

THE ONTARIO BUSINESS REPORT

Published by the Ministry of Economic Development and Trade

Research Casting's success is evolutionary

Something that started out as a modest business from a temporary workshop in an Oakville garage, has quickly grown larger than a T-Rex. As a newly graduated sculptor just out of school, Peter May would never have guessed that his creative talents would eventually be put to use building five-storey dinosaurs.

May is the owner of a company called Research Casting International. The firm, based in Beamsville, molds and casts life-size models of fossilized and recent bone, trees, rocks, land formations, and significant architectural and sculptural objects.

They also specialize in preparing and mounting original fossil material. These models are prepared for museums around the globe.

Peter and his team of 20 welders, carpenters, artists, model-makers and paleontological specialists utilize their unique skills set in building exhibits for major institutions including: The ROM (Royal Ontario Museum) in Toronto, the American Museum of Natural History in New York, and the British Museum of Natural History in London, England.

"We're here to provide the necessary support to build educational exhibits that are a unique blend of art, science and technology," says May.

Outgrowing its space in Oakville, the company arranged financing for a new 1,677 sq. m facility in Beamsville. May relied on the bank's management consulting services to improve its job costing and scheduling for his rapidly expanding business. "We needed help with strategy to ensure our continued growth," said May.

continued on page 8



Research Casting's owner and founder Peter May stands beside one of his company's latest creations, a full-scale 40 foot model of the Humpback Whale (megaptera osphya).

Lightweight stone
a solid success

page 3

Japan & the Mideast
attracting Ontario business

page 6 & 7

Deerhurst invests \$18
million in its 2nd century

page 9

VQA recognized as
province's wine authority

page 10

New P & G products mean new jobs in Belleville & Brockville

If you look at our roots, we are an innovation company. We are all about identifying consumer needs and then developing better products to meet those needs,” says Tim Penner, President of Procter & Gamble (P & G) Canada.

P & G is known world-wide as the manufacturer of products with such familiar brand names as Ivory, Crest, Tide, Pampers and Pringles, just to name a few. It's a global organization with operations in more than 70 countries, and it sells products in more than 140 countries with annual sales exceeding \$37 billion.

One of its primary profit contributors is P & G Canada.

“Last year, we sold \$1.9 billion of goods across Canada,” said Penner. “Our goal is to grow our business by an additional 15 per cent each year.”

The head office for P & G Canada is in Toronto, with manufacturing plants located in Belleville, Brockville and Toronto. “The track record of each of these plants has been stellar, with excellent employees, efficient operations and a real focus on ensuring P&G is able to reliably supply retail customers,” says Penner.

As a result of their successes, Belleville and Brockville have each recently won additional production responsibilities. To support this growth, 200 new, highly-skilled jobs have been created and the plants have benefited from a total of \$200 million in capital investment in the past year alone. The Belleville plant currently employs 800 full time and 200 temporary staff. The Brockville plant currently employs 450 full time and 65 temporary staff.

Following the North American Free Trade Agreement, P & G streamlined its manufacturing processes, so that there are now strategic manufacturing locations that cover Canada, the U.S. and parts of Latin America.

For example, Belleville is now the only location in North America that manufactures the company's “Always” product line.



Tim Penner, President of Procter & Gamble Canada looks to innovative products like Swiffer and Tide rapid action detergent tablets to grow the company's business by 15 per cent annually.

Brockville, on the other hand, manufactures detergents and fabric softeners. Two new products, Swiffer, an electro-static floor mop, and the Tide rapid action tablet, a compact form of the laundry detergent, are both manufactured in Brockville for all of North America. Each facility has been expanded to accommodate the additional production needs.

Penner says that decisions concerning where a product will be manufactured are based on financial factors. “In a global company like P & G, we make our decisions not only between provinces but also between countries and, within the United States, between states,” he says. “I give credit to the Ontario government for the progress that has been made in spending cuts and tax reduction, but I would also encourage them to constantly benchmark, not only versus other provinces but also versus various states. The bar is always rising in terms of the incentives that

individual states are providing to attract large capital investments and to attract jobs.”

Decisions about where to manufacture a product are also influenced by the efficiency with which the company can get raw materials to the site and the efficiency with which finished goods can be taken away. Access to major rail, sea and road links is critical. Penner says the Brockville and Belleville areas are particularly attractive because of easy access to large population bases in the northeastern United States.

P & G is focused on innovation, investing U.S. \$1.7 billion in research and innovation in 1999. The company spent \$30 million of that in Canada through partnerships with local academic and research organizations. This commitment to research and development has helped create aggressive growth and strong sales across the country.

It also led to the desire to give something back.

continued on page 8

Mohawk Rock busy recreating nature

While travelling the U.S. working on structural steel projects, David Smith was always looking for a sound business enterprise, something that would be economically viable to establish at home on the Six Nations Reserve.

