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BUSINESS OPPORTUNITIES IN CANADA

Consulate General of India, Toronto, Canada

APRIL 2017

INDEX

Contents Page

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CANADIAN ECONOMY

'We have liftoff': Canada's surging January GDP growth has some economists raising 2017 forecasts

An unexpected surge in Canadian GDP growth in January suggests the country has moved past a slowdown brought on by slumping oil prices and has some economists speculating that Canada's economy could now outpace the U.S. for 2017.

Gross domestic product for January grew by 0.6 per cent, driven by a broad sweep of sectors, among them manufacturing, resources, wholesale goods and retail. On an annualized basis, January's GDP was up 2.3 per cent. But January's result continues a trend of hefty monthly gains that points to an even faster pace of growth.

Growth was reported in 15 out of 20 major industries, Statistics Canada reported Friday. Leading the charge are sectors that make goods and services for export, such as manufacturing. That's precisely the sort of activity the Bank of Canada has been hoping to see.

Canada's economy has grown at least 0.3 per cent in seven out of the past eight months. To put that in context, if you look back over the past 15 years, the Canadian economy has grown an average of 0.17 per cent a month.

The 0.6 per cent result for January was double the already elevated level of growth that economists had expected. Economists with CIBC, Royal Bank of Canada, and Scotiabank each published notes that said the January number, if the momentum holds, puts Canada on track to hit first quarter GDP growth of 4 per cent, well above the 2.5 per cent growth the Bank of Canada published in its January forecast.

Bank of Montreal lifted its first quarter growth forecast to 3.5 per cent from 2.7 per cent. The bank also decided to up its full-year forecast to 2.5 per cent from 2.3 per cent. That's significant because it means BMO is now predicting Canada will economically outperform the U.S., where things have been on such a tear that the U.S. Federal Reserve has started to raise its benchmark interest rate.

The Bank of Canada's most recent economic forecast dates from January, and an updated outlook is expected when it releases its next interest rate announcement and monetary policy report on April 12.

In recent remarks, Stephen Poloz, governor of the Bank of Canada, has said nothing to suggest the central bank believes the economy is ready to absorb near-term interest rate hikes. And despite the January GDP news, none of the big Canadian banks on Friday budged from their current expectations that the BoC won't hike its trendsetting interest rate, currently 0.5 per cent, until next year. Source: Financial Post

Canada vows to fight 'unfair and punitive duty' as Trump slaps tariff on softwood lumber

Wilbur Ross, U.S. Secretary of Commerce, said stiff new tariffs on Canadian softwood lumber demonstrate the readiness of U.S. President Donald Trump's administration to crack down on what it considers to be unfair trade policies.

The U.S. Commerce Department has slapped import duties ranging from three per cent to 24 per cent on U.S.-bound shipments from Canadian forestry companies.

Canadian industry officials say the Trump Administration's move is illegal and vow to fight. They dismiss the Commerce Department's measures as posturing ahead of future trade talks.

The dispute will have serious consequences for Canada's lumber industry, which contributes about one per cent of Canada's gross domestic product. After the lumber duties were announced, the Canadian dollar dropped nearly half a cent to 73.56 U.S. cents, its lowest level in 14 months.

Prime Minister Justin Trudeau said that "thickening" the border is not in the interests of either country.

In a preliminary ruling that will be finalized in September, the U.S. Commerce Department applied specific tariff rates to several companies: Canfor Corp., 20.26 per cent; J.D. Irving Ltd., 3.02 per cent; Resolute Forest Products Inc., 12.82 per cent; Tolko Industries Ltd., 19.5 per cent; and West Fraser Timber Co. Ltd., 24.12 per cent. All other Canadian producers shipping softwood lumber to the U.S. will face a blanket tariff of 19.88 per cent.

The Commerce Department also said it found "critical circumstances," which means the tariffs will be implied not only immediately, but also retroactively by 90 days.

The U.S. industry argues that Canada's industry is subsidized because producers are able to source their timber on public lands.

Canadian companies deny any subsidies because they have to pay market-based stumpage fees to governments for the cost of logs. Lumber licences also require them to comply with environmental rules and to replenish the forest with new trees. "It isn't a freebie," said Warren Mabee, director the Queen's Institute for Energy and Environmental Policy in Kingston, Ont.

Susan Yurkovich, president of the BC Lumber Trade Council, said the U.S. trade measures are arbitrary and will ultimately hurt U.S. consumers because they will boost the cost of U.S. home construction.

The U.S. produced 32 billion board feet of lumber in 2016, but consumed 47 billion board feet. Canadian producers were needed to fill the gap and keep costs down for U.S. consumers.

The tariff finding is a preliminary one. A final determination is not expected until September. Meanwhile, more bad news could be on the way. In June, the U.S. Commerce Department is expected to issue another preliminary determination on Canadian softwood lumber, this one in response to alleged "dumping."

The dispute represents the fifth time that Canada and the U.S. have locked horns over lumber since the U.S. government created the International Trade Administration in 1980.

