

# Economic Development Strategy

## Foreign Direct Investment Analysis

City of Pickering

June 2022



EBP 

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## Introduction

The City of Pickering is a vibrant municipality with a strong legacy of innovation and growth through technology, coupled with a remarkably high quality of life and of place. Pickering is growing – with a population of 100,000 expected to grow to 150,000 by 2036. In addition to this growth, Pickering lies at the heart of Canada’s largest market – over six million people within an hour commute – providing an ample, skilled, and diversified workforce for a variety of needs. The region is served locally by five Universities, including the University of Toronto and Ontario Tech University, and six Colleges, including Durham College, providing access to skills, training, and research assets across the spectrum. Multiple national and international companies already know the value of calling Pickering home, and key sectors include EN3 (energy, engineering, and environment), advanced manufacturing, and logistics.

These are all important factors to be understood and harnessed in an Economic Development Strategy that anticipates growth and helps bring assets together to support an economically, environmentally, and socially sustained future. By better understanding the economic ecosystems already in place, looking toward future opportunities and risks, and then bringing people together to chart a path forward, the new Economic Development Strategy will be a roadmap for the City. This will allow the City and its stakeholders to better guide a variety of activities, including but not limited to business attraction, retention and expansion, employment and mixed-use land development, and potential industry sector targets.

The City of Pickering now wishes to develop a fulsome strategy for fostering and attracting economic growth:

- Make it more specific and relevant to the City’s attributes and unique strengths,
- Identify the types of economic growth that are most appropriate to the City’s vision, and
- Develop an Action Plan and Action Items to support this growth and investment attraction.

This Foreign Direct Investment Analysis is a companion to the Economic Development Plan, focusing on the City's opportunities to attract foreign direct investment. Attracting investment from outside of Canada augments and enhances the City's other efforts to build economic resilience from within. While the City already has a legacy of innovation and growth, it also has a history of using investment from outside to jumpstart new industries, activities, and technologies.

Please note that this Foreign Direct Investment Analysis is intended as a **supplement** to the City's Economic Development Strategy. The concepts, ideas, and actions contained in this document build on and enhance those in the Economic Development Strategy and also provide a foreign direct investment lens for critical actions.

## Why Foreign Direct Investment?

Foreign Direct Investment (FDI) can and should be a strong component of the City of Pickering's economic development efforts. FDI is defined as either a greenfield investment or operation in a new market by a foreign company, or acquisition of a local operation by a foreign entity. Foreign investment can have some catalytic economic benefits that differentiates it from other forms of economic growth. These include:

**Employment and Economic Boost:** On average, FDI creates more new jobs and greater capital investment per project than other forms of domestic investment. This can lead to an increase in income and more purchasing power to locals, which in turn leads to an overall boost in targeted economies.

**Workforce Development:** The skills gained by the workforce through training enhances the overall education and human capital within a community.

**Innovation Enhancement:** FDI allows for resource transfers and the exchanges of and enhancement knowledge, technologies, and skills.

**Increased Income:** FDI projects often bring higher than average wages into the region. With more jobs and higher wages, the regional income increases further promoting economic growth.

**Overall Stimulation:** FDI can stimulate a target region's economic development and create a more conducive environment for companies and investors, and stimulate the local community and economy.

While FDI is by no means a "magic bullet" for economic growth, the benefits outlined above certainly provide a strong justification for including FDI efforts in the City's economic development efforts.

## Methodology

We built onto the analysis already performed for the Economic Development Strategy for the City of Pickering. We then accessed additional data sources to specifically examine which countries and sectors had produced more or less foreign direct investment to the region. This data allowed us to hone prior analysis with more insight on prior regional success, identify particularly active industry clusters and activities, and compare these with Pickering’s known strengths.

The information gained here will also allow the City to better focus on those countries and sectors for which there is known activity and affinity, enhancing the possibility of success. This was then fed into additional suggestions for the Action Plan to identify conferences and events which specialize in particularly promising cluster areas.