In the late 1980s he discovered a new technology process that allows natural stone to be cloned in minute detail, with the added benefit of being able to colour and shade the reproduction to a preferred enhancement. Smith established Mohawk Rock Manufacturing, a facility capable of producing a truly unique Canadian product.

Established in 1990, the company is located in Ohsweken, near Brantford. Mohawk began to supply and install its replica stone in early 1991. The product is marketed through a network of dealers who sell to contractors, builders and installers.

Using polymer-type molds, the company produces a natural looking, environmentally friendly, stone veneer product called "Native Stone."

It provides a lightweight, water-resistant and fireproof surface that meets all building codes. It can be applied to surfaces such as wood, concrete or metal without additional brick ledges or other expensive foundations or reinforcements for support.

The company has trained installers and the product is backed by the Mohawk guarantee.

"With a specific emphasis on training aboriginal installers, we have successfully trained 10 craftsmen and women to install our product in Ontario," said Smith. "Mohawk Rock wishes to train individuals who have an entrepreneurial ambition to become self-employed craftspersons, just as there are brick and block contractors. Our success and growth is dependent on the development of skilled staff who can install our product, and through their expertise become advocates thereby increasing their work and income."

Evidence of these skills and indeed the quality of the product can be seen at several well-known sites including four massive



Mohawk Rock provided the stone work at Deerhurst Resort including the massive pillars gracing the new lobby.

stone pillars gracing Deerhurst Resort's new lobby. Mohawk Rock provided the stone work for the new building and renovation of the older complex. Altogether, 33 tons were used throughout the building.

"I am immensely proud of our work at Deerhurst. It allowed us to do the demanding mix of colours and extremely complex fitting, and produce and install related and complementary stone products that we had not had the opportunity to do previously," said Smith.

Other projects have included supplying "Native Stone" to restaurants such as the Toronto Airport Algonquin, The Great Canadian Bagel Company, and Montana's. Several large projects are planned for the near future.

Recently, Mohawk Rock has moved into a new manufacturing facility. The plant occupies 929 sq. m, in a building owned by the Mississaugas of the New Credit First Nation. Mohawk Rock currently employs 10 full time staff, and has plans to expand its workforce by 50 per cent in the near future.

continued on page 10

VIEWPOINT



Trade has always been one of the fundamental building blocks of a great nation. In the past, prosperous countries understood the importance of a thriving trade industry. That trend has continued today and Canada is no exception.

The world has evolved from trade in exotic goods like spices and silk to the exchange of products and services such as manufacturing and information technology. The discovery of such goods often turned into great inventions. Creative minds turned common sand into the production of glass and changed an entire way of life. Now, those same creative minds of a later generation have turned glass into fibre optics, opening up a whole new industry.

In today's Ontario, modern day adventurers are still lured by the excitement of discovering new products and new markets. While jets have increased the speed at which merchandise can be delivered, and e-commerce is quickly changing the way companies do business, the thrill of discovering new trade opportunities continues to attract those with an entrepreneurial spirit.

In this edition of OBR we focus on our growing trade with countries such as Japan and regions like the Middle East. Japan is Ontario's second largest trading partner after the United States. Last year, two-way trade exceeded \$8 billion.

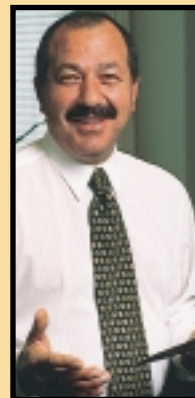
Working with organizations like JETRO-Japan External Trade Organization, Ontario businesses have managed to make valuable gains in accessing Japanese markets.

Another growing market is the Middle East. Since the 1980s trade has steadily grown between Canadian companies and the region. Currently, \$2.5 billion in sales of Canadian product alone have been recorded annually in the region. Ontario's total exports to the region in 1999 were worth \$397 million.

Ontario's companies are encouraged by an increased international demand for our goods and services. Our exports generate \$190 billion a year. They sustain more than 1.6 million jobs in this province. Our export base is crucial to our economy and modern day quality of life.

As advances are made in R & D, logistics, distribution, design and marketing, our trade with other nations will continue to grow along with our reputation for producing the highest quality goods and services. Ontario's business adventurers are providing world-class products and services for the new-world economy.

Al Palladini
Minister of Economic Development and Trade



DaimlerChrysler announces \$1.5 billion investment in Windsor plant

Ontario's booming automotive sector recently received another giant boost, as DaimlerChrysler announced a \$1.5 billion investment into the modernization and expansion of its Pillette Assembly Plant in Windsor.

