

US business executive investment appetite drops in close of 2018

AMCHAM-NANOS AMERICAN INVESTMENT IN CANADA INDEX | Summary Tracking Report

Conducted by Nanos for AMCHAM released February 2019

Project 2019-1300

Presented by PNC BANK



About the AmCham Canada-Nanos US Investment in Canada Index

The AmCham Canada-Nanos Research have partnered to monitor and measure business sentiment among U.S.-owned businesses operating in Canada. The purpose of the initiative is to gauge the business and investment climate in Canada from the perspective of executives leading American enterprises in Canada.

For more information, visit <http://www.amchamcanada.ca/> or www.nanos.co

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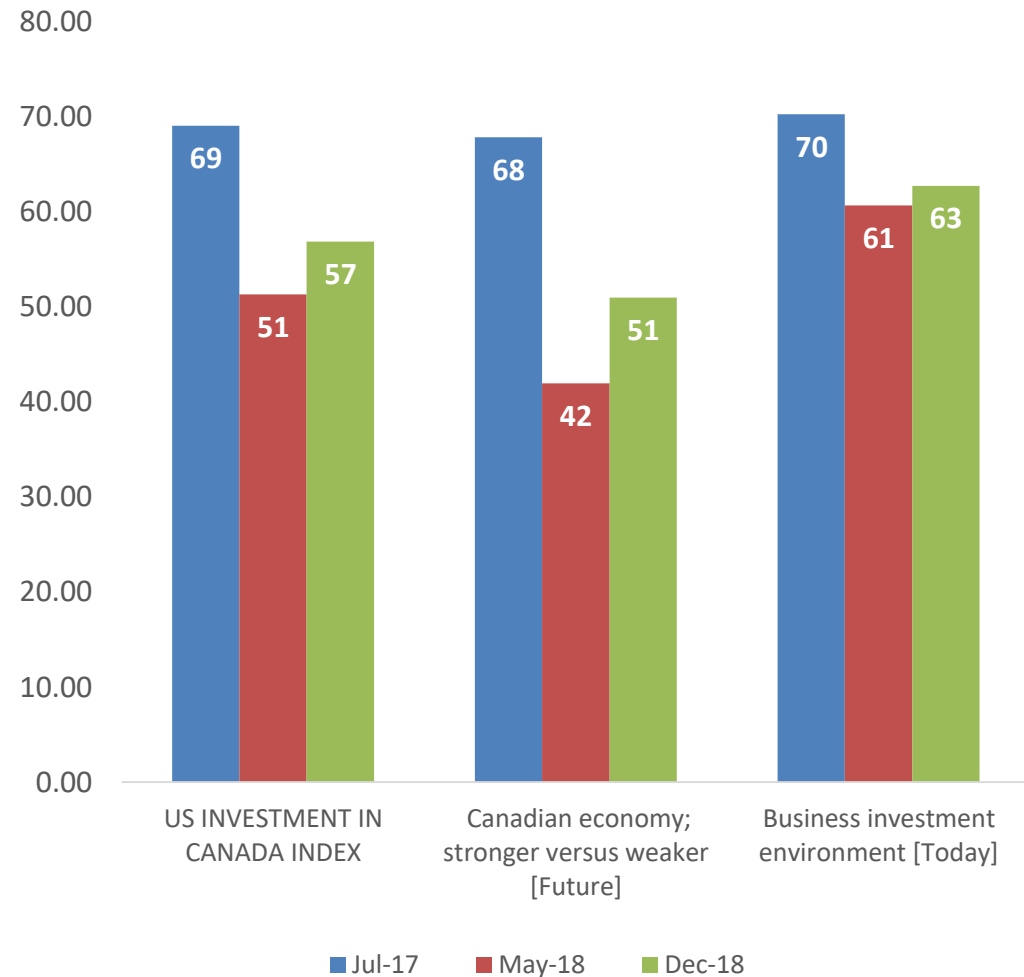
The Amcham-Nanos American Investment in Canada Index (ANAIC Index) has dropped from 69 to 57 points out of 100 since July 2017.

In a post USMCA environment, participating US businesses in Canada have a positive outlook on their own company's performance in Canada but have a noticeably less positive view on the investment climate in Canada and on the future strength of the Canadian economy.

The findings presented in this report are based on the compiled views of 51 US businesses operating in Canada. The 51 participating business have an estimated \$19.4B CAN in combined Canadian revenue.

The data presented in this research is part of a joint project by AmCham Canada and Nanos Research, presented by PNC Bank.

US Executive Index Scores



At a glance – Question Data



In the past six months sales in Canada have...

Sales in Canada	Increased	Remained the same	Decreased
December 2018	58.8%	29.4%	7.8%
May 2018	55.4%	35.7%	3.6%
July 2017	59.3%	28.8%	10.2%

Describing today's business environment as...

Environment for business to invest in Canada	Positive	Neutral	Negative
December 2018	49.0%	25.5%	23.5%
May 2018	44.6%	30.4%	23.2%
July 2017	54.2%	27.1%	13.6%

Expectations for the next six months...

Will the number of people the firm employs...	Increase	Remain the same	Decrease
December 2018	54.9%	31.4%	9.8%
May 2018	41.1%	46.4%	8.9%
July 2017	40.7%	49.2%	8.5%
Will sales in Canada...	Increase	Remain the same	Decrease
December 2018	58.8%	27.5%	11.8%
May 2018	51.8%	39.3%	7.1%
July 2017	54.2%	33.9%	10.2%
Will the Canadian economy be...	Stronger	No change	Weaker
December 2018	25.5%	43.1%	23.5%
May 2018	14.3%	48.2%	30.4%
July 2017	49.2%	23.7%	13.6%

At a glance



Direction of the Canadian economy	Right direction	Wrong direction
December 2018	54.9%	31.4%
May 2018	53.6%	35.7%
July 2017	45.8%	25.4%

Top ways Canadian governments can attract investment in Canada	Frequency
Lower tax rates/ better tax rates	33.3%
Less regulations/ even regulations	17.8%
Invest in research and development/infrastructure	11.1%

	Positive	Somewhat positive	Somewhat negative	Negative	Unsure
View of the US-Mexico-Canada Agreement	19.6%	49.0%	13.7%	3.9%	13.7%

Top priorities for AmCham Canada	Frequency
Removing the tariffs	18.6%
Having free trade/ have a free trade agreement	16.3%
Build strong relationship between Canada and the US	16.3%

Non-tracking Sentiment at a Glance



Participating US businesses most frequently say the top priority for Amcham should be removing tariffs