## Foreign Direct Investment Analysis

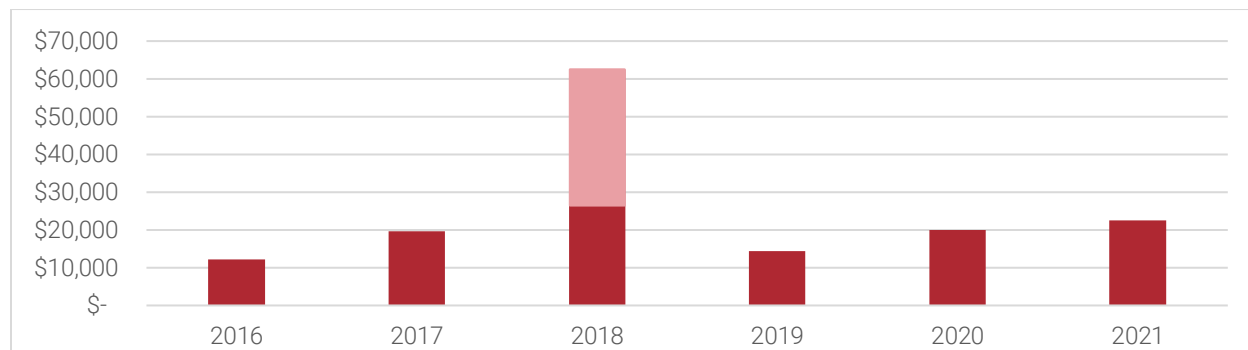
EBP examined foreign direct investment trends in Canada, Ontario, and the Greater Toronto Area to better understand current trends and competitive advantages that may exist for the City. This analysis is based on data retrieved from fDi Markets and contains information on projects between 2016 and March 2022.

### Foreign Direct Investment in Canada

Between 2016 and 2021, FDI in Canada has fluctuated somewhat, but has overall experienced an 85% percent increase in the value of such investments, as seen in the chart below. This increase in the value of FDI indicates general investor confidence in Canada, even during the COVID-19 Pandemic.

Please note that the analysis is also skewed due to the inclusion of a \$29 billion USD joint venture from Royal Dutch Shell in 2018. The value of this deal is shown in a lighter color for emphasis.

Figure 1. Foreign Direct Investment in Canada (In Millions of Canadian Dollars)



Source: fDi Markets, EBP Analysis.