Al Palladini, Minister of Economic Development and Trade, and company officials including Edwin H. Brust, Chairman, President and CEO of DaimlerChrysler Canada Inc., celebrated the groundbreaking ceremony for the estimated 185,806 sq. m building, which will more than triple the present 91,045 sq. m facility. The expansion also includes a \$500 million paint shop, which will feature new manufacturing processes designed to improve flexibility, productivity and quality.

"This investment clearly represents DaimlerChrysler's commitment not only to our Canadian workforce, but to our aggressive product development plan," said Jim Holden, President of DaimlerChrysler Corporation. "We're very excited about the opportunity this provides consumers, our dealers and the Pillette employees."

The Pillette Assembly Plant opened in 1975 and has produced Dodge Ram vans and wagons since its inception, more than 2.1 million vehicles in total. It currently employs 2,175 skilled workers.

"In the twenty-five years that Chrysler, and then DaimlerChrysler, have produced their fine automobiles in Windsor, they've given many Ontarians jobs and opportunity," said Palladini. "I'm proud to thank them for their faith in Ontario, and their faith in the pro-growth policies of our government. This significant investment will mean economic growth and even more opportunity throughout Ontario."

It was also announced that the production of the Dodge Ram van and wagon will end at the Pillette facility at the conclusion of the

2002 model year. Following a short period of downtime for model changeover, production will begin in the summer of 2002 of an all-new Dodge product.

This expansion is the latest significant investment by an automaker in southern Ontario, the centre of Canada's booming car-making industry.

In 1999, Ontario's automotive industry grew at a rate of more than 19 per cent and produced one in every six vehicles built in North America. It's home to the assembly plants of eight leading car and truck manufacturers, and more than 500 innovative parts manufacturing plants. And with more than 150,000 individuals employed in the automotive industry, Ontario is indeed one of the fastest growing motor vehicle and auto parts producing regions in North America.

As further evidence of this, three weeks following the announcement in Windsor, DaimlerChrysler's Bramalea Assembly Plant celebrated the fact that a very special 2000 Chrysler Concorde LXi was driven off the assembly line. It was the two millionth large passenger car built at Bramalea since the current family of vehicles began production in 1992.

"Bramalea built its one-millionth large car in January 1997," Plant Manager William Wolf told the group gathered to celebrate the occasion. "It took four-and-a-half years to produce our first million, but only three-and-a-half years to build our second."

There is no doubt that the growing strength of Ontario's automotive sector is evident within DaimlerChrysler. This year, DaimlerChrysler Canada celebrates its 75th anniversary.



DaimlerChrysler's two millionth large sedan, a 2000 Chrysler Concorde LXi, was driven off the assembly line recently at the Bramalea Assembly Plant in Brampton.

Family recipe leads to worldwide enjoyment of BeaverTails®

Picture a family sitting around the breakfast table on a Saturday morning many years ago. The mother is making the family's favourite treat, a hearty dough cooked in hot oil and flavoured with sugar and cinnamon, jam or honey. Her daughter, in turn, grows up and makes these "little cakes" for her own family. Years later, her son and his wife share this treat with their own children and friends.

It is undoubtedly a family tradition. No one expected that the renamed BeaverTails® would also become the family business.

"We had always been involved in community work, and back in the late '70s we helped organize a music and craft fair. We needed food and my wife Pamela suggested we serve BeaverTails," said Grant Hooker, owner of BeaverTails Canada Inc. "The fair was a three day event. We built a timber-framed shack and converted two propane burners into stoves. We bought a couple of large cast iron pots, made the dough in our home and rolled it out with a hand operated laundry wringer. Then we brought it to the fair and started cooking. We had line-ups from morning until closing time."

Most Ontarians are familiar with these pastries. Versions can be traced back as far as early North American voyageurs. BeaverTails Canada Inc. makes theirs with a special proprietary blend of whole wheat and other natural ingredients. The dough is hand stretched into the shape of a beaver's tail and float-cooked in hot canola oil. The pastries are then served with the customer's choice of sweet or savoury toppings.

"We had a marvelous time introducing people to BeaverTails at that first fair, and we continued to set up at rural fairs across the Ottawa Valley. Ultimately, though, we got tired of traveling and decided to investigate the opportunities in Ottawa."

In 1980, Grant Hooker opened the first permanent BeaverTails location in Ottawa's emerging Byward Market. He says that first year involved a lot of describing and sampling and not a whole lot of selling, but inevitably the taste stuck as a memory and people returned.



The original BeaverTails location in Ottawa's Byward Market. Currently, there are over 130 BeaverTails outlets around the world including St. Tropez on the French Riviera.

Today, there are 130 BeaverTails outlets around the world. In Ontario, the company employs 24 people in their Ottawa head office and plant, and more than 800 full-time and seasonal staff in their corporate and franchise locations across the province.

