

Municipality Of Chatham-Kent
Chief Administrative Office
Economic Development Services
Information Report

To: Mayor and Members of Council
From: Michael Burton, Director, Investment Attraction
Date: May 23, 2018
Subject: FDI Alliance International – Magazine Advertorial

This report is for the information of Council.

Background

Chatham-Kent has been featured in a 4 page spread along with back cover advertisement in the April issue of FDI Alliance International magazine.

Comments

FDI Alliance International is a quarterly magazine publication that showcases economic development destinations as prime locations for business attraction. This publication reaches over 80,000 corporate site selectors and decision makers via print and online platforms.

FDI Alliance has targeted distribution to site selectors actively looking to invest in the market and has a unique distribution to First Class and Business Class lounges of major international airports and 5 star hotels in Europe and the UK. It is distributed to all 27 countries in Europe including the United Kingdom, Germany, Italy, Portugal, France, and Spain as well as many others.

In this current interactive edition with video elements throughout, FDI Alliance have also secured a new digital distribution channel through the entire Microsoft network which includes Forbes, cnbc, Wall Street Journal, Yahoo Finance and many more.

A digital version of this magazine can be found at <http://online.anyflip.com/bnxu/bvyj/>.

In the April issue of FDI Alliance, Chatham-Kent is featured with a 4 page advertorial which highlights the following (Attachment A):

- Attributes of relocating business to our Community
- Existing company success stories
- Community leader testimonials

- Bloomfield Business Park and its two site-certified properties

Consultation

No others were consulted in the preparation of this report.

Financial Implications

The cost of \$5,000 associated with this advertising feature, is covered through the base budget of Economic Development Services.

Prepared by:

Reviewed by:

Michael Burton
Director, Investment Attraction

Don Shropshire
Chief Administrative Officer

Attachment: Attachment A: FDI Alliance International Magazine

P:\RTC\ECODEV\2018\JUNE 25 FDI ALLIANCE INTERNATIONAL MAGAZINE
ADVERTORIAL.DOC

Foreign Direct Investment in Canada - Global Business with a Small-Town Feeling

In this time of trade uncertainty and growing global protectionist sentiments, it can be helpful for an investor, and particularly a European investor, to know there is a viable, profitable and growing business location where the local business community welcomes you, government provides efficient supports and incentives, and international trade agreements are in place to provide you access to the entire North American marketplace. That place is the Municipality of Chatham-Kent, in the Province of Ontario, Canada.

Chatham-Kent has an extremely attractive and competitive proposition. Our Federal Corporate Tax rate, at 15 percent, is still well below the new rate of 21 percent recently set in the United States of America. Our Provincial Corporate Tax Rate, at 10 percent, is still well below most US State Tax Rates, which are often well above 30 percent. We offer an accelerated depreciation rate on new capital expenditures. We offer federal government ten-year loans at zero percent and provincial government grants currently at 10 percent for capital equipment investments. Our competitive currency exchange rate keeps production inputs of labour and materials at a marked cost advantage. Our easy transport access routes to both Canadian and US markets position us well for expansion. Our local tax abatement incentive for new or expansion facilities, at up to 80 percent of net new taxes for a period of up to 10 years, is also a great advantage. Chatham-Kent – it's time to get to know us!

"Absolutely, Chatham-Kent is a good place to go because of its access to the markets," says Tim Schinkel, CEO of Schinkel's Legacy, a Canadian meat products processing company that has tripled in size since 2011 and has plans to double again in the future. Expansions to date are worth about \$2.5 million, with development assistance from local, provincial and federal government programs. In fact, Schinkel's Legacy is one of a dozen Chatham-Kent companies currently expanding their operations.

Schinkel's Legacy is a family-owned company based in the local community of Chatham, part of the Municipality of Chatham-Kent and located among the very fertile farmlands and charming towns of



southwestern Ontario, Canada's most developed and populous province. Tim is part of the second generation in Canada of a European immigrant family that brought traditional methods with them to produce award-winning high-quality meat products. The third generation is now on the job as well.

For the Schinkels and their 25 employees, their marketplace is regional, and by that they mean the entire Province of Ontario with a population of 13.5 million people, Canada's largest city – Toronto, and an overall geography bigger than France and Spain combined. Their highway to market is Highway 401, a major Canadian transportation artery. Schinkel is all for building the capacity of the local food processing industry by attracting foreign investors, saying there is another good reason such investors in the sector might be interested: "We are in a unique location. With the Great Lakes all around us, we are awash in water. We take that for granted because we live here."



