

THE ONTARIO BUSINESS REPORT

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Trade mission to China helps build new relationships, growth and jobs

Ontario's participation in the recent 10-day Team Canada 2001 trade mission to China was an unqualified success. "Ontario companies have signed trade deals that will expand their businesses in the short-run and they've made contacts that will lead to continued trade, strong relationships and even more job creation in the long-term," said Premier Mike Harris.

Harris led the Team Ontario delegation of about 150 companies. The mission went to Beijing and Shanghai and then moved on to Hong Kong. Ontario representatives were from high-tech, telecommunications, agricultural supply, food processing and business services companies, as well as colleges and universities. Harris said the trip was part of a larger plan to strengthen Ontario's economy, create jobs and build relationships.

"The world's economy is constantly transforming itself, and we've got to be ready for change. One of the most significant changes is in the emergence of new markets in China," said Harris. "The mission to China gave us an opportunity to diversify our trading relationships beyond North America and to demonstrate Ontario's strengths in the high-tech new economy."

China is currently Ontario's fourth largest export market. The province's exports to China have grown dramatically in the past few years, fuelled primarily by the automotive sector. In 1998, the province's exports to China were worth \$286 million. In 2000, they reached \$856 million and total



Premier Mike Harris and Stewart Beck, Canada's Consul General in Shanghai. Ontario's new International Marketing Centre will be located in the Canadian Consulate in Shanghai.

combined Ontario exports to China and Hong Kong were \$1.4 billion.

Team Ontario experienced several highlights during the trade mission. In Beijing, Harris witnessed the signing of more than 50 agreements between Ontario and Chinese companies and government agencies. In Shanghai, Bombardier launched the Ontario-built Global Express Jet for Asian markets. In Hong Kong, Harris witnessed the signing of a new trade agreement with Hong Kong that will lead to stronger trade and new export jobs for Ontario. This two-year agreement includes a joint commitment to actively promote exchange visits of

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Concert Design makes musical chairs



Sal Poretta and Lois Stouffer have become experts in manufacturing specialized chairs for musicians.

Sal Poretta and his wife Lois Stouffer are both accomplished musicians. In fact, they met through their mutual piano instructor. The relationship didn't stop there. As both life and business partners they became experts at musical chairs.

After sitting on a piano stool for any length of time, Poretta used to experience numbness in his leg. "I became intrigued by my teacher's stool that had the front legs shortened," explains Poretta. Using his aptitude for craftsmanship, Poretta and Stouffer

embarked on designing a bench that would provide both comfort and back support for long hours of practice and performance.

Today, Poretta designs and manufactures Concert Design's line of performance chairs from his studio/home in Port Franks on Lake Huron south of Grand Bend.

Each chair is hand shaped and tooled by Poretta himself. He cuts, routers and jigs the upright backs and seats. Harpists, bassists and

pianists all have unique seating requirements. Working directly with the musicians whose input is highly valued, he can custom design chairs to meet their specific needs.

The company's impressive client list includes the relative bass sections of the Dallas Opera and Symphony, the Utah Symphony, the Lyric Opera, the Buffalo Symphony and the Florida Symphony. Some individuals such as principal bassist Joel Quarrington and principal cellist Daniel Domb of the Toronto Symphony use Concert Design chairs.

Poretta ensures that attention is paid to ergonomic design which enables good posture and relief of muscular tension and stress. Because of this, Concert Design chairs allow several clients with multiple sclerosis to play harp.

Export sales are primarily mail order and word of mouth. The Web site www.concertdesign.com helps promote sales internationally. And it's paying off. The Web site has put them in contact with the Denmark Symphony's tympani player, opening the door to international markets. Concert Design will be featured at this June's International Society of Bassists Convention in Indianapolis. "Our chair has been elected the Official Chair of the Millennium," Poretta beams.

Musicians also require unobtrusive lighting for concert performances. Concert Design offers a line of halogen lighting for musical scores. A portable battery pack and charger allow the musician to travel with the security of knowing that they will always have the same lighting in any venue around the world.

Poretta and Stouffer see plenty of opportunities for growth. With Ontario's excellent business climate, and with a consistent marketing effort, Concert Design is sure to hit a high note.

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Trade mission to China helps build new relationships, growth and jobs

business delegations in pursuit of industrial and commercial joint ventures.

Harris also announced the opening of Ontario's new Shanghai International Marketing Centre in the Canadian Consulate in Shanghai. This new centre will help raise Ontario's profile, attracting more investment and increasing exports. "Shanghai is a natural location for the marketing centre because it is China's largest commercial centre," Harris said. "It will help Ontario companies deal with the unique challenges they face in doing business in China, such as distance, culture and language."

Close to 600 business participants, eight provincial premiers and three territorial leaders participated in Team Canada 2001. The total value of deals signed by Canadian companies was \$5.8 billion. Ontario-based companies were responsible for 33 per cent of that total, with signed contracts, memorandums of understanding, letters of intent and other deals valued at \$1.9 billion.

On his return to Toronto, Harris noted that Ontario is filled with companies that produce world-class products that are needed all over the globe. He emphasized

that the government will continue to work hard to spread the news. "Team Ontario succeeded in getting the attention of Chinese decision-makers and that will lead to more sales and jobs for our province," said Harris.

He continued, "Creating the right conditions for job growth in Ontario is our top priority. We must always work to expand international trade. As Ontario companies sell more to foreign markets, they make our province more competitive and our future more secure."

Bitcasters is capitalizing on convergence



(From left to right) Bitcaster's Mike Nesbitt, Vice-president of Operations, President Nathon Gunn, and Vice-president Duane Wall. Bitcasters participated in the recent Team Canada/ Ontario trade mission to China.

“Media convergence” is a popular phrase these days, usually describing how large conglomerates are staking claims on everything from newspapers to cable TV. Yet there is another type of media convergence that promises to have a much greater effect on how we are informed and entertained. A young Toronto company is at the leading edge of its development.