In fact, trade lawyers are actually calling this round Softwood Lumber V. "These lumber cases have Roman numerals after them as if they were Super Bowls or movie sequels," said Matthew Kronby, a trade lawyer with Bennett Jones LLP in Toronto. Source: Financial Post

Trump tells Canada, Mexico he won't pull U.S. out of NAFTA

U.S. President Donald Trump announced Wednesday night that he has no immediate plans to terminate the North American Free Trade Agreement, ending a day of speculation that he might do just that.

Trump made the decision after speaking Wednesday afternoon with Prime Minister

Justin Trudeau and Mexican President Enrique Peña Nieto.

"Both conversations were pleasant and productive. President Trump agreed not to terminate NAFTA at this time and the leaders agreed to proceed swiftly, according to their required internal procedures, to enable the renegotiation of the NAFTA deal to the benefit of all three countries," the White House said in a statement. "President Trump said, 'It is my privilege to bring NAFTA up to date through renegotiation.'"

The rumours were fuelled by reports in Politico and the New York Times that people in Trump's administration had drafted an executive order that would begin the process of taking the U.S. out of the agreement.

Bloomberg reported that some administration officials wanted him to make a "dramatic" move before the symbolically important 100th day of his administration, when the media would be assessing his early progress.

NAFTA cannot be immediately cancelled. The draft Trump order would have triggered a six-month notice period, after which the U.S. could have withdrawn or not withdrawn. Source: The Star

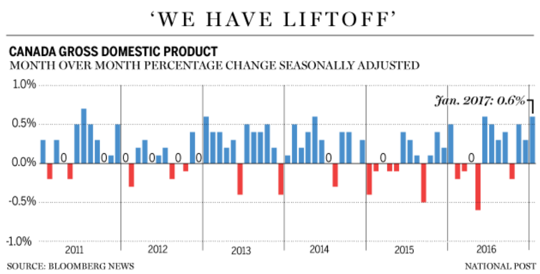
'Big blow to optimism': Canada's trade swings back to red as exports drop most in a year

Canada swung to an unexpected trade deficit in February as exports tumbled by the most in nearly a year, dampened by a decrease in shipments of aircraft and canola, data from Statistics Canada showed on Tuesday.

Following three consecutive months of surpluses, February's $972 million deficit fell short of economists' expectations for a surplus of $500 million. January was revised own to a surplus of $421 million from the initially reported $807 million.

The value of exports fell 2.4 per cent, the biggest decrease since March 2016, while volumes were down 2.5 per cent. Overall, exports decreased in eight out of 11 industries. Excluding energy products, exports were down 2.4 per cent.

BMO economist Benjamin Reitzes stated that after a huge January for the Canadian economy, it looks as though we could be in for some payback in the February data. Even so, this report is no reason to turn downbeat on Canada, with momentum in so many indicators pointing to strong momentum to start 2017.



The farm, fishing and food products sector slumped 10.6 per cent, with canola contributing the most to the decline. Exports of aircraft and transportation equipment and parts fell 15.2 per cent, led by a drop in aircraft shipments.

As measured by value, imports rose 0.6 per cent, with volumes up 0.3 per cent. Imports of motor vehicles and parts jumped 1.8 per cent, led by an increase in passenger cars and light trucks. Source: Financial Post

Border tax could hurt America more than it would Canada, Bill Morneau warns

Canada's finance minister is warning business leaders in New York that a proposed U.S. border tax threatens to make both countries poorer — and might even hurt Americans more.

In an appearance Monday at a World Economic Forum event, Bill Morneau cautioned that a tariff-like tax would sting families on both sides of the frontier by disrupting a mutually beneficial trading relationship and imposing extra costs on U.S. firms.

Morneau's strong public stance against the border tax came after Natural Resources Minister Jim Carr noted last week that the policy faces huge opposition in Washington.

Carr made the comments after he held a series of meetings in Washington with lawmakers, administration officials, and business people whom he said cast doubts on whether the import tax had any chance of passing in an upcoming omnibus tax bill.

The uncertainty surrounding a border tax has created significant concerns among Canadian companies, many of which rely heavily on exports to the U.S.

Morneau told the audience Monday that the Canadian government has conducted "extremely preliminary" assessments on the potential economic impacts of a tax on U.S. imports.

Morneau also hailed the strength of the countries' partnership and argued cross-border trade and investment have been "essentially" balanced over the years.

A border-adjustment tax, he warned, would raise prices for American consumers and could create currency issues that would present additional challenges of their own.

The original border-tax proposal comes from Republican leaders in the House of Representatives and is designed to achieve two goals: to raise revenues to help pay for tax cuts, and to repatriate cash and jobs sent overseas by U.S. firms.

The plan would likely rake in a large amount of cash — the U.S. Tax Foundation estimates US$1.1 trillion over a decade.

However, President Donald Trump has sent mixed messages on the subject and there are signs the border tax would not attract enough support in Washington.

Critics have said the plan would provoke a trade war, international sanctions and make American imports more expensive. Source: The Canadian Press

Kathleen Wynne calls rent doubling at Toronto apartment building 'egregious,' promises rent control 'soon'

Ontario's premier says she isn't buying an argument from the development industry that stricter rent control will do more harm than good for renters in the province.

