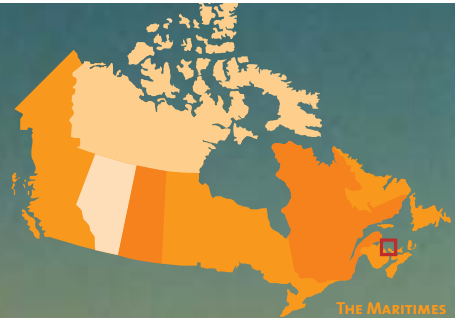


# DESTINATION: THE MARITIMES

Rich Hammond



*Atlantic Canada wants your business. And the most telltale sign is how each of the four provincial governments responded to requests for information to write this article. Most were downright enthusiastic about it. Alright, you may say, no surprise there. Even government business people can use a little free publicity. But we're talking civil servants here.*

**A**tlantic Canada wants your business. And the most telltale sign is how each of the four provincial governments responded to requests for information to write this article. Most were downright enthusiastic about it. Alright, you may say, no surprise there. Even government business people can use a little free publicity. But we're talking civil servants here.

Bureaucrats looking forward to their next coffee break, the end of the day and guaranteed indexed pensions. Well, once again, Maritimers prove themselves to be different from the rest of Canada. Friendly? Helpful? Nice? Just a few blind emails resulted in a collective bending-over-backwards in Fredericton, St. John's, Halifax and Charlottetown to help a stranger from "away."



BLABLADFGDF

Here are the details:

Atlantic Canada, colloquially called the Maritimes, is four provinces ruled by the sea that surrounds them. The sea that delivered their explorers, adventurers and legends. The sea that once filled their nets with an abundance of fish and seafood to feed, clothe and house generation after generation. The sea that is threatened with extinction after the world discovered its plentiful harvest. But Maritimers have a history of comebacks and their enthusiasm for new ideas, new people and new business is obvious.

NEW BRUNSWICK

New Brunswick is bordered by Nova Scotia to the east, Québec to the west, the state of Maine to the south, and by water on most of its three sides. Its 2,269 kilometre shoreline includes the Gulf of St. Lawrence, the Northumberland Strait and the Bay of Fundy. The population of New Brunswick is about 730,000, of which thirty-five percent are French-speaking due to the 500,000-strong Acadian community, whose history in the province dates back to the early 1500s.

The province's business development bureau lists eight key sectors currently

being developed by government and private resources: life sciences, the knowledge industry, agriculture, aquaculture, forestry and advanced manufacturing. Traditional industries such as fisheries and minerals, while still employing many thousands of New Brunswickers, are being overshadowed by new and emerging business sectors.

LIFE SCIENCES

The life sciences cluster is forecast to provide tremendous opportunities in New Brunswick over the next quarter century. The considerable range of new products and services emerging from life sciences companies includes conventional foods with enhanced nutrition (omega-3 eggs, soy products), nutraceuticals (blueberry flavonoids, ginseng), bioenergy products (ethanol, bio-diesel), bio-medical products (diagnostic devices, therapeutants, drugs), bio-materials (bio-paint, bio-plastics), as well as environmental protection and bio-remediation products and processes.

KNOWLEDGE INDUSTRY

With 701 innovative new economy companies employing over 25,500 people and generating approximately \$2.1 billion in revenues annually, New Brunswick's knowledge industry has contributed to the diversification of the province's



employment and wealth generation over the last 10 years. Growth in this segment is reported to be about 20% compounded annually. Web-based customer care (e-government) and advanced training technologies (e-learning) are the fastest growing sub-clusters of the industry, which also includes Internet solutions (e-business), software development; systems integration and support services, and consulting services. New Brunswick companies export more than 82% of knowledge industry products and services to 67 countries around the world.

#### **AGRICULTURE**

New Brunswick has the right climate, land and location to produce and market a wide range of agricultural products very competitively. In fact, more than half of Atlantic Canada's total agri-food exports are produced here. The agriculture sector generates close to \$1 billion dollars in processed food shipments, \$495 million in exports, and over \$400 million a year in farm cash receipts.

