



Foreign Direct Investment (FDI) Attraction and Retention Strategy and Action Plan for Guelph 2014-2016

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I. Overview

The City of Guelph has decided to develop a Foreign Direct Investment (FDI) Attraction and Retention Strategy and Action Plan covering the three years from 2014 through 2016. The intent is to raise Guelph's profile and to initiate lead generation activities resulting in new foreign investments. This is timely now that serviced land is available in the Hanlon Creek Business Park (HCBP). Benchmark surveys of communities comparable to Guelph indicate that Guelph's counterparts and neighbours are active in FDI attraction and retention. In addition to FDI attraction, retention and expansion of Guelph's existing foreign-affiliated firms are immensely important too, as these businesses account for over 5,000 jobs in Guelph and their experiences are important to new foreign investors. Guelph's ambition to pursue global FDI attraction and retention requires additional resources to sustain the necessary multi-year effort.

FDI has been a prime driver in the internationalization of business. The global environment for FDI attraction and retention is intensely competitive. International flows of FDI since the recession remain relatively weak. Investable capital is being held back in awaiting more certain and positive economic prospects. When global economic conditions improve, FDI flows could increase considerably.

Internationally, the US remains the largest source country for FDI and also the most significant recipient of FDI. China's role has grown to the point that it is now the second largest FDI recipient. It became the third largest source country in 2012. And, for the first time in 2012, more than 50 per cent of FDI went to emerging rather than developed markets. China, Brazil, India and other leading emerging markets are also becoming important capital exporters -- initially in resources and mainly through acquisitions, but undoubtedly too in manufacturing in the future.

From an Ontario perspective, the relative importance of the US as a source of FDI and the proportion of FDI in manufacturing in Canada are declining. On the other hand, European investment in Canada has been stronger since 2009, as is investment in Canada's resources and insurance and management sectors.

On such a competitive international stage, Guelph needs to put forth persuasive value propositions that invite international scrutiny. To attract FDI, Guelph must carefully target the sectors and sub-sectors where it can present a compelling business case that will put Guelph at or near the top on project site selection lists.

Guelph's assets include a global reputation as a centre for agriculture, food and bio-technology sciences and research; talent-generating post-secondary institutions; a notable tradition of highly skilled manufacturing; a propitious geographic location within Ontario's growing Greater Golden Horseshoe; and a community that has embraced demonstrable environmental success.

The research excellence at the University of Guelph is a key part of Guelph's appeal and branding and a central building block for FDI attraction. Conestoga College is also prominent among its peers in applied R&D and, like other Ontario colleges, is growing in this role.

The availability of highly qualified people is the major preoccupation of senior executives of international firms. The University of Guelph, neighbouring universities, and Conestoga College offer the educated people required, while Guelph's strong manufacturing sector attests to the high skill level of the workforce. Guelph needs to demonstrate that the attraction, retention, training and re-skilling of the talent pool -- including immigration -- is a community preoccupation.

Canada -- led by Ontario -- has the highest proportion of post-secondary graduates among the advanced OECD countries. International business leaders also react positively to the fact that Canada's immigration system continues to be based largely on economic considerations. Immigration provisions that accommodate graduating foreign post secondary students are a further plus.

Financial incentives are being aggressively employed by US state and local governments at a time when the Federal and Ontario governments have limited funding programs that can be readily accessed by foreign investors. Additionally, the lower US dollar has enhanced US competitiveness, while continued volatility in the Canada-US exchange rate introduces a risk for Canadian projects heavily dependent on exports to the US. However, Ontario's corporate tax rates are highly competitive and foreign investors can access attractive Canadian and Ontario tax incentives and programs that fund business-academic research partnerships.

The areas recommended as priorities for the three-year Guelph FDI Attraction and Retention Strategy and Action Plan are:

- Agri-Innovation;
- Environmental/Renewable Technologies; and
- Advanced Manufacturing.

The selection of these priority sectors, along with sub-sectors within, was made on the basis of Guelph's greatest strengths and where the best opportunities are today. The principal sub-sectors to target during the three year Action Plan are:

- Agri-Innovation: Guelph as a North American and Canadian headquarters and research base for international agri-food and agri-tech companies;
- Environmental/Renewable Technologies: Water technologies, products and services; and
- Advanced Manufacturing: Food processing manufacturing equipment and systems, and new supply-chain-related investments.

Before launching a full-fledged FDI attraction program Guelph must ensure that it has in place the support elements that will allow it to respond to leads generated by its new initiatives in a professional and timely manner. This encompasses developing powerful value propositions, establishing lead tracking systems, generating and translating marketing collateral for FDI attraction, and establishing relationships with executives of existing foreign-affiliated companies and tax, legal, real estate and human resources professionals ready to provide support to prospective investors. How Guelph will brand itself internationally also requires attention.

As a first step in FDI attraction, Guelph is already a partner in two collaborative FDI attraction initiatives in priority sectors -- the Ontario Food Cluster (OFC) and the Ontario Clean Technology Alliance (OCTA). The latter has shifted focus to the promising water technologies and equipment, away from outreach to manufacturers of solar and wind power generation equipment. In addition to continuing OFC and OCTA

involvement, some of the most effective techniques for generating leads internationally are likely to be:

- well researched, targeted and prepared one-on-one calls;
- encouraging and orchestrating visits to Guelph by prospective investors, especial those driven by R&D interests;
- attendance and participation in targeted industry events;
- cultivating supportive relationships with Canadian and Ontario representatives serving outside Canada; and,
- an information-rich Guelph website adapted to cater to international investors, accompanied by selective use of social media.

As to the target countries which are most likely to be sources of FDI, the US remains a prime source but its own competitiveness has strengthened considerably. European countries such as Germany, the Netherlands, Italy and Austria offer strong prospects and should be a focus. Agri-innovation is a promising fit for Brazil which has emerged as an outward looking global player. China bears monitoring, though for the time being its focus in the food area will be more on acquisitions than new ventures abroad.

Performance measurement that is aligned with the FDI attraction and retention strategy and action plan should be an integral component.

Moving into FDI attraction and retention thrusts Guelph into a very competitive global arena in which it must put forward very credible value propositions and sustain its efforts over the medium term. Thorough research and effective targeting of prospects will help ensure efficient use of resources. Collaborations with sister economic development organizations and interaction with Federal and Ontario government representatives outside Canada share costs and lever additional resources.

Though not a focus for in-depth analysis in this report, it is important to flag that there are important broader economic development issues on the community agenda in Guelph that are being discussed that also have an important bearing on FDI attraction and retention. These issues include:

- workforce availability, training and re-skilling;
- attracting and retaining highly qualified talent, including immigrants and foreign students
- the City of Guelph's integrated operational review; and
- enhanced collaboration around economic development.

" . . . a globally integrated enterprise is not an end-state but rather a continuous process of transformation. For cities, regions and countries, this ongoing optimization and transformation of companies represents a challenge as they try to attract investment. They need to offer attractive value propositions for investors that deliver satisfactory returns on their investments."

-- "Global Location Trends: 2012 Annual Report,"
IBM Global Business Services

II. Introduction

A. Context

A Global Player: The City of Guelph understands that it has a global role. The **Vision** for the City of Guelph's Corporate Strategic Plan (CSP) Framework (2012-16) is "to be a City that makes a difference . . . acting locally and globally to improve the lives of residents, the broader community and the world." This is supplemented by a **Mission** statement "to build an exceptional City by providing outstanding municipal service and value." Flowing from the Vision and Mission, one of nine **Strategic Directions** for the City of Guelph as part of "City Building" is to "be economically viable, resilient, diverse and attractive for business."

The City's Economic Development Services group has a **Vision** which focuses on "A diverse, prosperous and sustainable local economy that supports the 2012 – 2016 CSP and Prosperity 2020" supported by a **Mission** "To create an environment that attracts and supports business investment; fosters collaboration and partnerships; and leverages local, regional and national assets to create sustainable economic opportunities for Guelph."

FDI Attraction and Retention Strategy and Action Plan: Recognizing the importance of foreign investment, the City of Guelph decided to develop and adopt a Foreign Direct Investment (FDI) Attraction and Retention Strategy and Action Plan. The time frame for the Strategy and Action Plan is three years from 2014 to 2016.

Objectives: The desired outcomes are to increase Guelph's profile as an attractive investment location and enhance its market presence and its reach in the US and overseas, in order to generate leads that can be converted into new business investment.

| Figure 1 | |
|--|---|
| City of Guelph - Economic Development Services, Enterprise Services | |
| Program Focus: <i>Building Value</i> | |
| Business Attraction | <ul style="list-style-type: none"> ▪ Promote Guelph as a preferred location for new investment. ▪ Primary target employment sectors include Advanced Manufacturing, Agri-tech, and Environmental Technology sectors. |
| Business Retention & Expansion | <ul style="list-style-type: none"> ▪ To connect with Guelph based industry. ▪ Understand and respond to their needs. ▪ Develop and delivery programs and events. ▪ Create awareness of business opportunities for industry. ▪ Act as an advocate for business within City Hall. |
| Investment Ready | <ul style="list-style-type: none"> ▪ Assist private sector investment inquiries/opportunities. |
| Marketing, Promotion, Communications | <ul style="list-style-type: none"> ▪ To increase business investment. ▪ To engage and support the local business community. ▪ To improve and maximize collaboration with economic development partners. ▪ To communicate that the City of Guelph is Business Friendly and Investment Ready. |
| Corporate Strategic Initiatives | <ul style="list-style-type: none"> ▪ Lead/support corporate strategic initiatives as identified by Enterprise Services, or directed by Executive Team/Council. |

Present Situation: Currently, Guelph's FDI attraction activities are assessed as being generally more reactive than proactive, given limited staff and budget resources. This is a common reality among Canadian municipalities whose share of tax revenues falls short of their responsibilities. In Guelph's case, the City also held back somewhat on proactive FDI attraction until it was able to offer ready access to developable industrial and commercial land in the Hanlon Creek Business Park (HCBP).

At the present time, the main sources of FDI leads are direct enquiries from potential investors and referrals and requests from government partners and site selectors. Guelph has nonetheless extended its international reach in two priority sectors by participating with sister economic development agencies in Ontario in two consortia -- the Ontario Clean Technology Alliance (OCTA) and the Ontario Food Cluster (OFC) -- that develop promotional initiatives typically centered on international trade shows and conferences, aided by consultants that set-up pre-qualified meetings with prospective investors.

Guelph's Assets: Guelph offers notable advantages and recognizes the importance of targeting its FDI attraction strategies to sectors -- and sub-sectors and niches within them -- in which Guelph commands a sustainable competitive advantage. When it comes to opportunities to attract international attention, Guelph's assets include a global reputation as a centre for agriculture, food and bio-technology sciences and research; a community that has embraced environment success; a notable manufacturing tradition; talent-generating post-secondary institutions; serviced industrial and commercial land and research park space; and a propitious location within Ontario's growing Greater Golden Horseshoe. This report looks at these strengths -- along with weaknesses, opportunities and threats -- as part of a SWOT analysis associated with an evaluation of sector priorities for FDI attraction in Section III.

B. Structure of the Report

Evaluation of Sector Priorities for FDI Attraction: As a central part of its Prosperity 2020 process, Guelph has identified five priority sectors:

- Agri-Innovation;
- Environmental/Renewal Technologies;
- Advanced Manufacturing;
- Professional, Scientific and Technical Services; and
- Information, Cultural, Communications and Technology Industries.

These priorities were set about three years ago and take into account considerations that are much broader than just FDI attraction.

This report therefore looks closely at each of the Prosperity 2020 sectors through an FDI attraction lens that also takes into account today's considerations. The objective is to refine the priorities down to those where, in a very competitive global environment, Guelph can put forward its most compelling business cases. This is covered as part of Section III.

The Most Effective FDI Lead Generation Techniques: Section III of our report also focuses on in-depth examinations of several specific aspects of FDI attraction and retention that the City of Guelph identifies in the Request for Proposal as being of particular interest, including:

- A survey of eight comparable communities to obtain information on their FDI attraction and retention activity and techniques;
- Assessments of the effectiveness of various FDI lead generation and retention techniques; and
- Geographic and regional priorities for the priority sectors as refined.

This, together with our evaluation of Guelph's readiness for FDI attraction and how the existing sector priorities align with FDI attraction efforts, provides background for presentation of the three year Guelph FDI Attraction Strategy and Action Plan.

Readiness to Service Leads: A necessary and unavoidable prerequisite to setting out to be more proactive in the attraction of FDI is investment readiness, which is also covered in Section III. FDI attraction centres on lead generation. The proposed initiatives in the Action Plan will generate leads to which the Guelph Economic Development Services group and its partners must be prepared to service fully, promptly and aggressively.

Guelph FDI Attraction and Retention Strategy and Action Plan: The ultimate deliverable in this project is the new three-year Guelph FDI Attraction and Retention Strategy and Action Plan. It forms Section IV and is designed to be a stand-alone document which the City of Guelph can refine as it sees fit and use publicly as a three-year road map. The Strategy sets the broader context. The Action Plan has a short introduction which focuses on the year immediately ahead. The Action Plan itself covers three years -- 2014 to 2016. For each year, the Action Plan describes individual projects, outlines expected results, includes the staff time expected to be devoted to the projects and estimated budgets, and establishes priority rankings.

Consensus and Buy-In: The strategy and plan can be carried forward purposefully and vigorously only if the proposed actions attract wholehearted support and buy-in from the City of Guelph, its Economic Development Services team and all those partners that the City interfaces with and engages.

"Competition between nations to attract FDI will increase dramatically, raising the stakes for countries and complicating the decision processes for companies."

- "The Future of Manufacturing: Opportunities to drive economic growth,"
A World Economic Forum Report in collaboration with
Deloitte Touche Tohmatsu Limited, April 2012

III. Background and Analysis on Specific Aspects

A. The Competition for Foreign Direct Investment

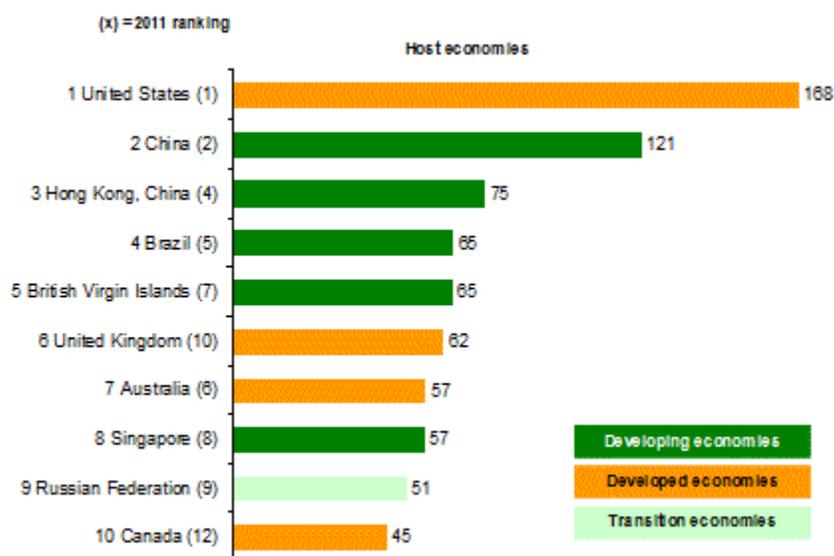
1. Trends in Foreign Direct Investment

Foreign direct investment (FDI) has been a powerful lubricant of globalization. The estimated cumulative stock of global FDI was \$US 22.8 trillion at the end of 2012.ⁱ Internationalization has grown rapidly as firms have taken advantage of the pervasive growth of digital technologies and more open markets. As a result, global business models have come to be based on the optimization of multiple locations for various discrete portions of corporate supply chains and activities, including manufacturing and R&D activities. This basis for site location decisions creates a very competitive environment.

FDI Levels Are Struggling To Recover: In its report on 2012 issued in late June 2013, the United Nations Conference on Trade and Development (UNCTAD) describes the road to recovery for FDI flows as "bumpy" and expects it will take longer than anticipated. Annual flows of FDI were an estimated at \$US 1.35 trillion in 2012, weakening by 18 per cent from 2011 and falling back below the highs immediately preceding the 2008 recession.ⁱⁱ This reflects a more cautious and risk averse climate in the face of volatility and uncertainty. As a result, there is still a significant overhang of cash held by international companies awaiting clearer signals. When it is deployed, FDI flows will increase notably.

According to UNCTAD, Canada was one of a minority of developed countries that attracted more FDI in 2012 than in 2011. This performance is largely resource driven. With the increase, Canada moved up to tenth position as a destination for FDI -- fourth among developed countries, after the US, the UK and Australia.

Figure 2
Top 10 Host Economies for FDI Flows in 2012
(Billions of US dollars)



Source: UNCTAD World Investment Report 2013

The Shift Of Capital To – And From – Emerging Markets: The US continues to be both the largest recipient and largest source of FDI, but China's role has been growing markedly. China is the second largest FDI recipient and became the third largest source country in 2012. And, for the first time ever in 2012, more than half of all new FDI went to emerging markets in Asia, Africa, Latin America and the Middle East.ⁱⁱⁱ Until recently, these investments in emerging economies had been largely driven by the lure of lower operating cost. However, as labour costs have since risen with the rapid growth in these economies, FDI decisions are increasingly market- rather than cost-driven, given the escalating wage costs in many of these countries and the internal national demand that is being generated as their economies grow.

At the same time, China, Brazil, India and other leading emerging markets are also becoming important capital exporters. Though outflows of FDI are currently concentrated in resource sectors, the foreign investments in manufacturing and technology are widely expected to grow. Given that the business cultures in countries like China, Brazil and India are relationship-oriented (as opposed to the transaction-based norm in Western businesses), those countries interested in attracting new investment are already investing in cultivating prospects.

These dynamic changes heighten the competitive environment for FDI attraction and introduce trends which must be monitored.

Canadian FDI Trends: Canada's stock of FDI reached \$633.9 billion at the end of 2012, up 10.5 per cent from 2009. As noted on the previous page (Figure 2), this runs somewhat counter to trends in other developed countries but is influenced by FDI directed at Canada's resources more than its industrial and service sectors.

Foreign investment has long been important to the Canadian economy. Today, foreign-controlled companies account for nearly 20 per cent (19.7 per cent) of the assets of all enterprises in Canada.^{iv}

Canada's share of the world's FDI stock has remained at just under 3 per cent for most of the past decade, compared to 5.4 per cent in 1990 and even higher levels earlier.^v Despite the decline, the Conference Board of Canada charitably judges that Canada still gets a "fair share" because its share of global FDI is greater -- even if to a very modest degree -- than its share of global GDP.^{vi}

Finally, it should be noted that although a significant recipient of FDI, Canadian direct investment in other countries is moderately greater overall than the inflow, giving Canada a strong self-interest in liberal foreign investment policies.

Country Sources of FDI in Canada: The US is still Canada's largest foreign investor but its dominance is slipping. The amount US investors put into Canada has increased in absolute dollars, but its share of direct investment in Canada declined to 51.5 per cent in 2012, reflecting a downward trend that began in the early 2000s when it represented nearly 65 per cent. The Netherlands ranks number two, a position it has held since 2008 when it moved ahead of the United Kingdom.^{vii}

Looking at the recent post-recession period (2009 to 2012), the most significant growth in FDI in Canada, aside from Luxembourg, has come from Germany (up 24.5 per cent from 2009), Japan (20.7 per cent), Brazil (19.7 per cent), and the UK (15.9 per cent) (See Appendix A). (Luxembourg is a special case, influenced by tax and other considerations.)

In line with these trends showing growing investment from Germany and the UK, experience indicates that European companies are looking to expand operations elsewhere because of the continued economic weakness in Europe. Though European countries are experiencing economic challenges, this is not necessarily true of European companies. Many are well established and financially strong and are now forced to look at expansion to North America. Many companies do not understand the value proposition Canada provides under NAFTA and the opportunity to supply the whole NAFTA economy from a Canadian base. If Canada can successfully conclude its current negotiations for a Comprehensive Economic and Trade Agreement with the European Union, European companies may be more receptive to consider the potential.

Global trends suggest further shifts ahead in Canada's sources of FDI, including an expansion of non-resource investment from emerging economies such as China, Brazil and India.

Sector Shares for FDI in Canada: The finance, insurance and management industries rose to account for the largest share of FDI in Canada for the first time in 2012, surpassing manufacturing which was 28.7 per cent, down from a high of 43.5 per cent in 2000. FDI in mining, and oil and gas meanwhile, has risen from 13.6 per cent in 2001 to 19.0 per cent in 2012 (See Appendix A).^{viii}

Ontario's FDI Attraction Record: As inward FDI statistics are not produced by Statistics Canada other than on a national basis, timely comprehensive data on Ontario's FDI attraction is not readily available.

A snapshot of Ontario's record of FDI attraction in 2010 is provided in a report on greenfield investment projects prepared by fDi Intelligence for the Ontario Ministry of Economic Development and Trade (See Appendix B). The analysis shows that, of over 1,500 North America projects in 2010, Ontario garnered 127, ranking second to California among states and provinces. Later data from fDi Intelligence for 2012 indicates that Ontario obtained 123 greenfield investments that year, slipping to third after California and New York.

Within Ontario, 49 of Ontario's 127 projects in 2010 (39 per cent) went to Toronto. After Mississauga (12 projects), Ottawa (8), London (4), Windsor (4) and Burlington (3), Guelph was among several cities that attracted two projects. In Guelph's case, according to the data, both were attributed to the US.

In terms of the source country of the FDI flowing to Ontario in 2010, the United States accounted for just over half the projects, with Germany ranking second at about ten per cent of the Ontario total. The top five source countries -- the US, Germany, the UK, Spain and Japan -- claimed 78 per cent of all projects.

Knowledge- and Research-Intensive FDI: For Guelph, the potential to attract R&D intensive investment is an important consideration. Knowledge-based investment aligns with and is made more possible by having a leading research university. Even if R&D is not the sole objective, its presence can enhance the overall value equation for Guelph.

More companies are internationalizing their R&D. Historically, companies concentrated their knowledge- and R&D-intensive activities at their corporate headquarters, but trends over the past two decades suggest this is changing. There are several reasons: global competition is putting increased pressure on companies to bring innovative products and services to market faster; other jurisdictions may offer centres of knowledge and research excellence unavailable in a company's home country; and the growing ubiquity of broadband communications now makes collaboration at a distance feasible.

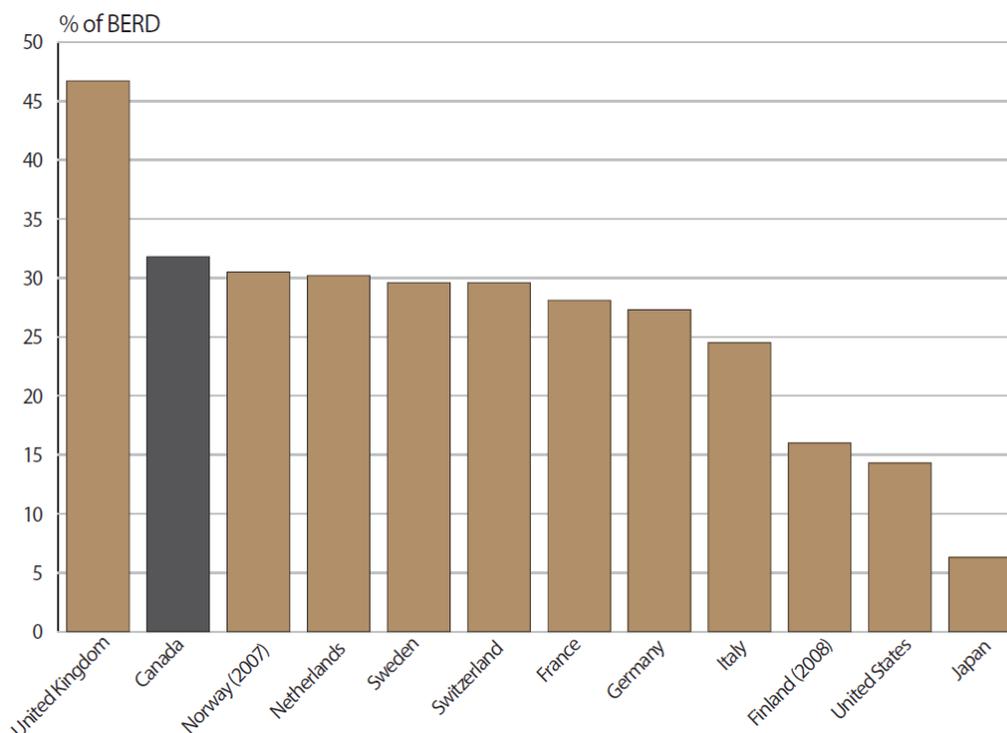
Just over 90 per cent of Fortune 1,000 companies report an R&D footprint outside their headquarter country, often distributing R&D units while creating cross-boundary connection, conversation and collaboration.^{ix}

Where are the headquarters of the world's largest knowledge- and R&D-based companies located -- the type which tend to match Guelph's FDI focus? The majority of the world's top 1,000 R&D-performing companies in 2009 (74 per cent) were concentrated in just six countries: the US, Japan, Germany, France, Switzerland and the UK. Collectively, these companies spent \$US 550 billion in R&D in 2009, accounting for 82 per cent of all R&D conducted by the largest 1,000 R&D-intensive global corporations. (A full list is being provided separately.)

When it comes to a sector breakdown, two-thirds of G1000 R&D was split between five key sectors: pharmaceuticals and biotechnology (19 per cent), technology hardware and equipment (17 per cent), automotive (16 per cent), software and computer services (7 per cent) and electrical and electronic equipment (7 per cent).^x

In Canada, about one-third of existing Canadian business R&D is performed by foreign-affiliates. Only the UK proportion is higher among the principal OECD countries.

Figure 3
R&D Expenditures Generated by Foreign-Controlled Affiliates - 2009



Source: OECD, Main Science & Technology Indicators: 2012/1, January 2013

Similar conclusions flow from data on Canada's top 100 corporate R&D spenders. In 2011, foreign-affiliated firms accounted for one-third of the total R&D expenditures of these 100 firms. The percentage is even higher -- 42 per cent of the total -- among the top 24 firms who comprise the "\$100 Million Club" (each spending \$100M or more on R&D).^{xi}

Among the Top 100 firms in R&D spending in Canada are several of interest in terms of research linkages to the University of Guelph -- Boehringer Ingelheim (Canada) ranked 32nd with 2011 R&D expenditures of \$75.3 million, while Monsanto Canada spent \$23 million and ranked 72nd.

Key Take-Aways for Guelph:

- The global competition for FDI is intense.
- International FDI flows have yet to return to pre-recession levels, but there is a considerable overhang of investable funds awaiting more certain economic prospects.
- China, Brazil, India and some other emerging countries are becoming FDI sources, but principally in resource sectors and through acquisitions. FDI in manufacturing from these countries is expected in the future.
- In relative terms, the US FDI in Canada has been declining for the last decade, while European investment has recently been stronger. By sector, FDI in manufacturing in Canada has been declining relative to resources and insurance and management corporations.
- More corporations are internationalizing their R&D.
- About a third of business R&D in Canada is done by foreign-affiliates.
- Nearly three-quarters of the largest 1,000 R&D performing companies were located in only six countries -- the US, Japan, Germany, France, Switzerland and the UK.

2. Investment Incentives

Incentives: Canada and Ontario appear to be in an inferior competitive position at this point in time vis a vis the US when it comes to investment incentives.

US state and local governments have chased new investment very aggressively since the recession by offering rich incentives -- particularly tax-based incentives. A New York Times investigation published in late 2012 found that US states, counties and cities are giving up more than \$US 80 billion each year in incentives. Of this total, \$US 18 billion represent income tax breaks, while sales tax relief amounts to \$US 52 billion. Another means for US state and local governments to provide incentives are tax-exempt bonds. Since 2003, \$US 65 billion of these bonds have been issued, according to the New York Times.

Ontario Government Funding Programs: The Ontario government, faced with a significant budgetary deficit, has cut incentives by \$250 million annually and is pursuing a process to design a simpler new package of incentives that promises to offer something closer to a single window approach. In the meantime, the availability of funding is constrained to one-off deals to lever particularly meritorious anchor-type investments. In the interim, the two principal Ontario programs currently in place are:

- The **Strategic Jobs and Investment Fund (SJIF)** which is effectively a reserve fund for the government to call upon where incentives are essential to landing a particularly important anchor investment; and
- The **Southwestern Ontario Development Fund (SWODF)** which can provide a grant of up to \$1.5 million covering up to 15 per cent of eligible project costs.

The grants actually approved under the SWODF tend most often to be closer to 10 per cent, rather than 15 per cent of project costs. Approvals normally take five months.

Ontario Ministry of Agriculture and Food/University of Guelph Partnership: Part of the significant annual funding provided under the Ontario Ministry of Agriculture and Food/University of Guelph Partnership goes toward specific research projects led by Guelph researchers and developed in cooperation with industry groups and companies. The second five-years of the current ten-year Partnership was recently approved by the Ontario Government. Currently, the agreement provides total revenues of about \$93 million -- consisting of approximately \$70 million in provincial payments with the remainder in fees and revenues from the sale of goods and services. The amount that directly funds research projects is in the order of \$9 million.

The OMAF/University of Guelph Partnership contributes to the recognition of the University as an internationally-known centre of excellence. In order to participate fully, companies must have a presence and commitment to Ontario. The ability to access this collaborative research activity is an important lever in getting foreign firms to establish a presence in Guelph.

Canada's and Ontario's Growing Forward 2 Program: The new agri-food oriented five-year Growing Forward 2 (GF2) program -- which involves both the Federal and Ontario governments -- seeks to encourage innovation, competitiveness and market development. The Ontario government will have responsibility for much of the shared program, the main part of which is geared principally to established firms and which involves \$350,000 caps on the amount that any one firm can receive. A Federally-delivered component of GF2 -- the AgriInnovation Program's Enabling Commercialization and Adoption stream -- can offer loans of up to \$10 million to Canadian-based firms to demonstrate, commercialize and adopt innovative products, technologies, and processes. This could potentially be applicable to a foreign investor seeking to develop new technologies in Canada.

FedDev Advanced Manufacturing Fund: Another important new funding program will be FedDev Ontario's Advanced Manufacturing Fund which was allocated \$200 million over five years beginning April 1, 2014 in Budget 2013. This is part of the next tranche of \$920 million in funding for FedDev Ontario through March 31, 2019.

Export Development Canada (EDC) Inbound FDI Financing Program: EDC will finance capital expenditures that are part of a new or expanding foreign investment where the firm's exports will exceed 50 per cent of sales. EDC also insures and supports exports of Canadian products.

Industrial and Regional Benefits (IRB) Program: The prime contractors on major Canadian defence contracts are obliged to place business in Canada equal to the total value of the procurement under the provisions of Canadian government's Industrial and Regional Benefits (IRB) Program. IRBs can be a means of stimulating FDI in Canada. University-Business-Government research consortia can attract five times the normal credit for the prime contractor.

Canada's New Pilot Start-Up Visa Program: In April 2013, the Canadian government launched a pilot start-up visa program which it claims is the first of its type in the world. A key requirement is that the prospective visa recipient needs to have a commitment of support from a designated Canadian venture capital fund or angel investor group indicating that they support the business idea and will invest a minimum of \$200,000 in the case of a venture fund or \$75,000 for angels. The entrepreneur seeking the visa does not have funds to invest but must demonstrate sufficient funds support themselves.

The Golden Triangle Angel Network (GTAN), which considers Guelph part of its home turf, is a designated group. The program is still in its early stages but it is conceivable that it could be an avenue, if GTAN investors or a VC firm were interested, to attract a foreign start-up to locate in Guelph. The opportunity would need to be triggered by a foreign entrepreneur whose planned business was a fit for Guelph's research, talent or market strengths.

Attracting early stage venture-type capital and firms is challenging. In theory, a Guelph-based seed accelerator, like Communitech's Hyperdrive or MaRS' JOLT, could be an approach that could attract non-Canadians to come to Guelph. This might only be for the duration of the seed accelerator program, but possibly could be more permanent if there is a good fit for the early-stage company. Marshalling capital locally is the prerequisite however to attracting both foreign firms and capital.

Ontario's Low Corporate Tax Rate: Offsetting the current paucity of readily accessible financial incentives to support a new foreign investment in Ontario is the very competitive corporate tax rate for Ontario companies which is now at 26.5 per cent, following Federal and Ontario reductions.

The Ontario corporate tax rate is markedly lower than comparative rates in the US which average about 39 per cent including Federal and state rates.

Canada's R&D Tax Advantage: Canada also remains an attractive destination for R&D because of the generous tax incentives for Scientific Research and Experimental Development (SR&ED) that have been offered in Canada. An element of uncertainty has entered the scene however with the Federal government's shift, in the wake of the expert panel Review of Federal Support to Research and Development (also known as the Jenkins report).^{xii} The report found that "indirect" support for innovation through SR&ED tax credits, consume an overly large share of the federal government's support for business innovation. In response, the federal government tabled legislation in its 2012 budget that would cut the general SR&ED tax credit rate to 15 per cent from 20 per cent, make capital expenditures ineligible and reduce eligible overhead expenses. The resulting savings would be reinvested into programs that offer direct and focused support for innovation.

