CANADA & SOUTHERN CALIFORNIA:

United through collaboration, defined by partnership, sustained by friendship

LOS ANGELES COUNTY
ECONOMIC DEVELOPMENT CORPORATION
Collectively Advancing Opportunity and Prosperity for All

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Los Angeles County Economic Development Corporation
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Los Angeles

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ECONOMIC DEVELOPMENT CORPORATION
Collectively Advancing Opportunity and Prosperity for All

Supported by:

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This research was commissioned by the Consulate General of Canada in Los Angeles.

The LAEDC Institute for Applied Economics provides objective economic and policy research for public agencies and private firms. The group focuses on economic impact studies, regional industry analyses, economic forecasts and issue studies, particularly in workforce development, transportation, infrastructure and environmental policy.

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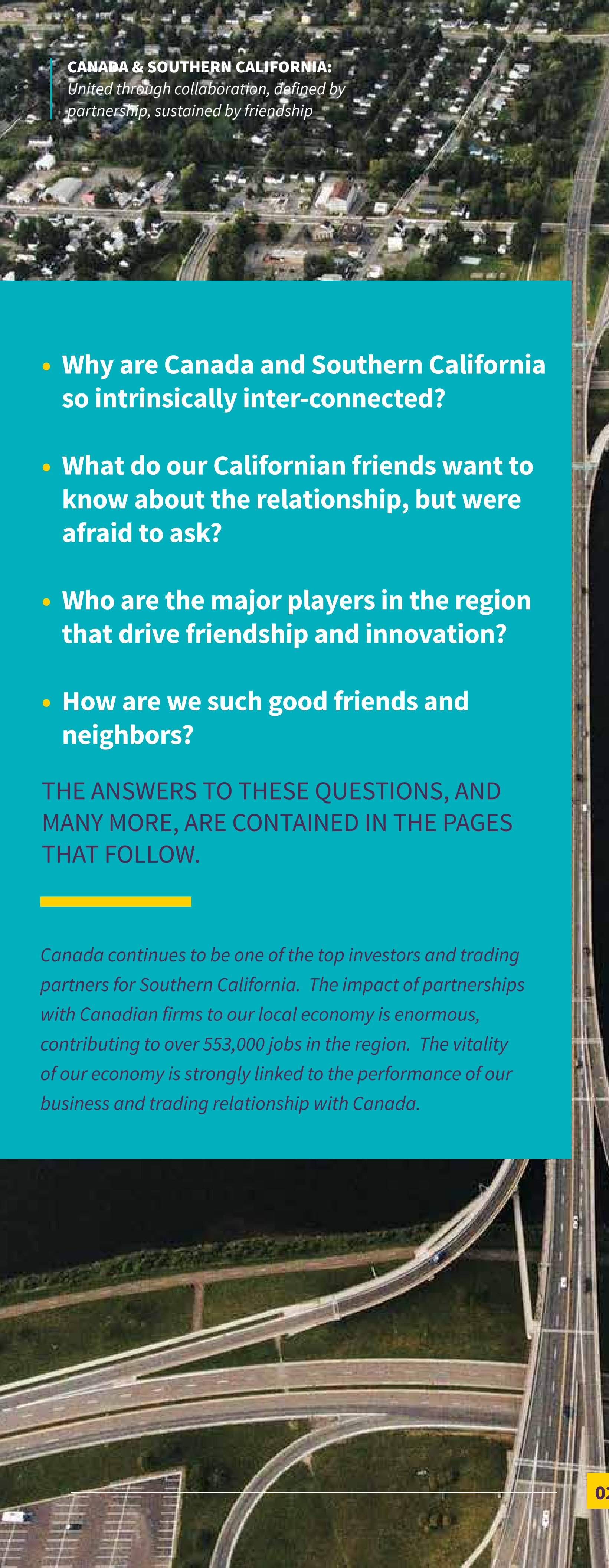


- **Why are Canada and Southern California so intrinsically inter-connected?**
- **What do our Californian friends want to know about the relationship, but were afraid to ask?**
- **Who are the major players in the region that drive friendship and innovation?**
- **How are we such good friends and neighbors?**

THE ANSWERS TO THESE QUESTIONS, AND MANY MORE, ARE CONTAINED IN THE PAGES THAT FOLLOW.

Canada continues to be one of the top investors and trading partners for Southern California. The impact of partnerships with Canadian firms to our local economy is enormous, contributing to over 553,000 jobs in the region. The vitality of our economy is strongly linked to the performance of our business and trading relationship with Canada.

Forward

A partnership beyond mere trade –

Southern California is an economic megaregion powered by its interactions with the globe. Through trade, migration, investment, entrepreneurship and innovation, the six counties that compose this dynamic southwestern corner of the United States consistently tells the world that they are open for business.

Though sharing another border, Canada is among the foremost of those countries who invest in the business, talent and creativity of Southern California. Not only have Canadians acted and produced on the stage and screen, but they have developed the region's real estate; founded many of its startups; purchased its goods and services; and provided the region with many of its own. The interdependence of Southern California and Canada covers almost every economic activity from technology to tourism whose sum total provides billions in net worth in both directions.

To convey this chronicle of friendship and collaboration, the Consulate General of Canada in Los Angeles commissioned the Los Angeles County Economic Development Corporation's Institute for Applied Economics to revisit the story originally told in 2012 with a report entitled *Growing Together*. However, this research endeavors to be more than just a second iteration of the previous work. Rather, this report strives to transcend the normal trade and foreign direct investment data to uncover the many facets that make the relationship between Southern California and Canada unique among its international partnerships. The data, both qualitative and quantitative, contained in this document serve as an account of what we know and of what we could learn more about the economic and human ties between this nation-sized regional economy and one of its great international friends. In some instances, the data contained herein clearly expound the exchange in both directions; in others, the data is limited to showing similarities and potential synergies between Southern California and Canada with the promise of potential future investigation. Finally, some discussion is lent to the recent federal-level discord between the United States and Canada and how existing and future business networks between Southern California and Canada can work beyond the friction between these national governments. Taken together, these elements detail a partnership of shared values, future-oriented thinking and

cross-border integration that spans not just businesses but also individuals and families.
The LAEDC's Institute for Applied Economics and Consulate General of Canada in Los Angeles, with support from MAPLE Business Council ® and World Trade Center Los Angeles, are proud to present this report, *Southern California & Canada: United through collaboration, defined by partnership, sustained by friendship*, as a chronicle and celebration of the consanguinity between Canada and Southern California.

- The LAEDC Institute for Applied Economics

Of the more than 160 cities around the world where Canadian consulates and embassies assist Canadian companies in pursuing local business opportunities, few rival Greater Los Angeles for its sheer range of dynamic industries and global reach. As a prime gateway to both Latin America and Asia, and as the capital of the global entertainment industry, Los Angeles (and Southern California more broadly) is, arguably, at the center of the world.

That range and reach present enormous and mutually beneficial opportunities for economic partnership with Canada – opportunities which are being realized on a daily basis both in Southern California and Canada, though perhaps, the value of that connection is sometimes not given enough of the spotlight *because* of Southern California's proximity to Mexico and Asia. In order to make that connection more visible, and present the value in greater detail, the Consulate General of Canada in Los Angeles commissioned our partners, the LAEDC to measure the vast and vital ways in which Canada's economic presence is felt here. The facts and figures that follow make it clear—from the wage premium enjoyed by SoCal employees of Canadian-owned companies, to Canadians' tremendous appetite for all things California—that Canada and SoCal are very good for each other.

At the heart of this relationship, and Southern California's economic dynamism broadly, is a strong support network of economic stakeholders and internationally minded organizations committed to the progress, competitiveness and prosperity of the region. I want to thank two leaders of that network, the LAEDC and the MAPLE Business Council, for everything they bring to Greater Los Angeles and Canada, and for the expertise they brought to bear in producing this report and uncovering its important findings.

This report should deepen our appreciation for what Canada and California have already built together and open discussion of new partnerships and investments. The Consulate General, LAEDC and MAPLE all stand ready to support.

Zaib Shaikh
Consul General of Canada in Los Angeles

Canada continues to be one of the top investors and trading partners for Southern California. The impact of partnerships with Canadian firms to our local economy is enormous, contributing to over 553,000 jobs in the region. The vitality of our economy is strongly linked to the performance of our business and trading relationship with Canada. It's now more critical than ever to reaffirm and recommit the economic partnership and cultural friendship between Canada and Southern California. Since 2016, Canadian businesses have increased employment by 7 percent, with the number of Canadian businesses in the region increasing by 4 percent to 895 firms. While these numbers are important to recognize the stock of Canadian investment in the region, they do not tell the whole story.

Understanding the experiences and interactions between Southern Californians and Canadas unveils a human bond that can be more important than numbers. It's this connection that drives business activity and creates an environment that welcomes collaboration and new, innovative thinking. With the publication of Southern California & Canada: United through collaboration, defined by partnership, sustained by friendship, we hope a more holistic understanding of the people-to-people connection will open new doors and opportunities with our Canadian partners.

I would like to applaud the Consulate General of Canada in Los Angeles and Consul General Zaib Shaikh specifically for his leadership and unwavering commitment to make this report possible. I would also like to thank our MAPLE partners who have stood beside the World Trade Center Los Angeles for the last three-years as some of our strongest supporters.

This report is a new tool to help the region think smarter, plan better, and act bolder when engaging Canadian businesses and welcoming visitors. I hope you find the report and informative and look forward to the discussions that follow.

Stephen Cheung
Executive Vice President, LAEDC
President, WTCLA

1 Introduction

A *Mari Usque Ad Mare* – from Sea to Sea – are the words that represent the geographic breadth, openness of spirit and boundless aspirations of the country of Canada and its people. The ten provinces and three territories of the United States' esteemed northern neighbor are home to 37.3 million people, the majority of whom live within 100 miles of U.S. border. Though defined by its Atlantic, Arctic and Pacific maritime boundaries, the Canadian heartland boasts agricultural production that rivals the Plains states and the Midwest. Indeed, Canada's heart is home to its own tradition of ranchers and cowboys. As diverse as it is expansive, the Canadian government, Canadian businesses and Canadian citizens have engaged cultivating global economic ties that have created this resource – and human capital – rich country into a $1.9 trillion economy.

Associated with the discovery of gold at Sutter's Mill, the exclamation *Eureka* has since embodied the spirit of discovery and invention that has ever after been the hallmark of California and its residents. Inhabited by 39.8 million people and the producer of $3.0 trillion worth of goods and services in 2018, California leads the United States and all but four sovereign countries in economic strength. Bounded by mountains to the north and east, desert to the south and ocean to the west, the Golden State is as rich in geographic treasures as it is in human talent and diversity. Roughly two in three Californians live in the ten counties of Southern California, and one in four Californians calls Los Angeles County home. Besides the glitter of Hollywood, Southern California is an economic luminary that has drawn millions of people and thousands of companies from across the world to work, invest, invent, create, buy and sell. These have included a multitude of Canadian firms, investors, creators and artists who have been drawn to the region by its opportunities in addition to its more welcoming winter climate.

While Canada and California boast comparable populations and globally preeminent economies, California – and Southern California in particular – is a focal point for the Canadian diaspora. Of the over 809,000 Canadians living in the United States in 2017, 131,200 (16.2 percent) resided in California, making the Golden State the largest concentration of Canadian talent in the United States[1]. The largest portion of these Canadian Californians lives in Southern California, with the Greater Los Angeles area being home to the second largest single population of Canadians after only New York City[2]. The ties of friendship between Southern California and Canada are therefore not just economic and cultural but personal.

Accordingly, the Los Angeles Economic Development Corporation (LAEDC) and the Consulate General of Canada jointly developed this report. The goal of this report is to describe the deep economic ties between Canada and Southern California by identifying the impact of direct trade of goods and services; highlighting key contributors to job and wage growth; and assessing pathways for future economic development between Canada and the Southern California region. For the purposes of this investigation, Southern California refers to the six counties represented by the Southern California Association of Governments (SCAG): Ventura, Los Angeles, Orange, San Bernardino, Riverside and Imperial.

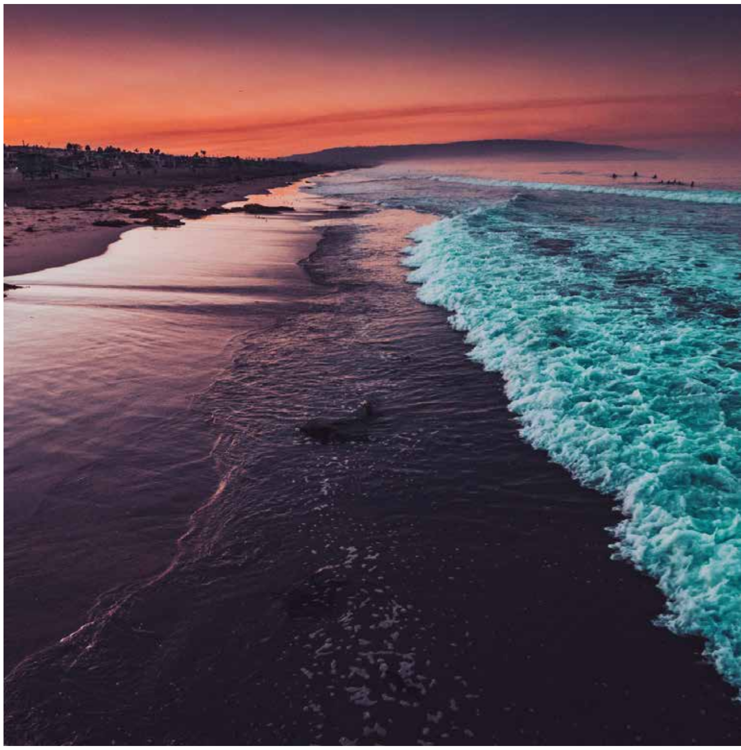
As it does on the world stage, Canada punches above its weight in terms of its contribution and importance to Southern California. As is demonstrated in the contents of this document, the economic, cultural and human benefaction due to Canadian investment and human capital is multifaceted, profound and often not fully attributed in the customary export, import and investment data. Therefore, the LAEDC has endeavored to capture as fully as possible the richness of the relationship between Southern California and Canada and detail avenues for future growth and mutual prosperity.

An Enduring Relationship between Southern California and Canada

Throughout the years, the United States and Canada have experienced a variety of exchanges in culture, talent and history that have contributed greatly to their respective economic and social development. This mutually beneficial partnership has fostered equally prosperous relations between

1 *"State Immigration Data Profiles." Migration Policy Institute.*
2 *"U.S. Immigrant Population by Metropolitan Area." Migration Policy Institute.*

the U.S.'s northern neighbor and its largest state economy, California. While not bordering neighbors, California and Canada have nevertheless maintained a close economic relationship, consistently ranking in each other's lists of top trading partners, not to mention significant contributions to each other's cultures in terms of entertainment, education and travel. Benefitting from mutual aspirations towards environmental protection, increased innovation and material and social progress, Canada and California share many ties that surpass just the economy.



While this report primarily explores the economic trends and trade between Canada and the Southern California region, it also reaffirms the ties that have made daily life between people of both regions so tightly knit. This report analyzes the current business environment between Canada and California by pinpointing the greatest hubs of business and technological development in each region and discussing how crucial businesses, industries and initiatives such as the MAPLE network are focused on their growth. Current trends in tourism and education as well as trade deals and tariffs changing monthly provide insight into the future of cultural and economic exchanges and the Canadian-U.S. trade relationship.

2 Direct Trade in Goods and Services

Every minute, Canada and California trade over $85,000 in goods, ranging from computer parts and textiles to crude oil and steel. Since Canada-California trade sustains over 1 million jobs in California, Canadian trade affects Southern Californians far more than they might think[3]. In no small part due to a free trade area linking California to its friends to the north, trade between the two partners is as varied as it is prodigious.

Despite not being direct neighbors, Canada and California are indispensable trade partners to one another. Of the 50 states, California ranks second as a destination for Canadian exports to the United States (Michigan ranks first because of the robust cross-border automobile manufacturing network).[4] Unsurprisingly, Canada consistently ranks as one of California's most important trade partners, second only to Mexico, California's closest international neighbor. This relationship naturally holds true for Southern California for the same reasons.

This section examines the exchange of goods and services between the United States and Canada as well as California and Canada, separately exploring trade in goods and services and concluding with a comparison of Canadian trade by state and region as well as other major international partners.

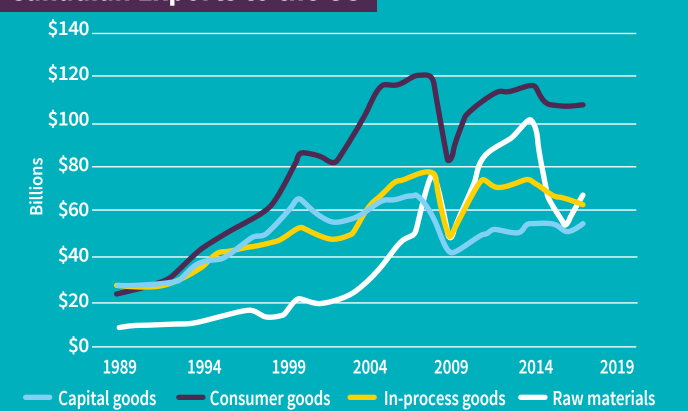
Please note that unlike goods imports and exports, trade data related to services are far harder to gather in general let alone in any detail since services, unlike goods, are difficult to quantify in value. To the extent they are assessed, services trade data subsist exclusively at the national level in most publicly-available resources. This report presents some services trade data for the most recent year due to information provided by the Consulate General of Canada in Los Angeles at the state and regional levels. Finally, trade data at the regional level (six-county Southern California region) is limited to exports from the sub region, defined by four metropolitan statistical areas (MSAs) to the international partner, in this case Canada. Nevertheless, this information still presents a clear picture of the depth and nature of the bilateral relationship between Southern California and Canada.

Intermediate and Finished Goods Trade

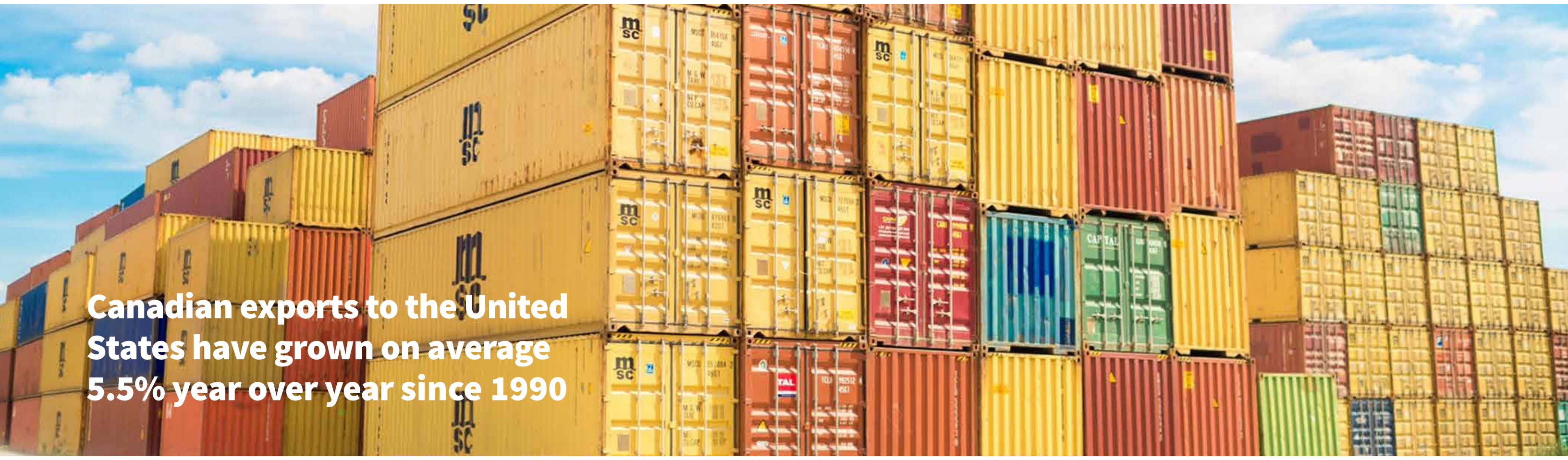
As the larger of the two partner economies, the United States consumes more Canadian goods than Canada consumes of United States goods. The trade balance between Canada and the U.S. changes depending on goods classification. As shown in Exhibit 2-1, Canadian goods exports largely took the form of consumer goods in 2017. Raw materials followed a distant second as an import class.

