FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO

(FEDDEV ONTARIO)

Overview Deck

March 2026

Federal Economic Development
Agency for Southern Ontario

Agence fédérale de développement
économique pour le Sud de l'Ontario

FedDev Ontario at a glance

Fueling economic development in southern Ontario

- One of seven Regional Development Agencies (RDAs) across Canada
- A strong federal presence that understands the region’s challenges and opportunities
- Capacity to respond rapidly when unexpected economic conditions occur
- Four offices: Waterloo (HQ), Toronto, Peterborough and Ottawa

FedDev Ontario’s Evolution

2009

FedDev Ontario was created following the economic downturn, with a temporary five-year mandate

The Agency’s investment focus was on providing stimulus during an economic crisis

2019

FedDev Ontario was made a permanent Agency and named a flagship platform for delivering the Innovation and Skills Plan, alongside its RDA counterparts

Agency investments focused on innovation and scaling high-potential firms, as well as supporting economic development in rural and small communities.

2021

FedDev Ontario supported the government’s response to the pandemic with rapid delivery of new funding programs

First dedicated Minister for FedDev Ontario

2026 and Beyond

FedDev Ontario is focusing on its core mandate to build a stronger, more competitive, and diversified economy

Organizational Structure

The Honourable Evan Solomon

Minister of Artificial Intelligence and Digital Innovation and
Minister responsible for the Federal Economic Development Agency for Southern Ontario

Kaili Levesque, President

As the Deputy Head of the Agency, the President sets the overall strategic direction to deliver on the Minister's mandate and is supported by the following leadership team:

Programs	Policy, Partnerships and Communications	Corporate Services	Human Resources
Linda Cousineau	**Steve Masson**	**Carole Bourget**	**Paulette Prentice**
Vice President Business, Innovation and Community Development	**Vice President Policy, Partnerships and Communications**	**Chief Financial Officer**	**Director General Human Resources**
Responsible for managing the Agency's program delivery	Responsible for policy development, evaluation, stakeholder partnerships, and communications	Manages the Agency's Budget and is responsible for corporate functions such as technology assets, security, and information management	Responsible for the delivery of HR policies, programs and services, including talent attraction, classification and organizational design, equity and diversity, and labour relations

The Southern Ontario Economy

Southern Ontario

A region shaped by 289 diverse and dynamic communities

TORONTO AND SURROUNDING COMMUNITIES

Leading region for innovation, technology development, and knowledge-intensive sectors.

KITCHENER-WATERLOO AND OTTAWA REGIONS

Leading tech and research hubs specializing in digital tech, cybersecurity, defence, and advanced computing.

SOUTHWESTERN ONTARIO

Diverse growth opportunities, including clean tech (Sarnia), automotive and battery-supply-chain innovation (Windsor / St. Thomas), and health sciences (London).

EASTERN ONTARIO

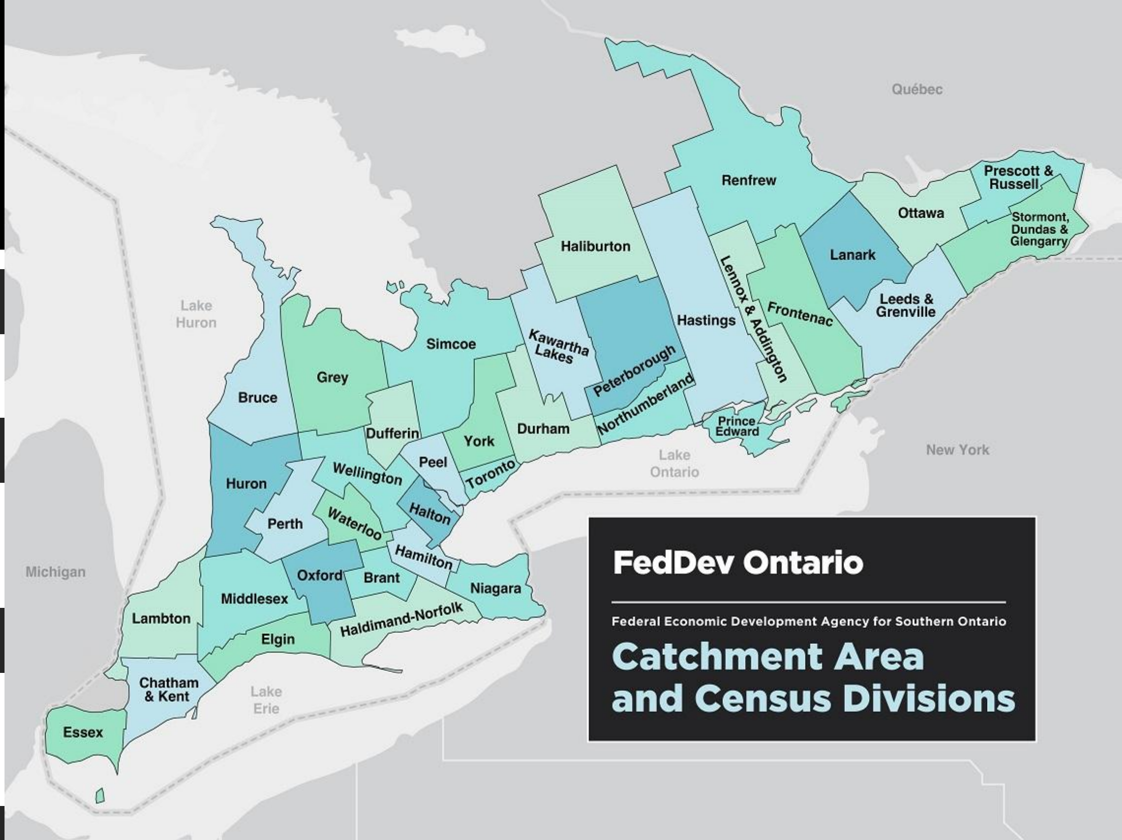
Unique local assets and opportunities in manufacturing, food processing (Belleville),clean technology, and water-technology innovation (Peterborough)