The most recent location opened this summer in St. Tropez on the French Riviera. There are franchises across North America, Asia Pacific, Central America and Europe, and they target prime recreational and tourist sites. For instance, BeaverTails was the first branded food served at Walt Disney World, and the product continues to be sold from a log cabin set in front of the Canadian pavilion at Epcot Centre. In Costa Rica, and in Quebec, BeaverTails outlets have partnered with ice-cream stores. "Twinning in this manner works very well," said Grant Hooker. "It adds a year-round product to a seasonal ice-cream business."

"We try to pursue the franchising model at its best. Our partners' success is our success so from the moment they invest in our system, we are there for them."

This system, and this success, has been rewarded in many tangible ways. In 1999, BeaverTails Canada Inc. won the Ontario Global Traders Award for the Eastern Region in the category of Market



Expansion Award – Service. Further, in recognition of 20 years of success at Byward Market, Ottawa mayor Jim Watson declared this past June 2nd "BeaverTails Day" in the nation's capital.

From family recipe to worldwide treat, Grant Hooker estimates that "somewhere between 150 and a gajillion" BeaverTails are sold around the world every day.

For more information, please visit www.BeaverTailsInc.com or call 1-800-704-0351.

Ontario companies find success in Japan

Japanese investment is significant in Ontario. More than 240 Japanese firms have invested in this province and many others have established trading relationships with Ontario firms. The automotive sector is of particular note, with three major automotive companies, Toyota, Honda and Suzuki, investing more than \$4 billion to date in Ontario.

It's a strong, growing and vital relationship and it works both ways.

"A tremendous opportunity exists for Canadian companies to capitalize on the new business climate that has emerged as a result of Japan's economic transition," said Nobuhiko Yoshida, Executive Director of JETRO Toronto.

JETRO is a non-profit organization that promotes trade and economic relationships between Japan and other nations.

"We encourage direct investment in Japan by Canadian companies and strategic alliances," said Yoshida.

The Japan External Trade Organization (JETRO), in its sixth annual publication "Success in the Making" recently profiled several Ontario companies that have found success in Japan.

ABC Group, with its head office in Toronto, is a privately-owned plastics component and systems manufacturer that serves the international automotive market.

"More than 90 per cent of our products are for automotive, and roughly 30 per cent of these are for original equipment manufacturers in Japan," said Kuni Amano, Business Manager of Asia/Japanese Business for ABC Group. "It simply makes good business sense to have a technical centre and communications base in Japan."

Another company profiled by JETRO is the Open Window Bakery. It exports bagels to Japan, which raises the question of how an Ontario company that produces fresh food can actually export that distance.

"We had just purchased a blast freezer, an application that freezes the bagels when they are still raw for the purpose of shipping," said Gail Agasi, Vice-President and CEO of Open Window Bakery. "One of the purposes of the new blast freezer was to allow us to export some of our products, while keeping them fresh. We were looking into new markets and Japan was a natural fit."

Open Window Bakery, based in Toronto, started exporting to Japan in 1997. "Japan is a market that we are planning on being part of for a very long time," said Agasi. "As an added bonus we've had interest from other Far Eastern countries because they've tried our bagels in Japan."

JETRO found that companies exporting to the Japanese market have had similar experiences, and offers the following observations for those considering a move in this direction:

- Commitment, preparation and willingness to travel to Japan are of critical importance.
- Japan can act as an important link to other Asian markets.
- Companies should be willing to modify their product design and specifications, if necessary, to suit Japanese customer requirements and government regulations.
- It is important to choose the right method of distribution and develop a close relationship with your customers. The importance of after-sale service cannot be over-emphasized.

In 1999, Ontario exported \$765.4 million to Japan, an approximately 10 per cent increase over 1998. Japan is Ontario's fifth largest export market worldwide and largest export market in Asia. Japan is Ontario's second largest trading partner after the United States. Over half of Ontario's Exports to Japan are value-added products.

Al Palladini, Minister of Economic Development and Trade, was recently in Japan to meet with current and potential investors. At the conclusion of this successful visit, he stated, "Our government is very proud of the ties that Ontario and Japan share. I am confident that this relationship will continue to grow."

Visit JETRO's Web site at www.canada.jetro.org/toronto/
For Ontario government trade programs: www.ontario-canada.com/export



Open Window Bakery Ltd. CEO and Vice-President Gail Agasi, exports bagels to Japan. She is seen with Asst. Plant Mgr. Khaliq Mirza and General Plant Mgr. Abraham Reichberg.

Middle East holds promise for Ontario business

Just as the pyramids attract archaeologists to the region, the lure of Middle East trade is proving profitable for many Canadian companies.