By contrast, the U.S. exported more capital goods as measured by total value to Canada vis-à-vis Canada to the United States. The U.S. also exported a significant value of consumer goods to Canada, with a difference of only 7.9 percent as a proportion of total consumer goods trade in 2017. The U.S. also exports far fewer in-process goods to Canada, with a roughly $21 billion deficit on the part of

EXHIBIT 2-1
Canadian Exports to the US



[3] *Trade Partnership, Dun & Bradstreet (2018)*
[4] *Statistics Canada.*



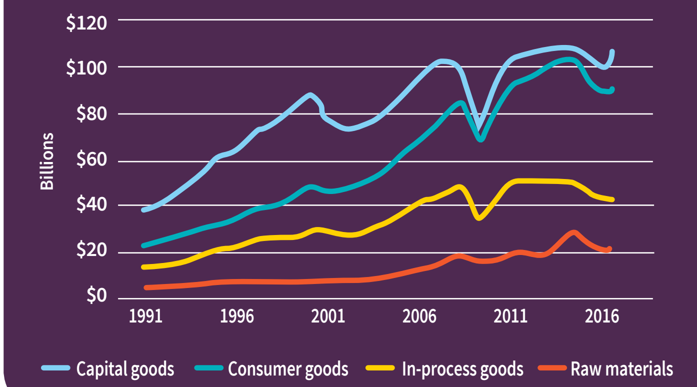
the U.S. with Canada. However, this is likely a byproduct of NAFTA and the completion of many fabrication processes in the U.S. using Canadian inputs. Moreover, the U.S. exports far fewer raw materials to Canada than Canada does to the U.S., indicating that the U.S. remains a strong consumer of Canadian oil, natural gas, lumber and minerals. Indeed, \$20.0 billion, or 68.7 percent, of Canadian wood exports went to the United States in 2017, whereas only \$10.0 billion (25.2 percent) of U.S. wood exports went to Canada.

The U.S. relationship with Canada regarding oil, natural gas and other energy commodities, such as electricity and coal, is extensive one with a total value of \$95 billion in 2017. Canada is by far the energy producer in this relationship, with \$75.6 billion in total energy exports to the U.S. in 2017 of which 68 percent was crude oil and another 10 percent natural gas. Though the U.S. only exports \$19.6 billion in energy commodities to Canada, 47 percent are in refined petroleum products (fuels, pentane and liquid gas, for example), though another 33 percent of these exports are crude oil. The state of California imports over \$1.3 billion in energy commodities from Canada, of which the largest categories are crude oil and electricity, while exporting \$160 million in almost exclusively refined petroleum products[5]. The gradient of trade of petroleum also trends heavily toward the United States due to the much greater national refining capacity. In total, the five Petroleum Administration for Defense Districts (PADD's) can refine 19.8 million barrels per day. By comparison, Canadian refineries can refine 3.3 million barrels per day. Californian refineries can process 2.4 million barrels a day and, almost 50 percent of this capacity existing in Southern California[6].

To get a better sense of California's role in the U.S. trade relationship with Canada, it is worth understanding California's part in U.S. merchandise trader overall. As the largest state economy in the U.S. and home to some of the country's – and the world's – largest ports, California contributes a large percentage of American global merchandise exports. In 2018,

EXHIBIT 2-2
US Exports to Canada

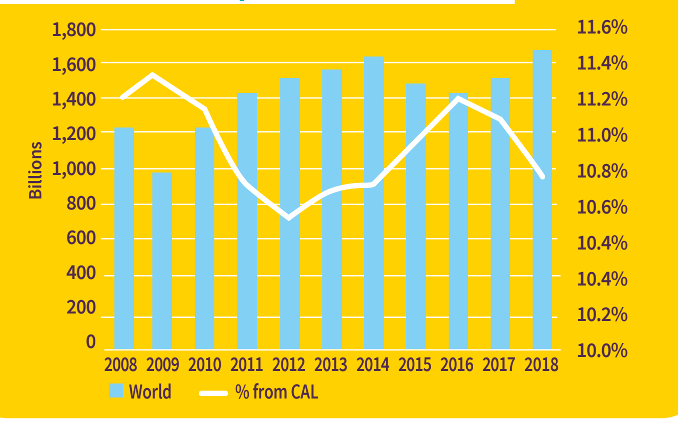
Source: World Bank



United States exports to Canada have grown on average 5.1 percent year over year since 1991.

EXHIBIT 2-3
US Merchandise Exports from the world

Source: International Trade Administration



5 *Stanley, Andrew. Mapping the U.S.-Canada Energy Relationship. CSIS Briefs. Center for Strategic & International Studies, May 2018, pp. 1,5.*

6 *"North American Crude Oil Refinery and Upgrader Capacity". National Energy Board of Canada. Updated 31 August 2018.*

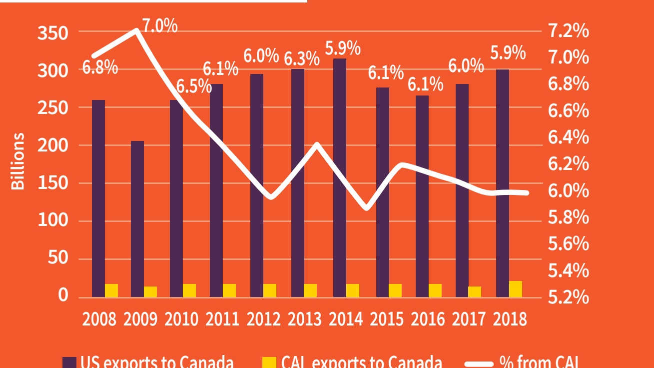
2 Direct Trade in Goods and Services

Californian merchandise exports totaled almost 11 percent of all U.S. exports.

Since 2008, California's contribution to total U.S. merchandise exports to Canada has remained fairly constant, oscillating between a 10-year high in 2009 of 7 percent and almost 6 percent in 2018. By comparison, Texas contributes 9.2 percent of U.S. exports to Canada, followed by Michigan (8 percent) and Ohio (7.1 percent). Though California is not first in this regard, it is useful to understand the differences in these trade relationships. For Texas, its export relationship with Canada is predominated by high-value inputs, namely oil and gas, and in addition to chemicals and petroleum products. Almost two-thirds of Michigan's exports are transportation equipment, and Ohio sells a mixture of transportation equipment, chemicals and machinery. By contrast, California sends a different basket of goods, with top exports to Canada consisting, among other things, computer electronics and agricultural products. Though the impulse is to seek the top status as a trade partner, the more essential point is to understand the nature of the trade relationship. In analyzing trade between Canada and California, it is more useful to know that Canadian firms and households are demanding Californian computers and agricultural products in greater amounts, as measured by total value, than Californian oil. As an importer of Canadian goods, California has consistently accounted for above 8 percent of total U.S. imports of Canadian merchandise since 2014, accounting from 8.5 percent in 2018.

EXHIBIT 2-4
US and CAL Merchandise Imports from Canada

Source: International Trade Administration

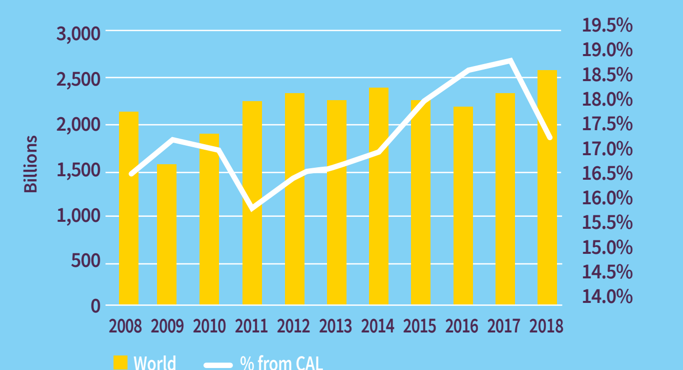


Where Canada Ranks

- **#2 Export Partner**
  California exports $17.8 billion in goods and $9.6 billion in services to Canada
- **#4 Import Partner**
  California received $27.1 billion of Canadian imports in 2018
- **Top Import from CAL to CAN**
  Transportation equipment
- **Top Export to CAL to CAN**
  Computer and electronic product

EXHIBIT 2-5
US Merchandise Imports to the World

Source: International Trade Administration

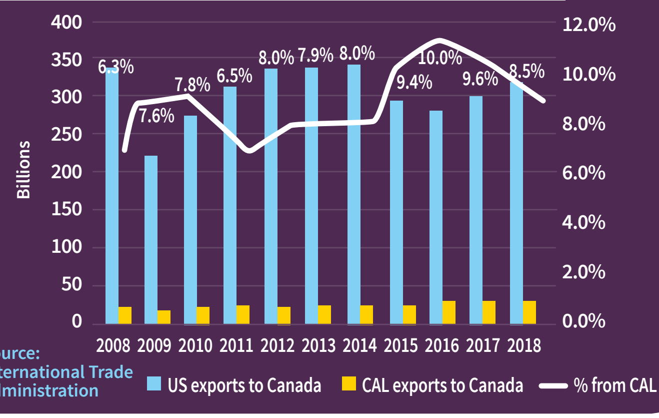


As a consumer of Canadian exports, California ranked second among U.S. states as a consumer of U.S. goods in 2016. In 2017, however, Illinois surpassed California for second place in terms of Canadian imports, largely due to oil and gas imports according to International Trade Administration data. It kept this place in 2018. This may change, however, with the Canadian government's announcement of the Edmonton-to-Vancouver expansion of the

[7] *Gordon, Julie and Rod Nickel. "Canada dreams of oil exports to Asia, but California beckons." Commodities.* Thomson Reuters. *26 June 2018.*

[8] *Prenner, Derrick. "A bump in petroleum imports helps fuel Port of Vancouver cargo record."* Vancouver Sun. *17 August 2018.*

EXHIBIT 2-6
US and CAL Merchandise Exports to Canada



Source: International Trade Administration

Trans Mountain Pipeline[7], since the majority of crude leaving the Port of Vancouver feeds Californian refineries[8].

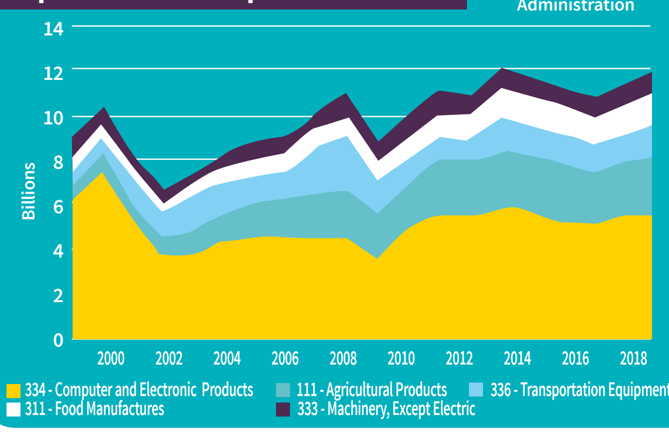
In 2018, the top five classes of Californian goods exports to Canada accounted for almost 68 percent of all exports from California to Canada. Computer and electronic products as an individual export class accounted for almost a third of Californian exports to Canada. Agricultural products, as measured by their value, placed a distant second as a Californian export to Canada. These products are mostly crops, such as vegetables, fruits, nuts and greenhouse goods. It should be noted that Canada is California's largest international purchaser of its agricultural products, buying over 18 percent of California's agricultural and livestock exports in 2018. Over a two-decade time horizon, California exports to Canada peaked in 2013 at $18.9 billion in exports. In 2018, Californian exports to Canada totaled $17.8 billion in total value, 5.4 percent above the 2017 total but still 6 percent below the 2013 level.

Californian imports from Canada far outweigh Californian exports to Canada by value, with a difference of $9.3 billion. In total, Canadian imports to the Golden State totaled $27.1 billion in value in 2018. Given that the California economy is 40 percent larger than the Canadian economy, it stands to reason that California buys proportionally more goods from Canada than Canada from California. However, differences in amount do not indicate differences in importance; on the contrary, the variations in the goods Canada buys from California compared to the goods California buys from Canada attest to a trade relationship that meets market demands on each side.

Diving deeper, the top five import classes accounted for 78.6 percent of all Canadian imports to California. The top import, transportation equipment, represented 61.3 percent of total Canadian imports to California. This goods class includes not only motor vehicles, personal and commercial, but also motor vehicle parts, aerospace products and parts, railroad rolling stock and boats. A distant second at only 7.6 percent of total imports is manufactured food goods, which are foodstuffs suitable for immediate consumption or intermediate inputs along the manufacturing pipeline. Packaged seafood or meats, breads, fruit preserves, and confections feature in this category. Oil and gas exports feature prominently among Canadian exports to California, especially regarding Californian refining capacities in Los Angeles, the San Francisco Bay area and the Central Valley. However, they represented only 3.6 percent of the total value of Canadian imports to California in 2018. That said, 55.9 percent of crude oil imports by rail – 2.96 million barrels – into California came from Canada in 2018. Moreover, the oil and gas industry employs over 152,000 Californians – over 58,000 in the SCAG region – paying $26.1 billion in wages and producing $152.1 in output. Thus, any significant import quantity of crude oil supports equally significant wage and output volumes in the state and Southern California region. In this and other critical, well-paying industries, both California and Canada are dependent on each other for jobs, goods, and services.

EXHIBIT 2-7
Top 5 California Exports to Canada

Source: International Trade Administration



As might be noticed, the data available for imports is limited to the last decade. However, like Californian exports to Canada, Canadian imports to California are similarly high relative to previous years. Indeed, Canadian imports to the state are roughly 57.5 percent above the last low point in 2009. However, imports are slightly below the decadal high in 2017 by 5.5 percent.

2 Direct Trade in Goods and Services

EXHIBIT 2-8
Top 5 Imports to California from Canada

Source: International Trade Administration

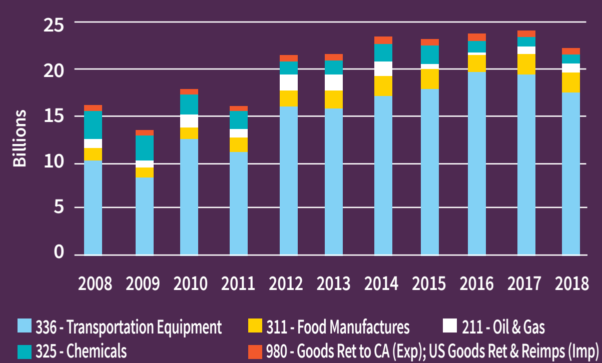


EXHIBIT 2-10
Percentage Change for Top 5 Imports to California from Canada Projected through 2022

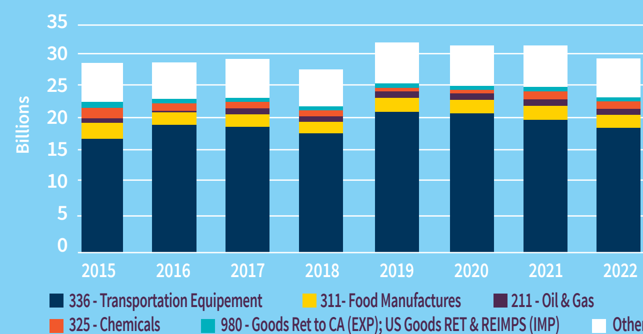
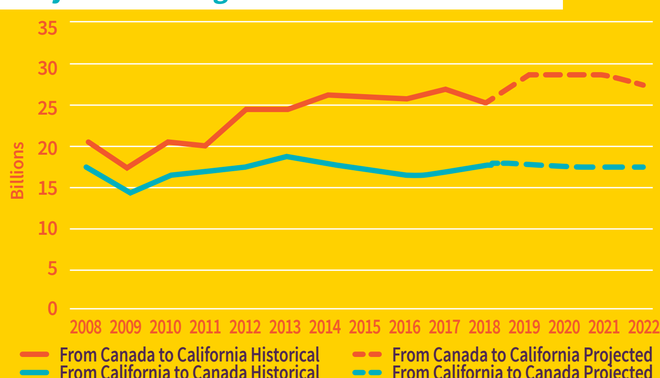


EXHIBIT 2-9
Total Trade Between Canada and California Projected through 2022



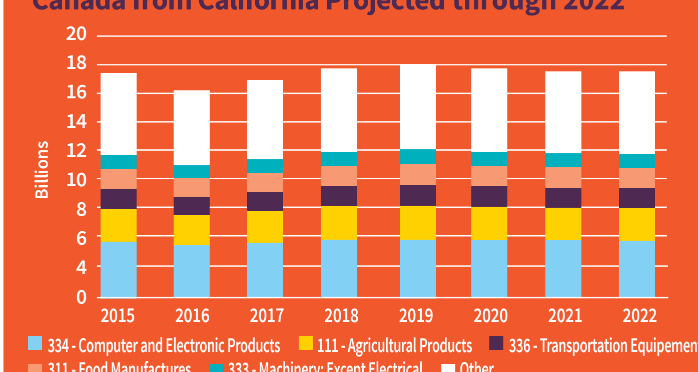
Looking forward it is clear that California will remain an important trading partner to Canada just as Canada will remain vital to California. Using historical based economic projection modeling, it is clear that, barring any new regulations that hinder trade, the steady bond between the Californian and Canadian economies will continue to grow stronger. The current data indicates a trade relationship that thrives in today's global economy due to varying productive advantages between partners and rules-based trade system, meaning predictability and clear regulations will ensure this forecast remains positive.

Exhibits 2-10 and 2-11 display the historical and projected Canada-California mutualism from 2015 projected out to 2022.

LAEDC projects California's importation of transportation equipment and parts to surpass $20 million in 2019 before declining. Exhibit 2-11 shows how California's importation of transportation manufacturing has grown over 50 percent in the past 10 years. California's next largest import from Canada, agricultural products, is nearly 1/10th of transportation equipment imports. While not a large percentage of Californian imports from Canada, the consistency shows that California businesses' supply chains rely on Canadian firms. The projections are limited to current and historical trends. Should the Canadian government in the future decide to grow a particular industry through increased production or tax

EXHIBIT 2-11
Change in Top 5 Manufactured Exports to Canada from California Projected through 2022

Source: International Trade Administration



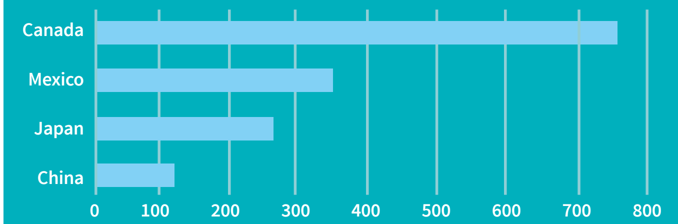
incentives, it would be expected that California would import that good relative to its local demand. Nevertheless, the projections display the continued symbiosis of the Canada-California trade relationship.