Kathleen Wynne's comments on Tuesday came amid reports of some residents in Toronto seeing their rents double — a situation the premier called "unacceptable."

Developers and economists have warned that a new rent control law — which the Ontario government has said it's developing — will discourage the construction of new rental properties, squeezing the already tight supply of rental homes.

The law is contrary to CIBC Economics report released Tuesday morning, which said the Greater Toronto Area is on the "verge of an historic transition toward a more rent oriented real estate market," and rent control would damage that.

Currently, annual rent increase caps in the province only apply to residential buildings or units constructed before November 1991. This year the rent for those tenants could be increased by up to 1.5 per cent without the landlord applying to the Landlord and Tenant Board, but there is no cap for units built after November 1991.

The post-November 1991 exemption dates back to a 1992 law — from the NDP government and intended as temporary — that has remained in various updated versions of tenancy legislation and become permanent.

Economist Benjamin Tal said purpose-built rental construction went through a long drought as a result of pre-1992 rent control, from which it is only now beginning to recover.

In jurisdictions with rent control, maintenance of rental buildings tends to suffer, people tend to become less mobile, and some groups of tenants can be pitted against other tenants and their landlords, Tal argued.

Tal wouldn't weigh-in on the premier's comments, but cautioned against stopping more rental units from entering the market. Implementing rent control will make the situation worse.

Wynne also remarked on media reports about rents at two newer Toronto condos doubling from $1,650 to $3,300. She said it is an "egregious" example of the problem her government intends to address.

Asked if her government's promise to bring in rent control reform may have caused landlords to hike their rents before it takes effect, Wynne said she doesn't know, but added, "that doesn't make it any more acceptable."

It's a very urgent matter, it's an extremely urgent matter and as I've said, we are on it, we are working on the different initiatives that we think are appropriate for the Ontario market.

At Queen's Park, NDP Leader Andrea Horwath said her party has tabled a private member's bill to extend rent control to all buildings, and the government can pass it at any time.

Progressive Conservative Leader Patrick Brown said he welcomes any measure to make housing more affordable, and hopes the government brings forward its proposal soon. Source: Financial Post

New internal-trade deal expected to add $25 billion a year to economy, give 'home-field advantage'

After 150 years of squabbling over internal trade, Canadians finally have a comprehensive internal trade agreement — and they might have Europe to thank for it.

The federal government, 10 provinces and three territories on Friday in Toronto unveiled the Canadian Free Trade Agreement, a deal that commits them to remove all internal barriers on trade — except for 144 specific exemptions claimed by one of the 14 member governments. The deal replaces the 1995 Agreement on Internal Trade, which opened up business only in the 11 sectors covered in that pact.

Government procurement is a big part of the new deal. Suppliers and service providers can now bid on government business outside their home provinces.

This isn't a coincidence. The new trade deal with the European Union, the Canada-EU Comprehensive Economic and Trade Agreement, opens government procurement to trans-Atlantic competition. Had Canada's internal trade deal failed to open up government procurement, European bidders would have had better access to bid for Canadian government contracts.

Labour mobility is another big part of the agreement. Licensed professionals and trades people accredited in one province, such as engineers or carpenters, will be allowed to work in another province without having to re-qualify with the local regulator.

The agreement also opens the power generation sector and permits energy utilities to compete for business across provincial lines.

The deal sets up a "negative list" regime in which all trade moves free unless one of the 14 governments declares an exemption — and the list is already long. The exemptions — one reporter counted 144 of them — take up 135 pages or 60 per cent of the 335-page agreement.

It will come as little surprise that alcohol — an item that always comes up in discussions of Canada's internal trade barriers — features prominently in the list of exemptions. Yet the deal does not shut the door to future liberalization. The deal gives the federal government, provinces and territories one year to come up with recommendations on how to enhance internal trade on wine, beer, and spirits.

The deal does, however, lay the groundwork for talks to eventually establish a process to help provinces and territories regulate the trade of recreational pot.

Other issues are also subject to future talks. At some point in the next six months, the governments say they'll discuss how to include financial services in the deal. Other working groups will tackle outstanding issues on fisheries and food.

Bains said even if there are a lot of exemptions, they're outweighed by the general market access. "Everything is under the spotlight," he said. "That puts a great deal of pressure on different jurisdictions to explain why they are looking for certain exemptions."

Duguid, who until Friday chaired the internal trade negotiations, said CFTA improves on the 1995 agreement by building greater transparency into the deal.

"In many ways, this turns the old agreement upside down on its head," he said. "Any province that has a concern about putting something on the table has to transparently put that in the agreement. That changes the whole dynamic. It's put us in a position where now the entire economy is covered."

If a recent study by the Bank of Canada is correct, removal of interprovincial trade barriers within Canada could add between 0.1 and 0.2 percentage points or between $2 billion and $4 billion to the country's annual gross domestic product. Duguid was even more optimistic about the deal's impact, saying it is expected to add $25 billion a year to the economy.

