

SCHEDULE “A”

STRATEGIC PRIORITIES

CANADA-MANITOBA WESTERN ECONOMIC PARTNERSHIP AGREEMENT

INTRODUCTION

For the governments of Canada and Manitoba, economic development is a shared responsibility, as well as a shared goal. For this reason, federal-provincial economic partnership agreements are an important mechanism for joint planning and programming where governments share mutual objectives of promoting Manitoba’s sustainable economic growth.

This five-year Western Economic Partnership Agreement (EPA) builds on the successes of previous federal-provincial infrastructure and economic development agreements, including the former Western Economic Partnership Agreement and the current Canada-Manitoba Infrastructure Program. Continuing in this tradition of co-operation between federal, provincial and local governments and organizations, the current Agreement will promote and support long-term, sustainable economic development in Manitoba.

This Schedule provides an economic context for the Agreement and outlines five strategic priorities for coordinated federal-provincial regional economic development programming over the next five years. This Agreement will: Support Knowledge Based Research and Development; Increase Value-Added Production; Support Trade and Investment Promotion; Enhance Productivity and Competitiveness; and Promote Economic Development through Tourism Opportunities.

ECONOMIC OVERVIEW

A Diversified, Growing Economy

Manitoba is the least resource-dependent province in western Canada and the most economically balanced of all provinces, with no single industry dominating the landscape. It has a variety of manufacturing and service industries, including aerospace, bus and furniture manufacturing, food processing, pharmaceuticals, financial services, electricity, culture and transportation. Manitoba’s diversified economy creates a more stable and predictable business and labour force climate, though the large number of small and medium-sized firms require greater critical mass, along with a coordinated approach, to serve as a dynamic growth engine.

Over the last ten years, employment growth in Manitoba has outpaced labour force growth (employment expanded by 70,900 jobs while labour force increased by 61,800 people). The result of having more jobs created than people to fill them has been a steady decline in the unemployment rate, a very competitive labour market, strong wage growth and increased reporting of skill shortages in selected industries. Recently, Manitoba's international immigration levels have begun to boost the population and, along with a young Aboriginal community, add much needed growth to the labour force in the province. Further strategic investments in Manitoba's education and training infrastructure in Winnipeg, Brandon, Thompson and The Pas will help to improve the availability of skilled young adults, foreign credential recognition, skills training and education for under-represented population groups and continue this momentum.

The business environment is a generally favourable one, with competitive business cost factors including land, buildings and utilities. Private capital investment has been growing significantly across a number of industries. Some positive trends in the utilities, aerospace, nutraceuticals and transportation sectors could draw attention to Manitoba as an attractive investment destination and encourage growth in partner industries including professional, scientific and technical services and alternative energy development.

Manitoba has an abundance of rich agricultural land and natural resources. A significant cluster of excellence has been established in the province involving cereal research, functional foods and nutraceuticals. As interest in these industries continues to grow worldwide, the value of the functional foods and nutraceuticals industry is expected to expand over the next decade, promising to become a large segment of the agri-food industry. Providing training and employment opportunities in the mining and forestry industries for local residents, including Aboriginal Manitobans, has and will help to stimulate further economic growth in the north specifically, as well as other regions of the province.

Most of the natural resources and manufactured goods developed in Manitoba are for export, making transportation a key service sector for the province. Having an open, dynamic economy, located in the mid-continent of North America, has created opportunities for high levels of trade and investment activity with other provinces, the USA, Mexico, Latin America and the Asia-Pacific Region. Maintaining this momentum and encouraging foreign investment opportunities are significant areas of importance.

Manitoba has a number of international tourist attractions and is investing in tourism industry training and business productivity enhancement projects that promote increased international visits. A number of small firms have been attracting eco-tourists to Manitoba's northern and remote wilderness, encouraging international visitors to experience Manitoba's rich Aboriginal heritage. Attracting and retaining high quality professional employees in the industry will improve competitiveness across the sector and assist in future growth.

Innovation is a key driver of modern competitive economies. It is stimulated by an environment of globally competitive businesses, entrepreneurial talent, effective capital markets to meet the needs of firms at every stage of development, an excellent research and commercialization

infrastructure to support the development of new technologies, and a skilled workforce. Manitoba must pursue innovation and technology-based economic development to enhance the depth and competitiveness of its knowledge based sectors. An integrated approach to innovation in Manitoba will require a balance between the three key goals of growing basic research capacity; building receptor capacity of Manitoba firms to commercialize technology from a position of competitive advantage; and formation and development of more globally competitive technology-based companies.

Connecting the training and funding infrastructure in the province with Manitoba's sector council network which reaches 198,000 Manitoba workers and 2,800 Manitoba companies has the potential to significantly expand the R&D base as well as commercialize new products and services.

STRATEGIC PRIORITIES

Canada and Manitoba will work together, in collaboration with economic sector-based organizations, non-profit community organizations and service delivery agencies, on five strategic economic priorities to promote and support the long-term, sustainable economic development of Manitoba.

Initiatives may include, but are not limited to, capital projects, industry development projects, pilot projects, start-up leading to self-sustainability, studies including feasibility studies, business plans and strategies, market-related research and innovative research.

- **Support Knowledge Based Research and Development**
 - Stimulate innovation through the enhancement and use of Manitoba's existing knowledge-based infrastructure that supports the development of new technologies and commercialization of new products.
 - Strengthen and continue to build Manitoba's business clusters in areas such as advanced manufacturing, composite materials, aerospace, nutraceuticals, biotechnology, advanced media, information and communications technologies, and environmental industries, including alternative energy development.

- **Increase Value-Added Production**
 - Encourage the economic growth of rural communities by supporting research and the development of new or improved products, technologies or innovations in such areas as functional foods, fibre industries and alternative energies.
 - Support the development and diversification of northern Manitoba's natural resource industries, such as mining and forestry, and support the development of human

resources to ensure northern Manitobans can take full advantage of the economic opportunities in the region.

- **Support Trade and Investment Promotion**

- Capitalize on Manitoba's mid-continent location, extensive intermodal transportation network, and diversified and export-oriented economy to enhance trade and investment opportunities and promote Manitoba as a gateway to other provinces and international markets such as the United States, Mexico, Latin America and the Asia-Pacific Region.
- Support programs and services that will enhance foreign investment opportunities in Manitoba and attract and support incremental investment in the economy through targeted immigration initiatives.

- **Enhance Productivity and Competitiveness**

- Provide support to Manitoba's established and emerging industry clusters through commercialization and investments intended to increase innovation, enhance productivity and improve competitiveness in the new global economy.
- Provide support to projects that encourage the development and adoption of leading-edge technology and processes, including innovative management and business processes.
- Address labour and skills shortages through development and training initiatives with industry organizations and post-secondary institutions.

- **Promote Economic Development through Tourism Opportunities**

- Support initiatives that will significantly develop Manitoba's tourism industry by capitalizing on emerging opportunities, expanding U.S. and international markets and mitigating existing challenges currently facing the tourism industry such as the declining U.S. market and increased competition.
- Strengthen Manitoba's competitive position as a tourism destination and create opportunities for economic growth and diversification in all regions of the province.