In the late 1980s, Canada exported about \$20 million in products and about \$15 million in services annually to the United Arab Emirates alone, which is a major centre for trade shows, product distribution and commercial activity. That market now represents more than \$250 million in products and about the same in services. Canadian sales of product alone to the entire region, which comprises more than 20 countries, are worth \$2.5 billion every year.

It's well worth the effort to rise above the network news images, confront the real and imagined risks, and objectively assess the opportunities.

"People think it's too far away, too complicated," said Samir Zalzal, President of the Canada-Arab Business Council. "But it's easier to work there than in many other parts of the world."

To begin with, English and French are widely spoken.

Many Middle Eastern countries are restructuring their economies by diversifying industries and opening them to private-sector participation and foreign investment. Ontario firms are making inroads in sectors such as auto parts, water treatment, environmental products, transportation, healthcare, building products, infrastructure, oil and gas and information technology.

Ontario Exports Inc., the Ontario government's lead trade agency, has been involved in the Middle East for many years and is becoming more active there. OEI lobbied aggressively with the Abu Dhabi government on behalf of Interhealth Canada Ltd., which took Ontario's public expertise in health care and translated it into an exportable service. The company won a contract to operate the Shaik Khalifa Medical Centre, the area's first specialized



Abu Dhabi/United Arab Emirates. Ontario Exports Inc. is pursuing sound business opportunities in the Middle East.

care hospital. Anticipated revenues over the four-year contract are \$1 billion.

"Canada excels at health, education, justice, design and engineering," says Skip Schwartz, Interhealth's President and CEO. "Those kinds of expertise can also be exportable resources."

Education and training needs in the Middle East present an untapped opportunity for Canada.

In Saudi Arabia, half the population is under 17 years of age. Dozens of new schools, as well as staff, curriculum and training programs are needed. Traditionally, Middle Eastern students come to Canadian medical and engineering schools.

Demand is increasing in the areas of information technology, tourism, business, health care, early childhood education, language and literacy training, distance learning and aviation services.

"They see Canada as an open-minded environment, as progressive," says Angela Williams, Director of International Student Recruitment at Seneca College, which has been active in educational exhibitions in the Middle East. "We have a lot to contribute to their efforts to upgrade their educational system."

Water issues are critical in the Middle East. Zenon Environmental Inc. of Oakville, a global leader in membrane filtration water purification technologies, now generates up to 20 per cent of its annual \$100 million revenues in the Middle East.

Fast Facts – Canadian Exports

Middle East Top Six 1999 Figures – DFAIT

(Thousands of Canadian Dollars)

Iran	\$ 539 275
Algeria	479 096
Saudi Arabia	297 641
Israel	295 668
Egypt	185 297
UAE	180 321

Ontario Exports Inc. has worked with the Canada Arab Business Council and led business delegations to the region. The agency has plans to increase its presence in the lower Arabian Gulf, and a forum next spring will explore ways to obtain a bigger share of large international projects.

For those with patience and professionalism the Middle East holds much promise.

Ontario Exports Inc. Middle East consultants can be reached at (416) 314-8200.

Research Casting's success is evolutionary

As part of its business, Research Casting is working with museums and their paleontology departments to supply funding for paleontological research. The museums provide specimens for casting. The company then prepares the casts and sells them to other institutions. Casts are sold under licensing agreements and royalty payments are made to the institutions which provide the original specimens.

The American Museum of Natural History features one of the company's more spectacular displays in its main rotunda. A rearing five-storey high Barosaurus is seen defending its young from an attacking Allosaurus.

The display represents the tallest free-standing dinosaur mount in the world. The original fossils were transported to Research Casting where the bones were reconsolidated and missing pieces sculpted. Everything was then molded, cast and mounted. In addition, Research Casting prepared the rest of the exhibit which included taking a mold and casting a section of the Hell Creek Badlands in Montana which was used for the base. The company also built a planet display for the new planetarium attached to the museum.

"We are recognized as a solid, dependable company with an excellent reputation for high quality work. Our unique blend of art, science and technology has allowed us to fill a niche where few companies exist," says May.

For further information call (905) 563-9000 or visit the Web site at www.rescast.com



Research Casting built the planet display for the new planetarium attached to the American Museum of Natural History in New York.

continued from page 2

New P & G products mean new jobs in Belleville & Brockville

"We do believe very strongly in giving back to the community, especially the communities where our employees live and work," says Penner. P & G Canada donated well over \$1 million to the United Way last year. Most recently, and in conjunction with the 30th anniversary of its Belleville operations, it donated \$1 million to the Quinte

Healthcare Belleville General's new Maternal and Child Care Centre, which will be named the P&G Family Centre.

P & G has also created public-private partnerships to benefit causes that are important to Canadians, like prevention of Sudden Infant Death Syndrome.