“New media convergence” allows virtually all entertainment and art forms to be expressed, stored and distributed in digital formats. An oil painting can become an album cover, and later, part of a music video broadcast on cable, and available on a Web site.

Bitcasters Multiple Media Services is a small but rapidly-growing company that is an acknowledged leader in this new media convergence. Founded four years ago by President Nathon Gunn and Vice President Duane Wall, Bitcasters is decidedly different from most new media startups. Along with its impressive track record of multiple media design and production, Bitcasters has clear goals and a solid business philosophy.

Although the company has done some work for more traditional organizations, its creative

edge draws clients that aren't afraid to take a new approach to a media challenge. Those clients include music giants BMG, Universal Music, Disney, Miramax Films, Citytv's interactive division, and Grosvenor Park, a large Anglo/Canadian film financing and production company.

“Our philosophy is to create richer experiences by cross pollinating different media,” said Mike Nesbitt, Bitcasters' vice-president of operations. “Our team members have a rare combination of technology and creative skills, and we consider everyone here an artist. The result of this hybrid is better, more innovative services for our clients.”

A true multiple media company, Bitcasters is also a full-service production house. The company has developed commercials, music videos, animation, show openings and television branding for many international broadcast and entertainment companies.

The company's success is driven by a talented roster of 12 full-time staff. They are supported by varying numbers of contract employees and freelancers.

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VIEWPOINT



The opportunities for Ontario companies in the global marketplace are huge. Large, medium and small-sized companies have long been aware of this and consistently demonstrate initiative, creativity and capability in selling their products and services abroad. In every region of the province – north, south, east and west – there are success stories.



Our government is doing its part to ensure we keep hearing these good news stories well into the future. We work hard to make sure Ontario businesses get the international profile they need, and we strive to ensure Ontario businesses are on the radar screen worldwide.

The recent Team Ontario participation in the Team Canada trade mission to China was a great success. Representatives from about 150 Ontario companies joined Premier Harris and successfully raised their business profiles and Ontario's profile, within this important emerging market. Together, the companies signed deals worth \$1.9 billion. They also made contacts that will lead to continued trade, strong relationships, and new jobs for Ontarians as opportunities with China are developed.

The Harris government understands that as Ontario companies sell more to foreign markets, they make our province more competitive and our future more secure. That's why we continue to aggressively build on our global strategy. We intend to open five international marketing centres in key cities around the world over the next year. These marketing centres will not only promote Ontario businesses but also they will build awareness of Ontario as a premier destination for investment.

Ontario's competitive position is further improved by our growing diversification. The automotive sector, long the backbone of Ontario's economy, is now sharing the stage with businesses involved in information technology, aerospace, plastics and pharmaceuticals. Other sectors, too, are rapidly growing.

Our commitment to lower taxes, reduced red tape and regulation, and increased opportunities for business development, trade and growth has meant economic strength and new jobs in every region of this province. From the wine regions of Niagara, to the Ottawa area with its high-tech, knowledge-based industries, to northern Ontario with its natural resources and growing strength in the new economy – Ontario businesses have great stories to tell, good products to sell both nationally and internationally, and excellent opportunities to present to the world.

Ontario is competitive. It is succeeding. Our government is determined to do what it takes to keep it on top.

Bob Runciman
Minister of Economic Development and Trade

New international marketing centres will promote Ontario businesses

Under Ontario's new global strategy, the government is moving to aggressively raise awareness of this province as a premier destination for investment and a prime source of products and services. As part of this, the Government of Ontario is opening international marketing centres in five key international locations: Shanghai, Tokyo, London, New York and Germany.

Premier Mike Harris announced the opening of the first of these centres, in Shanghai on the recent Team Canada trade mission to China, where he signed a memorandum of understanding to locate the Shanghai International Marketing Centre in the Canadian Consulate in Shanghai. This Centre is expected to officially open this spring, as will the centre in New York.

The marketing centres in London, Tokyo and Germany will be established over the next year. It is anticipated that they all will be located in Canadian missions abroad. Ontario's presence in these key markets will provide a competitive edge in the hotly contested race to win trade contracts and investment deals. The centres will help build relationships on behalf of Ontario businesses in the host countries. They will also help increase Ontario's profile, leading to more investment and increased exports.

Exports represent 52 per cent of Ontario's GDP and support 1.6 million Ontario jobs. Increases in net exports during the past four years have been responsible for 20 per cent of Ontario's economic growth. Similarly, foreign direct investment has historically led to jobgrowth in

key sectors such as autos, high tech and pharmaceuticals. According to industry studies, each \$1 billion of additional foreign direct investment in Ontario creates 8,200 jobs.

"Marketing centres will provide Ontario with invaluable on-the-ground support for our export activities," said Bob Runciman, Minister of Economic Development and Trade. "Such assistance would have been extremely helpful in last years talks with the European Union regarding fair access for Ontario wine."

Last year, Minister Runciman and LCBO Chair Andy Brandt led a delegation to Europe urging that the EU allow Ontario ice wine to be sold there. Recently, the EU gave Ontario ice wine the green light.

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Bitcasters is capitalizing on convergence

"We have between 15 and 25 people outside the company working with us most of the time," said Nesbitt. "We have a huge talent pool here in Ontario, and Sheridan, Ryerson, Waterloo and Centennial College are very good resources for us."

Nesbitt said that the wealth of media talent in Ontario, combined with a lower cost of doing business here, gives companies like Bitcasters a clear competitive advantage. The company also partners with artists and other new media companies.

Bitcasters recently created Soup and Palindrome, two new production companies

run by creative directors Oli Goldsmith and Justin Stephenson. One of the first co-productions with Soup was a groundbreaking music video for Sony's top Canadian band, Our Lady Peace. The video, which transformed an oil painting into a living world of art, has been rapidly climbing the charts at MuchMusic.