The central bank also suggests that if the removal of internal trade barriers is combined with three other big projects, the Trans-Pacific Partnership, the CETA deal, and the federal government's infrastructure spending plan, the total effect could raise real Canadian GDP by 3 to 5 per cent or up to $100 billion by 2025. Source: Financial Post

'Not good news': Bank of Canada warns of economic threat from U.S. trade protectionism

Changes to U.S. trade policy and protectionist measures under U.S. President Donald Trump will certainly be negative for Canada and could be a major shock, Bank of Canada officials said on Thursday, warning of a hit to already sluggish productivity.

Governor Stephen Poloz and Senior Deputy Governor Carolyn Wilkins took turns warning a Senate committee of the possible impact of as-yet unknown changes to U.S. trade policy, saying it is the greatest risk to Canada's economic outlook.

Poloz and Wilkins were in a second day of testimony after releasing the bank's closely watched monetary policy report on Wednesday, which bumped up growth forecasts but argued it was too early to conclude Canada's economy was on a sustainable growth path.

The Bank of Canada held interest rates steady on Wednesday, keeping them near historic lows amid uncertainty over the economic outlook.

Canadian exporters have shuddered at the prospect of a border adjustment tax targeting Canadian goods destined for the U.S. market, and Canada's Liberal government is lobbying to protect trade relationships that have developed under the North American Free Trade Agreement. U.S. President Donald Trump has said he wants to fix NAFTA to protect U.S. jobs.

Asked what impact a 10 per cent border adjustment tax would have on Canada's economy, Wilkins said it could be a "major" negative hit.

Wilkins said the potential impact need not be entirely negative, if Canadian business and manufacturers adjust by diversifying beyond the United States. Source: Reuters

Canada's economy takes a breather after hot start to year, but still on pace for strong quarter

Canada's economy unexpectedly stalled in February as manufacturing and production in other goods producing sectors shrank during the month. The real estate sector, which expanded 0.5 per cent, had its best one-month gain since 2015 as housing in Toronto soared. Economists surveyed by Bloomberg predicted a 0.1 per cent gain in February, after a 0.6 per cent jump in January.

Key Points:
The recovery in goods production seen in recent months came to a halt in February, with those sectors recording a 0.3 per cent decline in February after three straight months of gains. Manufacturers recorded a 0.6 per cent decline in production, with the mining sector down 0.2 per cent.

On the upside, it's all about real estate. The runaway housing market in Toronto was a major contributor to economic activity in February, fuelling a 5.3 per cent gain in output of real estate agents and brokers.

Other sectors benefiting from the hot housing market was the finance and insurance sector as a whole, which posted a 0.7 per cent gain. Construction was up 0.5 per cent during the month.

Gains in real estate and finance meanwhile are fuelling demand for professional services like legal services. The professional, scientific and technical services component recorded a 0.5 per cent increase, led by a 2.9 per cent gain in legal services.

From a year earlier, GDP is up 2.5 per cent in February, the biggest gain since January 2015.

Big Picture:
Canada’s housing sector, particularly in Toronto, has become both the main driver of growth and one of the biggest sources of uncertainty amid concern the gains aren’t sustainable.

Even with the stalled growth in February, Canada is still on pace to have a strong first quarter, with annualized growth estimated to be just below 4 per cent. That would likely be the fastest in the Group of Seven.
At the same time, caution prevails. At a rate decision two weeks ago in Ottawa, Canada’s central bank revised up growth projections for 2017, but cut them for 2018 and raised questions about the sustainability of the rebound and the country’s long-term growth outlook. Source: Financial Post

INDIA - CANADA

INFRA PLAY - Brookfield in Talks to Buy HCC's Bengal Road Projects for Rs 1,500 crore

Brookfield is in talks with Hindustan Construction Company (HCC) to acquire two of its operating road assets for Rs 1,300 crore- Rs 1,500 crore as the Canadian asset manager is aggressively looking to bulk up its ready-road portfolios in India, said people aware of the development.
HCC Infrastructure is the wholly-owned development arm of HCC Group. Both the roads are housed under HCC Concessions Ltd, the holding company for the road concessions, which is 85.5% owned by HCC while the rest owned by financial investor and private equity fund Xander. Both are located on National Highway number 34 and are in West Bengal.

In February 2010, the NHAI awarded three contiguous sections of approximately 256 km for the development of the existing two lanes to four lanes between Bahrampore to Dakhola on NH-34 in West Bengal.These concessions, worth Rs 3,231 crore, were awarded to HCC Infrastructure on a design, build, finance, operate and transfer (DBFOT) toll basis with a cumulative grant of Rs 1,033 crore.

With the first two sections of approximately 100 km each generating toll revenues, HCC Concessions has decided to unlock value and engage with Brookfield. The projects cumulatively have Rs 1,700 crore of debt.

“The negotiations are live. HCC has been over the years been monetising its operating assets to deleverage its balance sheet, focus on its core engineering and construction business and Brookfield is today the sole foreign player to own 100% of road assets portfolio in India. They are looking at operating more National Highway Authority of India (NHAI) projects after successfully taking over Gammon's roads,“ said an official aware of the talks on conditions of anonymity as they are in private domain. However, there is no guarantee that the negotiations will culminate into a transaction as yet, cautioned the official.

