

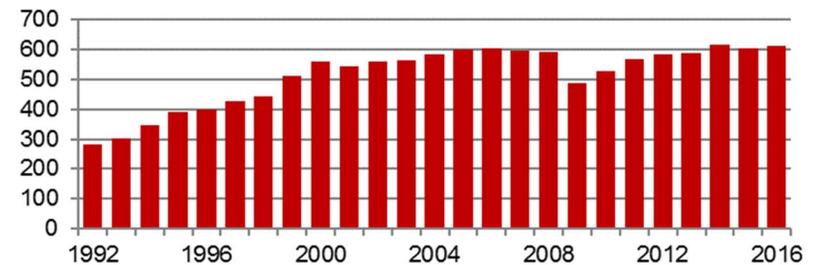
Industrie 2030: 1 Year Report

In October 2016, Canadian Manufacturers & Exporters along with our partners in the Canadian Manufacturing Coalition released its long-term strategy on the future of manufacturing in Canada. Entitled Industrie 2030, our strategy aims to double manufacturing output and value-added exports by 2030 through immediate and concrete action in core 5 pillars focused on business environment, technology adoption, innovation, human capital, and trade.

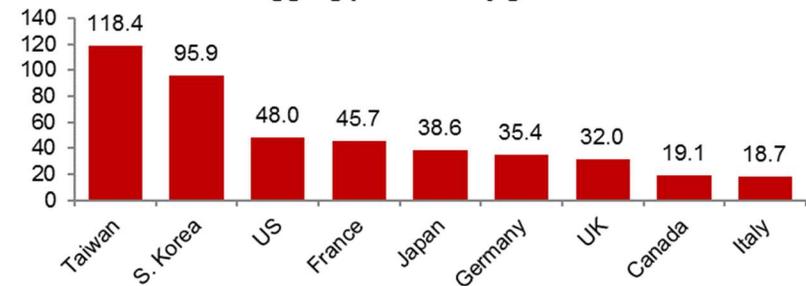
Action in these pillars was aimed at ensuring Canada's manufacturing sector can thrive and grow in an ever increasingly globalized business environment. And in the first year since the launch of Industrie 2030, we are pleased to report the federal government has listened and taken action on many fronts, as reported below. However, Canada continues to lag its global peers on manufacturing investment attraction, innovation and commercialization, trade and productivity. Progress has been made to address some of these concerns, but given that manufacturing supports nearly 30 per cent of all Canadian economic activity and employment, more needs to be done.

Industrie 2030 was our call to arms, to get governments and industry aligned behind a common platform and approach. We must now double up our efforts to affect change and drive growth in Canada's manufacturing sector. In particular, we must focus our efforts on those measures that will have immediate short-term impacts, especially measures dealing with investment competitiveness and access to markets, while creating long-term strategies for addressing structural challenges, including skill gaps.

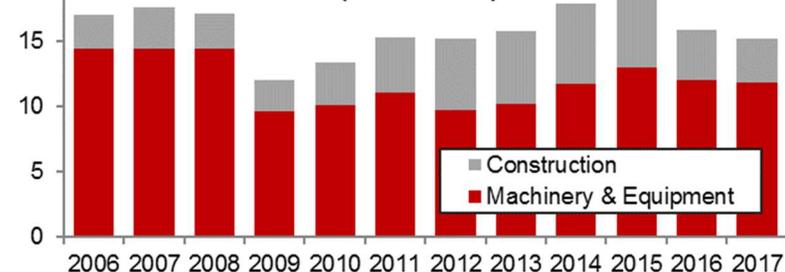
**Manufacturing sales have stagnated
(\$billions)**



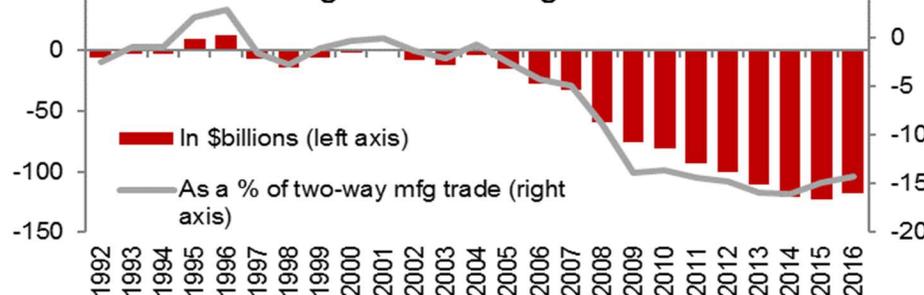
Lagging productivity growth



**Shrinking capital expenditures
(in \$billions)**



Ballooning manufacturing trade deficits





Industrie 2030 Recommendations:	Federal Government Action	Comments
1. Creating a Competitive Business Environment in Canada:		
a. Create a business tax structure in Canada that supports growth	NO	Not enough concrete action, must be major focus moving forward
b. Establish government investment concierge services	YES	Invest Canada Hub created
c. Establish a Regulatory Bill of Rights for businesses	NO	May be possible through the Canadian FTA
d. Increase investment in economic and trade-related infrastructure	YES	Budget 2017 - \$10.1 Billion in trade infrastructure
2. Fostering Innovation, Commercialization and New Product Development		
a. Conduct a complete review and modernization of the SR&ED program	YES	Planned review of existing innovation programs
b. Implement a Patent Box system in Canada	NO	May be possible to include in SRED review
c. Create a manufacturing commercialization risk-sharing investment fund	YES	\$1.3 billion Strategic Innovation Fund
d. Expand funding for industry-driven programs aimed at post-secondary partnerships in R&D and commercialization	YES	Part of \$900 million SuperCluster strategy
e. Create a procurement innovation fund with a 1% set aside from spending	NO	No progress to date
3. Accelerating Adoption of Advanced Manufacturing Technologies		
a. Enhance the ACCA depreciation rates for an immediate write off	NO	No progress to date
b. Establish manufacturing hubs and technology demonstration centres	YES	Part of \$900 million SuperCluster strategy
c. Modernize all regional manufacturing investment support programs	YES	Planned review of existing innovation programs
d. Reinvest all federal and provincial carbon-pricing revenues back into offsetting the cost of purchasing new technologies and M&E.	NO	Some provinces have committed, but lots of action needed
4. Building a Strong Labour Pool and Skilled Workforce		
a. Improve engagement youth, women and under-represented in manufacturing careers to grow the domestic skilled labour pool.	YES	\$76 million Work Integrated Learning Program
b. Improve linkages between industry and post-secondary institutions	YES	\$76 million Work Integrated Learning Program
c. Expand supports for business led training and management leadership	NO	
d. Improve access for foreign trained skilled workers	YES	Global Skills Strategy
5. Expanding Sales in Domestic and Foreign Markets		
a. Create a promotional campaign celebrating Canadian-made products to increase awareness in Canada and abroad	NO	No progress to date
b. Reform procurement rules to support Canadian innovation and production	YES	\$50 million procurement fund
c. Negotiate Free and Fair Trade Agreements with reciprocal access for manufactured goods and strong trade enforcement mechanisms	YES	Enhanced trade remedy, CETA, NAFTA modernization
d. Improve export support programs offered by governments	NO	No progress to date