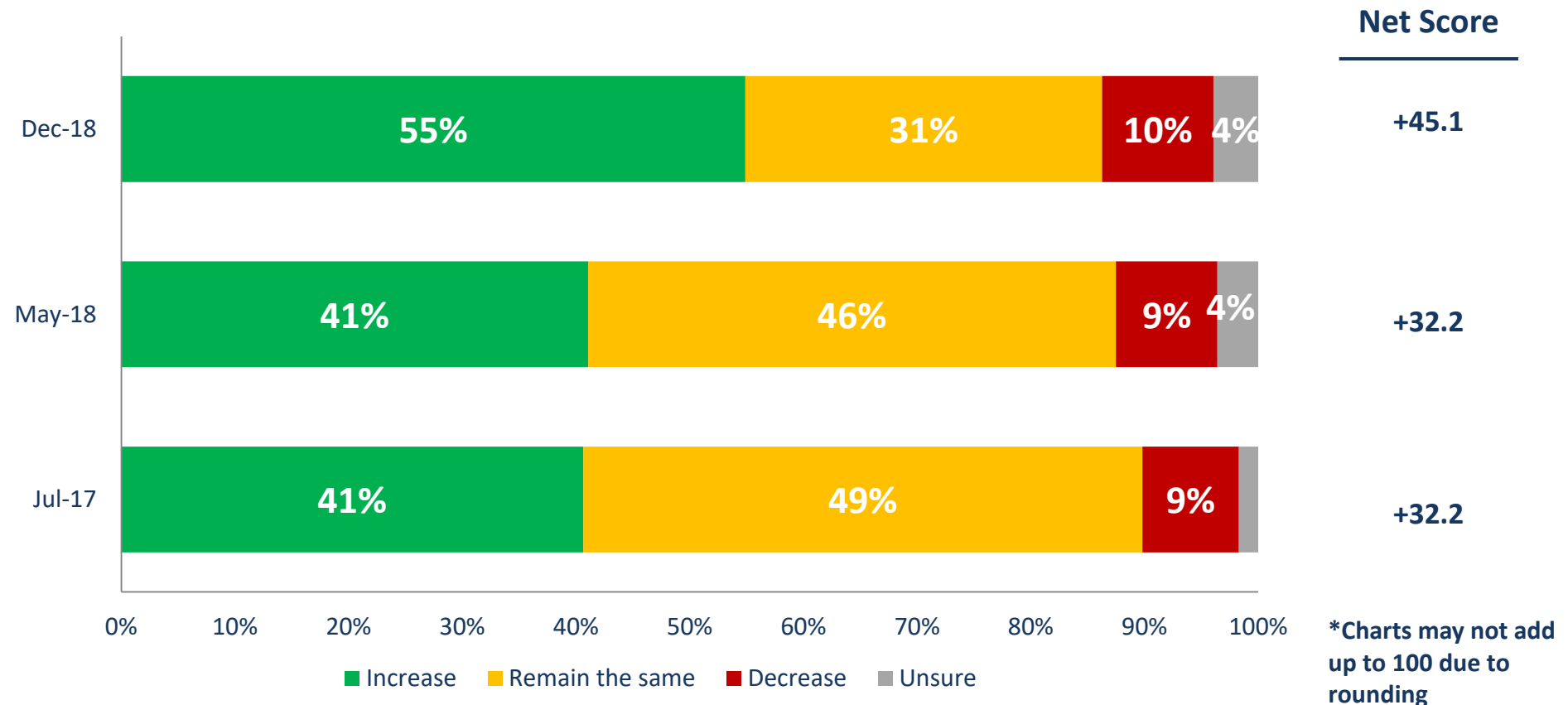
USMCA

- **A majority of participating US businesses say they have a positive or somewhat positive view of the recent US-Mexico-Canada agreement** – Nearly seven in ten participating US businesses say they have a positive (20%) or somewhat positive (49%) view of the recent US-Mexico-Canada agreement (USMCA), while close to two in ten say they have a somewhat negative (14%) or negative (four per cent) view of the USMCA. Fourteen per cent are unsure.
- **Participating US businesses most frequently say the reason for their view of the recent US-Mexico-Canada agreement is it got done/removes uncertainty** – Asked the reason for their view of the recent US-Mexico-Canada Agreement (USMCA), participating US businesses most frequently mention it got done/removes uncertainty (23%), it's not finished yet/we are still unsure of all the details and not that much was changed from NAFTA (16% each), it could have been worse/ better than nothing, it included all three countries/was equitable and it opened up some markets/modernized trade (nine per cent each).

Priorities for Amcham and the Canadian government

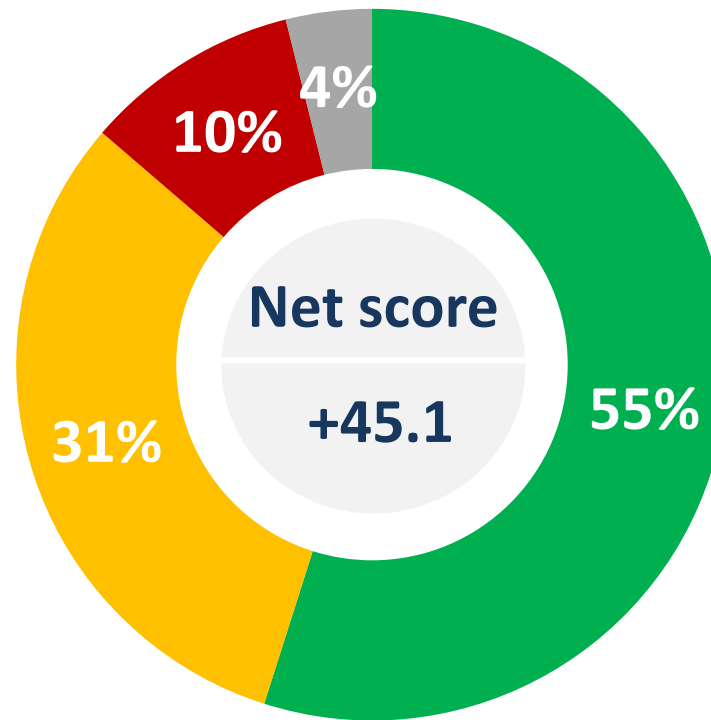
- **Participating US businesses most frequently mention lowering tax rates/better tax rates when asked what the Canadian governments can do to make Canada a more attractive investment destination** – Asked what could Canadian governments do to make Canada a more attractive investment destination, participating US businesses most frequently mention lowering taxes/better tax rates (33%), followed by less regulations/even regulations (18%), invest in research and development/infrastructure (11%), more skilled labour/workforce (nine per cent), and have incentives/ focus on attracting businesses (seven per cent).
- **Participating US businesses most frequently say the top priority for the American Chamber of Commerce in Canada to further US business interests should be removing tariffs** – Asked what should be the top priority for the American Chamber of Commerce in Canada to further US business interests, participating US businesses most frequently mentioned removing the tariffs (19%), followed by having free trade/having a free trade agreement and building a strong relationship between Canada and the US (16% each), and lowering taxes/mirroring taxes on both sides of the border (nine per cent).

Expected change in number of employees



QUESTION – Over the next six months, do you expect the number of people your firm employs will increase, remain the same, or decrease?