P & G's products can be found in most households across the country. Penner and his team will continue to work hard to meet the growing and changing needs of the consumer, and to ensure that even more of these popular products are manufactured right here in Ontario.

Deerhurst Resort expands for the 21st century

In 1896, Charles Waterhouse, an English entrepreneur and sportsman, figured that Ontario should have a special place where city folks could go to escape the rigours of daily life. He created a resort in the style of an English tourist house overlooking Peninsula Lake near Huntsville, Ontario, and he called it Deerhurst.

Deerhurst Resort, one of Muskoka's most famous landmarks, has launched a proud new chapter in its history with a major expansion.

At a cost of more than \$18 million, the all-season resort has added guest rooms, a water-view restaurant, a ballroom, a new indoor pool and a dramatic new three-storey lobby.

"Although it has only been a short time since we began welcoming people to the new Deerhurst Resort, the positive response from our guests has been absolutely overwhelming," said Patricia Nicholl, Director of Sales and Marketing. "Our goal, from day one of the planning has been to take the legendary reputation of Deerhurst Resort to new levels and to create a centerpiece for a

unique resort experience. Judging by initial reactions, we've more than met our goals."

Deerhurst Resort opened modestly, more than a century ago, with four acres and a dozen rooms geared to the discriminating traveler. Today, it occupies 324 hectares and is one of the largest conference and leisure destinations in Ontario.

As part of its expansion, Deerhurst has increased the amount of space available for business meetings, conferences, exhibits and special events. The new 2,440 sq. m Waterhouse Ballroom can be subdivided and includes a state-of-the-art, built-in 6 m x 2.4 m rear projection screen. Three new meeting rooms bring the total to 32 throughout the resort. A separate group check-in area allows conference guests to register quickly.

Additionally, a new four-story guest wing has 102 new rooms and suites, which include custom-designed desks and separate voice and data lines suitable for keeping visitors plugged into the business world.

The positive impact of Deerhurst Resort's expansion on the local community and

economy is significant. Already established as one of the largest employers in Muskoka, Deerhurst's recent growth means more jobs and more tourism money flowing into Huntsville and the surrounding communities.

There are 430 year round employees at Deerhurst, with summer jobs boosting staff to 700. "Seven hundred jobs means 700 people paying taxes, buying groceries and filling their cars with gas," notes General Manager Anne Larcade. "Every business in this area is affected positively by tourism and by Deerhurst's growth. If businesses aren't serving tourism visitors directly, they're serving the people who do."

Today, with its recent expansion, Deerhurst Resort has 425 guest rooms, 12,000 sq. m of meeting and exhibit space, three restaurants, and two 18-hole golf courses, including the nationally acclaimed Deerhurst Highlands.

"We know that we've vastly improved a legendary resort, created scores of new employment opportunities and are showing that this area will continue to flourish as a year-round business and leisure destination," said Nicholl.



A new front entrance with massive stone pillars is just part of the \$18 mil. renovation which also includes a restaurant, ballroom, indoor pool, a three-storey lobby and 102 additional guest rooms.

A historic milestone for Ontario vintners

With the twist of a cork Ontario wine makers joined the major wine regions of the world as the (VQA) Vintners Quality Alliance Act was proclaimed.

Since establishing voluntary VQA wine standards in 1988, sales of VQA products account for 10 per cent of all domestic wine sales in Ontario. Now, with a regulated system, VQA wine sales are expected to expand as consumers can be assured of a quality product.

The announcement made on June 28th of this year, by Bob Runciman, Ontario's Minister of Consumer and Commercial Relations, recognizes VQA Ontario as the province's wine authority. VQA Ontario will establish, define and set quality standards that must be met for a wine to carry the VQA medallion.



continued from page 3

Mohawk Rock busy recreating nature

Mohawk is focussing on Ontario in order to build a strong base of operations in the province. The company has exported on a small scale to the U.S. and Japan.

"Proclamation of the VQA Act shows that Ontario's wine industry has come of age and has the maturity and quality to compete against the best in the world," said Runciman.