Figure 2. Foreign Direct Investment in Canada by Country

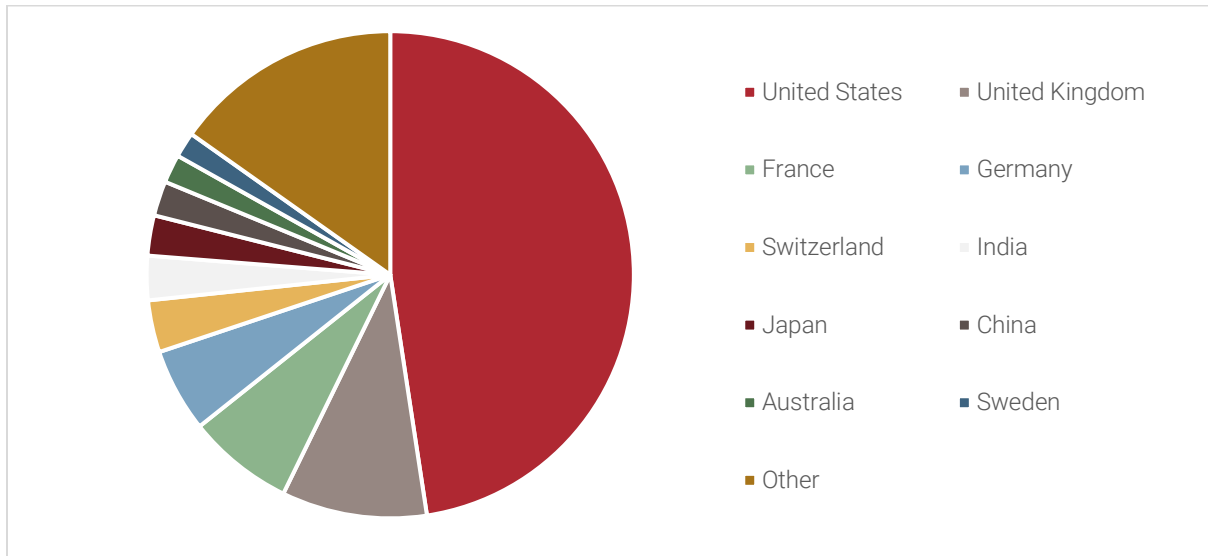


Table 1. Foreign Direct Investment in Canada by Country

Source Country	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs Created	Companies
United States	908	49,064.1	54.0	90,836	100	652
United Kingdom	184	7,170.9	39.0	12,157	66	163
France	135	6,218.7	46.1	13,727	101	118
Germany	106	4,477.2	42.2	6,697	63	87
Switzerland	66	1,644.2	24.9	3,237	49	27
India	56	1,979.4	35.3	10,137	181	39
Japan	51	2,834.5	55.6	3,869	75	45
China	44	3,666.8	83.3	4,243	96	41
Australia	36	703.7	19.5	1,516	42	35
Sweden	32	910.5	28.5	2,161	67	25
Other	290	41,372	142.7	24,333	84	243

Source: fDi Markets, EBP Analysis.

The United States made up over 40 percent of the funds associated with FDI in Canada. The United Kingdom, France, and Germany made up 4 to 6 percent of the value of investments in this time period. While India, Japan, and China each represent a share of major investment, the distribution of FDI in Canada remains dominated by North America and Europe.

### Foreign Direct Investment in Ontario

The Province of Ontario is a major driver of FDI in Canada, receiving 879 of the 1908 FDI projects tracked between 2016 and 2021. Unsurprisingly, the source country statistics also parallel those for the country as a whole.

Figure 3. Foreign Direct Investment in Ontario by Country

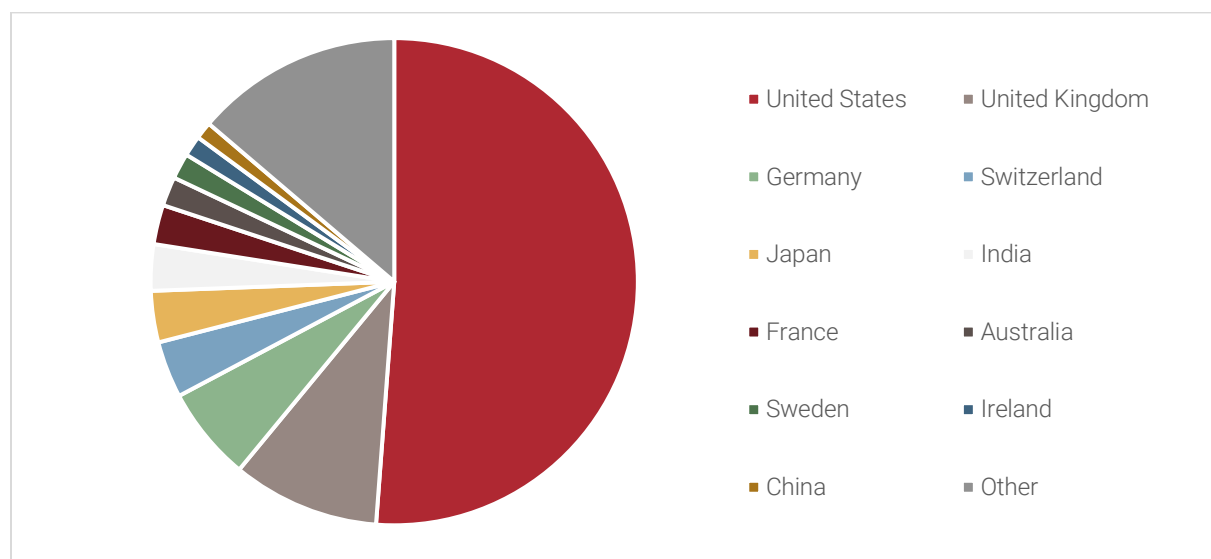


Table 2. Foreign Direct Investment in Ontario by Country

Source Country	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs Created	Companies
United States	450	20,522.6	45.6	42,624	94	371
United Kingdom	86	2,717.8	31.6	5,544	64	84
Germany	55	2,229.5	40.5	3,986	72	51
Switzerland	33	738.4	22.4	1,449	43	16
Japan	30	2,046.6	68.2	2,345	78	27
India	27	839.4	31.1	3,249	120	25

Source Country	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs Created	Companies
France	23	2,031.4	88.3	4,060	176	22
Australia	17	319.1	18.8	651	38	17
Sweden	15	365.1	24.3	1,151	76	15
Ireland	12	363.7	30.3	697	58	10
China	10	1,213.9	121.4	1,337	133	10
Other	121	5,062	41.8	11,298	93	107

Source: fDi Markets, EBP Analysis.