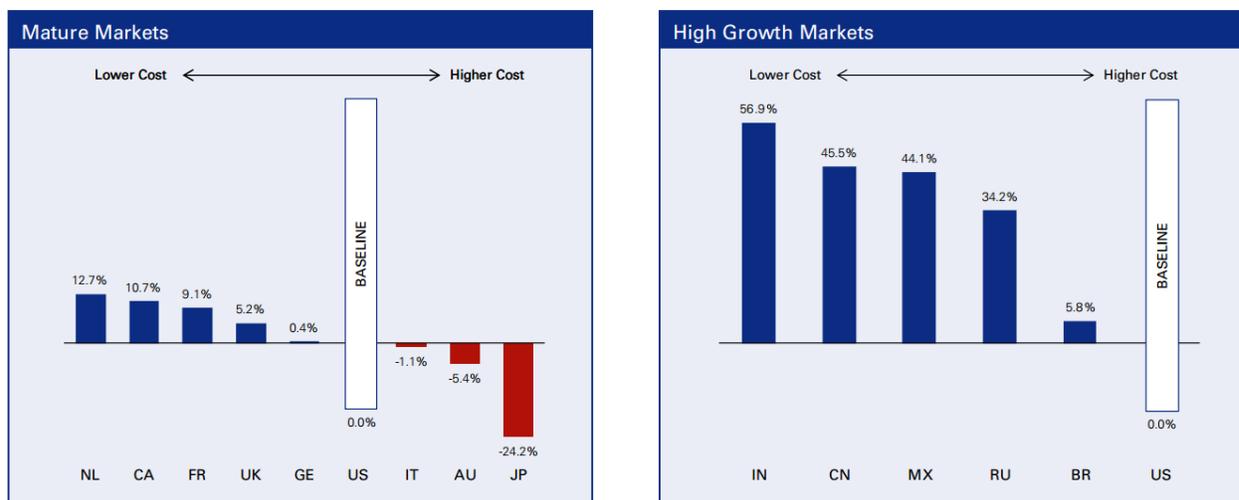
An independent preliminary analysis of the post-Jenkins Report changes in the 2012 KPMG Competitive Analysis report found that the impact, while negative, will be minor. However, when further expected reductions to SR&ED tax incentives are considered, the generosity of Canada's R&D tax regime will decline relative to others. There is also indication that Revenue Canada is applying stricter scrutiny to SR&ED claims recently. Time will tell whether the shifts in resources disadvantage foreign-affiliates

(along with larger Canadian public companies) compared to Canadian Controlled Private Corporations (CCPC).

Canada continues to be a low-cost R&D jurisdiction among developed countries, ranking second lowest. Taking all costs into account (not just corporate and R&D tax rates), Canada had the second lowest costs for R&D activities compared to “other mature economies”, according to the 2012 KPMG Competitive Alternatives Report (see Figure 4).

However, most of the high-growth, emerging countries featured in the KPMG report (India, China, Mexico and Russia) show more favourable cost competitiveness than Canada, the US, the mature European countries, Australia and Japan.

Figure 4
2012 KPMG Competitive Alternatives Report
Research and Development
Percentage Cost Advantage Relative to the United States
(Average Results for Biomedical R&D, Clinical Trials Management, and Electronic Systems Development/Testing)



NL = Netherlands; CA = Canada; FR = France; UK = United Kingdom; GE = Germany; IT = Italy; AU = Australia; JP = Japan; IN = India; CN = People's Republic of China; MX = Mexico; RU = Russia; and BR = Brazil

A detailed presentation of Canada's favourable business case for R&D-oriented activity is being supplied separately.

How important are R&D tax credits to multinationals? When it comes to foreign-affiliates and the attraction of new FDI, a fundamental issue is the benefit of SR&ED -- actual and perceived -- to the parent company -- especially those in the US -- that takes the ultimate decisions on where to locate R&D. In short, to what extent does this highly favourable treatment actually impact the decisions of multinational corporations, especially those based in the US? Though the generous SR&ED deductions bring direct benefits to the Canadian operation, the parent company's US tax liability actually increases when funds are repatriated from Canada to the US due the US foreign tax credit rules. Some say that the main practical effect is most likely that the Canadian tax saving tends to get plowed back into

expanding the Canadian research effort. The tax treatment for the parent would be different, observers point out, if the SR&ED investment tax credit were made refundable for all corporations carrying on business in Canada, rather than only for certain private companies.^{xiii}

Unprecedented investments by the Canadian and Ontario governments in post-secondary research partnerships: Canada's relatively high level of government grants for post-secondary research is another marketing advantage in attracting FDI. It marries the availability of well-educated talent with opportunities to work collaboratively with universities – top considerations for companies when deciding where to locate their R&D and knowledge-based operations.

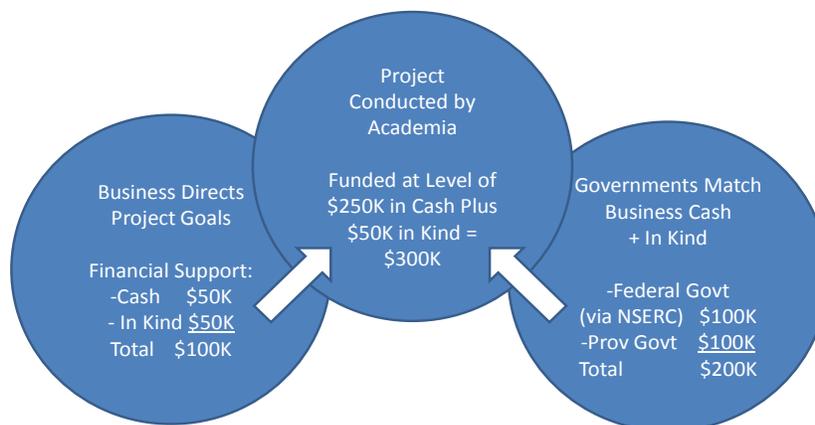
Increased focus on industry-academia partnerships: Canada leads nearly every country in the level of research funding provided to universities and colleges. In recent years, the federal and provincial governments have put more emphasis on “bridging” programs that facilitate research collaborations between academia and industry. Among the important programs are the Natural Sciences and Engineering Research Council (NSERC), the Canadian Institutes of Health Research (CIHR), the Canadian Foundation for Innovation (CFI), Canada Research Chairs, Networks of Centres of Excellence (NCEs), and the National Research Council's Industrial Research Assistance Program (IRAP). These programs typically match public funding with cash and in-kind contributions from business or other non-governmental partners that are increasingly involved at all stages of the research process.

Not only do such collaborations enable companies to develop relationships with some of the best and brightest researchers in their field, it gives them an opportunity to work with Masters and Ph.D. students and post-doctoral fellows, many of whom are offered jobs with these same corporate partners when they graduate.

The basic message about NSERC, CFI, CIHR and SSHRC from a cost point of view is that a company can fashion a research partnership with university researchers in which, in optimal circumstances, one dollar of company cash can lever six dollars of research activity (Figure 5). At the same time, the company gains by creating an intimate and privileged relationship with a group of university and college researchers.

Figure 5

Example of Optimized Funding Model
Support by Canadian Governments of Business-University Research



The story about how foreign companies can benefit from investing in Canada needs to be better and more forcefully told. The Canadian system is unique in many respects and must be explained clearly. Detailed knowledge, ready reference sources, and printed material are needed.

Foreign executives are also impressed with the Canadian government's commitment to and philosophy behind the Canada Research Chairs program which, along with investments from the Canadian Foundation for Innovation, has contributed to halting the "brain drain" from Canada.

Key Take-Aways for Guelph:

- When it comes to financial incentives, US state and local governments appear to have significant war chests on which they can call.
- Neither the Federal or Ontario governments have major funding programs that can be readily accessed by foreign investors.
- The Canadian and Ontario advantages are based on relatively low corporate tax rates and tax incentives for R&D. This need to be presented in a compelling way to prospective investors.
- Federal and Ontario support for research partnerships between business and post-secondary educational institutions are potentially very attractive to foreign firms that have a presence in Ontario.

3. Policies and Factors Impacting FDI Attraction

Exchange Rate Volatility: A Canadian dollar at or near par with its US counterpart has put significant pressure on Canadian competitiveness. More than just the rate however, the volatility of the Canada-US exchange rate makes the attraction of FDI much more difficult where a new capital-intensive Canadian facility will be heavily dependent on exports to the US. The foreign investor -- whether from the US, Europe or Asia -- faces a substantial financial risk if its expenses are largely in Canadian dollars while revenues are principally in US dollars. This is a major complication in attracting FDI. So, whereas in the past, the proximity that Guelph enjoys vis a vis the US border -- while still an advantage -- is diminished by exchange rate volatility and real and hidden constraints at the Canada-US border.

Canada's Free Trade Agenda: The Canadian government has launched an increasingly ambitious and wide-ranging trade negotiation agenda. The spotlight is most immediately on the proposed Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA). The agreement's conclusion should attract positive European business interest that can be exploited in terms of FDI attraction to Canada or the expansion of existing operations. Ontario incentives for the manufacture of solar and wind power generation equipment (already successfully challenged in the WTO) and protection of Canadian agriculture are likely to be rolled back, requiring realignment of business structures and inviting productivity enhancing investment and innovation. Canadian-based facilities will enjoy the benefits of both NAFTA and the Canada-EU agreement, in which respect Canada will be ahead of the US which is just commencing similar negotiations with the EU. Mexico earlier concluded an agreement with the EU.

Refreshed Canadian Global Commerce Strategy: The Canadian government's FDI attraction and retention messaging has chosen to emphasize framework policies that contribute to a positive overall business climate:

1. a financial system that demonstrated uncommon resilience during the economic and financial crisis;
2. low corporate tax rates;
3. one of the world's best educated workforces;
4. strength in research and development and world-class technical excellence in certain disciplines; and
5. a responsive immigration system that will deliver high quality, well educated talent.

The innovation, talent and immigration messages are particularly relevant to Guelph. They are also the ones for which the City is well placed to assist in making a detailed location-specific case.

The Invest In Canada Bureau in Foreign Affairs, Trade and Development (DFATD) lists 14 sectors in which it believes Canada has strong credentials^{xiv}:

- Aerospace
- Automotive
- Bio-Products
- Bio Pharmaceutical
- Business Services
- Chemicals and Plastics
- Digital Media
- Financial Services
- Functional Foods
- Machinery and Equipment
- Medical Devices
- Renewable Energy
- Software
- Wireless Communications

The Canadian government, with Foreign Affairs, Trade and Development (DFATD) as the lead, will soon release a refreshed Global Commerce Strategy (GCS) that will establish Federal priorities for the next three to five years. The previous May 2009 GSC identified 15 priority markets, so extensive as to cover much of the world:

- Brazil
- Latin America & Caribbean
- Mexico
- United States
- Association of SE Asian Nations
- Australia & New Zealand
- China
- India
- Japan
- Korea
- Europe
- Russia
- Gulf Cooperation Council

The new Global Commerce Strategy (GCS) will also implement recommendations made in 2012 by an expert advisory panel on Canada's International Education Strategy, which aims to attract 239,000 new international students to Canada over the next decade. These students will double Canada's cohort of highly skilled individuals, particularly in the STEM disciplines.

Ontario's Investment Attraction Priorities: The Ontario Government sees potential for foreign investment in many sectors.

The Ontario Ministry of Economic Development, Trade and Employment (MEDTE) cites five main target sectors (plus tourism) as its priority sectors, each with multiple sub-sectors:

- Advanced Manufacturing, including Chemicals and Materials, Bio-economy, Aerospace and Defence, Industrial Robotics, Process Automation Equipment, Mining Equipment and Services, and Automotive;
- Clean Technology, including Water and Waste Water Technologies and Services, Energy Efficiency Technologies, Green Building Products and Services, and Renewable Energy;
- Information Communication Technology and Digital Media, including Application Development, Professional Services, Operations Services, Devices and Components, and Communication Equipment;
- Life Sciences, including Biopharma, Advanced Medical Technology, and Contract Services; and
- Business Services, including Financial Services and Business Process Outsourcing.

Mining and food processing investment attraction are the responsibility of other ministries.

Collaboration is always aided when municipal priorities align with those of the Federal and Ontario governments.

Key Take-Aways for Guelph:

- Federal and Ontario government priorities align well with Guelph's FDI attraction interests. A new Global Commerce Strategy, expected to be released by the International Trade Minister, will update Federal priorities.
- When concluded, the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) should send a strong signal to business and invite European firms to reassess their Canadian and North American strategies, possibly enhancing opportunities to attract European FDI.
- The risk of volatility in the Canada-US exchange rate works makes it more difficult to attract investment to Ontario where plants are export-dependent.

4. Talent -- The Search for Highly Qualified People

Talent -- The Prime Consideration: The availability of well educated, skilled talent is the single most important consideration as globally-oriented companies look around the world for the locations in which they will chose to invest. Canada, like other advanced economies, cannot expect to attract firms based on labour cost considerations. The spotlight instead is on access to pools of highly qualified people that will meet the needs of skill- and knowledge-intensive businesses.

The importance of top-flight talent to foreign investors is underlined in the 2010 Global Manufacturing Competitiveness Index reflecting the views of over 400 CEOs around the world.

| Figure 6 Drivers of Global Manufacturing Competitiveness | | |
|---|--|-------------------------------------|
| Rank | Drivers of Global Manufacturing Competitiveness | Driver Index Score 10=High 1=Low |
| 1 | Talent-driven innovation | 9.22 |
| 2 | Cost of labour and materials | 7.67 |
| 3 | Energy cost and policies | 7.31 |
| 4 | Economic trade, financial and tax systems | 7.26 |
| 5 | Quality of physical infrastructure | 7.15 |
| 6 | Government investments in manufacturing and innovation | 6.62 |
| 7 | Legal and regulatory system | 6.48 |
| 8 | Supplier network | 5.91 |
| 9 | Local business dynamics | 4.01 |
| 10 | Quality and availability of health care | 1.81 |

Source: 2010 Global Manufacturing Competitiveness Index
Deloitte & US Council on Competitiveness, 2010

Responsive and Dynamic Talent Environments: Foreign investors, moreover, do not make assessments simply on the basis of a snapshot of the availability of talent today. Senior executives are actively searching for locations that have the right policies in place and are taking purposeful steps to ensure future availability of talent. They are preoccupied with the demographic trends that, except for new immigration, will see a leveling off of the working age population in countries like Canada, along with the deeply concerning world-wide skills mismatch that leaves companies looking for skills that an insufficient number of the currently unemployed appear to possess.

These companies are looking for locations where educational institutions and the local mindset recognize that retraining and lifetime learning are essential ingredients to competitiveness and innovation, and to communities that attract and retain more than their fair share of highly qualified people. As noted in the Global Manufacturing Index survey, "talent-driven innovation" means having workers, scientists, researchers, engineers and teachers who "collectively have the capacity to continuously innovate and, simultaneously, improve production efficiency."

Positioning Canada, Ontario and Guelph: Canada and Ontario have some of the right policies and program ingredients to respond to these preoccupations. In addition, there is an opportunity for a community such as Guelph, its businesses and leading higher educational institutions like the University of Guelph and Conestoga College to distinguish Guelph from others by directing common efforts to initiatives that will demonstrate a desire to be ahead of pack.

Canada leads OECD in number of post-secondary grads: Canada continues to have the highest proportion of graduates from post-secondary educational institutions among the 37 OECD countries. The latest statistics from 2010 show that just over half (51 per cent) of Canadians between 25 and 64 years old have completed university or college. Ontario has the highest proportion among all provinces, standing at 57 per cent.^{xv} These results are significantly higher than the US (42 per cent), Israel (46 per cent), Japan (45 per cent), New Zealand (41 per cent), Korea (40 per cent), and the OECD average (31 per cent). Canada's strong relative performance is buoyed by the numbers attending college. However, Canada slips to eighth place when university degrees alone are considered.^{xvi}

STEM Graduates: In the sought-after category of STEM graduates, Canada compares favourably to the US at the undergraduate level but is more "middle of the pack" when compared to European countries.

Data assembled by the US National Science Board shows that science and engineering degrees comprised 38 per cent of all first university degrees granted in Canada in 2008, well ahead of the 31.4 per cent produced in the US. Canada is also slightly ahead of major European countries in the proportion of science and engineering degrees, including Germany (36.7 per cent), France (34.9 per cent) and the UK (34.1 per cent). China is in a league by itself with 50.7 per cent of first university degrees being in science and engineering. (See Appendix C)

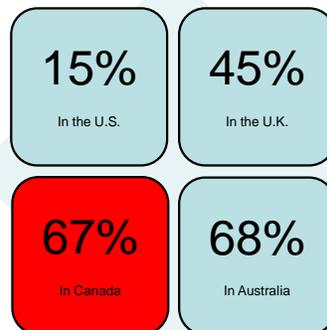
Where Canada continues to fall short, however, is in the smaller number of post-graduate students studying here, and how many return to Canada from other countries after earning advanced degrees. While relative performance is improving, Canada still has a considerable way to go in order to be able to attract R&D-intensive companies who are searching for workers with graduate degrees and PhDs.

The quality of Canada's post-secondary educational system is universally high, lacking the peaks and valleys found in some other countries.

Canada's trades and apprenticeships training produces higher quality outcomes relative to the US as Canadian programs are more rigorously structured with clearly defined qualifications. This is especially attractive to European manufacturing companies -- especially German -- who place a high premium on the quality of skilled trades. The most credible and impactful testimonials about the quality of local workers will come from local executives of foreign-affiliated firms.

Canada's Welcoming and More Facilitative Immigration System: Canada's immigration system is heavily driven by economic and employment considerations and is widely seen around the world, including by foreign corporate executives, as providing a superior environment to attract skilled and educated talent.

Send Us Your Educated Masses Percent of Permanent Resident Visas Granted on the Basis of Skills & Employment



From Bloomberg Businessweek, May 23-29, 2011
Sources: Migration Policy Institute ; UK, Australian and Canadian Immigration Agencies; US Census

Less Restrictive Canadian immigration policies than in the US: National immigration policies have a direct impact on FDI decisions. The U.S., for example, has faced major challenges over the last decade in adjusting and updating its immigration legislation and policies, particularly following the events of 9/11. As a result, US companies - who have felt hindered by what they view as overly restrictive policies - have sought out alternative locations that can meet both their current and future employment needs. A celebrated case is Microsoft's 2007 choice of Vancouver for a new development centre. The decision was influenced by failed US immigration reform that had sought to expand quotas for temporary H-1B high tech visas. The US President and Congress are again placing a priority on fashioning a significant immigration reform package that would likely improve the access US business has to visas for highly qualified individuals.

Opening doors to visas and permanent residency for foreign students: In Canada, foreign students graduating from a post-secondary institution can access work permits upon graduation and a relatively rapid and assured track to Canadian permanent residency and citizenship. This is a major advantage over other jurisdictions such as the US, and should be aggressively promoted and pursued.

Canada currently attracts about five per cent of the world's internationally mobile students, compared to 18 per cent for the US, 13 per cent for Australia, and 10 per cent for the UK. The US share -- at 24 per cent a decade ago -- dropped immediately after 9/11 but has recovered somewhat.

In 2012, an Advisory Panel to the federal government on Canada's International Education Strategy recommended steps to increase the numbers of students coming to Canada.^{xvii} A relatively higher proportion of foreign students coming to Canada (about one in three) seek residence in Canada as compared to other countries.^{xviii}

The provisions for foreign students to work in Canada following graduation are a feature that universities and colleges in Canada -- such as Guelph and Conestoga -- can use as a selling point as they seek to attract students to come to Canada. The wider Guelph community, especially employers, would do well to establish an outreach program to foreign students in key programs, particularly STEM disciplines, to expose them to Guelph employment opportunities as coops and as they approach graduation to increase the likelihood that they will contribute to the growth of the talent pool in Guelph.

Canada has an already established level of multiculturalism that is attractive to globally-oriented companies that have a world view and want cultural fluency and adaptability to be a corporate norm.

Guelph Has Had Low Unemployment Rates: Though there has been an increase in unemployment in Guelph from April through July 2013, Guelph has had sustained periods of unemployment lower than most Ontario cities. Over a two-year span from April 2011 to March 2013, the Guelph CMA ranked first, second or third in terms of the lowest unemployment rate among the 15 major Ontario cities on a monthly basis. The Guelph CMA had consecutive months with the lowest unemployment rate among these 15 cities between July 2011 and February 2012 (8 months) and May 2012 to September 2012 (5 months).

Guelph Benefits From a Net Inflow of Talent from Neighbouring Communities: These unemployment statistics and those in Figure 7 count and reflect the status of people living in the Guelph CMA, rather than what is happening in Guelph CMA workplaces which can draw employees from outside the CMA boundaries. Indeed, a major plus in Guelph's messaging about available talent is the fact that Guelph is magnet for talent from neighbouring areas, having a net inflow of people to work in Guelph. Out of the 65,100 people who identified Guelph as their place of work in 2011, over 25,000 came from outside

Guelph. Meanwhile, fewer than 15,000 people who were residents of Guelph identified workplaces outside the city -- producing a net in-migration in Guelph's favour of more than 10,000.

Figure 7
Employment in the Guelph CMA¹

| Guelph CMA ¹ (Adjusted) (000's) | June 2010 | Dec 2010 | June 2011 | Dec 2011 | June 2012 | Dec 2012 | June 2013 | Change 3 Years |
|--|-----------|----------|-----------|----------|-----------|----------|-----------|----------------|
| Population (000's) | 111.8 | 112.5 | 113.2 | 114.0 | 115.0 | 115.9 | 116.9 | + 4.6% |
| Labour Force (000's) | 85.6 | 77.1 | 81.3 | 86.7 | 84.2 | 82.3 | 81.5 | - 4.8% |
| Employment (000's) | 78.9 | 71.3 | 76.4 | 82.2 | 77.9 | 77.1 | 75.1 | - 4.8% |
| Unemployment (000's) | 6.7 | 5.8 | 4.9 | 4.5 | 4.3 | 5.2 | 6.4 | - 4.5% |
| Unemployment Rate (%) | 7.8% | 7.5% | 6.0% | 5.2% | 5.1% | 6.3% | 7.9% | + 1.3% |
| Participation Rate (%) | 76.6% | 68.5% | 71.8% | 76.1% | 73.2% | 71.0% | 69.7% | - 9.0% |
| Employment Rate (%) | 70.6% | 63.4% | 67.5% | 72.1% | 69.5% | 66.5% | 64.2% | - 9.1% |
| Comparative Unemployment Rates | | | | | | | | |
| Canada (%) | 8.0% | 7.7% | 7.5% | 7.4% | 7.3% | 7.2% | 7.1% | |
| Ontario (%) | 8.6% | 8.2% | 7.8% | 7.9% | 7.8% | 8.0% | 7.5% | |
| Guelph's Ranking Among 15 Major Ontario Cities | 5 | 6 | 2 | 1 | 1 | 3 | 10 | |

¹Guelph CMA = City of Guelph and Guelph/Eramosa Township

Source: Statistics Canada

Key Take-Aways for Guelph:

- Well educated and skilled talent is the top-of-mind consideration for expanding international companies.
- Executives look to locations where government policies and community efforts favour the attraction and retention of highly qualified people. Immigration policies are an important element.
- Canada -- with Ontario in the vanguard -- has the highest proportion of graduates from post-secondary educational institutions among the 37 OECD countries.
- Clarity about workforce availability in Guelph is needed to inform Guelph's FDI attraction and retention priorities and initiatives.

"CEOs view talent as key to the success of both companies and countries."

- "The Future of Manufacturing: Opportunities to drive economic growth,"
A World Economic Forum Report in collaboration with
Deloitte Touche Tohmatsu Limited, April 2012

B. What Comparable and Neighbouring Canadian Communities Are Doing

Municipal Level FDI Attraction & Retention: How Important? What are the Priorities? What Works?

Eight Canadian communities -- selected as having comparable characteristics to Guelph -- were surveyed through phone interviews based on questionnaires sent in advance. In addition, the websites of these communities were reviewed to obtain further information that could be helpful to Guelph's efforts to benchmark its website to cater to foreign investors. The highlights are presented, along with some background current developments related to FDI attraction in two larger neighbouring urban areas -- the Greater Toronto Area (GTA) and Waterloo Region ("Canada's Technology Triangle").

Appendices F and G provide the detailed results of the survey and website scans of the eight benchmark communities: Barrie, Brantford, Chatham-Kent, Kingston, London, St. Catharines, Saskatoon and Sherbrooke (see Appendix D).

1. Survey of Eight Comparator Canadian Communities

FDI Attraction & Retention Activities of Comparator Communities: The main areas of enquiry and the key observations on the responses were:

- To what extent is the community's FDI attraction program reactive or proactive?
 - All eight comparator communities now have proactive FDI attraction initiatives.
 - Initiation of FDI attraction activities is relatively recent (2012 or 2011) in three cases.
- Does the community have a distinct aftercare program for foreign-affiliated companies or is it part of a more general business retention and expansion program (BR&E)?
 - Most often, business retention and expansion (BR&E) call programs are undertaken without any reference to whether a firm is nationally or foreign owned. Commonly, the economic development groups designate an officer or officers to handle BR&E, distinct from FDI attraction. Several communities indicated that in these situations, where calls on foreign-affiliated firms identify specific situations, officers dealing with FDI attraction are consulted.
 - Some communities have found that aftercare/BR&E calls on foreign-affiliated firms are a source of leads and introductions to international supply chain partners.
- What proportion of budgets and staff time are devoted to FDI attraction and retention?
 - Communities were generally forthcoming with respect to resources, but in most cases the estimates of budgets and time spent on FDI attraction and retention were approximations.
 - Some communities -- typically those that have recently initiated FDI attraction programs -- may devote as little as 3 to 5 per cent on FDI attraction and retention. The range for others is 16 to 41 per cent.
 - Almost all of the agencies would devote additional resources to FDI attraction if they are able to secure increased funding. Some indicated that they know they need to demonstrate results before expecting more resources.

The Most Effective Lead Generation Approaches: The eight communities were asked to judge the effectiveness of various FDI lead generation approaches.

Those that scored highest (out of a maximum of 5) are:

- | | |
|--|------|
| ▪ Targeted one-on-one meetings with FDI prospects | 4.75 |
| ▪ Aftercare (BR&E) calls on foreign-affiliated companies | 4.14 |
| ▪ Outgoing or incoming FDI missions or group events | 4.00 |

It merits mention that several communities have enjoyed success in working with local foreign-affiliated firms to get introductions to executives at headquarters and to obtain introductions to supply chain partners that represent prospects for investment.

Also considered effective are:

- Contact/liaison with Canadian and provincial officials, including outside Canada (3.63);
- Responding to requests for information from foreign businesses/site selectors (3.63);
- Collaborative, shared cost, group FDI initiatives with sister economic development agencies (3.57);
- Hiring lead generation consultants to identify/qualify FDI prospects (3.57); and
- In-house research on target sectors and FDI prospects (3.50).

Although there are relatively few communities who were actually involved (three in total), attending events to meet site selectors ranked relatively strongly (3.67).

Other lead generation techniques that attracted a degree of favour are:

- Media and public relations (3.33);
- Attend or participate in targeted industry events (3.25)
- Contracted on-going sales and lead generation representation in a foreign country (3.25);
- Blogs and social media (3.25);
- Website (3.13);
- Contact/liaison with Foreign representatives in Canada (3.13);
- Membership and participation in industry, trade and professional associations (3.00); and
- Hosting site selector familiarization tours (3.00).

The FDI attraction activities that were judged least effective are:

- Online advertising (2.80); and
- Print advertising (2.29).

A number of respondents are just beginning to experiment with online advertising and with social media, including blogs, so only over time will it become more apparent whether these are effective internationally.

Proportion of Budgets and Staff Devoted to FDI Attraction and Retention: Several of the communities have only commenced proactive FDI attraction efforts recently. Almost across the board, based on the

response they are getting, the comparator communities expect to see further increases in their FDI attraction budgets.

Some of the more modest sized communities with limited budgets are managing to find 5 to 10 per cent of the total budget for FDI activities, where those that have larger resources and a record of FDI involvement may be devoting 15 to 25 per cent.

Sector Priorities: The communities surveyed tend to have 3 to 4 priority sectors, frequently including advanced manufacturing, food processing, life sciences and information and communications technologies. Cleantech or renewable energy also features, though most Ontario communities no longer see solar or wind power generation equipment and systems manufacturing as a priority in light of recent policy developments.

Geographic Priorities: Generally, though the US often features as a priority, the emphasis geographically seemed to have tilted toward Europe, with China being an important focus for many.

2. Website Scans of Eight Comparator Canadian Communities

A review of how comparative communities are marketing themselves on their municipal web sites for the following target sectors was undertaken: agri-innovation, advanced manufacturing, and renewable energy/environmental technologies. The objective was to identify sector-specific web site marketing best practices from the comparative communities that could be useful for the City of Guelph Economic Development Services in its sector-specific web-based marketing for investment attraction in target sectors. Specifically, the review was undertaken of marketing tag lines and materials, value propositions, and sector profiles identified on the municipal web sites for the same eight benchmark communities.

Principal Observations: Key observations from the review are:

- In general, the level of detail and usefulness of information varied considerably by web site and by sector;
- There were few examples of what could be considered as best practices for web based marketing for FDI attraction for target sectors;
- In most cases, only general sector-specific statements and value propositions are used, with no supporting data or use of provincial level data, rather data for the municipality;
- In many cases, little information is provided on competitive advantages for target sectors – most web sites don't include updated sector profiles or sector specific marketing messages, testimonials, links to information on businesses in sector, or information on research strengths/partnerships.

Conclusions: For the most part, the comparator communities don't appear to be marketing themselves well for FDI attraction for the target sectors. The most comprehensive web site for target sectors, which provides some good examples of the types of information and links that could be provided, is the web site for Sherbrooke (www.sherbrooke-innopole.com).

It is recommended that Guelph Economic Development Services review the information and approaches used on that web site as this may be instrumental in fine-tuning the City of Guelph's web based marketing for FDI in target sectors. (See Appendix G for additional background.)

3. Developments in Waterloo Region

Economic Development expenditures and staffing in 2012 for Guelph's neighbouring Regional Municipality, Waterloo Region, and the three cities and four townships in Waterloo Region were outlined in a major study completed in April 2013.

Figure 8
Waterloo Region - Municipal Funding for Economic Development - 2012

| Jurisdiction (2011 Population) | Economic Development Budget ¹ | Staff ¹ | CTT Inc (10 Staff) |
|---|--|--------------------|--------------------|
| Region of Waterloo (507,096) | 0 | 0 | \$468,000 |
| City of Waterloo (98,780) | \$439,800 | 4 | \$149,000 |
| City of Kitchener (219,153) | \$4,020,000 | 26 | \$155,000 |
| City of Cambridge (126,748) | \$1,020,600 | 6 | \$147,000 |
| Township of Woolwich (23,145) | \$132,270 | 1 | \$10,000 |
| Township of Wellesley (10,713) | \$12,500 | 0.5 | \$5,000 |
| Township of Wilmot (19,223) | \$27,500 | 1 | \$10,000 |
| Township of North Dumfries (9,334) | \$7,500 | 0.5 | \$5,000 |
| Total Municipal (Less CTT Inc Funding) | \$5,660,170 | 39 | \$949,000 |
| Total Municipal (Including CTT Inc) | \$6,609,170 | 49 | |

¹ Not including Tourism, CTT Inc funding or contributions to the Creative Enterprise Initiative
Source: Adapted from Waterloo Region Economic Development Study, Malone Given Parsons Ltd (April 2013)

FDI attraction is the raison d'être of Canada's Technology Triangle Inc (CTT Inc), the region-wide public-private economic development organization. Though it started in 1987 as a cooperative venture in which Guelph participated for a time, CTT Inc became a separate entity in the late 1990s focussed only on the Waterloo Region.

CTT Inc's budget and personnel represent the principal resources in Waterloo Region devoted to FDI attraction. The eight municipal governments contributed \$949,000 to CTT Inc in 2012. In addition, corporate sponsorship raised about \$100,000, while the net contribution from Invest Canada - Community Initiatives (ICCI) was close to \$200,000, bringing total annual revenues to about \$1.25 million.

In seeking to determine the total resources in Waterloo Region devoted to FDI attraction and retention, a modest portion of city and township budgets-- say 5 per cent -- could be added to account for the time devoted in their interaction with CTT Inc, direct involvement in supporting FDI attraction initiatives, and their FDI retention and expansion activities for which they shoulder prime responsibility.

Based on these calculations, the portion of funding directed to FDI attraction and retention in Waterloo Region would be about 22 per cent of the total economic development spending (including CTT Inc's non-municipal revenue) and about 20 per cent of staffing.

4. Developments in Greater Toronto Area (GTA)

The model for FDI attraction in the Greater Toronto Area bears considerable parallels to the CTT Inc model. The Greater Toronto Marketing Alliance (GTMA) is a pan-region FDI attraction organization for the entire GTA, supported by the municipalities, corporate sponsors and matching Federal and Ontario government funding.

The total municipal contributions to GTMA are \$500,000 per year, with \$100,000 each coming from the City of Toronto and the Regional Municipalities of Halton, Durham and York. The Peel Region share is split among Mississauga, Brampton and Caledon.

Corporate sponsorships and matching Federal and Ontario funding brought the GTMA's budget to about \$1.2 million in 2012, down from \$1.5 million the year before when project revenue was higher.

The GTMA resources can be said to be more thinly spread across its large and more populous region relative to CTT Inc. As a consequence, the GTMA tends to focus on playing more of a lead generation function for its constituent municipalities, where CTT Inc will usually take the lead role with the client until the investment is secured.

All regional partnerships are under pressure from partners to produce results. GTMA indicated that in 2012 it had generated 429 leads, 33 hot leads (could close in 12 months), 34 prospects (decisions anticipated in 18-24 months) and 11 new investments. Over the past 12 years, GTMA claims to have assisted the attraction of over 88 new investment to the GTA, representing 4,500 direct new jobs and in excess of \$300 million in GDP growth in the broader region.