#### **AQUACULTURE**

The aquaculture industry in New Brunswick is dominated by salmon

farming in the Bay of Fundy with approximately 95% of total provincial aquaculture production. The remaining 5% is in oyster, mussel, char, trout, and eel farming. Shellfish culturing is located on the eastern coast, while trout operations are scattered throughout the interior of the province. In 2001, New Brunswick's aquaculture production value was more than \$230 million.

#### **FORESTRY**

The wood industry value-added sector has been increasing for more than a decade. This sector alone accounts for 30 percent of provincial exports. The industry has invested more than \$3.4 billion in plant expansions, modernization and other improvements since 1993. In addition, the provincial government invests over \$30 million annually in silviculture to sustain the ability of the province's forests to meet the needs of all New Brunswickers.

#### **ADVANCED MANUFACTURING**

Currently, the advanced manufacturing industry includes more than 400 companies. In 2001, the industry employed 10,000 workers and generated annual sales of \$1 billion. The province's

strengths are in plastics and rubbers (packaging, wraps, containers and vessels, signs, pipes and hoses), metalworking (fabrication, chassis, building materials, transportation equipment, conveyors, harvesting equipment and containers), and electronics (communication devices such as multiplexers, switches and circuits, sensors, probes, smart materials and gaming devices).

The New Brunswick government offers incentives to attract new investments and new activities. According to Business New Brunswick Minister Norman Betts, "... our tax structure is one of the most competitive in Canada... We are also cutting government red tape to make it easier to do business in New Brunswick... We offer incentives to business through repayable loans, forgivable loans and loan guarantees so that opportunities for job growth and investment will come to New Brunswick... We have a quality, available workforce to do the job our companies need to strengthen the province's prosperity."

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## NEWFOUNDLAND

Newfoundland is Canada's most easterly province. In fact, it is so far east it needs its own time zone—a half hour later than the rest of Atlantic Canada. With 405,720 square kilometres of land area, it is more than three times the total area of the other three Maritime provinces and almost one-and-three-quarters times the size of Great Britain. The province's current population of 512,930 is mostly descendants of immigrants from southwestern England and southern Ireland, who came to Newfoundland in the late 1700s. The pattern of settlement was determined by the fishing industry. The Avalon Peninsula and northeastern Newfoundland, the traditional base for the fisheries, continue to be the most heavily populated areas. St. John's, the historic commercial centre and capital of the island, is the province's largest city with a population of approximately 172,000.

Newfoundland's breath-taking coastline stretches over more than 17,000 kilometres and features bold headlands, deep fjords, and innumerable small coves and offshore islands. The interior of Newfoundland & Labrador has a rolling, rugged topography, deeply etched by glacial activity and broken by lakes and swift-flowing rivers. About 60 percent of Newfoundland is forested, although only about one-half offers any commercial value.

By the way, it's pronounced "New-fun-LAND" not "New-FOUND-land." Not to worry if you get it wrong, someone will correct you.

Newfoundland's key business sectors include oil and gas, manufacturing, construction, mining, fisheries and aquaculture.

### OIL AND GAS

Oil production in Newfoundland has been impressive since crude oil was discovered off the coast in 1984. Currently two oil fields are in operation, Hibernia and Terra Nova. In 2002, annual production was reported to be 104.3 million barrels, almost doubling the 54.3 million barrels pumped out in 2001. The total value of production



from both fields was estimated at \$4.1 billion last year.

New oil fields at White Rose and Flemish Pass are expected to begin production by late 2005. If forecasts are accurate, Newfoundland and Labrador could account for almost half of Canada's conventional light crude oil production by 2006.