Exhibit 2-11 exhibits the reliability of Californian exports to Canada. While Californian exports to Canada are diverse, California's electronic and agricultural industries lead the way. These two stables of business in California understand the importance of the Canadian market. As the number two import partner of California, Canada is projected to purchase Californian goods worth $18 billion in 2019, sustaining thousands of jobs within Canada as well as California. These key industries and those employed by them rely on Canada as a trade partner, just as many Canadians rely on California.

For both Canada and California, the main theme displayed in our projections is consistency. For years, the Canada-California trade connection has benefitted both countries, and it shall for years to come. The future for these territories looks bright as well. In May of 2019, U.S. President Donald Trump repealed the section 232 tariffs on Canadian aluminum and steel, while the Canadian government repealed their retaliatory tariffs[9]. Unfortunately, the fluidity and complexities of trade law are far beyond typical economic predictive power. Nonetheless, so long as there are no unexpected tariffs, the vitality of the special relationship between the Golden State and Canada shall continue.

EXHIBIT 2-12

Merchandise Imports from California Per Capita Among Top Import Partners



2018 - China: 116.86 Japan: 265.98 Mexico: 353.63 Canada: 760.68

Canada's strength as a trading partner is best exhibited in the per capita numbers. Looking at per capita numbers illustrates a country's export manufacturing efficiency relative to their available labor pool and strength of consumer demand for the trader partner's imports. As a relatively small country of slightly more than 37.3 million citizens[10], the export per capita metric Canada uses its labor pool comparatively efficiently and thus is able to export over $27 billion worth of manufactured goods to California. Exhibits 2-12 and 2-13 compare Canada's per capita imports and exports to California's other top importers and exporters[11], analyzing Canada by export manufacturing efficiency and strength of domestic demand rather than mere raw dollar amounts.

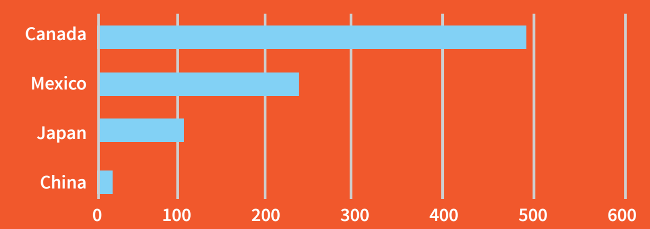
Canada is California's number one importer and exporter per capita[12], exporting $760.67 worth of Canadian merchandise per citizen and importing $498.27 worth of Californian goods per citizen. Among fellow top importers, Canada more than doubles the next largest trade partner per capita in both imports and exports. In both cases, Mexico is the second largest trade partner per capita, likely due to their proximity to California. The largest factor that could potentially affect the per capita numbers is the Canadian population. Should the Canadian population grow to Statistics Canada's high scenario of nearly 41 million in 2025[13], Canadian imports/exports to California per capita would fall to $661 and $433 per citizen, respectively. These per capita metrics are still light years ahead of other top trading partners. This is, however, a conservative estimate and assumes trade values are at least as large as today.

Exhibits 2-14 and 2-15 examine exports from the Southern California region (defined here as the MSAs covered the six-counties) to the world at large and Canada in particular. As might be expected, the Los Angeles-Long Beach-Anaheim region features most prominently in both metrics, contributing over 78 percent of the region's total value of export to the world

9 *Joint Statement by the United States and Canada on Section 232 Duties on Steel and Aluminum." Office of the United States Trade Representative. <https://ustr.gov/sites/default/files/Joint_Statement_by_the_United_States_and_Canada.pdf>.*
10 *"Population estimates, quarterly – Q1 2019." Statistics Canada.*
11 *Top importers/exporters defined as four largest trade relationships by $ by country.*
12 *Per top importers/exporters*
13 *"Total projected population of Canada (in thousands) in 2025 and 2050 according to various projection scenarios." Statistics Canada.*

2 Direct Trade in Goods and Services

EXHIBIT 2-13
Merchandise Exports from California Per Capita Among Top Export Partners



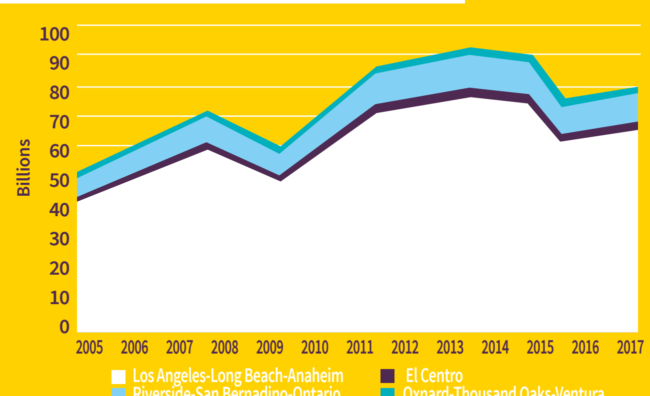
2018 - China: 11.85 Japan: 103.60 Mexico: 246.75 Canada: 498.27

and almost 79 percent to Canada. In total, Southern California exported over $81.5 billion in goods to the world in 2017, of which exports to Canada constituted 11.8 percent ($9.6 billion). This means over a third of exports from California to Canada come from just the six counties for Southern California and over a quarter just from the counties of Los Angeles and Orange. In the case of global and Canada-bound global exports, exports in 2017 are relatively high since 2005 but beneath their respective peaks, which occurred in 2013 for global regional exports and 2007 for Canada-bound regional exports.

Within the Southern California regions, each county produces and exports a wide variety of goods to Canada. To better assess the makeup of these goods, the top ten regional 2018 exports were identified and broken out by county. Exhibit 2-16 presents these findings. Los Angeles County, the largest county-level economy in the region, exports the most building materials and plumbing fixtures; nonferrous metals and the processing of those metals; and dental crowns and seals. Orange County is the sole regional exporter of leather hide and tanning, fabrics, pharmaceuticals and nonmetallic minerals. Ventura County chiefly exports finished textile fabrics, while San Bernardino County exports a minority of the regions total of fabrics, household fixtures, non-iron

EXHIBIT 2-14
Southern California Exports, Total

Source: International Trade Administration



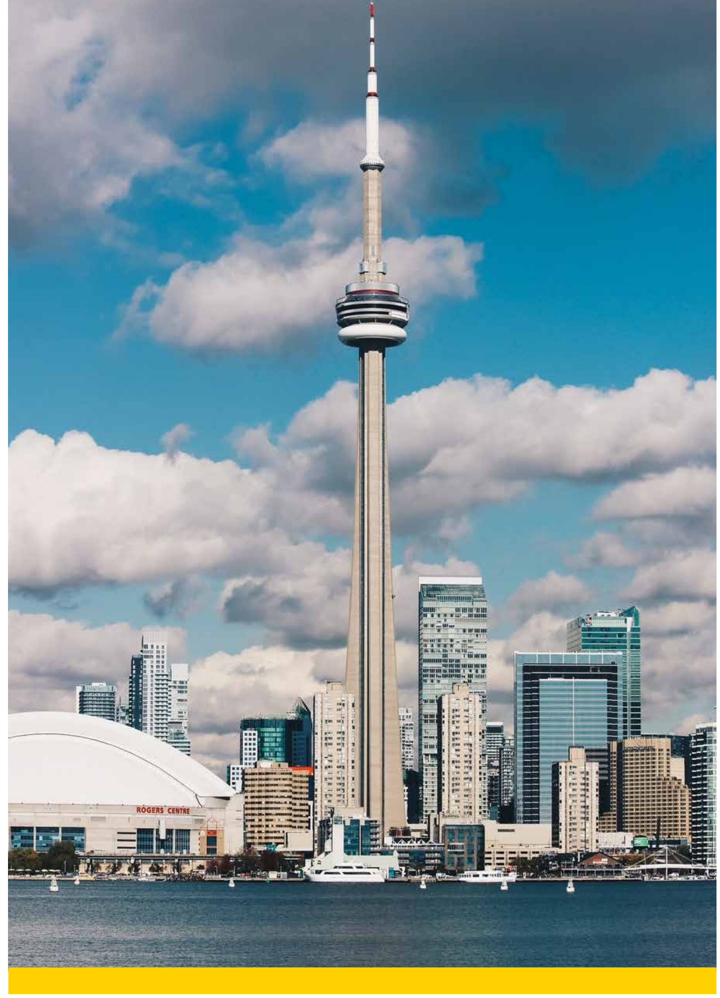
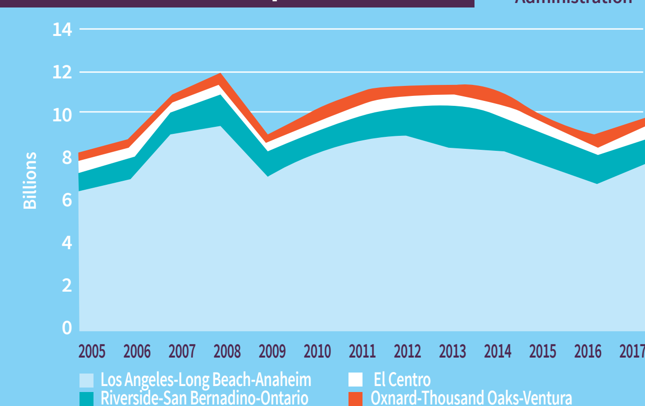


EXHIBIT 2-15
Southern California Exports to Canada

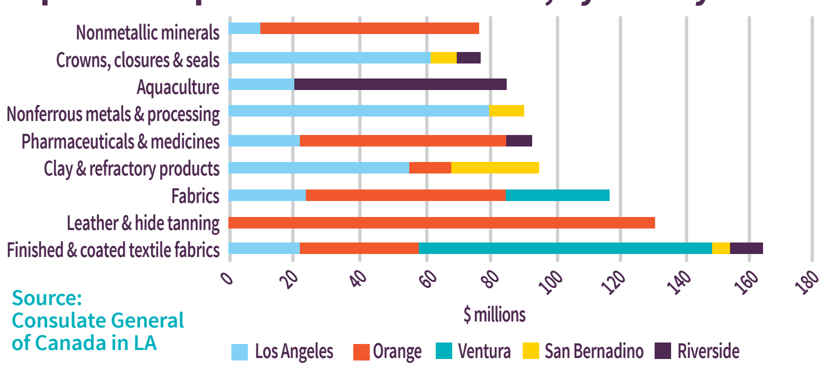
Source: International Trade Administration



metals and dental materials. Riverside County dominates in aquaculture. Though these particular categories are varied, they demonstrate the richness of the Southern Californian trade relationship with Canada. Unlike other localities across the country, whose trade with Canada is dominated by singular commodities or types of goods (oil and gas or automobiles, for example), Southern California exports a rich variety of goods encompassing foodstuffs, medical supplies and intermediate goods for industries such as construction. For a region whose economy is over 70 percent the size of that of Canada, its exports necessarily cover a wide range of Canadian market demands[14].

and trade and logistics. Additionally, the growth of the Canadian technology sector has likely benefited from U.S. demand while Canada remains a consumer of U.S. intellectual property across multiple markets from technology to media. In 2017, U.S. exports of services to Canada accounted for 7.3 percent of total American services exports. Similarly, U.S. imports of Canadian services account for 6.1 percent of total U.S. services imports. Currently, U.S. imports of Canadian services are at a high since 1999 while U.S. services exports to Canada are below the most recent high in 2013 ($62.9 billion). Since 1999, U.S. services exports to Canada have risen 155.6 percent while services imports from Canada have risen 99 percent.

EXHIBIT 2-16
Top SoCal Exports to Canada in 2018, by County



Source: Consulate General of Canada in LA

Exhibits 2-18 and 2-19 give a full proportional breakout of service exports to Canada from the United States and services imports in the U.S. from Canada.

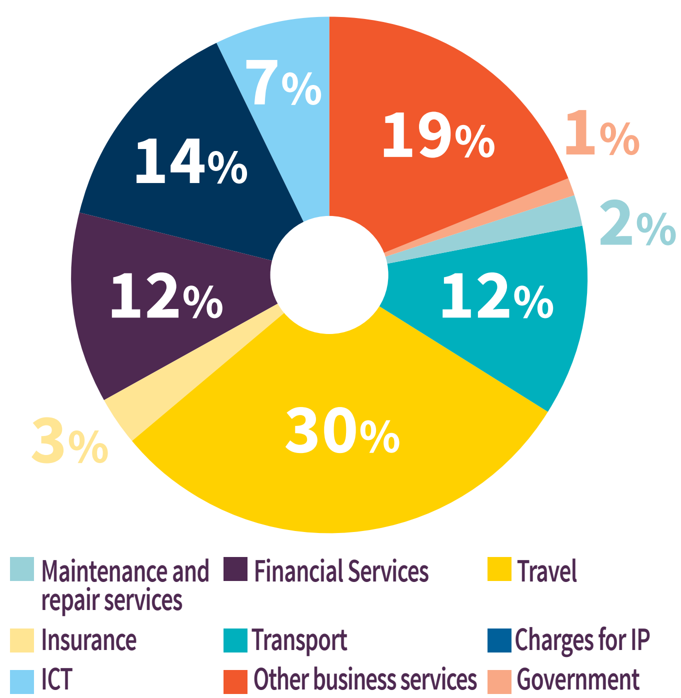
In services, the United States maintains large trade surpluses in travel ($8.9 billion), charges for IP ($6.8 billion) and financial services ($4.7 billion) with more modest surpluses in business services, insurance and transportation. In ICT and maintenance and repair services, the U.S. has small trade deficits with Canada, totaling $0.5 billion between the two sectors. Exhibit 2-19 gives a sector-by-sector services trade balances

Trade in Services

As introduced at the beginning of this section, data concerning trade in services exists primarily at the national level. However, this data still gives a valuable insight into the nature of the relationship between trade partners and, based on further knowledge such as local regional industrial concentrations and foreign direct investment statistics, suggest the nature of a trade relationship between two trading countries.

In 2017, the United States exported $58.4 billion in services to Canada while importing $33.0 billion in Canadian services, meaning the U.S. possesses a trade surplus with Canada, in aggregate, in services. The largest categories of U.S. services exports are travel, business services, charges for intellectual property (IP), transportation (passenger and freight) and maintenance and repair services. Conversely, the categories of Canadian exports to the U.S. are travel, business services, transportation, and information and communications technology (ICT). Overall, this implies a rich crossborder exchange in travel

EXHIBIT 2-17: U.S. Export of Services to Canada



14 *The GDP for Southern California was determined using the county-level Gross Regional Product (GRP) estimates for the six counties as given by the* 2019 LAEDC Economic Forecast and Industry Outlook.

2 Direct Trade in Goods and Services

EXHIBIT 2-18: U.S. Import of Services from Canada

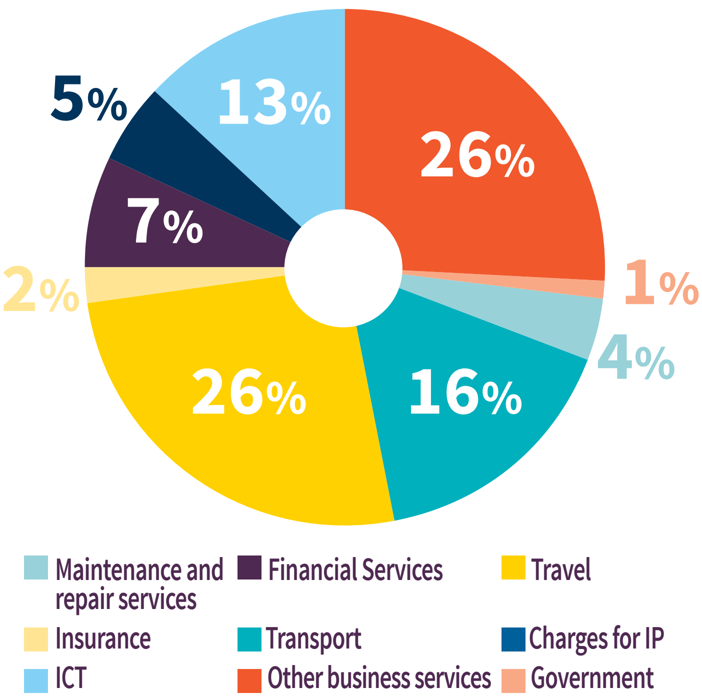


EXHIBIT 2-19
US/Canada Services Trade Balance

Source: Bureau of Economic Analysis

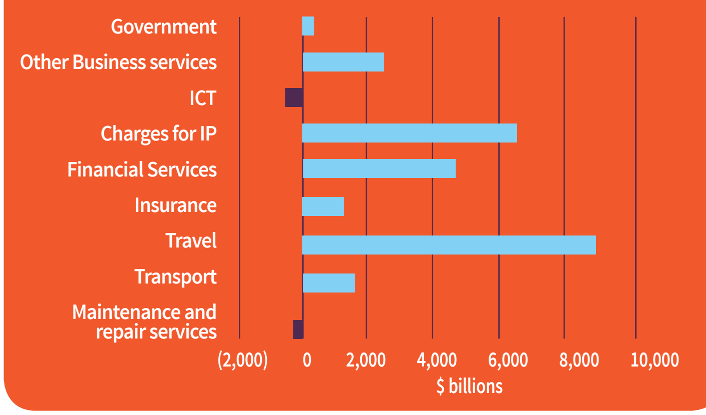
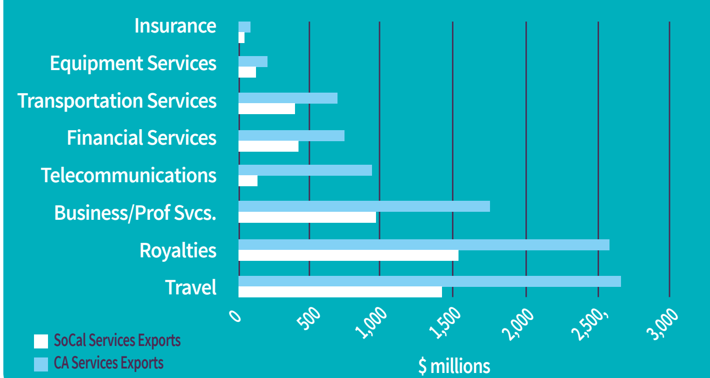


EXHIBIT 2-20
Services exports to Canada

Source: Bureau of Economic Analysis



between the U.S. and Canada. Like most of its important trade relationships, the U.S. possesses a trade deficit in goods with Canada while experiencing a trade surplus in services.

Overall, the six-county Southern California region contributed 53.2 percent of all California service exports to Canada in 2018. By industry, Southern California accounted for over 60 percent of all royalty exports (charges for intellectual property), 57 percent of all travel services and 56.8 percent of all professional and business services exported. On the other hand, Southern California firms only exported 12.6 percent of the state's total in telecommunications exports. In this aspects of the trade relationship, Southern California demonstrates its strengths with intellectual property, particularly that in film and television, in addition to its position as a hub of travel and leisure factoring prominently in its services trade relationship with Canada.

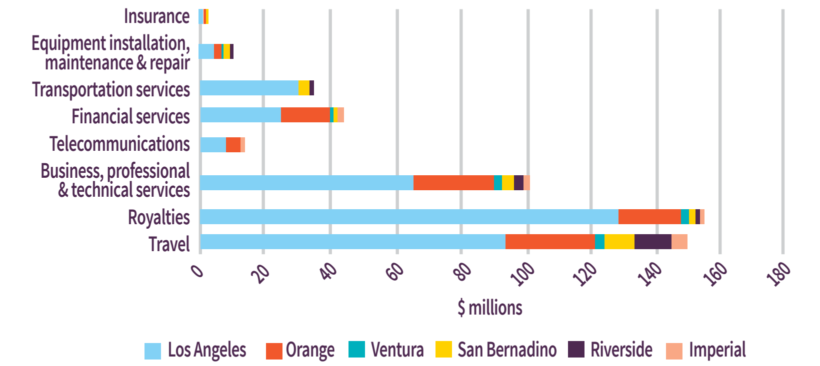
In total, the state of California exported $9.4 billion in services to Canada in 2018, of which the Southern California region contributed over $5.0 billion.