This year the GTMA is launching a concerted effort to access meaningful incremental core operational funding from the Ontario and Federal governments, as part of a Revitalization Review. The essential pitch is that the principal Federal and Ontario economic development funding programs are directed to all of Southern Ontario except the Greater Toronto Area. Cases in point are FedDev Ontario federally and the Eastern Ontario and Southwestern Ontario Development Funds provincially. The GTMA commissioned studies that benchmarked the GTMA and the GTA situation against Montréal International, London (UK) and two major US regional economic development agencies. The GTMA's ask from the Federal and Ontario governments may also be helped by the fact that the Toronto Region Research Alliance (TRRA) -- which received as much as a million dollars annually from each of the Federal and Ontario governments -- has folded.

Most of GTMA's partners have increased their own FDI attraction efforts recently.

GTMA's dominant partner, the City of Toronto, stepped up its FDI attraction game markedly over the last four years with the establishment of Invest Toronto.

Durham and Halton Regions have hired FDI staff. In addition, cities within Halton Region have participated directly in FDI attraction depending upon the sector and geography. Milton has an officer dedicated to real estate associated with FDI.

York Region made an adjustment to staffing in the last two years. Business advisory officers, who were previously tasked with export-related activities, now also provide investment attraction services. They target sectors and geographic areas that are not in conflict with the GTMA. Municipalities within the

York Region are also proactive in organizing outgoing missions related to their immigrant communities. Israel, China and India are examples.

Peel Region is not directly involved in economic development at the regional level, ceding that role to the cities. Mississauga recently hired a Manager for FDI attraction, while Brampton remains directly involved in FDI. Caledon has an officer dedicated to agri-food.

None of the GTMA member regions and municipalities, it should be noted, view their FDI attraction strategies as competing with the GTMA, but rather as being complementary to the GTMA's efforts. In fact one city advised that if the additional GTMA funding is approved by senior levels of government, they will require increased FDI attraction staff to service the resulting increase in lead generation.

GTMA is at the centre of many collaborative FDI attraction consortia. GTMA opens investment attraction missions to their regional and municipal partners to attend, including pan-regional initiatives such as OTC, OACA, OCTA and OFC. The representatives of the various cities and regions cover their own travel, lodging and incidentals.

Also, GTMA communities participate directly in pan-regional organizations where the GTMA is not a member. This includes Durham Region's leadership of OCTA this year, coupled with Halton's membership. Durham Region is a member of OACA.

"Prior to widespread use of the Internet, EDOs [Economic Development Organizations] were information gatekeepers and facilitators. Site selectors often needed to collect data directly from them in order to conduct a site search, and communication between the two began during the initial stages of the project. Today, communities are much easier to find and evaluate (and at the same time, easier for a consultant to eliminate without ever picking up the phone). Much more filtering of potential locations goes on before contact is made with any EDOs, and contact that is made occurs much later in the process."

- "Knowledge is Power: Working Effectively with Site Selectors"
International Economic Development Council (2012)

C. The Most Effective FDI Lead Generation Techniques: What Works?

Lead Generation - Effective Initiatives and Channels: Leads delivered to an investment-ready economic development team fuel FDI attraction efforts. A systematic process for generating well targeted leads is required.

The priority is to identify, qualify and build pipelines of companies in target sectors that are planning to set up new operations in North America within 36 months that are suited to Ontario and for Guelph.

| Figure 9 Lead Generation - Effective Initiatives and Channels | | | |
|--|---|---|--------------|
| Initiative | Description | Considerations | Cost Benefit |
| Direct One-on-One Contact | <ul style="list-style-type: none"> ▪ Following through on individual leads ▪ Identifying and researching prospects through in-house corporate databases, internet searches, use of media watches (e.g. Google Alerts and RSS feeds), etc. ▪ Prioritize prospects based on specific criteria such as jobs and revenue growth, intent to expand (as stated on web site), past expansion activity, etc. | <ul style="list-style-type: none"> ▪ Highly targeted and most likely to be effective when there is a strong value proposition to present and homework is thoroughly done. | A |
| Targeted Industry Events | <ul style="list-style-type: none"> ▪ Industry and trade shows, conferences, and workshops ▪ May or may not involve taking a booth | <ul style="list-style-type: none"> ▪ Events must be selected carefully to ensure events attract the desired type of company executives. ▪ Effectiveness is enhanced by researching, targeting and scheduling meetings with companies and expected attendees in advance. | A |
| Canadian & Ontario Representatives Outside Canada | <ul style="list-style-type: none"> ▪ Canadian Heads of Mission, Canadian Trade Commissioners & Ontario representatives assigned to Canadian Embassies, High Commissions, Consulates General | <ul style="list-style-type: none"> ▪ Necessary to cultivate relationships and to seize opportunities to establish credibility. | A |
| Website & Electronic Media | <ul style="list-style-type: none"> ▪ Website, Internet, Twitter, Facebook, YouTube, Instagram, etc. ▪ Consider the extent to which translation is merited. | <ul style="list-style-type: none"> ▪ Populate the website with announcements of new investments, success stories and testimonials from firms in the priority sectors, especially foreign-affiliated firms. ▪ Announce major FDI attraction events, in order to alert local partners and advertise international travel. | A |
| Networking Multiplier Effect | <ul style="list-style-type: none"> ▪ Existing contacts, partner organizations, membership organizations, events and social media | <ul style="list-style-type: none"> ▪ Careful selection of the organizations in which to invest effort is important. ▪ Depth rather than breadth will likely bring best returns. | A |

| Figure 9 Lead Generation - Effective Initiatives and Channels (cont'd) | | | |
|---|---|--|--------------|
| Initiative | Description | Considerations | Cost Benefit |
| Foreign Representatives in Canada | <ul style="list-style-type: none"> Representatives in foreign chambers of commerce, Embassies and Consulates General, and trade development agencies | <ul style="list-style-type: none"> Only certain of these representatives are likely to actively support Guelph's FDI objectives and be helpful. | A |
| Self-Initiated and Self-Organized Events | <ul style="list-style-type: none"> Guelph FDI attraction missions, invitations to focussed events held in Guelph, and site selector familiarization tours | <ul style="list-style-type: none"> In Guelph's case (especially where research and highly qualified talent is involved), incoming visits and missions are likely to have the greatest impact in terms of exposing Guelph's strengths. | B |
| Lead Generation Consultants | <ul style="list-style-type: none"> Focused engagement to generate prequalified investment leads, especially in specialized sectors and around industry events | <ul style="list-style-type: none"> The relatively higher cost should be offset by the quality of the leads. | B |
| Professional Intermediaries | <ul style="list-style-type: none"> Site selectors, law and accounting firms, and real estate advisors | <ul style="list-style-type: none"> Important to focus on individuals and firms who handle projects in sectors and geographies of interest. | B |
| University & College Alumni | <ul style="list-style-type: none"> Outreach to University of Guelph alumni through events in target markets Coverage in alumni publications about foreign investments in Guelph that have University link | <ul style="list-style-type: none"> Objectives are to gain alumni's personal assistance with introductions at target firms and to identify alumni holding executive positions with foreign firms that are FDI targets or already present in Guelph. | C |
| Media & Public Relations | <ul style="list-style-type: none"> Generate awareness of Guelph as a location for foreign investment, especially via the website, blogs and social media The Ontario Ministry of Economic Development, Trade & Employment occasionally brings foreign media groups to Ontario and should welcome assistance from municipal partners | <ul style="list-style-type: none"> Focus on events, new investments and expansions, success stories, FDI attraction events, and international visitors. | C |
| Direct Mail | <ul style="list-style-type: none"> E-Newsletters and direct mail | <ul style="list-style-type: none"> E-Newsletters with the right selection of hard news and use of headlines ensure a level of awareness of Guelph's offerings among a core group of recipients. | C |
| Advertising | <ul style="list-style-type: none"> Magazines, newspapers, e-publications and the Internet | <ul style="list-style-type: none"> May assist in generating profile, but limited impact in terms of generating leads. Favourable editorial content can be levered in some publications through advertising, though it typically lacks credibility. | D |

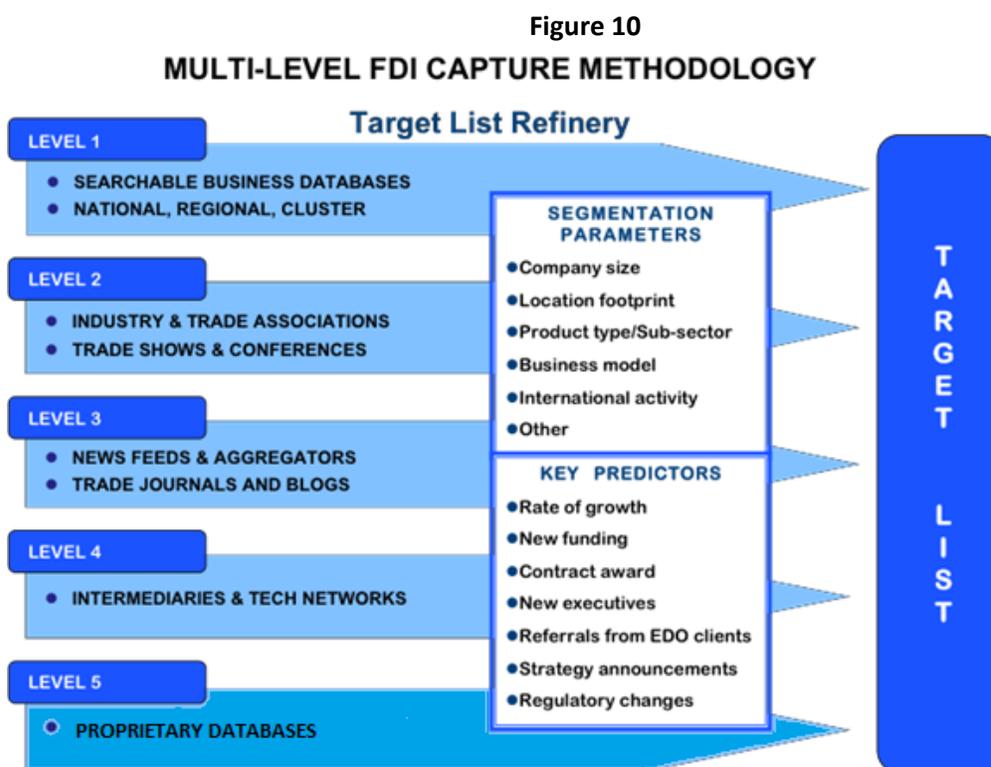
A = Most Cost Effective; B = Moderately Cost Effective; C = Least Cost Effective

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1. In-House Analytical and Lead Generation Capacity

In-House Lead Generation and Analytical Capacity: Basic in-house corporate research capacity and capability is essential -- both to react quickly and knowledgeably to enquiries and information and to proactively research prospects in specific sectors and countries and regions. Ideally, Guelph Economic Development Services will have some dedicated staff that has been trained, including in the use of data bases. In addition, in order to handle specific projects and to deal with fluctuating workloads, qualified individuals should be identified to work under contract, possibly under a standing arrangement.

Guelph Economic Development Services should develop, write up and continually revise standard research sources, methodologies and protocols.



Internet Sources and Techniques: Media watches for firms of interest can be established using Google Alerts, RSS feeds and other internet tools.

Corporate Databases: Several subscription lead generation business databases are available to be accessed on-line. These vary significantly in terms of depth, accuracy, as well as geographic and sector coverage. In determining which lead generation business database is the best fit for Guelph, it is important to consider the extent to which identifying leads will be done in-house or contracted out to consultants, and the specialization of the sector or segment being targeted. In general, the more specialized the sector/segment, the less likely that the conventional lead generation databases will be of use. Instead, information sources and databases specific to the segment need to be identified. Specifically, in assessing whether to purchase such databases, consideration needs to be given to the available staffing to undertake the research and analysis, and follow-up research as needed on

individual prospects. The research and analysis needs to be undertaken by experienced researchers, not inexperienced junior research staff. In some cases, it may be more appropriate to contract out this work – both from a cost and quality perspective.

A trial subscription or demonstration should be requested by Guelph Economic Development Services when purchasing a subscription.

Some of the largest and most reputable lead generation business databases are identified below.

- **One Source**

- Web site: www.onesource.com
- Subscription Cost: Global Express Package: annual cost - \$7,500 for one user, \$1,000 for additional user; downloads for email addresses may be extra.
- Review: High quality, accurate and more features than competitors, but relatively costly. Recommended over Hoovers if available staffing is in place to use effectively.

- **Hoovers**

- Web site: www.hoovers.com
- Subscription Cost:
 - ♦ Hoovers Researcher - \$1,795
 - Access to the database for 1 user
 - Ability to access every company record globally
 - Unlimited access to search the database and build lists
 - ♦ Hoovers Prospector - \$4,295
 - Access to the database for 3 users
 - Ability to access every company record globally
 - Unlimited access to search the database and build lists
 - Ability to export up to 10,000 company records into Excel/csv
 - ♦ Hoover's Relationship Manager - \$5,995
 - Access to the database for 3 users
 - Ability to access every company record globally
 - Unlimited access to search the database and build lists
 - Ability to export up to 250,000 company records into Excel/csv
 - Global Family tree access
- Review: Extensive database for the United States but not as extensive elsewhere. Good information on large companies but little information on small companies and some incorrect information. Better than the smaller lead generation business database companies in terms of the range of data available; lower quality than One Source.

- **Mergent**

- Web Site: www.mergentonline.com
- Self-reported as having the most detailed, accurate and comprehensive global company database available, with the latest in features and functions. Mergent's history traces back more than 100 years, to its predecessor, Moody's Investor Service.

- Subscription Cost: Pricing for an annual subscription to Mergent Online is as follows:
 - ◆ Mergent Online Global Public Company Database - \$6,000; and
 - ◆ Mergent Online Global Public Company Database including Dun & Bradstreet Private Company Database - \$7,995.
- Review: Appears not to be as extensive as One Source, and price is comparable.
- **Other Companies**

There are several smaller business database companies but their coverage is limited. These include companies such as Jigsaw Data, Manta, Europages, etc. Such sources may be useful as a secondary check on a specific company but less useful for specialized lead generation work.

- **Other Sources of Information**

Several other sources of information are available on trends in industry sectors and on specific companies, but are not searchable databases for the most part. Some sites have industry rankings of global firms and data for specific data categories that may be of use in enabling a greater understanding of potential target firms. These include, for example, Forbes Global 2000 (www.forbes.com), Bloomberg (www.bloomberg.com), fDi Intelligence (www.fdiintelligence.com), etc.

Ranking Active Leads: Active leads can be assessed and ranked internally by Guelph Economic Development Services staff in terms of their perceived quality and the likelihood that they could represent wins for Guelph within the next 36 months.

Most important is an assessment as to how clear and definite the prospect's intentions are. Does the firm have a well defined project and a timeframe in which it hopes to realize the project? To what extent are there unknowns or uncertainties that need to be addressed and that could frustrate realization of the project?

A judgment can also be made about how well suited the project is to Guelph. Is the project a good fit for Guelph? Are there other locations being considered? Does there seem to be a preference for a particular area or region? Are there aspects of the project that are important that Guelph would have difficulty meeting and that might in the end preclude consideration of Guelph?

The Ontario Ministry of Economic Development, Trade and Employment has used an "Ideal Customer Profile Qualification Sheet" to score how desirable and interesting a lead is relative to others. This is being supplied separately.

2. Co-opetition -- Collaborative FDI Attraction Programs

Collaborative FDI Attraction Programs with Sister Economic Development Agencies: Guelph is familiar, having become a member of the Ontario Food Cluster (OFC) and the Ontario Clean Technology Alliance (OCTA), with the pan-regional collaborative FDI attraction model that has been adopted increasingly over the last decade among sister economic development agencies in Ontario. Often referred to as "co-opetition" (marrying the words cooperation and competition), jurisdictions that might otherwise be perceived to be competitors have taken the initiative to work jointly to attract foreign direct investment.

Having municipal level economic development agencies directly involved from the outset reflects the more prominent and consequential role of cities on the global stage today and the fact that competition for international investment is often at the level of cities rather than countries.

An underlying reality and important premise of such cooperation is that most foreign investment prospects -- even if approached by a single community -- will undertake due diligence on a range of possible locations before deciding which one best meets the company's criteria and needs. The principal task at the outset is to get the prospect to consider Canada or Ontario.

Based on this rationale, a series of sector collaborations among larger Ontario municipalities were initiated beginning about 10 years ago, among them the Ontario Technology Corridor, Ontario Automotive Communities Alliance, Ontario Clean Technology Alliance and the Ontario Food Cluster.^{xix} Membership in each has fluctuated but currently the respective number of Ontario municipalities in each is four, six, nine and eleven.

In a new departure, a group of larger Canadian cities came together informally in 2008 and then subsequently incorporated the Consider Canada City Alliance Inc (C-11) in 2012. The Alliance has a common website (ConsiderCanada.com). Consider Canada representatives were invited to several of Foreign Affairs, Trade and Development (DFATD)-sponsored Financial Times of London Invest in Canada seminars for senior executives in the US in 2012, provided that they brought investment prospects with them to the events. In May 2012 and again in April 2013, Consider Canada City Alliance missions visited China in collaboration with DFATD.^{xx}

The groupings are self-initiated, even if their formation has been informally encouraged by Foreign Affairs, Trade and Development (DFATD) which favours collaboration in the allocation of Invest Canada - Community Initiatives (ICCI) funding. The Ontario government has also come aboard, though more selectively, with funding. Canadian Trade Commissioners and Ontario representatives at posts outside Canada welcome group activity as it allows them to devote maximum time and support to the group without having to spread it among a number of individual efforts and fearing that they may be accused of favouritism of one community over another.

Pan regional collaborative groups increase the critical mass and apparent clout of those participating. For instance, in information and communications technologies (ICT), the Ontario Technology Corridor (OTC) ranks as the largest in Canada and among the top clusters in North America. The Ontario Food Cluster is the largest food and beverage processing jurisdiction in Canada and among the three largest in North America. By working together "the whole is greater than the sum of the parts."

Foreign investors tend to be impressed and react positively that likeminded economic development organizations will come together, something they see making best use of their time.

Shared effort of this type allows Guelph to extend its limited resources for FDI attraction and get a better return on lead generation dollars. Typically, the collaboration centres on commissioning research and lead generation, undertaking prequalified targeted investment attraction calls, participating in events or trade shows, benefiting from exposure created by media releases and interviews, and establishing a common website (incorporating social media) and developing promotional material and presentations.

Despite the attractive economics of pan-regional collaboration, it is important to be sure that the collaborative effort is solidly aligned with Guelph's interests -- especially the sub-sectors and types of

foreign investors that it is targeting. The internal chemistry needs to be positive, especially to ensure the give and take and honest evaluation that will ensure maximum effectiveness. Egos need to be left at the door. Trust is a core ingredient. A willingness to fully discuss goals and transparently share information are fundamental considerations. It is often wise to adopt a phased approach to the development of the collaboration as a means of establishing and building trust. As with any partnership, it is also necessary to have an exit strategy if the collaboration does not prove satisfactory. Experience with the existing collaborations shows several years of effort must be invested to establish a known presence in targeted markets and to achieve investment success. Both the OFC and OCTA, in which Guelph participates, are relatively new organizations. Continued investment to build reputation and profile remains important. In the case of OCTA, a shift in focus away from solar and wind is being made toward water. It will be important for Guelph to ensure subsectors in which it has strength are focused.

Further information on other collaborative efforts is being supplied separately.

New Pan-Regional Collaborations? Guelph's interests may be served by considering additional collaborations, particularly if they can attract Federal and provincial funding support. Possibilities include:

- **A Regional FDI Attraction Initiative with the County of Wellington:** Wellington County and the City of Guelph have engaged in new collaborative activities recently. This affords the opportunity to build trust and to demonstrate win-win results. Steps by the County to play a coordinating role, founded on the new five-year Economic Development Strategy and the 2013-2017 Economic Development Implementation Plan, promise a more structured County-wide approach. The Strategy accepts that "(r)egardless of where in Wellington a business chooses to locate, the entire County benefits from the new activity, the new residents and the new products and services offered to the community." The same credo can be applied to potential cooperation between the County and the City.
- For FDI attraction, the County 2013-2017 Strategy does not identify specific initiatives. Other planned activities in the Strategy, such as working with the University of Guelph and joint workforce planning analysis and initiatives, could provide important foundational steps that will build trust and working relationships between City and County that evolve into a wider relationship that includes agreement to work together in specific areas of FDI attraction, possibly in advance of 2017 but after Guelph has confirmed its own priorities.

A starting point for collaboration between the City and the County might be:

- Coordinating website material directed to foreign investors or each agreeing to present material covering both municipalities;
- Including a County economic development officer in Ontario Food Cluster initiatives;
- Agreeing to invest in joint new initiatives (say, a study, lead generation or a mission) in a sector of common interest -- possibly food processing or manufacturing; and/or
- Sharing costs of hosting or co-hosting a visiting group or FDI-related event.

Though not apparent today, the possibility that there may be other immediate municipal neighbours with which to collaborate should not be ruled out.

- **Sector Collaborations within the Agri-Innovation Sector:** Guelph's participation in the Ontario Food Cluster potentially covers interests related to food processing. There may however be a balance of common interests among other nearby Ontario communities, such as London, Hamilton, Guelph, Mississauga and Toronto, in a collaborative effort centred on life sciences or biotechnology. Given the heavy research component, good chemistry and a preparedness to act collaboratively would be needed on the part of the respective post-secondary educational institutions -- not just the economic development agencies. An aspect to be considered would be whether the current Toronto Region Board of Trade Human Health Sciences Cluster Initiative for the GTA and Hamilton would preclude others or whether it could be expanded. Questions may also be raised by the stronger clusters as to how far such a group can extend before becoming less effective than individual effort.
- **R&D Based Collaborations:** Where research activities from several universities come together and there are parallel business opportunities, economic development organizations can sometimes build on the partnerships by creating a parallel collaborative FDI attraction group that includes the universities. The model could also extend to situations where research groups come together through funding such as Centres of Excellence for Commercialization and Research (CECRs).

Another avenue open to the University and City -- though secondary -- might be via the University of Guelph Research Park through its membership in the Association of University Research Parks (AURP) - Canada. AURP Canada is considering possible roles in FDI attraction.

3. Lead Generation Consultants

Consultants specializing in lead generation can be an option that is attractive, to augment purposeful, well structured internal research. The right lead generation consultant may be the best choice for specialized sectors.

As a lead generation project may rank as one of the most significant single budget items, selection and management are important.

The advantages and disadvantages, costs, and expected results of outsourced contact generation needed to be weighed carefully. The key is to find the right balance between quality and quantity.

Points to be borne in mind are that:

- leads are generally no more than initially qualified prospects requiring further definition;
- leads will require extensive and systematic pursuit before a real assessment of the level of interest can be made; and
- the quality of the leads will be directly related to the investment that the Guelph Economic Services team makes to ensure on-going refinement of the lead generation firm's research methodology.

Key Considerations for Qualifying and Hiring Lead Generation Consultants

- Do they have experience in investment attraction and international trade?
- Do they have a demonstrated understanding of the industry you are targeting?

- Do they have a demonstrated understanding of the geographic area you are targeting? (Most consultants you would hire should live or have an employee live, in the geographic area you are targeting)
- At least three references should be obtained and all should be checked thoroughly.

The Project Requirements Need to be Established

- A definition of FDI must be discussed and agreed upon (e.g. Greenfield, M&A, Distributorship, Agency, Export only, etc.).
- A clear understanding of parameters for lead generation must be established, for example:
 - Companies looking to expand operation to North America in the next 18 – 24 months
 - Companies must have the financial capability to expand
 - Companies must not have existing operations in Ontario
 - Expansion will be in the form of greenfield investment
- Will lead generation be at a trade show or targeted directly at company locations?
- What are the minimum/maximum number of meetings to be arranged?
- Can the companies identified be ranked in advance as leads, prospects & opportunities?
- Are meetings to be strictly with prospects or can influencers be included?
- What is the level of executive you are expecting to meet?
- Are meetings to be one to one or can a seminar with presentation be planned?
- Are translation services required for pre-meeting materials as well as during meetings?
- Will logistics support be required?
- What is the timeline, reporting structure to be followed before, during and after the meetings?
- Will the consultant assist in follow up and reporting?
- Regular updates on how the identification of leads is progressing should be scheduled to avoid being surprised about problems that may have arisen.
- Good lead generators will provide their clients with an orientation to the customs, business practices and norms of the region, industry and companies being targeted.
- Pricing should be outlined in detail and include all requirements – orientation, translations, list building and sharing, logistics, meeting agendas, company profiles, seminars, hospitality and reporting.

Ensuring the Effectiveness of the Lead Generation Firm

- Prior to lead development, the consultant must be orientated to Guelph, the sector being targeted and Guelph's proposed value proposition. Feedback from the consultant in regard to any changes or adjustments to be made in your value proposition to meet the foreign market customs should be discussed and acted upon once agreement and understanding is established.
- Guelph's previous experience in the region should be shared with the consultant as there is a difference between an “exploratory” mission and a follow up or annual, sustainable approach.

Some firms are focused totally on lead generation while others may perform a broader range of services including site selection, in-market analysis, etc.

The costs of lead generation consultants can be significant and, when compared to other activities, may be among the most expensive investment attraction project in the budget. For this reason many of the lead generation activities undertaken by municipalities are part of pan-regional collaborations.

Our experience indicates that lead generation from a qualified and successful firm will cost anywhere from \$1,000 to \$2,000 per meeting, depending on the range of services provided. It is acknowledged that some sectors can demand higher pricing due to the requirements of subject matter expertise. This is true of Life and Health Sciences and some Bio related activities.

A list of selected lead generation consultants is being provided separately, along with a sample template that a consultant could use to provide preparation and orientation prior to a meeting and then to prepare a report.

4. Site Selectors

The site selection industry, comprised of professional private sector firms and individuals, assists companies to develop, relocate or expand their facilities and operations. Sometimes the term "site selector" is also taken to include dedicated in-house staff in larger companies who lead the firm's real estate and location operations. The profession has taken root mainly in the US and grown to be an important contributor of location decisions. Common wisdom has been that independent site selections are substantively involved in somewhere in the order of 30 per cent of decisions.

Major shifts have been occurring in the site location business, driven by the array of incentives in the US and the rise of US tax, legal and real estate specialists whose focus is on maximizing incentives packages for clients, with fees frequently based on the extent of their success. These specialist firms tend to be entirely US focused, often in a particular region or state, and therefore have no knowledge or interest in Canadian options. They have gained market share -- possibly as large as 60 per cent -- at the expense of the more traditional comprehensive location advisory services that use a client's business strategy as the starting point. The traditional firms, also hard hit by the 2008 recession, have shifted to undertaking more advisory work for communities and economic development organizations, though they still remain a factor in site location work. When the Canadian dollar was significantly lower, many of the traditional firms, knowing Canadian sites would be attractive, suggested to US and European clients that Canada be part of a search. In the post-recession period however, Canadian locations have generally not compared as well, with a higher dollar, more limited incentives and less "give" so far in some cases by labour. Thus, the inclination to include Canada has been lost.

Site selectors still need to be cultivated -- especially ones that focus on sectors of interest to Guelph. Appropriate approaches include adding them to key distribution lists and undertaking selected calls, say initially on some located in Ohio and/or South Carolina.

A list of the more prominent international site selection firms is being supplied separately.

Site Preparedness: Communities such as Guelph can gain a marketing advantage by providing an abundance of robust and thorough site-specific infrastructure information that anticipates the requirements of professional site selectors charged with making the critical decisions. Labor, transportation, zoning and utilities all must be investigated and analyzed. Timeliness to market is often

paramount. Uncertainty or delays in clarifying any factor may lead to the choice of another site where all the answers are known. Anticipating what a professional will need greatly reduces the risk that an absence of clear information will lead them to turn elsewhere. The Ontario government's new Certified Site Program will be an asset to communities such as Guelph.

Site Selection Data: Information has been supplied separately regarding Site Selection Data Standards and a ranking of investment factors and considerations for projects in Ontario.

5. Websites and Social Media

Websites: For economic development agencies, a professional and information rich website is a basic and essential tool.

Site Selector Section: When it comes to FDI attraction, a specific "site selector section" -- evident on the Home Page -- should be included to cater directly and specifically to the requirements of professional site selectors. The documentation being provided separately on Site Selection Data Standards provides some indication of the type of information that site selectors require.

Social Media: In economic development, social media, managed hand-in-hand with the website, can be used to get information out, support branding, and engage partners, contacts and prospects. Hootsuite, Postling and Sprout Social are management tools that ensure effective and equitable delivery of information across all social media platforms.

YouTube has been widely adopted as a convenient means to post impactful video material that showcases a region. The hope is that it also attracts viewers who do not come to the website. The City of Guelph Economic Development Services has an immediate opportunity to add to its own website area links to short impactful YouTube videos, especially from the University of Guelph (e.g. Bioproducts Discovery and Development Centre, Ontario Veterinary College, Co-op and Career Services for Employers, Soy Plastic Innovation and the like).

Well-structured blogs that are regularly populated with material provide insights and updates in a more flexible and often more informative way than media releases.

LinkedIn, both for both business and individuals, has become a business reference tool that merits inclusion related to FDI attraction activities. Use of appropriate LinkedIn Groups and Discussion Forums broaden global knowledge as well as affording opportunities to promote community assets related to various topics.

Though there can sometimes be greater challenges crossing cultural divides and dealing with contacts in countries where social media is less used, there no longer is any part of the world where internationally oriented business people are not connected electronically. Economic development organizations that have strong social media capability can find ways to engage in interactive exchanges internationally and to monitor needs of potential international investors. Where staff resources are limited, the question legitimately arises whether devoting extensive additional time to international contacts and prospects will provide the payoffs that make it the best use of precious time.

Translations: Many websites today take advantage of the translation widgets offered by Microsoft, Google and other software vendors. These provide over 30 languages. The languages that would

appear to align with Guelph's interests are French, Spanish, Italian, German, Mandarin, Japanese and Korean. Offerings could vary from sector to sector.

The translation widgets are not a substitute however for the professional translation of core marketing collateral that will be available in hardcopy as well as on the website. The firm that is engaged should have an understanding and experience with economic development. For example, the Canadian German Chamber of Industry & Commerce and the Canada China Business Council both offer translation services in their languages and have an understanding of FDI lingo.

Examples of Best Practices: Some best practices that have been cited are:

- Blog –Greater Halifax Partnership - <http://smartcityblog.greaterhalifax.com/>
- Facebook –NYC Economic Development - <https://www.facebook.com/pages/New-York-City-Economic-Development-Corporation/103229249730476>
- Twitter – Economic Development Alberta - <https://twitter.com/edaalberta>
- LinkedIn –Invest In Brisbane - <http://www.linkedin.com/company/98353?trk=prof-exp-company-name>
- YouTube –Nova Scotia Business Inc.- <http://www.youtube.com/user/novascotiabusiness>

The City of Guelph, Guelph Tourism and the Mayor of Guelph are engaged on social media, providing experience on which to draw.

6. Support from Canadian and Ontario Representatives Outside Canada

A close partnership with Foreign Affairs, Trade and Development (DFATD) will benefit the FDI attraction efforts of Guelph. These relationships are not however just taps which Guelph can ask be turned on so it will be the beneficiary of well-screened prequalified leads; rather Guelph must build its credibility and credentials as a trusted and valued partner.

The lead group in DFATD on FDI attraction and retention is Invest in Canada. Within countries that are sources for FDI, Canadian Embassies, High Commissions and Consulates General are tasked with targeting and cultivating prospective new investors and senior executives of firms with existing operations in Canada.

Guelph can access the Federal network through the local DFADT Trade Commissioner servicing the Guelph area from a base in the BDC office in Kitchener. Indeed, though his time is stretched, Guelph should make a conscious effort to include him in events and meetings in Guelph in order to build an active relationship and enhance his knowledge of Guelph's strengths and the players.

At the provincial level, similar support from Ontario representatives assigned outside Canada can be envisaged. Indeed, though the number of Ontario offices outside of Canada are fewer, Ontario representatives can be especially helpful as they have primarily Ontario interests to pursue and fewer perceived conflicting interests to juggle. Ontario representatives are housed in Canadian embassies, high commissions and consulates general in London, Paris, Munich, New Delhi, Shanghai, Beijing, Tokyo, New York, Los Angeles (changing to San Francisco), and Mexico City, with Sao Paulo (Brazil) being added in 2013. These officials usually return to Ontario at least once per year (usually June) and opportunities

that may be provided to meet with them can help in the cultivation of relationships, as Guelph engineered in 2013.

In addition, the Ontario Ministry of Economic Development, Trade and Employment has had multi-year contracts with consultants to generate FDI leads in the US, Europe and Asia. US lead generation is out for proposals again, with a decision expected effective November 2013. This merits monitoring in terms of whether municipalities, such as Guelph, can access the Ontario lead generation process or contractors. It has never been easy.

Neither the Federal nor the Ontario governments operate on the premise that municipal economic development groups have a right to receive or be privy to enquiries that they receive or generate. Indeed, the Ontario government's position has long been that the Federal government should deal with it, rather than initiating contact directly with Ontario municipal level economic developers.

In practice, municipal officials can cultivate productive relationships over time with Canadian Trade Commissioners and Ontario officials serving outside Canada. Calling on them when traveling internationally is the most obvious means. Hosting them, as Guelph recently did, is the reverse side of the coin. Keeping them informed about major developments that have international resonance can pay dividends as most Canadian Trade Commissioners and Ontario representatives thirst to be well informed about Canadian strengths but often find it difficult to obtain credible information on the world-class strengths of Canadian regions and post-secondary educational institutions, together with supporting promotional material.