SMALL AND RURAL COMMUNITIES

Key contributors to agriculture, tourism, and resource –based industries, yet often face economic and demographic pressures, including dependence on a single or few industries

INDIGENOUS COMMUNITIES

First Nations, Inuit, and Métis people make up a population of approximately 253,000 in southern Ontario. There are 33 reserves in southern Ontario, including Canada's two largest First Nations reserves (Six Nations of the Grand River and Mohawks of Akwesasne)



FedDev Ontario

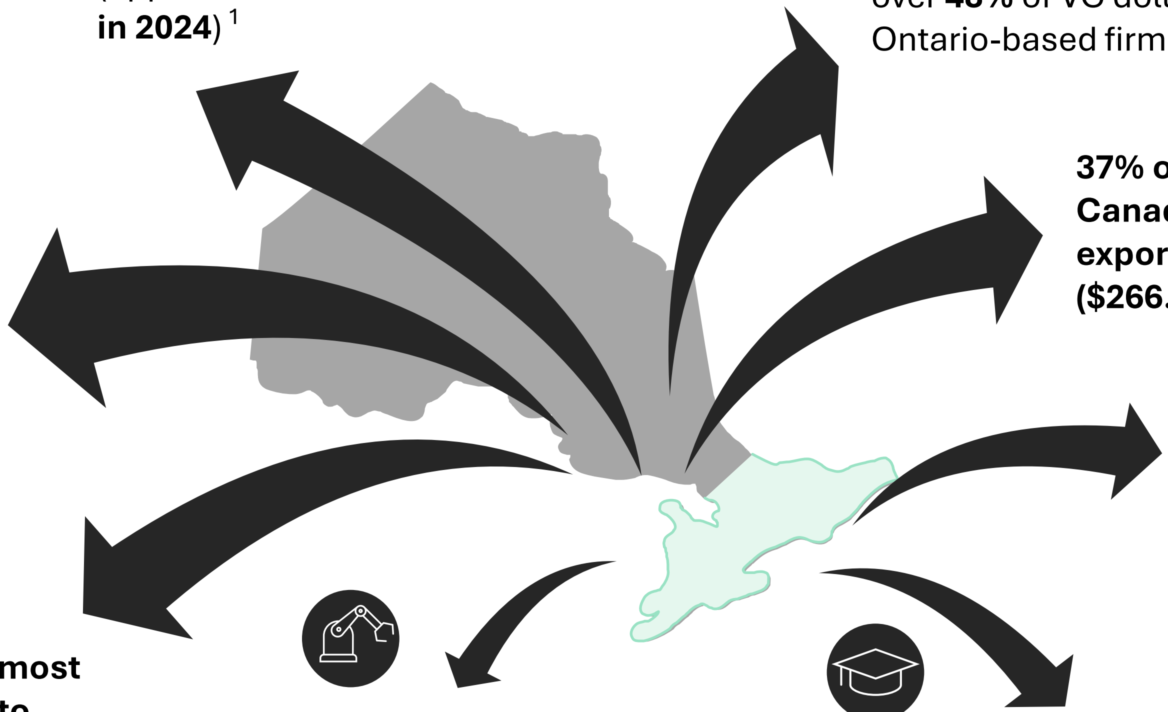
Federal Economic Development Agency for Southern Ontario

Catchment Area and Census Divisions

Southern Ontario is home to the Greater Toronto and Hamilton Area, which accounts for approximately 20% of Canada's population (2024).