Los Angeles County contributed by far the largest portion of services exports from Southern California to Canada, producing the most of all export services except in the case of insurance of which Orange County produced a significant portion. As the home of Hollywood, Los Angeles produced almost all creative property requiring royalty payments for legal use (83 percent). As a business services hub, Orange County contributed significantly to the export of financial services. The Inland Empire, composed of San Bernardino and Riverside counties, contributed to travel services, as San Bernardino hosts a major regional airport (Ontario International Airport) and Riverside is home to Palm Springs, a famed hotel, golf and retirement destination.

International Comparisons

Due to the lack of available data, the only MSAs in the Southern California region with data pertaining to the international

EXHIBIT 2-21
SoCal Services Exports to Canada, by County



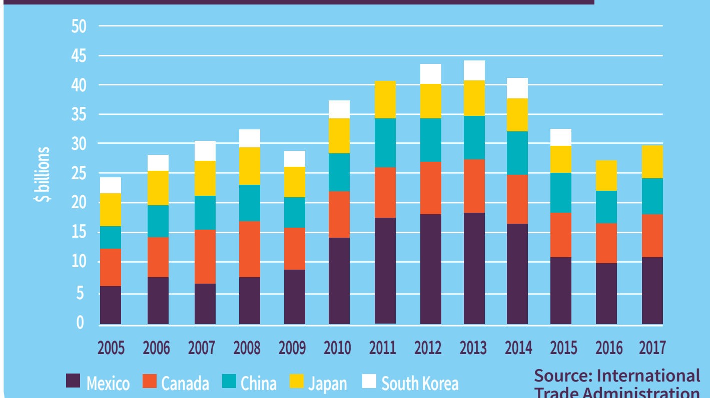
recipients of their exports are the Los Angeles-Long Beach-Anaheim area and the Riverside-San Bernardino-Ontario area (corresponding to the counties of Los Angeles, Orange, Riverside and San Bernardino). However, these counties account for 95.5 percent of the region's gross product, therefore they more than sufficiently proxy for the region[15].

The Los Angeles-Long Beach-Anaheim MSA's (Los Angeles region) top four export partners in 2017 were, in order, Mexico, Canada, China and Japan. Exhibit 2-22 shows this. South Korea appears as the fifth largest export partner in every year for which the data are available. In 2017, the total value of export from these five trade partners totaled $29.6 billion.

Similarly, the Riverside-San Bernardino-Ontario MSA (the Inland Empire) shares the same four top export partners, respectively: Mexico, Canada, China and Japan. The Inland Empire's fifth largest export partner is the Netherlands, making it the only major export partner of the Southern California region. The Inland Empire exported $4.7 billion in total value of goods.

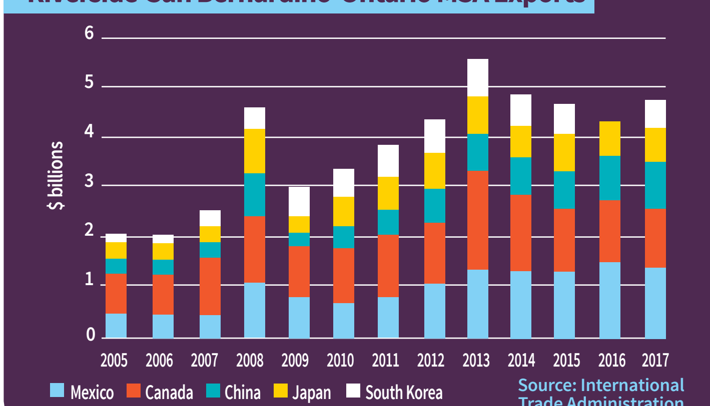
As has been expounded throughout this section, Canada matters not just as a national neighbor, partner in NAFTA (now the USMCA) or as a leading global economy but because of the type of economic and trade relationship it has with the United States, California and the Southern California region. Though trade ranking matters to an extent, the type of trade matters much more, especially when that trade plays to a region's economic strengths. That is certainly the case with Canadian trade with Southern California, which provides essential business to key export industries from manufacturing and logistics to travel and intellectual property. Moreover, and as is elaborated in the following sections, Canada and Canadian business significantly benefits Southern California in ways transcending trade.

EXHIBIT 2-22
Los Angeles-Long Beach-Anaheim MSA Exports



Source: International Trade Administration

EXHIBIT 2-23
Riverside-San Bernardino-Ontario MSA Exports



Source: International Trade Administration

15 *2019 LAEDC Economic Forecast & Industry Outlook.*

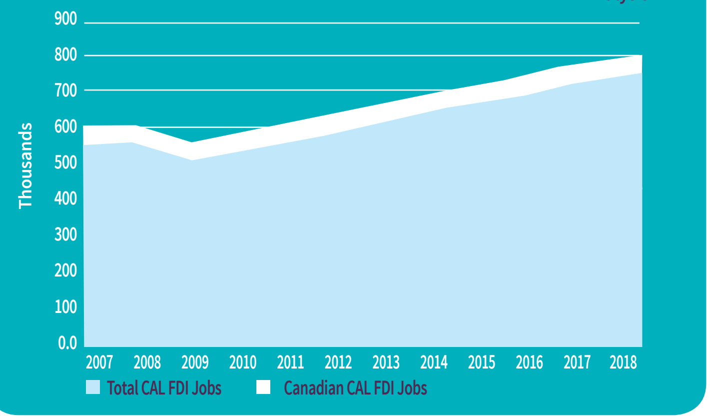
3 Canadian Investments in Southern California

Foreign Direct Investment

Canada consistently ranks among the top five countries for foreign direct investment (FDI) for the state and the Southern California region. At the state level, jobs created by Canadian FDI account for almost seven percent, or roughly 52,000, of all FDI-supported employment in the Golden State. This, of course, only accounts for *direct* employment and does not include the complete employment, wage and fiscal benefits captured by FDI employment in general or Canadian FDI-sourced employment. Moreover, this does not include the over 1 million jobs attributed to Canadian trade activity with California.

EXHIBIT 3-1
Canadian FDI jobs as a subset of total FDI jobs

Source: Bureau of Economic Analysis



Looking more specifically at Southern California, Canada ranks fourth in terms of jobs created by its direct investment in the region with over 38,000 spread over 744 establishments, which account for 10.4 percent of regional jobs and 8.5 percent of regional firms. Only Japan, the United Kingdom and France surpass Canada in terms of FDI-based jobs created, but of the four only Canada and Japan are top-ranked in both FDI and trade.

Where Canada Ranks

- **38,000 jobs**
  created in Socal by Canadian FDI
- **#4 in FDI Creation in SoCal**
  California received $27.1 billion of Canadian imports in 2018
- **"A job created by Canadian direct investment pays $14,000 above average wage"**

FIGURE 3-2
FDI Country Rank in the SCAG Region

Rank	Country	Employment	Establishments
1	Japan	70,320	2,038
2	United Kingdom	54,894	1,042
3	France	40,426	834
4	**Canada**	**38,162**	**744**
5	Germany	25,020	720
6	Switzerland	20,512	315
7	China	14,875	408
8	Ireland	13,021	137
9	Taiwan	9,457	248
10	Sweden	8,997	104
11	Australia	8,013	209
12	Korea Rep Of	7,829	260
13	Netherlands	7,072	161
14	Mexico	5,513	196
15	Israel	5,007	51
16	Spain	4,903	92
17	India	3,918	106
18	Belgium	3,361	54
19	Cayman Islands	3,132	53
20	Hong Kong	2,910	92
	Rest of World	20,535	920
	Total	**367,877**	**8,784**

Source: Dun & Bradstreet; Estimates by LAEDC

FIGURE 3-3
FDI in SCAG Region by Super sector

Rank	Jobs	Establishments	Est. Wages ($ million)
Natural Resources	1,986	46	167.6
Construction	4,099	107	263.4
Manufacturing	117,043	1,295	8,573.9
Wholesale Trade	49,332	1,502	3,531.7
Retail Trade	36,190	2,180	1,265.9
Trans, Warehousing & Utilities	20,895	473	1,225.6
Information	23,653	440	2,813.9
Financial Activities	35,139	947	4,019.2
Prof/Business Services	50,958	1,025	3,576.7
Education/Health	4,544	193	210.5
Leisure/Hospitality	18,421	359	625.2
Other Services	4,693	138	197.5
Public Administration	924	78	81.9
Total	**367,877**	**8,783**	**26,553**

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

By industry, total FDI in Southern California trends heavily in manufacturing, professional services and wholesale trade, which account for almost sixty-percent of all FDI employment in the region and almost $15.7 billion in regional wages. Overall, foreign-owned enterprises (FOEs) employ over 367,000 Southern Californians in 8,783 establishments and pay over $26.5 billion annually in wages. On average, FOEs pay $72,179 annually, well above the regional average wage of $58,759 and over $9,000 *greater* than the average wage of the highest-paying county within the region, Los Angeles.

Like regional FDI overall, Canadian direct investment trends heaviest in manufacturing and business services but also financial activities and information. In total, these industries account for three-fourths (77.7 percent) of Canadian FDI-based employment and pay $2.9 billion annually in wages. On average, a job created by Canadian direct investment pays an average of $76,756 annually, a wage premium of $14,000 *above* the regional average.

Perhaps unsurprisingly, over half of all FDI-based jobs in the region are in Los Angeles County (54 percent) with another quarter in Orange County (28 percent). Indeed, of the six Southern California counties tabulated in Figure 3-X, Los Angeles and Orange have the largest labor forces. In terms of wage premia for FDI jobs, Ventura and Los Angeles County have the highest, paying $29,000 and $13,000 *above* their respective average wages. This premium arises from FOE's investing in higher-paying industries and even within these

3 Canadian Investments in Southern California

FIGURE 3-4
FDI by SCAG County

Rank	Country	Jobs	% of All FOE Jobs	Establishments	Est. Wages ($ millions)
1	Imperial County	2,050	0.6%	103	128.5
2	Los Angeles County	199,422	54.2%	4,818	11,844.3
3	Orange County	104,253	28.3%	2,004	4,164.5
4	San Bernardino County	23,060	6.3%	830	566.9
5	Riverside County	18,800	5.1%	633	504.2
6	Ventura County	20,292	5.5%	395	507.3
	Total	**367,877**	**100.0%**	**8,783**	**26,553.0**

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

industries demanding the best regional talent to maximize returns on investment. FOE's trend slightly larger on average in Ventura and Orange counties as measured by average employees per establishment (51 and 52 employees per FOE, respectively). Employment across individual establishments is most diffuse in Imperial County with an average of 20 employees per foreign-owned establishment.

Canadian FOE employment in Southern California is slightly less concentrated in Los Angeles County vis-à-vis FOE employment overall, with only 47 percent of Canadian FOE

FIGURE 3-5
Canadian FDI by Industry Super sector

Major Industry	Jobs	Establishments	Est. Wages ($ million)
Natural Resources	124	6	5.3
Construction	507	12	34.0
Manufacturing	15,554	97	1,102.8
Wholesale Trade	2,780	92	183.5
Retail Trade	2,216	161	76.4
Trans, Warehousing & Utilities	1,066	36	65.9
Information	4,272	39	434.1
Financial Activities	5,352	123	606.2
Prof/Business Services	4,461	100	338.4
Education/Health	755	31	35.2
Leisure/Hospitality	974	36	43.2
Other Services	99	10	4.1
Public Administration	2	1	0.2
Total	**38,162**	**744**	**2,929**

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

employment in the county. Wage premiums are highest in Los Angeles and Orange counties for employees of Canadian FOE's; with the typical employee of a Canadian company earning $88,172 annually in Los Angeles County and $76,937 in Orange County. This is due to Canadian FDI taking place in traditionally higher-wage sectors in these counties, such as manufacturing, information and finance. Canadian-owned establishments tend, on average, to be larger in Ventura and Orange counties with mean employments of 70 and 69 workers, respectively. By contrast, Canadian FOE's in Riverside and San Bernardino tend to be smaller on average in terms of employment with mean employments of only 35 and 29 workers, respectively, per establishment in each county. For policymakers and economic developers, it is useful to understand nature of a business audience, especially large enterprises as opposed to small-to-medium enterprises (SME's).

EXHIBIT 3-6: Canadian FDI Jobs in the SCAGRegion

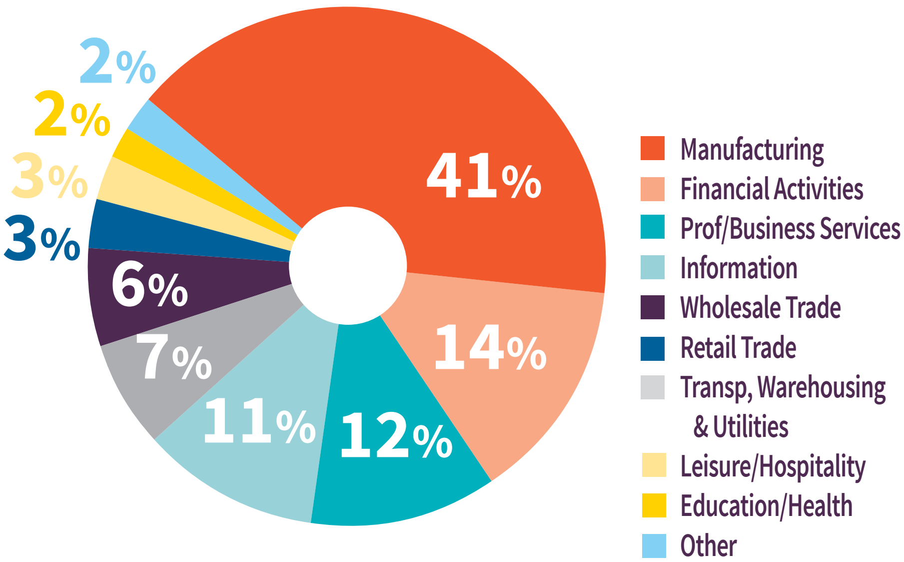


FIGURE 3-7
Canadian FDI by SCAG County

Rank	Country	Jobs	% of All FOE Jobs	Establishments	Est. Wages ($ millions)
1	Los Angeles County	18,104	47.4%	350	1,596.3
2	Orange County	11,105	29.1%	160	854.4
3	San Bernardino County	3,132	8.2%	90	164.7
4	Riverside County	2,944	7.7%	100	158.5
5	Ventura County	2,572	6.7%	37	141.2
6	Imperial County	305	0.8%	7	14.2
	Total	**38,162**	**100.0%**	**744**	**2,929.2**

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

Key Industries and Companies by County and Province

The source provinces of Canadian FDI were also assessed. The largest sources of employment-generating FDI are estimated to come from the most populous provinces, namely Ontario, Quebec and British Columbia. Alberta rounds out the top four provinces as sources of Canadian FDI in Southern California. Canadian FDI-based employment takes place across 744 establishments, but these establishments are in fact owned by only 202 distinct Canadian parent companies. The Canadian parent companies are Gildan Activewear, Manulife Financial, Lionsgate Entertainment, Royal Bank of Canada and Thomson Company, the five of which are the owners of Southern California brands American Apparel, John Hancock Life Insurance, Starz, City National Bank and Thomson Reuters,

3 Canadian Investments in Southern California

respectively[16]. These companies account for the first, third, fifth, seventh and eighth largest Canadian employers in the region. The top ten Canadian parent companies by Southern California employment account for 56.5 percent of the total Canadian FOE employment. Of the top ten parent companies, seven are based in the province of Ontario. Moreover, the corporate headquarters of Lionsgate Entertainment, originally founded in British Columbia, is now based in Santa Monica, California. Though still significant within Southern California, American Apparel is also an outlier as it has transitioned since 2017 to an entirely online retailer.

FIGURE 3-8
Canadian FDI by Province of Origin

Province	Establishments	Employees	Est. Wages ($ millions)
Alberta	38	1,439	110.5
British Columbia	101	5,922	454.6
Manitoba	8	547	42.0
New Brunswick	3	16	1.2
Nova Scotia	3	39	3.0
Ontario	335	18,107	1,389.8
Quebec	250	11,944	916.8
Saskatchewan	6	148	11.4
Total	**744**	**38,162**	**$2,929**

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

FIGURE 3-9
Top 10 Canadian Companies in the SCAG Region by Employment

Canadian Company Name	Establishments	Employees	American Brand
Gildan Activewear Inc	6,562	Quebec	American Apparel
KIK Custom Products Inc	3,032	Ontario	Various Chemical Brands
Manulife Financial Corporation	2,007	Ontario	John Hancock Life Insurance
TELUS Corporation	1,800	British Columbia	Xavient Digital
Lionsgate Entertainment Corp*	1,711	British Columbia	Lionsgate Films/Starz
Onex Corporation	1,607	Ontario	Various (mainly residential care facilities)
Royal Bank of Canada	1,588	Ontario	City National Bank
Thomson Company Inc, The	1,164	Ontario	Thomson Reuters Corporation
Constellation Software Inc	1,126	Ontario	Various software companies
Stantec Inc	979	Alberta	Various business services
Total	**38,162**		

*Founded in Canada
Source: Dun & Bradstreet, BLS; Estimates by LAEDC

16 *Dun & Bradstreet classifies Lionsgate Entertainment as having ultimate global ownership in Canada; therefore, this company is included as a Canadian company and therefore a source of Canadian FDI. Even if commonly considered an American company (with headquarters in Santa Monica, CA), the scope of this report includes Canadian and Canadian-founded companies as part of Canada's footprint in Southern California, so it is considered appropriate to maintain Lionsgate here.*

Figure 3-10: Canadian FOE Locations in SoCal

4 Hemispheric Creative and Cultural Economy

The subject of the creative economy has become increasingly relevant as communities and countries become increasingly concerned about the forces of automation threatening not only factory jobs but also those in the cubicle. Contending with technologies that will not only replace routine tasks but decision-making ones, finding and cultivating those sorts of occupations and industries which require the human element – most essentially creativity, artistry, innovation and critical thinking – has become a focus not only of research but also policy and academia.

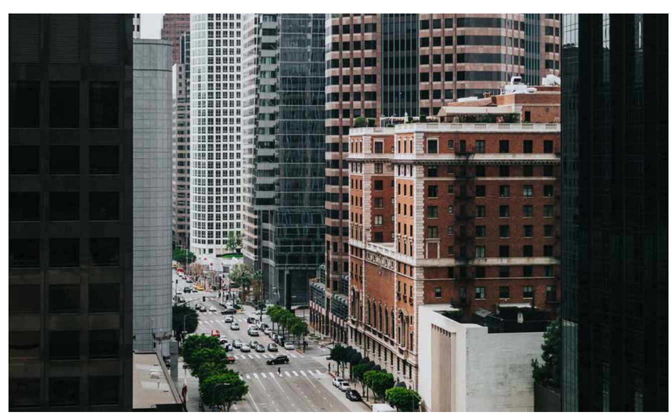
Both Southern California and Canada are home to highly educated, diverse populations abounding in creative talent. Though certainly a nexus of cultural innovation, the notion of the creative economy expands beyond the realm of film, television and broadcasting. Indeed, creativity extends into fashion, digital media, advertising, tourism and education. As the home of Hollywood but also a rich industrial makeup of artists, fashion designers, musicians, broadcasters, publishers, software developers and so many other “creatives,” Southern California is enticing to job-seekers, job-creators and investors from across the U.S. and internationally. Digital capabilities have also allowed the diffusion and internationalization of film and television production, and Canada, through astute policy and a preexisting reservoir of talent, has been a beneficiary of this diffusion. Additionally, its rich heritage as a North American leader in education and investment in and attraction of human capital has laid the groundwork for its own Silicon Beach equivalent, most notably along the corridor from Waterloo to Toronto to Ottawa. The home of Blackberry, Waterloo has since become host to regional operations of Google, SAP and Square as well.