As with the national trends, the United States remains the largest single source of FDI in Ontario, representing 51% of the projects and 53% of the total capital expenditures into the province. Germany and the United Kingdom still also represent significant sources of investment, but France is a much less significant source of investment into the province.

These foreign direct investments also go to numerous clusters, from Professional Services to Energy, as seen in the chart below.

**Table 3. Foreign Direct Investment in Ontario by Cluster**

Industry Cluster	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs Created	Companies
ICT and Electronics	208	10,449.6	50.2	17,831	85	193
Professional Services	137	952.5	7.0	5,447	39	98
Creative Industries	76	2,193.0	28.9	4,622	60	72
Financial Services	75	1,232.6	16.4	3,982	53	71
Transport Equipment	70	8,433.0	120.5	11,490	164	55
Industrial	63	1,194.1	19.0	3,062	48	59
Life Sciences	54	3,045.4	56.4	5,575	103	51



Industry Cluster	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs Created	Companies
Agri-Business	51	2,045.8	40.1	3,566	69	42
Consumer Goods	39	3,057.0	78.4	12,002	307	23
Transportation and Warehousing	35	1,428.8	40.8	3,195	91	29
Physical Sciences	17	1,803.2	106.1	3,578	210	16
Construction	14	657.1	46.9	1,017	72	13
Tourism	13	376.5	29.0	971	74	13
Energy	10	197.1	19.7	616	61	7
Environmental Technology	8	1,152.2	144.0	335	41	8
Wood, Apparel, and Related Products	8	225.7	28.2	1,074	134	8
Retail Trade	1	5.7	5.7	28	28	1

Source: fDi Markets, EBP Analysis.

The data on investment in Ontario showcases the province's status as a center of professional and creative activities. ICT, Electronics, and Professional Services make up the greatest activity in the form of projects, representing almost 40% of all of the projects tracked over the analysis period, as well as 30% of the capital expenditures and jobs created.

However, the Transportation Equipment cluster (Automotive and Aviation) is also a very significant source of growth in the province, if measured by capital investment (22%) and jobs created (15%). Consumer Goods Manufacturing is also a significant employer, accounting for another 15% of the jobs created over the analysis period.

## Foreign Direct Investment in the Durham Region

Drilling closer into the Durham Region provides an even clearer picture of the kind of activity in the Pickering area, as noted in the following table.

Table 4. Foreign Direct Investment in the Durham Region by Sector

Industry Sector	Projects	CAPEX	Average CAPEX	Jobs Created	Average Jobs Created	Companies
Consumer Products	2	211.1	105.5	1,200	600	2
Communications	1	156.8	156.8	132	132	1
Electronic Components	1	145.0	145.0	82	82	1
Automotive Components	1	126.5	126.5	414	414	1
Textiles	1	52.6	52.6	300	300	1
Industrial Equipment	1	49.9	49.9	60	60	1
Metals	1	30.7	30.7	54	54	1
Wood Products	1	25.4	25.4	51	51	1
Business Services	2	3.1	1.6	204	102	2

Source: fDi Markets, EBP Analysis.

Activity is fairly evenly distributed across a range of clusters in the Durham Region. Closer examination of tracked projects also provides insight into the source countries and the types of companies who have been looking at the Pickering area for inward investment, as noted in the following table.

Table 5. Detailed Foreign Direct Investment in the Durham Region

Project Date	Investing Company	Source Country	Destination City	Sector	Cluster	Activity	Jobs Created	Capital Investment
02-2022	Grant Thornton Canada	United Kingdom	Ajax	Business Services	Professional Services	Business Services	4	0.3
11-2021	Auto Crypt	South Korea	Whitby	Communications	Transport Equipment	Research and Development	132	156.8
10-2021	H&M	Sweden	Ajax	Textiles	Wood, Apparel, and Related Products	Logistics, Distribution, and Transportation	300	52.6
08-2021	Amazon Logistics	United States	Pickering	Consumer Products	Consumer Goods	Logistics, Distribution, and Transportation	200	35.2
12-2020	Paramount Pallet	Australia	Whitby	Wood Products	Environmental Technology	Recycling	51	25.4
09-2020	Amazon Logistics	United States	Ajax	Consumer Products	Consumer Goods	Logistics, Distribution, and Transportation	1000	175.9
07-2019	Gerdau	Brazil	Whitby	Metals	Industrial	Manufacturing	54	30.68
05-2019	General Motors Canada	United States	Oshawa	Automotive Components	Transport Equipment	Manufacturing	414	126.55