Expansion into foreign markets is high on the company's list of priorities. Reached by telephone in Hong Kong, where he was part of the Team Ontario delegation on the 10-day Team Canada trade mission to China, Gunn outlined some of the company's expansion plans. "We have some real opportunities here," he said, "and this is the kind of initiative that will pave the way for us. I'm meeting some venture capitalists in Hong Kong, and we're also beginning to form relationships with some of the large local broadcasting companies."

While Bitcasters is looking for new business in offshore markets, the company's focus remains on the media powerhouse to the south. Just a week before the China trip, Gunn and Nesbitt traveled to Los Angeles to meet with clients about their latest project. The company is developing software that will let creative artists distribute their work online, in a secure format to prevent illegal copying.

"We're creating a set of tools for content creators," said Gunn. "The system will be embedded in the content at the editing stage, and it will let people distribute any content – games, movies, video, music – easily and securely. We're convinced there's a better solution, and we plan to have it out by mid-July (2001)."

Bitcasters already has some solid experience in the field, having built much of "Bluematter", Universal Music Group's new premium secure digital music format. The format gives online consumers superior audio quality and extra multimedia content like images, lyrics, credits, and biographies. Bitcasters co-founder Duane Wall and other staff created Bluematter's branding, Web site support and player interface.

"This is really what convergence is all about," said Gunn, "and Ontario has a great opportunity here because of new media. The creation of the new Ontario Media Development Corporation (OMDC) (see box) recognizes that, and I think it will pave the way for a really vibrant industry here. We have all the ingredients."

Web site: www.bitcasters.com

OMDC: New partnerships among media

The new Ontario Media Development Corporation (OMDC) was launched on February 1, 2001.

With \$30 million in funding over five years, the OMDC is the first government agency in Canada to focus on building strategic partnerships among the converging cultural media industries, including film and television, sound recording, book and magazine publishing and interactive digital media. For further information about the OMDC check out the Web site: www.omdc.on.ca

Ideal Roofing: Experts in metal roofing and siding for more than 70 years



Ideal Roofing supplied 136,078 kilos of siding for the interior and exterior walls of the Corel Centre in Ottawa.

Every building needs a roof. Ideal Roofing, an Ottawa-based family-owned business, has been meeting this need since the day it opened in an abandoned train station in 1929.

Since then, three generations of the Laplante family have been involved in manufacturing and distributing metal roofing and siding panels. Family members steered the business through local success in its early years and through near bankruptcy during World War II, when steel required for their business was needed for armaments. Today, René Laplante operates Ideal Roofing with his brother and sister, and the company's products are distributed through a growing dealer network in Ontario, Quebec, the Maritimes and the Northeastern United States.

"Our biggest market is agricultural, where you regularly see our panels on farm buildings. Another major area is commercial and industrial buildings with warehouses, storefronts and plazas often clad with metal we produce," said Laplante. The company's fourth area of specialty is in residential roofing. Laplante admits it's a tough sell getting people to move from traditional shingles to metal but says the company is slowly gaining market share, primarily in the rural areas.

"The benefit of roofing with metal is that it outlasts shingles. We offer 24 colours to choose from. It's easy to install and it's economical because one metal sheet can cover an area of 3' x 24'," said Laplante.

Ideal Roofing buys its steel from major Canadian mills including Stelco and Dofasco. The metal is shipped to the company in coils that range from 4,536 kilos to 9,072 kilos. When orders are received, the steel is cut to measure. Clients can choose from several types of gauges, coil widths

and profiles, each designed for specific applications. One big seller is the new Heritage series for prestige residential and commercial buildings, which offers a hidden fastener panel so screws do not show. This feature was actually designed and patented by a former Ideal Roofing employee, and purchased by the company. Ideal Roofing has a fleet of 30 trucks that deliver its product to clients, including major retailers such as Home Depot and Home Hardware, distributors and sheet metal shops.

Another arm of the company, accounting for one-third of its business, is the Steel Service Centre. Ideal Roofing buys galvanized or pre-painted coils and cuts them down to smaller sizes. This supplies auto body repair shops, heating and ventilation companies, and other firms that may not have the volume or resources to buy directly from a steel mill.

Currently 60 per cent of the company's product is sold outside of Ontario. "We sell more in Ontario than we do in Quebec, but Quebec is a growing market," said Laplante. One of the company's largest jobs was supplying over 340,000 kilos of steel over a one-year period to a mine in Northern Quebec. They also supplied about 136,000 kilos of siding for the interior and exterior walls of the Corel Centre in Ottawa.

"We are well situated in Ottawa and appreciate the large pool of bilingual people that we can hire from. And certainly the business climate in Ontario has been very good over the past five years," said Laplante. "We are very proud of the fact that we have been around for more than 70 years and employ 185 people in well-paying, skilled jobs."

Ideal Roofing recently won recognition from the *Chambre économique de l'Ontario* as the best company in the year 2000 in the large business category. It continues to build on its reputation, and its strength, and plans further growth. "Currently, we sell a lot of metal panels in the United States, especially from Maine to Pennsylvania. We would like to expand further across the States," said Laplante. "We also plan to come out with new products for residential roofing."

The Laplante family will continue its tradition of reinvesting all profit back into the company. "Our customers can continue to count on new growth, new product, and quality service," said Laplante.



Marcel Laplante (seated) and Rene Laplante, of Ideal Roofing. Their family has been in the roofing business since 1929.

Ontario's plastics industry is unique, competitive and growing

Plastics are modern, synthetic materials that can be moulded when soft and set into the desired shape. They are reusable, they can be recycled and they have significantly reduced the worldwide dependence on natural resources. From plastic wrap to ketchup bottles, from automobile parts to artificial limbs, plastics are an essential part of modern life – and one of Ontario's most important manufacturing sectors.