Once relationships have been established with officials in Canada posts abroad, opportunities can open up, including situations such as:

- FDI-related meetings and events that DFATD posts may help to arrange when university presidents, deans and vice presidents of research travel internationally;
- well targeted lunches or receptions hosted by senior Canadian representatives for university leadership (largely planned and paid for by the university or research park);
- national and international innovation-related conferences that include representatives from foreign multinationals (could include tours of relevant research parks and universities);
- including Canadian representatives in alumni events held internationally;
- working with groups of Canadian expatriates (such as the C-100 in California) that have been brought together by selected Canadian posts;
- hosting international media invited to Canada by DFATD and posts outside Canada; and
- hosting Canadian heads of mission and trade commissioners when they return to Canada.

7. Support from Foreign Representatives in Canada

Judiciously used, foreign representatives based in Canada can assist in cultivating relationships with their countries and even generate specific FDI leads.

The interests of the majority lie with attracting investment to their countries, assisting their firms to export to Canada, and providing access to leading Canadian regions to visitors from their countries. The task is to find those that also assist their firms that may be considering a presence in Canada.

In addition to the significant diplomatic community in Ottawa, Toronto is home to one of the largest Consular Corps in the world with representatives of 104 countries. The large majority of such foreign government representatives are principally interested in attracting Canadian firms to invest in their countries or assisting companies from their jurisdictions to export to Canada. Some see the value of counselling firms from their countries regarding investment in Canada where this is a necessity to maximize the firm's presence in the Canadian market. In such cases, a good word may be put in or an introduction arranged where the foreign representative knows a suitable community and has a personal contact.

Some foreign organizations operate on a fee for service basis and have explicit mandates that extend to assisting firms who are investing in Canada. A notable example is the Canadian German Chamber of Commerce and Industry which undertakes detailed studies and works with German firms on entry strategies. It also initiates valuable and well focused networking events in various Canadian centres. Special attention has been given to alternative energy, especially wind and solar, where match-making conferences have been held almost annually for over eight years.

Other representative offices that have a strong business orientation and centre their activities on undertaking detailed feasibility and marketing studies are Norway, Sweden and Finland, often staffed by non-career contracted consultants. China also has programs related to outward investment from China.

Representatives from some leading countries that often represent priority sources of FDI are interested to build bridges with communities in sectors of common interest, including with institutions driving innovation and with research-intensive universities, as a means of fostering possible bilateral linkages. The British, Netherlands, Australian and US Consulates General and possibly Korea's KOTRA and Japan's JETRO are in this category. Generally, however, some cultivation is required before reaching a point of lead generation.

8. University and College Alumni

Universities such as Guelph, with extensive international graduate networks, can help orchestrate opportunities to connect with university alumni who live and work internationally. These graduates are often in executive level positions and have networks that they are prepared to put to use. They are also well placed to provide intelligence. Making personal contact through alumni or other events can be a helpful complement to other events in target markets, though advance planning is often required.

"... cities play a key role in attracting inward FDI. Regional policy factors such as education, immigration, information and communications technology penetration, and active research and development are shown to be important determinants of FDI."

- "The Role of Canada's Major Cities in Attracting Foreign Direct Investment"
The Conference Board of Canada (May 2012)

D. Aftercare

1. The Contribution to Guelph of Foreign-Affiliated Firms

Community support for FDI cannot be assumed, despite the strong case that can be made about the economic benefits that FDI typically brings:

- increased exports;
- enhanced productivity, through access to technology and business and manufacturing processes;
- introduction of management know-how; and
- creation of a more competitive and innovative national business environment.

The City of Guelph and its partners currently do not appear to have available information that gives a full picture of the impact of FDI on Guelph. The closure of a foreign-controlled plant can poison public perceptions if it is not cast in the context of the many positive stories. It is therefore in Guelph's interest to ensure a more balanced context that builds fuller understanding of FDI's role.

Information on Foreign-Affiliated Companies in Guelph: At a minimum, it would be highly desirable to use the next update of the Connect Guelph Business Directory to accurately identify the firms that are foreign-owned, the number of employees, and the name of the parent firm and its headquarter country. This could be done at little or no direct cost. A more ambitious step would be to commission a consultant to survey foreign-owned companies and prepare a full directory that would in addition identify:

- intermediate reporting relationships (e.g. through a Canadian or North American headquarters);
- senior local executives; and
- date established in Guelph.

This more complete study would be the basis for a profile of FDI and its impact on the Guelph economy, including number of jobs and the total property taxes generated annually.

The number of foreign-affiliated firms in Guelph with more than 25 employees each exceeds 25, accounting for over 5,000 employees in total. Some of the more prominent foreign-affiliated companies are Cargill Meat Solutions, Blount Canada, Hitachi Construction Truck Manufacturing, CpK Interior Products, DENSO Manufacturing Canada, McNeil Consumer Healthcare, Sleeman Breweries, Owens Corning, RockTenn, SYNEX Canada, GE Water & Process Technologies, Tiger Drylac Canada, and VIQUA - a Trojan Technologies Company. A fuller list is in Appendix H.

2. Retaining and Supporting the Expansion of Existing Foreign-Affiliated Firms

The economic development maxim is that the best return on investment of economic development resources comes from the retention and growth of existing companies. This applies in full measure to foreign-affiliated firms. Indeed, FDI aftercare has dimensions and potential payoffs and risks that go well beyond the City's normal business retention and expansion (BR&E) role with local firms.

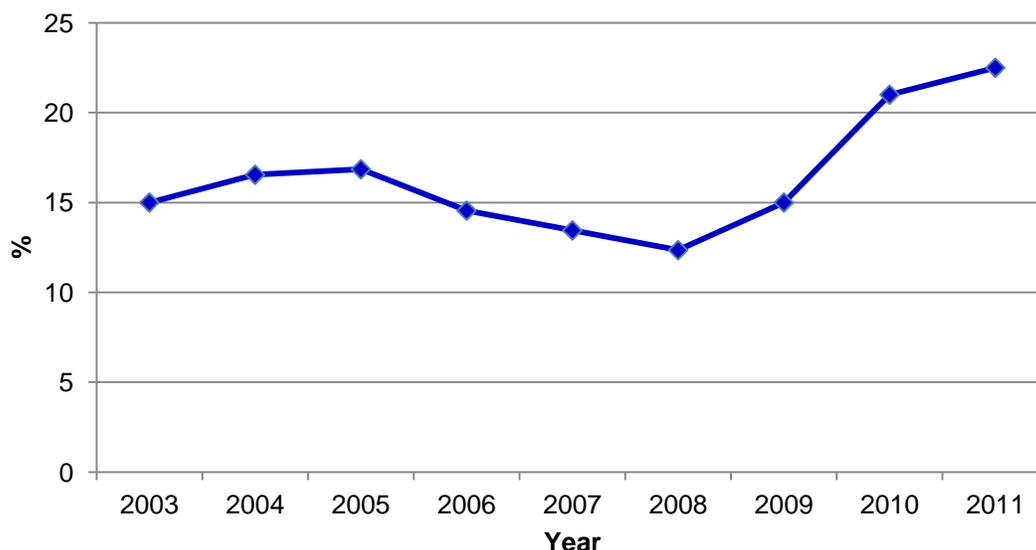
Guelph Economic Development Services should reach out separately in a supplementary personal call program on the principal foreign-affiliated firms. The targets should be firms where there are expansion opportunities or risks to the existing operation. Firms whose supply chains may offer potential to attract additional investors to Guelph or to increase local sourcing would also be high priorities. The major

foreign-affiliated firms in Guelph could be covered once every three-years based on about ten calls per year.

The best-case scenario is one in which the local foreign-affiliates are deeply integrated with the local community -- including within its innovation ecosystem -- and view Guelph as a community that brings identifiable value and has strategic importance to the parent company and group.

A demonstration of the importance of foreign businesses already present in an area is that in the face of economic uncertainty, businesses show a preference for the lower-risk strategy of expanding in regions where they currently operate rather than establishing a presence in a new country or region. To illustrate, expansions accounted for about 13 per cent of global capital investment from FDI in 2008, increasing to 23 per cent in 2011 (see Figure 11).

Figure 11: Relative Importance of Expansions in FDI
Expansions as a Percentage of Total Capital Investment in FDI



Source: fDi Markets

3. The Competition for Product Mandates by Foreign-Affiliated Firms

Job-creating local foreign-affiliated operations constantly compete not only to retain existing roles, but to acquire new mandates, or to be the location of choice for global centres of excellence. This presents obvious risks and opportunities to the communities in which they are located -- the chance that operations may shift to other countries, but also the opening to work with the local management to help make the case for new or expanded mandates.

Winning over local foreign-affiliated businesses requires both trust and credibility. The City of Guelph Economic Development Services and its partners can play an important role in ensuring companies have the information and connections needed to ensure their success and continued growth. Where they become aware of potential risks and opportunities, they can discretely marshal appropriate City staff,

university leadership, and federal and/or provincial officials to support the local management and intervene strategically at headquarters. This may include timely lobbying of Federal and provincial governments to provide financial support or to entertain appropriate policy changes.

Identifying issues and opportunities for expansion: The economic development professional closest to the foreign-affiliate in Canada can be influential. Canadian Trade Commissioners and Ambassadors at posts outside Canada can be recruited to play a helpful role, including orchestrated back-to-back company calls on the Guelph subsidiary and senior executives at the global headquarters where there are identified opportunities for new investment or risks related to the firms' existing investments in Canada. An ideal situation is where municipal partners in Canada can alert posts to timely specific situations and "back-to-back" calls are undertaken, whereby a meeting with management of the Canadian subsidiary sets the stage for the call on senior parent company officers.

Of concern, however, are recent budget cuts at DFATD that realigned regional office resources in Canada, reducing its capacity to engage with companies and partners in Canada, including foreign-controlled firms. Though the limited DFATD presence in the area (Kitchener) has been preserved, the involvement of local partners across Canada will be even more welcome and needed.

Though the Ontario government discontinued its own structured aftercare program some years ago, its support, including representatives on the ground in certain countries, can also be productive -- indeed critical -- when it comes to marshalling essential Ontario investment incentives, whether through MEDTE or OMAF.

4. Foreign Acquisitions of Firms with a Guelph Presence -- Risks and Opportunities

Foreign acquisitions of Guelph firms -- whether already foreign-controlled or not -- present immediate risks and opportunities that must be addressed quickly. Having strategies to reach senior headquarters executives of the new owners as quickly as possible are vital so as to work with the new acquirers and understand their motives and needs.

Past experience shows the risks of downsizing or closure are significantly higher when the local facility being taken over is just one of the acquired company's many global locations, where the main objective is to acquire a competitor and consolidate facilities, or where the principal goal is simply to gain access to the target's customer base.

Guelph can point to several examples in the area, such as Hitachi, and Sleemans -- where acquisitions have led to positive outcomes.

There are many situations where the local operation will benefit from new ownership, but the risks of change must be understood and, where possible, aggressively addressed. The City of Guelph Economic Development Services can be well positioned by having contingency plans, as it is vital to be ready to move agilely when the unanticipated occurs. Once an acquisition is announced, local economic developers, working with their Federal and provincial partners, can play an important role in educating the new owners on the many benefits of operating in Canada, not least Canadian incentives for R&D.

Acquisitions of smaller emerging technology firms which are increasingly being encouraged in Guelph present special situations. Local firms may be seeking exits or foreign firms may be attracted by the leading-edge technologies or by the creative people pioneering them. Of 150 venture capital-backed

Canadian firms whose exit involved acquisition in the five years from 2007 to 2011, well over half (57 per cent) were acquired by foreign buyers, according to a Conference Board of Canada report. Acquisitions of this type afford the opportunity to persuade the new – and likely larger, more diversified owner – to grow its operations in Guelph, with R&D, the technology and staff staying and expanding in Guelph. Having a game plan ready will allow timely interventions.

In the case of emerging technology companies, an important benefit that can be frequently overlooked, despite the possible downsides associated with a foreign acquisition, is that the proceeds from the exit or sale often find their way into the broader entrepreneurial fabric of the community as investments in other local firms and start-ups.

5. Foreign-Affiliated Firms -- Important Guelph Ambassadors

Advocacy on Behalf of Foreign-Affiliated Firms: Like BR&E outreach to local firms, the most fundamental objective of an aftercare program directed to foreign investors is to ensure that the existing investments are prospering and that the firm is connected with helpful resources and embedded in the local economy. Additionally however, with a foreign firm, policy issues at a national and provincial level may need attention, presenting an opportunity for Guelph to take an instrumental role in advocating on broader policy concerns with the Federal and Ontario governments. A municipal government such as Guelph can be more influential than it may imagine if it orchestrates local MPs and MPPs to learn about the parent company's and local subsidiary's concerns.

Identifying Supply Chain Opportunities: Foreign-affiliated firms in Guelph are typically among the most desirable supply chain partners in the local economy, including the wider linkages they offer to their sister plants elsewhere in Canada, the US and overseas. The task is to define these opportunities in a context of mutual benefit. Local firms have a self-interest in shorter supply chains and being physically closer to key partners and suppliers.

Foreign-Controlled Firms Are FDI Spokespersons -- Like It or Not: Executives of existing foreign-affiliated companies can be the most effective asset for FDI attraction that a city like Guelph can marshal as part of its aftercare program. Testimonials from peers carry great weight in persuading new foreign investors of Guelph's merits. On the other side of the coin, it will also be necessary to address how to deal with local executives of foreign-affiliates who may be less positive about the local business climate, including those who are directly and privately sought out, even though not introduced by the City, by investment prospects in order to get their unvarnished opinion. This also relates back to developing a community's investment readiness.

Ambassador Program: As part of Guelph's business retention and expansion activity, the Guelph business community is being invited to be part of an Ambassador Program that will provide training and marketing collaterals to present Guelph to businesses as an ideal location in which to invest. Small informal sub-groups focused on prospective investors from particular countries should be associated with this program or operated in parallel. Executives heading local foreign-affiliated companies need to be the core members. The keys are to find suitable Chairs within the local business community to take leadership and to ensure the country group has active business linkages with the country concerned.

E. Guelph's Readiness for FDI Attraction

Readiness to Field FDI Leads: Leads as to prospective foreign investors are valueless unless they are acted upon in a professional and timely way by providing complete information. Quite apart from having no value, lack of prompt and full response to leads will damage the City's and the organization's reputation. Therefore, it is absolutely essential that, prior to undertaking any proactive initiatives, resources are focused on ensuring that the response systems are in place and staff are clear on procedures.

The FDI Lead Readiness Check List (Figure 12 on the next page) sets a minimum threshold to be reached before Guelph engages in activities that will generate FDI leads.

Based on the information gained during our review and the development of Guelph's FDI attraction and retention plans, we assessed Guelph's current FDI readiness, providing rankings in Figure 12, using the levels:

- Green for "ready";
- Yellow for "further work required but underway"; and
- Red for "very low level of preparedness."

| Figure 12 FDI Lead Readiness Check List | | | | | |
|--|--|---|---|--|--|
| FDI Lead Readiness Check List | | Green = "Ready" | | | Comment |
| | | Yellow = "Further work required but underway" | | Red = "Very low level of preparedness" | |
| FDI Lead Readiness Check List | | G | Y | R | Comment |
| 1 | Community Profile | √ | | | 2012 Edition Available |
| 2 | Land & Building Profile | √ | | | 2013 Edition Available |
| 3 | Shovel Ready Industrial, Commercial and Research Land | √ | | | Especially Hanlon Creek Business Park and Research Park |
| 4 | Business Directory | √ | | | 2013 Edition Available |
| 5 | Basic Marketing Collateral for FDI Attraction | | | √ | Some printed and website materials available, but major review required (see Check List provided separately) |
| 6 | Plan for Translation of Marketing Collateral, Business Cards, etc. | | | √ | |
| 12 | Ready Access to Professional Interpreters and Translators | | | √ | |
| 7 | CRM Tracking System Ready for FDI Leads | | √ | | Sales Force CRM available. See recommendations below |
| 8 | CRM Tracking System With Basic FDI-Related Contacts Entered | | √ | | Leads generated through OCTA and OFC entered. See additional recommendations below |
| 9 | Identify and Recruit Senior Executives of Existing Foreign-Controlled and Other Prominent Business in Guelph Who Are Prepared to Meet with Prospects | | | √ | See section on Aftercare |
| 10 | Identify Contacts at Guelph Accounting and Legal Firms and Financial Institutions with Demonstrated Capability of Introducing Foreign Businesses to Doing Business in Canada | | | √ | |
| 11 | In-House Company and Lead Generation Research Capability (including staff training) | | √ | | Some limited capability. Expansion with additional staff under consideration for 2014 |
| 13 | Establish Relationships and Access with Human Resources Consulting Firms That Can Provide Up-To-Date Labour Market Information and Third-Party Perspective | | √ | | Some contact with local Human Resource employment firms |
| 14 | Establish Access to ICI Real Estate Professionals | √ | | | |
| Highly Desirable | | | | | |
| 1 | Website Space Designed for Site Selectors | | | √ | |
| 2 | Brief Professionally Prepared Introductory PowerPoint and/or Video (Capable of Being Translated) | | √ | | Existing presentations need to be updated. Two videos available on Agri-Food & HCBP |

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Branding Guelph Internationally: The City of Guelph has recently adopted a coordinated and integrated brand identity and communications strategy. As it moves to establish the FDI attraction initiative, the City needs appropriate advice on how to evolve the City's existing branding to effectively convey Guelph's investment attraction ambitions in the international marketplace. There are many ways that Guelph can be linked to global leadership and to products, services and innovation found throughout the world. Emphasis can also be put on the role Guelph plays as a mid-sized, university-centred community on the fringe of a major metropolitan area whose higher costs and congestion make Guelph particularly attractive. Counterparts to Guelph in this respect include Palo Alto and Ann Arbor.

Essential FDI-Related Marketing Collateral: A basic suite of marketing collateral to introduce and quickly position Guelph for non-Canadians is a prerequisite to engaging in FDI lead generating initiatives (Figure 13). Materials should be available in hard copy, pdf versions, and on the website.

Remember that the audience is non-Canadians. Some may have some general knowledge or impressions of Canada -- maybe Ontario or Toronto as well. Most will have very limited or no knowledge of Guelph.

A prioritized plan for translations of the FDI-related marketing key pieces that aligns with the Action Plan should be laid out from the beginning and best quality translation services sought. The translation conveys the story and information. It must be first class. The fact that most of the materials will be translated is a reason to keep the material straight-forward and factual. Flowery prose in English does not always translate well.

Give thought right from the get-go to how the material will be systematically updated to capture the latest statistics.

| Figure 13 Essential FDI-Related Marketing Collateral | |
|--|---|
| Essential FDI-Related Marketing Collateral | Comments |
| Guelph Fact Sheet - Introducing Guelph | Snap-shot, situating Guelph geographically and including data on population, talent pool and workforce, unemployment and participation rates, top employers, key sectors, post-secondary education and economic performance |
| Guelph Talent Profile | Post-secondary enrolment and graduates, trades and apprenticeship, and workforce statistics |
| Incentives | Including: <ul style="list-style-type: none"> ▪ R&D tax incentives, and government funding for collaborative research with post-secondary institutions ▪ Principal Federal & Ontario funding programs open to and likely to be of interest to foreign investors (e.g. FedDev Ontario, Strategic Jobs and Investment Fund, Southwestern Ontario Development Fund, Growing Forward 2, and EDC Inbound FDI Financing Program) ▪ Education & Training, including wage tax credits, apprenticeship programs, co-op tax credits and Mitacs ▪ Brownfield incentives and downtown development |
| Innovation - Opportunities & Benefits of Research & Development Collaboration | <ul style="list-style-type: none"> ▪ Post-secondary institutions ▪ University and college research institutes, Canada Research Chairs and Canadian Foundation for Innovation (CFI) funding ▪ University and college rankings nationally and internationally ▪ Innovation-oriented organizations in the Guelph cluster ▪ Funding models for R&D collaboration with universities and colleges ▪ Testimonials and company profiles |
| Maps | <ul style="list-style-type: none"> ▪ Maps of the City, highlighting industrial and commercial areas and transportation links ▪ Maps showing the City in terms of the immediate area, the province and North America, with concentric circles showing distances to major cities |
| Transportation and Infrastructure (with Maps) | <ul style="list-style-type: none"> ▪ Road and rail infrastructure (including Guelph Junction Railway) ▪ Access to air and water transport ▪ Utilities ▪ Relationship to business districts, business parks, research parks and other employment lands |
| Real Estate Directory | <ul style="list-style-type: none"> ▪ 2013 Edition Available ▪ Hanlon Creek Business Park Information online ▪ Desirable to also have online directory |
| Sector Feature Sheets | Bias toward factual content versus overly-hyped narrative, providing historical context and significance, major companies, R&D, talent pool and workforce and post-secondary programs |
| Business Directory | <ul style="list-style-type: none"> ▪ 2013 Edition Available |

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Basic CRM Systems and Distribution Lists for FDI Attraction and Retention: As a matter of first priority before launching proactive lead generation programs, the Customer Relationship Management (CRM) system used by Guelph Economic Development Services should be reviewed in an inclusive way with all staff to ensure its functionality in anticipation of adding US and overseas prospects.

It will be important to target FDI prospects specifically, so the system should be able to identify this constituency (including some contacts physically located in Canada). Other distinctions that may need to be taken into account are:

- FDI performance metrics;
- standardized entry for FDI attraction events/projects;
- ability to sort by countries and regions (such as states) within countries; and
- coding by sector.

Economic Development Services staff may need a ready reference on abbreviations for US states and some geography grounding as to German states (Länder), Japanese prefectures (ken) and Chinese provinces (shěng).

As well, before launching proactive FDI lead generation activities, contact data for the prime FDI-related partners and support contacts whom Guelph Economic Development Services wants to cultivate should be entered into the CRM system. CRM is an efficient method of collaborating and communicating that can be (1) interactive and shared among like-minded members of committees or advisory groups, or (2) directly distributed individually to investment prospects, site selectors, and others.

A check list of the prime FDI-related partners and prospects to have in the database from the outset is being supplied separately.

"Companies and their consultants may screen for opportunities years before zeroing in on two or three global regions. They then assess communities within those regions more intensively and ultimately compare the best options and tradeoffs across several countries. These are highly complex evaluations, since cross-border differences such as work rules, tax structures, regulatory environments and business and ethical practices have to be taken into account, and non-standardized databases harmonized."

- "Knowledge is Power: Working Effectively with Site Selectors"
International Economic Development Council (2012)

F. Evaluation of Sectors and Sub-Sectors

1. Overview

For the purpose of developing a three-year FDI attraction and retention strategy and action plan, the priority sectors which the City of Guelph defined in 2010 through the Prosperity 2020 initiative were revisited and examined through the prism of FDI attraction and the interest the sectors currently attract on the part of foreign investors.

The multitude of location choices open to companies and the intense global competition for FDI emphasizes that a community must lead with its very best cards. This means playing to established strengths plus opportunities that are demonstrably ready for prime time and for which a compelling value proposition can be advanced.

An Overview of Guelph's Current Strengths, Weaknesses, Opportunities and Threats (SWOT): An assessment of Guelph's strengths, weaknesses, opportunities and threats in terms of FDI attraction and retention provides an overall context for a re-evaluation of sector priorities for FDI attraction.

**Guelph FDI Attraction and Retention
STRENGTHS, WEAKNESS, OPPORTUNITIES AND THREATS
September 2013**

STRENGTHS

- The University of Guelph has globally recognized research strengths, especially in agriculture-related sciences as well as in animal and human health and environmental sciences
- The University of Guelph is Canada's and North America's most inventive university, producing the most inventions per research dollar. In addition, the University ranks second in Canada with the largest number of invention disclosures received from researchers and third in the licences executed per research dollar.
- The University of Guelph's efforts to facilitate research and commercialization linkages with business are enhancing opportunities for partnerships
- Post-secondary educational institutions in the area graduate a highly qualified pool of talent
- Industrial, commercial and research sites for new businesses are available in Guelph
- Canadian and Ontario governments are committed to supporting innovation and preoccupied with stepping up commercialization
- Linamar -- widely recognized as a well positioned auto parts leader -- attracts attention from its international supply chain partners and anchors a notable manufacturing and auto parts cluster in Guelph
- Guelph is centrally located geographically vis a vis major Ontario automotive OEM facilities (GM, Ford, Chrysler, Toyota and Honda)
- The City of Guelph's Community Energy Plan enhances Guelph's appeal as a location for alternative energy initiatives
- Collaboration and partnerships in economic development are increasing among Guelph organizations
- Initiatives to foster entrepreneurship and innovation are taking hold through Innovation Guelph and University of Guelph initiatives such as the College of Management and Economics entrepreneurship and innovation hub and the Highly Qualified Personnel Scholarship Program for Masters and Doctoral students.
- Guelph is a participant in collaborative FDI attraction initiatives with sister Southern Ontario economic development agencies (the Ontario Food Cluster and the Ontario Clean Technology Alliance)
- Guelph is home to what appear to be examples of successful foreign-affiliated firms (e.g. Hitachi Construction Truck Manufacturing, DENSO, Sleeman, GE Water & Process Technologies, McNeil Consumer Healthcare, Blount and Syngenta)
- Guelph is especially well positioned for comparatively high population and economic growth based on its advantageous geographical location in the Greater Golden Horseshoe just beyond the more congested and costly GTA and Hamilton (GTAH)

WEAKNESSES

- Specific University of Guelph academic and research strengths are less or not known, not least because research evolves rapidly and because of the cross-disciplinary nature of research
- Larger-scale food processing investment in Guelph is constrained by the availability of water and discharge capacity
- Underfunding for municipalities in Canada, like Guelph, is reflected in budget and staffing levels for economic development and investment attraction that are lower than needed to sustain the multi-year activities that lead to new foreign direct investment
- Many other comparable jurisdictions have longer standing proactive FDI attraction programs than Guelph
- Further steps are required to build on existing partnerships in order to align broader FDI attraction goals and supporting FDI messaging and marketing collateral with University of Guelph research strengths
- The City of Guelph is just starting to build substantive relationships and credibility with Canadian and Ontario representatives serving outside Canada
- Absence of hotelling or other flexible short-term space to provide short to medium presence for foreign firms to establish relationships and/or test the waters in terms of R&D projects
- Guelph faces daunting challenges in attracting angel, venture and other finance for the development of life sciences-related technologies as successful commercialization typically requires longer time frames (up to ten years)
- Guelph lacks a concerted community effort to connect students with business and to make post-secondary graduates, including foreign students, more aware of opportunities to remain in Guelph

OPPORTUNITIES

- The Canadian Government's FDI attraction and retention priorities (to be affirmed soon by the refreshed Global Commerce Strategy) will align well with Guelph's capabilities
- Some of the major global trends to which the University of Guelph is well-placed to respond are food safety, security and traceability; combating hunger; climate change; environmental scanning; the convergence of animal and human health science; aging, and genetics
- Guelph is well positioned to strengthen a cluster and attract investment in the sustainable environmental technologies sector which is expected to be a global growth sector
- Globally-oriented corporations are sitting on significant investable capital that could be deployed as FDI, pending clearer signals on the direction of the global economy
- Important policy and operational resources of the Ontario Ministry of Agriculture and Food (OMAF) are based in Guelph
- The Ontario Ministry of Agriculture and Food (OMAF) has a longstanding dedicated funding agreement with the University of Guelph which supports R&D programs, the delivery of laboratory services and diploma, continuing education and clinical education programs
- The Federal and Ontario five-year extension of Growing Forward funding -- GF2 -- demonstrates a commitment to a more productive and competitive food processing sector and may stimulate demand for advanced food processing equipment, technology and systems, thereby strengthening the business case for investment in Ontario by German, Italian and Dutch food production equipment suppliers
- Funding for FedDev Ontario, that has in the past occasionally supported FDI and expansion of foreign-controlled firms, has been renewed at a level of \$920 million for five years beginning April 1, 2014, including \$200 million for an Advanced Manufacturing Fund (AMF)
- The conclusion of the Canada-US Comprehensive Economic & Trade Agreement (CETA) will draw European business attention to Canada, as a Canadian subsidiary of a European firm will have favourable access to the US, Mexico, Chile and other countries because of NAFTA and bilateral Canadian trade agreements
- Canadian immigration policies facilitate visas and subsequent landed immigrant status for foreign students graduating from Canadian universities -- a potential additional source of attractive talent, and an advantage for Canadian locations vis a vis the US
- Evidence that Guelph and Wellington County appear committed to take steps toward building mutually beneficial regional cooperation, opening possibilities in economic development including FDI attraction
- Construction of the new limited access Highway #7 between Guelph and Waterloo Region will facilitate access to a larger talent pool from which Guelph is already a net beneficiary
- Foreign Affairs, Trade Development (DFATD) will welcome greater collaboration with municipal level economic development agencies as it cuts back on its own in-Canada personnel resources

THREATS

- International economic recovery from the second most severe economic downturn in a century remains weak in light of global economic volatility and policy uncertainty
- Global competition for investment is intense
- Other communities in Ontario have established investment attraction programs, lead generation pipelines and readiness to capitalize on opportunities
- Many comparator Canadian communities and regions have stepped up FDI attraction efforts, especially vis a vis Europe, Brazil and China
- A higher Canadian dollar in recent years and relatively weak productivity growth have reduced Canada's relative competitiveness vis a vis the US
- The potential for volatility in the Canada-US exchange rate introduces a major risk factor for investment in Canadian plants that are heavily dependent on exports to the US
- Relative to other major sectors of the economy, FDI in manufacturing in Canada continues a steady decline
- Foreign companies considering investments in Guelph have access to a reduced arsenal of Canadian and Ontario investment incentives during a period of adjustment and refocusing of Federal innovation and provincial industry and innovation programs at a time when US offerings are generous and being deployed aggressively
- Closures of significant manufacturing facilities in the broader region erode supply chain opportunities that such anchor facilities present (e.g. 350 jobs at A.O Smith in Fergus; 330 and 460 jobs at Caterpillar in Toronto and London respectively; 230 jobs at Knap & Vogt (formerly CompX) in Kitchener; Ford in St. Thomas; Stack-a-Shelf in Cambridge; and Siemens in Hamilton)
- Growth prospects for solar and wind generation have been undercut by adjustments in Ontario government policies
- The WTO finding against the Ontario content requirements for Feed-In-Tariffs (FIT) and the conclusion of the Canada-EU CETA will roll back or eliminate current policies favouring Ontario suppliers of solar and wind power generation equipment and services
- The continued decline of the US relative to other sources of FDI for Canada demands a shift in focus for Canadian FDI attraction efforts
- A negative implication for FDI coming as a consequence of adjustments to Canadian tax and financing policies regarding innovation is the reduction in the level of the Scientific Research and Experimental Development (SR&ED) tax incentive. New programs may not always be as accessible to foreign investors (either because of eligibility rules or the complexity of the new programs)

| | | S W O T | |
|--|--|----------------|---|
| | | HELPFUL | HARMFUL |
| I N T E R N A T I O N A L | STRENGTHS | | WEAKNESSES |
| | CHARACTERISTICS PROVIDING AN ADVANTAGE OVER OTHERS | | CHARACTERISTICS PROVIDING A DISADVANTAGE COMPARED TO OTHERS |
| E X T E R N A L | OPPORTUNITIES | | THREATS |
| | ADVANTAGES WHICH COULD BE EXPLOITED | | NEGATIVE FACTORS WHICH COULD CAUSE DIFFICULTIES |

Prime Considerations in Assessing Priority Sectors: To judge where Guelph can have an impact on the world stage, the bottom-line considerations in assessing the priority sectors for Guelph for FDI are:

- Guelph's internationally-recognized credentials;
- Availability of highly qualified talent, now and in the future;
- Innovation potential, including research capacity;
- Existence of robust outward looking regional clusters;
- Presence of world-class firms in Guelph;
- Access to supply chains and markets;
- Canada's, Ontario's and Guelph's relative level of current competitiveness; and
- Current developments influencing market and investment prospects.

An attractive quality of life, which is seen in local surveys everywhere as a prime asset but is not easy to quantify, is not usually a front-of-mind factor for foreign investors, beyond its underlying contribution in attracting and retaining the talent that they seek. A positive impression can often be registered however where communities have well articulated visions and evident commitment to policies designed to address their community's future, in terms for example of energy conservation. Virtually all major global firms lease or own buildings that meet the highest environmental standards. This is where something such as Guelph's Community Energy Plan is an asset.

Research Excellence that Offers an Attractive Value Proposition: There are abundant areas of excellence at the University of Guelph and Conestoga College. Which of these areas of research and discovery are most likely to attract the attention of research- and knowledge-intensive firms to invest in Guelph?

From the perspective of FDI attraction and the selection of the most promising sectors and sub-sectors to pursue, the areas of the university's and college's research excellence need to meet certain litmus tests:

1. Is there a clear business case for the knowledge or technology that will invite the interest of foreign firms?
2. Is there near-term opportunity?
3. Is it necessary or demonstrable advantageous for a foreign company to establish a physical presence in Guelph to access the technology, knowledge and talent?

An Overview of University of Guelph Research and Teaching Strengths: As reflected in "The Better Planet Project," the University of Guelph, highlights four major areas of excellence: (1) Food, (2) Environment, (3) Health, and (4) Community.

The University's strengths that are of most relevance to business and FDI attraction -- food, health and environment -- are summarized in the following descriptions:

▪ **Food:** The University of Guelph knows food. It is Canada's "food university" with an international reputation as the place for solving food-related problems:

- food production, safety, and security;
- the impact of food on cultures, economies and the environment;
- biotechnologies that reduce the need for synthetic nitrogen fertilizers;
- value-added crop varieties;
- functional foods like omega-3 eggs and DHA-enriched milk;
- technology that kills Salmonella in growing tomatoes; and
- packaging materials that detect E.coli contamination.

