

# Ontario, Canada

A great place to grow your food business



*From Ontario  
to the  
world's tables*



**ONTARIO**  
CANADA

# BRAZIL and CANADA



A Strong History of Commerce



Canada's first important investment in the Brazilian economy was the Brazilian Traction Light and Power Company. Later known as Brascan, this company formed in 1899, and eventually became the largest private company in Latin America and Brazil's largest private employer, with over 50,000 employees. Brascan currently operates as a subsidiary of the publicly traded company known as Brookfield Asset Management Inc.

Economic ties have continued on a considerable scale with Canadian companies having invested billions of dollars in Brazil.

Brazil has increasingly invested into Canada. In 1989, Gerdau, now one of the fastest growing steel producers in the world, began North American expansion with the acquisition of mills in Cambridge, Ontario. This investment allowed for further North American expansion in 1999, when Gerdau acquired a 75% interest in AmeriSteel in the United States.

In mid 2001, Brazil Votorantim Cimentos expanded into North America when it purchased St. Marys Cement, headquartered in Toronto, Ontario. Following this purchase the company has significantly expanded throughout North American and currently has offices in over 50 locations across Canada and the United States.

Eike Batista has demonstrated confidence in Ontario on more than one occasion. From 1986 to 2001, Batista served as Chairman and CEO of his Toronto, Ontario headquartered company known as TVX Gold Inc. Announced in 2002, the company merged with Canadian companies Kinross Gold Corp. and Echo Bay Mines Ltd. to create the seventh-largest gold producer in the world.



Eike Batista started his Ontario business over 20 years ago, with his Toronto headquartered TVX Gold Inc.

Furthermore, Ontario serves as a means of raising funds for Brazilian investment, as demonstrated by Batista. In November of 2007, Mr. Batista's new company, OGX Petroleo e Gas Participacoes SA, paid \$1.2 billion to develop 21 offshore oil areas, making it the largest winner in Brazil's latest oil auction. The Ontario Teachers Pension Plan fronted approximately \$425 million of the investment, making it the second largest investor in OGX besides Mr. Batista.

## CANADA/BRAZIL Tax Treaty

Since June of 1984, Brazil and Canada have enjoyed a treaty to avoid double taxation. The treaty allows Brazilian companies to offset Canadian corporate taxes against income taxes paid in Brazil, and vice-versa. In addition, the treaty also sets special rates of withholding taxes on interest, royalties and technical assistance fees. At present, Brazil and the United States do not have a tax treaty.

Withholding Tax Rates (%) for a Brazilian Company in Canada versus the United States

	Ownership	Dividends	Interest	Royalties
<b>Canada</b>	<b>10%</b>	<b>15%*</b>	<b>0%**</b>	<b>15%***</b>
United States	-	30%	30%	30%

\*The 15% rate applies if the recipient is a company that is the beneficial owner and holds at least a 10% equity percentage in the company paying the dividends. Otherwise, domestic withholding tax rates would apply; the Canadian withholding tax rate is 25%.

\*\* The 0% rate only applies to arm's length loans. The rate for non-arm's length loans is 15% under the treaty.

\*\*\* A 25% rate applies to royalties paid in respect of trademarks. The 15% rate applies in all other cases.

Many companies, including the examples of Gerdau and Votorantim Cimentos, have established in Ontario to later expand their presence to the United States. For Brazilian companies, the tax treaty with Canada may help make this expansion strategy even more compelling.

Source: Brazil-Canada Tax Treaty data provided by Cristina Berry, Deloitte, São Paulo. [caberry@deloitte.com](mailto:caberry@deloitte.com)



# From Ontario to the world's tables



Ontario feeds millions of people around the world. With its strategic location in the heart of North America, and moderate, four-season climate, Ontario is the third-largest food production cluster in North America and one of the most diverse and competitive anywhere.

From Toronto, the province's largest city, and Ottawa the nation's capital, to the smallest rural communities, Ontario is home to thousands of food processing companies, as well as ingredient manufacturers, specialty importers and other value-added processors and essential service providers such as analytical laboratories, specialty packaging, storage and transportation suppliers.

Ontario's capabilities in food go even deeper, with fully accredited food science, processing and safety programs at the University of Guelph – the country's oldest and most prestigious agriculturally focused university – less than an hour's drive from Toronto. Post-secondary vocational food processing training is offered at a number of community colleges. Yet another excellent source of food processing expertise is the Guelph Food Technology Centre, which provides creative, confidential technical solutions, training, consulting and auditing in research and development, product development, packaging, shelf-life, food safety, quality, and productivity improvement. Ontario is home to an extraordinary breadth and depth of food industry expertise and experience.





That's why many of today's global food industry giants have invested in Ontario – some of whom are identified here – as well as the emerging stars of tomorrow: artisanal dairies, cheese makers, bakers, breweries and wineries that are winning international acclaim with their innovative offerings.

Recent food industry investments in Ontario:

<b>Kellogg</b> (U.S.)	Cereal plant (\$120M)
<b>Ferrero</b> (Italy)	Confectionary plant (\$300M)
<b>Royal Canin</b> (France)	Pet food plant (\$50M)
<b>Puratos</b> (Belgium)	Baking ingredient plant (\$40M)
<b>IAWS Aryzta-Maidstone Bakery</b> (Ireland)	Baking products plant (\$250M)
<b>ANR Foods</b> (Sweden)	Rice processing plant (\$15M)
<b>Original Cakerie</b> (Canada)	Frozen dessert plant (\$45M)
<b>Maidstone Coffee</b> (Canada)	Coffee roasting plant (\$30M)

# In the heart of a vast market



One look at the map tells the story: Ontario's food producers and food processors are strategically located in the heart of a vast market of more than 400 million North American consumers.