Though it is difficult to precisely determine the linkages between the creative economies, digital or otherwise, of Canada and Southern California, it is possible to map to a reasonable degree their growth and dynamism to encourage the creation of synergies. In particular, this section highlights the connections between Hollywood and the so-called Hollywood North; the robust Silicon Beach and Technology Triangle environments, as measured especially by venture capital; and Canadian student talent and tourism in Southern California.

Hollywood and Hollywood North

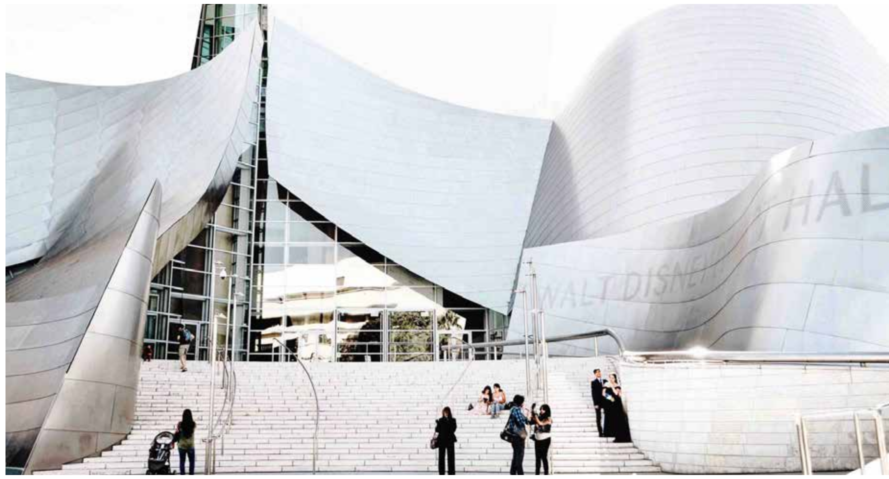
For as long as Hollywood has been the center of the cinematic and televised universe, Canadian talent has populated the Californian stage and silver screen. In front of the camera, in the director’s chair or at the screenplay typewriter, studio trailblazers and innovators from Mary Pickford through James Cameron and beyond have been paramount to making the Southern California film, television and entertainment industry a cornerstone to its economy. It is no surprise, therefore, that as making of film and television becomes internationalized and decentralized, Canada has featured prominently as a production, visual effects (VFX), television project and pilot location.

With film and television producers seeking multiple production locations, especially in the context of robust incentives, Canada



Where Canada Ranks

- **#1 Production Location** for major films and TV shows outside California
- **$3.7 billion** in venture capital invested in Canada in 2018, compared to **$6.4 billion** in Silicon Beach
- **800,000 Canadians** are forecasted



in general and the provinces of British Columbia, Ontario and Quebec specifically serve as generous alternatives to U.S. competition such as Georgia or New York or overseas locations, particularly the United Kingdom. Though it is tempting to see this as a zero-sum game, there are encouraging signs that the proliferation of filming locations outside California are part of the flowering of a global Hollywood. Indeed, the California Film Tax Credit 2.0 has been attributed to $5.9 billion in direct expenditures[17]. Moreover, the Californian industry continues to grow, having grown almost 20 percent from 2006 to 2016 to over 220 thousand people employed in Los Angeles and Orange counties.[18] On the Canadian side, in 2017 $2.8 billion in production volume attributed to foreign producers was reported by the Canadian Media Producers Association, 73 percent of which were United States producers[19]. This relationship, therefore, is extraordinarily profitable for both as Hollywood production companies, who employ thousands in Southern California, continue to create successful film and television productions using Canadian stages and locations.

With abundant federal and provincial incentives, it is unsurprising that Canada has ranked a top destination for top 100 domestic film production between 2013 and 2017 and indeed outranking all competitors, including California, Georgia and the UK, in 2017. Though much of the production activity, and therefore the economic impact, is captured directly by Canada, domestic production studios, any domestic production labor savings and the associated revenues from the production are captured by U.S., and most often Southern Californian, firms. Therefore, Californian producers making successful and

EXHIBIT 4-1
Number of Top 100 Domestic Films Produced, by Location

Production Location	2013	2014	2015	2016	2017
Canada	16	7	11	13	20
Georgia	9	8	13	17	15
United Kingdom	9	12	15	16	15
California	16	20	14	12	10
New York	4	12	7	6	6
Louisiana	15	6	9	6	5
Australia	2	2	1	4	5
France	2	3	1	2	3

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

EXHIBIT 4-2
Total Movie Budget Values vs. Actual Spend in Top Locations in 2017

Production Location	Movies	Budget Value ($ millions)	Estimated Amount ($ millions)	Percent Spent in Location (%)
California	10	617	554	90
Canada	20	855	564	66
Georgia	15	1,095	486	44
Louisiana	5	293	185	63
New York	6	230	190	83
United Kingdom	15	1,6853	1,348	80

Source: Dun & Bradstreet, BLS; Estimates by LAEDC

17 *Lemisch, Amy. "Film and Television Tax Credit Programs Progress Report". California Film Commission. 01 November 2018.*

18 *Sedgwick, Shannon et al. "Entertainment and the Rise of Digital Media in the Los Angeles Basin." Center for a Competitive Workforce. February 2018.*

19 *Profile 2017: Economic Report on the Screen-Based Median Production Industry in Canada. Canadian Media Producers Association, Department of Canadian Heritage. February 2018.*

4 Hemispheric Creative and Cultural Economy

EXHIBIT 4-3
Project County for Primary VFX Work on Top 25 Live-Action Films, 2013-2017

Production Location	2013	2014	2015	2016	2017
California	10	7	9	5	6
Canada	7	10	14	17	16
United Kingdom	7	11	15	9	15

Source: Film LA

profitable films in Canada still benefit the region. Indeed, the favorable exchange rate of the Canadian dollar, in addition to generous federal and provincial incentives, have been cited as major contributing factors for U.S. interest in Canadian locations for movie production.

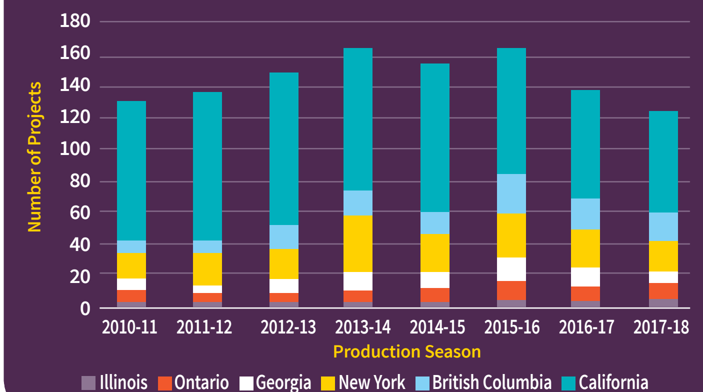
As seen in Exhibit 4-2, movies filmed in Canada often have a higher total budget value compared to their counterparts in California, but films made in California have a more concentrated actual spend rate, indicating these films have a greater economic impact on the region. Additionally, more primary visual effects work for top 25 live-action films took place in California while Canada tied the United Kingdom for project counts for primary VFX work. Despite the competitive North American atmosphere for film production, Canada and California remain competitive partners in a global cinematic ecosystem where production is shared between locations. Operations will also be increasingly shared, as companies like IMAX and Entertainment One, both headquartered in Canada, operate in Playa Vista and Beverly Hills, respectively.

Television is becoming equally diffuse across North America. In the 2017-2018 season, less than 50 percent of the top television projects took place in California while over 20 percent took place in either British Columbia or Ontario, almost doubling the 11 percent of the 130 television shows filmed in these provinces in the 2010 to 2011 season.

As American television producers look across the U.S. and Canada for suitable locations, Canada features prominently, consistently outranking any U.S. state besides California in most metrics. In 2017, an estimated 64, or 18 percent, of major scripted series were filmed in Canada, more than any U.S. state besides California.[20] With regard to television pilots, of the 146 filmed in the top 7 locations, 31, or 21 percent, were in

EXHIBIT 4-4
Top Television Project Locations, by Show

Source: Film LA



British Columbia or Ontario. This is almost twice the number of the 133 pilots shot in Canadian locations in the 2010-2011 development cycle. As a partner and competitor, depending on the perspective, Canada should feature prominently as Southern California television producers and distributors consider production locations if they are considering locations outside California.

Despite the fierce competition between domestic and international localities for film and television production, most of the underwriting media companies remain the giants of Southern California. Moreover, the advent of original content from streaming service providers offers unique opportunities for greater cross-border film and television production. In an era in which visual effects, digital animation and computer graphics become more common, advanced and expensive, studios from around the world will likely collaborate on productions. With mature film and television infrastructure, a deep talent pool, favorable incentives and amenable exchange, Canada stands as a unique partner globally and in North America for film and television ventures originated and underwritten in Southern California. Indeed, Canadian talent has already created a rich legacy of collaboration with and contribution to Hollywood through its acting, comic and musical talent, so it is only fitting that it increasingly becomes a hemispheric partner in the productions that entertain and inspire in states and provinces alike. Finally, as the politics of certain U.S. states create cultural hindrances to producers doing business in those locations, Canadian provinces will increase their prominence in the North American film and television ecosystem.

EXHIBIT 4-5: Estimated Scripted Series Count & Share in Locations with 10+ Shows

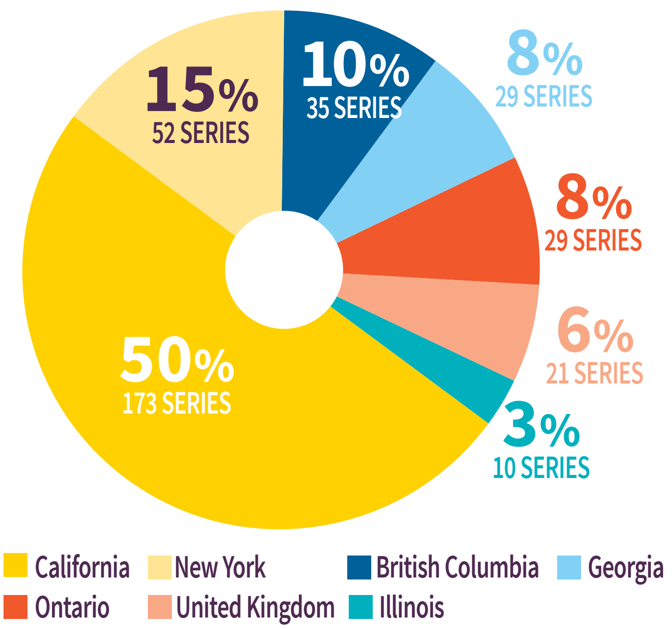
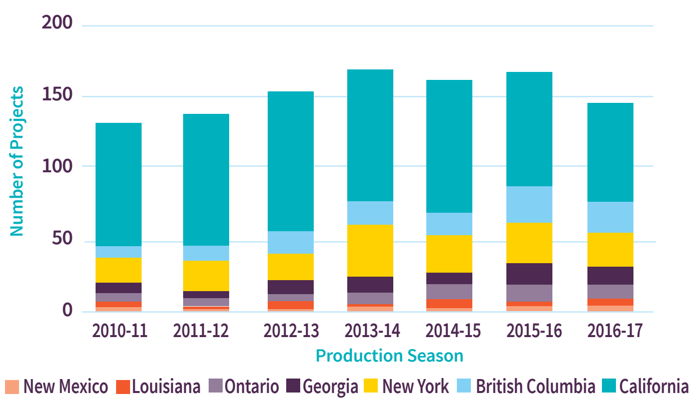


EXHIBIT 4-6
Top Pilot Locations

Source: Film LA



Silicon Beach and the Canadian Technology Triangle

Originally the beneficiary of a unique intersection between entertainment and digital technology, Southern California's Silicon Beach has created synergies between the internet services-based advances and social media innovations first pioneered Silicon Valley and the entertainment sector of Hollywood. Netflix, Amazon, Hulu and Snap all call the west side of Los Angeles home. Though many of these Silicon Beach denizens are the content creators of larger multinational technology industry players, many are startups, in the midst of growth or are more mature but have yet to make an initial public offering. As such, the venture capital environment is often used as a proxy, however imperfect, to gauge the health and dynamism of the technology and innovation environment in a location.

The number of deals often measures venture capital activity in a given quarter and by the total amount of funding. These are then further divided into the stages of business development: seed, early, expansion and late. The following exhibits detail the venture capital investment environment in the Los Angeles-Orange County venture capital environment, which roughly corresponds to the Silicon Beach ecosystem. In 2018, venture capital firms struck 437 deals, of which roughly a third were seed stage deals and only eight percent were late stage deals. Keeping in mind many ventures fail before reaching late stage investment, the relatively high level of seed stage funding indicates the Silicon Beach capital environment remains bullish on the potential of its startups. As might be expected, the amount of funding tends to be larger for investments in the expansion or late stage of business maturity. In 2018, startups raised $6.4 billion in venture capital funding in the Los Angeles-

[20] *2017 Pilot Production Report. Film LA Inc.*

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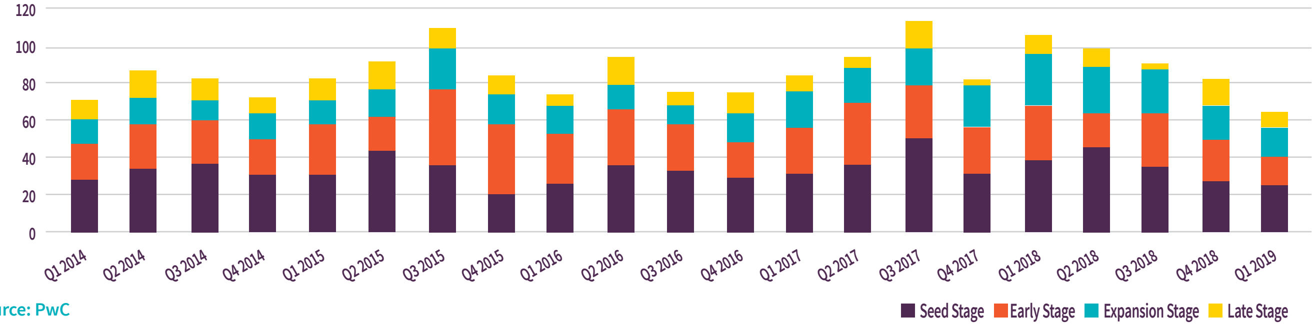
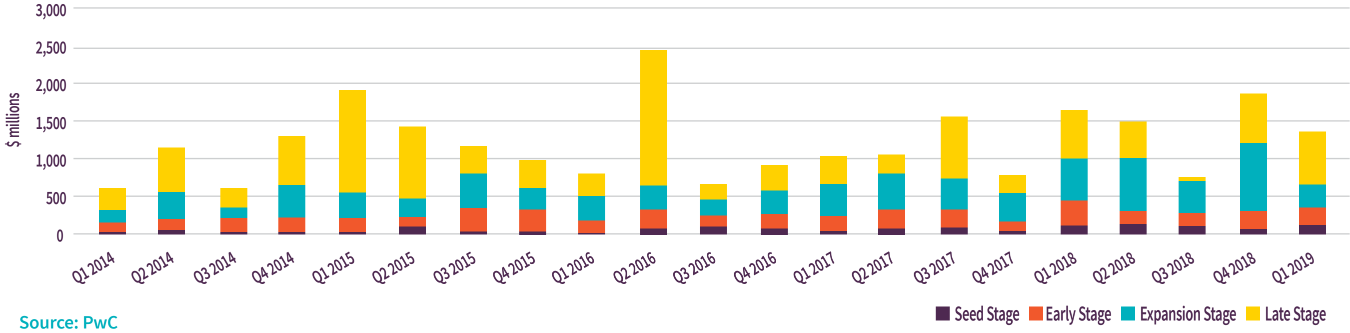
EXHIBIT 4-7
Los Angeles/Orange County Capital deals, by stage



Source: PwC

EXHIBIT 4-8
Los Angeles/Orange County Capital by amount, by stage



Source: PwC

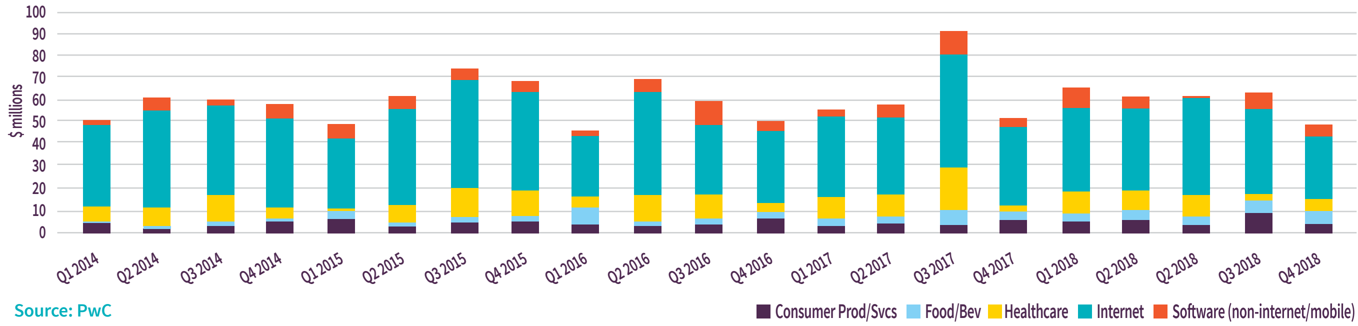
Orange County region, of which $4.5 billion, or 70.3 percent, was expansion or late state funding. Exhibits 4-7 and 4-8 display venture capital trends in the Silicon Beach area from the first quarter of 2014 to the first quarter of 2019.

Venture capital environments also vary between markets by industry concentrations. In the Silicon Beach region, internet-based startups predominate. These firms expand over a diversity of goods and services, including but not limited to ecommerce; applications and data integration; asset management and trading; business intelligence and analytics; gaming; video, news and discussion; multimedia and graphics; and so many others. Other startups also feature prominently, especially those concerned with healthcare and software and those related to business services and data management, but those concerned with web-based activities are dominent. In 2018, 292 (66.8 percent) deals took place in the five most prominent startup industries in the Los Angeles-Orange County region, of which 156 (53.4 percent) were for internet companies. These companies raised $3.3 billion in capital funding (over 51 percent of the total), of which internet-focused companies raised $1.9 billion (58 percent). A minor exception to the trend of deals and funding concentrated on startups and more mature ventures on internet companies is $375 million in funding to healthcare firms in the first quarter of 2018.