Expected change in number of employees

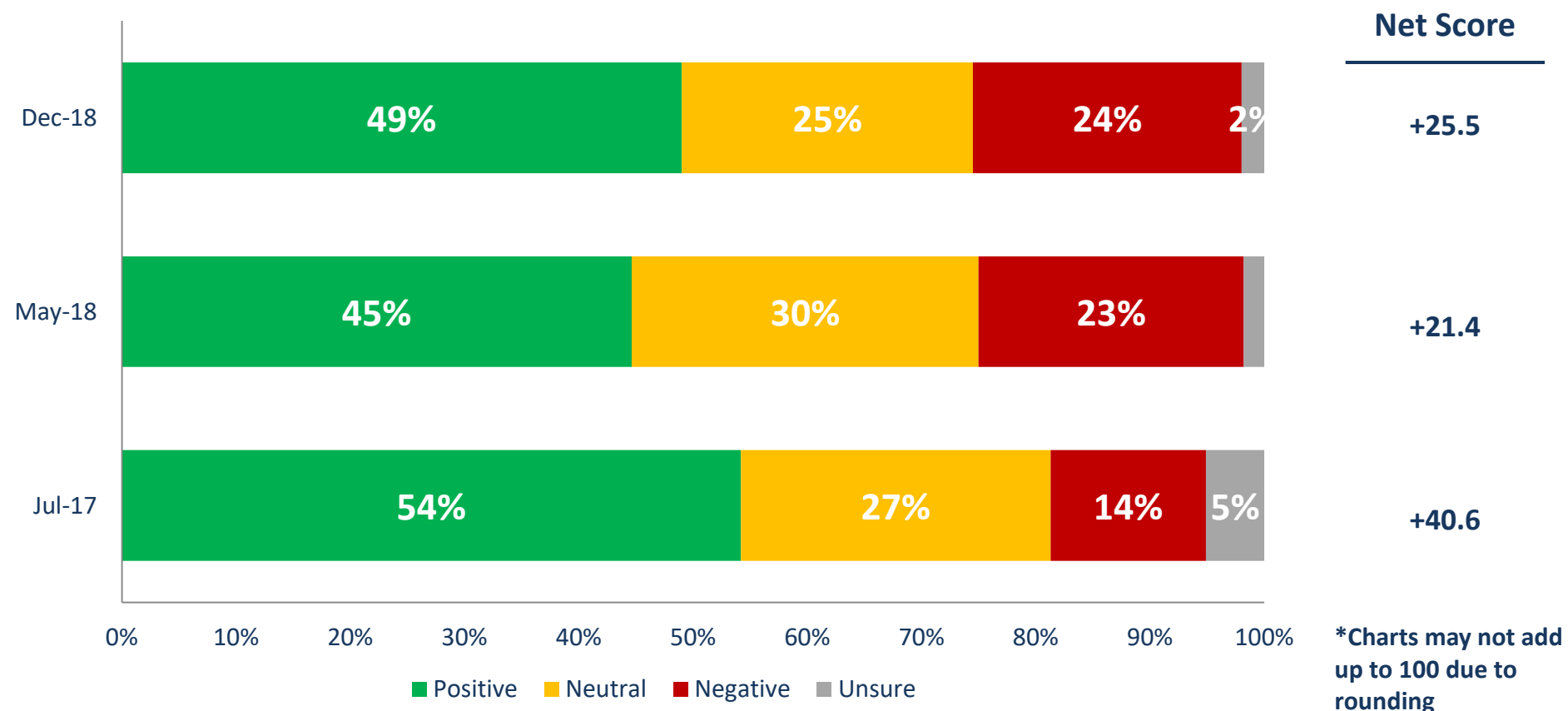


■ Increase ■ Remain the same ■ Decrease ■ Unsure

*Charts may not add up to 100 due to rounding.

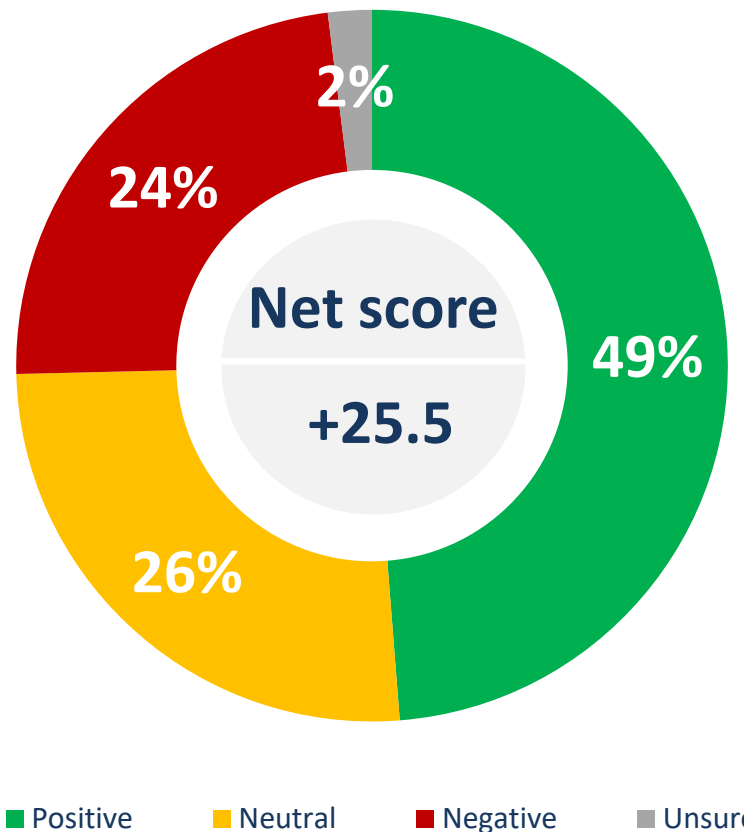
QUESTION – Over the next six months, do you expect the number of people your firm employs will increase, remain the same, or decrease?

Today's investment environment in Canada



QUESTION – Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?