Around 3.6 million live in small and rural communities (~25% of the population)

A key contributor to the Canadian economy



39% of Canada's Real GDP (approx**. $960B in 2024**) [1]

Centre of Canada's Venture Capital (VC) landscape with over **48%** of VC dollars going to Ontario-based firms in 2025[1]

442K+ firms (BR 2025), and home to **27 of the 50 top growing companies in the country (2025)**

37% of Canada's goods exports in 2025 **($266.6B)** [1]

Home to tech leaders such as **Cohere** and **Shopify**

Attracts the most newcomers to Canada (44% to Ontario, and approx. 27% to the GTA alone in 2025)

Nearly 44% of Canada's manufacturing output and **47%** of its exports[1]

35 Post-secondary Institutions in southern Ontario and some **70,000 annual science, technology, engineering and mathematics (STEM) graduates**

Population and labour market overview	
Southern ON Population (2025)	15.4M
Share of Canada's Population	36.9%
Southern ON Employment (Jan. 2026)	**7.8M**
Share of Canada's Employment	37.5%
Southern ON Unemployment rate (Jan. 2026)	**6.5 %**
Canada unemployment rate	6.7%

Ontario's top 5 sectors by GDP share

Real Estate (13.4%)

Finance and Insurance (9.9%)

Manufacturing (9.5%)

Professional, Scientific and Technical Services (8.5%)

Public Administration (7.5%)

Note: Numbers are for southern Ontario where possible. Otherwise, numbers for whole of Ontario were used.

The Regional Economy

Southern Ontario's Regional Economy is driven by:

A CORE MANUFACTURING BASE SUPPORTED BY HIGHLY INTEGRATED SUPPLY CHAINS

Strengths in automotive, aerospace, advanced materials, and clean technology that together represent a major share of Ontario’s economic output

A GLOBALLY RENOWNED INNOVATION AND TECH ECOSYSTEM

Well-positioned to capitalize on rapid growth in artificial intelligence and other transformative digital technologies

SIGNIFICANT AGRI-FOOD PRODUCTION AND PROCESSING CAPABILITIES

A major contributor to provincial exports, supported by farming, processing, and distribution networks

GROWING DEFENCE AND ENERGY INDUSTRIES

Generating high-value jobs, strengthening supply chains, diversifying trade, and enhancing competitiveness in global markets

A LEADING LIFE SCIENCES SECTOR

Anchored by biotechnology, medical research, Medtech, and pharmaceuticals, supported by major universities and hospitals

A LARGE SERVICES SECTOR

Driven by education, health care, and public administration; providing employment stability and broad regional economic activity

CANADA'S LARGEST CONCENTRATION OF FINANCIAL AND REAL ESTATE INDUSTRIES

A hub for banking, insurance, and fintech activity; alongside an expansive real estate sector driving construction, infrastructure, and capital flows

Impact of U.S. Tariffs

Southern Ontario is the most heavily impacted region in Canada

- Approximately 1 in 9 Ontario jobs (933,000 workers) depend on U.S. export demand
- The U.S. is Ontario's largest trading partner, accounting for ~72% of the province's goods exports in 2025 (~77% in 2024)
- Ontario's manufacturing sector is particularly reliant on US trade, with 46% of its sales exported to the U.S.
- Several of Canada's most tariff-exposed communities are located in southern Ontario.

While U.S. tariffs have affected many sectors critical to southern Ontario's economy, the two hardest-hit industries are:

AUTOMOTIVE MANUFACTURING

25% tariff on non-U.S. content in vehicles

Ontario's auto manufacturing sector (more than 95,000 workers) is the **province's largest export industry** and is **deeply integrated with U.S. supply chains**

- Autos and parts exports to the U.S. totalled **$60B** in 2025, representing **96%** of Ontario's auto exports.
- The region has seen **permanent plant closures** and **reduced production levels**.
- **Smaller suppliers are most exposed**: over **95% have fewer than 500 employees** but account for **61% of the automotive workforce**.

STEEL AND ALUMINIUM

50% tariff on aluminum and steel imports

Southern Ontario hosts two of Canada's three largest steel producers.