The corridor of four of Canada's major cities across southern Ontario and Quebec form a nexus of startup, venture capital and private equity activity similar to Silicon Beach. In the first

EXHIBIT 4-9

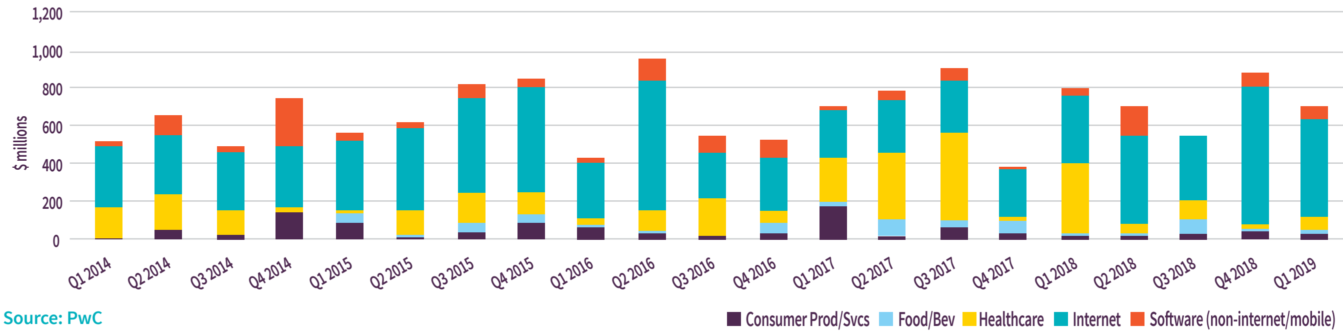
Los Angeles/Orange County Capital deals, by stage



Source: PwC

EXHIBIT 4-10

Los Angeles/Orange County Capital by amount, by industry

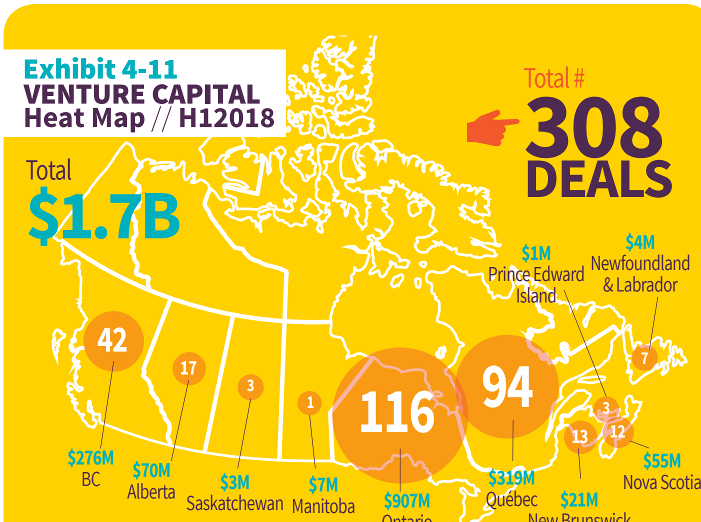


Source: PwC

half of 2018, 308 deals worth $1.7 billion were made across the 10 Canadian provinces. Of these, 55 percent of funding went to Ontario-based companies and another 19 percent to Quebecois companies.[21] By city, Toronto-based firms received over 46 percent of the total funding given over 89 deals, followed by Vancouver with 16 percent and Montreal with 15 percent. Like in the United States, particularly California, the concentration of human capital and the relative density of research institutions is highly correlated with cultivating rich startup and venture capital environments.

Exhibit 4-11

VENTURE CAPITAL Heat Map // H12018



Source: CVCA

[21] *VC & PE Canadian Market Overview, H1 2018. Canadian Venture Capital and Private Equity Association (CVCA).*

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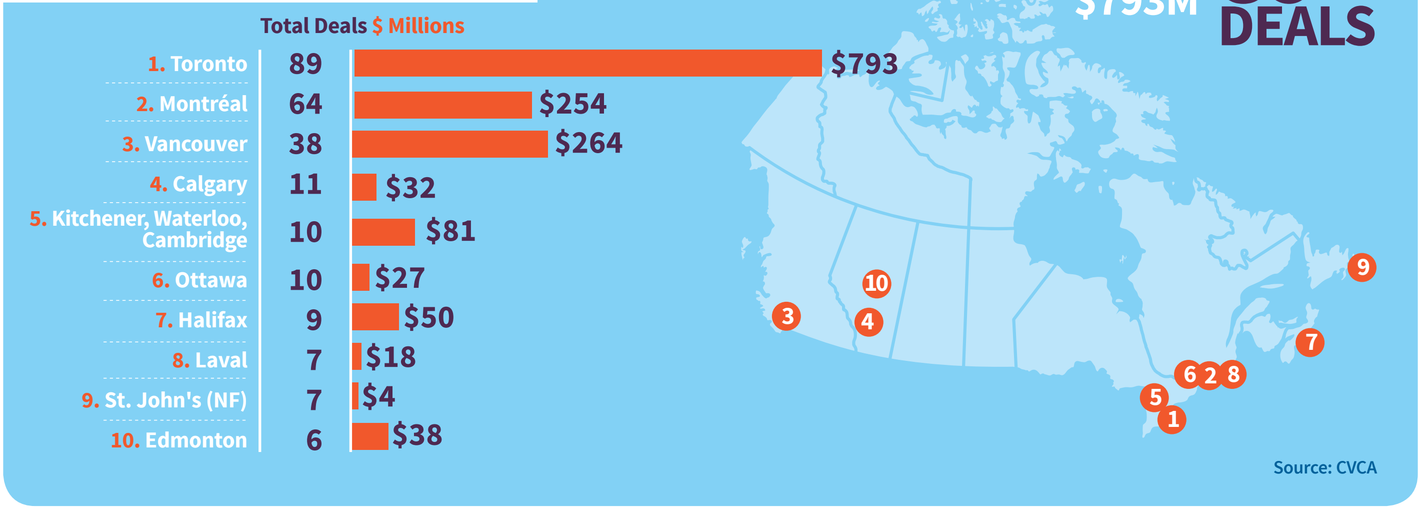
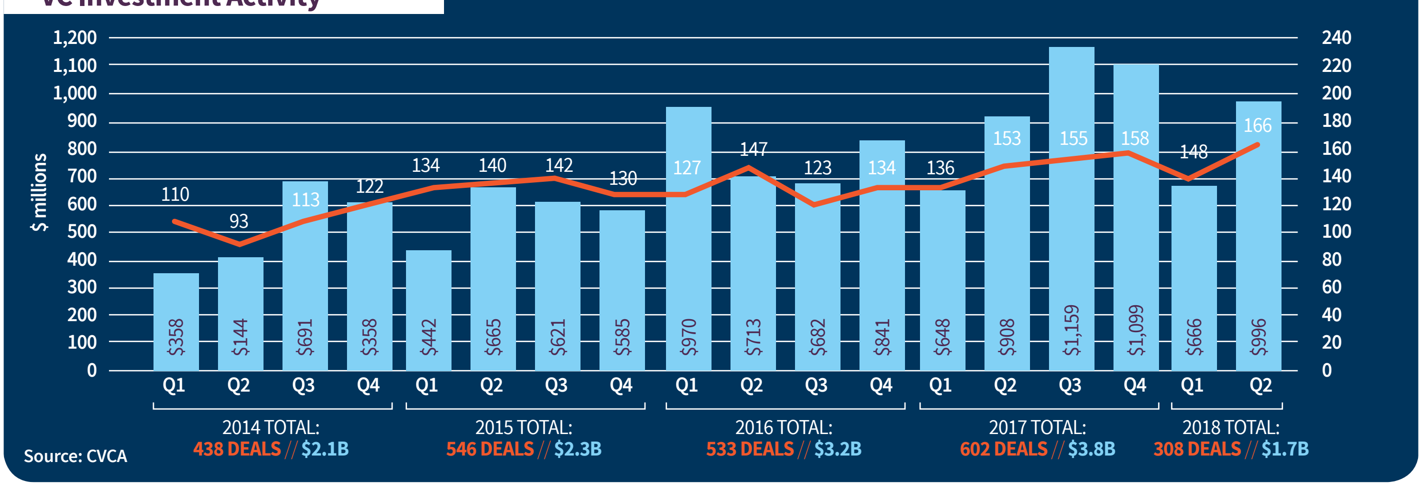
EXHIBIT 4-12
TOP 10 CANADIAN CITIES // Administrative Centres // H1 2018



Canadian venture capital investment activity has experienced a relative upward trend since the first quarter of 2014, reaching a high-water mark in 2017 with 602 total deals worth $3.8 billion. A strong first half of 2018 would suggest the results for the 2018 portends commensurate strength in venture capital activity.

The following exhibits, 4-14 and 4-15, demonstrate the industry concentration and stage cyclicality of the Canadian venture capital environment. Like Silicon Beach, Canadian venture capital broadly concentrates in information and communications technology (ICT) with notable contributions

EXHIBIT 4-13
QUARTER-OVER-QUARTER VC Investment Activity



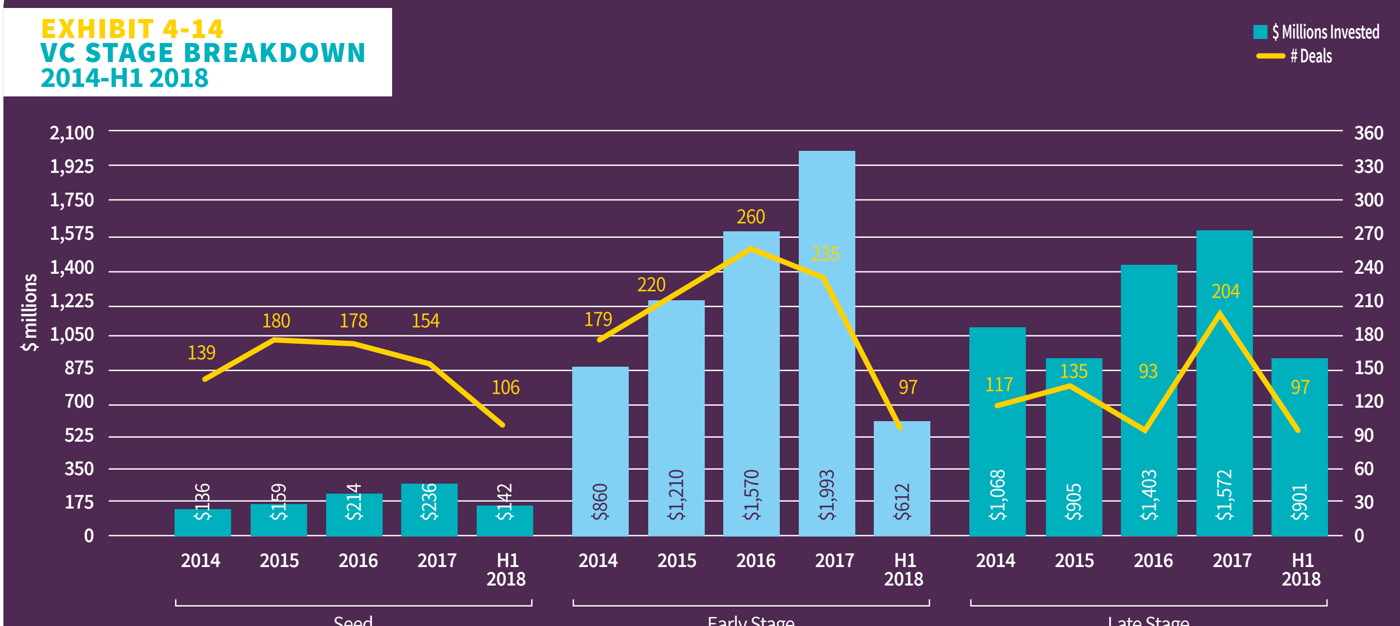
to the life sciences, clean technology (cleantech) and agribusiness. In the first half of 2018, ICT firms received $1.1 billion (64 percent) of all venture capital funding while life sciences and cleantech received $204 million (12 percent) and $192 million (11.3 percent), respectively. Both ICT and cleantech reached an apogee of funding in 2017 with 381 ICT deals worth almost $2.5 billion and 34 cleantech deals worth $409 million.

In terms of ventures by stage, seed funding naturally remains a small portion of overall funding. However, the Canadian venture capital market appears to be trending toward later stage investments with $901 million (53 percent) in late stage ventures as opposed to $612 million (36 percent) in early stage ventures. This compares to 41 percent of overall funding for late stage ventures and 52 percent for early stage ventures in 2017. Though the trend could have altered in the second half of 2018, these trends towards more mature ventures echoes patterns in Silicon Beach, where venture capital investment has trended strongly toward expansion and late stage company development.

With Silicon Valley giants like Uber and Lyft issuing initial public offerings (IPOs) in the first half of 2019 and firms such as WeWork considering an IPO, it bears reflecting on IPOs and reverse takeovers (RTO's) in the Canadian venture capital market. In the first half of 2018, no Canadian startups or ventures have issued an IPO or undergone an RTO. This compares to three in 2017 but zero in 2016. Additionally, many startups are acquired by larger industry incumbents – indeed, many hope to be merged or acquired. However, only 16 startups have been subject to a merger or acquisition in the first two quarters of 2018. 32 firms were subject to merger or acquired in 2017, and a five-year high of 41 firms fell under merger or acquisition in 2014 [22].

As linkages between Silicon Beach and the Canadian technology sector - some of which are described later in this report- continue to grow and increase, an area of future study should be the measurement of the technology companies and startups that bridge Southern California and Canada and their footprint in both locations. Though useful for exposition, the venture capital data presented in this section only paint a picture of the Southern Californian and Canada startup environments in their respective states and not how they relate to each other. It is therefore imperative to investigate this relationship in greater detail in future research endeavors.

EXHIBIT 4-14
VC STAGE BREAKDOWN
2014-H1 2018



Source: CVCA

[22] *Ibid.*

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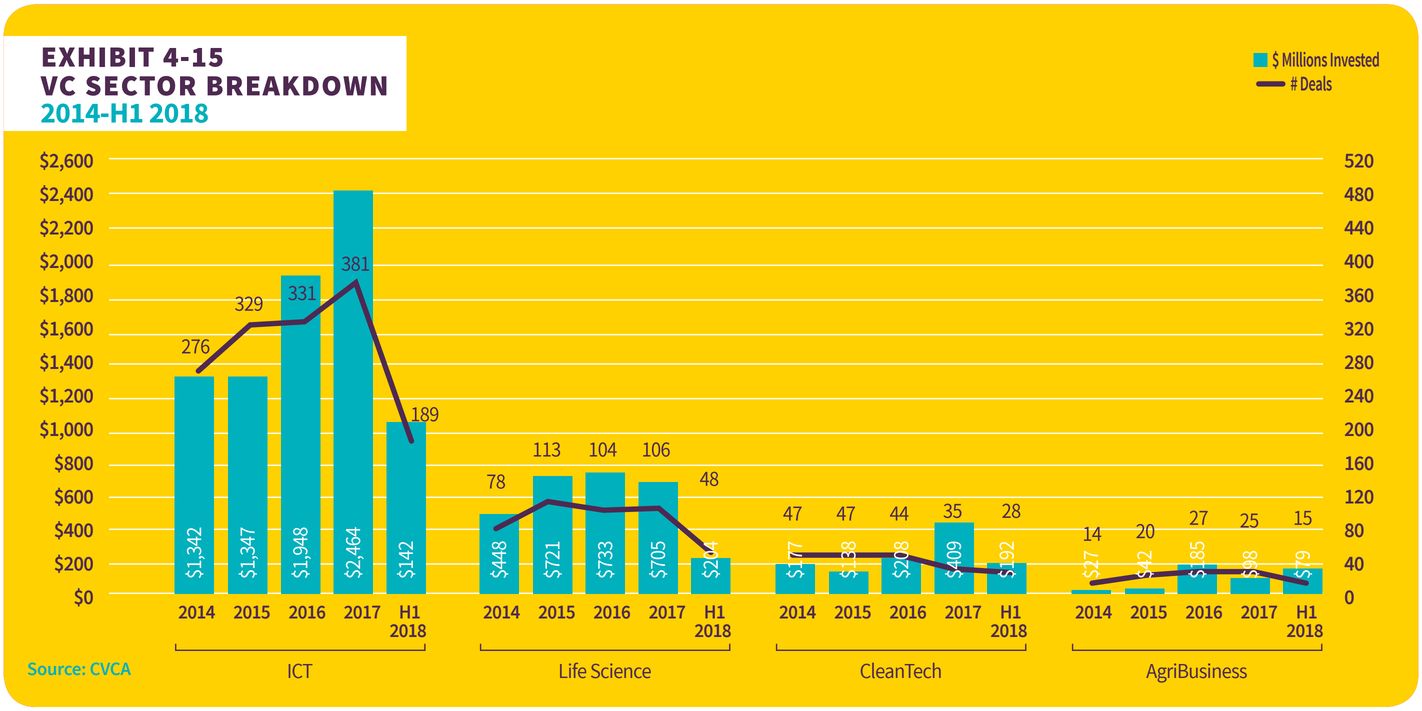
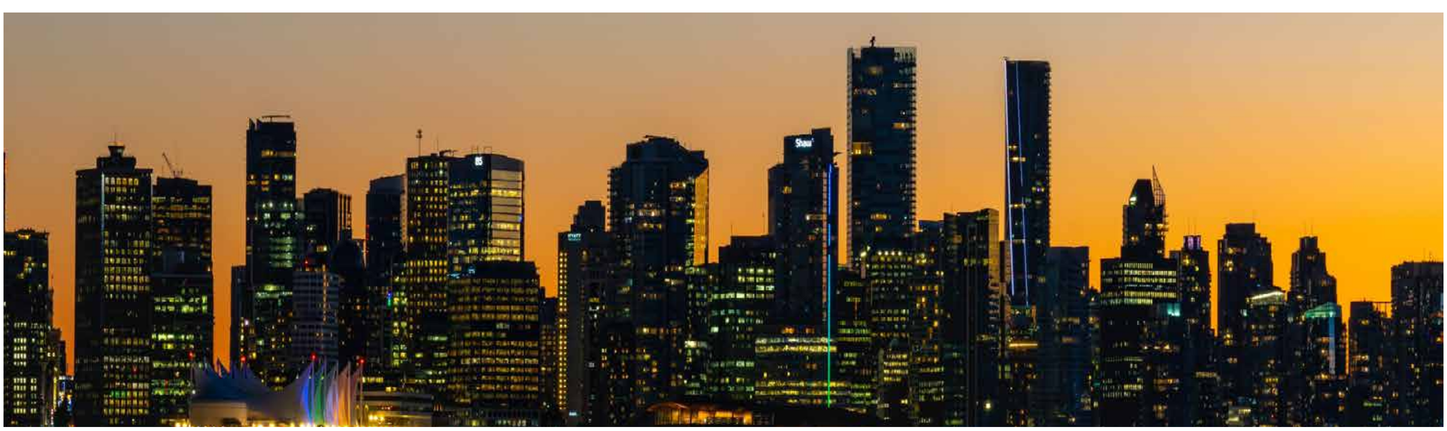


Tourism and Talent

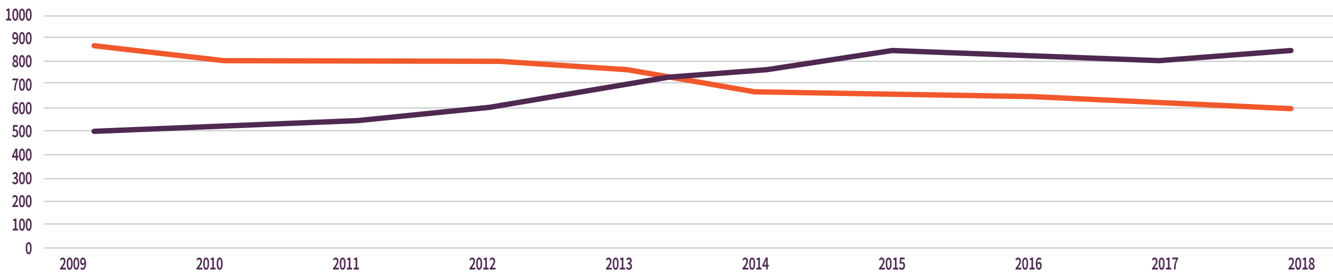
Inasmuch as Canadian talent and capital have contributed to the Southern California creative and digital economies, so too have Canadian graduate and undergraduate university students. In 2018, 1,420 Canadian students were enrolled across the UC and CSU systems. This means 5.5 percent of the 25,909 Canadians enrolled in U.S. institutions of higher learning were at a public California university in 2018[23]. 58.8 percent of Canadian students attended a UC school and the remainder a CSU school. This demonstrates the Canadian student's drive, on average, to attend schools that are more competitive.