▪ **Environment:** Guelph integrates the life, physical and social sciences to address environmental **problems:**

- climate-change experts recognized by the United Nations;
- water specialists leading national research initiatives;
- collaborative teams working with NASA to study harsh environments on Earth and Mars;
- home to an internationally funded biodiversity institute that is building a DNA database of all living organisms; and
- turning wheat, corn and other crops into car parts, furniture and fuel.

▪ **Health:** Guelph focuses on the relationships among the health of humans, animals and the environment, providing a deep understanding of life and life cycles from molecules to entire ecosystems:

- applied public health;
- veterinarians with expertise in zoonotic diseases, epidemiology, ailments caused by environmental factors and food-borne diseases;
- researchers looking for treatments and cures for cancer, heart disease, diabetes, cystic fibrosis, arthritis and other debilitating illnesses; and
- research on the genetic, nutritional and environmental causes of disease, including finding ways to prevent illness and developing new tools for diagnosis and treatment.

The University of Guelph ranks first in Canada for the number of inventions per research dollar and disclosures per faculty member, contributing to the title of being Canada's most "inventive" university. Guelph is also second in Canada for the number of inventions disclosures received from researchers and third in Canada for licences executed per research dollar. (See Appendix K.)

The University of Guelph's research excellence is further highlighted in Appendix I which details the principal research areas at the University from the Strategic Research Plan (2012-2017) and the

associated distribution of Guelph's 39 Canada Research Chairs and 227 Canadian Foundation for Innovation Projects.

The University of Guelph has 42 research centres and institutes, among them the new Food Institute, the Biodiversity Institute of Ontario, and G360 Centre for Applied Groundwater Research. Areas of research focus include advanced robotics, pollination, food safety, livestock genetics, nutrition, public health and zoonoses, the environment, turf grass, chemistry and biochemistry, and poultry.

Areas of Research Focus at Conestoga College: Conestoga College currently identifies four strategic research themes:

- Advanced Manufacturing, Including mechatronics, mechanical, software, electronics, welding and trades;
- Seniors Care, especially related to Conestoga's NSERC funded Industrial Research Chair for Colleges in Seniors Care;
- Informatics; and
- Business and Culinary.

Both the Federal and Ontario governments have established funding programs for applied research at colleges that parallel what has been available to universities, thereby creating comparable opportunities for business to undertake collaborative research activities with colleges.

Conestoga Institute of Food Processing Technology: A major new asset that plays well to Guelph's FDI attraction interests is the Craig Richardson Institute of Food Processing Technology (IFPT) at Conestoga College, created in 2009 in partnership with the Alliance of Ontario Food Processors (AOFPP). IFPT, which is situated on Conestoga College's new Cambridge campus, opened its doors in September 2011 with small classrooms, mechanical shops, laboratory settings, and a pilot plant with different processing lines that help maximize the learning experience for its students. IFPT's mission is to develop a highly skilled workforce by providing education and training programs that meet the needs of the food and beverage manufacturing sector. Areas of training include food safety, food processing techniques, electronic instrumentation techniques, automation, robotics, packaging and plant supervision.

Neighbouring Universities: Guelph can benefit from presenting itself as a hub that is well under an hour from three neighbouring universities with complementary strengths -- McMaster, Waterloo and Laurier. These represent talent and research on which a Guelph-based company can readily call.

The four universities awarded 17,436 Bachelors and professional degrees, 3,675 Master's degrees and 620 Doctoral degrees in 2011-2012. Fields of study with a notable number of degree recipients include agricultural, food and biological sciences, medicine and health professions, mathematics and computer science and business and commerce. (See Appendix J.)

Guelph and these neighbouring institutes of higher learning are also significant recipients of sponsored research income (\$638.4 million in 2011), including research awards from the Canadian granting councils -- NSERC, CIHR and SSHRC (3,533 awards worth \$171.2 million). (See Appendix K.)

Along with Conestoga, colleges such as Mohawk and Sheridan are also candidates to be included.

Workforce and Talent Availability: Access to talent is an overriding preoccupation for foreign investors. Before according high priority to a sector or sub-sector, workforce availability needs to be assured. In several areas, Guelph has additional work to do to document this to the satisfaction of a new investor. Beyond analysis of statistical and survey data, this includes engaging and calling upon directly knowledgeable representatives from the University, College, peer companies, and human resource consultants who will be prepared to work with prospects.

2. Agri-Innovation

Guelph is at the heart of a provincial agri-food industry worth \$33 billion and employing 700,000 people, representing about one-quarter of Canada's total.^{xxi} Ontario's food processing sector accounts for 40 per cent of the national total, making it even more dominant. Guelph's international drawing power in the agri-innovation sector is based above all on the globally-regarded research excellence at the University of Guelph. Conestoga College now also offers the Institute for Food Processing Technology.

As the educational and intellectual centre of Ontario's agri-innovation sector, Guelph is at the centre of a global class sector that has drawn the presence of the Ontario Ministry of Agriculture and Food (OMAF), Canadian government offices and facilities, sector and producer groups, national and provincial support organizations, and a vital concentration of technical laboratories and test facilities.

The University's excellence is broader -- everyone is justifiably reminded -- than its roots in the renowned Ontario Agricultural College and the Ontario Veterinary College. This is increasingly recognized. The awareness always lags however, as the University's excellence grows.

The constant challenge from an FDI attraction point of view is to identify the areas of research and knowledge which offer the most attractive business propositions. This requires exceptionally close collaboration between the City's Economic Development Services team and interlocutors in the post-secondary educational institutions, notable the University of Guelph where mechanisms are in place to support a collaborative approach. At the University of Guelph, the Catalyst Centre is central to this, working with faculty, staff and students to protect their intellectual property and to maximize its potential benefits. The Centre advises on commercialization opportunities and connects University expertise and resources with the R&D needs of companies and entrepreneurs.

| Figure 14 Jobs in the Agri-Innovation Sector in Guelph | | | |
|---|--------------|---------------|---------------------|
| Sub-sector | 2008 | 2012 | Change 2008-2012 |
| Farming, Forestry, Fishing & Hunting | 562 | 714 | 152 |
| Food, Beverage & Tobacco Manufacturing | 3,255 | 5,165 | 1,910 |
| Chemical-Pharmaceutical Manufacturing | 587 | 398 | -189 |
| Distribution & Warehousing | 488 | 583 | 95 |
| Agricultural Retail | 1,867 | 2,042 | 175 |
| Research & Commercialization | 1,091 | 1,187 | 96 |
| Total | 7,850 | 10,089 | 2,239 |

Source: City of Guelph

| Figure 15 Jobs in the Agri-Innovation Sector (2012) - Guelph as % of Wellington County | | | |
|---|---------------|--------------------------------|--------------|
| Sub-sector | Guelph | Wellington County ¹ | % |
| Farming, Forestry, Fishing & Hunting | 714 | 1,983 | 36.0% |
| Food, Beverage & Tobacco Manufacturing | 5,165 | 6,221 | 83.0% |
| Chemical-Pharmaceutical Manufacturing | 398 | 407 | 97.8% |
| Distribution & Warehousing | 583 | 1,742 | 33.5% |
| Agricultural Retail | 2,042 | 2,913 | 70.1% |
| Research & Commercialization | 1,187 | 1,541 | 77.0% |
| Total | 10,089 | 14,807 | 68.1% |

¹ Includes Guelph

Source: City of Guelph

The significance of the Agri-Innovation sector and its structure in Guelph is reflected in Figures 14 and 15. Several areas within the agri-innovation sector represent the potential opportunities for FDI attraction.

Food Processing: Guelph's geographic location, the University's resources and graduates, Conestoga College's Institute for Food Processing Technology and related programs, and the concentration of laboratory and testing facilities make a Guelph location an attractive proposition for food processing, as well as animal and pet feeds. This may even be more the case for some FDI prospects with projects that are technology-intensive, such as certain functional foods and nutraceuticals, and foods and beverages based on advances that provide healthful diets.

Attaching a high priority to FDI attraction in food processing can only be recommended if there is adequate access to water supply and water discharge capacity for a reasonable number of expected projects, as food processing projects tend to require significant capacity. It is assumed that most new foreign investments in food processing will almost inevitably be a full scale facility designed to supply regional, national and possibly global markets. The City is currently updating its water supply master plan, but the currently available data on the capacity available after servicing commitments does not appear to have the leeway to accommodate larger new food processing facilities, once typical residential requirements are taken into account.

Guelph as a Location for North American or Canadian Headquarters Operations: Independently of whether processing opportunities can be contemplated in Guelph, a business case should be developed to present to international agri-food and agri-bio firms to select Guelph as their prime North American, Canadian or Eastern Canadian headquarters office location. Such an office would have a management and knowledge-intensive profile, optimally including research.

For the majority of international prospects with limited knowledge of Canada, the possibilities of locating a principal office in Guelph will not be an intuitive or obvious proposition. The challenge therefore is to develop a detailed well documented value proposition to present Guelph as hub offering proximity and privileged and ready access to:

- Toronto (Pearson) airport, one of North America's top international airports;
- The world-class talent from the University of Guelph;

- University of Guelph's research and expertise;
- Conestoga College's Institute for Food Processing Technology;
- Neighbouring universities offering often complementary specialities:
 - McMaster University (Engineering and Medicine);
 - Waterloo (IT, Pharmacy; Engineering and Environmental Studies); and
 - Laurier (Business, Science and Environmental Studies);
- A strong cluster of business and support infrastructure and services, including:
 - Bioenterprise, Soy 20/20, Ontario Agri-Food Technologies, Ontario BioAuto Council, etc.;
 - A critical mass of laboratory and testing facilities, including the Animal Health Laboratory at the University of Guelph; and
 - TD Bank's Vice President for Agriculture for Eastern Canada; and
- Policy makers and players in the Ontario and Federal governments.

The business case needs to be artfully fashioned. Institutes, research groups and laboratory facilities that are world-class should be highlighted. Ideally, the proposition should be linked with possible locations where a company can find high-class office space accessible to the University, OMAF, and support organizations.

The objective is to be able to present a full value proposition to major internationally-oriented firms that are developing near- to medium-term strategies for North America and Canada and who place a priority on being innovation leaders. As the business case is developed, it may become clearer that Guelph should target participation in some industry events in specialized or niche sub-sectors such as nutraceuticals, functional foods or DNA testing.

The prime target source countries would be the Britain, Germany, the Netherlands, Switzerland, Italy, Brazil and Mexico. European interest in Canada and North America should be heightened with the conclusion of the Canada-EU Comprehensive Economic and Trade Agreement (CETA).

Existing foreign-controlled companies with Canadian or Eastern Canadian headquarters in Guelph -- mainly in seeds and crops -- can be profiled. Examples are Syngenta, Monsanto, DuPont/Pioneer and Bayer CropScience.

Certain of these companies are making large strategic bets on agriculture. Syngenta, for example, has launched a seven-year "Good Growth Plan" that will reportedly call on farmers to use less pesticide and fertilizer to grow more crops.^{xxii} Recently, E. I. du Pont de Nemours & Co. indicated that it was looking to sell its performance chemicals business to focus on growth in agriculture and nutrition.^{xxiii} The strategies of these companies merit scrutiny in terms of what opportunities they offer Guelph.

Brazil is an interesting potential FDI source country in terms of the strength and technological advances of its agriculture sector, and the fact that Brazilian firms are looking outward to expand their footprint to the US and Canada in a number of sectors. An example among food processors is Sao Paulo headquartered JBS S.A., reputedly the world's largest multinational food processing company. JBS has entered the Canadian market, acquiring the Brooks (Alberta) Lakeside meat packing operations of XL Foods in early 2013, following the major recall at the plant the previous year.

China, as a huge country that is evolving and changing quickly, defies simple categorization. From the perspective of Guelph's food sector interests, China cannot be ranked among the most immediate targets for FDI attraction. It should however be actively monitored and worthwhile short-term opportunities seized, especially when commercially-oriented incoming missions visit Guelph. China's approach at the present time focuses on mergers and acquisitions, rather than FDI. A well publicized example is the proposed \$US 7.9 billion merger of Shuanghui, China's largest meat processor, with US-based Smithfield. Another example is Shanghai-based Bright Food that has acquired majority shareholdings in the last three years in Weetabix (£Stg 1.2 billion), New Zealand dairy producer Synlait (US\$58 million) and in the Australian food producer, Manassen Foods (\$A530 million).^{xxiv} China National Cereals, Oils and Foodstuffs Corporation (COFCO), the major state corporation which dominates food imports, said recently that it has about \$10 billion to fund mergers and acquisitions abroad for the next four years.^{xxv} These investments will be directed overwhelmingly to securing the supply of grains and other ingredients abroad, including in Canada. Any Chinese food producer considering acquisitions in Canada will face the stricter Investment Canada Act provisions that, among other aspects, mean Chinese enterprises -- whether state-owned or not -- must demonstrate that they are not influenced by the government.

Seeds, Value-Added and Identity Preserved Crop Varieties: The largest portion of the University of Guelph's invention disclosures -- in the order of 80 per cent -- are related to plant breeding. This activity and the ability to access talent have already attracted most of the principal global players that have a Canadian interest. The strength of the Guelph business case however invites well focussed attention as to whether there are any additional prospects from Europe, especially those with significant contracted research at the University of Guelph. A retention situation would arise if a Canadian firm is acquired in the future by an international firm.

Food Production Safety, Security and Traceability: The public concern over food safety has heightened as production scale and international trade have expanded and large scale incidents appear to occur more frequently.

Traceability within the global food chain is a critical tool in managing food safety risks, capturing product and ingredient information, verifying food product and specie claims, and creating product differentiation and guarantees about product sources. Increased food safety recalls, product misrepresentation and concerns over allergic reactions are all factors heightening public concern and inviting the introduction of state-of-the-art technologies. Regulatory requirements are rapidly being strengthened nationally and extended to international supply chains.

The University of Guelph has diverse capabilities of relevance to international companies engaged in the field of food safety, security and traceability, including strengths in pathogen detection and DNA. Rapidly expanding broadband capacity and the advent of "big data" open new avenues. Reflecting its leadership role, the University of Guelph is a founding sponsor, along with prominent industry players such as Cargill and Mars, of the Chicago-based Global Food Traceability Center launched in June 2013 by the Institute of Food Technologists to serve as an authoritative source that brings together global stakeholders. This ensures the University remains at the centre as this field evolves rapidly.

Microbiome: Human Microbiome research is at the leading edge of human health science impacting understanding of human biology, health and diseases. According to the Canadian Microbiome Initiative, "The human body plays host to trillions of microbes, including bacteria, viruses and protists," microbes known as human microbiome. "(M)icrobes play an important role in human health, not just as pathogens, or as benign communities that keep pathogens at bay, but also in association with a number

of chronic health conditions including gastrointestinal diseases, obesity, autoimmune diseases, diabetes, cancer, arthritis, asthma and cardiovascular disease." Advances in genomic and bioinformatics technologies such as "the emergence of the field of metagenomics and the availability of a new generation of genome sequencing platforms . . . open the door for biological studies on the complex relationships between microbes and humans." ^{xxvi}

The University of Guelph, with its strengths in both animal and health sciences, is well placed in this newly emerging field, making its researchers and discoveries attractive to the international firms. Indeed, in August 2013, the University licenced a *C. difficile* vaccine to a US biotech firm following successful animal trials. ^{xxvii}

Plant Made Pharmaceutical Production: In 2012, the US Food and Drug Administration (FDA) approved the first plant made pharmaceutical for human use, potentially heralding emergence of this field where considerable work has been done at the University of Guelph. A local early stage firm under a licence from the University of Guelph (PlantForm) is focussed on biosimilars for cancer treatment.

Local Partners: In the Agri-Innovation sector, the City of Guelph Economic Development Services needs to reach out consciously to share FDI attraction objectives and establish strong relations with various arms of the University of Guelph and Conestoga College, along with the specialist organizations based in Guelph that cover a broader geography than just Guelph, such as the Ontario BioAuto Council, Soy 20/20, Ontario Agri-Food Technologies, and BioEnterprise.

3. Environmental/Renewable Technologies

Significant changes in business prospects have affected key parts of what the City of Guelph has defined as the Environmental/Renewable Technologies sector. In particular, though Guelph may be able to capitalize on the presence of Canadian Solar, the prospects of attracting FDI to new manufacturing ventures for solar and wind power generation are now much more limited. Rather, the sub-sectors emerging to offer the greatest promise are water technologies, engineering and products -- to which the Province is according an especially high priority -- and environmental technologies and engineering. Both align well with University of Guelph capabilities and reflect City of Guelph priorities.

Environmental/renewable technologies can be considered as part of the Clean Technology sector. Clean technology companies in Ontario by segment are summarized in the 2010 *SDTC CleanTech Growth and Go-To-Market Report*, as illustrated in Figure 16. In that report, a narrow definition is used for clean technology companies: "a company that is predominantly engaged in the development and marketing and/or use of its proprietary technology to deliver products or services that reduce or eliminate negative environmental impacts, and address social needs, while delivering competitive performance, and/or using fewer resources than conventional technologies or services".

| Figure 16 # Companies in Cleantech Segments in Ontario | | |
|---|------------|---------------|
| Industry Segment | Ontario | % |
| Water & Wastewater | 18 | 16.1% |
| Process Efficient & Abatement | 17 | 15.2% |
| Power Generation | 13 | 11.6% |
| Recycling & Waste | 17 | 15.2% |
| Energy Efficiency | 19 | 17.0% |
| Transportation | 9 | 8.0% |
| Biofuels & Biochemicals | 9 | 8.0% |
| Remediation | 8 | 7.1% |
| Energy Infrastructure | 2 | 1.8% |
| Total | 112 | 100.0% |

Source: 2010 SDTC CleanTech Growth and Go-To-Market Report

Profiles of the employment in clean technology in Guelph provides insights into the structure of the sector locally.

| Figure 17 Jobs in Clean Tech Sector in Guelph | | | |
|--|--------------|--------------|---------------------|
| Sub-sector | 2008 | 2012 | Change 2008-2012 |
| Utilities | 450 | 746 | 296 |
| Wholesaler Distributor | 115 | 194 | 79 |
| Waste Management & Remediation | 221 | 505 | 284 |
| Consulting Services | 87 | 149 | 62 |
| Clean Technology Manufacturing | 316 | 357 | 41 |
| Total | 1,189 | 1,951 | 762 |

Source: City of Guelph

| Figure 18 Jobs in Clean Tech Sector (2012) - Guelph as % of Wellington County | | | |
|--|--------------|-----------------------------------|--------------|
| Sub-sector | Guelph | Wellington County ¹ | % |
| Utilities | 746 | 1,079 | 69.1% |
| Wholesaler Distributor | 194 | 338 | 57.4% |
| Waste Management & Remediation | 505 | 677 | 74.6% |
| Consulting Services | 149 | 177 | 84.2% |
| Clean Technology Manufacturing | 357 | 357 | 100.0% |
| Total | 1,951 | 2,628 | 74.2% |

¹Including Guelph

Source: City of Guelph

Water and Waste Water Segment: Water and waste water treatment innovation is an emerging global growth area, with the \$424 billion global water market expected to reach \$1 trillion by 2020. The Canadian and Ontario governments are taking proactive steps to further develop and support water innovation and sustainability, which are captured in the Ontario Water Strategy, published earlier in

2013 and the Blue Economy Institute, "Canada as the Water Solutions Country, Defining the Opportunities," released in March 2013.^{xxviii}

Ontario has significant expertise in advanced filtration and disinfection technologies, water reuse, smart water/smart infrastructure and wastewater treatment. The Ontario Water Strategy takes a holistic approach. One of the goals of the strategy is to attract foreign investment.

Supporting the Strategy, the Water Technology Acceleration Project (WaterTAP) and the Ontario Clean Water Agency are two of the organizations expected to take a leading role in achieving these goals including showcasing Ontario's water technology at trade missions, international conferences and tradeshows and attracting global research and development leaders to Ontario. The Ontario government's "Next Big Idea" campaign is promoting Ontario as a leading global jurisdiction for the development of innovative water technologies.

Another important development directly involving Guelph is the Ontario Southern Water Consortium (SOWC) which in addition to Ontario government support received \$20 million from FedDev. SOWC is centred on the Grand River watershed, and includes Guelph as one of six universities leading the project, along with eight private sector partners, including IBM. In addition, more than sixty companies and several municipalities, including the City of Guelph, are involved.

The Consortium seeks to develop, test and demonstrate clean water technologies for local, national and global markets. The platform will consist of multiple facilities that will provide unique opportunities for collaboration, research, development, and demonstration. When fully functional, in 2014, the SOWC platform will consist of a suite of facilities which will provide a unique opportunity for collaboration in ecotoxicology, watershed management, sensor development, drinking water and wastewater analysis. One such facility is to be located in the Guelph Wastewater Facility, which will be a research, development and demonstration facility for wastewater technologies and services. This project is expected to attract the interest of companies around the world.

In terms of Guelph's existing FDI attraction activities, the water and waste water sector has also become a more significant focus of the Ontario Clean Tech Alliance (OCTA) in the last year, partly as OCTA adjusts to the present uncertainty in the solar and wind energy area.

Evidence of Guelph's strength in the water sector is the City of Guelph's, Innovation Guelph's, and Chamber of Commerce's role in the Guelph Water Cluster, designed to support the creation of global businesses in the water sector and their growth, with the focus on energy efficiencies (devices and processes), clean water and sustainable solution technologies. The Guelph Water Cluster has been active in international events, including the Brazilian Delegation Water Tour in 2012. Several companies are active in the Guelph Water Cluster.^{xxix}

The University of Guelph has various globally-recognized research and educational strengths in water innovation including centres such as the G360 Centre for Applied Groundwater Research and the Ontario Rural Wastewater Centre.

The water and waste water sector is a viable FDI target area for the City of Guelph within and beyond the investment attraction three year implementation time frame given that this is an expected growth area; it is a provincial government priority with support and proactive involvement from provincial and regional sector groups which the City of Guelph can partner with in pursuit of FDI; as well as the strengths in this sub sector at the University of Guelph.

FDI opportunities include firms in innovative technology for water purification, filtration and waste water treatment; ground water remediation; environmental and sustainable resource consulting; and companies involved in the manufacturing of water treatment chemicals, pumps, sensors, filters, and other equipment and systems used to purify water. Given the pressing need to refurbish and upgrade water and waste water facilities in Ontario and Canada and the market opportunity this creates, there may also be potential to attract international engineering firms to Guelph as an entry point to the Ontario and Canadian market.

Guelph has already had some FDI successes in the water sector, including VIQUA^{xxx} and GE Water and Process Technologies.^{xxxi}

FDI data is not published for the water and waste water sector. However, in the 2010 report "The Water Opportunity for Ontario," a number of jurisdictions were identified that have competitive strengths in this sector, and are developing progressive policies to improve their global reputation as well as nurture and attract investment in the sector. Such jurisdictions likely have strong companies in the sector that could be targets for FDI. The countries include:

- United States
- Germany
- Netherlands
- United Kingdom
- Israel
- Singapore

In a more recent report ("Canada as the Water Solutions Country, Defining the Opportunities"), Japan is also identified as a country investing in new water technologies. U.S. states specifically mentioned in that report include Massachusetts, Ohio and Wisconsin.

Based on data compiled by WaterTAP Ontario, twelve of the top fifteen global water companies have operations in Ontario headquartered in the following countries:

United States

- American Water
- Danaher (which acquired Trojan)
- GE Water & Process (which acquired Glegg & Zenon)
- ITT
- Nalco Corporation

United Kingdom

- Severn Trent Water

France

- SUEZ Environnement
- Veolia Environnement
- Saur

Germany

- Siemens Water Technologies

Japan

- Kurita

Switzerland

- Gerberit AG

Of the remaining three of the top 15 global water sector companies without operations in Ontario, two are headquartered in the United Kingdom (United Utilities and Thames Water Utilities) and one in Finland (Kemira).

Based on a cursory review of data from Hoovers, nearly half of the identified large companies in the water sector (with revenues over \$700 million) are located in the United Kingdom, with the next largest numbers in Germany and France.

Examples of similar companies identified by Hoovers as competitors to Trojan Technologies, which has operations in Guelph, include: Calgon Carbon (PA, USA), 3 M Purification (CT, USA), Siemens Water Technologies (PA, USA) and ITT Water & Wastewater (Herford, Germany). Some of GE Water's key competitors include: 3M Purification (CT, USA), BASF SE (Germany), Ecolab (MN, USA), and Nalco (IL, USA).

Environmental Technologies and Engineering: Guelph has strengths in environmental technologies, consulting and engineering. In particular, it is home to Rowan Williams Davies & Irwin Consulting Engineers & Scientists (RWDI), which specializes in wind engineering and environmental solutions. RWDI is a local success story. This firm was established in Guelph in 1972, employees around 400, and serves global clients.

RWDI's expertise includes:

- Master planning and sustainable design;
- Wind and snow engineering; meteorological studies, exhaust and ventilation, air quality analysis, and regulatory permitting;
- Noise, acoustics and vibration analysis; and,
- Hazard and risk assessment.

There is significant depth in engineering research and talent at the University of Guelph which may be of interest to foreign engineering firms that could be potentially interested in expanding to Guelph as an entry to the Canadian and North American market for environmental engineering and as mentioned previously for expected infrastructure renewal and upgrading projects over the decade for aging infrastructure (sewers, water facilities, roads, etc.) For example, the University of Guelph has a strong bachelors program in environmental engineering, which has an emphasis in engineering design and includes topics such as:

- Air pollution control
- Water and wastewater treatment
- Pollution prevention
- Energy and water conservation
- Water reuse
- Low impact development
- Site remediation
- Environmental impact assessment
- Solid and hazardous waste management
- Sustainable energy solutions
- Water distribution networks
- Environmental law

Around 46 environmental engineers graduate from the University of Guelph per year, representing more than half of all Canadian graduates in this field.

Renewable Energy Power Generation: Growth in the renewable energy sector has been significant -- if at times uneven and inhibited by international anti-dumping and countervailing trade actions.

Based on the report, "Global Trends in Renewable Energy Investment 2012," global investment in the renewable energy sector reached a record high of \$257 billion in 2011 – an annual increase of 17 per

cent and a six-fold increase since 2004. There has been significant growth in FDI in this sub-sector in recent years, particularly in the wind and solar power segments. Ontario was the leading destination for renewable energy projects in North America in 2011, particularly for wind and solar projects, and the top destination in 2010, following California and North Carolina. However, Ontario appears to have peaked in terms of the solar and wind sectors.

Much of the past FDI growth in Ontario's renewable energy sector can be attributed to the generous incentives provided under the Green Energy Act and Feed-in-Tariff (FIT) Program which provided price certainty by guaranteeing qualified projects a rate tariff above market rates for a 20 year period. However, FDI growth in this sector in Ontario is expected to be lower in the near future as three clouds have settled over the sector's future prospects: (1) the World Trade Organization (WTO) ruling that the Ontario domestic content requirement (DCR) violated free-trade rules; and (2) dissatisfaction with the long processing and backlog time for FIT program applications; and (3) electrical grid capacity issues which have delayed projects in some areas of Ontario. As a result, solar equipment manufacturing companies haven't been seeing the expected demand for their products, and this has resulted in lower revenues and layoffs. FDI opportunities in this sector will not be as strong as they were in the recent past for Ontario, particularly in the short term for wind and solar power generation and manufacturers that supply those industries. Therefore, rather than proactive investment attraction efforts for solar or wind power generation or manufacturing of component parts, the City of Guelph's economic development efforts for this sub-sector would be more appropriately spent on reacting to opportunities and on business retention and supply chain opportunities for key businesses in this segment, such as Canadian Solar, and monitoring changes to the FIT program that will impact this subsector's FDI attraction potential.

Bio-fuels and Bio-chemicals: An emerging segment in the bio-fuels and bio-chemicals sub-sector that may have potential for further consideration for FDI to Guelph in the longer term is biomass using agricultural waste. Energy from biomass conversion is an evolving area of renewable energy generation. However, it tends to be capital intensive and therefore very costly to produce energy, which is a reason that the industry is not further developed at this stage. Wood biomass conversion (wood pellets) has been the largest biomass to energy growth area, while agricultural biomass conversion is much more of an emerging area.

Research into the use of biomass for energy generation is one of the research areas at the University of Guelph and is linked to the agri-innovation sector. The NSERC Bioconversion Network is headquartered at the University of Guelph. Part of its mandate is to strive to be the leading Canadian R&D Network in lignocellulosic biomass conversion to fuel ethanol and valuable industrial chemicals. The focus of this network, however, appears to be biomass from wood waste rather than from agricultural waste.

A key step in further developing this industry in Ontario (and elsewhere in Canada) was the first of a planned annual event, the 2013 Ag Biomass Canada Conference, which took place from August 22-23, 2013 in Ottawa. The conference included panel discussion on various aspects of the agricultural biomass industry such as developing the supply chain, combustion, getting product to market, bio-products and domestic and European markets, etc.

Companies involved in energy from biomass conversion of agricultural waste are unlikely to be a source of FDI for Guelph over the FDI Investment Attraction Strategy 3 year implementation timeframe. However, monitoring developments in this segment may help to ensure that the City of Guelph is ready if this becomes an opportunity area in the future.

Sources of information includes organizations such as CANBIO (<http://www.canbio.ca>) and Ontario Biomass (<http://www.ontariobiomass.org>).

Energy Infrastructure: Future market opportunities in the energy infrastructure sub-sector include smart grid technologies and energy storage. Significant global growth is forecasted in this segment, based on a report by GTM Research, *Global Smart Grid Technologies and Growth Markets, 2013-2020*. Specifically, the global smart grid market is expected to exceed \$400 billion worldwide by 2020, with an average compound annual growth rate of over 8 per cent, with China being the largest market.

Ontario is setting the standard for smart grid solutions including the \$1 billion roll-out of 4.7 smart meters and the \$2 billion smart grid solution that has the interest of utilities in the US, Europe, Asia, etc. The focus for economic development in this segment appears to be on creating opportunities to provide innovative solutions and business for Ontario firms in foreign markets more so than attracting FDI in this area to Ontario. As expertise and the cluster is further developed, there could potentially be opportunities for attracting larger firms with expertise in smart grid/smart meter technologies, and energy storage technologies. Additionally there could potentially be opportunities to establish Guelph as a location for technology testing in smart metering/grid solutions. However there does not appear to be a strong business case for FDI attraction in this segment at the current time.

Background information on this segment is available on web sites such as the following: <http://www.greentechmedia.com>.

4. Advanced Manufacturing

The Guelph economy has long been centred on manufacturing, the largest sector in terms of employment. The diversity of the sector and recent employment trends are apparent in these profiles in Figures 19 and 20.

| Figure 19 Jobs in Advanced Manufacturing Sector in Guelph | | | |
|--|---------------|---------------|---------------------|
| Sub-sector | 2008 | 2012 | Change 2008-2012 |
| Food, Tobacco & Beverage Manufacturing | 2,962 | 4,640 | 1,678 |
| Textiles & Leather Manufacturing | 251 | 166 | -85 |
| Natural Resource Manufacturing (non-metallic) | 1,270 | 1,028 | -242 |
| Chemical Manufacturing | 797 | 510 | -287 |
| Plastics & Rubber Manufacturing | 1,038 | 978 | -60 |
| Primary Metal Manufacturing | 67 | 63 | -4 |
| Fabricated Metal Manufacturing | 3,016 | 3,114 | 98 |
| Machinery Manufacturing | 2,736 | 2,948 | 212 |
| Computer & Electronic Manufacturing | 1,103 | 746 | -357 |
| Transportation Manufacturing | 6,032 | 5,977 | -55 |
| Furniture Manufacturing | 253 | 137 | -116 |
| Miscellaneous Manufacturing | 94 | 121 | 27 |
| Total | 19,619 | 20,428 | 809 |

Source: City of Guelph

| Figure 20 Jobs in Advanced Manufacturing Sector (2012) - Guelph as % of Wellington County | | | |
|--|---------------|--------------------------------|--------------|
| Sub-sector | Guelph | Wellington County ¹ | % |
| Food, Tobacco & Beverage Manufacturing | 4,640 | 5,556 | 83.5% |
| Textiles & Leather Manufacturing | 166 | 366 | 45.4% |
| Natural Resource Manufacturing (non-metallic) | 1,028 | 1,474 | 69.7% |
| Chemical Manufacturing | 510 | 745 | 68.5% |
| Plastics & Rubber Manufacturing | 978 | 1,563 | 62.6% |
| Primary Metal Manufacturing | 63 | 164 | 38.4% |
| Fabricated Metal Manufacturing | 3,114 | 3,559 | 87.5% |
| Machinery Manufacturing | 2,948 | 3,627 | 81.3% |
| Computer & Electronic Manufacturing | 746 | 1,343 | 55.5% |
| Transportation Manufacturing | 5,977 | 6,700 | 89.2% |
| Furniture Manufacturing | 137 | 222 | 61.7% |
| Miscellaneous Manufacturing | 121 | 255 | 47.5% |
| Total | 20,428 | 25,574 | 79.9% |

¹ Including Guelph

Source: City of Guelph

"Advanced manufacturing" is the not-always-clearly-defined label frequently given in economic development to the manufacturing sector as a whole. To some extent, it has therefore lost any precise definition. The reality is that unless new manufacturing ventures in Guelph involve leading-edge technologies and processes they are not likely to be successful. The higher costs of skilled workers and some other inputs are offset by bringing manufacturing together with research, development, design and engineering in one location, rather encountering the risks of longer, more-distributed supply chains. Many international firms appreciate however that cost is not everything.