Project Date	Investing Company	Source Country	Destination City	Sector	Cluster	Activity	Jobs Created	Capital Investment
09-2018	Kubota Canada	Japan	Pickering	Industrial Equipment	Agri-Business	Headquarters	200 <sup>1</sup>	49.87
10-2017	Veolia Environment	France	Pickering	Electronic Components	Environmental Technology	Recycling	82	145
07-2017	Concentrix	United States	Oshawa	Business Services	Professional Services	Customer Contact Centre	200	2.8

Source: fDi Markets, EBP Analysis.

Note: According to Equipment Journal, "Kubota Canada currently employs about 190 employees. With the new facility, that number will grow to about 250 by 2027."

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<sup>1</sup> Equipment Journal, "Kubota is building a new headquarters in Pickering, Ontario." <https://www.equipmentjournal.com/construction-news/kubota-pickering-ontario/>.

## Priority Sectors

The above analysis reinforces the findings of the main Economic Development Plan as regards target industry clusters, and also suggests that foreign direct investment attraction activities focus on the following areas:

Industry	Sector
<b>Utilities</b>	Electric Power Generation (Nuclear Modular Reactor Production, Low Carbon Hydrogen Production)
<b>Manufacturing</b>	Aerospace Manufacturing
	Computer and Electronic Product Manufacturing
	Electrical Equipment and Component Manufacturing
	Fabricated Metal Product Manufacturing
	Food and Beverage Manufacturing
	Machinery Manufacturing
	Primary Metal Manufacturing
<b>Transportation and Warehousing</b>	Multi-Modal Transportation and Logistics
	Warehousing and Storage
<b>Information</b>	

## Adjustments to Marketing and Direct Outreach

Each of the actions contained in the overall Economic Development Strategy are necessary for the additional success of the City’s efforts in foreign direct investment. However, there may be some additional activities required to best accommodate the needs of reaching a global audience.

The City has stated that they will be taking a direct role in facilitating investment attraction to the City. The following actions should be made to ensure that city staff have the information needed to be able to identify potential investors and know the actions needed to connect with the decisions makers who are most commonly involved in the location selection process.

All of the items below are intended to be understood as additional to those marketing items included in the Economic Development Strategy.

Marketing	
<b>Task Descriptions</b>	<p>Appealing and relevant marketing materials are an important piece of attracting new investment. There is an ongoing discussion in Pickering regarding branding for the City, which will likely have ramifications for any of the branding and marketing suggestions to follow.</p> <ol style="list-style-type: none"> <li><b>1. Continue to collect and update competitive and business support information.</b> <ol style="list-style-type: none"> <li>a. Assemble data supporting the value propositions for each of the major sectors.</li> <li>b. Collect written testimonials from example companies from each of the major sectors.</li> <li>c. Develop editable sector pitch books for major target sectors.</li> </ol> </li> <li><b>2. Continue to develop updated marketing materials, such as:</b> <ol style="list-style-type: none"> <li>d. Investor Guide,</li> <li>e. Industry or Function-Specific Information Sheets,</li> <li>f. Web-Based Advertising, including Paid Social Media.</li> </ol> </li> <li><b>3. Continue to enhance online presence.</b> <ol style="list-style-type: none"> <li>a. Update the Economic Development Department website on a regular basis so that information is current and accessible for companies and site selectors considering Pickering for expansion or relocation.                             <ol style="list-style-type: none"> <li>i. Develop a wireframe for the website and collect appropriate information and data (workforce, real estate, infrastructure, major companies, costs).</li> <li>ii. Collect written testimonials from example companies from each of the major sectors.</li> <li>iii. The website can be a key asset for branding and marketing efforts, but absolutely requires consistent maintenance.</li> </ol> </li> </ol> </li> <li><b>4. Continue to enhance social media presence.</b> <ol style="list-style-type: none"> <li>a. Share press releases, industry news, and local news and events that are related to economic development in the City.</li> <li>b. Identify an individual who will have responsibility for collecting and distributing content to:                             <ol style="list-style-type: none"> <li>i. LinkedIn,</li> <li>ii. Twitter,</li> <li>iii. YouTube.</li> </ol> </li> </ol> </li> </ol>
<b>Timeframe</b>	<ul style="list-style-type: none"> <li>• Item 1 – Near Term and Ongoing</li> <li>• Item 2 – Near Term and Ongoing (Indicative of Bandwidth)</li> <li>• Item 3 – Near Term and Ongoing</li> </ul>