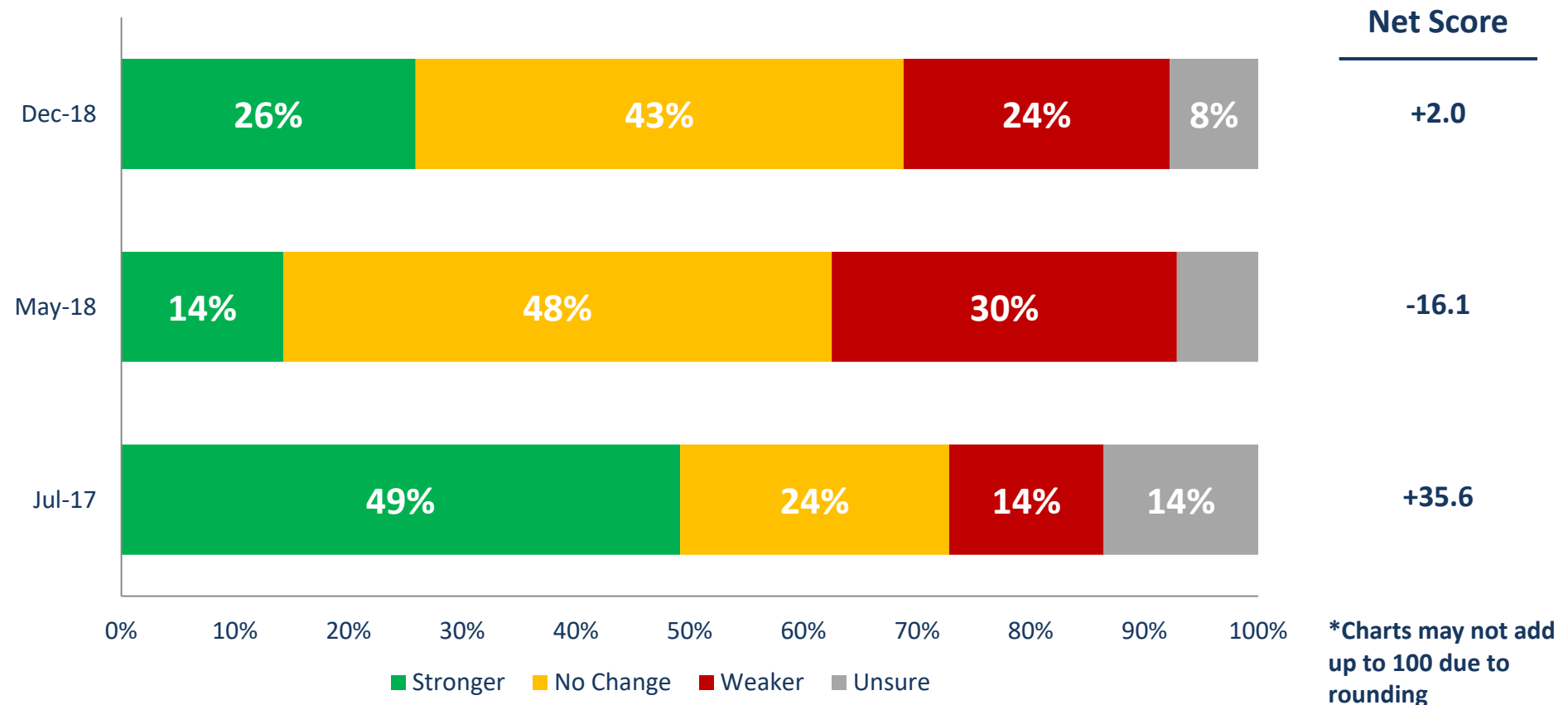
Today's investment environment in Canada



*Charts may not add up to 100 due to rounding.

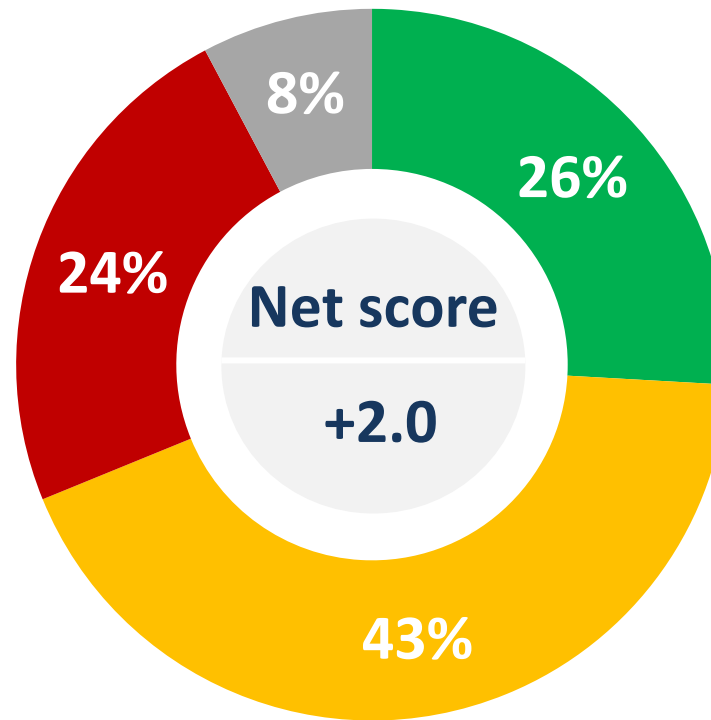
QUESTION – Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?

Expected change in Canadian economy



QUESTION – In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?

Expected change in Canadian economy

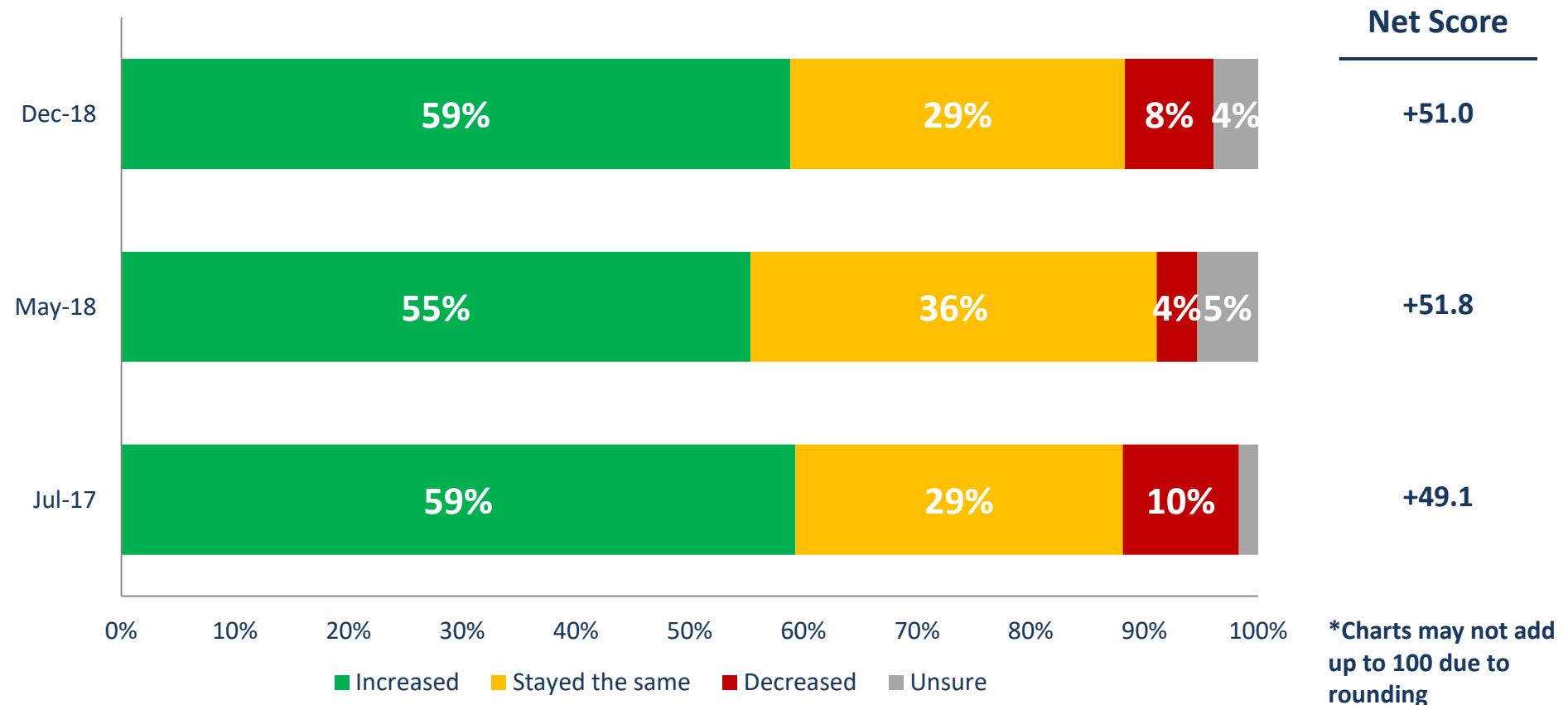


■ Stronger ■ No change ■ Weaker ■ Unsure

*Charts may not add up to 100 due to rounding.