Tim Schinkel is part of the second generation in Canada of a European immigrant family that brought traditional methods with them to produce award-winning high-quality meat products.

The Great Lakes are, in fact, the world's largest accumulation of fresh water. They also form the international border between Canada and the

United States of America. Beside them is Chatham-Kent, a geographically large community of 102,000 people with easy Highway 401 access, as well as rail, air and water highways for right-on-time delivery. Seven major border crossings and competitive land costs have made Chatham-Kent a popular location for businesses. They appreciate the wide range of developed or certified-ready greenfield business sites, as well as a skilled workforce and low business operating costs. In addition to agriculture and food processing, Chatham-Kent encourages investment in biofuels, alternative energy, information and communication technologies, and the automotive and advanced manufacturing sectors. Cross-border commerce has a long history here.

"We're a border city in a rural community adjacent to the nation's trade superhighway with a highly dedicated workforce. That gives us a tremendous advantage over other jurisdictions in Ontario," says Gunther Haas, the intense and confident CEO of Waltron Trailers, another growing Canadian company. Waltron specializes in the design and production of custom heavy-haul trailers for industries as diverse as agriculture, energy, marine, oil and gas.

"We have a lot of resources that work in our favour in Canada, based mainly on our engineering skills, finances and tax structure - so we have all that expertise behind us," says Haas, adding, "We have a very unique niche market and that market is not as vulnerable to the changes in the economy."

Waltron and its team of 40 skilled professional designers and builders are based in the Chatham-Kent community of Ridgetown. They make good use of their location on the international border to serve all of North America and have also sold products to Europe: "We are fortunate to have a large part of our revenue in US dollars and so I maintain US bank accounts," says Haas. "I don't have to hedge on the dollar. I can sell US dollars - I never have to buy them, and so I always have the advantage."

Waltron Trailers has just added a new hi-tech paint shop, part of a three-phase expansion over the next two to three years. Gunther Haas is confident it's the right move. He is also confident that foreign investors will find opportunity as well: "Absolutely - there's a very positive attitude in the country as a whole," he says, adding, "If you look at where Canada is - of all places to be, we are the place to be. We have an economy that is going to grow. We have a huge country."



Waltron Trailers has just added a new hi-tech paint shop, which Gunther Haas says is part of a three-phase expansion over the next two or three years.

Amid the changes affecting world trade, Canada has remained steadfast in maintaining and expanding its international trade commitments. Canada, the United States of America and Mexico signed the North American Free Trade Agreement in 1994, creating the largest free trade region in the world at that time. A fully integrated automotive sector is a major part of the agreement. Renegotiations at the time of this writing are considering such areas as labour, environment, and electronic commerce, among others. Daily headlines aside, Canadian officials are confident that an updated NAFTA enjoys broad business support among the three member-nations.

"We are one of the three largest country merchandise export markets for 48 US states," says Chatham-Kent's Director of Investment Attraction and Government Relations, Michael Burton, "and all those states want to ensure that trade between us carries on. That will influence the federal administration in the US in their negotiations with Canada. We expect a positive outcome in those talks."

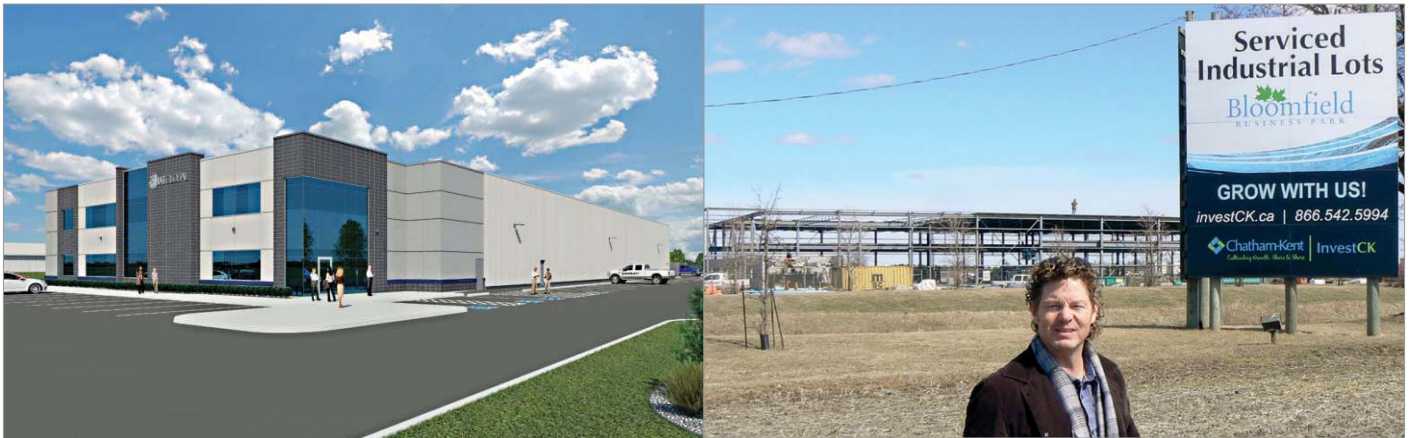
Canadian government information points out that, overall, Canada is the largest merchandise export market for the US. In 2016, the US exported nearly US\$266 billion of merchandise to Canada while the US was Canada's number one destination for merchandise exports. Nine million US jobs and 1.9 million Canadian jobs are related to this trade. Canada is also the main foreign supplier of energy to the US and the fifth largest source of foreign direct investment.