A notable aspect of the manufacturing sector in Guelph is the dominant presence of Linamar, Canada's second largest auto parts firm, with local employment reported in the 9,000 range. Linamar is highly committed to Guelph as its main manufacturing base, providing a highly positive impact on the local economy. Linamar's publicly stated goal is to grow annual revenues that were \$3.2 billion at the end of 2012 to \$10 billion by 2020. Diversification and innovation are part of the strategy. Recent strong growth has been propelled by the increased outsourcing of engine, transmission and driveline components for automobiles and commercial vehicles.

In addition to Linamar, Magna's Polycon Industries employs 1,000, while the home-grown Hammond group and Guelph Tool each have about 700. Otherwise, many of Guelph's largest manufacturing employers are foreign-owned -- Blount Canada (820 employees); Hitachi Construction Truck Manufacturing (450); Chrysler subsidiary CpK Interior Products (407); DENSO Manufacturing (400); Johnson & Johnson's McNeil Consumer Healthcare (320); Owens Corning (175); and RockTenn (170).

Most anecdotal accounts suggest that the labour market for skilled manufacturing trades in Guelph is tight. Traditionally, Guelph has enjoyed among the lowest unemployment rates in Ontario, though there is also a significant net inflow of workers from neighbouring communities. Further analysis and involvement are needed on the part of the City of Guelph and its partners to understand the areas of shortage and surplus and the steps needed to attract talent and to re-skill workers to meet identified demand and trends.

The best opportunities to attract foreign manufacturers to establish new facilities in Guelph rest with innovative companies that require an environment that allows them to access specialized technology, research and talent. They will be drawn by Guelph's manufacturing traditions and knowledge base but will focus on products and systems that demand the latest technology.

Three advanced manufacturing sub-sectors to target for FDI are:

- **Food Processing Production Technology and Automation Systems:** Europe -- especially Germany and The Netherlands -- is the leader in state-of-the-art food processing technology. Guelph should be able to advance a strong case as an attractive North American or Canadian base for leading European firms, beginning with proximity to the University of Guelph and to Conestoga College's new Institute of Food Processing Technology. The opportunity also extends to the supply of equipment and turnkey systems for greenhouses and dairying operations.

The North American market opportunity for European firms starts with the investments that the large Ontario food producing and processing sector must make to enhance its productivity in order to remain competitive. The conclusion of the Canada-EU Comprehensive Trade and Economic Agreement (CETA) will cause many European and Canadian business to rethink Trans-Atlantic strategies, not the least those in the food processing sector which is sure to be opened to additional competition. The prime target areas are Germany's "Packaging Valley" (Crailsheim and Schwaebisch Hall), The Netherlands' "Food Valley" (Wageningen) and the North Eastern Italian regions of Lombardy, Veneto & Emilia Romagna.

Attention should be given to pet and animal feed production equipment and systems too.

The FDI attraction activities in this sub-sector will have overlap and synergies in Europe with initiatives to attract agri-food and agri-bio headquarters operations and food processing and animal and pet feed facilities.

- **Biomaterials and Bioproducts:** The University of Guelph's interdisciplinary Bioproducts Discovery and Development Centre is the leader in research and development in bioproducts among Canadian post-secondary institutions, and Guelph is host to the Ontario BioAuto Council. The use of biomaterials has grown, not only in the automotive sector but in other manufacturing situations. However, the low cost of natural gas, driven by rapid growth in shale gas production, has undercut some cost-based advantages.

A key challenge from the FDI attraction perspective is to identify prospects whose interest in the research, technology and facilities is significant enough to motivate them to establish in Guelph rather than just adopt the new technologies and processes in existing operations elsewhere. Companies that specialize in bioproducts or that have to establish a new operation to manufacture the product would obviously be the best prospects.

- **Supply Chain Partners for Existing Guelph Manufacturers:** The most effective lead generation can come from the principal local manufacturing firms (including those that are foreign-affiliated), provided the confidence of the senior executives can be gained. These firms benefit from shortening their supply chains by having suppliers located close to them. These may be firms that provide production equipment or components to a Guelph plant or who purchase products from a Guelph firm. Obviously, the larger the volume of business and the closer the relationship, the more likely the supply chain partner is to be interested in establishing a new facility in Guelph.

Developing supply chain information and connections represents an additional dimension of Guelph's business retention and expansion (aftercare) activities, though it needs to be done on a personal and likely confidential basis, not simply through a survey. Ideally, the local firms or their Canadian or foreign headquarters will provide introductions.

Automotive-related investment is an extremely important part of Guelph's advanced manufacturing sector. Many of Guelph's principal companies -- including foreign-owned ventures -- have survived the 2008-2009 implosion and prospered. However, looking forward, targeted pursuit of new automotive parts investment beyond those linked to supply chain opportunities and biomaterials-related situations is not a high near-term priority. North American automotive sales have rebounded to 2007 levels but new automotive assembly capacity is not expected to be added in the near-term in Ontario; indeed, the principal challenge is to retain the existing OEM capacity in Ontario, as expansion has grown in Mexico and the southern US.

Data on Ontario's FDI attraction in the automotive sector in 2010 shows the weakness of investment in Ontario in the auto sector that year. fDi Intelligence tracked 626 projects globally, of which 123 or 20 per cent came to North America. However only nine projects of the 123 projects came to Ontario in 2010. US headquartered companies created 110 FDI automotive projects globally, but only three of these located in Canada.

Identification of auto parts possibilities is most likely to come through supply chain possibilities with Linamar and others. Analysis of Hitachi Construction Truck's supply chain may discover opportunities for heavy vehicle parts.

Though a potentially cost-effective option, Guelph's participation in the pan-regional collaboration in the automotive space -- The Ontario Automotive Communities Alliance (OACA) -- is not recommended as a high priority at this time. Beyond just FDI-related benefits, advantages to participation in OACA are that it provides access to high quality research, discounted participation in major industry events, and the sharing of peer experience in investment attraction.

5. Professional, Scientific and Technical Services and Information, Cultural, Communications and Technology Industries

The professional, scientific and technical services and the information, cultural, communications and technology sectors -- the other two singled out as part of Prosperity 2020 -- are important areas for Guelph but, in the context of FDI attraction, they stand to be mainly supportive of the indicated priority sectors. Engineering services are an integral part of the Renewable/Environmental Technologies value equation. The strong cluster of laboratory and testing facilities support the business case for investment in Agri-Innovation sector businesses. Information technologies are a vital aspect of many of the other areas involving advanced technologies, ranging from various manufacturing production systems to food traceability.

6. Recommended Sector Priorities - Guelph FDI Attraction Action Plan - 2014-2016

As a prelude to initiating further FDI lead generation initiatives, significant investment in Guelph's investment readiness for FDI will be required beyond its current assets -- both in time and budget. Detailed and carefully crafted value propositions for each of the high priority FDI attraction sub-sectors must be developed to describe the nature of the opportunity and to position Guelph as a preferred location.

Agri-Innovation: Agri-innovation represents Guelph's strongest suit among the cards with which it can lead. The recommended focus is on developing a business case for international agri-food and agri-tech firms presenting Guelph as a North American or Canadian headquarters centred on knowledge-oriented activities. The business case is Guelph as a hub, close to one of the continent's most globally connected airports, with exceptional access to research, knowledge, talent, government policy makers, and a strongly supportive infrastructure of organizations and laboratories.

Guelph does not appear to be in a position to invite general interest in food processing plants as the City's water and wastewater capacity cannot in the near term assuredly accommodate large users, something typically required by food processing and animal feed manufacturers. The proposed focus on headquarters and research facilities will encompass firms that have low water usage and may thereby provide an opening to explore manufacturing too.

The pursuit of this concept requires close interaction with the University of Guelph, as demonstrated in the Grow Guelph partnership. The Ontario Food Cluster (OFC) is a vehicle that will assist Guelph to reach international prospects with its proposition, but Guelph must also do its homework to identify and research specific targets that meet its headquarters and research profile. In addition, there is the aftercare dimension: working with the foreign-affiliated firms in Guelph, profiling their success, and arranging timely calls on headquarters of these companies.

Geographic priorities will be Europe (especially Germany, Italy, the UK and Austria), Brazil and the US.

Especially in agri-innovation, Guelph will most convincingly showcase its strengths best by having prospects visit Guelph to see facilities first hand and to interact with business and university leaders and with specialized researchers. Often, major events -- such as the opening of new institutes -- can be capitalized upon to invite key investment targets and headquarters executives with firms that already have a Guelph presence.

Environmental/Renewable Technologies: In the environmental and renewable technologies sector, water technologies, products and services represent the most timely and promising area. An important plus is the particularly strong emphasis the Ontario government is according the sector. Guelph starts with a cluster of water-related firms, including GE Water and Process Technologies and VIQUA. This is founded on the research excellence for which the University of Guelph is internationally recognized. As part of the ambitious new Southern Ontario Water Consortium (SOWC), University of Guelph researchers are using City facilities for research.

Guelph requires a well supported case for its outstanding strengths that will distinguish it from other Ontario communities and ensure Guelph will stand out -- including its waste water treatment expertise and the University's cross-disciplinary links between water and animal and human health. Differentiation is especially required as Guelph will often be joining and benefiting with other Ontario

jurisdictions in OCTA, SOWC, Ministry of Economic Development, Trade and Employment (MEDTE) and WaterTAP activities in Ontario and worldwide. Aftercare calls on foreign-affiliated firms in the Guelph cluster is a further supportive dimension.

Priority countries will be Germany, the UK, the Netherlands, France and the US. Opportunities to reach prospective Israeli and Singaporean investors merit attention.

Guelph also has strengths more generally in environmental technologies, consulting and engineering. Coupled with dominance of the University of Guelph in Canada as a source of graduating environmental engineers, Guelph is a potential attractive location for knowledge-oriented international firms.

With the opportunities to attract further international manufacturers of solar and wind power generation equipment no longer as evident as they recently were, Guelph should nonetheless actively monitor provincial policy developments, remain alert to supply chain opportunities (especially associated with Canadian Solar's Guelph presence), and seek out further opportunities to lever the Community Energy Program and the statement that it makes about Guelph's priorities. Smart grid, energy storage and bio-fuels situations also merit watching.

Advanced Manufacturing: Guelph's strengths in agri-food and agri-tech and in manufacturing align well with a focus on attracting FDI investment from the notable European manufacturers of equipment and systems for the food processing, greenhouse, dairying and other agriculture-based industries. The objective is to identify those that could be induced to establish North American bases in Guelph. The size of the Ontario food processing sector, coupled with the imperative that it increase its productivity, provides a large prospective market for leading providers of equipment and systems. Validation of the opportunity, development of business cases, and research that will target prospects must be undertaken however.

Germany, the Netherlands and Italy are the prime potential source countries.

Also in the advanced manufacturing sector, opportunities to identify and attract supply chain partners need to be widely explored through BR&E and aftercare calls on leading local and foreign-affiliated firms.

Greater clarity is desirable as to workforce availability in Guelph before making major investments in the advanced manufacturing sector. Evidence that the Guelph community is preoccupied retaining, attracting, training and re-skilling workers will be a major consideration on the part of foreign investors that consider Guelph.

Summary: Looked at overall, the sector priorities for FDI attraction over the next three years should be:

- Agri-Innovation: Guelph as a North American and Canadian headquarters and research base for international agri-food and agri-tech companies;
- Environmental/Renewable Technologies: Water technologies, products and services; and
- Advanced Manufacturing: Food processing manufacturing equipment and systems, and new supply-chain-related investments.

On-Going Review of Sector Priorities: Sector priorities will need to be continually revisited and adjusted. At the same time, having chosen a sub-sector to target, it is prudent to ensure a sustained effort as seed sown require watering and fertilizer and then time to grow.

G. Performance Metrics

Performance measurement is used at varying levels in economic development.

Economic Dashboards: Economic dashboards measure and monitor the broader performance of the economy, usually with benchmarking to other geographic areas and to past performance levels. A range of macro level indicators are typically used, such as population, labour and jobs growth, household income, GDP, unemployment rates, participation rates, education levels, number of businesses, average houses prices, office vacancy rates, etc. The City of Toronto economic dashboard provides an enviable example:

http://www1.toronto.ca/staticfiles/static_files/economic_development_and_culture/docs/Economic_indicators/Economic_Dashboard_-_April_22_2013.pdf.

Ancillary benefits of having an economic dashboard are to have important data readily accessible for prospects and to ensure that all local partners have and are using the same data.

Performance Measurement Concepts and Principles: Performance measurement seeks to measure the performance or success of economic development organizations and their programs using meaningful criteria. The risk is that the framework will not be linked sufficiently to economic development and investment attraction strategies, and that it will measure activities rather than outcomes. Observers can also draw attention to the fact that it may be designed to report the positive (e.g. new businesses started) while overlooking the negative (e.g. businesses closed or downsized), or may not take into account net effects (e.g. the 'number of new jobs' are measured without taking account of the number of jobs that may have been lost).

An important part of performance measurement is first to prepare a performance measurement plan which identifies:

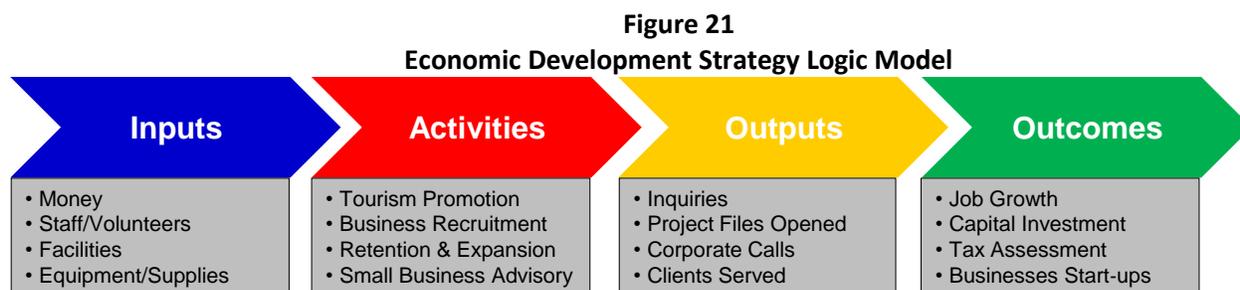
- Desired Outcomes
- Baseline Measures
- Targets
- Indicators
- Data Sources
- Lead and Supporting Roles
- Approach for communicating results

Performance measures will vary significantly depending on the objectives of the economic development or investment attraction strategy. Measures need to be explicitly related to the objectives, enabling the tracking of progress toward meeting these objectives. Several sources recommend that the metrics be 'SMART' - *Specific – Measurable – Achievable – Relevant - Time-based*.

A review of the performance measures used by economic development officers was undertaken by Matthew Fischer and Associates for the Economic Developers Association of Canada (EDAC) in 2011. That study, "Performance Measurement in Economic Development," included a survey of performance metrics used by economic development officers across Canada. Metrics -- covering a much wider scope

than just investment attraction -- most often mentioned by survey respondents included new businesses opened, population, jobs created, workforce, and inquiries received, new business investment attracted, building permits, business closures and the unemployment rate.

A key piece of literature in the performance measurement field is the book "Performance Measurements – Getting Results," by Harry Hatry, published in 2006. This book can be considered a primer on performance measurement although does not specifically deal with performance measurement in economic development or investment attraction. However, the concepts in that book have been adapted by others in the economic development field. For example, the consulting firms Angelou Economics and Matthew Fischer & Associates summarized Hatry's work showing the interrelated elements that organizations use to measure performance: inputs, activities, outputs, and outcomes (Figure 21).



Source: As reported by Matthew Fischer and Associates 2011 from Angelou Economics, 2005 based on work by Harry Hatry

FDI Attraction and Retention Metrics: Most often, economic development organizations will track FDI attraction as subset or component of the overall investment attraction measurement framework. So too, aftercare with foreign-affiliated firms would presumably be part of the business retention and expansion (BR&E) metrics covering all local firms. Even though there are many similarities in either case, it is important in constructing the performance indicators and deciding how they will be collected to identify distinct aspects related to FDI that may need to be reflected and incorporated into the system.

Investment Attraction Funnel and Progression: A model for the development of performance investment attraction metrics -- domestic and foreign -- can built on the concept of a Sales Funnel which identifies inputs, activities, outputs and expected outcomes (Figure 22).

Various activities produce contacts that enter the Sales Funnel as leads, and then progress through stages to the ultimate outcome of an investment "win". The Sales Funnel and Investment Attraction Progression definitions illustrate the process required to achieve the desired outcome.

Figure 22

Sales Funnel

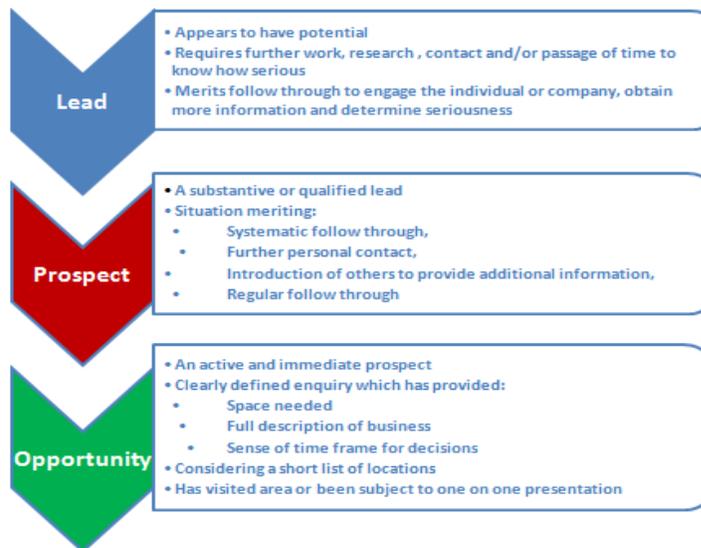


The Sales Funnel only deals with contacts that are established (by whatever means) that may eventually decide to make an investment, not with other contacts that may be influencers or advisors (such as real estate agents, lawyers, accountants, consultants, the media, etc.).

The Funnel concept does not directly gather data on the inputs, activities, outputs required to generate the contacts, leads and only ultimately the un-quantified outcome called a win. Information and estimates on the staffing and budget devoted to investment attraction should be available however to indicate the costs to generate a given number of leads in the course of the year. This can then be used to calculate the cost per lead or 500 leads, as desired.

Figure 23

Investment Attraction Progression



WIN

The terminology used to indicate a prospective investment's progression from a mere possibility to an actual decision to invest needs to be clearly defined and rigorously applied. Lead, Prospect and Opportunity are the terms adopted in Figure 23 to indicate the evolution as the contact's likelihood of deciding to invest in the community increases.

The Investment Attraction Progression figure defines the characteristics and actions associated with each phase and therefore what needs to occur to move to the next stage.

Inputs, Activities, Outputs and Outcomes: Returning to the model in Figure 21, the specific elements to be part of the performance metrics could include:

- Input – Investment attraction staffing and budget required to generate, for example, 500 leads
- Activities – Lead Generation, Trade Show Attendance, Influencer Contacts, Delegations, Media
- Outputs – Leads, Prospects, Opportunities, Wins, Key Contacts
- Outcomes – New jobs and investment in target sectors, Size of Space Leased or Land or Building Purchased, Tax revenue, Capital investment

Jobs as A Key Metric: Jobs are inevitably the most sought after metric, but are problematic from an economic development point of view. A fundamental issue is whether, from an economic perspective, jobs are truly the paramount metric or whether a range of outcomes need to be evaluated and weighed. That question aside, from a measurement viewpoint, it is inherently difficult to gather consistent data on the likely job creation. The time frame is the most obvious variable. Is it the number of jobs that the company is hiring at the outset, the number of people who will be employed once the first phase is in place, or is the number of employees envisaged when the operation reaches its planned capacity?

Obtaining useful job data on the new jobs to be created is generally more difficult at the municipal level in Ontario than in US local jurisdictions. That is because Ontario municipalities are not offering job-based incentives to new investors. When such incentives are offered, as they frequently are in the US, some type of contract or understanding is reached with the company which gives an indication of its intentions.

An optional approach as to the number of jobs is for the economic development organization to systematically and regularly survey the new businesses that have been attracted or assisted with expansions to obtain up-to-date data on the actual number of jobs.

What to Track and Measure: The Sample Metrics Quarterly Reporting Form (Figure 24), designed to target and measure performance, indicates some of the areas that can be measured.

Another representative list of typical performance measurements used in investment attraction includes:

- Number of companies identified and screened in target sectors
- Number of companies that have been prequalified by sector and market
- Number of packages sent to target companies by sector and market
- Number of phone calls with key decision-makers by sector and market
- Number of meetings with key decision-makers by sector and market
- Number of targeted conferences/trade shows attended and number of company representatives met at the trade shows

- Number of targeted foreign companies that have requested additional information on the community
- Number of targeted foreign firms that have undertaken familiarization tours
- Number of new targeted foreign companies that have located in the community in target sector
- Number of new FDI jobs in target sectors by source market

The level of detail depends on achieving a balance of time invested in data collection versus the value of the data. Hopefully, electronic tools such as CRM can be utilized to track activities and the Sales Funnel. It is wise to concentrate on the most meaningful and credible numbers. The credibility of data and ability to show results tend to correlate with the overall levels of staffing and budgets that will be approved.

| Figure 24 Sample Metrics Quarterly Reporting Form | | | | |
|--|--------|---------------|-----|------------|
| Activity | Period | Period Target | YTD | Target YTD |
| General Inquiries | | | | |
| Web Site Activity | | | | |
| Incoming Delegations | | | | |
| IA Contacts / Meetings | | | | |
| Influencer Contacts | | | | |
| Caseload | | | | |
| Inquiries | | | | |
| Prospects | | | | |
| Opportunities | | | | |
| WINS | | | | |
| Information related to WINS | | | | |
| Total Capital Invested | | | | |
| Square footage leased | | | | |
| Square footage purchased | | | | |
| Property Taxes | | | | |
| Development Charges | | | | |
| # Employees | | | | |
| Marketing & Communications | | | | |
| Events, Market Visits | | | | |
| Media P/R releases | | | | |

"However beautiful the strategy, you should occasionally look at the result."

- Sir Winston Churchill

IV. FDI Attraction and Retention Strategy and Action Plan for Guelph (2014-2016)

A. The Strategic Context for Guelph's FDI Attraction and Retention Action Plan (2014-2016)

In its 2012-2016 Corporate Strategic Plan (CSP), the City of Guelph aspires "to be a City that makes a difference . . . acting locally and globally to improve the lives of residents, the broader community and the world."

Up to this point, Guelph's foreign direct investment (FDI) attraction activities have been more reactive than proactive, with the main FDI leads being direct enquiries from potential investors and referrals from government partners and site selectors. The City deferred moving forward on a FDI attraction program pending the availability of industrial and commercial land in the Hanlon Creek Business Park (HCBP). A stepped up FDI attraction and retention program brings Guelph into line with other comparable communities, based on benchmarking recently undertaken on Guelph's behalf.

In the last two years, initial steps were taken to extend Guelph's FDI attraction reach in two priority sectors -- Agri-Innovation and Environmental/Renewable Technologies. Guelph has joined other sister economic development agencies in Ontario in two consortia -- the Ontario Clean Technology Alliance (OCTA) and the Ontario Food Cluster (OFC). With Federal and Ontario government support, OCTA and OFC mount joint FDI attraction initiatives, typically centered on international trade shows and conferences and pre-qualified meetings with prospective investors.

Goals of Guelph's three-year FDI Attraction and Retention Action Plan (2014-2016) are to increase Guelph's profile as an attractive investment location and enhance its market presence and its reach in the US and overseas, in order to generate leads that will translate into new business investment.

Partnerships: Guelph's FDI Attraction and Retention Action Plan will concentrate on achieving efficiencies and getting the best return from resources by:

- marshalling the support and involvement of Guelph partners and stakeholders;
- ensuring efficient local economic development governance through close cooperation among the Guelph partners;
- creating productive FDI attraction and retention partnerships with the Federal and Ontario governments; and
- optimizing Guelph's involvement in selected collaborative regional and sector initiatives, such as OFC and OCTA.

Global FDI Trends: FDI has been a powerful lubricant of globalization. Businesses have internationalized rapidly, taking advantage of the pervasive growth of digital technologies and more open borders and markets. Global business models are based on optimizing the locations throughout the

world for various discrete portions of corporate supply chains and activities, including manufacturing and R&D activities. The environment for FDI attraction and the growth of existing foreign-affiliated businesses is exceptionally competitive.

Since the recession five-years ago, more cautious and risk averse attitudes are evident in the face of volatility and uncertainty. As a result, there is still a significant overhang of investable capital held by international companies that awaits clearer economic indicators. When these funds are deployed, FDI flows stand to increase notably. In the meantime, international companies are inclined to favour reinvestment in existing facilities. Though the global prospects are currently tentative, FDI attraction activities take time to translate into results. Therefore, the initiation by Guelph of an active FDI attraction and retention program now should be timely.

Globally, the US continues to be both the largest recipient and largest source of FDI, but China's role has grown markedly. China is the second largest FDI recipient and in 2012 became the third largest source country. 2012 proved to be a watershed year, with more than half of all new FDI going to emerging markets in Asia, Africa, Latin America and the Middle East. China, Brazil, India and other leading emerging markets are also becoming prominent capital exporters. Though outflows of FDI are currently concentrated in resource sectors (including food), the foreign investments in manufacturing and technology are widely expected to grow.

Attraction of FDI to Canada and Ontario: Foreign investment has long been important to the Canadian economy. Today, foreign-controlled companies account for nearly 20 per cent of the assets of all enterprises in Canada. In terms of knowledge- and R&D-intensive business, about one-third of existing Canadian business R&D is performed by foreign-affiliates, as global firms continue to internationalize their R&D.

Important shifts are evident in the patterns of FDI in Canada. In terms of source countries for FDI, the United States' share of FDI in Canada has been declining steadily over the last decade, though the cumulative investment continues to grow and the US still accounts for over 50 per cent of FDI in Canada. Though smaller in relative terms, investment has grown from Europe, especially Germany and the UK. Despite the economic challenges that European countries are experiencing, many European companies are well established and financially strong and are now forced to look to expansion to North America. Successful conclusion of Canada's current quest for a Comprehensive Economic and Trade Agreement (CETA) with the European Union may awaken European companies to consider Canada's role in their North American strategies.

By sector, the finance, insurance and management industries claimed the largest share of FDI in Canada for the first time in 2012, surpassing manufacturing which was at 28.7 per cent, down from a high of 43.5 per cent in 2000. FDI in mining, and oil and gas meanwhile, has risen from 13.6 per cent in 2001 to 19.0 per cent in 2012.

In the US-Canada context, Ontario has typically ranked among the top three states and provinces in terms of the number of projects attracted in recent years, though there was little growth in the level of new projects in Ontario from 2010 to 2012.

Financial Incentives: US state and local governments have competed very aggressively for new investment since the recession by offering rich incentives -- particularly tax-based incentives. A New York Times investigation published in late 2012 found that US states, counties and cities are giving up more than \$US 80 billion each year in incentives -- \$US 70 billion of which is through income tax breaks and sales tax relief.

The main incentives that can be presented to international companies considering Ontario are the comparatively low corporate tax rate, R&D tax incentives, and the potential for knowledge-intensive firms to partner with universities and colleges on joint research programs that benefit from Federal and Ontario funding. Of note is the unique and extensive Ontario Ministry of Agriculture and Food agreement with the University of Guelph which powers impactful business-academic-government research partnerships. About \$9 million of the \$93 million budget goes into research arrangements of this type. When it comes to programs that provide direct financial assistance to business, the Federal and Ontario governments have a limited number of major funding programs open that can support new foreign investment. FedDev Ontario, now wrapping up its initial five-year mandate, will inaugurate an Advanced Manufacturing Fund in April 2014 with \$200 million over five years. The Federal Agri Innovation Program (AIP), within the new Growing Forward 2 program, provides a window that could, under the right circumstances, provide a loan of up to \$10 million to an innovation-oriented foreign investor -- new or existing -- seeking to commercialize new technology. The Ontario government, which committed itself two years ago to revamping the structure of its financial support programs for business, currently has only the very selectively-used Strategic Jobs and Investment Fund (SJIF) and the Southwestern Ontario Development Fund (SWODF). The latter offers grants of up to \$1 million and 15 per cent of eligible costs.

Talent -- The Prime Consideration: The availability of well educated, skilled talent is the single most important consideration for executives of globally-oriented companies. Canada, like other advanced economies, cannot expect to attract firms based on low labour costs. The spotlight instead is on access to pools of highly qualified people needed by high skill- and knowledge-intensive businesses. The attention of senior executives is drawn to locations that have the right policies in place and are taking purposeful steps to ensure future availability of talent.

Canada and Ontario have some of the right policies and program ingredients to respond to these preoccupations:

- Canada has the highest proportion of graduates from post-secondary educational institutions among the 37 OECD countries and Ontario has the highest proportion among all provinces.
- Canada's immigration system is designed to attract skilled and educated talent.
- Foreign students graduating from Canadian post-secondary institutions can access work permits upon graduation and benefit from a relatively assured track to Canadian permanent residency and citizenship. This is a major advantage over other jurisdictions such as the US that can be aggressively promoted and pursued.

The University of Guelph has a global reputation and its graduates represent an appealing talent pool. Guelph is also fortunate to be able to present itself as a hub with three other neighbouring universities much less than an hour away. Guelph, McMaster, Waterloo and Laurier graduated over

21,000 students in 2011-2012, with important concentrations in engineering, agricultural and food and biological sciences, medicine and health professions, mathematics and computer science, and business and commerce. Conestoga College programs contribute to the highly skilled and trained workforce, as an Ontario leader in apprenticeships and with the new Institute for Food Processing Technology.

How Tight is the Guelph Labour Market? Guelph is widely viewed as being a tight market overall in terms of labour availability, especially in light of Guelph's frequently low unemployment rate relative to other Ontario communities. Offsetting this is the fact that Guelph consistently has a significant net draw of talent from neighbouring communities. Development of more comprehensive workforce data -- a more general need -- will inform FDI attraction efforts. Community initiatives to attract and retain people -- including immigrants and foreign students -- will also support FDI attraction.

Ensuring Guelph's Investment Readiness: Guelph's first steps will be to ensure that it has the systems, databases, marketing collateral, in-house research capability, and supportive relationships with existing businesses and business professionals in place prior to initiating new lead generation programs that will identify prospects that need prompt and professional cultivation. A portion of 2014 will be taken up to lay this groundwork.

Aftercare with Foreign-Affiliated Companies: The economic development maxim is that the best return on investment of economic development resources starts with the retention and growth of existing companies. This applies in full measure to foreign-affiliated firms. The best-case scenario is one in which the local foreign-affiliates are deeply integrated with the local community -- including within its innovation ecosystem -- and view Guelph as a community that brings identifiable value and has strategic importance to the parent company and group.

The priority targets are firms where there appear to be expansion opportunities or risks to the existing operation. Firms whose supply chains may offer potential to attract additional investors to Guelph or to increase local sourcing will also be high priorities. The desirable objective is to call on major foreign-affiliated firms in Guelph once every three years based on ten calls per year.

Important benefits of the aftercare program will be:

- opportunities to assist local foreign-affiliated firms make the strongest possible case to retain existing and bid for new global product mandates;
- identification of other foreign supply chain partners that may be prospects to establish in Guelph;
- identification of senior local executives at foreign-affiliated firms who can be Ambassadors for Guelph; and
- assisting foreign-affiliated firms to understand and where-need-be resolve policy related issues with governments.

Guelph Economic Development Services will develop contingency business retention plans to promptly address acquisitions of local firms -- whether the acquisition involves a Canadian or foreign-owned firm -- in order to maximize the possibilities that the existing presence in Guelph will be retained -- even expanded.

Priority FDI Attraction Sectors: In the highly competitive global arena, Guelph will target a limited number of priority sectors and sub-sectors for which it has strong, well-developed value propositions that can get Guelph on a company's short list of three sites or less.

As part of its Prosperity 2020 initiative, the City Guelph identified five priority sectors:

- Agri-Innovation;
- Environmental/Renewal Technologies;
- Advanced Manufacturing;
- Professional, Scientific and Technical Services; and
- Information, Cultural, Communications and Technology Industries.

These priorities were set about three years ago and take into account considerations that are much broader than just FDI attraction. As part of moving toward an active FDI attraction plan, these have been revisited and examined through the prism of FDI attraction and the interest the sectors will currently attract on the part of foreign investors. The bottom-line is to determine where Guelph can put forward its most convincing business cases in a very competitive global environment. It is vital to keep these priorities under review, without losing sight of the importance of perseverance in the target sectors.

The FDI attraction priorities for the proactive FDI attraction program beginning in 2014 are:

- Agri-Innovation;
- Environmental/Renewable Technologies; and
- Advanced Manufacturing.

Agri-Innovation: In the agri-Innovation sector, the principal focus will continue to be the City's and University's participation in the Ontario Food Cluster (OFC), the collaborative FDI attraction initiative with sister economic development agencies in Southern Ontario. This needs re-evaluation annually. With apparent constraints on the ability to access the needed quantities of water or wastewater capacity normally accompanying food processing ventures, the FDI attraction focus will be on developing compelling business cases outlining to prospective international agri-food and agri-tech companies the opportunity to make Guelph a North American, Canadian or Eastern Region headquarters and knowledge-oriented development centre, taking advantage of Guelph's position as a globally respected and connected agri-food and agri-tech hub.

