

ATLANTIC CANADA: More Than Just a PRETTY PLACE



Area Development Site and Facility Planning

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Some of Canada's most majestic landscapes and friendliest people are found in Atlantic Canada, the region on Canada's eastern Atlantic coast bordered by the Atlantic Ocean, the New England States, and the province of Quebec. Its four provinces are New Brunswick, Nova Scotia, Prince Edward Island (PEI), and Newfoundland & Labrador.

Sandy beaches, rustic fishing villages, plentiful wildlife, and inspiring coastal highways easily explain why tourists flock here. However, beyond the leisure world of vacation guides is a multifaceted, vibrant community of 2.3 million people. It's an area where the cost of living is 25 percent to 65 percent lower than in other North American regions, and the quality of life is especially attractive for those seeking a safe environment to raise a family.

Canada boasts the highest percentage of citizens between 18 and 35 with a postsecondary education, and Atlantic Canada has more university students per capita than any other region of Canada. Each year local universities award 17,000 degrees (including 3,500 graduate and professional degrees) in a wide variety of programs. In total, 26,000 postsecondary graduates receive degrees annually. Relatedly, the area has the highest per-capita education expenditure among the G7 countries.

This emphasis on world-class education provides Atlantic Canada's businesses with over 1.2 million well-educated, well-trained workers for both traditional and emerging industries. Companies appreciate the bilingual (French and English) nature of the work force - a situation that is especially helpful for call center operations and similar customer-service activities. More importantly for bottom-line results are Atlantic Canada's employee turnover and absenteeism rates, which rank among the lowest in North America.

The region is well-situated for international trade and commerce due to easy access to major American and European markets, and the fact that it's within a day's drive to millions of North America's consumers. Specifically, Atlantic Canada's infrastructure supports today's global businesses with a world-class, highspeed digital telecommunications network; modern year-round ports; major air cargo routes; and fast, highbulk land transportation.

Another reason for the region's economic success is its cost-competitive manner of doing business. For example, four regional cities ranked first (Moncton, New Brunswick), second (Charlottetown, PEI), third (Halifax, Nova Scotia), and fourth (St. John's, Newfoundland & Labrador) among New England/Atlantic Canadian cities in KPMG's list of the least expensive locations for industry (2006 Competitive Alternatives study). According to the KPMG study, Atlantic Canada's labor costs (i.e., salaries, wages, and benefits) are an amazing 21 percent lower than average U.S. labor costs. And when comparing the region's taxes to those in the United States, the region's effective corporate tax rate is 4.8 percent lower and its property taxes are 18 percent lower (on average).

In addition, businesses engaged in activities related to R&D and investment generate tax credits by many Canadian provinces. The four Atlantic Canada provinces, in particular, offer a variety of financial incentives, which may take the form of training allowances, payroll rebates, low interest or interestfree loans, and forgivable loans. Naturally, the region's overall low taxes are another incentive.

On the energy side of the equation, electricity costs here are the lowest within the G7 nations and, on average, are 20 percent lower than electricity costs in the United States. The energy supply (gas, oil, coal, nuclear, and hydro power) is plentiful, reliable, and competitive, and Atlantic Canada has a capacity of over 14,000 MW.

Let's take a look at a few key regional INDUSTRIAL secTORS:

AEROSPACE AND DEFENSE: This is one of the fastest-growing industries in the region, and all four provinces have centers of expertise and specialization. The Department of National Defence and the Canadian Forces employ over 24,000 people here and contribute about \$1.25 billion to Atlantic Canada's economy each year. The largest provincial aerospace industry is in Nova Scotia, where 40-plus firms are involved in advanced engineering, IT systems, component manufacturing, and related work. Aerospace business parks include Slemon Park - aviation, aerospace, and training facilities (Summerside, PEI); Aerotech Business Park (Halifax, Nova Scotia); Fredericton Aerospace and Defence Park (Fredericton, New Brunswick); and Canada East Aerospace and Technology Park (Moncton, New Brunswick).

AGRICULTURE AND AGRI-FOOD PRODUCTION: Excluding aquaculture and seafood products, in 2005 the agriculture and agri-food industry posted about \$922 million in exports. That year about 61 percent of exports were frozen foods; 11 percent confectionary and sugar-based products; and 8 percent brewery products and soft drinks (source: Statistics Canada).

New Brunswick has the highest valued-added agricultural sector of any Canadian province. The province's potato industry has been a leader in adding value to the industry. New Brunswick is home to McCain Foods, the world's leader in frozen potato products.

Atlantic Canada, the world's wild blueberry capital, harvests over 50 million pounds of these berries annually. It shouldn't be a surprise, then, to learn that the world's largest frozen wild blueberry supplier - Oxford Frozen Foods - is here in Oxford, Nova Scotia, where it also operates the world's largest fruit farm.