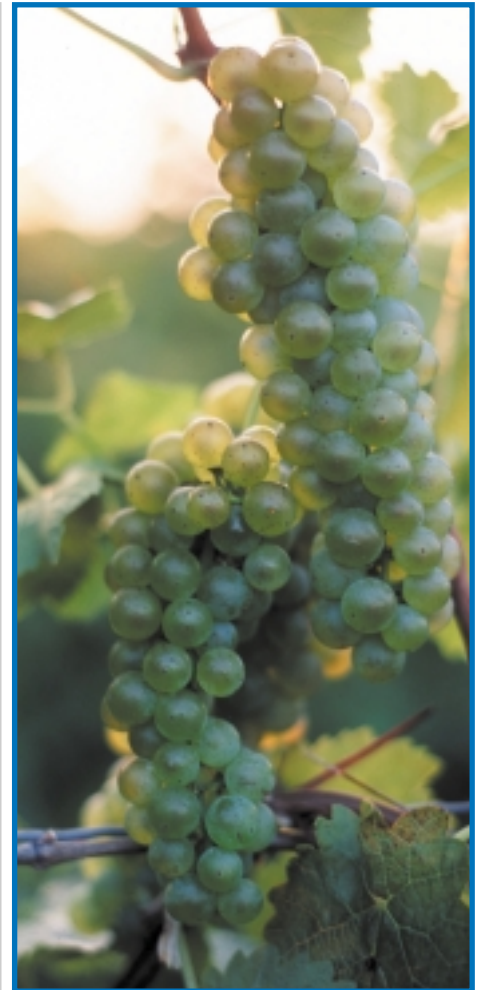
"Ontario now has a regulated appellation system with standards comparable to those in France, Germany, Italy and other major wine regions of the world," said Leonard Pennachetti, Chair and President of VQA Ontario and President of Cave Spring Winery.

The announcement came close on the heels of a visit Runciman and representatives of Ontario's wine industry made to France, Brussels and the U.K. The delegation's key objective was to directly address the (EU) European Union's trade barriers against Ontario wines.

The proclamation of the VQA Act turns a voluntary standard-setting system into one with the force of law. This brings the Ontario VQA system and its quality standards into line with the same systems in Europe's major wine regions.

VQA Ontario, the province's new wine authority will ensure that all Ontario wines carrying the "VQA" medallion meet a high standard of quality.

"A quality guarantee, backed by legislation, will greatly assist in the development of new and expanded markets for Ontario wines. Having VQA will add



additional jobs to the 5,000 in Ontario's wine and grape sector," stated Paul Speck, Chair of the Wine Council of Ontario and President of Henry of Pelham winery.

According to Smith, starting a manufacturing business on an Indian Reserve is difficult even when you have a tried and accepted product to produce and sell. It is especially so in the highly regulated building industry where documented credibility is a pre-requisite to public acceptance.

"Mohawk has worked very hard to gain the confidence of developers, designers, architects, contractors and building supply outlets. We are very determined that that confidence will be rewarded," said Smith.



For information about Mohawk Rock call (519) 445-4766. Their toll free number is 1-888-464-7621.



BUSINESS BRIEFS

NPS Allelix CEO to gain Northern Exposure

With all the coverage the media is giving to the 'Brain Drain' it's good to learn that certain U.S. executives are relocating to Ontario.

One such individual, Dr. Hunter Jackson, Chairman CEO and President of NPS Allelix Corporation (a wholly owned subsidiary of NPS Pharmaceuticals Inc.) is moving to Toronto from Salt Lake City along with his family. He made the announcement in May at the "Brain Gain" conference organized by the Ontario government's Research and Development Challenge Fund.

"There's tremendous opportunity here," said Jackson, "For Canada the party's just beginning. We expect to draw additional talent and create more innovative drugs that will improve or save the lives of millions of people around the world," he said. "That's a tremendous motivator."

NPS Pharmaceuticals, based in Salt Lake City, Utah, was founded in 1986 and is engaged in the discovery and development of recombinant peptides and novel, small molecule drugs that address a variety of important diseases.

Early drug discovery work at NPS was based on the extraction and exploration of venom from insects. The company established collaborative ventures with Pfizer Inc. in 1987 and with FMC Corporation in 1988 to expand its innovative research.

In 1992, NPS completed two rounds of venture capital funding followed by an initial public offering of stock in 1994. Additional funding followed with collaborative agreements with SmithKline Beecham, the Pharmaceutical Division of Kirin Brewery Company Ltd of Tokyo, and Amgen Inc.

In November of 1999, NPS announced that the Canadian government had agreed to make an investment in NPS's proposed merger partner Allelix through a program known as Technology Partnerships Canada.



NPS Allelix Chair, CEO and President, Dr. Hunter Jackson is moving to Toronto from Salt Lake City.

The \$5.78 million (U.S.) investment will support the clinical research and development of a potential new drug for the treatment of gastrointestinal disorders.

In December of 1999, NPS Pharmaceuticals and Allelix Biopharmaceuticals Inc. of Toronto merged. The merged company operates as NPS Pharmaceuticals in the U.S. and as NPS Allelix Corp. in Canada. The company has 129 U.S. and 120 Canadian employees.

NPS is involved with many pre-clinical and late-stage clinical programs that address a variety of important human diseases. Clinical candidates are being advanced both by the company and by its corporate partners. Partnered programs include treatments for primary and secondary hyperparathyroidism with Amgen and Kirin; for osteoporosis with SmithKline Beecham; for neurological disorders; for pain with Eli Lilly; and for schizophrenia with Janssen. Proprietary programs include treatments for osteoporosis, gastrointestinal disorders, chronic pain, diabetes, and central nervous system disorders.