Whether your products are destined for markets elsewhere in Canada, the United States, or Mexico, an Ontario location provides rapid access to prosperous consumer and industrial markets. From the Greater Toronto Area, Ontario's leading concentration of population and businesses, the biggest markets in

North America, representing 40% of the continent's population base, are all within a single day's drive, so your food products reach their markets quickly and in fresh condition.

Central to Ontario's transportation infrastructure is the expansive network of 400-Series high-speed highways that connect directly with U.S. Interstate highways and other major Canadian arteries ... just one part of Ontario's 72,000-kilometre (45,000 mile) network of paved roads and highways. To meet your customers' time-critical delivery needs, wherever they're located, whatever their supply chain challenges, Ontario's large, safe and environmentally-responsible trucking industry has a flexible cost-efficient solution that works equally well when you are importing food ingredients.





NAFTA, the North American Free Trade Agreement, came into effect in 1994 and has created a transparent, rules-based trade and investment environment for Canada-based exporters and investors to both the United States and Mexico.

To ensure your products get where they're headed quickly, Ontario has convenient land border crossings into the United States. Complementing Ontario's road system are an equally capable high-volume rail system, with multiple border crossings into the U.S., as well as inland and international marine shipping capabilities and airports for access to international air cargo for high-value shipments. With five international airports, a network of regional airports and extensive choice in air carriers, you can fly from Ontario's gateways to hundreds of U.S. cities within a few hours, to make maximum use of your time, and in many instances, return home the same day.



# Ontario – a great place to grow your food business



Why choose Ontario to grow your food business? Beyond Ontario's globally competitive food industry and the easy access an Ontario location provides to the huge North American market, the simple answer is that Ontario is a great place for business and will welcome and support your investment.

## A robust, dynamic and diverse economy

Ontario has one of North America's largest and most diverse economies and our GDP, at more than \$555 billion, it's larger than those of Switzerland, Belgium, Greece, Sweden or Austria. As Canada's economic powerhouse, Ontario generates 39% of total Canadian GDP.

The Ontario economy is broadly diversified and export-oriented. Ontario produces more autos than any other jurisdiction on the continent. Aerospace is a major strength. Eight of the world's largest chemical companies are here. We are world leaders in mining and North America's third largest biotech centre. In all, since 2003, companies have invested more than \$120 billion to expand in Ontario, including AB Inbev, Vale, Gerdau and Votorantim.

Toronto is Canada's largest financial services centre and the country's five largest banks are all headquartered here. They are stable, well capitalized and independent of government investment or involvement.

A key government priority for our Province's continued economic growth is to help develop and maintain a skilled workforce, including welcoming qualified foreign workers.



# Our people are...

**Skilled:** Our province has a high-quality, publicly funded network of 20 universities and 24 colleges to educate and train post-secondary students in every field, trade and the most advanced areas of science, engineering and business.

**Well-educated:** A higher percentage of our workforce has post-secondary education than any other G7 country.

**Dependable:** In manufacturing, the on-the-job average is 9.5 years (compared to 5.5 in the U.S.), which translates into lower transition and training costs.

**Diverse:** Ontario's employees speak more than 140 languages, so we can work with your customers and suppliers in their own language, anywhere in the world.

While Ontario has experienced significant economic growth, we have been able to maintain exceptional quality of life and work-life balance that attracts and keeps valuable employees. Even in Ontario's largest centres, employees have easy access to vast recreational, cultural and entertainment opportunities, free or at modest cost. Our welcoming, multi-cultural society enables employees to preserve ties with family and friends, both locally and globally.



## Reduced corporate burden

Ontario is continuously streamlining its regulatory systems – business start-ups require just two simple steps here, compared to as many as 20 in other industrialized countries. Employee health care benefits cost Ontario manufacturers less than half as much as their U.S. counterparts.

Ontario's competitive corporate tax rates stimulate business investment in the province. All corporations conducting business through a permanent establishment in Ontario are subject to federal and Ontario corporate income taxes. Income from food manufacturing and processing is taxed at a lower rate than general businesses.

Broad-based tax reductions, implemented in 2007, will give Canada the lowest statutory tax rate in the Group of Seven (G7) by 2012 and allow Canada to achieve the goal of having the lowest overall tax rate on new business investment.



# Financial support programs

Companies with operations in Canada are eligible for financial support through government programs that provide financial assistance for infrastructure, human capital and the development and commercialization of advanced technologies.

The Business Development Branch of the Ontario Ministry of Agriculture, Food and Rural Affairs can assist companies interested in applying for government programs and incentives.



## How we can help get you started in Ontario

Ontario sees the benefits of attracting food processing companies to the province, and offers programs and initiatives to encourage this process. The Ontario Ministry of Agriculture, Food and Rural Affairs is the provincial lead on the development of Ontario's food processing industry.

Staff from our Business Development Branch focus on international companies interested in maximizing their success by adding an Ontario location. Branch personnel are highly specialized food processing industry advisors whose goal is to make the move to Ontario simple and rewarding.





# Contact us



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