Environmental/Renewable Technologies: In the environmental/renewable technologies sector, the focus has shifted this past year from FDI attraction opportunities with solar and wind power generation equipment manufacturers to water technologies and products. The Ontario government has an overriding commitment to the Ontario Water Strategy that includes an FDI attraction component. The Federal and Ontario governments are backing the Southern Ontario Water Consortium (SOWC) in which the City and University are prominent players. All of this will support the growth of Guelph's water cluster and its FDI attraction interests. Water is an area of considerable strength for Guelph that aligns with university and provincial priorities, and offers potential to build on the water technology cluster in Guelph. Guelph should continue to closely monitor renewable energy and energy conservation developments to capitalize on its commitment to the Community Energy Plan and the presence of Canadian Solar.

Advanced Manufacturing: The highest priority areas identified for the advanced manufacturing sector are the attraction of European manufacturers of food processing equipment and systems, along with opportunities to attract foreign firms that are important supply chain partners of existing Guelph manufacturing firms. Demonstrating workforce availability is a prerequisite to attracting investment interest.

To put Guelph's best case forward to the world, comprehensive business cases need to be developed in each of these sectors and sub-sectors.

Principal Source Countries: Geographic priorities need to be matched with each sector and sub-sector. In general terms however, the United States will be a dominant but lower priority than might have been the case five years, given the increased domestic competitiveness of the US and the liberal availability of state and municipal investment incentives. Growing opportunities are apparent to attract European investment -- especially from Germany, the UK, the Netherlands, and Italy.

Brazil also presents itself as an interesting potential FDI source country in the Agri-Innovation Sector, especially in light of the competitiveness of its large scale agriculture, bioproducts innovation, and the North American and global expansion ambitions of its companies.

China needs close monitoring and research as it is an emerging outward investor, including in the agri-food sector, though currently largely through acquisitions, including ones that will ensure food supply.

Most Effective Approaches: Guelph needs a mix of FDI lead generation approaches. The most effective are likely to be:

- targeted one-on-one calls that are well researched and prepared, with special focus on international firms with University of Guelph research relationships or ones who are important participants in the supply chains of prominent Guelph-based firms;
- participation in pan-regional collaborative FDI attraction initiatives -- like OFC and OCTA -- that share costs among several likeminded Canadian economic development organizations;
- attracting individual prospects and groups to Guelph, especially where research- and knowledge-intensive activities can be spotlighted;

- carefully orchestrated participation in targeted industry events that attract international decision makers; and
- building relationships with Canadian and Ontario trade and investment representatives outside of Canada and with selected foreign representatives based in Canada.

Defining Compelling Value Propositions: In addition to access to highly qualified graduates, Guelph must also differentiate itself by presenting credible business cases for knowledge- and research-intensive activities. Foreign executives need to understand by how they can participate in attractive Canadian and Ontario funding partnerships that build bridges between innovative businesses and research partners in academia. Such arrangements complement and are made even more attractive by Canada's highly favourable R&D tax incentives (SR&ED credits).

Making a persuasive case for cost effective research opportunities in Guelph will involve shared initiatives and particularly close collaboration through Guelph's Economic Development Services partnership with the University of Guelph, including the Office of Research and the Catalyst Centre.

Persistence and Sustained Effort: Success in FDI attraction requires sustained multi-year investment to qualify, develop and pursue leads. At the same time, the FDI landscape and Guelph's own activities and results need to be monitored and measured to ensure value for effort and to adjust priorities and techniques as merited.

B. FDI Attraction and Retention Action Plan for Guelph - 2014-2016

1. The Year Ahead: Introduction to the Action Plan for 2014

The initiation of a proactive foreign direct investment (FDI) attraction program in 2014 is especially timely as the City moves forward with the Prosperity 2020 initiative and offers industrial and commercial land in the Hanlon Creek Business Park (HCPB).

The new FDI Attraction and Retention Action Plan initially puts the focus on steps to develop Guelph Economic Development Services' readiness to take full advantage of the investment leads that an activist stance vis a vis FDI will generate. Of particular importance are:

- the development of robust value propositions that present compelling investment cases to foreign businesses in the respective priority sectors and sub-sectors;
- the establishment of in-house corporate and lead generation research capacity, ideally within Guelph Economic Development Services, augmented by well-qualified part-time help;
- the creation of Guelph marketing collateral that addresses the needs of foreign investors who typically have limited knowledge of Canada, Ontario and Guelph; and

- the readiness of Guelph Economic Development Services' customer relations management (CRM) system to support FDI attraction and retention leads and activities.

Guelph's existing involvement in two collaborative FDI attraction initiatives with sister economic development agencies in Ontario -- the Ontario Food Cluster (OFC) and the Ontario Clean Technology Alliance (OCTA) -- will be pursued in 2014 as priority initiatives as these address priority areas. Experience in collaborative initiatives of this type shows the importance of investing effort over a couple of years to establish a presence in target markets.

Agri-Innovation: In food processing and related areas, Guelph can exploit the food sector entree that OFC provides to distinguish Guelph among OFC members and deliver a unique message about the advantages of a presence in Guelph as an agri-food and agri-tech hub that is proximate to Canada's prime international airport; to the University of Guelph's research excellence, its new Food Institute, and graduates; to Federal and Ontario agri-food and agri-tech policy makers; to extensive support organizations and research and testing infrastructure; and to the Conestoga Institute for Food Processing Technology.

Environmental/Renewable Technologies: In the case of the Ontario Clean Tech Alliance (OCTA), in light of the lessened prospects to attract new solar and wind generation equipment suppliers, OCTA's focus has shifted to water technologies. Water offers very significant potential that aligns well with Guelph's strengths. Guelph can benefit from the uniquely high priority the Ontario Government accords the sector, including through WaterTAP, and from the Southern Ontario Water Consortium (SOWC). The City and the University are participating as SOWC partners related to wastewater research and other areas.

Initiation of a series of aftercare calls in 2014 on six to ten major foreign-affiliated firms with an important presence in Guelph will not only establish the basis of strong and supportive relations with a segment of Guelph business that employs over 5,000 but will cultivate relationships with local executives who can be Ambassadors and sources of advice assisting in FDI attraction.

In the **Advanced Manufacturing** sector, the groundwork will be laid for well focused future FDI attraction initiatives in the sector by:

- singling out, prequalifying and developing value propositions for leading European suppliers of food processing production technologies, equipment and systems that can be targeted to consider Guelph as a North American base of operations; and
- identifying and developing business cases to attract foreign companies with strong business links to local supply chains.

Several of the broader initiatives by the City of Guelph and its partners related to economic development during 2014 can have a specific positive impact on FDI attraction and retention activities. These include:

- the City's integrated operational review aimed at making it easier for businesses to work with the City on planning and development matters; and
- greater attention to workforce analysis, development, re-skilling, and attraction and retention, including immigration.

The increased focus on FDI attraction affords a further opportunity to strengthen Guelph's collaborative approach to economic development and further engage the City's partners. A multi-year investment is required.

2. Detailed Action Plan for 2014

| I | MULTI-SECTOR ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs ¹ | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|---|--|--------------------|-------------------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| 1 | PLANNING, MANAGEMENT, DIRECTION AND REPORTING OF FDI ATTRACTION AND AFTERCARE PROGRAM: | On-Going | 0.20 | - | A | - | | | |
| 2 | MULTI-SECTOR - ENTRY OF FDI CONTACTS IN CRM DATABASE <ul style="list-style-type: none"> ▪ DESCRIPTION: In order to systematically and consistently reach key partners and targeted intermediaries, contact information will be researched and inserted in the City of Guelph Economic Development Services' CRM system for core FDI-related partners such as Canadian and Ontario offices, foreign representatives in Canada, site selectors, specialized media and tracking services, Guelph partners and influencers, etc. ▪ EXPECTED RESULTS: The addition of 250 quality contacts whose awareness and medium term cultivation will harness their support and assistance for Guelph's on-going FDI attraction and aftercare objectives, activities and lead generation. | Jan 1 to Feb 28 | 0.20 | - | A | - | | | |
| 3 | MULTI-SECTOR - IN-HOUSE AND CONTRACTED CORPORATE RESEARCH AND LEAD GENERATION CAPABILITY: <ul style="list-style-type: none"> ▪ DESCRIPTION: Basic in-house corporate research capacity and capability is essential to permit quick and informed reaction to enquiries and to proactively research and target prospects in specific sectors, countries and regions. Ideally, Guelph Economic Development Services will have staff dedicated to this activity. In addition, to handle specific projects and fluctuating workloads, a qualified local individual (or individuals) should be identified to work under contract. ▪ EXPECTED RESULTS: Greatly enhanced ability to more surgically target firms in high priority sectors and to prepare dossiers to ensure optimal outcomes from individual company meetings. | On-Going | 0.15 | \$10,000 | A | \$10,000 | | | |
| 4 | MULTI-SECTOR - MARKETING COLLATERAL FOR FDI ATTRACTION: <ul style="list-style-type: none"> ▪ DESCRIPTION: A basic suite of essential FDI-related marketing collateral is required to introduce Guelph to non-Canadian investors. Desirable materials include a fact sheet, sector profiles drawing on the value propositions for high priority sectors and sub-sectors, maps, a talent profile, information on incentives, and opportunities and means of realizing business-academic research collaboration. The same marketing collateral will be utilized as pdfs, on the website and by partners. Sector marketing collateral will draw on key value propositions/business cases that are to be developed. ▪ EXPECTED RESULTS: Professionally developed marketing collateral is fundamental to making the business case for Guelph, and is a prerequisite to attracting and engaging FDI prospects, ensuring the full story of Guelph's advantages is effectively and widely disseminated, and stimulating FDI leads. | May 2 to Oct 31 | 0.20 | \$50,000 | A | \$50,000 | | | |

¹ **NOTE RE FTEs:** The numbers provided are fractions of a year (1.00 = 1 Year). Thus, approximations in calendar terms are: 0.10 FTE = just over one month; 0.8 FTE = about 4 weeks; 0.4 FTE = about 2 weeks; and 0.2 FTE = one week.

Detailed Action Plan for 2014 (cont'd)

| I | MULTI-SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|--|---|--------------------|-------------|-------------------|---|-----------------|---|---|--------------|
| | | | | | | A | B | C | |
| 5 | MULTI-SECTOR - IDENTIFICATION OF CONTACTS AT PROFESSIONAL FIRMS IN GUELPH WITH DEMONSTRATED CAPABILITY TO INTRODUCE FOREIGN BUSINESSES TO DOING BUSINESS IN CANADA AND GUELPH: <ul style="list-style-type: none"> ▪ DESCRIPTION: Prospective investors, especially those visiting Guelph, request to explore -- often confidentially -- basic legal, financial, tax, human resource and other aspects of doing business in Canada and Guelph with professional services firms. To this end, Guelph Economic Development Services will take steps to identify contacts at Guelph accounting, legal, financial and human resources firms that have demonstrated capability and can be on-call to offer pro bono services to introduce foreign businesses coming to doing business in Canada. ▪ EXPECTED RESULTS: Ready access to local sources for private-sector briefings for prospects, and quick and seamless referrals on short notice to qualified professionals that prospective investors are likely to want to contact. | Mar 1 to May 31 | 0.20 | - | A | - | | | |
| BUDGET TOTALS FOR MULTI-SECTOR INITIATIVES | | | 0.95 | \$60,000 | | \$60,000 | - | - | |
| MULTI-SECTOR FTEs for Priorities A, B and C | | | | | | 0.95 | - | - | |
| II | SECTOR ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
| A | AGRI-INNOVATION: | | | | | A | B | C | |
| 1 | AGRI-INNOVATION - PARTICIPATION IN THE ONTARIO FOOD CLUSTER (OFC): <ul style="list-style-type: none"> ▪ DESCRIPTION: The City of Guelph in partnership with the University of Guelph has participated in the Ontario Food Cluster (OFC), a collaborative FDI attraction initiative with sister economic development organizations, for two years. Experience in collaborative initiatives of this type shows that the investment of several years of effort is essential to establish a presence in target markets. OFC maintains a website and will participate in two events around which targeted prospecting calls will be arranged. ▪ EXPECTED RESULTS: Generate 50 leads in 2014, leading to two decisions in the agri-innovation sector to invest in Guelph by the end of 2016, with additional prospects for subsequent years. Also, produce research, licencing and partnership opportunities for the University of Guelph. | On-Going | 0.25 | \$15,000 | A | \$15,000 | | | |

Detailed Action Plan for 2014 (cont'd)

| A | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|---|--|-----------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| A | AGRI-INNOVATION (cont'd): | | | | | | | | A |
| 2 | <p>AGRI-INNOVATION - VALUE PROPOSITION/BUSINESS CASE FOR GUELPH AS A LOCATION FOR AGRI-FOOD AND AGRI-TECH HEADQUARTERS AND KNOWLEDGE-ORIENTED OFFICES:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: A comprehensive and compelling value proposition/business case will be developed outlining to prospective international agri-food and agri-tech companies the opportunity to make Guelph a North American or Canadian headquarters and knowledge-oriented development centre (as other foreign companies already have), seeing Guelph as a hub with advantageous proximity to Toronto (Pearson) International Airport; access to talent, research and knowledge generated by the University of Guelph, Conestoga College and immediately neighbouring universities; the presence of Federal and Ontario policy makers; a strong cluster of supportive agri-innovation entities, including laboratories and test facilities. Related world-class Guelph expertise of note includes nutraceuticals and functional foods, pathogen detection and control, DNA analysis, microbiome, zoonosis, and seeds and crop varieties. ▪ EXPECTED RESULTS: The value proposition/business case is a fundamental tool for attracting the presence of at least two foreign companies in the agri-innovation sector by 2016, with additional prospects for subsequent years. | Mar 1 to Jun 30 | 0.10 | \$30,000 | A | \$30,000 | | | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES | | | | | | | | |
| 1 | <p>WATER TECHNOLOGIES & PRODUCTS -- PARTICIPATION IN ONTARIO CLEAN TECHNOLOGY ALLIANCE (OCTA):</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Guelph has participated in the Ontario Clean Technology Alliance (OCTA), a collaborative FDI attraction initiative with sister economic development organizations. OCTA maintains a website and annually participates in two events around which targeted prospecting calls are developed. In the light of changed market circumstances, the OCTA focus shifted in 2012 from solar and wind power generation equipment manufacturers to water technologies and products. This reflects Guelph's interests and also aligns with University and Ontario government priorities. The new departure and OCTA's direction and role needs at least another year to be properly assessed (possibly more). The shift in emphasis may lead some communities less oriented to the water sector to drop out, possibly increasing costs though the focus may be clearer as a result. Guelph needs to participate actively to ensure that OCTA reflects Guelph priorities and interests, while assuring itself that, through shared costs, government support and effort, OCTA continues to provide value. ▪ EXPECTED RESULTS: Supported additionally by Guelph's own research, a strong value proposition, and benefiting from other partnerships, participation in OCTA will generate 50 leads that will attract at least one investment in the sector by the end of 2017, with additional prospects for subsequent years. | On-Going | 0.25 | \$15,000 | A | \$15,000 | | | |

Detailed Action Plan for 2014 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----|--|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES (cont'd) | | | | | | | | |
| 2 | <p>WATER TECHNOLOGIES & PRODUCTS -- IN-HOUSE RESEARCH, KNOWLEDGE DEVELOPMENT AND ESTABLISHMENT OF PARTNERSHIPS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: To establish a knowledge base on the water sector, Guelph will review the extensive existing Ontario and Canadian market research, presentations and reports,¹ especially relating to attracting FDI; purchase, as needed, market analysis and trends and memberships (e.g. www.globalwaterintel.com); register for email updates on upcoming events and publications; define and describe the existing Guelph water technology cluster; research the principal prospective foreign investors, including their existing presence in Canada; identify the most applicable upcoming conferences that attract executives of water technologies companies (rather than mainly municipal providers and academics);² review documentation of strategic directions at the provincial and regional levels and assess opportunities for synergy and collaboration for investment attraction, including with MEDTE, SOWA and WaterTAP; and meet with water sector investment attraction representatives at MEDTE, WaterTAP and SOWC to discuss collaboration on investment attraction and participation in upcoming events or investment attraction missions. ▪ EXPECTED RESULTS: Develop in-house knowledge and establish a comprehensive database as the foundation for the development of specific FDI attraction initiatives, such as influencing OCTA activities, the creation of a sector value proposition and marketing collateral, decisions regarding participation in specific industry events, involvement with provincial initiatives, and the targeting of 10 to 15 specific FDI prospects. Coupled with OCTA initiatives, the objective is to attract at least one investment in this sector by the end of 2017, with additional prospects for subsequent years. | Apr 1 to Oct 31 | 0.10 | \$5,500 | A | \$5,500 | | | |

¹ The Ontario Water Strategy, published earlier in 2013; the Blue Economy Institute, *Canada as the Water Solutions Country, Defining the Opportunities*, released in March 2013; Ontario Ministry of Economic Development, Trade & Employment, Presentation to AMO – *Harnessing Ontario’s Water Capabilities*; Feb. 2013; Cleantech: *Ontario Global Water Leadership Summit Takeaways: Highlighting discussion points and showcasing global water innovation leaders*, 2011; Blue Economy Institute, *The Water Opportunities for Ontario*, 2010

² WEFTEC, the Water Environment Federation’s Annual Technical Exhibition and Conference; 2014 Sustainable Water Management Conference, March, 2014; Water Environment Federation (www.wef.org) Technical Exhibition and Conference, Oct. 2013, Chicago, IL; Innovative Options and Sustainable Solutions” Munich, Germany, May 2014; and Wasser Berlin International - Biennial, March 24-27, 2015.

Detailed Action Plan for 2014 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|--|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES (cont'd) | | | | | | | | |
| 3 | <p>RENEWABLE/CLEAN ENERGY -- MONITOR AND ASSESS MARKET DEVELOPMENTS AND THE EVOLUTION OF ONTARIO POLICIES:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Given its success, Guelph (in collaboration with OCTA partners), should continue to monitor renewable/clean energy market developments and the evolution of Ontario policies (e.g. Feed-in-Tariffs) to respond to changed FDI attraction prospects for Ontario. As well, directly and through OCTA, Guelph should monitor the Ontario investment strategies for smart grid and energy efficiency technologies. Expectations for ag biomass need to take into account low natural gas prices (as a result of expanded shale gas production). Developments should be watched through various sources such as the annual Ag Biomass Canada conference, MEDTE, and websites such as www.canbio.ca and www.Ontariobiomass.org. Further meetings of the Trans-Atlantic Urban Climate Dialogue could present opportunities that could align with FDI attraction objectives. Overall, Guelph should ensure that it fully exploits the presence of local companies, like Canadian Solar, that have chosen Guelph, and the positive environment created by the City's Community Energy Plan. ▪ EXPECTED RESULTS: Guelph will guard and possibly find further opportunities to exploit the timely investment it has made in renewable/clean energy and the reputation the City has cultivated through its Community Energy Plan. | On-Going | 0.02 | - | B | | - | | |
| C | ADVANCED MANUFACTURING SECTOR | | | | | | | | |
| 1 | <p>ADVANCED MANUFACTURING - TARGET SUPPLY CHAIN PROSPECTS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: The Aftercare call program on 6 to 10 foreign-affiliate firms and other BR&E activity will explore the extent to which larger Guelph advanced manufacturing firms can help identify Canadian or foreign supply chain partners that could be prospects to establish new ventures in Guelph to be closer to customers or suppliers. ▪ EXPECTED RESULTS: The initial outreach to Guelph advanced manufacturing firms will provide a clearer indication by the end of 2015 of the prospects of attracting at least one investment by the end of 2017, with additional prospects in subsequent years. | Mar 1 to Oct 31 | 0.07 | \$500 | A | \$500 | | | |

Detailed Action Plan for 2014 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|---|--------------------------------|-------------|-------------------|---|-----------------|-------------|---|--------------|
| | | | | | | A | B | C | |
| C | ADVANCED MANUFACTURING SECTOR (cont'd) | | | | | | | | |
| 2 | ADVANCED MANUFACTURING - TARGET PROSPECTS FOR BIOMATERIALS/BIOPRODUCTS: <ul style="list-style-type: none"> ▪ DESCRIPTION: The University of Guelph's interdisciplinary Bioproducts Discovery and Development Centre is the leader in research and development in bioproducts among Canadian post-secondary institutions, and Guelph is host to the Ontario BioAuto Council. Guelph will reach out and target foreign investors that have demonstrated an interest in the research at the University and that may represent a prospect to establish either production or an R&D facility. ▪ EXPECTED RESULTS: The initial targeting will provide a fuller assessment and a clearer indication by the end of 2014 of the prospects of attracting at least one investment by the end of 2016. | Jun 1 to Dec 15 | 0.07 | - | B | | - | | |
| | BUDGET TOTALS FOR SECTOR INITIATIVES | | 0.86 | \$66,000 | | \$66,000 | - | | |
| | SECTOR FTEs for Priorities A, B and C | | | | | 0.77 | 0.09 | | |
| III | AFTERCARE ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
| | | | | | | A | B | C | |
| 1 | AFTERCARE - CREATE GUELPH AFTERCARE DATABASE: <ul style="list-style-type: none"> ▪ DESCRIPTION: Compile basic information on Guelph's largest foreign-affiliated firms to enable priorities to be set for calling programs. ▪ EXPECTED RESULTS: Database of 30-40 firms, including employment in Guelph, names of senior executives, media coverage, and background on parent company. | Jan 2 to Feb 28 | 0.05 | - | A | - | | | |
| 2 | AFTERCARE - CONNECT GUELPH BUSINESS DIRECTORY - IDENTIFY FOREIGN-AFFILIATED FIRMS: <ul style="list-style-type: none"> ▪ DESCRIPTION: When gathering information for the Connect Guelph Business Directory, expand the information solicited to include (1) whether firms are foreign-owned or not, and (2) the name and address of the parent company, if foreign-owned. ▪ EXPECTED RESULTS: More accurate basic information as to the Guelph firms that are foreign-affiliated, including the name of the parent firm and the headquarters country. | At time of annual survey | 0.01 | - | A | - | | | |

Detailed Action Plan for 2014 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|--|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| 3 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange six Aftercare calls. ▪ EXPECTED RESULTS: Six calls on foreign-affiliated firms that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying known opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At six calls per year, 18 firms would be called upon, effectively meaning that those with more than 65 employees would be visited every 3 years.</p> | Mar 1 to Jun 30 | 0.05 | \$500 | A | \$500 | | | |
| 4 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange two additional Aftercare calls. ▪ EXPECTED RESULTS: Two additional calls on foreign-affiliated firms (for total of 8) that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying known opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At 8 calls per year, 24 firms would be called upon, effectively meaning that those with more than 40 employees will be visited every 3 years.</p> | Sep 1 to Sep 30 | 0.02 | - | B | | - | | |

Detailed Action Plan for 2014 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|--|--------------------|-------------|-------------------|---|------------------|-------------|-------------|--------------|
| | | | | | | A | B | C | |
| 5 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange two additional Aftercare calls. ▪ EXPECTED RESULTS: Two additional calls on foreign-affiliated firms (for total of 10) that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying known opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At 10 calls per year, 30 firms would be called upon, effectively meaning that those with more than 30 employees will be visited every 3 years.</p> | Oct 1 to Oct 31 | 0.02 | - | C | | | - | |
| | BUDGET TOTAL FOR AFTERCARE INITIATIVES | | 0.15 | \$500 | | \$500 | - | - | |
| | AFTERCARE FTEs for Priorities A, B and C | | | | | 0.11 | 0.02 | 0.02 | |
| | GRAND TOTAL | | 1.96 | \$126,500 | | \$126,500 | - | - | |
| | GRAND TOTAL FTEs for Priorities A, B and C | | | | | 1.83 | 0.11 | 0.02 | |

Version Number 1 Date September 20, 2013

3. Detailed Action Plan for 2015

| I | MULTI-SECTOR ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|---|---|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| 1 | PLANNING, MANAGEMENT, DIRECTION AND REPORTING OF FDI ATTRACTION AND AFTERCARE PROGRAM: | On-Going | 0.20 | - | A | - | | | |
| 2 | MULTI-SECTOR - PURCHASE CORPORATE DATABASE: <ul style="list-style-type: none"> ▪ DESCRIPTION: The purchase of an annual subscription to a high-quality, searchable global corporate database is a basic resource that Guelph Economic Development Services requires to research leads and enquiries and to undertake in-house research, prequalification and targeting. Staff training is essential to ensure full and effective use of the database. (Note: This will be of use in investment attraction in Canada too.) ▪ EXPECTED RESULTS: Internal capacity to promptly assess and act knowledgeably and effectively on leads and enquiries and to efficiently undertake regular in-depth research on possible targets in the priority sectors and sub-sectors. | Jan 2 to Mar 15 | 0.05 | \$8,000 | A | \$8,000 | | | |
| 3 | MULTI-SECTOR - IN-HOUSE AND CONTRACTED CORPORATE RESEARCH AND LEAD GENERATION CAPABILITY: <ul style="list-style-type: none"> ▪ DESCRIPTION: Basic in-house corporate research capacity and capability is essential to permit quick and informed reaction to enquiries and to proactively research and target prospects in specific sectors, countries and regions. Ideally, Guelph Economic Development Services will have staff dedicated to this activity. In addition, to handle specific projects and fluctuating workloads, a qualified local individual (or individuals) should be identified to work under contract. ▪ EXPECTED RESULTS: Greatly enhanced ability to more surgically target firms in high priority sectors and to prepare dossiers to ensure optimal outcomes from individual company meetings. | On-Going | 0.15 | \$10,000 | A | \$10,000 | | | |
| 4 | MULTI-SECTOR - ESTABLISH WEBSITE SPACE FOR SITE SELECTORS: <ul style="list-style-type: none"> ▪ DESCRIPTION: For FDI attraction activities, a site selector section on the main website will be developed and populated with comprehensive sets of data that cater directly and specifically to the needs of professional site selectors ▪ EXPECTED RESULTS: Ready availability of data that is required by site selectors. | Jul 1 to Nov 30 | 0.07 | \$30,000 | A | \$30,000 | | | |
| 5 | MULTI-SECTOR - TRANSLATION OF MARKETING COLLATERAL FOR FDI ATTRACTION: <ul style="list-style-type: none"> ▪ DESCRIPTION: A plan for translation of FDI-related marketing collateral will be developed. In this, the first year, basic materials will be translated into three languages while sector specific materials will done in one or two languages. ▪ EXPECTED RESULTS: Translated material has higher impact and will engage investment prospects and the colleagues they need to involve, better assuring decisions to evaluate and ultimately locate in Guelph. | Jan 2 to Apr 30 | 0.02 | \$20,000 | A | \$20,000 | | | |

Detailed Action Plan for 2015 (cont'd)

| I | MULTI-SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|--|--|---------------------|-------------|-------------------|---|-----------------|-----------------|-----------------|--------------|
| | | | | | | A | B | C | |
| 6 | MULTI-SECTOR - INTRODUCTORY POWERPOINT AND VIDEO: <ul style="list-style-type: none"> DESCRIPTION: Basic PowerPoint presentations and a short 2 to 4 minute video will be developed for use with investment prospects, visiting groups, at seminars and conferences, and to brief Guelph partners and stakeholders EXPECTED RESULTS: Strong and professional presentation of Guelph's business case for foreign investment. | Feb 1 to May 31 | 0.05 | \$10,000 | A | \$10,000 | | | |
| 7 | MULTI-SECTOR - SUPPLEMENTARY INTRODUCTORY VIDEOS ON GUELPH: <ul style="list-style-type: none"> DESCRIPTION: Short 2 to 4 minute videos will be produced for use in several media and situations (website, YouTube, in presentations, etc.) focussed on basic messages (1) Guelph's propitious geographic location; (2) R&D partnership opportunities with the University of Guelph and Conestoga College; and (3) High Quality Talent. EXPECTED RESULTS: Increased exposure of some of Guelph's important differentiators in a media that can reinforce branding and messaging and be readily shared and used multiple ways. | Aug 15 to Dec 15 | 0.05 | \$10,000 | B | | \$10,000 | | |
| 8 | MULTI-SECTOR - SUPPLEMENTARY IN-HOUSE AND CONTRACTED CORPORATE RESEARCH AND LEAD GENERATION CAPABILITY: <ul style="list-style-type: none"> DESCRIPTION: In addition to the basic in-house corporate research capacity and capability, supplementary work by a locally contracted person can undertake specific projects including (1) researching and then monitoring new information on foreign firms that contract for research at the University of Guelph; (2) developing profiles and monitoring the overseas investment activities of major Chinese food companies; and (3) researching the extent to which there are other international seed firms with a relationship with the University. EXPECTED RESULTS: Identification of investment prospects to monitor and target with a view to attracting investments in Guelph in the next three to five years. | On-Going | 0.10 | \$10,000 | C | | | \$10,000 | |
| BUDGET TOTALS FOR MULTI-SECTOR INITIATIVES | | | 0.69 | \$98,000 | | \$78,000 | \$10,000 | \$10,000 | |
| MULTI-SECTOR FTEs for Priorities A, B and C | | | | | | 0.54 | 0.05 | 0.10 | |

Detailed Action Plan for 2015 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|--|-----------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| A | AGRI-INNOVATION: | | | | | | | | |
| 1 | <p>AGRI-INNOVATION - PARTICIPATION IN THE ONTARIO FOOD CLUSTER (OFC):</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: The City of Guelph in partnership with the University of Guelph participates in the Ontario Food Cluster (OFC), a collaborative FDI attraction initiative with sister economic development organizations. OFC maintains a website and will participate in two events around which targeted prospecting calls will be arranged. The extent to which OFC generates the type and number of leads for the City and University needs to be evaluated. Also to be taken into account is that cost sharing and governments' support for collaborations extends the Guelph dollars invested. During 2015, Guelph should increasingly target agri-food and agri-tech prospects that its research has indicated are candidates for headquarters and R&D-type offices, adding one-on-one calls to OFC programs and, if needed, considering a separate US or overseas trip. ▪ EXPECTED RESULTS: Generate 50 leads in 2015, leading to two decisions in the agri-innovation sector to invest in Guelph by the end of 2016, with additional prospects for subsequent years. Also, produce research, licencing and partnership opportunities for the University of Guelph. | On-Going | 0.25 | \$15,000 | A | \$15,000 | | | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES | | | | | | | | |
| 1 | <p>WATER TECHNOLOGIES & PRODUCTS -- PARTICIPATION IN ONTARIO CLEAN TECHNOLOGY ALLIANCE (OCTA):</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Guelph participates in the Ontario Clean Technology Alliance (OCTA), a collaborative FDI attraction initiative with sister economic development organizations. OCTA maintains a website and annually participates in two events around which targeted prospecting calls are developed. In the light of changed market circumstances, the OCTA focus shifted in 2012 from solar and wind power generation equipment manufacturers to water technologies and products. This reflects Guelph's interests and also aligns with University and Ontario government priorities. OCTA's direction and role vis a vis Guelph's objectives and options in terms of FDI attraction in the water technologies, engineering and services sector will be evaluated, including whether through shared costs, government support and effort, OCTA continues to provide value. An important event envisaged for 2015 is the Second Global Ontario Water Summit, to be lead by the Ontario Ministry of Economic Development, Trade and Employment (MEDTE). ▪ EXPECTED RESULTS: Supported additionally by Guelph's own research, a strong value proposition, and benefiting from other partnerships, participation in OCTA will generate 50 leads that will attract at least one investment in the sector by the end of 2017, with additional prospects for subsequent years. | On-Going | 0.25 | \$15,000 | A | \$15,000 | | | |

Detailed Action Plan for 2015 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|--|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES (cont'd) | | | | | | | | |
| 2 | <p>WATER TECHNOLOGIES AND PRODUCTS -- VALUE PROPOSITION/BUSINESS CASE:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Benefiting from contracted assistance, gather information and prepare a compelling value proposition for Guelph as a location for FDI in the water sector, with input from the University of Guelph and companies in the Guelph water cluster, taking into consideration the sector value propositions used by MEDTE, WaterTAP and SOWC. Obtain testimonials from foreign-affiliated companies in Guelph including GE Water and Process Technologies and VIQUA. Use material to expand factual information available on the Guelph Economic Development Services' website and as input for preparation of a lure brochure for water sector using information developed for value propositions and testimonials. ▪ EXPECTED RESULTS: The value proposition/business case is a fundamental tool for attracting at least one investment in the sector by the end of 2017, with additional prospects for subsequent years. | Feb 1 to Aug 31 | 0.10 | \$20,000 | A | \$20,000 | | | |
| 3 | <p>RENEWABLE/CLEAN ENERGY -- MONITOR AND ASSESS MARKET DEVELOPMENTS AND THE EVOLUTION OF ONTARIO POLICIES:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Given its success, Guelph (in collaboration with OCTA partners), should continue to monitor renewable/clean energy market developments and the evolution of Ontario policies (e.g. Feed-in-Tariffs) to respond to changed FDI attraction prospects for Ontario. As well, directly and through OCTA, Guelph should monitor the Ontario investment strategies for smart grid and energy efficiency technologies. Expectations for ag biomass need to take into account low natural gas prices (as a result of expanded shale gas production). Developments should be watched through various sources such as the annual Ag Biomass Canada conference, MEDTE, and websites such as www.canbio.ca and www.Ontariobiomass.org. Further meetings of the Trans-Atlantic Urban Climate Dialogue could present opportunities that could align with FDI attraction objectives. Overall, Guelph should ensure that it fully exploits the presence of local companies, like Canadian Solar, that have chosen Guelph, and the positive environment created by the City's Community Energy Plan. ▪ EXPECTED RESULTS: Guelph will guard and possibly find further opportunities to exploit the timely investment it has made in renewable/clean energy and the reputation the City has cultivated through its Community Energy Plan. | On-Going | 0.02 | - | B | | - | | |