Marketing	
	<ul style="list-style-type: none"> <li>Item 4 – Near Term and Ongoing (Indicative of Bandwidth)</li> </ul>
<b>Importance</b>	<ul style="list-style-type: none"> <li>Item 1 – Medium</li> <li>Item 2 – High</li> <li>Item 3 – Medium</li> <li>Item 4 – Medium</li> </ul>
<b>Responsible Party</b>	<ul style="list-style-type: none"> <li>City of Pickering Economic Development and Strategic Projects</li> <li>City of Pickering Public Affairs and Corporate Communications</li> <li>Dedicated Marketing Staff Member</li> </ul>

Direct Outreach	
<b>Task Descriptions</b>	<p>The City should continue to expand its existing economic development marketing and outreach to include new messages and possibly to adjust its targets based on the evolving global marketplace.</p> <ol style="list-style-type: none"> <li><b>Site Selector Networking:</b> <ol style="list-style-type: none"> <li>Research and identify site selectors with expertise in key sectors that may also be considering Canadian locations or be willing to consider Canadian locations.</li> <li>Establish contact with site selectors in key industries, possibly at site selector-focused shows.</li> </ol> </li> <li><b>Industry Networking:</b> <ol style="list-style-type: none"> <li>Targeted list of shows, conferences, and programs to attend and participate in. The following are some suggested expositions, conferences, and programs for targeted sectors:                             <ol style="list-style-type: none"> <li>Manufacturing: Advanced Design and Manufacturing Exposition, Anuga FoodTec, Canadian Manufacturing Technology Show, Canadian Nuclear Association Conference, FABTECH, Farnborough Air Show, GLOBE Forum, Paris Air Show</li> <li>Transportation and Warehousing: Cargo Logistics and Distribution Logistics Summit, Ontario Transportation Exposition, Supply Change Conference and Exposition, WERC</li> <li>Information: Collision, ITech, Sector, TECHSPO</li> <li>Accommodation and Food Services: Canadian Hotel Investment Conference, Canadian Outdoor Hospitality Conference and Exposition, Hotel Association of Canada Conference, MIPIM, SIOR Conference</li> </ol> </li> </ol> </li> </ol>

Direct Outreach	
	<ol style="list-style-type: none"> <li>5. Other: International Healthy Cities Conference, Smart Cities Connect Conference and Exposition</li> <li>3. Keep up-to-date employment information on employers in targeted sectors so that it is available to share with site selectors.</li> <li>4. Identify and engage stakeholders and ambassadors within targeted sectors and work with them to:                             <ol style="list-style-type: none"> <li>a. Identify gaps in the value chain or opportunities to enhance competitiveness,</li> <li>b. Hone message to value proposition,</li> <li>c. Identify further addressable shortcomings in infrastructure, policy, or other areas.</li> </ol> </li> </ol>
<b>Timeframe</b>	Immediate and Ongoing (As Budget and Travel Conditions Permit)
<b>Importance</b>	Medium to High
<b>Responsible Party</b>	<ul style="list-style-type: none"> <li>• City of Pickering Economic Development and Strategic Projects</li> <li>• Other Regional Partners (Ajax-Pickering Board of Trade, Ontario Ministry of Economic Development, Job Creation and Trade, Region of Durham, Toronto Region Board of Trade)</li> </ul>

## Conclusion

EBP will remain in contact after project completion for appropriate follow-on care. We feel our job is not over until the client has implemented the plan, and there are always places where our advice and guidance are needed. The City of Pickering will learn from its efforts as it executes the Action Plan, and we will be honored to help guide future actions as needed.