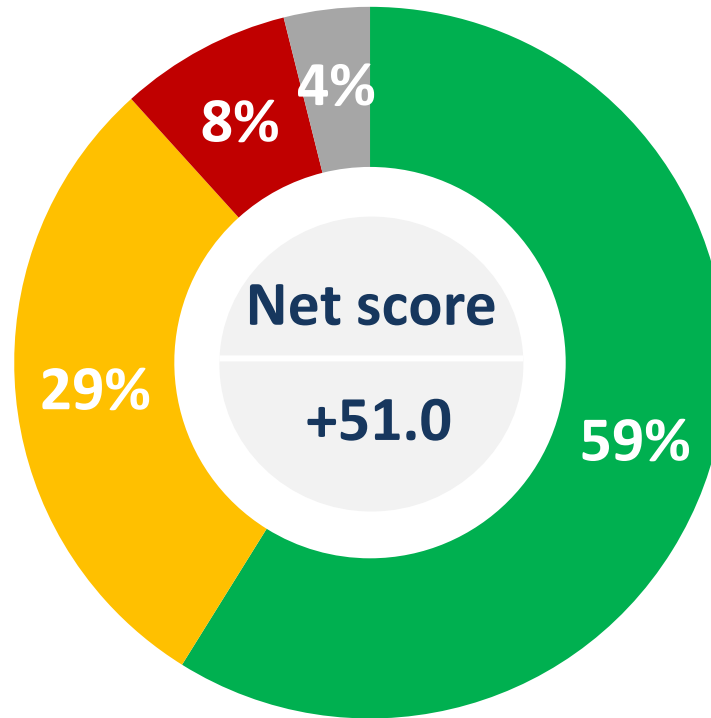
QUESTION – In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?

Change in sales in past six months



QUESTION – In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased?

Change in sales in past six months

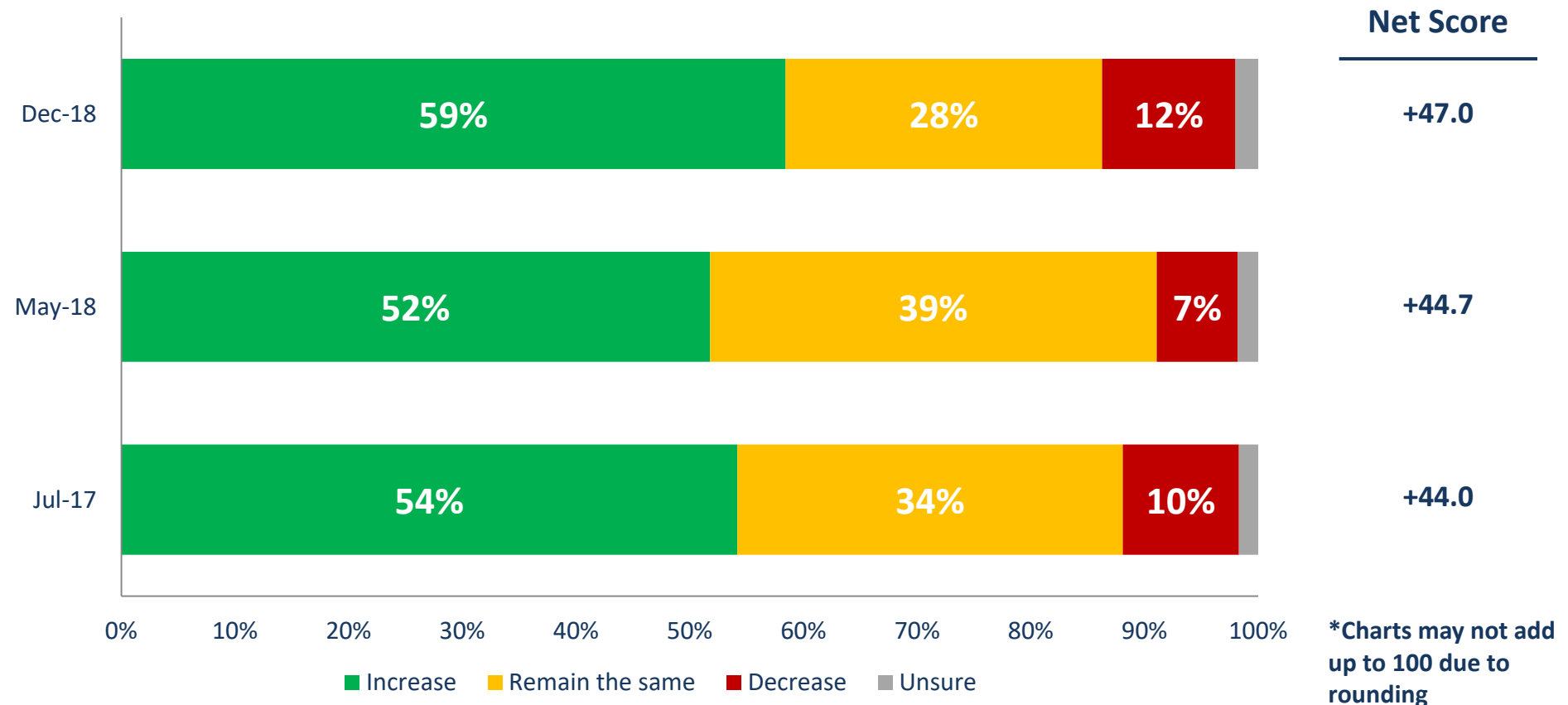


■ Increased ■ Stayed the same ■ Decreased ■ Unsure

*Charts may not add up to 100 due to rounding.