"Plastics are used in many of Ontario's key industries like automotive, construction, electronics and packaging," says Faris Shammas, Executive Director of the Canadian Plastics Industry Association, Ontario Region. "The plastics industry itself is important to Ontario both in terms of its size and its prospects for growth."

More than two-thirds of the plastic products made across Canada come from Ontario. In 1999, shipments by Ontario plastics processors were \$16.2 billion, and shipments of raw material, machinery and moulds amounted to \$6.2 billion. A breakdown of that consumption is about one-third for packaging; just over one-quarter for construction; just under one-fifth for transportation equipment

(primarily automotive); and the balance for the electronics and furniture sectors and others. There are about 85,000 people employed at more than 1,800 firms, in the industry.

"Ontario's plastics industry is unique because the whole chain of supply is in close proximity," says Shammas. "We have the producers of raw materials, the makers of machines, the makers of moulds and the plastics product producers all gathered in the relatively small geographic area of southern Ontario. We are also very close to the major markets in the United States. This gives us an edge over many other jurisdictions."

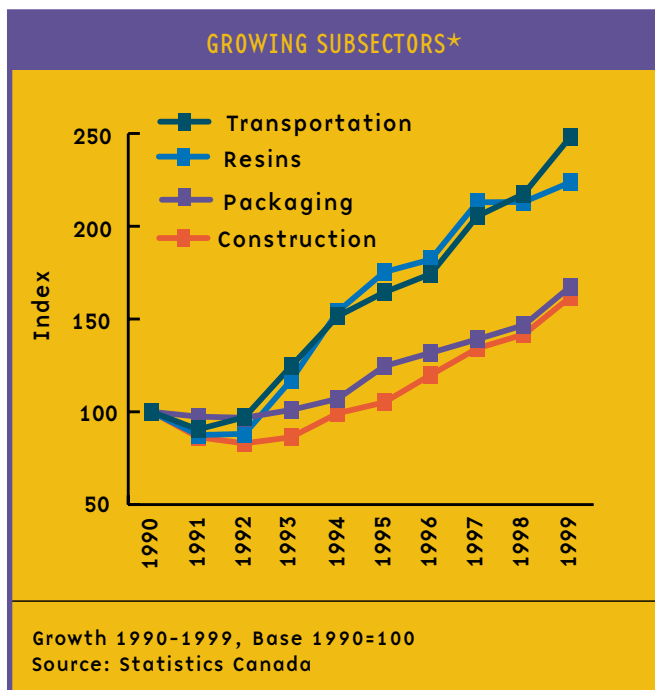
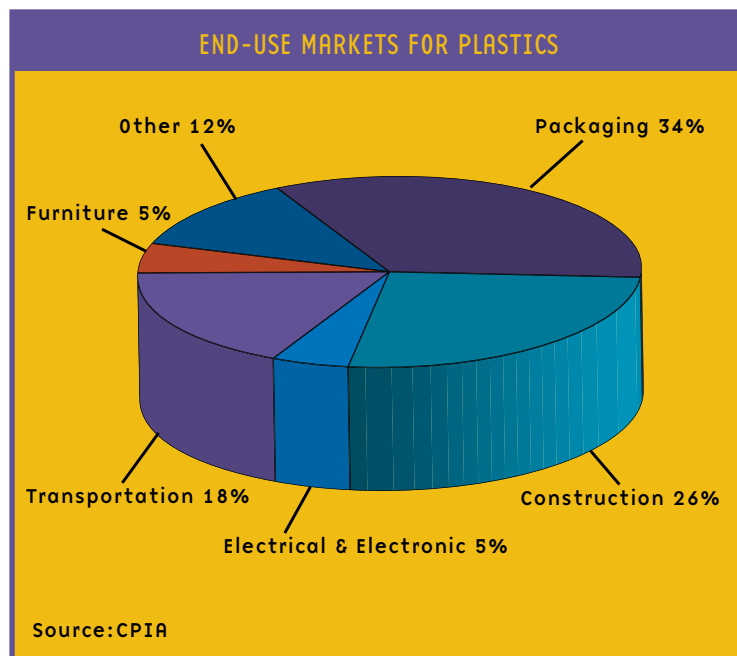
While most plastic products manufactured in Ontario are used domestically, the plastics industry is, in fact, becoming increasingly export-oriented. This growth has been particularly evident over the past two decades. In 1979, about seven per cent of plastic products were exported. By 1998, this had jumped to almost 21 per cent, with a value of \$3 billion. Plastic and plastic articles comprise 3.6 per cent of total international exports from Ontario. The province's well-developed, mould-making industry is a particular source of

competitive strength. Ontario ranks as one of the top three producers and exporters of moulds in the world.

Shammas agrees the future of the plastics industry looks strong. "Over the last decade the industry has been growing at twice the rate of manufacturing overall," he says. "That is a healthy rate and I expect it will continue to do well as a result of growing export opportunities, and as plastics replace other materials in the economy."

Take the automotive industry, for example. The use of plastics in automotive applications including hosing and tubes, stereo and speaker systems, and dashboards and fans rose from about 27 kg per vehicle in 1970 to more than 163 kg in 1999. According to a European report, using 100 kg of plastic in modern cars replaces between 200 and 300 kg of other materials. This, in turn, reduces fuel consumption by 750 litres over the 150,000 km life of the average car.

Plastics are not only proving to be a safe and reliable alternative to traditional materials, but have also become an integral part of our everyday lives.



Top Investments

Group Telecom

Plans to create 800 highly skilled technology jobs in the Greater Toronto Area over the next five years. The company also officially opened its Toronto central office, which has about 200 employees.

Cisco Systems Inc.

Plans to add up to 55,742 sq. m of new space at its Development Centre facilities in Kanata and create as many as 2,400 jobs over the next two years.