Detailed Action Plan for 2015 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|--|-----------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| C | ADVANCED MANUFACTURING | | | | | | | | |
| 1 | <p>ADVANCED MANUFACTURING - FOOD PROCESSING MANUFACTURING EQUIPMENT AND SYSTEMS - IDENTIFICATION OF PROSPECTIVE EUROPEAN TARGETS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: In light of the apparently good business case that Guelph can make to be a North American base for leading European manufacturers of advanced food processing, greenhouse and dairy equipment and systems, an in-depth expert study will be commissioned to (1) develop a business case for investment in Guelph, including R&D partnership opportunities; (2) identify and profile European (likely mainly German, Dutch and Italian) firms (and key executives) that will consider a presence in North America; (3) the principal factors in any decisions to invest in North America; and (4) industry sector events and other situations that afford opportunities to reach and impact decision makers. ▪ EXPECTED RESULTS: The study will be the basis for targeted one-on-one calls and other FDI attraction initiatives in Europe in 2016 that should lead to one company in the sub-sector to invest in Guelph by 2018, with additional prospects for subsequent years. | Jun 1 to Dec 15 | 0.07 | \$50,000 | A | \$50,000 | | | |
| 2 | <p>ADVANCED MANUFACTURING -- VALUE PROPOSITION/BUSINESS CASE, INCLUDING ASSESSMENT OF LABOUR FORCE AVAILABILITY:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Guelph has a significant advanced manufacturing sector that is characterized by high skills and precision operations. There is also important diversity, in spite of presence of one large employer. Questions are raised however as to where the principal opportunities are in an labour market that evidences some tightness. Taking advantage of labour force analysis done in 2014, this assessment would refine the Guelph business case in the advanced manufacturing sector by identifying the principal sub-sectors and niches where labour availability and markets appear to offer the best opportunities to new firms. ▪ EXPECTED RESULTS: Better targeted investment prospecting activities in advanced manufacturing sub-sectors and niche areas and support for opportunities to attract supply chain partners to invest in Guelph. See Expected Results for II (C) (3). | Feb 1 to Jun 15 | 0.07 | \$30,000 | A | \$30,000 | | | |
| 3 | <p>ADVANCED MANUFACTURING - TARGET SUPPLY CHAIN PROSPECTS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: The Aftercare call program on 6 to 10 foreign-affiliate firms and other BR&E activity will explore the extent to which larger Guelph advanced manufacturing firms can help identify Canadian or foreign supply chain partners that could be prospects to establish new ventures in Guelph to be closer to customers or suppliers. ▪ EXPECTED RESULTS: The initial outreach to Guelph advanced manufacturing firms and the development of the value proposition/business case will provide a clearer indication by the end of 2015 of the prospects of attracting at least one investment by the end of 2017. | Apr 1 to Aug 30 | 0.07 | \$500 | A | \$500 | | | |

Detailed Action Plan for 2015 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|---|--------------------|-------------|-------------------|---|------------------|-------------|---|--------------|
| | | | | | | A | B | C | |
| C | ADVANCED MANUFACTURING (cont'd) | | | | | | | | |
| 4 | ADVANCED MANUFACTURING - TARGET PROSPECTS FOR BIOMATERIALS/BIOPRODUCTS: <ul style="list-style-type: none"> ▪ DESCRIPTION: The University of Guelph's interdisciplinary Bioproducts Discovery and Development Centre is the leader in research and development in bioproducts among Canadian post-secondary institutions, and Guelph is host to the Ontario BioAuto Council. Guelph will reach out and target foreign investors that have demonstrated an interest in the research at the University and that may represent a prospect to establish either production or an R&D facility. ▪ EXPECTED RESULTS: The initial targeting will provide a fuller assessment and a clearer indication by the end of 2014 of the prospects of attracting at least one investment by the end of 2016. | Jun 1 to Dec 15 | 0.07 | - | B | | - | | |
| | BUDGET TOTALS FOR SECTOR INITIATIVES | | 0.90 | \$130,500 | | \$130,500 | - | - | |
| | SECTOR FTEs for Priorities A, B and C | | | | | 0.81 | 0.09 | - | |
| III | AFTERCARE ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
| 1 | AFTERCARE - DEVELOP CONTINGENCY PLANS FOR POSSIBLE FOREIGN ACQUISITIONS: <ul style="list-style-type: none"> ▪ DESCRIPTION: An acquisition of a Guelph business, whether Canadian or foreign-owned, presents opportunities and risks to the community. If early steps are taken, the chances of influencing the intentions of the acquirer vis a vis the Guelph entity are greater. Having a relationship with the Guelph management, with Canadian Trade Commissioners and Ontario representatives locally and at offices outside Canada are important assets. Guelph Economic Development Services will consider what options it has and be sure there are common understandings with partners so that it can act quickly when situations arise. ▪ EXPECTED RESULTS: In the case of an acquisition of a Guelph business, better odds that the business or business unit will remain in Guelph or even become a source of expansion. | Jan 2 to Feb 28 | 0.05 | - | A | - | | | |
| 2 | AFTERCARE - REFRESH GUELPH AFTERCARE DATABASE: <ul style="list-style-type: none"> ▪ DESCRIPTION: Review and update basic information on Guelph's largest foreign-affiliated firms, including new data on foreign ownership from the Connect Guelph Business Directory, to enable priorities to be set for calling programs. ▪ EXPECTED RESULTS: Database of 30-40 firms, including employment levels in Guelph, names of senior executives, media coverage, and background on the parent company. | Feb 1 to Feb 28 | 0.02 | - | A | - | | | |

Detailed Action Plan for 2015 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|---|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| 3 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using database and other sources of information, decide on priorities and arrange six Aftercare calls. ▪ EXPECTED RESULTS: Six calls on foreign-affiliated firms that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying known opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At six calls per year, 18 firms would be called upon, effectively meaning that those with more than 65 employees would be visited every 3 years.</p> | Feb 1 to Jun 30 | 0.05 | \$500 | A | \$500 | | | |
| 4 | <p>AFTERCARE - ESTABLISH A GERMANY-FOCUSED AMBASSADOR SUB-COMMITTEE:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: To provide credible and relevant private sector insights to prospective German investors, recruit a Chair and core group of volunteer Guelph business executives with active business linkage with Germany to be an informal Ambassador Sub-Committee. Two to three meetings would be held before the end of 2015. ▪ EXPECTED RESULTS: Creation of a group of credible private-sector individuals ready to provide advice on FDI attraction from Germany and to be available to share information and insights with German FDI prospects. The initial group would represent a pilot project that could be replicated in 2016, if there are suitable local candidates, for one or two other important source countries for FDI. | May 1 to Nov 30 | 0.05 | \$500 | A | \$500 | | | |

Detailed Action Plan for 2015 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|---|--|--------------------|-------------|-------------------|---|------------------|-----------------|-----------------|--------------|
| | | | | | | A | B | C | |
| 5 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange two additional Aftercare calls. ▪ EXPECTED RESULTS: Two additional calls on foreign-affiliated firms (for total of 8) that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying known opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At 8 calls per year, 24 firms would be called upon, effectively meaning that those with more than 40 employees will be visited every 3 years.</p> | Jul 1 to Sep 30 | 0.02 | - | B | | - | | |
| 6 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange two additional Aftercare calls. ▪ EXPECTED RESULTS: Two additional calls on foreign-affiliated firms (for total of 10) that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying known opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At 10 calls per year, 30 firms would be called upon, effectively meaning that those with more than 30 employees will be visited every 3 years.</p> | Oct 1 to Nov 15 | 0.02 | - | C | | | - | |
| BUDGET TOTAL FOR AFTERCARE INITIATIVES | | | 0.21 | \$1,000 | | \$1,000 | - | - | |
| AFTERCARE FTEs for Priorities A, B and C | | | | | | 0.17 | 0.02 | 0.02 | |
| G R A N D T O T A L | | | 1.80 | \$229,500 | | \$209,500 | \$10,000 | \$10,000 | |
| G R A N D T O T A L FTEs for Priorities A, B and C | | | | | | 1.52 | 0.16 | 0.12 | |

Version Number 1 Date September 20, 2013

4. Detailed Action Plan for 2016

| I | MULTI-SECTOR ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|---|---|-----------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| 1 | PLANNING, MANAGEMENT, DIRECTION AND REPORTING OF FDI ATTRACTION AND AFTERCARE PROGRAM: | On-Going | 0.20 | - | A | - | | | |
| 2 | MULTI-SECTOR - PURCHASE CORPORATE DATABASE: <ul style="list-style-type: none"> ▪ DESCRIPTION: The renewal of the annual subscription to a high-quality, searchable global corporate database is a basic resource that City of Guelph Economic Development Services requires to research leads and enquiries and to undertake in-house research, prequalification and targeting. Staff training is essential to ensure full and effective use of the database. (Note: This will be of use in investment attraction in Canada too.) ▪ EXPECTED RESULTS: Internal capacity to promptly assess and act knowledgeably and effectively on leads and enquiries and to efficiently undertake regular in-depth research on possible targets in the priority sectors and sub-sectors. | Jan | 0.05 | \$7,000 | A | \$7,000 | | | |
| 3 | MULTI-SECTOR - IN-HOUSE AND CONTRACTED CORPORATE RESEARCH AND LEAD GENERATION CAPABILITY: <ul style="list-style-type: none"> ▪ DESCRIPTION: Basic in-house corporate research capacity and capability is essential to permit quick and informed reaction to enquiries and to proactively research and target prospects in specific sectors, countries and regions. Ideally, Guelph Economic Development Services will have staff dedicated to this activity. In addition, to handle specific projects and fluctuating workloads, a qualified local individual (or individuals) should be identified to work under contract. ▪ EXPECTED RESULTS: Greatly enhanced ability to more surgically target firms in high priority sectors and to prepare dossiers to ensure optimal outcomes from individual company meetings. | On-Going | 0.15 | \$10,000 | A | \$10,000 | | | |
| 4 | MULTI-SECTOR - UPDATE WEBSITE SPACE FOR SITE SELECTORS: <ul style="list-style-type: none"> ▪ DESCRIPTION: For FDI attraction activities, a site selector section of the website will be developed and populated with comprehensive sets of data that cater directly and specifically to the needs of professional site selectors. Annual updates are required. ▪ EXPECTED RESULTS: Ready availability of data that is required by site selectors. | Jul 1 to Jul 30 | 0.07 | \$7,500 | A | \$7,500 | | | |
| 5 | MULTI-SECTOR - UPDATE/REFRESH MARKETING COLLATERAL FOR FDI ATTRACTION: <ul style="list-style-type: none"> ▪ DESCRIPTION: Materials created in 2014 will require updating to keep data current. The same marketing collateral will be utilized as pdfs, on the website, and by partners. ▪ EXPECTED RESULTS: Professionally developed marketing collateral is fundamental to making the business case for Guelph, and is a prerequisite to attracting and engaging FDI prospects, ensuring the full story of Guelph's advantages is effectively and widely disseminated, and stimulating FDI leads. | Sep 1 to Nov 31 | 0.07 | \$10,000 | A | \$10,000 | | | |

Detailed Action Plan for 2016 (cont'd)

| I | MULTI-SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD | |
|--|--|---------------------|------|-------------------|-----------------|-------------|-----------------|-----------------|-----------------|--|
| | | | | | | A | B | C | | |
| 6 | MULTI-SECTOR - TRANSLATION OF MARKETING COLLATERAL FOR FDI ATTRACTION: <ul style="list-style-type: none"> DESCRIPTION: A plan for translation of most FDI-related marketing collateral commenced in 2015. There will be a requirement for further translation of existing and revised materials in 2016. EXPECTED RESULTS: Translated material has higher impact and will engage investment prospects and the colleagues they need to involve, better assuring decisions to evaluate and ultimately locate in Guelph. | Sep 1 to Nov 30 | 0.01 | \$10,000 | A | \$10,000 | | | | |
| 7 | MULTI-SECTOR - UPDATE AND REVISION OF INTRODUCTORY POWERPOINT AND VIDEO: <ul style="list-style-type: none"> DESCRIPTION: An update will be undertaken of the basic PowerPoint and video presentations developed in 2015 for use with investment prospects, visiting groups, at seminars and conferences, and to brief Guelph partners and stakeholders EXPECTED RESULTS: Strong and professional presentation of Guelph's business case for foreign investment. | Aug 1 to Sep 30 | 0.05 | \$7,000 | B | | \$7,000 | | | |
| 8 | MULTI-SECTOR - SUPPLEMENTARY INTRODUCTORY VIDEOS ON GUELPH: <ul style="list-style-type: none"> DESCRIPTION: Short 2 to 4 minute videos will be produced for use in several media and situations (website, YouTube, in presentations, etc.) focussed on basic messages (1) Guelph's culture of innovation; (2) University of Guelph's Food Institute; and (3) Lifestyle, history and community in the City of Guelph and Wellington County. The later represents an opportunity for joint City/County collaboration. EXPECTED RESULTS: Increased exposure of some of Guelph's important differentiators in a media that can reinforce branding and messaging and be readily shared and used multiple ways. | Aug 15 to Dec 15 | 0.05 | \$10,000 | B | | \$10,000 | | | |
| 9 | MULTI-SECTOR - SUPPLEMENTARY IN-HOUSE AND CONTRACTED CORPORATE RESEARCH AND LEAD GENERATION CAPABILITY: <ul style="list-style-type: none"> DESCRIPTION: In addition to the basic in-house corporate research capacity and capability, supplementary work by a locally contracted person can undertake additional specific projects. This is over and above what dedicated staff in Guelph Economic Development Services will undertake. EXPECTED RESULTS: Identification of investment prospects to monitor and target with a view to attracting investments in Guelph in the next three to five years. | On-Going | 0.10 | \$10,000 | C | | | \$10,000 | | |
| BUDGET TOTALS FOR MULTI-SECTOR INITIATIVES | | | | 0.75 | \$71,500 | | \$44,500 | \$17,000 | \$10,000 | |
| MULTI-SECTOR FTEs for Priorities A, B and C | | | | | | 0.55 | 0.10 | 0.10 | | |

Detailed Action Plan for 2016 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|--|--------------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| A | AGRI-INNOVATION: | | | | | | | | |
| 1 | <p>AGRI-INNOVATION - PARTICIPATION IN THE ONTARIO FOOD CLUSTER (OFC):</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: The City of Guelph in partnership with the University of Guelph participates in the Ontario Food Cluster (OFC), a collaborative FDI attraction initiative with sister economic development organizations. OFC maintains a website and will participate in two events around which targeted prospecting calls will be arranged. The extent to which OFC generates the type and number of leads for the City and University needs to be evaluated. Also to be taken into account is that cost sharing and governments' support for collaborations extends the Guelph dollars invested. During 2016, Guelph needs to focus on presenting its business case for headquarter and R&D-type operations in Guelph to global agri-food and agri-tech companies. This may involve targeting of companies in addition to those identified as part of the OFC approach. ▪ EXPECTED RESULTS: Generate 50 leads in 2016, leading to two decisions in the agri-innovation sector to invest in Guelph by the end of 2016, with additional prospects for subsequent years. Also, produce research, licencing and partnership opportunities for the University of Guelph. | On-Going | 0.25 | \$15,000 | A | \$15,000 | | | |
| 2 | <p>AGRI-INNOVATION - FOOD SAFETY AND TRACEABILITY - BUSINESS CASE & PROSPECT IDENTIFICATION:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: A study will be undertaken in close collaboration with the University of Guelph to assess foreign investment opportunities in Guelph related to the University of Guelph's research and knowledge leadership in food safety and traceability, including pathogen detection and DNA analysis. This would include developments such as the Global Food Traceability Center, of which the University is a founding sponsor, being established by the Institute of Food Technologists. Based on the assessment, business cases will be developed for the most promising areas, along with identification of the principal prospects. ▪ EXPECTED RESULTS: The study will provide a fuller assessment and a clearer indication by the end of 2016 of the prospects of attracting at least one investment by the end of 2018. | Apr 1 to Oct 31 | 0.07 | \$50,000 | A | \$50,000 | | | |

Detailed Action Plan for 2016 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|---|-----------------|------|-------------------|---|-------------|----------|---|--------------|
| | | | | | | A | B | C | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES | | | | | | | | |
| 1 | <p>WATER TECHNOLOGIES & PRODUCTS -- PARTICIPATION IN ONTARIO CLEAN TECHNOLOGY ALLIANCE (OCTA):</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Guelph participates in the Ontario Clean Technology Alliance (OCTA), a collaborative FDI attraction initiative with sister economic development organizations. OCTA maintains a website and annually participates in two events around which targeted prospecting calls are developed. In the light of changed market circumstances, the OCTA focus shifted in 2012 from solar and wind power generation equipment manufacturers to water technologies and products. This reflects Guelph's interests and also aligns with University and Ontario government priorities. OCTA's direction and role vis a vis Guelph's objectives and options in terms of FDI attraction in the water technologies, engineering and services sector will be evaluated, including whether through shared costs, government support and effort, OCTA continues to provide value. ▪ EXPECTED RESULTS: Supported additionally by Guelph's own research, a strong value proposition, and benefiting from other partnerships, participation in OCTA will generate 50 leads that will attract at least one investment in the sector by the end of 2017, with additional prospects for subsequent years. | On-Going | 0.25 | \$15,000 | A | \$15,000 | | | |
| 2 | <p>WATER TECHNOLOGIES & PRODUCTS -- GUELPH INTERNATIONAL WATER TECHNOLOGY CONFERENCE:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: In order to showcase Guelph's international excellence related to water technologies and products, the City of Guelph and the University of Guelph will organize a highly focussed international conference in Guelph designed to attract key decision makers among companies that Guelph has prequalified in terms of FDI attraction possibilities. Potential collaborators are the Ontario government, other participants in the Ontario Clean Tech Alliance (OCTA), WaterTAP, and the Southern Ontario Water Consortium (SOWC). Contracted assistance will be needed to ensure first-class execution of such an event. ▪ EXPECTED RESULTS: Further cultivation of prospects especially through first-hand visits is designed to secure decisions to invest in Guelph. The conference should be undertaken in the expectation of realizing two additional investment in the sector by the end of 2018. | May or Jun | 0.30 | \$50,000 | B | | \$50,000 | | |

Detailed Action Plan for 2016 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|----------|---|-----------------|------|-------------------|---|-------------|---|---|--------------|
| | | | | | | A | B | C | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES (cont'd) | | | | | | | | |
| 3 | <p>RENEWABLE/CLEAN ENERGY -- MONITOR AND ASSESS MARKET DEVELOPMENTS AND THE EVOLUTION OF ONTARIO POLICIES:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Given its success, Guelph (in collaboration with OCTA partners), should continue to monitor renewable/clean energy market developments and the evolution of Ontario policies (e.g. Feed-in-Tariffs) to respond to changed FDI attraction prospects for Ontario. As well, directly and through OCTA, Guelph should monitor the Ontario investment strategies for smart grid and energy efficiency technologies. Expectations for ag biomass need to take into account low natural gas prices (as a result of expanded shale gas production). Developments should be watched through various sources such as the annual Ag Biomass Canada conference, MEDTE, and websites such as www.canbio.ca and www.Ontariobiomass.org. Further meetings of the Trans-Atlantic Urban Climate Dialogue could present opportunities that could align with FDI attraction objectives. Overall, Guelph should ensure that it fully exploits the presence of local companies, like Canadian Solar, that have chosen Guelph, and the positive environment created by the City's Community Energy Plan. ▪ EXPECTED RESULTS: Guelph will guard and possibly find further opportunities to exploit the timely investment it has made in renewable/clean energy and the reputation the City has cultivated through its Community Energy Plan. | On-Going | 0.02 | - | B | | - | | |
| C | ADVANCED MANUFACTURING | | | | | | | | |
| 1 | <p>ADVANCED MANUFACTURING - FOOD PROCESSING MANUFACTURING EQUIPMENT AND SYSTEMS - TARGETED ONE-ON-ON EUROPEAN CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Based on the 2015 study and analysis identifying the European food processing manufacturing equipment firms (likely mainly German, Dutch and Italian) that will consider a presence in North America, a visit to Europe will be undertaken to meet approximately 12 targeted, prequalified firms, linked ideally to an appropriate major European trade show. As University of Guelph excellence would be a key part of Guelph's value proposition, the visit should include University representation. ▪ EXPECTED RESULTS: The visit and other related FDI attraction initiatives in Europe in 2016 should lead at least one company in the sub-sector to invest in Guelph by 2018, with additional prospects for subsequent years. | TBD | 0.20 | \$12,000 | A | \$12,000 | | | |

Detailed Action Plan for 2016 (cont'd)

| II | SECTOR ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|--|---|--------------------|-------------|-------------------|---|-----------------|-----------------|---|--------------|
| | | | | | | A | B | C | |
| C | ADVANCED MANUFACTURING (cont'd) | | | | | | | | |
| 2 | ADVANCED MANUFACTURING - TARGET SUPPLY CHAIN PROSPECTS: <ul style="list-style-type: none"> ▪ DESCRIPTION: The Aftercare call program on 6 to 10 foreign-affiliate firms and other BR&E activity will explore the extent to which larger Guelph advanced manufacturing firms can help identify Canadian or foreign supply chain partners that could be prospects to establish new ventures in Guelph to be closer to customers or suppliers. ▪ EXPECTED RESULTS: The initial outreach to Guelph advanced manufacturing firms and the development of the value proposition/business case will provide a clearer indication by the end of 2015 of the prospects of attracting at least one investment by the end of 2017, with additional prospects for subsequent years. | May 1 to Sep 30 | 0.07 | \$500 | B | | \$500 | | |
| 3 | ADVANCED MANUFACTURING - TARGET PROSPECTS FOR BIOMATERIALS/BIOPRODUCTS: <ul style="list-style-type: none"> ▪ DESCRIPTION: The University of Guelph's interdisciplinary Bioproducts Discovery and Development Centre is the leader in research and development in bioproducts among Canadian post-secondary institutions, and Guelph is host to the Ontario BioAuto Council. Guelph will reach out and target foreign investors that have demonstrated an interest in the research at the University and that may represent a prospect to establish either production or an R&D facility. ▪ EXPECTED RESULTS: The initial targeting will provide a fuller assessment and a clearer indication by the end of 2014 of the prospects of attracting at least one investment by the end of 2016, with additional prospects for subsequent years. | Jun 1 to Dec 15 | 0.07 | - | B | | - | | |
| BUDGET TOTALS FOR SECTOR INITIATIVES | | | 1.23 | \$142,500 | | \$92,000 | \$50,500 | - | |
| SECTOR FTEs for Priorities A, B and C | | | | | | 0.77 | 0.46 | - | |

Detailed Action Plan for 2016 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|---|--------------------|------|-------------------|---|-------------|-------|---|--------------|
| | | | | | | A | B | C | |
| 1 | <p>AFTERCARE - REFRESH GUELPH AFTERCARE DATABASE:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Review and update basic information on Guelph's largest foreign-affiliated firms to enable priorities to be set for calling programs. ▪ EXPECTED RESULTS: Database of 30-40 firms, including employment in Guelph, names of senior executives, media coverage, and background on parent company. | Jan 2 to Jan 31 | 0.02 | - | A | - | | | |
| 2 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using database and other sources of information, decide on priorities and arrange six Aftercare calls. ▪ EXPECTED RESULTS: Six calls on foreign-affiliated firms that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At six calls per year, 18 firms would be called upon, effectively meaning that those with more than 65 employees would be visited every 3 years.</p> | Feb 1 to Jun 30 | 0.05 | \$500 | A | \$500 | | | |
| 3 | <p>AFTERCARE - ESTABLISH AN ADDITIONAL GEOGRAPHICAL-FOCUSED AMBASSADOR SUB-COMMITTEE:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: To provide credible and relevant private sector insights to prospective investors from specific high priority source countries, establish an additional Ambassador Sub-Committee on the model of the German Sub-Committee proposed for 2015. ▪ EXPECTED RESULTS: Creation of an additional group of credible private-sector individuals ready to provide advice on FDI attraction and to be available to share information and insights with FDI prospects. | May 1 to Jun 30 | 0.02 | \$500 | B | | \$500 | | |

Detailed Action Plan for 2016 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|--|--------------------|------|-------------------|---|-------------|----------|---|--------------|
| | | | | | | A | B | C | |
| 4 | <p>AFTERCARE - STUDY OF THE ECONOMIC IMPACT ON GUELPH OF FOREIGN-AFFILIATED BUSINESSES:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: In order to showcase Guelph as a host to important foreign investors and to demonstrate the importance of foreign investment to Guelph, commission a study gather additional information on foreign-affiliated firms in Guelph and the contribution that they make to Guelph's economy. ▪ EXPECTED RESULTS: (1) Valuable additional information on foreign-affiliated companies in Guelph, including corporate reporting relationships; (2) Impactful information useful in raising Guelph's profile as a destination for FDI; and (3) Information that will educate stakeholders and the wider Guelph community about the important contribution of FDI to Guelph. | Jun 1 to Nov 30 | 0.07 | \$25,000 | B | | \$25,000 | | |
| 5 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange two additional Aftercare calls. ▪ EXPECTED RESULTS: Two additional calls on foreign-affiliated firms (for total of 8) that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At 8 calls per year, 24 firms would be called upon, effectively meaning that those with more than 40 employees will be visited every 3 years.</p> | Jul 1 to Sep 30 | 0.02 | - | B | | - | | |

Detailed Action Plan for 2016 (cont'd)

| III | AFTERCARE ACTIONS (WITH DESCRIPTION) (cont'd) | TIMING MM-DD | FTEs | PROJECT BUDGET | P | BY PRIORITY | | | TEAM LEAD |
|-----|---|--------------------|-------------|-------------------|---|------------------|-----------------|-----------------|--------------|
| | | | | | | A | B | C | |
| 6 | <p>AFTERCARE TARGETED CALLS:</p> <ul style="list-style-type: none"> ▪ DESCRIPTION: Using new database, decide on priorities and arrange two additional Aftercare calls. ▪ EXPECTED RESULTS: Two additional calls on foreign-affiliated firms (for total of 10) that will result in the retention and expansion of jobs in Guelph by: <ul style="list-style-type: none"> - identifying opportunities and steps to support local expansions and/or to counter pressures; - enlisting local executives as Ambassadors who will share experiences with prospective investors; and - identifying prospective new Canadian and foreign investors among supply chain partners. <p>The objective should be to visit all large foreign affiliated firms once every 3 years. At 10 calls per year, 30 firms would be called upon, effectively those with more than 30 employees.</p> | Sep 30 - Nov 30 | 0.02 | - | C | | | - | |
| | BUDGET TOTAL FOR AFTERCARE INITIATIVES | | 0.20 | \$26,000 | | \$500 | \$25,500 | - | |
| | AFTERCARE FTEs for Priorities A, B and C | | | | | 0.07 | 0.11 | 0.02 | |
| | G R A N D T O T A L | | 2.18 | \$240,000 | | \$137,000 | \$93,000 | \$10,000 | |
| | G R A N D T O T A L FTEs for Priorities A, B and C | | | | | 1.39 | 0.67 | 0.12 | |

Version Number 1 Date September 20, 2013

5. Timeline for Action Plan for 2014

| I | MULTI-SECTOR ACTIONS | P | TIMING MM-DD | MAIN PERIOD DEVOTED TO INITIATIVE | | | | | | | | | | | | TEAM LEAD |
|----|---|---|-----------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|---|--------------|
| | | | | J | F | M | A | M | J | J | A | S | O | N | D | |
| 1 | PLANNING, MANAGEMENT, DIRECTION AND REPORTING OF FDI ATTRACTION AND AFTERCARE PROGRAM: | A | On-Going | X | X | X | X | X | X | X | X | X | X | X | X | |
| 2 | MULTI-SECTOR - ENTRY OF FDI CONTACTS IN CRM DATABASE | A | Jan 1 to Feb 28 | X | X | | | | | | | | | | | |
| 3 | MULTI-SECTOR - IN-HOUSE AND CONTRACTED CORPORATE RESEARCH AND LEAD GENERATION CAPABILITY | A | On-Going | X | X | X | X | X | X | X | X | X | X | X | X | |
| 4 | MULTI-SECTOR - MARKETING COLLATERAL FOR FDI ATTRACTION | A | May 2 to Oct 31 | | | | | X | X | X | X | X | X | | | |
| 5 | MULTI-SECTOR - IDENTIFICATION OF CONTACTS AT PROFESSIONAL FIRMS IN GUELPH WITH DEMONSTRATED CAPABILITY TO INTRODUCE FOREIGN BUSINESSES TO DOING BUSINESS IN CANADA AND GUELPH | A | Mar 1 to May 31 | | | X | X | X | | | | | | | | |
| II | SECTOR ACTIONS | P | TIMING MM-DD | MAIN PERIOD DEVOTED TO INITIATIVE | | | | | | | | | | | | TEAM LEAD |
| A | AGRI-INNOVATION: | | | | | | | | | | | | | | | |
| 1 | AGRI-INNOVATION - PARTICIPATION IN THE ONTARIO FOOD CLUSTER (OFC) | A | On-Going | X | X | X | X | X | X | X | X | X | X | X | X | |
| 2 | AGRI-INNOVATION - VALUE PROPOSITION/BUSINESS CASE FOR GUELPH AS A LOCATION FOR AGRI-FOOD AND AGRI-TECH HEADQUARTERS AND KNOWLEDGE-ORIENTED OFFICES | A | Mar 1 to Jun 30 | | | X | X | X | X | X | | | | | | |
| B | ENVIRONMENTAL/RENEWABLE TECHNOLOGIES | | | | | | | | | | | | | | | |
| 1 | WATER TECHNOLOGIES & PRODUCTS -- PARTICIPATION IN ONTARIO CLEAN TECHNOLOGY ALLIANCE (OCTA) | A | On-Going | X | X | X | X | X | X | X | X | X | X | X | X | |
| 2 | WATER TECHNOLOGIES & PRODUCTS -- IN-HOUSE RESEARCH, KNOWLEDGE DEVELOPMENT AND ESTABLISHMENT OF PARTNERSHIPS | A | Apr 1 to Oct 31 | | | | X | X | X | X | X | X | X | | | |
| 3 | RENEWABLE/CLEAN ENERGY -- MONITOR AND ASSESS MARKET DEVELOPMENTS AND THE EVOLUTION OF ONTARIO POLICIES | B | On-Going | X | X | X | X | X | X | X | X | X | X | X | X | |

Timeline for Action Plan for 2014 (cont'd)

| II | SECTOR ACTIONS (cont'd) | P | TIMING MM-DD | MAIN PERIOD DEVOTED TO INITIATIVE | | | | | | | | | | | | TEAM LEAD |
|----------|--|---|--------------------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|---|--------------|
| | | | | J | F | M | A | M | J | J | A | S | O | N | D | |
| C | ADVANCED MANUFACTURING SECTOR | | | | | | | | | | | | | | | |
| 1 | ADVANCED MANUFACTURING - TARGET SUPPLY CHAIN PROSPECTS | A | Mar 1 to Oct 31 | | | X | X | X | X | X | X | X | X | | | |
| 2 | ADVANCED MANUFACTURING - TARGET PROSPECTS FOR BIOMATERIALS/BIOPRODUCTS | B | Jun 1 to Dec 15 | | | | | | X | X | X | X | X | X | X | X |
| III | AFTERCARE ACTIONS | P | TIMING MM-DD | MAIN PERIOD DEVOTED TO INITIATIVE | | | | | | | | | | | | TEAM LEAD |
| | | | | J | F | M | A | M | J | J | A | S | O | N | D | |
| 1 | AFTERCARE - CREATE GUELPH AFTERCARE DATABASE | A | Jan 2 to Feb 28 | X | X | | | | | | | | | | | |
| 2 | AFTERCARE - CONNECT GUELPH BUSINESS DIRECTORY - IDENTIFY FOREIGN-AFFILIATED FIRMS | A | At time of annual survey | | | | | | | | | | | | | |
| 3 | AFTERCARE TARGETED CALLS | A | Mar 1 to Jun 30 | | | X | X | X | X | | | | | | | |
| 4 | AFTERCARE TARGETED CALLS | B | Sep 1 to Sep 30 | | | | | | | | | X | | | | |
| 5 | AFTERCARE TARGETED CALLS | C | Oct 1 to Oct 31 | | | | | | | | | | X | | | |

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V. Endnotes

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^{xxix} These include N2 Compliance Ltd., Mantech Inc. Prominent Fluid Controls Ltd, Rapid BioDetection Inc., American Standard, Novus Environmental Inc, Eramosa Engineering Inc, , Greenway Water Technologies, Good Harbour Laboratories (GHL),Lystek, VIQUA, GE Water and Process Technologies, etc.

^{xxx} VIQUA is a Trojan Technologies company (headquartered in London, ON) with Danaher Group of companies (Washington, DC) being the ultimate Parent company. Trojan Technologies acquired R-Can Environmental Inc. in 2008, renaming it Viqua™. VIQUA manufactures innovative technology for clean water, focusing on residential and commercial water treatment solutions, research and development and the customer support. Key products include Sterilight and UVMAX ultraviolet water filtration systems. Its annual sales are estimated at \$9.49 Million (source: Hoovers). Information is available on VIQUA on its web site at: <http://www.viqua.com>. Trojan Technologies manufactures ultraviolet (UV) lighting systems for disinfecting wastewater and treating contaminated soil and groundwater.

^{xxxi} GE Water and Process Technologies is headquartered in Pennsylvania, and is a division of GE Power and Water. GE offers a comprehensive range of chemical and equipment solutions and services to manage and optimize water resources which include equipment, chemical, and knowledge management solutions. The company manufactures water treatment chemicals, pumps, filters, and fluid controls to help purify water, and prepare waste water for disposal. Its key areas of research and development are desalination technologies and mobile water treatment systems. According to Hoovers, GE Water is #2 in the water treatment market after Nalco. Information is available on the company at <http://www.gewater.com>.