LONG ON INDIA
In August 2015, Brookfield, the world's second biggest manager of alternative assets, like real estate and private equity, agreed to buy six road projects of Gammon Infrastructure for an enterprise value of Rs 2,000 crore. Last year, it signed a term sheet to take over the entire portfolio of 11 road projects of Anil Ambani's flagship Reliance Infrastructure for an enterprise value of Rs 8,000 crore. It has also acquired 51% of Reliance Communication's telecom towers portfolio. After pumping in $4.6 billion in India since 2009-10 when it set up

its local office, Brookfield is planning to invest $2 billion more in India over the next 2-3 years to buyout stranded assets to double its existing asset base in the country. Source: The Economic Times

Minister Chagger concludes successful visit to India

The Honourable Bardish Chagger, Leader of the Government in the House of Commons and Minister of Small Business and Tourism, today concluded her successful visit to India. During her trip, the Minister travelled to New Delhi and Mumbai, where she met with senior Indian leaders from both the government and the private sector. Throughout her trip, she pointed to the strong cultural ties between Canada and India as a foundation on which to build a closer investment relationship and noted that Canadian entrepreneurs and small businesses are the drivers of innovation and key partners for these closer ties. The Minister also promoted Canada as a world-leading tourism destination, especially as the country celebrates the 150th anniversary of Confederation.

While in Mumbai, Minister Chagger met with Devendra Fadnavis, India's Chief Minister, State of Maharashtra. She joined the Chief Minister for the inauguration of a new solar panel installation at the National Centre for the Performing Arts. This installation is Mumbai's largest and was built by Guelph-based clean energy firm Canadian Solar.

Senior executives from YES BANK, CuroCarte and Rolta India Limited all expressed potential interest in expanding to Canada following productive meetings with Minister Chagger.

Minister Chagger also led a panel discussion on women's entrepreneurship hosted by empoWer—India's first accelerator for women entrepreneurs building tech ventures—where she promoted Canada as a destination of choice for women entrepreneurs looking at entering the North American market.

During meetings with representatives of the Indian film industry, Minister Chagger encouraged greater collaboration with Canada's world-renowned film industry. The Minister invited them to visit Canada for the International Film Festival of South Asia, North America's largest South Asian film festival, taking place from May 11 to 22 in Toronto. Source: Innovation, Science and Economic Development Canada

India visit 'very productive' despite controversy, says Sajjan

Canada's Defence Minister Harjit Sajjan says his official visit to India has been "very productive" despite political tensions.

Mr Sajjan says he has been able to bolster ties between India and Canada.

Punjab's top elected official had accused him of sympathising with a Sikh independence movement, which he denies.

Mr Sajjan also distanced himself from a recent motion passed by a Canadian provincial legislature describing 1984 anti-Sikh riots as "genocide".

The Canadian minister's six-day trip is meant as an opportunity to strengthen security and defence relations between the two nations, and he has met with his Indian counterparts and business executives.

But it hit turbulence when Punjab Chief Minister Amarinder Singh alleged on a television program that Mr Sajjan was "a Khalistani sympathiser".

The Khalistan movement seeks to create a separate independent Sikh homeland in the Sikh-dominated northern state of Punjab.

Canadian authorities have also linked Sikh separatist militants to Canada's 1985 Air India bombing, which killed 329 people.

Without offering names, Mr Singh also said other members of Canadian Liberal Prime Minister Justin Trudeau's cabinet held similar sentiments. Mr Singh refused to meet Mr Sajjan.

Canada has called Mr Singh's remarks "disappointing and inaccurate". Source: BBC

Airtel sells 10% of Infratel for ₹6,194 cr

Bharti Airtel (Airtel) sold a 10.3 per cent stake in
its telecom tower unit to a consortium of funds for a total consideration of over Rs 6,193.9 crore (about $951.6 million).

Bharti Airtel sold over 190 million shares of its subsidiary Bharti Infratel Ltd to the consortium, which was advised by private equity player KKR and Canada Pension Plan Investment Board (CPPIB), at Rs 325 apiece.

This is KKR’s second investment in Bharti Infratel. Previously, funds managed by KKR had invested in Bharti Infratel between 2008 and 2015.

Post this transaction, the stakes held by KKR and CPPIB (combined) will be the single-largest public shareholder block.
Last month at the Mobile World Congress in Barcelona, Mittal had said that Bharti Infratel had received bids from several players, including KKR.

Sanjay Nayar, CEO of KKR India said that as long-term partners of Bharti Infratel, we have intimately seen the company strengthen its position as a world-class telecom infrastructure provider. We now have a unique opportunity to partner with the company for a second time.

While shares of Bharti Airtel closed at ₹340.65 on the BSE on Tuesday, up 0.61 per cent from the previous close, Bharti Infratel’s shares closed at ₹318.75, up 1.98 per cent from the previous close. Source: The Hindu Business line

Canada Pension Plan Investment Board and Phoenix Mills announce strategic investment platform

For retail real estate properties in India Canada Pension Plan Investment Board and Phoenix Mills announced participation in a strategic investment platform, Island Star Mall Developers, to develop, own and operate retail-led mixed use developments across India.