TG Minto Corporation

To open a new automotive parts plant in the town of Minto. Production is expected to begin by December 2001. The plant will employ 40 people initially, increasing to 70 employees in 2003. The plant represents an investment of \$20 million.

Teletch Holdings Inc.

Has announced that it will open a new call centre in North Bay. The new facility is expected to create 500 new jobs. It has also announced plans to develop a customer interaction centre in Timmins. Teletch will create a 3,717 sq. m facility that will employ approximately 400 people during its first year of operations.

EDS Canada Inc.

Announced plans to open a Customer Interaction Centre in Mississauga. The facility will create up to 250 full-time jobs. EDS Canada is a professional IT services company.

Keiper Canada Ltd.

A subsidiary of Keiper GmbH and Co. of Germany, has announced plans to open an automotive parts plant in London. The company's investment is expected to be about \$100 million and the plant is expected to employ 300 people once it reaches full production in May 2003. The plant will produce seating structures for DaimlerChrysler.

DaimlerChrysler Canada and the University of Windsor

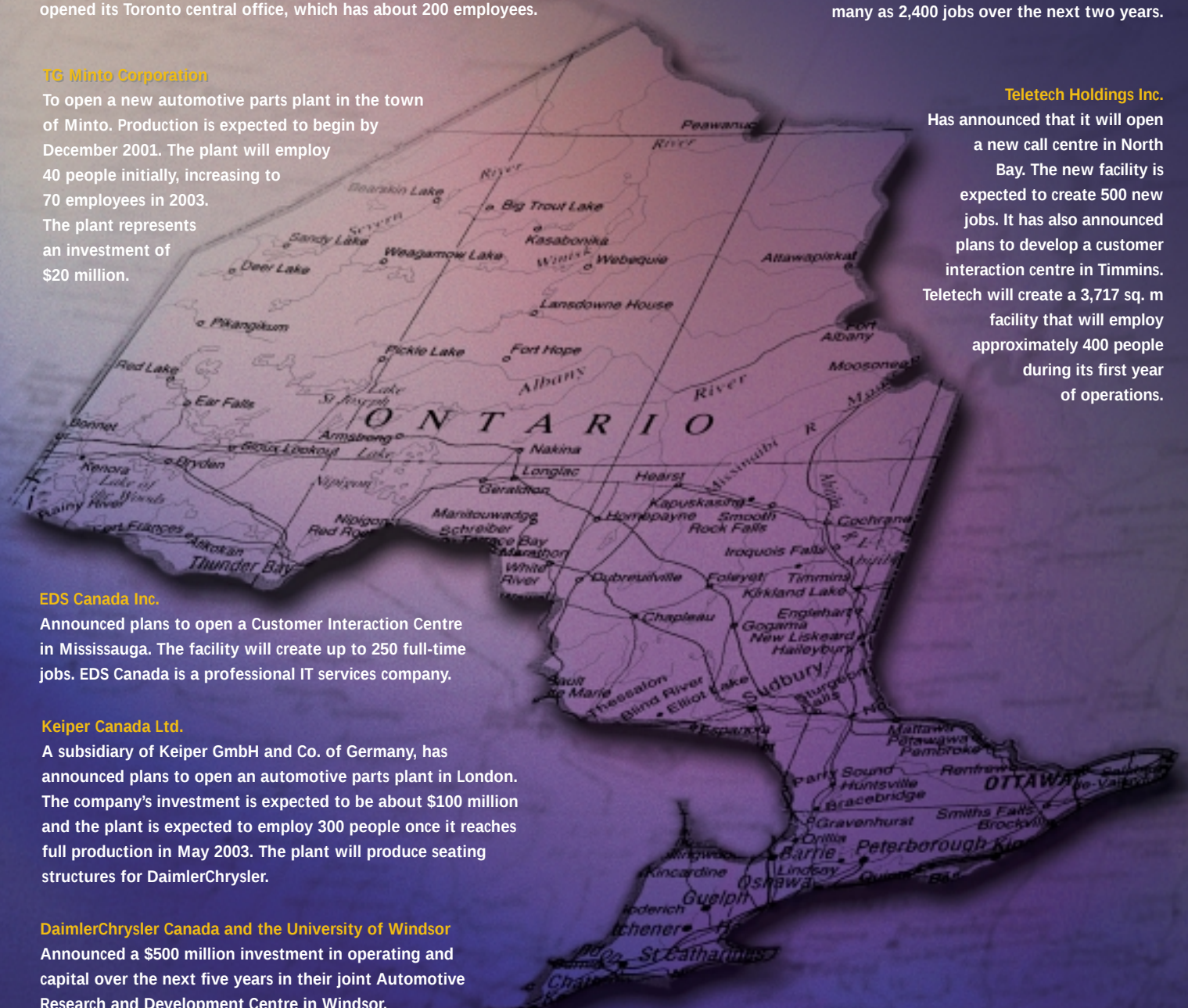
Announced a \$500 million investment in operating and capital over the next five years in their joint Automotive Research and Development Centre in Windsor. Employment will be nearly doubled to 400 people from the current 200 people.

Samuel Manu-Tech Inc.

Has announced a \$26 million expansion project at Nelson Steel. The project is for the installation of a seventh push-pull type steel pickling line, creating 45 jobs. Start-up of the new line is expected in the third quarter of 2001. The facility will be built in Nanticoke.

Mitel Corporation

Has announced its plans to hire 400 new engineers in Ottawa and expand its facility by 9,290 sq. m over the next year. An investment of \$20 million is expected for this expansion of the company headquarters in Ottawa. The expansion is focused on the semiconductor division in the Ottawa facility with the goal of meeting the rapidly growing technology global needs. The hiring of engineers is expected to be completed by end of 2001.



Mitchell Plastics serves auto, business and electronics industries

According to the Canadian Plastics Industry Association, the industry has experienced a growth rate nearly five times greater than the manufacturing sector since 1961. Mitchell Plastics Ltd., headquartered in Kitchener, knows all about manufacturing this modern synthetic material.