### MANUFACTURING

There are more than 750 manufacturing firms in the province. Having achieved a record \$2.24 billion in 2002, manufacturing activity has expanded significantly in recent years, and employment has grown by more than 30% since 1996. Fish processing has accounted for 85% of the overall increase. About 90% of manufactured exports went to international markets in 2001, while the balance of exports went to interprovincial markets. Three commodities—seafood,

newsprint and refined petroleum—represent most of Newfoundland's manufactured exports.

### CONSTRUCTION

Last year, construction investment in Newfoundland was \$2.1 billion, and despite that being lower than the year prior, it was the fifth highest level ever recorded. Construction investment has been higher than normal in recent years primarily due to major project activity and the decline in 2002 has been attributed to the conclusion of the development of the Terra Nova oil field.

Public sector construction investment totaled \$494 million last year, driven by increased transportation infrastructure programs, the construction of medical and education facilities, new municipal capital works initiatives, as well as a new

hydroelectric facility. Meanwhile, a boom in housing starts and a general increase in consumer and business confidence, in addition to major project activity have resulted in higher spending in the construction industry.

## MINING

The mining industry, with shipments estimated at \$792 million, employs about 2,600 people. While iron ore is the province's single most important mineral product, other mineral products include gold, silver, pyrophyllite, limestone and gypsum. Together, these minerals contribute about \$70 million to shipments and create about 650 direct jobs.

Mineral exploration concentrates on gold and base metals in central and eastern Newfoundland, nickel in eastern Labrador and iron ore in western Labrador.

## FISHERIES AND AQUACULTURE

Newfoundland's fishing industry weighs in at a solid 267,470 tonnes or a total value of more than \$500 million annually. The industry rides on the backs of crab and shrimp, while cod remains important even though stocks remain weak and commercial quotas are declining.

While the fisheries performance is driven mainly by those three species, 35 other species are harvested. In recent years, considerable effort has been directed at identifying alternative species for commercial activity and at assessing market potential. This process has had its successes. For example, before 1990s, shellfish such as clams, quahaugs, Icelandic scallops, whelks, and rock crab, and ground fish species such as grenadier and skate were not harvested to any great degree. However, last year these species totaled over 20,000 tonnes and generated roughly \$16 million.

Abhorrent to some, but a returning livelihood to many Newfoundlanders, the harp seal population is back—growing from 2 million in the early 1970s to more than 5

million by 1999. Seal quotas have increased in line with resource availability as well as growth in market opportunity. The seal fishery employs more than 4,000 sealers and 400 fish processing workers annually.

Output from fish farming is currently at an all-time high. With salmon and steelhead trout accounting for almost 60% of production, mussels accounting for about 36% of production, and cod rounding out the balance, the estimated 4,663 tonnes harvested in 2002 was valued at \$20.5 million.

## INCENTIVES

Newfoundland's Economic Diversification and Growth Enterprises (EDGE) Program aims to provide the competitive edge that

makes Newfoundland and Labrador one of the most attractive locations for business investment in North America.

Under the EDGE program, investors and entrepreneurs can expect 15 years of tax relief. The province also offers a 100% tax rebate on provincial corporate income tax and the payroll tax, a 100% tax rebate on municipal property and/or business taxes in participating municipalities, and a 50% tax rebate on federal corporate income tax. Newfoundland is the only province in Canada that offers this incentive.

In addition to the substantial tax incentives, the province offers unserviced Crown land for \$1, and the services of a dedicated facilitator to assist businesses looking to invest in Newfoundland and Labrador.



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## NOVA SCOTIA

With an area of 55,491 square kilometres, Nova Scotia is larger than Denmark and smaller than Scotland (Nova Scotia is Latin for New Scotland). The picture-perfect province offers tourists seemingly endless coastlines dotted with rustic fishing villages and lighthouses. More than 80% of Nova Scotia's population of 908,007 can trace their ancestry back to Great Britain, while 18% are of French origin.

Nova Scotia is the second smallest Canadian province and about 3% of it is owned by the federal government. Geographic location, plus large, ice-free, deep-water harbours, are key factors in the province's economic development.

