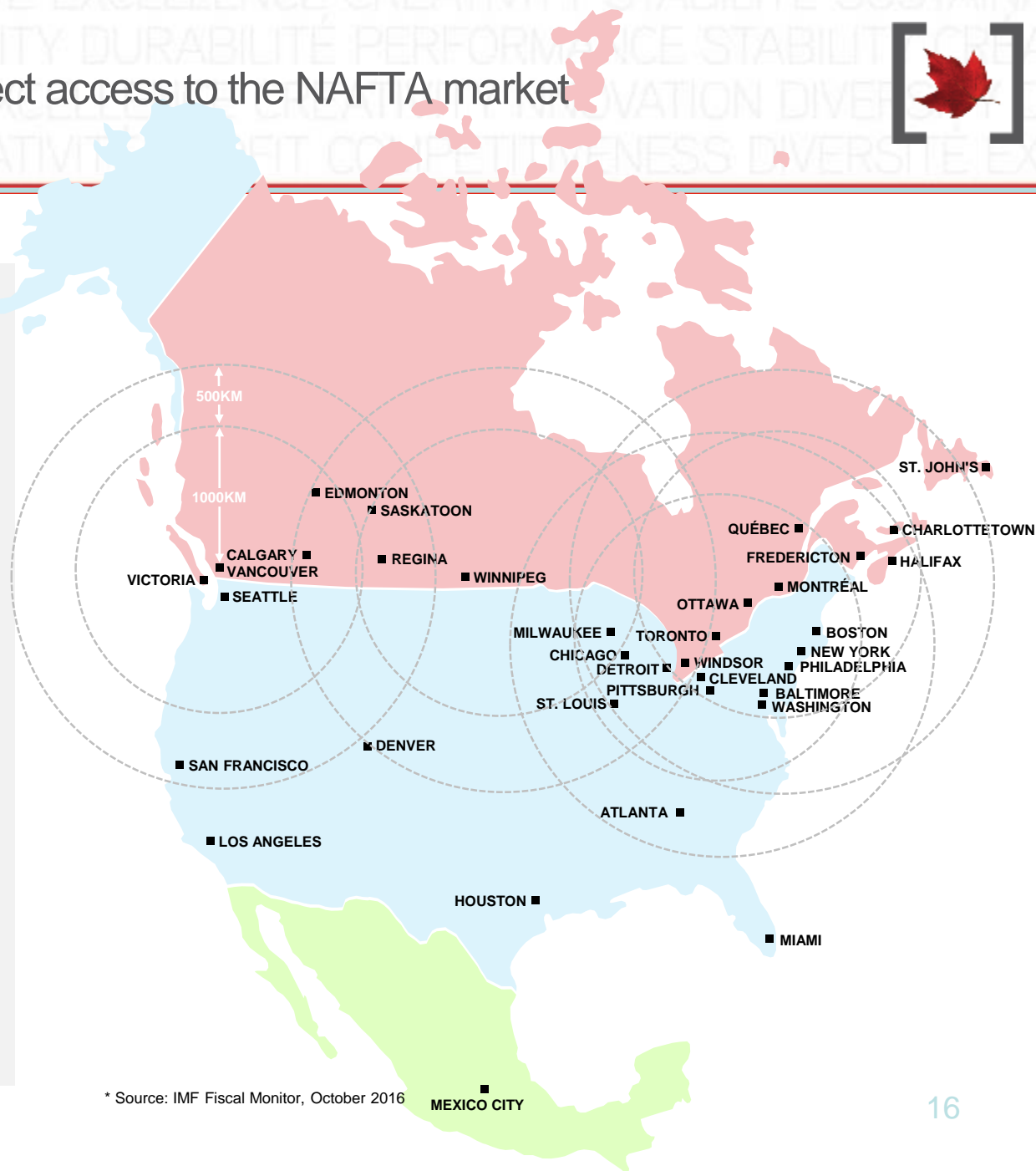
* A measure of the total taxes paid by corporations in a particular location expressed as a percentage of total taxes paid by corporations in the US.

Source: KPMG *Competitive Alternatives* 2016: Focus on Tax

...with direct access to the NAFTA market



- Canadian-based businesses have access to one market of nearly 480 million consumers with a combined GDP of almost US\$21 trillion.*
- Many Canadian production hubs are actually closer to U.S. markets than American production sites; 16 of Canada's 20 largest cities are within a 1.5-hour drive of the U.S.



* Source: IMF Fiscal Monitor, October 2016



CANADA-EUROPEAN UNION COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)



Setting a New Gold Standard for 21st- century Trade Agreements

Opportunities for Luxembourg

- Trade in Goods

Tariffs will be eliminated on virtually all of Luxembourg's exports to Canada.

- iron and steel
- metal and mineral products
- non-alcoholic beverages





Setting a New Gold Standard for 21st- century Trade Agreements

Opportunities for Luxembourg

- **Government Procurement**

- opportunities at the sub-federal level

- **Trade in Services**

- CETA will improve Luxembourg companies' access to the Canadian services market

- **Investment**

- Providing greater predictability, transparency and protection for investments in Canada



Tomorrow is an important day for
CETA.

But there will be more work ahead
of us.

Thank you.



For further information, please contact the
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ADDRESS**



Or write to us at:
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