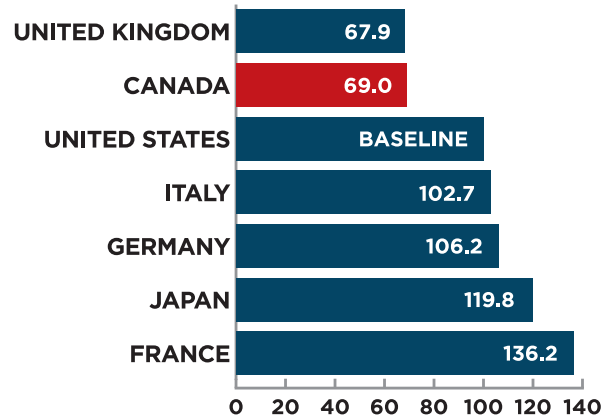




AUTO PARTS MANUFACTURING TOTAL TAX INDEX³, G-7 RESULTS (U.S. = 100.0)



LOW-COST HOT SPOTS

Business cost index of select Canadian cities (U.S. = 100):

A	City of Québec	96.4
B	Montréal	96.8
C	Niagara Region	96.9
D	Halifax	97.0
E	Toronto	97.1

CANADA'S TAX HIGHLIGHTS²

- This production-oriented auto parts firm makes modest investments in both product and process-related R & D. Canada's generous R & D tax credits cause its effective rate of corporate income tax to drop to 15.0 percent, the second lowest rate in the G-7.
- Canada's costs for statutory labour costs and other corporate taxes are also relatively low, ranking below the G-7 average in both of these tax categories.
- Overall, Canada's total tax index for the model automotive firm is 69.0 - the second lowest among the G-7 countries and reflecting total tax costs 31 percent lower than in the United States.

SUMMARY OF OPERATING PARAMETERS

BUSINESS OPERATION: AIRCRAFT PARTS MANUFACTURING	
Facilities requirements	
Leased industrial site (24,281 m ²)	6 acres
Size of factory (9,290 m ²)	100,000 ft ²
Workforce	
Management	4
Sales and administration	15
Production/non-dedicated product development	
• Professional, technical	27
• Operators	35
• Unskilled labourers	14
Other	5
Total employees	100
Other initial investment requirements	
Machinery and equipment - U.S. \$'000	\$13,000
Office equipment - U.S. \$'000	\$500
R & D equipment - U.S. \$'000	\$75
Inventory - U.S. \$'000	\$2,500
Equity financing - % of project costs	50%
Energy requirements	
Electricity: monthly consumption	352,500 kWh
Gas: monthly consumption (37,663 m ³)	13,295 CCF
Other annual operating characteristics	
Sales at full production - U.S. \$'000	\$41,500
Materials and other direct costs - % of sales	55%
Other operating costs - % of sales	6%
Investment in tax-eligible R & D - % of sales	2.4%

² Calculations by MMK Consulting Inc. based on detailed data from *Competitive Alternatives, Special Report: Focus on Tax* as that report only published sector-level tax results.

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