Despite the dramatic reductions in the size of Nova Scotia's coal and steel industries, in addition to the continuing disappearance of ground fish, many of the province's industries continue to grow and innovate.

### FISHERIES AND AQUACULTURE

Nova Scotia continues to evolve from harvesting their natural ocean resources to producing value-added seafood products. Fishing and fish products are still the province's leading export category, valued at \$900 million of the industry's total market value of more than \$1 billion. Opportunities for development can be found in commercial fishing, aquaculture, sport fishing, and boat building. In addition, producing nutraceuticals and pharmaceuticals from seafood products offers enormous potential. The fisheries and aquaculture industries face the same challenges as many other industries: availability of trained workers and access to capital.

### LAND RESOURCES

Nova Scotia's land-based natural resources—forests, minerals and wildlife—have been the foundation of the province's economy for generations, providing about 10,000 well-paid jobs

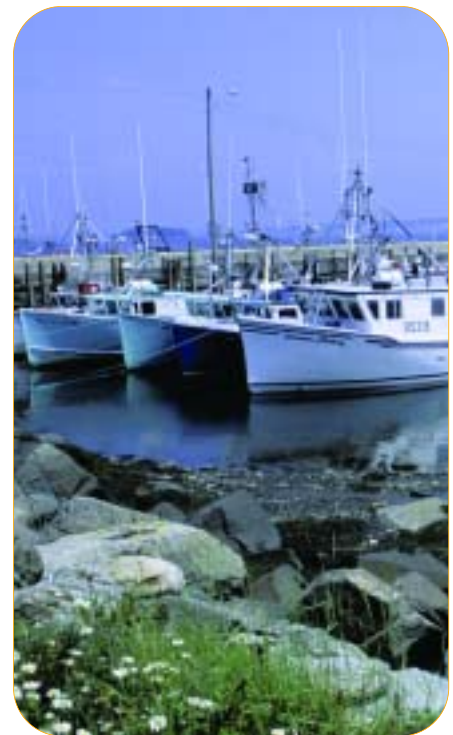


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and \$1.5 billion in annual sales. Major challenges include managing resources for sustainability and meeting strict environmental standards for export markets. Pressures are increasing for consumptive and protection-oriented uses such as forestry and mining, hunting and other outdoor recreation, wildlife and habitat, ecotourism, and conservation of natural areas. To remain competitive and satisfy environmental requirements, Nova Scotia's resource industries have to continue to adopt new technologies, which will offer new opportunities for investors and workers.

### AGRICULTURE

Agriculture is a major employer in Nova Scotia—and a highly diversified science- and technology-based industry. The value of processed and unprocessed products is almost \$1 billion a year, while annual exports to 75 countries total about \$126 million. Opportunities for business include building stronger links to the life sciences sector and tourism, a growing market for organic and natural foods, and participation in the development of environmental technologies.



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## TOURISM

Nova Scotia wears its commitment to tourism on their license plates, which read "Canada's Ocean Playground." Tourism revenues were more than \$1.25 billion in 1999, with employment reaching 36,300 direct and indirect jobs. There is tremendous business potential to build on this success. Strong partnerships between government and the tourism industry are focusing on opportunities such as developing touring and niche markets, building a year-round season, improving transportation access, strengthening product quality, and improving the business environment.

## CULTURE

Nova Scotia's culture sector is valued at about \$800 million, and it has created almost 30,000 jobs. Culture has played an enormous role in enhancing the quality of life, contributing to a positive environment that attracts business, and helping promote Nova Scotia internationally. Today, traditional sub-sectors of the arts and heritage have been joined by film, television, sound recording, new media, and Internet content production. While direction for the development and promotion of culture is guided by the Nova Scotia Culture Sector Strategy, opportunities exist to position Nova Scotia as a source of highly competitive cultural products.

Nova Scotia also has its eyes sharply focused on its future, identifying five key growth opportunities: the digital economy, the energy sector, advanced manufacturing, the learning industry, and the life sciences sector.

