

InterCom

ONE IN A SERIES OF ARTICLES ON INTERNATIONAL COMMERCE

WINTER 2020



Welcome to **InterCom**, the official International Commerce newsletter of the Ministry of Economic Development, Job Creation and Trade. Job creation is one of Ontario's most significant issues, and we know that how the government is helping businesses is of interest to you. This newsletter series will focus on economic development and job creation through inter-provincial, cross-border, and global trade. It will also outline changes specifically designed to assist businesses, from every corner of the world, to create jobs in Ontario.

We'll try to keep it interesting, colourful, short and to the point, and hope that you enjoy this new addition!

Vic

Victor Fedeli
Minister

Unpacking India

This first edition of **InterCom** focuses on our recent trade mission to India, where we brought the message that Ontario is *Open for Business, Open for Jobs, and Open for Trade*.



Joining the business delegates were MPP Nina Tangri, Parliamentary Assistant and MPP Deepak Anand, Special Advisor.

Over the course of five days, we led 12 Ontario business delegates, who participated in more than 100 business-to-business meetings, site tours, and networking events, with hundreds of Indian companies. We also participated in the Indo-Canadian Business Chamber's panel session on bilateral trade in New Delhi, and joined Saskatchewan's Minister of Trade and Export Development, Jeremy Harrison, on the Canada-India Business Council's panel in Mumbai.

By the Numbers

If you look at the numbers, India is the world's 7th largest economy, one of the fastest growing markets, and home to over 1.3 billion citizens. Two-way trade between Canada and India grew at a rate of nearly 10% when compounded annually over the past six years. However less than 1% of India's total imports originate from Canada, and only 9% of those Canadian exports to India are from Ontario. In 2018, two-way trade between Ontario and India totalled \$3.2 billion, and of that, less than \$400 million was the amount exported to India. Remember, Ontario does almost \$400 billion in two-way trade with the U.S., so when you first read the \$400 million number, you could be tempted to think it's a typo. We choose to view India as a blank canvas, and this mission showed us some of opportunities to paint a full picture together.

Here's a fascinating story that brings to life just how much opportunity there is in India for Ontario companies. Every single minute of every single day, there are 30 people moving from rural to urban centres in India. That's 16 million people a year. Think about it: in Ontario, we would have to create a new city the size of Ottawa, every single month until 2050 to accommodate that movement. That's how much infrastructure is required in India now, and that is why it is so important that the province, and our companies, continue to be present in India.

Mission Success

Our strong *Open for Business, Open for Jobs, and Open for Trade* message was well-received in India, resulting in a successful mission. Several new agreements were signed to create jobs, promote technology and technology-based Foreign Direct Investment, enhance competitiveness, and support collaborative research and development.



After months of interaction with our Ministry, VVDN Technologies announced they will establish a facility in the Kitchener-Waterloo area that will create over 200 high paying engineering and technology jobs. They expect that number to get closer to 300, by the time they get settled.

Seneca College signed three separate MOUs that will promote the exchange of information and expertise. This tells us that Ontario's academic institutions offer cutting-edge training, skills development, and services that are in global demand. In fact, there are currently 52,000 students from India enrolled in Ontario colleges and universities today.

Since our return, the province signed an MOU with the National Association of Software Services Companies (NASSCOM). They are India's largest not-for-profit industry association that represents the country's \$180 billion sector. We invited them back to Ontario where we signed the MOU to foster an understanding of Ontario's successful technology ecosystem and to

illustrate how to establish operations here, with confidence.

Tech Talk

Ontario is also well-positioned to seize opportunities for greater collaboration with India, as they are on track to become one of the largest technology markets in the world. India unveiled plans to develop 100 smart cities, and has prioritized creating a digitally empowered society through their Digital India initiative.

These priorities align with Ontario's strengths in infrastructure and innovative technologies, and demonstrate a high potential for partnership. Ontario's IT cluster is the 2nd largest in North America (after California). We have over 23,000 firms operating in Ontario, employing about 315,000 highly qualified advanced technology professionals. Five of the top 10 research and development spenders in Canada are Ontario tech firms. Companies like Google, Microsoft, Cisco, IBM, and Apple all have operations right here in Ontario.

A great example of what can be achieved in Ontario in both tech and fintech sectors is India's PayTM. As the largest financial services firm in India, PayTM chose Ontario to advance their platform with machine learning to provide better security and fraud detection for their customers.

We know Ontario has the capacity to attract more investment and grow our tech sector even further, and we are working to open access to foreign investors and generate more growth and jobs in the province. Ontario is emerging as a leader in smart cities, using data to design more efficient and sustainable communities, as well as private-public-partnerships, transportation, transit, construction technology, cleantech, and LEED certification. India can benefit from Ontario's internationally recognized construction and technology design that meets some of the world's toughest performance and quality standards.

USMCA and other Trade

Under the new USMCA, the rules of origin for passenger vehicles and light trucks will rise from 62.5% to 75%. This provides necessity, opportunity, and incentive for overseas companies to locate their parts manufacturing 'locally', including in Ontario.



We have the unique competitive advantage of being both the 2nd largest auto manufacturer (after Michigan), and having the 2nd largest IT cluster in North America. Our message to the companies in India was simple, the opportunity to relocate your plants into Ontario is now.

The message also included the fact that North America's trading market is currently valued at over \$1 trillion dollars. In addition, Canada has gone from free trade agreements with two countries to 51 countries today. Ontario now has the best market access in the G7, with preferential market access to over 1.5 billion customers around the world. There's no better place that serves as a gateway to doing business around the world.

Contact Us

We continue to provide valuable market intelligence and support services for Ontario companies and introducing suppliers to incoming buyers from India. We provide companies access to an international talent pool through the Ontario Immigrant Nominee Program. And we are directly connecting businesses in India and Ontario, to create deals through targeted trade and investment mission to strengthen the economic corridors between our jurisdictions. Our closing message to those companies we met in India ... in Ontario you'll find a red carpet, not red tape!

InterCom is the official economic development newsletter from the Ontario Minister of Economic Development, Job Creation and Trade.

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