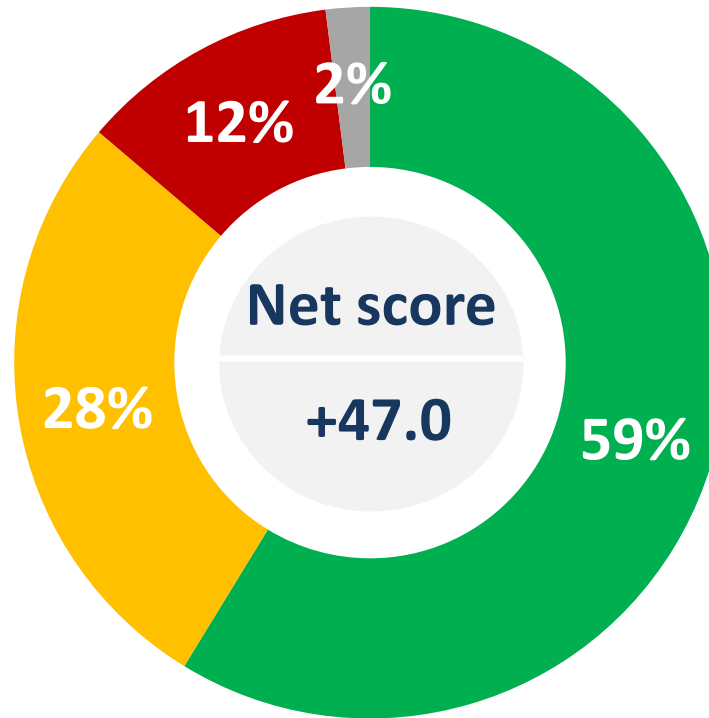
QUESTION – In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased?

Expected change in sales in next six months



QUESTION – In the next six months, do you expect sales in Canada for your organization to increase, stay the same or decrease?

Expected change in sales in next six months

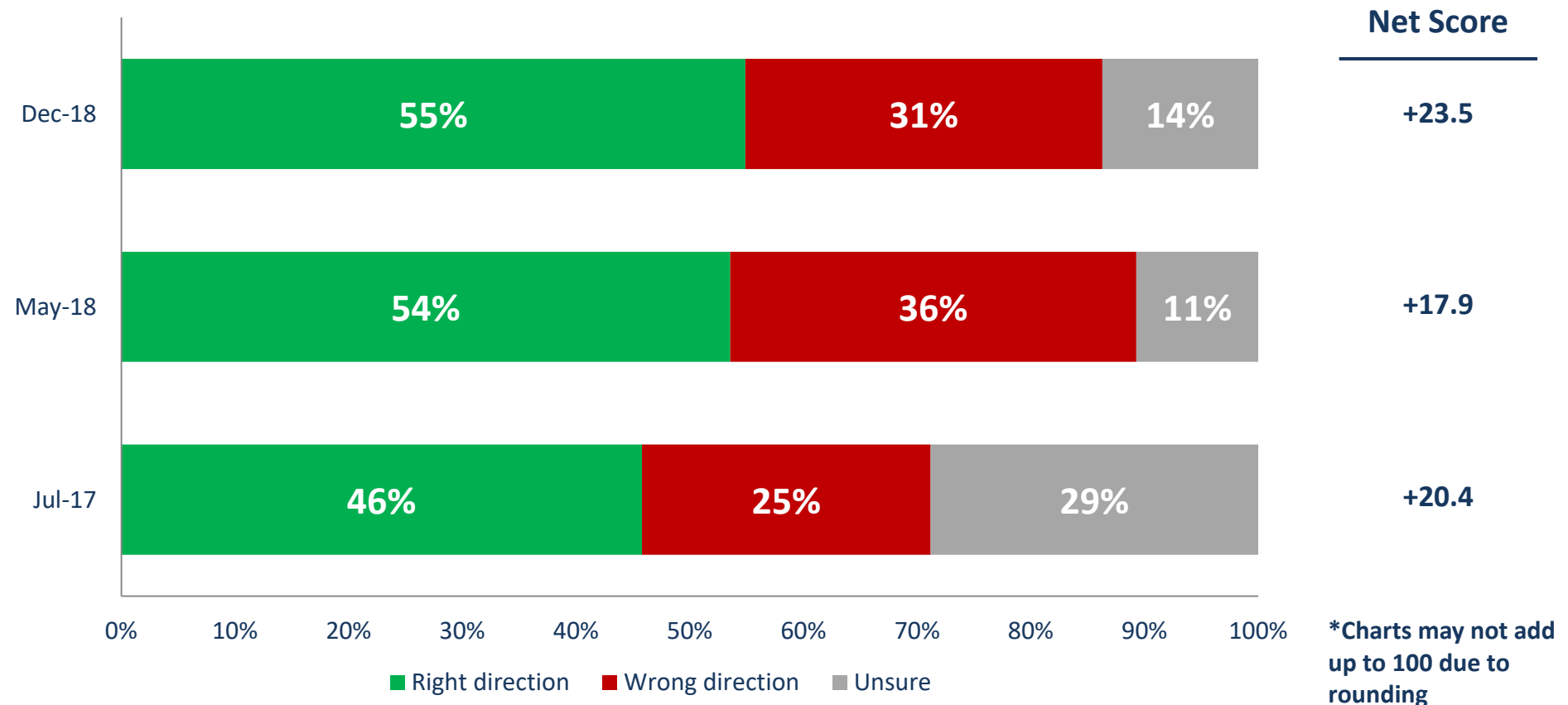


■ Increase ■ Stay the same ■ Decrease ■ Unsure

*Charts may not add up to 100 due to rounding.

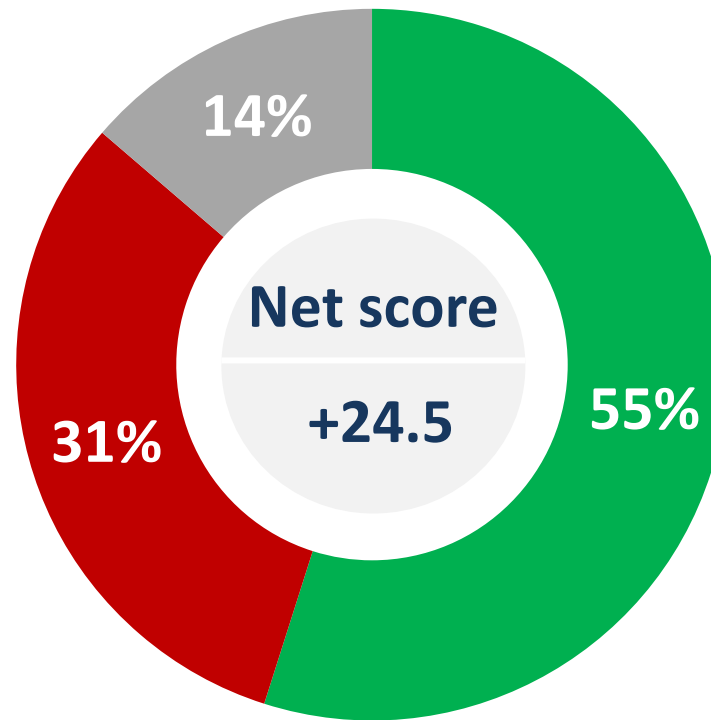
QUESTION – In the next six months, do you expect sales in Canada for your organization to increase, stay the same or decrease?

Direction of the Canadian economy



QUESTION – Thinking of the future of the Canadian economy, do you think it is moving in the right direction or the wrong direction?

Direction of the Canadian economy



■ Right direction ■ Wrong direction ■ Unsure

*Charts may not add up to 100 due to rounding.

QUESTION – Thinking of the future of the Canadian economy, do you think it is moving in the right direction or the wrong direction?