The digital economy includes digital technology developers (software developers, new media, hardware manufacturers), professional business services in e-commerce, and cross-sectoral adoption of digital technologies. Investment opportunities will come from Nova Scotia's development strategies that include stimulating development of an information and communications technology with the private sector



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to improve the business climate, attract anchor companies, fund partnerships, and provide access to capital.

The energy sector began with the 1999 start of natural gas production from the Sable Offshore Energy Project, one of the most pivotal industrial developments in the history of the province. Another offshore project may bring PanCanadian's Panuke natural gas to shore within five years, and companies are undertaking and planning considerable offshore exploration. The Nova Scotia Petroleum Directorate and Economic Development are pursuing gas-related industrial opportunities and working to maximize benefits from all aspects of this industry.

Advanced manufacturing in Nova Scotia employs about 45,000 people and accounts for most of the province's exports, \$1.7 billion in GDP, and \$7.7 billion in sales. It generates more spin-off employment and activity than any other sector of the economy. For the future, the government aims to explore opportuni-

ties to add more value to both natural resource-based production and to goods already manufactured in Nova Scotia.

The learning industry is seen as an asset and an exportable resource with priorities to prepare Nova Scotians to take their places in their own economy, attract students from elsewhere, and export expertise, education and training services. The provincial government wants to link companies, private trainers, universities, colleges, and schools to develop Nova Scotian education and training as an export commodity and to promote the province as a place to obtain a quality education.

Life sciences companies in Nova Scotia currently generate annual revenues of more than \$50 million in pharmaceuticals, nutraceuticals, biotechnology, medical devices, food and agriculture services, and other areas. The province's university and research institutional base gives this small sector considerable potential for development and significant long-term benefits for the provincial economy.

## PRINCE EDWARD ISLAND

Prince Edward Island (PEI) is the smallest Canadian province—only 280 kilometres long and 64 kilometres wide. But this is where Canada was born. The Charlottetown Conference in 1864 eventually led to the proclamation of the Dominion of Canada in 1867. Consequently, Charlottetown is now known as the “Birthplace of Confederation.”

Located in the Gulf of St. Lawrence, off the Atlantic Coast of the Canadian mainland, PEI is famous for its red soil, sand dunes and 800 kilometres of unspoiled beaches.



In 2001, the population of Prince Edward Island was just over 135,000, and about 38 per cent of the people are under 25 years of age. In 1997, Prince Edward Island officially opened the Confederation Bridge. The 12.9-kilometre bridge—the world's longest bridge over ice-covered salt water—spans the Northumberland Strait and offers easy access from the mainland to the Island beyond the traditional ferries and air travel.

PEI's key business sectors are aerospace, film, food, IT, and life sciences.

Aerospace is one of the fastest growing sectors of the Prince Edward Island economy, representing 20% of total provincial exports from Slemon Park, an

industrial park located just outside of Summerside. This 1,500 acre property includes an airport with two runways and several hangars from 25,000 to 300,000 square feet, which are home to companies such as Honeywell, Atlantic Turbines, Testori Americas, Wieble Aerospace and TubeFab.

A 20-year tax rebate incentive program took effect on January 1, 1993, and applies to aviation or aerospace-related businesses that establish operations at Slemon Park. Eligible companies include original equipment manufacturers, strip and paint shops, repair and overhaul operations, training and various aviation support businesses. The tax rebate incentive program includes a full annual rebate on all corporate income tax paid by aviation-related businesses for operations conducted at Slemon Park; and a rebate of all sales taxes attributed to the purchase of goods and services related to aviation-related activities at Slemon Park; plus an annual rebate of all real property taxes attributable to ownership or rental of facilities at Slemon Park.

Film and television production in PEI is assisted by Technology PEI, which provides related services programs to private sector companies offering job and wealth creation opportunities. The agency offers a number of programs designed to assist

in the funding of new film and television projects and to provide support to producers and filmmakers:

The Film & Television Labour Rebate Program encourages the development, training and hiring of Prince Edward Island production personnel. Technology PEI provides a direct refund calculated on 30% of the eligible PEI and deemed labour expenditures, or 15% of the eligible total production costs, whichever is the lesser.