CPPIB will initially own 30% of the platform with an equity investment of approximately Rs 724 crore. CPPIB plans to invest approximately Rs 1600 crore, in multiple tranches, to own up to a 49% stake in the platform. Pre-money enterprise value of ISMDPL is pegged at approximately Rs 2200 crore.Source:TheHindu

CORPORATE NEWS

Bombardier Inc executives defer half of their $32.6 million compensation after uproar over pay hike

Bombardier further retreated Sunday on a hefty pay increase to six senior executives, announcing they would defer receiving payment on a sizeable chunk until a later time.
A statement from company President and CEO Alain Bellemare late Sunday said he has asked the transportation giant’s board of

directors to defer more than half of the US$32.6 million the executives received in compensation in 2016 until 2020.

Public anger about the roughly 50 per cent increase in compensation from the US$21.9 million paid to the executives in 2015 has mounted steadily in the past few days in light of the fact Bombardier has received hundreds of millions of tax dollars.

Two Quebec cabinet ministers called for Bombardier to rethink the pay packages last week and roughly 200 people gathered outside the company's Montreal headquarters on Sunday to voice their anger against Bombardier. The outcry was acknowledged by Bellemare in his statement.

Quebec Premier Philippe Couillard said in a tweet Sunday that he spoke to Bellemare about Quebecers' concerns about the pay package and that he was happy with Sunday's decision.

Public anger appeared fuelled by the fact Bombardier received a US$1 billion investment from the Quebec government in 2016 in exchange for a 49.5 per cent stake, and in February, the federal government pledged $372.5 million in repayable loans to the company — a far cry from the US$1 billion it had been asking Ottawa for since 2015.

The company has also laid off thousands of workers worldwide.

The reaction last week prompted Bombardier chairman Pierre Beaudoin, one of the other six executives who received a hefty pay hike to announce Friday that he would ask the board of directors to bring his 2016 compensation in line with what he received in 2015, a cut amounting to around US$1.4 million dollars.

The company also issued a defence of its compensation policy and called it "inappropriate" to compare the 2016 compensation to that of the previous year because some of the executives did not start at the beginning of 2015. Bellemare for example started in his job in February, 2015.

Bombardier's damage control efforts over the weekend appeared to do little to calm the waters.

The crowd outside of the company's headquarters Sunday chanted in French "shame to Bombardier!". Source: Financial Post

Canadian company PharmaCielo Ltd could be the first to grow legal pot in Colombia

If illicit pot plants flourishing covertly in the Colombian countryside represent the marijuana industry's past, then Canada's commercial-scale medical licensing system represents its future.

PharmaCielo Ltd., a privately held medical marijuana producer with global ambitions, is hoping to capitalize on both those traditions.

The company, which has board members from U.S. big tobacco and big pharma, is headquartered in Canada — a decision made due to this country's sophisticated medical cannabis regulations, friendly financial markets and growing base of accountants, lawyers and bankers with cannabis expertise.

But for production, it's focused on Colombia, where it is hoping to become the first government-approved marijuana producer following the country's decades-long battle against drug trafficking.

PharmaCielo set out to lobby the Colombian government to consider legalized medical marijuana shortly after the company was founded in 2014.

President Juan Maneul Santos legalized medical marijuana in 2015. PharmaCielo was the first company in Colombia to be granted an extraction licence, but it is still awaiting a cultivation licence — it is ready to grow as soon as that goes through and plans to start selling mid-2018.

The privately-held company has about 500 shareholders but is interested in going public, most likely on a Canadian exchange.
PharmaCielo's choice to call Canada home is an increasingly popular model for players looking to capitalize on a global wave of legalization that is positioning Canada as an international centre for the burgeoning industry.

There is already evidence of Canada's emergent role as a cannabis capital hub, said Alan Brochstein, investment manager at Houston-based New Cannabis Ventures.

Uruguay's International Cannabis Corp. recently listed on the TSX Venture Exchange to gain exposure to Canadian markets. U.S.-focused pot companies such as CannaRoyalty Corp. and Canadian Bioceuticals Corp. are listed in Canada because marijuana companies are banned from public listings south of the border, where pot is still illegal at the federal level despite legalization in half of U.S. states.

Most other Canadian companies with global ambitions have gone the route of securing a Health Canada licence to produce and sell into their home market before setting their sights on global markets. Some, like Canopy Growth Corp. and Tilray and have signed export agreements in Europe, while Aphria Inc. is getting into the U.S. market through royalty and licensing agreements.

But PharmaCielo chose to eschew the Canadian production licence to operate in the country where it believes it can build the lowest-cost operation.

By taking advantage of Colombia's natural environmental advantages that have allowed crops from flowers to coffee to coca to flourish for centuries, PharmaCielo believes it can grow marijuana for five cents per gram. That's 40 times lower than Canada's lowest cost producer, Aphria Inc.'s $2 per gram, and eight times lower than the 40 cents per share projection in Uruguay, which has a similar climate and one of the most mature legal marijuana markets in the world.