In business for over 50 years, the company produces sophisticated custom injection moulded parts and assemblies for a variety of customers in the automotive, business machine and electrical/electronics industries. In fact, over 75 per cent of its business is in the automotive industry. Secondary operations that support the front line include design, hot stamping, pad printing, heat-staking, ultrasonic welding, painting, assembly and other post-moulding operations.

The current number of Mitchell Plastics employees totals 220. Company president Murray Ariss expects this number to grow closer to 250 employees within the next two years thanks in part to the company's recently consolidated locations.

A new addition has allowed the company to consolidate all of its manufacturing components under one roof, and at over 15,000 sq. m it's nearly 42 per cent larger than the previous square metres combined. Ariss credits the lean new location with

improving effectiveness in material and product flow, and reducing costs that incurred from previous duplications. The new facility is on 10 acres and provides plenty of room for future expansion.

At the same time, there has also been a major addition to the company's line of moulding machines. A new 3,000 ton machine was added in February which allows Mitchell Plastics to produce high quality parts such as station wagon rear decks and rear covers. The new blockbuster machine enhances the 36 existing moulding machines.

Mitchell Plastics coordinates the actual tool and mould-making for its machines with outside suppliers. "Canadians are very strong in tool and die making. We export more than we import in this industry," says Ariss. The company houses a quality assurance department and raw material/finished parts testing laboratory onsite to ensure the automotive industry's high quality standards are consistently met.

The current slowdown within the North American automotive industry's big three has not affected Mitchell Plastics significantly. "We're involved mostly with transplants, that means Japanese auto assemblers and tier one Japanese companies."

Mitchell Plastics currently exports some parts to the U.S. west coast but the majority of its customers are in southern Ontario. It is however, in a unique exporting position with planning underway to export parts to Japan for auto assembly by year end 2002. Ariss attributes this unusual accomplishment to the company's good quality record, cost reduction benefits and delivery record.

Consumers are already aware that plastics are highly recyclable. Much like the blue box program, the company will reuse the same packaging boxes for up to five years. It is equally conscious about using paper products for storage. A new material storage silo will eliminate the current use of gaylords (thick corrugated boxes that store raw materials). This practice has already been eliminated from the company's shipping department saving space and materials.

Ariss and his employees are proud of their ISO 9000-series certification and they will be pursuing ISO 14000 designation for environmental issues over the next two years. As well, the company was recently awarded QS 9000 status by KPMG for its automotive quality system.

With its combined location, new moulding equipment, and commitment to quality, cost-effectiveness and customer satisfaction, Mitchell Plastics is poised for continued growth.

Toronto's high tech labour pool attracts multi-million \$U.S. investment

U.S.-based OAO Technology Solutions (OAOT), announced expansion plans for its Toronto e-Business Solutions Centre on March 8, 2001 with a commitment to create at least 400 jobs and invest over \$30 million annually in salary benefits.

OAO Technology Solutions is headquartered in Greenbelt, Maryland and employs 2,200 people. The Toronto operation will be a key base of operations for the company in delivering enterprise and

e-Business solutions. Greg Pratt, CEO and President of OAOT said, "This expansion is the largest for our new business sector and is a clear sign of our successful growth in the IT integration and consulting services."

Joining Pratt at the announcement were federal Secretary of State Jim Peterson, Ontario Attorney-General David Young, and Councillor Mike Feldman, City of Toronto.

With the opening of its newest e-Business Solutions centre, OAOT will occupy 4,645 sq. m of prime commercial real estate. OAOT selected Toronto for its new base because, "Ontario offers an excellent investment climate, ready access to a highly skilled professional workforce, and an excellent quality of life," said Shiraz Patel, Senior Vice president of OAOT's Enterprise and e-Business Solutions Division.

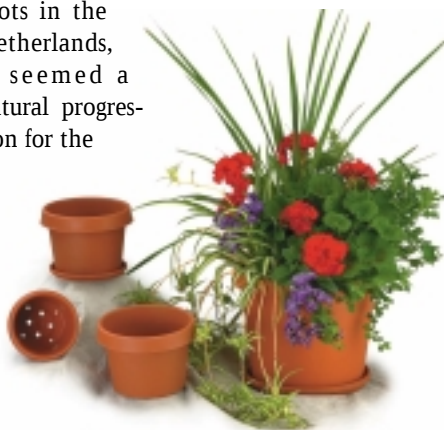
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ITML Inc. is planting with plastics

Innovation is what it's all about. In 1963, with only five employees, ITML Inc. began operations in Brantford as a tool and die manufacturing business serving the automotive, appliance, farm and aircraft industries. "We started in a dingy double garage," laughs Kleis Hensen, Vice President Sales and Marketing.

Soon after the family business, managed by his father, blossomed literally and figuratively. By 1970, ITML switched its tool and die making focus and developed a reputation as a quality manufacturer of plastic injection moulds and as a custom injection moulder.

With a horticultural history and roots in the Netherlands, it seemed a natural progression for the



company to target Ontario's emerging horticultural industry. ITML started producing plastic growing containers for the wholesale greenhouse industry.

Initially there was reluctance from greenhouse owners to a changeover from more traditional clay and tin containers. However, the ease of use and lower costs of plastic containers quickly allayed their concerns.

In recent years, a multi-million dollar expansion project has doubled ITML's manufacturing capacity and added 3,717 sq. m of warehouse space bringing the total to 13,936 sq. m.

Most manufacturers specialize in one type of moulding. ITML is unique because it has three different plastic manufacturing processes – injection moulding, blow moulding and thermoforming.

Today, ITML is proud to be recognized for using at least 85 per cent recycled resin materials, in all its horticultural containers. The company has received numerous Environmental Achievement Awards for recycling, including the use of recycled content in its products and in its corrugated cardboard cartons and packaging.



