

Since 1871, Canadian Manufacturers & Exporters (CME) has made a difference for Canada's communities. Fighting for the future of manufacturing in Canada. Helping manufacturers invest and grow at home and abroad. More than 85 per cent of CME's members are SMEs and collectively account for an estimated 82 per cent of total manufacturing production and 90 per cent of Canada's exports. CME's goal is to secure the future growth of the manufacturing sector by attracting 2% of OECD manufacturing investment annually - \$45 billion across Canada (equating to \$18 billion for Ontario).

**36,200**  
manufacturers

**775,000**  
employees

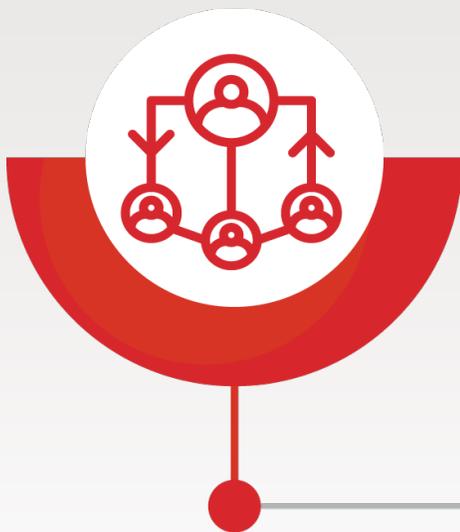
**Over three-quarters**  
of the province's  
merchandise  
exports

**30%** of  
Ontario's  
economic  
activity

## An Advanced Manufacturing Strategy for Ontario's Prosperity

Ontario has a bright future with great opportunities in manufacturing and exporting. Success will only happen if there is a strong partnership and shared goals between government and the sector. CME is calling on all parties to support a manufacturing strategy for the province that prioritizes investment, innovation, and prosperity for all Ontarians. This strategy should aim to attract \$18 billion in manufacturing investment annually by removing barriers that enable Ontario's manufacturing sector to grow and thrive, not just today, but for years to come.

## 3 Strategic Barriers to Growth



### Get Manufacturers the Workers We Need

Ontario manufacturers had nearly 31,000 job vacancies at the end of 2021. Over 80 per cent of CME members say they are facing labour shortages ranging from shop-floor labourers to technicians and senior executives, and act as serious impediments to growth. The province needs to create a comprehensive labour force strategy.



### Lower the Cost of Doing Business

Ontario manufacturers pay roughly 2.5 times the tax rate as a manufacturer in comparable US jurisdictions. The average rate paid for a large hydro power customer was nearly double in Toronto compared to Montreal. Ontario must continue to take aggressive action to close with the gap with competing jurisdictions.



### Support Business Scale-up and Investment

Manufacturing investment in the US in 2020 was 30 per cent higher than its level in 2005, whereas it was one-third lower in Ontario. This has resulted in much lower levels of outputs of Ontario's manufactured goods. Ontario needs a targeted strategy for manufacturers for investment, scale-up, and commercialization.



## Get Manufacturers the Workers We Need

1. Establish an integrated labour strategy to fill labour shortages today and train the workers of tomorrow.
2. Create government funded Regional Industry Councils bringing together employers, academia, students, and others to plan out the skills training needs of the local manufacturing economy.
3. Establish a tax credit offsetting training costs for new hires in the first five years on the job.
4. Work with the federal government to modernize and expand economic immigration.
5. Increase awareness of manufacturing as a career option and provide entry level training for under-represented groups - youth, women, new Ontarians, and Indigenous peoples.



## Lower the Cost of Doing Business

6. Ensure adequate clean energy supply at an affordable cost to support the transition to net zero, including proactive development of new nuclear, hydro and hydrogen capacity.
7. Reform industrial property taxes by (i) abolishing the Business Education Tax, (ii) aligning rates between commercial and industrial properties, (iii) adopting an annual property tax assessment cycle to avoid large fluctuations in rates, and (vi) introducing 50 per cent property tax abatements for manufacturing business expansion.
8. Maintain the current pace of regulatory modernization with a specific focus on improving the predictability of requirements and streamlining processes that directly impact investment.
9. Protect and invest in transportation infrastructure such as public transit, international crossings roads and highways to allow for the reliable and efficient movement of goods and people.



## Support Business Scale-up and Investment

10. Expand the Ontario Made program by making it permanent, improve funding to broaden reach and link to procurement.
11. Accelerate the establishment of Supply Ontario as Ontario's procurement hub, broaden its scope to include more areas of provincial procurement, and provide support for it to focus on new product development.
12. Reform the Ontario Innovation Tax Credit by uncoupling it from outdated federal definitions and broadening eligibility.
13. Introduce an Ontario Made Production Tax Credit of 50 per cent on net profits for new production in the province during the first five years of production.
14. Introduce tax incentives for manufacturers with all emissions profiles to support carbon emissions reduction and investment in the commercialization of clean technologies.
15. Implement an effective and targeted SME Net Zero transition strategy.
16. Introduce a Capital Investment Tax Credit to accelerate company adoption of new technologies.



CANADIAN  
MANUFACTURERS  
& EXPORTERS

### Questions?

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