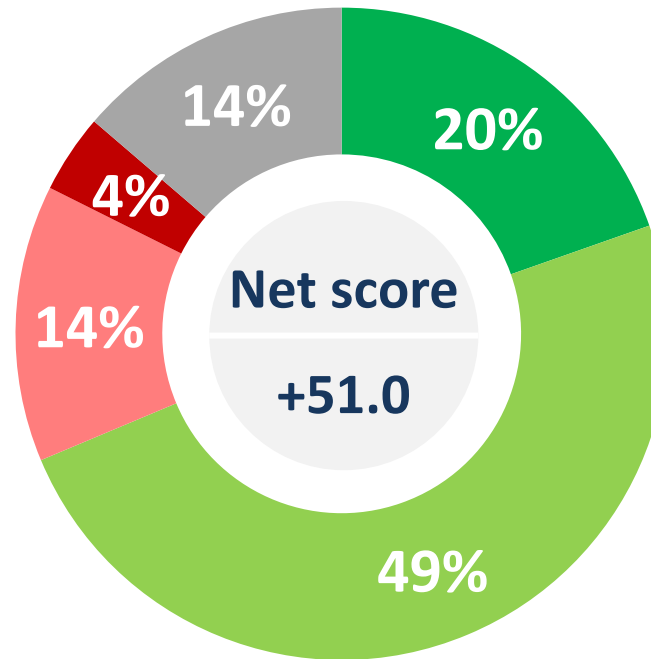
Top ways Canadian Governments can attract investment in Canada



	Frequency (n=45)
Lower tax rates/ better tax rates	33.3%
Less regulations/ even regulations	17.8%
Invest in research and development/infrastructure	11.1%
More skilled labour/workforce	8.9%
Have incentives/ focus on attracting businesses	6.7%
Diversify /be more competitive/ better trade	4.4%
Speed up processes	4.4%
Other	11.1%
Unsure	2.2%

QUESTION – What could Canadian governments do to make Canada a more attractive investment destination? [OPEN]

Opinion of the USMCA



■ Positive ■ Somewhat positive ■ Somewhat negative ■ Negative ■ Unsure

*Charts may not add up to 100 due to rounding.

QUESTION – Do you have a positive, a somewhat positive, a somewhat negative or a negative view of the recent US-Mexico-Canada Agreement (USMCA)?

Reason for opinion of the USCMA



	Frequency (n=44)
It got done/removes uncertainty	22.7%
Not finished yet/we are still unsure of all the details	15.9%
Not that much was changed from NAFTA	15.9%
It could have been worse/ better than nothing	9.1%
It included all three countries/was equitable	9.1%
It opened up some markets/ modernized trade	9.1%
Messy because of new congress/president	4.5%
Other – Single mentions	11.4%

QUESTION – Why do you have that opinion? [OPEN]

Top priorities for AmCham in Canada



	Frequency (n=43)
Removing the tariffs	18.6%
Having free trade/ have a free trade agreement	16.3%
Build strong relationship between Canada and the US.	16.3%
Lowering taxes/ mirroring taxes on both sides of border	9.3%
Representing US interests/ supporting US businesses in Canada	7.0%
Educate on the importance of doing business in Canada	4.7%
Eliminating restrictions	4.7%
Working with Canadian government to have policies that encourage growth/businesses	4.7%
Other - Single mentions	7.0%
Unsure	11.6%

QUESTION – What should be the top priority for the American Chamber of Commerce in Canada to further US business interests? [OPEN]

Methodology



Methodology

Nanos and AmCham Canada have created a co-branded Index and research project based on a new confidence survey of American businesses operating in Canada. The Index provides sector intelligence and data that supports understanding of business trends.

The findings presented in this report are based on the compiled views of 51 US businesses operating in Canada, collected in an online survey between October 31st and November 28th, 2018. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general.

The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of AAPOR and ESOMAR.

The data presented in this research is part of a joint project by AmCham and Nanos Research. The research was sponsored by PNC Bank.

Note: Charts may not add up to 100 due to rounding.

Nanos has developed the AMCHAM-Nanos American Investment in Canada Index as a compilation of sentiment of US companies and Executives in Canada.

- The six economy related questions on the survey track sentiment among executives leading major US enterprises in Canada
- Steps:
 - Recode each variable into a 5 point scale from 0 to 1 where unsure is assigned a neutral point.
 - Combine the two dimensions for US Investment in Canada Index in an additive scale and divide by two. Each component is equally weighted within the overall index
 - Investment index:
 - Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?
 - In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?

Previous Waves

Nanos Research compiled views of 56 US businesses operating in Canada, collected in an online survey between February 21st and May 25th, 2018. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general. The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of the Marketing Research and Intelligence Association and ESOMAR. No margin of error applies to this research.

Nanos Research compiled views of 59 US businesses operating in Canada, collected in an online survey between March 15th and July 19th, 2017. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general. The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of the Marketing Research and Intelligence Association of which Nanos is a member. No margin of error applies to this research.

Respondent Revenue Profile



The 51 participating US companies that shared their views have a combined total global revenue of \$2.16T CAN and a total combined Canadian revenue of \$19.4B CAN. To follow is the distribution of size of respondent company by estimated global and Canadian revenue. Calculated revenue is based on a combination of reported and publicly available data.

Estimated Global Revenue in \$CAN	N	P	Estimated Canadian Revenue in \$CAN	N	P
Greater than \$10B	23	45.1%	Greater than \$10B	-	-
\$1B to \$10B	13	25.5%	\$1B to \$10B	6	11.8%
\$100M to \$1B	4	7.8%	\$100M to \$1B	16	31.4%
\$10M to \$100M	2	3.9%	\$10M to \$100M	16	31.4%
Less than \$10M	-	-	Less than \$10M	11	21.6%
Reported	42	82.4%	Reported	49	96.1%
No data	9	17.6%	No data	2	3.9%
Total	51	100%	Total	51	100%

Technical note



Element	Description
Organization who commissioned the research	AmCham Canada/Nanos Research, sponsored by PNC Bank.
Final Sample Size	51 US businesses operating in Canada.
Margin of Error	No margin of error applies to this research.
Mode of Survey	Online panel survey and telephone survey.
Sampling Method Base	List provided by AmCham Canada.
Demographics (Captured)	US businesses operating in Canada.
Fieldwork/Validation	Online panel survey and telephone survey.
Number of Calls	Live interviews with live supervision to validate work.
Time of Calls	Maximum of five call backs.
Field Dates	October 31 st and November 28 th , 2018.
Language of Survey	The survey was conducted in English.
Standards	This report meets the standards set forth by ESOMAR and AAPOR.

Element	Description
Weighting of Data	This data was not weighted.
Screening	Not applicable.
Excluded Demographics	Non-U.S. businesses.
Stratification	This data was not stratified.
Estimated Response Rate	Not applicable as this was an open link survey.
Question Order	Question order in the preceding report reflects the order in which they appeared in the original questionnaire.
Question Content	All questions asked are contained in the report.
Question Wording	The questions in the preceding report are written exactly as they were asked to individuals.
Survey Company	Nanos Research
Contact	Contact Nanos Research for more information or with any concerns or questions. http://www.nanos.co Telephone: (613) 234-4666 ext. 237 Email: info@nanosresearch.com .