BIOTECHNOLOGY: Canada's biotech industry is the second largest in the world, and Atlantic Canada is definitely fueling that phenomenal growth. According to KPMG's 2006 Competitive Alternatives report, Halifax, Nova Scotia, is the number-one Canadian city for clinical trials management, and four Atlantic Canadian cities are ranked in the top-five cities internationally for pharmaceutical production or medical devices manufacturing. According to the Atlantic Canada Opportunities Agency, "Nova Scotia's life science cluster...invests over \$100 million annually in research and boasts more than 60 core companies"; Newfoundland & Labrador is becoming recognized as "a world leader in marine biotechnology"; New Brunswick is "a global leader in agricultural and environmental biotechnology"; and PEI is recognized for "leadership in the nutrition and health fields" for people, fish, and animals.

CONSTRUCTION ^ Each year Canada's largest industry employs almost one million people and "chalks up volumes of \$123 billion annually," according to the Canadian Construction Association. "It also accounts for about 12 percent of Canada's GDP." The construction industry is the seventh-largest employer In Atlantic Canada. The sector employed 63,000 people in over 100 occupations in 2005 alone (e.g., electricians, plumbers, architects, engineers, engineering technicians, blasters, and other certified tradespeople).

Many sector firms in the region supply the construction industry across North America and the world with basic wood products as well as manufactured products like windows, doors, cabinets, etc. Additionally, R&D facilities here help improve the industry throughout Canada and beyond. These include the Construction Technology

Centre Atlantic Inc. at the University of New Brunswick; C-CORE (St. John's, Newfoundland), a global R&D organization doing production and market-issue research associated with natural resource sectors; and the University of New Brunswick's Department of Civil Engineering, conducting research in highway and pavement engineering.

ENERGY! New Brunswick has a long history of crude oil and natural gas production. Irving oil Canada's largest oil refinery, currently producing over 300,000 barrels per day - is located in Saint John. It's responsible for about 42 percent of all Canadian petroleum exports.

Newfoundland & Labrador's petroleum industry is responsible for creating over 17,000 direct, indirect, and induced jobs in its economy. In 2004 this provincial industry alone generated more than \$967 million in personal income and many R&D investments. Its Hibernia offshore facility produces 200,000+ barrels of oil a day, and its Terra Nova plant averages 180,000 barrels a day. And in Nova Scotia, the Sable Offshore Energy Project is projected to produce 400 to 500 million cubic feet of natural gas - and 20,000 barrels of natural gas liquids - each day.

Advancements in Canada's wind energy initiatives are coming out of PEI, home to the nation's first wind-hydrogen village demonstration project providing a variety of clean energy solutions. Nova Scotia and New Brunswick are also jumping into new wind energy projects.

ENVIRONMENTAL INDUSTRIES! Atlantic Canada's environmental market is valued at \$1.5 billion annually; exports in 2002 were valued at more than \$28 million, according to government sources. About 800-plus companies are engaged in technologies involving solid waste management, oil industry solutions, alternative energies, water and wastewater treatment, and related products and services. According to Industry Canada, Nova Scotia "has achieved some of the highest diversion rates in solid waste management (50 percent) in the world;" PEI is recognized for its "unique expertise" in wind energy and solid waste management planning/systems development; Newfoundland & Labrador is known nationally for its expertise in oil-spill contingency planning, response, and remediation; and New Brunswick firms have extensive experience in the wastewater sector.

INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICT): The 1,800 or so companies making up this regional sector employ nearly 20,000 workers and produce about \$4 billion in annual revenues, according to government sources. They're involved in a wide range of activities, from security, e-learning, and IT services to multimedia, geomatics, and advanced technology and business solutions.

Atlantic Canada boasts one of the world's best telecommunications infrastructures, featuring a 100 percent digital telecommunication network, high-speed digital links, broadband networks, and mobile and marine communications. Amazingly, more than 98 percent of its citizens are covered by digital wireless networks.

Bell Aliant, one of North America's largest regional telecommunications providers, operates in the region. Moreover, this high-tech industry is supported by cutting-edge R&D conducted by universities, research institutes, and corporate players. New Brunswick, for example, is home to Canada's biggest IT services firm (CGI Group Inc.), and the University of New Brunswick's Computer Science Department is a national leader in IT and advanced software research.

OCEAN TECHNOLOGIES! This industry is one of Atlantic Canada's largest advanced technology sectors generating intense levels of ROcD activity, exports (over 50 percent of all products), and wealth. It's estimated nearly 140 firms are engaged in the delivery or creation of technology for marine applications. They produce products ranging from defense, acoustic, and imaging systems to marine communications, navigation equipment, and information systems. Together these companies post about \$330 million in annual sales.

The Atlantic Canada Opportunities Agency believes the region's prosperity in this sector comes from "an abundance of academic and technical expertise, extensive investment in research and development infrastructure, and a strong entrepreneurial spirit."

SEAFOOD! The seafood industry is a key component of Atlantic Canada's economy, representing \$1.6 billion of the region's gross domestic product and employing over 36,000 people. Here you will find the world's leading producer of canned sardines; the world's largest exporter of fresh, live lobster; and developers of innovative seafood-packaging technologies. The Atlantic Canadian economy depends heavily on exports for its growth (over half of its U.S. exports are sold to the New England States). This industry alone exports close to \$3 billion worth of products annually, making it the region's third-largest export sector.

Reflecting upon the robust growth and strength of so many industries within the region, it's easy to see why the Atlantic Canada Opportunities Agency says, "A strong Atlantic economy contributes to a strong Canada."

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