ITML specializes in manufacturing a diverse variety of plastic products for the horticultural industry.

ITML has made a significant investment in technology. "You have to have a market that's large enough and a commitment from the marketplace, to invest in the tooling and equipment just to run the moulds, said Hensen."

The company invests significantly in people as well. Despite its large export market ITML's staff can top out at 175 full-time and seasonal employees. ITML draws on a strong local Brantford workforce from the area's colleges, universities and high school co-op programs. In return, it invests in the institutions' professional training programs for its staff. Judging by its recent successes, the investment is paying off.

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Toronto's high tech labour pool

Both Pratt and Patel lauded the Canadian high-tech talent pool, which enables OAOT to compete internationally for partnerships and contracts with some of the world's largest business, communications, and automotive companies.

Patel also provided an overview of the IT sector. He explained that the IT market (i.e. IT services, software, telecom, systems and peripherals) is worth \$1.47 trillion, a figure that will rise to a whopping \$2.72 trillion in 2004. Patel added that

OAOT's 10-year spending plan for Toronto alone is estimated at CDN \$300 million.

The company currently employs 150 people in Toronto. This will climb to 400 staff within two years.



Greg Pratt, (on the left) president of U.S.-based OAO Technology Solutions was welcomed to Ontario by Ontario's Attorney General David Young.

Pfizer pharmaceuticals on a phenomenal journey of growth

There's rapid growth and then there's growth in the style of Pfizer Canada. Eight years ago, the Canadian division of the global powerhouse Pfizer Inc. was the country's 27th largest pharmaceutical company with prescription drug sales of \$50 million. Today, it's number one, with 2001 sales projected to exceed \$1 billion.

"Our growth can be attributed to a corporate decision to really focus on and invest in pharmaceutical research and development, and the strength of a number of new products that were introduced throughout the '90s," said Jean-Michel Halfon, President and CEO of Pfizer Canada. "Additionally, Pfizer successfully merged last year with Warner-Lambert."

Pfizer's Canadian operations began in Montreal in 1953. Today, it has facilities in Quebec and Ontario with about 2,200 employees across all divisions. There are in excess of 1,200 employees in Ontario.

According to Halfon, "Our prescription medicines are the big source of our growth. Viagra is perhaps the best known and a very important product for us, but it is just one of six products we produce that are first in their area in Canada. Globally, it is one of eight Pfizer products with sales of more than US\$1 billion annually." Pfizer's leading products include Lipitor for high cholesterol, Norvasc for hypertension and angina, and Aricept – the first medication approved in Canada to treat Alzheimer's disease. Says Halfon, "Pfizer is very pleased that two years ago we worked with the Ontario government to develop an innovative program that allowed Ontario to be the first province in the country to reimburse Aricept on its public health plan."

Research and development is paramount to Pfizer's success. On average, it takes the creation and testing of 10,000 compounds to find a promising drug candidate. Of every 15 of these, only one will survive to become a marketed medicine. The cost to develop a



Jean-Michel Halfon, President and CEO of Pfizer Canada is pleased with the company's continued growth.

drug averages about US \$500 million and can take 10 to 15 years. Pfizer's investment in R&D globally is about US \$5 billion this year. In Canada, the company is boosting its R&D investment to \$100 million annually, or approximately 10 per cent of its sales.

Pfizer Canada is currently conducting clinical trials on about 33 new products. A clinical research office in downtown Toronto coordinates the research in Ontario. There is also a research centre in Mississauga.

Other Ontario facilities include the Animal Health Group Canadian headquarters in London, which produces medications for both livestock and companion animals. In Scarborough, the consumer division produces such familiar products as Listerine, Trident, Halls and Lubriderm. The town of Arnprior, near Ottawa, is the home of the company's pharmaceutical manufacturing plant. The story of its establishment is part of Pfizer folklore. In 1955, Arnprior's mayor and 52 local business leaders flew to New York

specifically to convince Pfizer to establish its Canadian manufacturing facility in their town. They were successful, and the plant opened the following year.

"The Arnprior plant has grown in the last eight years just as the company has grown," said Halfon. "We've invested \$24 million in it since 1992."

Pfizer's philanthropy extends to 250 different organizations. This includes being the major corporate sponsor of the Canadian Paraplegic Team of elite disabled athletes.

Last year, Pfizer became a corporate partner of Sci-Tech Ontario. The Ontario government's Ministry of Energy, Science and Technology helped create this initiative to promote and foster the participation of Ontario high school students in science fairs.

As for the future – Pfizer is close to introducing a new product to the market that helps control schizophrenia. Another new product in relatively late stage development is inhaled insulin. Upon approval, it will be the first time that diabetics will be able to take insulin without injections.

According to Halfon, "There is a very positive investment climate in Ontario and a tremendous pool of talented people. It has proved a very rewarding place for Pfizer to conduct business. We hope that our environment and our relationship continues as we move forward in developing innovative new medicines. We also hope to have the opportunity to develop more partnership programs together with the provincial government."

"Both globally and in Canada, Pfizer is looking at 20 per cent growth over the next five years for each year," said Halfon. "Increased growth will require increased investment, and we will certainly be looking at the possibility of further investment within Ontario."



BUSINESS BRIEFS



John Holer (left), founder and owner of Marineland, was joined by Niagara Falls Mayor Wayne Thomson, to break ground on the second phase of Marineland's 400 acre River Country development. The first stage to be completed for the 2002 season.

Marineland to add new aquarium complex

Wayne Thomson, Mayor of Niagara Falls and John Holer, Marineland founder and owner, broke ground in December 2000, on the second phase of Marineland's 400-acre River Country development during a celebration held on-site at the Niagara Falls adventure park. The second phase of the development will feature a new world-class aquarium complex and Arctic Cove, a new habitat for beluga whales. Friendship Cove, completed in 1998, marked the first phase of the River Country development.