About



PNC offers a wide range of services for customers, from individuals and small businesses, to corporations and government entities, no matter how simple or complicated their needs PNC is sure to have the products, knowledge and resources necessary for financial success. PNC competes to win in the middle market, where they are one of the leading credit providers to middle market companies across the US. PNC is in the top five syndicators of middle market loan transactions for each of the last five years. Underpinning their success at building deep and lasting relationships with middle market clients is a breadth of capabilities—including extensive treasury management, capital markets and international banking services—many of which have been tailored specifically for the middle market audience.



The American Chamber of Commerce in Canada (AmCham Canada) is a private, non-profit, membership organization that promotes the two-way flow of trade, goods, services and investment between Canada and the United States. AmCham Canada, with seven chapters located throughout Canada, is committed to promoting trade opportunities, advancing economic growth, and facilitating the mobility of people, goods and services across the longest undefended border in the world. AmCham Canada continually strives to promote and foster a positive climate for commerce, trade and investment between the United States and Canada, as well as positive working environment among the business people and professional who facilitate and strengthen economic ties between the two countries.



Nanos is one of North America's most trusted research and strategy organizations. Our team of professionals is regularly called upon by senior executives to deliver superior intelligence and market advantage whether it be helping to chart a path forward, managing a reputation or brand risk or understanding the trends that drive success. Services range from traditional telephone surveys, through to elite in-depth interviews, online research and focus groups. Nanos clients range from Fortune 500 companies through to leading advocacy groups interested in understanding and shaping the public landscape. Whether it is understanding your brand or reputation, customer needs and satisfaction, engaging employees or testing new ads or products, Nanos provides insight you can trust.

Tabulations





2018-1300 – Amcham Wave 3 – Business Confidence Survey STAT SHEET

Over the next six months, do you expect the number of people your firm employs will increase, remain the same, or decrease?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increase	28	54.9	54.9	54.9
	Remain the same	16	31.4	31.4	86.3
	Decrease	5	9.8	9.8	96.1
	Unsure	2	3.9	3.9	100.0
	Total	51	100.0	100.0	

Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Positive	25	49.0	49.0	49.0
	Neutral	13	25.5	25.5	74.5
	Negative	12	23.5	23.5	98.0
	Unsure	1	2.0	2.0	100.0
	Total	51	100.0	100.0	

In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronger	13	25.5	25.5	25.5
	Weaker	12	23.5	23.5	49.0
	There be no change	22	43.1	43.1	92.2
	Unsure	4	7.8	7.8	100.0
	Total	51	100.0	100.0	

Nanos conducted an online panel survey of 51 major US businesses in Canada between October 31st and November 28th, 2018, 2018. No margin of error applies to this research. *Columns have been shaded when there are less than 30 respondents

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In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased	30	58.8	58.8	58.8
	Stayed the same	15	29.4	29.4	88.2
	Decreased	4	7.8	7.8	96.1
	Unsure	2	3.9	3.9	100.0
	Total	51	100.0	100.0	

In the next six months, do you expect sales in Canada for your organization to increase, stay the same or decrease?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increase	30	58.8	58.8	58.8
	Stay the same	14	27.5	27.5	86.3
	Decrease	6	11.8	11.8	98.0
	Unsure	1	2.0	2.0	100.0
	Total	51	100.0	100.0	

Thinking of the future of the Canadian economy, do you think it is moving in the right direction or the wrong direction?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Right direction	28	54.9	54.9	54.9
	Wrong direction	16	31.4	31.4	86.3
	Unsure	7	13.7	13.7	100.0
	Total	51	100.0	100.0	

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What could Canadian governments do to make Canada a more attractive investment destination?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lower tax rates/ better tax rates	15	29.4	33.3	33.3
	Speed up processes	2	3.9	4.4	37.8
	More skilled labour/workforce	4	7.8	8.9	46.7
	Have incentives/ focus on attracting businesses	3	5.9	6.7	53.3
	Invest in research and development/infrastructure	5	9.8	11.1	64.4
	Less regulations/ even regulations	8	15.7	17.8	82.2
	Diversify /be more competitive/ better trade	2	3.9	4.4	86.7
	Other	5	9.8	11.1	97.8
	Unsure	1	2.0	2.2	100.0
	Total	45	88.2	100.0	
Missing	No answer	6	11.8		
Total		51	100.0		

Do you have a positive, a somewhat positive, a somewhat negative or a negative view of the recent US-Mexico-Canada Agreement (USMCA)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Positive	10	19.6	19.6	19.6
	Somewhat positive	25	49.0	49.0	68.6
	Somewhat negative	7	13.7	13.7	82.4
	Negative	2	3.9	3.9	86.3
	Unsure	7	13.7	13.7	100.0
	Total	51	100.0	100.0	

Nanos conducted an online panel survey of 51 major US businesses in Canada between October 31st and November 28th, 2018, 2018. No margin of error applies to this research. *Columns have been shaded when there are less than 30 respondents

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Why do you have that opinion? * Do you have a positive, a somewhat positive, a somewhat negative or a negative view of the recent US-Mexico-Canada Agreement (USMCA)?
Crosstabulation

		Do you have a positive, a somewhat positive, a somewhat negative or a negative view of the recent US-Mexico-Canada Agreement (USMCA)?					Total
		Positive	Somewhat positive	Somewhat negative	Negative	Unsure	
Not finished yet/we are still unsure of all the details	Count						7
							15.9%
It could have been worse/ better than nothing	Count						4
							9.1%
Not that much was changed from NAFTA	Count						7
							15.9%
Messy because of new congress/president	Count						2
							4.5%
It got done/removes uncertainty	Count						10
							22.7%
It included all three countries/was equitable	Count						4
							9.1%
Added tariffs/ added limitations	Count						1
							2.3%
It opened up some markets/ modernized trade	Count						4
							9.1%
Other	Count						5
							11.4%
Total	Count						44
							100.0%

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2018-1300 – Amcham Wave 3 – Business Confidence Survey STAT SHEET

What should be the top priority for the American Chamber of Commerce in Canada to further US business interests?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Representing US interests/ supporting US businesses in Canada	3	5.9	7.0	7.0
	Removing the tariffs	8	15.7	18.6	25.6
	Lowering taxes/ mirroring taxes on both sides of border	4	7.8	9.3	34.9
	Having free trade/ have a free trade agreement	7	13.7	16.3	51.2
	Build strong relationship between Canada and the US.	7	13.7	16.3	67.4
	Educate on the importance of doing business in Canada	2	3.9	4.7	72.1
	Eliminating restrictions	2	3.9	4.7	76.7
	Working with Canadian government to have policies that encourage growth/businesses	2	3.9	4.7	81.4
	Other	3	5.9	7.0	88.4
	Unsure	5	9.8	11.6	100.0
	Total	43	84.3	100.0	
Missing	No answer	8	15.7		
Total		51	100.0		

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