Operational costs are low in Colombia because plants are grown in open-air greenhouses under a 12-hour sun cycle with accessible natural water sources, so there are no water or electricity bills, which comprise a huge percentage of Canadian companies' costs.

It also has a low-cost skilled labour force with agricultural expertise thanks to Colombia's giant flower sector, which provides 75 per cent of flowers shipped to North America.

The company has an exclusive production deal with a workers' co-operative of indigenous growers affected by the drug wars.

Colombia legalized production only for medical purposes and only in oil form, not bud that can be smoked to deter diversion to the black market. That's not a problem for Stocker who believes the money is in oil, which is more appealing to the medical sector because it comes in a standardized dose and has a longer shelf life than dried cannabis.

When PharmaCielo is ready to sell, it will first target Colombia's domestic market, but Stocker said the company has its sights set on exports to international legal medical marijuana markets including Brazil, Argentina, Australia and Germany.

And yes, the company plans to export into Canada, as long as the country Stocker praised for setting global standards doesn't prevent his Toronto-based company from entering the market it calls home. Source: Financial Post

Bombardier Inc, Siemens AG in talks to merge train operations, sources say

Siemens AG and Bombardier Inc. are in talks to combine their train operations, people familiar with the matter said, potentially creating a business that could better compete with rising competition from China.

The proposed joint venture, which could be worth at least 10 billion euros (US$10.6 billion), would merge the firms' train-making and signaling activities, said the people, asking not to be identified because the discussions are private. A deal could come by the middle of the year, one of the people said.

No final decisions have been made and any combination would require clearance from antitrust authorities and face potential opposition from unions, they said. Representatives for Siemens and Bombardier declined to comment.

Analysts from Societe Generale SA have valued Siemens's mobility unit at about 7.2 billion euros, while Veritas Investment Research Corp. has said Bombardier's 70 per cent stake in its transportation business is worth at least US$5 billion.

Talks between Bombardier and Siemens started earlier this year, the people said. A combination would help the companies stave off pressure from Chinese competitors, which are expanding internationally and threatening market share.

Antitrust Concerns Bombardier sold a 30 per cent stake in its train business to fund manager Caisse de Depot et Placement du Quebec last year, valuing the unit at $5 billion and helping the Montreal-based firm raise capital as it faced a cash drain from delays for its new jets.

Still, antitrust concerns facing the two Europe-centered companies could be an obstacle to the deal. Siemens and Bombardier would also likely have to win over support from labor representatives, who would object to job cuts.

Siemens shares rose 1 per cent to 128.95 euros at 3:53 p.m. in Frankfurt trading. Bombardier rose 5 per cent to $2.33 in Toronto. Alstom SA, which had been speculated as a potential partner for Siemens, fell 3 per cent. Source: Financial Post

Loblaw plans to open 30 new stores and upgrade more than 500 others

Loblaw said Thursday that it plans to open 30 new stores and renovate more than 500 existing stores as it continues to adapt to changes in the food retail sector.

The grocery and pharmacy giant said the investment includes the continued roll out of its Click & Collect e-commerce, improved health and wellness services, and the inclusion of fresh food at select Shoppers Drug Mart locations.

Loblaw (TSX:L) said the moves will invest about $1.3 billion into the economy and create an estimated 10,000 retail, trade and construction jobs.

Thursday's announcement comes almost exactly a year since Loblaw said it planned to build 50 new stores and renovate 150 others as part of a $1.3 billion revamp and expansion.

Loblaw made a similar announcement in 2015, when it said it would build 50 new stores and improve more than 100 others.

The company later said it would shutter 52 locations across Canada that had fallen short of expectations. Source: Financial Post

Donald Trump sours on Canada over 'very unfair' milk policy

U.S. President Donald Trump slammed Canada's trade practices for the first time, vowing to call Canadian officials to demand changes to dairy policies Wisconsin farmers say threaten their livelihoods.

He did not specifically identify what he was talking about in his unscripted musings, which came during a Wisconsin speech in which he touted "Buy American" policies that are opposed by Canada. It appeared, though, that he was weighing in on an arcane but escalating bilateral dispute over ultra filtered milk, a high-protein concentrate sometimes used to make cheese and yogurt.

The Canadian dairy lobby and government say Canadian policies are not responsible for the crisis that has beset about 75 family farms in Wisconsin since a local milk-processing company cancelled their contracts April 1. But Trump joined the U.S. dairy lobby and a bipartisan group of U.S. lawmakers in attributing the problem to a Canadian reduction in prices that has made American imports less competitive.

His remarks were the latest in a series of signals that suggest Canada will not glide easily through the possible renegotiation of the North American Free Trade Agreement (NAFTA). After declaring in February that the trade relationship is "very outstanding," his administration has floated a series of complaints.

Trump had been urged to take action on the dispute by politicians from both parties, including Republican Wisconsin Gov. Scott Walker and Democratic New York Gov. Andrew Cuomo. In an October letter to Prime Minister Justin Trudeau, Cuomo said the policy amounts to a trade barrier that flouts international agreements.

Trudeau's government did not respond to Trump on Tuesday. Instead, Ambassador David MacNaughton wrote a letter to Walker and Cuomo, urging them to "not lay blame where it does not belong."

