

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
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DATE 13 November 1996

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Regional Chair

SUBJECT/OBJET **APPROVAL OF TRAVEL BY REGIONAL CHAIR**

DEPARTMENTAL RECOMMENDATION

That Corporate Services and Economic Development Committee approve funds, conditional upon arrangements being made to the satisfaction of the Regional Chair with appropriate South Korean and Japanese companies which build semiconductor fabrication plants, in an amount not to exceed \$6,500:

- 1. for travel by the Regional Chair for the South Korean portion of Team Canada's Trade Mission, and;**
- 2. for travel to Japan from South Korea.**

PURPOSE

The deadline for submission of the application to Team Canada 1997 is December 2, 1996. It is therefore, necessary to make the request at this time.

The purpose of this report is to obtain approval of funds for travel pursuant to Corporate Services and Economic Development Committee's authority as set out in section 4.3.2.4 of the Corporate Policy Manual, conditional upon arrangements being made to the satisfaction of the Regional Chair, with appropriate South Korean and Japanese companies which build semiconductor fabrication plants.

BACKGROUND

A semiconductor fabrication plant manufactures an integrated circuit which is formed in and on a wafer. Semiconductors are becoming more pervasive in everything electronic, from computers to automobiles, to cellular phones. In fact, chips in all their varieties make up some 15% of the world equipment market.

Semiconductor sales passed the \$150 billion mark in 1995, three times what they were a decade earlier. The world-wide semiconductor revenue forecast for 1996 is \$183 billion and is expected to grow to \$331 billion by the year 2000. This demand, coupled with existing under-capacity and rapid technological change in specific sectors of the industry, is expected to translate into the construction of approximately 50 new fab facilities by the end of 1996, plus an additional 30 to 40 fabs per year until the year 2000.

OCEDCO has been active in trying to attract a semiconductor fabrication plant to the Region. It struck a Regional Steering Committee to direct this initiative with representation from the Municipal Advisory Committee (MAC). The Steering Committee has been successful in involving all public and private technology experts and municipalities in the preparation of a business plan.

A semiconductor manufacturing facility would help attract and retain an expanded core of technical talent in the region. It would also strengthen the region's local university and college semiconductor training/education programs. Depending on the type of facility, it is estimated that up to 1,000 permanent jobs would be created. Between \$600 million to \$1.4 billion would be invested in the first 3 years, at least 30% of which would flow directly into our local economy through construction contracts, land deals and other charges. Once a facility is fully operational, the direct investment in salaries and maintenance alone would likely total between \$400 million to \$800 million per year. Tax revenues to local government (property and business taxes) could range between \$3 to \$9 million per year.

On behalf of the Prime Minister, the Minister for International Trade, Arthur Eggleton, has invited the Regional Chair to join Team Canada on its Trade Mission to Asia from January 8 to 20, 1997.

Previous Team Canada trade missions provided a cost-effective introduction to new markets, created opportunities to network with overseas contacts, promoted exports and created jobs for Canadians. Canadian businesses have also reported an additional \$2.4 billion in new business transactions since the missions. More than 233 contracts signed during and since the missions have generated current and future business valued at \$7.85 billion.

The Trade Mission to South Korea, the Philippines and Thailand by the Prime Minister from January 8 through 20, 1997, presents an opportunity for the Regional Chair to meet with South Korean companies which may be interested in building a semiconductor fabrication plant in Ottawa-Carleton.

Industry Minister John Manley headed a Canadian delegation to Japan in September, 1996. His responsibility was to make a presentation, on behalf of Canada, to persuade Japanese executives who might be considering building a semiconductor fabrication plant to do so in Canada. The Regional Chair is not aware of any potential prospects in the Philippines and Thailand which may be considering investing in semiconductor fabrication plants. Consequently, the Regional Chair would not continue with Team Canada to the Philippines and Thailand. There is therefore, an opportunity on the Regional Chair's return from South Korea to visit Japan and follow up on contacts made by Industry Minister Manley.

PUBLIC CONSULTATION

As this is a trade mission conceived and organized by the Minister for International Trade, no public consultation was necessary.

FINANCIAL IMPLICATIONS

Funds will be provided in the 1997 budget for this purpose.

*Approved by
Peter D. Clark*