

CANADA'S PHARMACEUTICALS VALUE ADVANTAGE

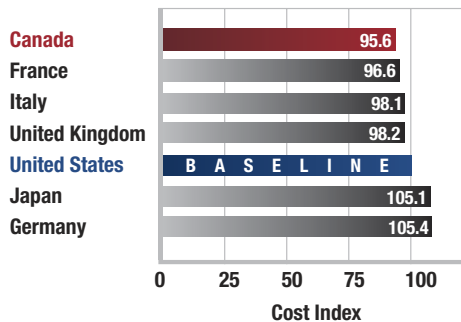
PHARMACEUTICALS. A HEALTHY GROWTH PLAN.

Canada finished first in the G7 with a 4.4 percentage point cost advantage over the U.S. — making a huge difference to your bottom line. These are findings from the *Competitive Alternatives: KPMG's Guide to International Business Costs, 2006 edition* which provides a comprehensive analysis of pharmaceutical production costs in nine countries and 128 cities in North America, Europe and Asia-Pacific. With an annual growth rate of 8 percent, Canada is the fourth fastest growing market in the world for pharmaceuticals. This sector also benefits from the existence of a thriving biotechnology industry.



KPMG's pharmaceuticals model focussed on an independent plant producing prescription drugs on behalf of brand-name or generic distributors. The production workforce was weighted toward skilled operators, while also including significant professional/technical staff.

PHARMACEUTICAL PRODUCTION G7 Results (US = 100.0)



Source: *Competitive Alternatives: KPMG's Guide to International Business Costs, 2006 edition.*

THE BOTTOM LINE:

- Canada ranks No. 1 in the G7 as the most cost-competitive investment location in the pharmaceuticals industry sector.
- Canada's pharmaceuticals sector draws upon the country's leadership position in biotech research and development and clinical trials in which it ranks No. 1 in the G7 as well.
- Furthermore, Canada offers the lowest labour and benefit costs and the second lowest utilities cost in the G7 in this sector.
- Nine Canadian cities rank among the top 10 low-cost G7 locations for pharmaceuticals with Moncton leading the way.

To find out more about investment opportunities in Canada, visit www.investincanada.gc.ca.

LOW-COST HOT SPOTS

1. Moncton
2. Sherbrooke
3. St. John's
4. Halifax
5. Charlottetown
6. Saskatoon
7. Quebec City
8. Edmonton
9. Winnipeg
10. Montreal



PERFORMING BEYOND EXPECTATIONS IN CANADA

WHERE THE BOTTOM LINE ...

...meets a robust and growing economy. For the eighth consecutive time, the Canadian federal government produced a budget surplus in the 2004-05 fiscal year – the only G7 country to do so. With an average five-year inflation rate of 2.3 percent, Canadian interest rates remain lower than the U.S., creating an ideal investment climate in which to grow. The country's GDP continues to record the second fastest growth rate in the G7, projected to grow in 2006-07 by 3.2 percent according to the OECD's *Economic Outlook*.

WHERE DOING BUSINESS ...

...is simpler. The Economic Intelligence Unit, rated Canada as the No.1 place to do business in the G7 for the next five years. According to the World Bank's 2005 *Overall Trade Restrictiveness Index*, Canada is the least restrictive trading partner among G7 nations. And Canada has the best overall ranking compared to G7 locations for the least number of days and procedures required for setting up a business. That's nearly twice as fast as the U.S.

WHERE THERE'S EASY ACCESS TO MARKETS ...

...worldwide. Canada has strong historical trade ties with Europe, while geography, immigration and active involvement in APEC ensure unique access to Asia-Pacific markets. More importantly, Canada is an ideal, low-cost base from which to access the NAFTA marketplace of 435 million consumers with a combined GDP of US\$13.4 trillion. Many Canadian production hubs are actually closer to major U.S. markets than many American production sites. A well-integrated, sophisticated transportation network links the two countries and the border is one of the most efficient in the world, with wait times usually less than 10 minutes.

WHERE TALENT FLOURISHES ...

...with one of the best education systems in the world. The IMD's *World Competitiveness Yearbook 2005* says that Canada invests the most in the G7 for public education as a percentage of its GDP, and Canada has the highest percentage of individuals achieving at least college or university education. Ranking second in the G7, Canadian managers are among the best educated in the world, and the OECD says that Canada's workforce has an average of 12.95 years of schooling. Canada also boasts one of the most culturally diverse workforces in the global economy, with more than 100 languages identified as the mother tongues of its citizens.

WHERE A SAFE AND JUST SOCIETY...

...is a given. Canada ranks high among G7 leaders as a safe place to live and conduct business, with one of the most fairly administered judicial systems. Corporations face far lower threats of lawsuits and other legal costs in Canada than in the U.S. The IMD *World Competitiveness Yearbook 2005* also ranks Canada second among G7 countries for its protection of personal and private security.

WHERE GREAT INFRASTRUCTURE...

...includes low energy costs, low construction costs and low office-lease costs, according to *Competitive Alternatives: KPMG's Guide to International Business Costs, 2006 edition*. Canada leads G7 countries as a net producer of energy (recording 188 million tonnes of oil equivalent in 2003). *The World Competitiveness Yearbook 2005* notes that Canada's technological infrastructure is top-notch, ranking above the U.S. in terms of Internet users and first in the G7 for broadband usage. Our famed national health care system ensures a healthy workforce and healthy profits, drastically reducing employee benefit costs. According to KPMG's *Competitive Alternatives* study, the comparative costs of statutory benefits plus other employee-sponsored plans are lower in Canada than any other G7 country.

WHERE QUALITY OF LIFE...

...is unparalleled. Canada has the lowest cost of living and the best overall quality of life among the G7, according to the IMD *World Competitiveness Yearbook 2005*. Five Canadian cities were among the top 25 of 215 world cities ranked recently in an annual quality-of-life study by Mercer Human Resources Consulting. Between 1997 and 2004, Canada's standard of living grew faster than any other G7 country, while the country maintained its strong environmental record, ranking highest among the G7 in addressing air and water pollution, according to the *Yale Centre for Environmental Law and Policy 2005*.

Canada is the complete deal, offering you all the necessary investment advantages to ensure a successful business venture.

SO WHEN YOU THINK INVESTMENT, THINK CANADA.