MacNaughton said Canada "does not accept" the contention that dairy policies in Canada are causing financial hardship in the U.S. "The facts do not bear this out," he wrote, citing a U.S. government report that says global and U.S. overproduction is the root of the U.S. dairy industry's struggles.

Like most things related to Canada's milk policy, the dispute is complicated.

At the beginning of April, Wisconsin's Grassland Dairy Products informed 75 local farms that it would no longer purchase their milk. Grassland said it made the decision because it had just lost tens of millions of dollars worth of Canadian business as a result of the policy change in Canada.

The Canadian dairy industry, tightly regulated under a system of "supply management," has long been protected from foreign competition by tariffs on imports. But ultra filtered milk from the U.S. had been allowed to enter Canada tariff-free, and Canadian processors often preferred to import rather than pay higher prices to buy from Canadians.

A year ago, though, Ontario changed the rules: it allowed local processors to buy ultra filtered milk and other kinds of skim milk from Canadian farms at world prices rather than the higher Canadian prices. All of a sudden, the need for U.S. imports evaporated.

Canada is now adopting a similar policy across the country, further alarming the U.S. industry already beset by a supply glut. In Wisconsin, some of the family farmers say they will have to sell off their cows if they can't quickly find another processor.

In the Canadian industry's version, the real culprit for the U.S. woes isn't Canadian policy but the U.S. supply glut.

Trump has not criticized supply management more broadly. But in a draft letter to Congress that expressed a preliminary NAFTA wish list, his administration hinted that it wants to raise the subject during the upcoming talks.

Trump signed an executive order on Tuesday to crack down on exemptions to Buy American policies, which are supposed to require U.S. government projects to buy from American firms. Canadian Finance Minister Bill Morneau will raise objections to the order at this week's meeting of G20 finance ministers in Washington, The Canadian Press reported. Source: The Star

FORTHCOMING EVENTS IN CANADA

SIAL Canada: (May 02-04, 2017, Enercare Centre, Toronto): SIAL Canada is the biggest show in North America with around 850 exhibitors of agri-food industry from Quebec, Canada and worldwide. SIAL Canada is dedicated to national and international professionals of the agri-food industry. **www.sialcanada.com**

National Heavy Equipment Show 2017 (April 06-07, 2017, The International Centre, Toronto): Canada's largest heavy equipment show which focuses on construction, road building, land improvement, and infrastructure. The show features the leaders of the heavy equipment and construction industries with cutting-edge equipment and huge displays and includes an educational seminar program. **http://www.nhes.ca**

Construct Canada (November 29- December 01, 2017, Metro Toronto Convention Centre, Toronto): The 29th Annual Construct Canada which is North America's Largest Exposition, Networking and Educational Event will be held concurrently with PM Expo, HomeBuilder & Renovator Expo and World of Concrete Pavilion and IIDEXCanada. All shows combined will create The Buildings Show, North America's largest exposition, networking and educational event comprising of 1,600+ exhibits, including 100+ international exhibitors, bringing the latest in design and construction innovation in products, technologies, best practices and applications. **http://www.constructcanada.com/**

Plast-Ex 2017: (May 16 - 18, 2017, Toronto Congress Centre): PLAST-EX offers an exceptional opportunity to connect with buyers from Ontario's manufacturing hub. There are 5 shows co-located with this show, Automation Technology Canada, Packex Toronto, Toronto Power and Bulk Solids Conference & Exhibition, Design and Manufacturing Canada and Quality Expo. The show also includes Innovation Tours and Speed Networking. **http://plastex.plasticstoday.com/**

Canadian Mining Expo 2017: (End May - June 2017, McIntyre Community Centre, Timmins): The show features more than 300 exhibitors and a number of technical sessions. It is becoming well known as Canada's largest gold mining show. **www.canadianminingexpo.com**

Canadian National Exhibition (CNE): (August 18 - September 04, 2017, Exhibition Place, Toronto): The Canadian National Exhibition (CNE) is an 18-day fair taking place every August concluding on Labour Day. The CNE has grown to be the largest annual fair in Canada and the fourth largest in North America attracting approximately 1.601 million visitors each year. **www.theEx.com**

Canadian Manufacturing Technology Show (CMTS): (September 25-28, 2017, The International Centre, Mississauga): CMTS is Canada's largest manufacturing trade show. More than 8,000 manufacturing professionals attend CMTS to discover the latest advancements in machine tool, tooling, metal forming and fabricating, advanced manufacturing including 3D printing/additive manufacturing, automation, design engineering and plant management segments from over 700 potential suppliers. **www.cmts.ca**

Restaurants Canada Show: (February 25-27, 2018, Enercare Centre): The trade show brings together more than 700 companies and brands to showcase the latest industry innovation in products and services, provides revolutionary educational seminars and workshops. The Restaurants Canada Show represents an industry that is responsible for:
$72 Billion in annual sales in Canada
91,000 Restaurants, Bars and Caterers, and Foodservice establishments
18 Million visits to Restaurants on a daily basis
Trade Show attendance for the past 3 years 10,000-12,000+ **www.restaurantshow.ca**

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