The Equity Investment Program supports Prince Edward Island based productions. Technology PEI provides equity investments in qualifying projects where there is significant employment and economic benefit to Prince Edward Island and to the province's film and television industry. If a broadcaster makes a financial commitment to the development process, Technology PEI provides interest-free loans to support the project.

The food industry in Prince Edward Island is the single most important contributor to the provincial economy and includes the agri-food, seafood, and beverage processing sectors. In 1997, total provincial manufactured output was \$877 million and food processing accounted for about \$625 million, or over 70%. The provincial government's lead business development agency, Prince Edward Island Business Development, has targeted the food industry for further growth and development.



In a March 1999 KPMG study comparing business costs in North America, Europe, and Japan, Charlottetown, Prince Edward Island ranked third among twenty-one cities as the lowest cost city for food processing industries.



Prince Edward Island also offers technical and financial support to the food industry. The provincially owned Food Technology Centre offers product and process development, food chemistry and microbiology analytical services, nutrition labeling, sensory analysis, and food safety and quality assurance. In keeping with the philosophy of helping firms by underwriting higher risk activities, Prince Edward Island Business Development provides financial incentives to firms undertaking market research and development projects.

The IT sector is in growth mode both globally and locally. Technology PEI offers

programs designed to help companies succeed in the knowledge economy.

The Information Technology Ideas Assessment Program is designed to assist companies and entrepreneurs with early stage expert professional appraisal of their IT related ideas to help move their opportunity from concept to market. Once the business is up and running, the Professional Development Program helps promote the career development of employees through advanced industry based training courses, conferences and seminars.

If the Internet is an important marketing tool to growing businesses, the Prince Edward Island Business Development and Technology PEI co-sponsor a non-repayable contribution to help businesses establish a presence on the Net. Technology PEI also offers financial assistance for research, market investigation, advertising and promotion, audience development, market participation and festival attendance.

Life sciences, and biotechnology in particular, has been singled out as a priority sector for future economic development in Prince Edward island. The province enjoys a highly capable science research and development life science community with the capacity to support private sector activities.



***Prince Edward Island offers technical and financial support to the food industry.***

International companies that have already been established on Prince Edward Island include BioVectra dcl, Aqua Health Ltd., A/F Protein Canada, Westech Agriculture Ltd., AVC Inc., and Solanum PEI. Local industries are currently involved in the commercial application of a range of product technologies such as human diagnostics, animal vaccines, plant tissue culture, animal and plant transgenic species, enzymes and minor biochemical extracts.

Prince Edward Island offers many additional advantages to life science companies, including high quality science graduates, Canada's generous R&D tax benefits, financial incentives based on sound principles of investment, excellent telecommunications and ready access to key North American markets.





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And don't let PEI's small size deter you. Some say it's one of their strengths. "We in this province are always ready to welcome new business opportunities," says Mike Currie, Minister of Development & Technology for the Province of Prince Edward Island. "We are able to have customize solutions to suit all types of business and our small size allows us to be flexible."

CHÂTEAU FRONTENAC

**READY FOR YOUR BUSINESS**

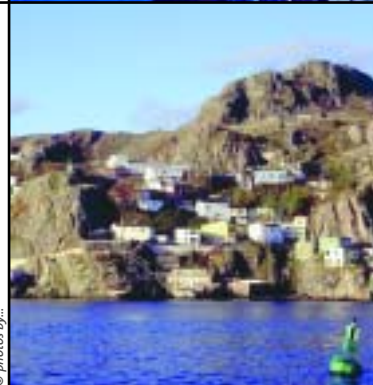
Obviously, Atlantic Canada is far more than just a pretty place. They're serious about business, especially your business. Just ask Brad, Jeff, Suzanne, Julie, Ghislaine, Frances, Brenda, Judy, Norman and Mike. I did .



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The Maritimes