[23] *"International Student Totals by Place of Origin, 2012/13-2017/18."* Open Doors Report on International Educational Exchange. *Institute of International Education, 2018.*

EXHIBIT 4-16

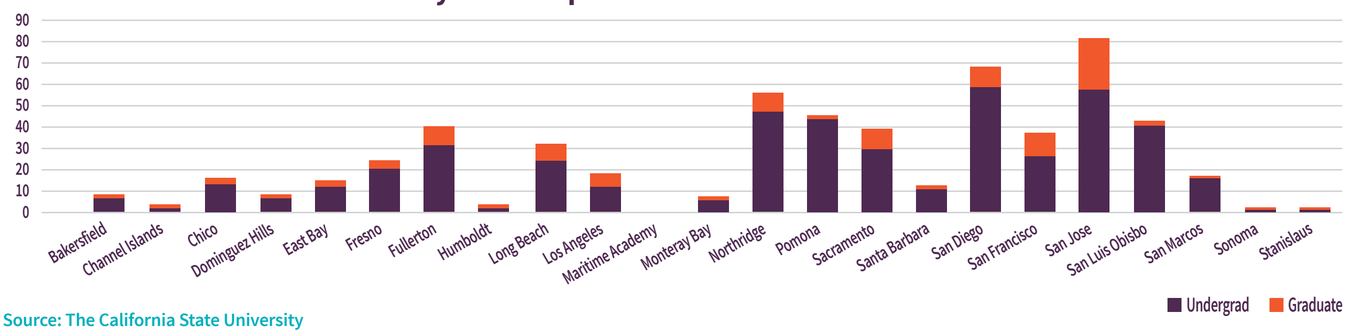
Total Enrollment of Canadian nationals



Source: The California State University and the University of California

EXHIBIT 4-17

Enrollment of Canadian national by CSU Campus



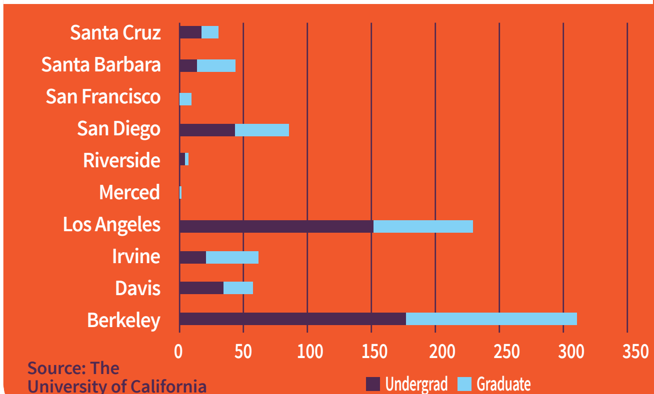
Source: The California State University

Of Canadians enrolled in the CSU system, 35 percent were enrolled at a campus in Southern California in 2018. Those campuses are Channel Islands, Dominguez Hills, Fullerton, Long Beach, Los Angeles, Northridge, and Pomona. Canadian undergraduates far outweigh graduate students by a factor of over four to one.

By contrast, a significant number of Canadian graduate students attend a University of California campus. Indeed, 44.1 percent of Canadians enrolled at a UC campus are graduate students. Of all Canadian students, graduate and undergraduate, who attend the University of California, 35.6 percent do so at a campus in Southern California. These campuses are Riverside, Los Angeles and Irvine. Though by no means insignificant, the relatively small number of Canadian students enrolled in public California universities can be likely attributed to the wealth of top U.S. institutions of higher learning in close proximity to Canada (such as those in Washington, Michigan, Wisconsin, New York, Pennsylvania and Massachusetts, for example). Additionally, the internationally high quality of Canadian universities likely

EXHIBIT 4-18

Enrollment of Canadian nationals by UC Campus



Source: The University of California

4 Hemispheric Creative and Cultural Economy

keeps most Canadian students within their own borders during undergraduate and graduate studies.

Though perhaps not the most popular destination for Canadian students to enroll, Southern California – in particular Los Angeles – is a popular travel destination for Canadians at large, with over 700,000 Canadians visiting each year and over 800,000 predicted to visit in 2019.[24] Surveyed Canadian visitors to Los Angeles report the weather, the food scene, shopping venues and LA beaches as the most important factors in choosing to visit the area. Reported top activities were naturally dining, shopping and enjoying sand and surf. The typical Canadian visitor to Los Angeles in 2018 stayed roughly 5 days, almost always flew, and usually stayed in a hotel as opposed to with a friend of relative. Canadian visitors also planned their trip in a brief period, planning their visit to the region only 7 weeks before visiting. Exhibits 4-19 and 4-20 provide additional details concerning the typical Canadian visitor to Los Angeles.

Across the state of California overall, 1.7 million Canadian visitors are estimated to have spent over $2.2 billion in 2018.[25] Based on this, the estimated 780,000 Canadian visitors to Los Angeles spend around $1.0 billion in that county alone.

EXHIBIT 4-19

THE CANADIAN VISITOR TO LOS ANGELES

Important Decision Factors for Choosing L.A.

- Weather 40%
- Restaurant/Food Scene 37%
- Shopping Opportunities 35%
- Beaches 35%
- Friends/Family in the Area 29%
- Hollywood/Celebrities 28%

Top Trip Activities

- Dining 68%
- Shopping 62%
- Visit a Beach 52%
- Theme Park 33%
- Bars/Nightlife 32%
- Art Gallery/Museum 27%

Source: Destination Analysis / Discover Los Angeles
LOS ANGELES TOURISM AND CONVENTION BOARD

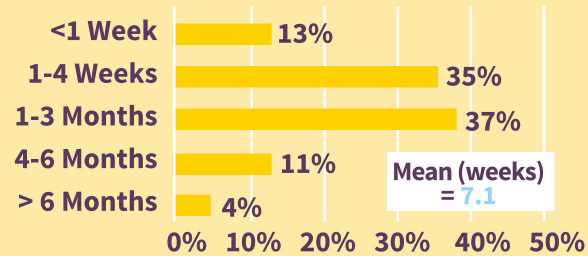
EXHIBIT 4-20

THE CANADIAN VISITOR TO LOS ANGELES

Important Decision Factors for Choosing L.A.

- Search Engine 36%
- Friends/ Relatives 34%
- Online Booking Sites 32%
- Airline Website 26%

Timing of Decision to Visit L.A.



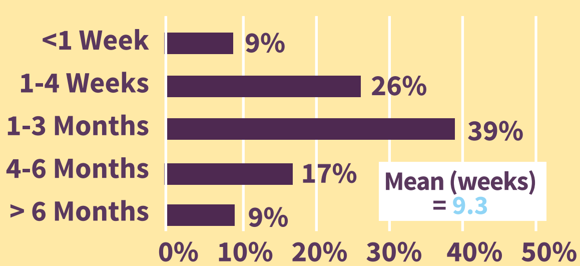
Method of Arrival to L.A.

- Airlines 79%
- Personal/Rental Vehicle 10%
- Cruise Ship 3%

Modes of Transportation in L.A.

- Rental Vehicle 48%
- Online Taxi Service 20%
- Public Bus 14%

Timing of Decision to Visit L.A.



Places of Stay

- Paid Lodging 97%
- VFR 28%

Source: Destination Analysis / Discover Los Angeles
LOS ANGELES TOURISM AND CONVENTION BOARD

As this section has demonstrated, Southern California and Canada are key contributors and partners in a hemispheric creative and cultural economy. From the big screen to the handheld screen, Canada and Southern California are nexus for the exchange of ideas, capital and talent as their respective populations perform on each other's stages; innovate in each other's accelerators and startups; learn in each other's classrooms; and visit each other's cities, natural playgrounds, culinary hotspots and cultural treasurers.

[24] *Tourism Economics July 2018. Los Angeles Tourism and Convention Board.*
[25] *"Canada Market Profile." Visit California.*

5 Thinking Ahead – Politics and Partnerships

While it is clear that Canada is one of Southern California's greatest business partners today, examining global as well as local politics is necessary in order to preserve this relationship. Maintaining a healthy political discourse focused on free global trade and unrestricted labor migration rather than nationalistic protectionism is essential to moving forward in such a connected world.

Renegotiating: the USMCA

The United States and Canada's prosperous free trade relationship dates back to the 1885 Canadian–American Reciprocity Treaty. While this accord has taken many forms over the years, it has persisted, making both countries richer with time. The next step in this relationship is the United States–Mexico–Canada Agreement (USMCA). Signed by all three member states on November 30th 2018, the agreement seeks to improve on its predecessor the North America Free Trade Agreement (NAFTA) by imposing additional environmental protections and increasing labor regulations. Now the signatory countries must go through their respective legislative channels in order to ratify the agreement. Some of the differences between USMCA when compared to NAFTA that will directly affect major Californian industries are how the agreement treats dairy, automobiles, and copyright. When the USMCA takes effect, the United States will have tariff free access to the Canadian dairy market up to 3.6 percent[26]. Additionally, the USMCA changes the "rules of origin" for automobiles, as now 75 percent of the automobile's value must come from the origin country. Moreover, automobile workers who are paid at least $16 an hour must make 40 percent of the car's production. Lastly, the USMCA extends all Canadian copyright terms by 20 years as well as biologic drug patents by 10 years.

As the new pillar of the integrated North American economy, the USMCA will naturally have significant implication for the Southern California megaregion and its bilateral ties with Canada. In terms of automobiles, the USMCA will bring the production of cheap parts into the United States, but proximity suggests an overwhelming majority will be from Mexico. This may be offset somewhat by wage requirements for Mexican automotive workers. These rules are unlikely to disrupt the automotive imports from Canada to Southern California, as Toyota owns Southern California's only manufacturing plant [27],[28]. This might change depending on the growth of the electric vehicle industry in Southern California and their sourcing and manufacturing decisions. In terms of copyright law, Hollywood gains an additional 20 years to profit from their copyrights in Canada before they enter the public domain. This means a work will be subject to copyright for the life of an author plus an additional 70 years or 75 years after publication. The largest beneficiaries in Southern California will be the film and television industry, though Canadian creative works under copyright will benefit from in the U.S. as well. The dairy changes will have the largest impact on Canadian-Southern California trade. California accounts

[26] *Dale, Daniel and Tonda McCharles. "Canada, U.S. reach new NAFTA deal".* Toronto Star. *30 September 2018.*

[27] *Patrice Apodaca. "L.A. MAKES IT'S LAST CAR: End of Road for GM's Van Nuys Plant: Autos: After 45 years and 6.3 million vehicles, the facility is shut down. It marks the end of car making in Southern California."* Los Angeles Times. *28 August 1992*
[28] *Toyota USA. "TABC Inc., Long Beach, California (TABC)"*

for nearly 20 percent of the United States dairy production, more than any other state. With increased tariff free access up to the Canadian dairy market up, Southern Californian dairy producers have the opportunity to expand their market in Canada. It is not unreasonable to assume western provinces such as British Columbia and Alberta will have the opportunity to purchase Southern Californian longer shelf life products such as hard or semi-hard cheeses. Eastern Provinces such as Ontario or Quebec will see this market expansion as well but rather with Wisconsin cheese. Due to the transportation costs of most dairy products, it is unlikely we see a large much of an effect on Canadian dairy consumption of California dairy products, especially considering the new export penalties to be required for Canadian powdered dairy exports. Finally, biologic drugs and agricultural chemicals, both which are important Southern Californian exports to Canada, will benefit from 10 years of data protection.

There is ample cause for both the U.S. and Canada to relish the contents of the USMCA, even though it remains unratified as of the publication of this report. First and foremost, this agreement maintains the free trade in North America that has enabled a prosperous and integrated continental market that has enabled over two decades of job creation and business success. Secondly, the agreement brings the original treaty, signed in 1994, into the 21st Century by prohibiting customs duties on all digital products sold electronically. Moreover, it ensures data transfer between borders and restricts data localization, meaning companies in Southern California could freely store data in Canada and vice versa. This measure therefore empowers the existing and growing linkages in technology startups between Silicon Beach and Canada. Finally, the agreement includes new environmental and air quality enforcement requirements, promotes conservation and improve core labor standards, including migrant worker protections and the right to organize. These last elements are both in accord with California and Southern California commitments to labor justice and the environment.

Reciprocity: Cooperating to Eradicate Trade Barriers

"If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage"

– ADAM SMITH, THE WEALTH OF NATIONS

While President Donald Trump has eliminated the section 232 Tariffs on Canadian steel and aluminum as of May 2019, many import duties still exist on Canadian products exist within the United States, such as drugs and softwood lumber[29]. The Canadian government challenged these tariffs at the World Trade Organization (WTO) level, and the WTO upheld them[30]. Unfortunately, the tariffs go both ways as Canada has multiple tariffs and quotas on dairy, chicken, turkey, and many other agricultural products[31]. Despite these setbacks, the relationship between the United States and Canada is far more stable than that of any other two nations.

The positive impact of NAFTA for the United States and Canada should be the focus of pushing the USCMA forward. Intra-bloc trade for Canada increased 11 percent due to NAFTA and 41 percent for the United States[32]. Lowering barriers to trade has proven repeatedly to increase profitable trade between countries. Recriminations by the U.S. President catalyzed a

29 *Harmonized Tariff Schedule. United States International Trade Representative. <https://www.usitc.gov/tata/hts/bychapter/index.htm>.*

30 *"WTO issues panel report regarding US dumping duties on Canadian lumber." World Trade Organization Dispute Settlement. <https://www.wto.org/english/news_e/news19_e/534r_e.htm>.*

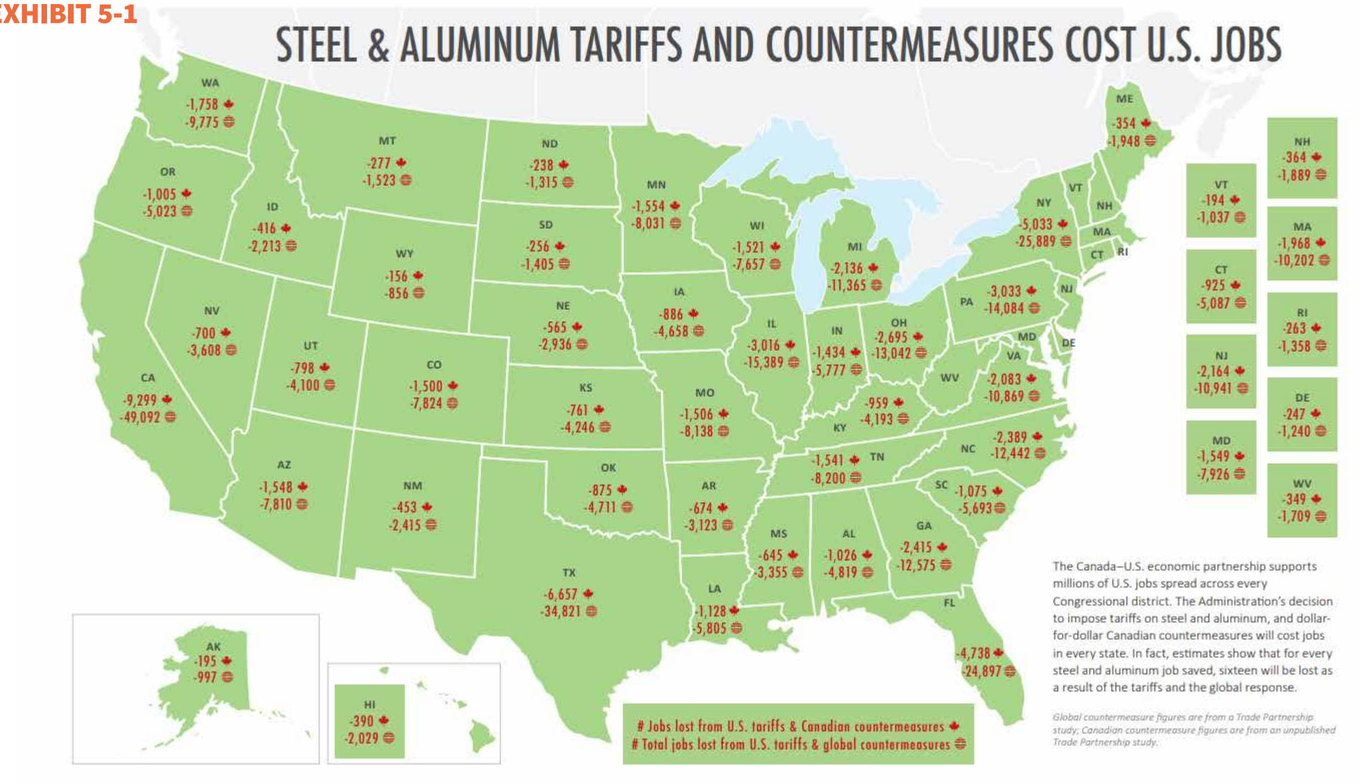
31 *"Canada – Import Tariffs. International Trade Administration, United States Department of Commerce. <https://www.export.gov/article?id=Canada-Import-Tariffs>.*

5 Thinking Ahead – Politics and Partnerships

volume of investigations into the impact of leaving NAFTA, all of which found that all parties involved would be worse off. The most negatively impacted industries would be agriculture and automobiles[33]. As discussed before, agriculture and automobiles are two of the largest trade industries in the Canada-Southern California relationship. While these fears have subsided, this analysis should highlight the importance of free trade in the context of not just Canada and the United States, but also Canada and Southern California.

Though the Section 232 tariffs appear to be in the rearview mirror, their imposition sets a worrying precedent, especially when this sort of discord occurs between countries of a longstanding and profound alliance, partnership and friendship. It therefore bears reflecting upon what could have been the full effect of the tariffs. Since the U.S. steel and aluminum tariffs against Canada came into effect on May 31st, 2018 and the retaliatory tariffs on July 1st, 2018, the total predicted job losses likely did not occur[34]. However, the map below gives the total predicted job losses, per state, predicted to occur by state due to the U.S. Section 232 tariffs and the retaliatory Canadian tariffs.

EXHIBIT 5-1



In total, California stood to conservatively lose over 58,000 jobs from U.S. and Canadian tariffs combined. Since these tariffs were lifted in May 2019, the worst effects did not become

[32] *Caliendo, Lorenzo and Fernando Parro. "Estimates of the Trade and Welfare Effects of NAFTA."* The Review of Economic Studies*. Volume 82, Issue 1, January 2015*

[33] *The Economist Data Team. "Which American producers would suffer from ending NAFTA?"* The Economist*. 6 February 2017. <https://www.economist.com/graphic-detail/2017/02/06/which-american-producers-would-suffer-from-ending-nafta>.*

[34] *Francois, Joseph et al. "Policy Brief Round 3: 'Trade Discussion' or 'Trade War'? The Estimated Impacts of Tariffs on Steel and Aluminum." The Trade Partnership. 5 June 2018. < https://tradepartnership.com/wp-content/uploads/2018/06/232RetaliationPolicyBriefJune5.pdf>.*

a reality. Again, however, commodity tariffs against a longstanding ally and trade partner, regardless of political aims, sets a troubling political precedent, especially for a manufacturing region like Southern California that imports and exports ferrous and nonferrous metal commodities in significant quantity.

Looking past these trade irritants and toward more harmonious future trade relations, Southern California and its regional policymakers and authorities can, within the limits of federal policy, signal to Canadian businesses and trade interests its openness for business. As described below, leading Canadian businesses and regional Canadian business leadership can provide the essential partnerships to the city and county governments of Southern California to maintain the indispensable relationship between the region's six counties and Canada.