Canada has also reached out to the Pacific Rim countries, being one of 11 countries to recently sign the Comprehensive and Progressive Trans Pacific Partnership. When eventually ratified by at least six nations to implement it, and with more nations to come, this trade pact could potentially cover up to 500 million people.

However, it is the Canada European Union Comprehensive Economic and Trade Agreement (CETA), which came into effect in September 2017, that will most immediately lead to new foreign investments in Chatham-Kent.

Michael Burton says, "This agreement with the European Union is an excellent vehicle for investors from Europe to access Canada and the USA and for US investors to access Europe, all through Canada. We are one of the few countries, at the moment, that have a free trade agreement with the European Union. It puts us in a particularly positive position for European companies. For instance, European food processors that want to bring food or production here can ship materials to their Canadian operation in bulk, and process, package and label it, and then serve the North American market."

The EU is already a key investor in Canada, second only to the United States, and CETA's provisions are designed to provide more protection for investors as new opportunities are explored. The review threshold for acquisitions of Canadian businesses by EU investors has been raised by 50 percent, from \$1 billion to \$1.5 billion. This will facilitate investment, as fewer EU companies will need to



Geoff Wright stands by the newest construction site in the Bloomfield Business Park, a part of IAT Global's \$20M investment in the border region - the company is a leader in high precision machining and assembly of machine tool details and work holding fixtures.

undergo a net benefit to Canada review process under the Investment Canada Act.

For a European investor who wants to enter the North American marketplace, it can be a complex task to calculate where to locate a new operation, and why. Getting reliable information from multiple sources is difficult at the best of times. So, why Chatham-Kent, in the Province of Ontario, in Canada? The Municipality of Chatham-Kent's Economic Development Services has addressed the need for reliable answers and commitments.

Acting Director Stuart McFadden says, "When a company reaches out and says they are interested in talking about expanding or moving here, it is a privilege that we don't take lightly. We need to understand what they are looking for and then think how we can get them to where they want to go as quickly as possible. We understand that they also have to operate their business while all this is going on.

"Our approach is to make it as easy as possible for them. We have a team in place at the municipality called the Smart Growth Team, and that has representatives from the various departments. We invite clients to talk with them about what they see for the future and what exactly success looks like. Then we put together an action plan for the company. This approach has proven to be very successful."

The approach is called "one-stop shopping." Chatham-Kent assigns one administrator who expedites all information and responses from utility providers and local, provincial and federal governments about marketplace and workforce details, services, incentive programs, funding and

potential agreements. This relationship continues from the discovery period, though set-up, and into full operations.

One such administrator is Geoff Wright, an Economic Development Officer for Business Development. Wright is well versed in the incentive, funding and other assistance programs offered by the federal, provincial and local governments. For example, Wright points to one local program called the Employment Community Improvement Plan: "Chatham-Kent Council adopted a by-law that allows us to abate taxes on a new facility or an expanded facility for a period up to ten years. Eighty percent of property taxes for a period up to ten years can be abated."

Another local and provincial joint initiative is the Ontario Certified Site Program. Wright is happy to show potential investors to the Bloomfield Business Park, which is 100 acres/40 hectares of prestige industrial land with visibility on NAFTA Highway 401.

"These sites are already serviced with municipal water, sanitary and storm sewers, three-phase electrical, natural gas and fibre cable," says Wright.