Highlights of the new 20-acre marine aquarium complex include the following three aquariums: Shark Encounter, which will display various kinds of sharks as well as stingrays and other ocean creatures; Ocean Reef, which will showcase exotic ocean marine species commonly found in Caribbean reefs; and a Freshwater Fish aquarium that will display colourful freshwater fish from around the world. Each aquarium will contain 4.5 million litres (1 million gallons) of water.

Construction of the aquarium complex will be staggered in two stages, with Arctic Cove and Shark Encounter scheduled for completion by the 2002 season. The Ocean Reef and Freshwater Fish attractions are expected to be open by 2003.

"The new aquarium complex will be a world-class entertainment and educational facility," said Holer. "This facility will answer the needs of today's modern family, who is demanding both entertainment and educational value in their family excursions."

Research and education centre leads to a more competitive auto industry

An automobile is a complex piece of machinery. It contains materials that include steel, aluminum, plastics and magnesium. Its construction depends on a series of manufacturing processes such as stamping, welding and casting. The design of individual parts and their manufacturing techniques can always be improved upon.

The Centre for Automotive Materials and Manufacturing (CAMM) was established to facilitate these improvements, thereby ensuring a more competitive automotive industry in Ontario. "We have two primary long-term objectives," says Dr. Floyd Tuler, Executive Director. "The first is conducting research of the highest quality that is directed towards solving problems and issues of the automotive industry. The second is to build capacity. We want to educate highly qualified personnel who will work within, and positively impact, the automotive sector."

CAMM opened in late 1998 as a joint initiative of Queen's University, Alcan International and the government of Ontario through the Ontario Research and Development Challenge Fund. Today, that partnership has been expanded to include McMaster University, with the University of Waterloo and the University of Toronto also expected to come on board. More than 20 automotive sector companies are now participating in CAMM research projects, with 20 projects currently underway.

Most of the research is conducted at CAMM's 4,645 sq. m facility in Kingston, which is a blend of laboratory and classroom space. About 40 graduate students, research associates and post doctorates participate annually in the projects, and it is anticipated

that number will grow with increased university and industry involvement.

"We've found that helping automotive companies become more competitive is not tied to technical issues alone," says Tuler. "There are also business and organizational issues to consider. Therefore, in addition to projects based in engineering or applied sciences, we now have a small but growing number of projects concerned with optimizing manufacturing systems, supply chain management, and human resources issues."

"CAMM is still a relatively young organization. We are working to ensure that the auto industry knows about us and what I believe is the extraordinary opportunity that comes with having a researcher devoted to a particular issue or problem," said Tuler. He says that companies are beginning to recognize the benefits, as well as the fact that if a student works on a project with a company there is a higher probability that student will seek employment with the company. "We have five students graduating this year who have written their Masters theses based on one of our projects. These experts will primarily be working in the automotive industry."

An independent board of directors governs CAMM, and includes members from industry, university and research organizations. An Industrial Research Advisory Committee reviews all proposals and makes suggestions to the board about direction and relevance to the industry. Funding for most projects comes directly from CAMM, although the board has adopted an industrial participation funding model for specific projects that has led to additional industry and institutional support.

"This is clearly an Ontario activity. Our agreement with the Ontario Challenge Fund says that all research will be done in the province. It's a realization that the success of the sector is driven by people and their ideas," says Tuler.

First Nations project brings clean, reliable power to remote communities



A crew works to “string” transmission lines that will bring electrical power to remote Northern Ontario communities.

The availability of electrical power has a huge impact on all aspects of life in Ontario's remote First Nations communities. Whether it's new housing, a new water system, a school, or a health centre, any project designed to improve the quality of life is dependent on electricity.

Despite their noise, expense, and negative impact on the environment, diesel generators have often been the only solution for people living far from Ontario's power grid, until the

creation of Five Nations Energy Inc. in the Moosonee area of northern Ontario.

“We were always faced with the same problem every time we proposed a new capital project for our communities,” said Ed Chilton, project manager for Five Nations Energy. “How are we going to power it?”

The area's Mushkegowuk Tribal Council examined the problem with a study in 1995, which considered the feasibility of various electrical generation methods. Simply

expanding the existing diesel generators in each community was also considered.

Upgrading diesel systems to meet increased demand from the growing communities is also expensive, averaging \$3.5 million each year according to forecasts. A new approach was needed. The council's 1995 study concluded that the best long term solution was an extension of the existing power grid.

With potential savings of \$150 to \$200 million over 30 years, building electrical lines from Moosonee to the three remote communities at Fort Albany, Kashechewan and Attawapiskat was the answer, economically and environmentally.

“We are developing and building the line for \$58 million,” said Chilton, “and our partnerships with the private sector and government have made it possible.”

Five Nations Energy received a \$4.9 million loan from the Northern Ontario Heritage Fund Corporation, and Hydro One Networks has an \$11 million investment in the project. Engineering giant SNC-Lavalin Services was hired on a design/build contract for the job, with PowerTel Utilities Contractors Limited completing construction.

“SNC-Lavalin started work on this project long before we had our financing finalized,” said Chilton. “They started work on the substations, design work, and studies, and that helped us get started right on schedule last December.”

Clearing of the 30 metre wide right-of-way began in March, 2000, with actual construction of the line starting in early December. Work is currently ahead of schedule.

The project creates about 150 jobs, and contracts stipulate the maximum use of local employees and suppliers.

“Five Nations Energy will own and operate the line and substations,” said Chilton, “but we recognize that we don't have the human resources to do that right away. We are entering into a Operation and Maintenance Agreement with Hydro One Networks Inc., which will include a skills transfer program.

Chilton points out that Ontario taxpayers will actually save money in the long run, as the high cost of generating power by diesel in remote communities is subsidized.

THE ONTARIO BUSINESS REPORT

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