Rapprochement: Working with and beyond Federal-Level Discord

Negotiations between the United States and Canada are ongoing to overcome the current federal-level animosity precipitated by the tariffs levied under Section 232. Regardless of national changes, California is one to stay true to its independent nature, persisting as a leader rather than follower of national economic change in pursuit of finding its own deals. One prime example of California's economic willpower is in the strength of its local and nonprofit organizations. MAPLE Business Council (MAPLE) is one such organization that aims to cultivate greater trade and economic relations between Canada and California.

Mission & Founding

Founded in 2015, MAPLE is a California non-profit organization that promotes bilateral investment, trade, and entrepreneurship between Southern California and Canada. The executive-level community works across sectors to be a cross-border networking focal point for business leaders, entrepreneurs, investors, service providers, and organizations dedicated to regional economic development. MAPLE was founded at the encouragement of the Consulate General of Canada in Los Angeles who had seen its principal co-founders, Robert Kelle and Stephen Armstrong together with other Canadian expat executives, launch and grow a vibrant Canadian expatriate network, Canadians in Orange County, since 2009. Canadian member organizations play a significant role in the MAPLE Canada-Southern California community. Prominent Canadian brands include Air Canada, BDC (The Business Development Bank of Canada), Borden Ladner Gervais LLP, Brookfield, Canada Post, Fasken, Teknion, and TMX Group (TSX and TSX Venture Exchanges). Canadian members travel to attend and speak at MAPLE events across Southern California.

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Scope of Work

MAPLE Business Council supports bilateral economic ties with Canada throughout Southern California with a primary focus on Los Angeles, Orange and San Diego counties. Riverside County Office of Foreign Trade is also a key member. The Council hosts quarterly networking receptions in L.A., Orange, and San Diego counties as an opportunity for Southern California businesses to learn about opportunities to trade and invest with Canada and for Canadian members to connect with Southern California businesses. In addition to hosting its own events throughout the year, MAPLE co-hosts and sponsors celebrations of world trade and meetings focused on Canada-Southern California economic ties.

Canadian Market Engagement

MAPLE connects Los Angeles and Southern California to Canadian markets on a regular basis. The Council has brought Southern California business and economic development leaders for delegations to Vancouver and Toronto. These delegations provide an overview of the Canadian market across key sectors informing the delegates on opportunities for collaboration. MAPLE also hosts receptions in Canadian markets to showcase Los Angeles and Southern California markets. These events draw business leaders across sectors to learn about the economic momentum and opportunities for trade and investment.

Southern California International Community

As a contributor to the Southern California international economic community, MAPLE has signed memoranda of understanding (MOUs) with World Trade Center Los Angeles and the City of Long Beach to be their Canadian market partner. In addition, in November 2018, MAPLE and World Trade Center Vancouver signed a MOU to support greater collaboration between our markets. MAPLE is also honored to have the Province of New Brunswick as a member of its community through its foreign direct investment attraction office, Opportunities NB (New Brunswick).

The Importance of MAPLE

The importance of the work of MAPLE Business Council is threefold. First, it provides a business networking home for discussions about cross-border investment, trade, and entrepreneurship with Canada to complement the work of the Consulate General of Canada. Second, the Council amplifies the voices of its members by providing thought-leadership platforms (speaking engagements, articles, and videos) to share their expertise to a targeted audience. Finally, the Council is an ambassador of Los Angeles and Southern California to its second largest export market, Canada, and reciprocally an ambassador of Canada in the Southern California region. MAPLE provides an important exemplar and model for cross-board economic bridge-building.

Leading Canadian business and talent in Southern California Beyond the companies enumerated in Section 3, business activity by Canadian, Canadian-owned or Canadian-founded business takes place in many sectors and in fact contributes to the region beyond what foreign direct investment statistics can tell. The following company profiles provide, if in brief, a sample of the Canadian or Canadian-owned businesses that help provide the foundation for the essential relationship between Southern California and Canada.

xahive

xahive was founded in Ottawa, Ontario, Canada in 2013 by Sem Ponnambalam and David Mohajer and launched its secure communication software in 2015 while establishing an office in New York that same year. In 2018, xahive's principals relocated to Los Angeles and within a few months signed a deal with BlackBerry to co-sell its Software as a Service (SaaS) products. Though its principals are located in Southern California, xahive is still headquartered in Canada and also has a presence in the UK focused on hospital compliance audit projects.

xahive's product lines and services include:

1. xamessenger (secure communication SaaS), which xahive plans to serve almost a million college students, various medical and health care associations and other professional associations in Canada, U.S. and European Union;
2. xatam (compliance audit SaaS) – xahive sells this product through its channel partners with an established customer base but require this component for their service portfolio;
3. xahive cybersecurity education - xahive is co-developing a cybersecurity curriculum for a large network of colleges, launching its first and second elements Summer 2019 for

professionals who will take it for continuing education curricula in Canada, the U.S. and the European Union along with students studying the importance of cybersecurity governance regulations. Part 2 will come into play in later in 2019. xahive's have also published three books on cybersecurity.

D'Alessio Law Group

D'Alessio Law Group is an award-winning, full-service immigration law firm dedicated to serving the needs of companies, investors and skilled professionals from around the world. D'Alessio's dedicated team of immigration experts prides itself on providing top-level service to our clients in the international entertainment, technology, and corporate business industries.

As a trusted immigration law resource for Canadian professionals, D'Alessio Law Group has helped countless artists, innovators, creators, and business leaders grow their careers and opportunities in the United States. Processing over 3,000 cases each year, a majority of which for Canadian clients, D'Alessio Law Group understands issues facing Canadians when taking their careers to new heights south of the border.

Having helped several Canadian companies expand their operations in the U.S., including such respected organizations and companies as RBC Bank, Next Models, Alpha Foods, Pacific Content, Play Management, Partos Company and more, D'Alessio Law Group is uniquely equipped to handle all immigration needs for Canadian professionals.

Founded on the pillars of experience, all-inclusive expertise and world-class client service, our firm has established itself as a trusted source for international companies seeking to recruit and maintain global talent while amplifying growth. From major tech companies to innovative startups, television networks and production companies, to prestigious agencies and management companies, D'Alessio Law Group is prepared to take on the multilateral demands of our clients worldwide.

D'Alessio Law Group's vast experience in working with major, industry leading companies and organizations including Plug and Play Tech Center, Paramount Pictures, Universal Pictures, 500 Startups, The Food Network, Netflix, ABC, Expert Dojo, NBC, and more, positions the firm at the very top of immigration law.

As a Canadian immigrant herself, CEO and Founder Lorraine D'Alessio was the recipient of the 2018 Enterprising Woman Award and leads her team to craft creative immigration solutions to meet the unique demands of those working in the global marketplace.

Purolator International

Founded in 1960 as Trans Canadian Couriers, Ltd., Purolator is a leading integrated freight, package and logistics provider principally owned by Canada Post, the primary Canadian postal operator. With 12,000 employees, Purolator operates as a wholly-owned subsidiary in the United States as Purolator International, providing cross border logistics services between the United States and Canada.

Purolator first established operations in Southern California by opening its first regional branch office in Newport Beach in 1998. Moving to Los Angeles in 2008, Purolator is currently located in Compton with 12 employees, who collectively serve as the district office for the West for Purolator International. Purolator also operates a business development office in San Diego.

Purolator partners with several organizations in Southern California to deliver their products to customers in Canada and with local transport providers handle shipments throughout Southern California on Purolator's behalf. Los Angeles represents approximately 50 percent of Purolator's business in the western U.S. and Purolator expands internationally, Southern California will be a key market.

Brookfield Asset Management

Brookfield is a global leader in long-life, high-quality assets and businesses with a legacy a direct capital investor in sectors where its operating experience gives it a competitive advantage. Brookfield is a global company of more than 750 investment professionals and 100,000 operating employees over 30 countries that works with its industry partners to identify, acquire and finance high-quality assets on a long-term, low-risk basis. Headquartered in Toronto, Canada, Brookfield operates assets and businesses in real estate, renewable power, infrastructure and private equity across North America and throughout the state of California.

In California, Brookfield employs approximately 1,700 employees, including 45 investment professionals, with over $19.4 billion in assets under management spanning all its major business areas, including residential development. Its properties development corporate headquarters are in Costa Mesa, with regional offices in Los Angeles and San Diego.

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Brookfield's presence in Southern California also includes regional offices for its property partners and renewable partners businesses in Los Angeles.

One of Brookfield's principal business areas in Southern California is its residential development, its most notable planned communities being The Collection and Jewel, both in Playa Vista; the Citrus + Palm in Rosedale; and the Grove in Whittier. Brookfield Property Partners is also the parent company that owns and operates the Glendale Galleria and the Northridge Fashion Center, and Brookfield Renewables has regional investments in wind power.

The Brookfield Properties portfolio also includes fixtures essential to the Downtown Los Angeles skyline, including the Bank of America Plaza; both towers of the Wells Fargo Center; the Gas Company Tower; Figueroa at Wilshire; EY Plaza; FIGat7th; 777 Tower; and the California Market Center (CMC), a four-building creative mixed-use complex at the heart of the Los Angeles fashion district. In total, Brookfield's properties cover 12.8 million square feet of Downtown Los Angeles.

Ergo Capital

An essential link between the startup environment between Southern California and Canada, Ergo Capital is a private investment company with offices in Irvine, California and Toronto, Canada. Ergo invests in private companies in technology and other high-growth sectors, offer its experience and networks, in addition to that of its investors, to help companies achieve and surpass their goals. Ergo Capital provides equity and debt financing for growth stage companies while Ergo Accel focuses on seed and pre-seed startup opportunities.

Ergo Capital's portfolio includes companies in with business in artificial intelligence; mobile gaming; food and beverage; software and appliance solutions; healthcare and healthcare analytics; and energy. Its business model focuses on limiting equity dilution for founders and investors to allow for a company to expand its research and development, sale, marketing and other business goals.

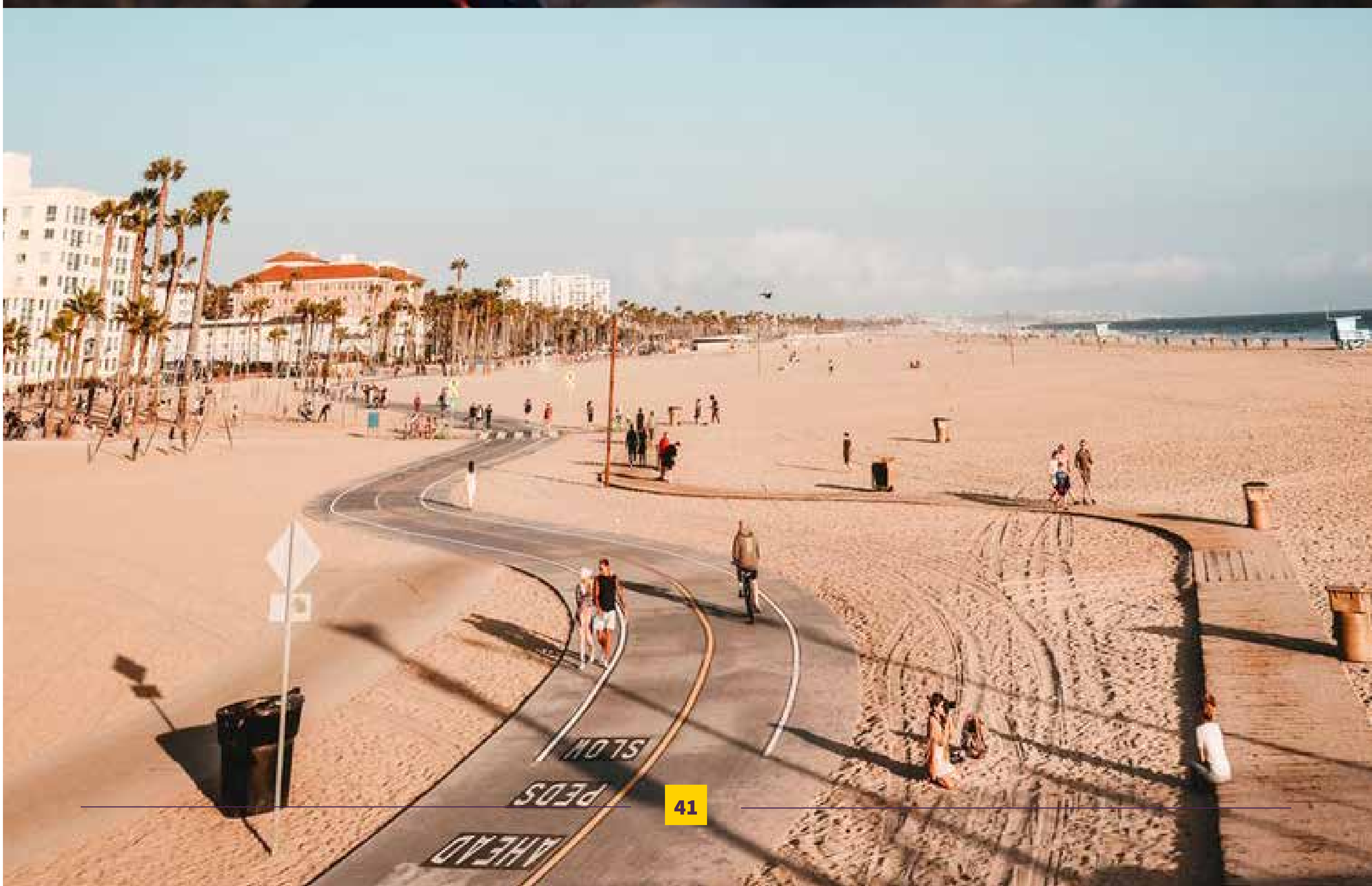
Ergo Accel is located within a three-acre campus called the Eureka Building, located in Irvine, California. Its activities focus on small capital investments, network, mentorship and incubation of startups of up to a year in the Eureka Building. Eureka also houses the annual Eureka Fest, one of the largest startup festivals in California, with an estimated 850 attendees, including 200 CEOs and founders, from over 15 countries.

Ergo Capital and Eureka were both founded Peter Polydor, a native of Canada but graduate of Occidental College. Peter is also the CEO of Ergo Properties, whose portfolio consists of commercial office, retail and mixed-use properties in Canada and Southern California

BlackBerry Ltd. /Cylance, Inc.

In November of 2018, Canadian technology giant BlackBerry acquired Cylance, an Orange County artificial and cybersecurity leader, for $1.4 billion. Cylance is a developer in artificial intelligence that deliver's prevention-first, predictive security solutions to address business endpoint security. Founded in 2012, Cylance boasts over 3,500 customers. BlackBerry acquired Cylance to leverage its unique, predictive security capabilities to augment is BlackBerry Spark communications platform.

Unlike other security solutions, Cylance's platform automates remediation processes for identifying threats, violations of enterprise compliance requirements and sorting out false security positives. As a separate business unit within BlackBerry, Cylance's artificial intelligence (AI) solutions are now native to BlackBerry platforms. Their AI security solutions are applied across a range of industries, including healthcare, financial services, energy, retail, education and government. Cylance clients include GameStop, the Boy Scouts of America, Phoenix Children's Hospital and World Wrestling Entertainment


SLOW
PEDS
AHEAD

6 Final Thoughts

From startups to movie screens, Canada and Southern California have much to gain from each other. Regardless of physical distance, the two have cultivated an ever-closer relationship as businesses, investors, tourists and students become increasingly interconnected. Indeed, Southern California has become a center of the Canadian diaspora in the United States not only in terms of business and spending but also the number of Canadian who call the sunny beaches, hills and deserts of this region home.

As a source of over $27 billion worth of imported goods and the recipient of $9.6 billion and $9.4 billion in Californian goods and services, respectively, it is reasonable to say that the California-Canada trade relationship is one that will not only endure, but also prosper, in the times ahead. Even with questions remaining in speculation of future political initiatives, the upward ten year trend of imports and exports on both sides indicates a lasting preservation of this dynamic trade relationship. Canada has served as a vital provider of transportation machinery, food products and energy commodities to the state and a leading source to foreign direct spending in the Southern California region, providing over 35,000 jobs in largely high-wage sectors in the region. Moreover, the Canadian trade relationship with the region sustains over 550,000 regional jobs. Likewise, the contribution of Southern California's creative content and business services to Canada constitutes a key component of Canada's economy and a prime example of what the Golden State has to offer the global economy.

With nonprofits such as MAPLE fostering breakthroughs in terms of networking, investment and engagement, collaborative efforts between Californian and Canadian businesses can only continue for the benefit of investors, owners, entrepreneurs and workers. If the data and profiles contained within this report demonstrate anything, it is one of a bilateral relationship that expands across many sectors; fulfills market demands from raw materials to finished goods and services; and encompasses not just economic interactions but exchanges in ideas and culture. As this relationship between Southern California and Canada progresses and evolves throughout the next decade, several factors will be critical to the continued success of this partnership and friendship. First, the resolution of the Section 232 tariffs and anticipated ratification of the USMCA should come with strong political and business pressure on both sides to maintain a normalized, transparent and forward-thinking regulatory environment that allows firms and talent to work seamlessly between Canada and Southern California. Second, government, business and economic development nonprofits should focus on developing new data tools to measure the depth and breadth of economic and business ties between Canada and Southern California. This effort should especially concentrate on a more robust understanding on bilateral trade linkages; manufacturing pipelines; capital flows between the Canadian and Southern Californian startup and technology ecosystems; and improved information on the trade in services between the Southern California region and Canada. Finally, the efforts of organizations like MAPLE should be enhanced and expanded through greater collaboration with local governments and economic development organizations, especially when federal-level relations experience disruptions. This could be accomplished not just by enticing Canadian business to Southern California but by more regularly celebrating the immense contribution of Canadians and their firms and investment to the vitality of the region.

Looking forward, the partnership between Southern California and Canada is rich in its depth and complexity and rife with opportunities for growth, expansion and ever-greater mutual prosperity.

7 Appendix

Study Authors

TYLER LAFERRIERE

Mr. Laferriere is an Associate Economist at the Institute for Applied Economics at LAEDC. His work portfolio at IAE includes data management and analysis; model building and forecasting; and economic consulting. His research focuses include data management, economic forecasting, economic policy studies, foreign direct investment and trade, and labor and occupational research. He joined LAEDC in December of 2017.

Before joining LAEDC, Mr. Laferriere was a graduate student at Washington State University pursing joint degrees in applied economics and statistics. His graduate education also included internships with the Federal Reserve Board and USDA Economic Research Service in Washington, D.C., focusing in the former on consumer spending patterns and the latter on technological adoption models. His applied economics master’s thesis involved a cross-sectional study on work-life policies aimed at improving gender balances in economics and applied economics. He also worked extensively in student affairs and as a copy editor and columnist for the WSU newspaper, the Daily Evergreen.

As mentioned above, Mr. Laferriere received his Master of Science degrees in Applied Economics and Statistics from Washington State University. He also holds a Bachelor of Science degree in Economics and Bachelor of Arts degree in Political Science from Gonzaga University. In addition to his role at the LAEDC, Mr. Laferriere is also the vice president of the Los Angeles Chapter of the National Association for Business Economics (NABE). By descent, Mr. Laferriere is member of the Canadian diaspora as his great grandfather and great grandmother migrated to the United States from the province of Quebec.

JOHN RAMSEY

Mr. Ramsey is an Applied Economics Intern at the Institute for Applied Economics at LAEDC. He is typically involved in data collection, organization and analysis as well as economic forecasting. Mr. Ramsey graduated from the University of Southern California (USC) with a Bachelor of Arts in Economics and a Minor in Business Finance. Since then he has gone on to pursue a Master of Arts in Economics also at USC. Mr. Ramsey partakes in many student organizations on campus including the Transfer Student Community where he presides as Treasurer. He looks to keep working in the field of economic consulting in the future, continuing to help both the public and private sectors understand the economic impact of their actions.

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