Pre-qualified properties in the program are free of major development constraints, and include environmental, archaeological and environmental assessments, if applicable. Investors and site selectors can access ownership and title details, a property survey, detailed information on zoning and permitted uses, road and rail, utilities and servicing, and developable area and surrounding uses. The provincial government assists in marketing the properties to investors and site selectors worldwide.

International trade agreements, government supports and an enterprising local business environment are all good attractions. Another is the great quality of life and family-friendly community that Chatham-Kent offers to both its existing workforce and to newcomers.

"There is a small-town environment in every one of our 23 communities," says Wright, "and it effectively supports the workplace. Employees know each other very well. They play sports together or against each other! They were educated by the same teacher, celebrated at the same gatherings and grieved the same losses. It's a major reason why companies that locate here remain and prosper. People here care about each other and that shines through in the quality of workmanship."



Bill Gillier, Location Head, Continental Tire Canada, Inc.



Recruitment of employees from Canada and around the world has been helped by Chatham-Kent's sense of community.

into rural, there is a handsome industrial building built in the 1970's that serves a team of people who have affected the lives of countless motorists around the world. It is an automotive research and development centre of Continental Tire Canada, Inc. (Continental).

At this site, 140 people work on developing and improving automotive components. "Anything to control emissions - and that's what we still do today - we're still here because we have a lot of history and knowledge," says Bill Gillier, Location Head. Researchers at the site work closely with US colleagues in Auburn Hills in Michigan and Deer Park in Illinois.

A chat with Bill Gillier reveals the important environmental, safety and fuel efficiency roles of exhaust gas recirculation valves, and of the solenoids and actuators that control the reburning of evaporative gasoline emissions. After that, it gets technical. "And then, there are other devices," says Gillier. "Leak detection - if you have a 'check engine' light or if the gas cap is loose, that's likely to be our device telling you that." Then there are the car door handle sensors and wheel speed sensors. "We do those throughout the world," he says. "There are so many different components we are involved with."

The worldwide reach and resources of this research and development centre in Chatham-Kent is explained by its well-connected place in the parent company. Starting as a rubber manufacturer

in Germany in 1871, Continental AG is now a leading global supplier of automotive and other components and services. It employs more than 227,000 people in 56 countries and operates production sites in 35 of them.

A quick tour of the site reveals pristine laboratory conditions and a wide variety of computers, machines and chambers putting prototype auto components through their paces. Busy people in lab coats include mechanical, electrical and software engineers, technicians, machinists and a variety of other related professions. This is a diverse, well-educated and influential group, constantly in touch with colleagues and clients in different time zones around the world. "And you get to do a lot of travelling as well," says Gillier. "You are dealing with Europeans and Asians, and going to Mexico, and so there is a lot of travel. It is interesting that way and, when you do come back to Chatham-Kent, it is relaxing to come back to your family and a nice, settled environment."

In fact, Gillier says employees' quality of life is one important ingredient in Continental's continued success. Recruitment of employees from Canada and around the world has been helped by Chatham-Kent's sense of community. "Many people come here because they want to raise their family in this region. It's a nice environment to be in - more convenient, close to their family - people don't have to travel an hour or two to get home.

"The cost of living, I feel, is much less. Housing is inexpensive... and we're fairly competitive on wages. It's a less stressful environment. Some people go home for lunch. We're also close to all the lakes and golf courses it's very good that way in summer.

"I have great roots here. It's all family... I have always enjoyed it."

Like other local industry leaders, Gillier agrees that a strong sense of community appeals to global companies. Of local companies, Gillier says, "They're very supportive in this area. We're dealing with some people in Wallaceburg right now trying to develop a new component system as well as supplying us with new prototype builds." Local universities help with research, he adds. "We also recruit. We're up to seven or eight students every semester to work with our engineers, and that helps to develop our talent pool for the future.

"The municipality has always tried to help us... they've always responded very quickly and supplied any information or contacts we need... in fact, they are constantly sending us notes on the latest things coming up for meetings." The support of Mayor and Council is appreciated as well. "Yes, he has been here before and it's been good for us. Especially for the employees to see that the municipality is involved with us and interested in the location... it really does help.

"I think there is a lot of good opportunity here and it's a great environment to live in," Gillier concludes. "We offer a world-class global business in a small-town environment."

InvestCK
Chatham-Kent

To find out more, contact:

InvestCK

Economic Development Services
Municipality of Chatham-Kent
315 King Street West, Box 640
Chatham, Ontario, Canada N7M 5K8

Telephone: 1.519.351.7700

Toll free: 1.866.542.5994

E-mail: investck@chatham-kent.ca

Website: www.investck.ca