According to Jackson, knowledge-driven companies like NPS Allelix want to be close to new ideas as they are developed. This is why the company plans an eventual move from Mississauga to a location closer to health-science research at the University of Toronto.

"Our company can benefit from the world-class research being conducted by universities like the University of Toronto," says Jackson.

"Through their activities, research centres and institutions train and educate the scientists critical to expanding and reinforcing the work of businesses like our own. We are certain that many benefits will come from our move and efforts to cultivate a close relationship with the university."

Market Ontario Wins Awards

Market Ontario has brought home 11 awards from the prestigious international Promotional Material Awards Competition in Dallas, sponsored by the American Economic Development Council (AEDC).

The Ministry of Economic Development's investment marketing program, its staff and supplier partners were acknowledged for their outstanding efforts in promoting the province in key international markets as a preferred investment location, and for attracting and retaining business and industry, both major objectives of the agency.

Market Ontario received six Best of Class awards, two Superior awards, as well as a Special Judges award, an Excellent award and an Honourable Mention. The awards categories included brochures, audio-visual, Web site, computer multimedia and ad campaigns.

The AEDC is the largest and oldest economic development society in the U.S. More than 750 delegates from the U.S., Canada and Europe attended the awards presentation in June.

Innovators Alliance links CEOs

Innovators Alliance is a non-profit organization of CEO's and presidents that grew out of the Ministry of Economic Development and Trade's annual Wisdom Exchange™. Attendees wanted year 'round access to their fellow CEO's. As a result, Innovators Alliance was incorporated in June 1999, so that leaders of high growth firms have an opportunity to meet with local peer groups, share their experiences, cope with the accelerating pace of change and sharpen their company's competitive edge.

"I like the fact that you have to qualify to join" says Roy Matsu, CEO of Norex Ltd. in Markham. "The select caliber of member ensures a level of discussion that offers real value for CEOs. I worked hard to bring my company to this level, and the Innovators Alliance is helping me take it even further."

Innovators Alliance links CEOs together in forums on a regular basis, both face-to-face and electronically. More than 150 members are networking and accessing expertise from each other year round. Members have developed relationships beyond the chapter meetings, and many have come to rely on each other as an unofficial Board of Advisors.

Local chapters meet monthly to examine a wide range of topical issues such as accessing working capital, employee recruitment and retention, incentive plans, stock options, mergers and acquisitions. Members also take this opportunity to table personal business issues for peer advice and feedback.

Brad Forsyth, President and CEO of MXI Technologies Ltd. in Ottawa, states, "the value of the Innovators Alliance is that it brings together peers who have similar challenges and face similar consequences. Innovators Alliance provides a great forum to discuss 'best practices', share experiences, test ideas and get a 'reality check'. The camaraderie that develops is a bonus."

Mission:

Among our members and sponsors, we foster sustained and superior business results through shared wisdom. Innovators Alliance is dedicated to knowledge sharing among CEOs. Our organization is passionate and enthusiastic, and we foster trust within our membership.

Membership criteria:

- **Fast Growth:** Company has surpassed 50% growth over a 3-year period.
- **You're a Job Creator:** You have more than 20 employees (or have annual sales of more than \$2 million).
- **Key Decision Maker:** Company representative holds the position of CEO or President.
- **Ontario based:** Your head office is in Ontario.

CEO & Corporate Membership Benefits:

- **Local Peer Groups: Meeting now in Ottawa, Barrie, Markham, Toronto, Mississauga, Hamilton, Kitchener-Waterloo and London**
Regularly scheduled meetings provide regional access to other CEOs and allow you to develop relationships that often lead to your peer group acting as your informal Board of Advisors.
- **Interactive Web site:**
www.innovators.org
Major trends and developments in matters aligned to your business are posted. The site stores strategic knowledge and meaningful facts, is an interactive resource for e-dialogue and offers answers to current issues.
- **Special Events and Activities:**
Gain fresh insights about relevant business topics at both formal and informal special events such as the annual conference and annual golf tournament.
- **Sponsor – Alliance Services:**
Sponsors provide an extensive knowledge resource base for Innovators Alliance members. Products and services are also often available to members at significant savings.
- **Communication & Networking Opportunities:**
E-News Digest highlights 'what's new', activities, news and hot-links to member and Innovators Alliance web sites. CEOs have an opportunity to interact and exchange their successes with IA members province-wide.

To learn more about Innovators Alliance, and to apply for membership visit www.innovators.org or contact:

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Comments and proposed contributions are welcomed. Please write by mail or fax.