This industry is **concentrated in high value products** and **supplies several industries**, such as automotive and machinery.

Ontario's steel and aluminum exports to the U.S. reached **$6.5 billion in 2025** – **94%** of the provincial total

2026 Economic Outlook

Short-term softness, long-term resilience

GROWTH

Real GDP growth is expected to strengthen, rising from 1.2% to 2.3% by 2027 (y/y)*. Services sector is likely to support positive real GDP growth in 2026.

LABOUR MARKET

Economic uncertainty continues to weigh on Ontario's labour market, with only a slight easing in unemployment expected (from 7.6% in 2026 to 7.4% in 2027*).

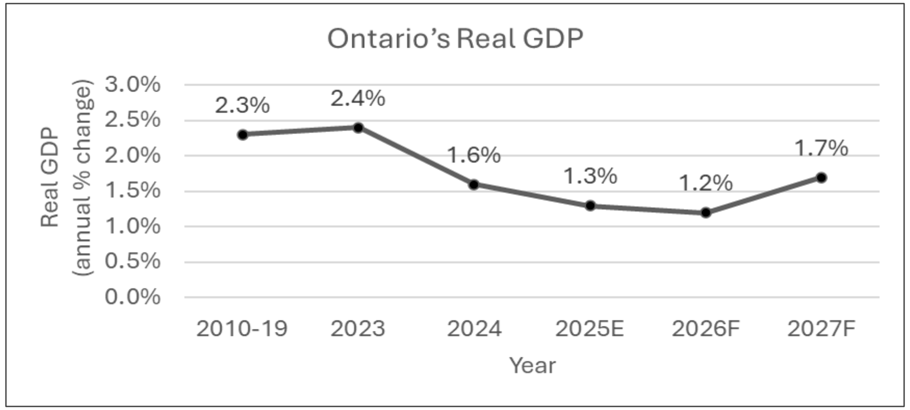
POPULATION

Immediate changes to the immigration programs are expected to slow population growth more sharply in Ontario and BC than in other provinces through 2028, due to their larger share of non-permanent residents.**

INFLATION

CPI continues to moderate, moving closer to target.

Ontario’s economy is **transitioning toward a steadier, more sustainable growth path**, with cooling through 2026 giving way to **a modest 2027 rebound** as conditions stabilize.



Source: Scotiabank's Provincial Outlook, January 19, 2026

---

* BMO Economics, Provincial Economic Outlook for Jan. 30, 2026

** BMO Economics, Population Projections Highlight New Demographic Era

FedDev Ontario In Focus

FedDev Ontario's Key Roles in the Region

INVEST

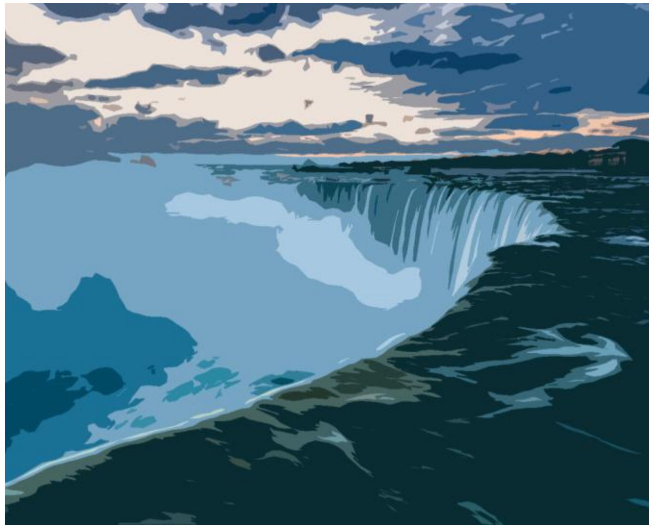
Driving targeted investments in businesses, communities and organizations to fuel growth and build a strong regional economy

CONNECT

Deploying local expertise to ignite powerful partnerships and spark cross-sector opportunities in southern Ontario

INFORM

Delivering timely, actionable intelligence to guide decisions, drive impact, and position the region to lead



Investing in Southern Ontario

RAISON D’ÊTRE

FedDev Ontario works with communities, businesses, not-for-profit organizations, and other orders of government in southern Ontario to strengthen the region's capacity for innovation, economic development, and growth.

The Agency transforms regional opportunities into national economic advantages through programs delivered under two key pillars:

Investing to **BUILD** and **COMPETE**

- Scaling high potential firms and growing strategic sectors
- Commercializing innovation and strengthening regional ecosystems

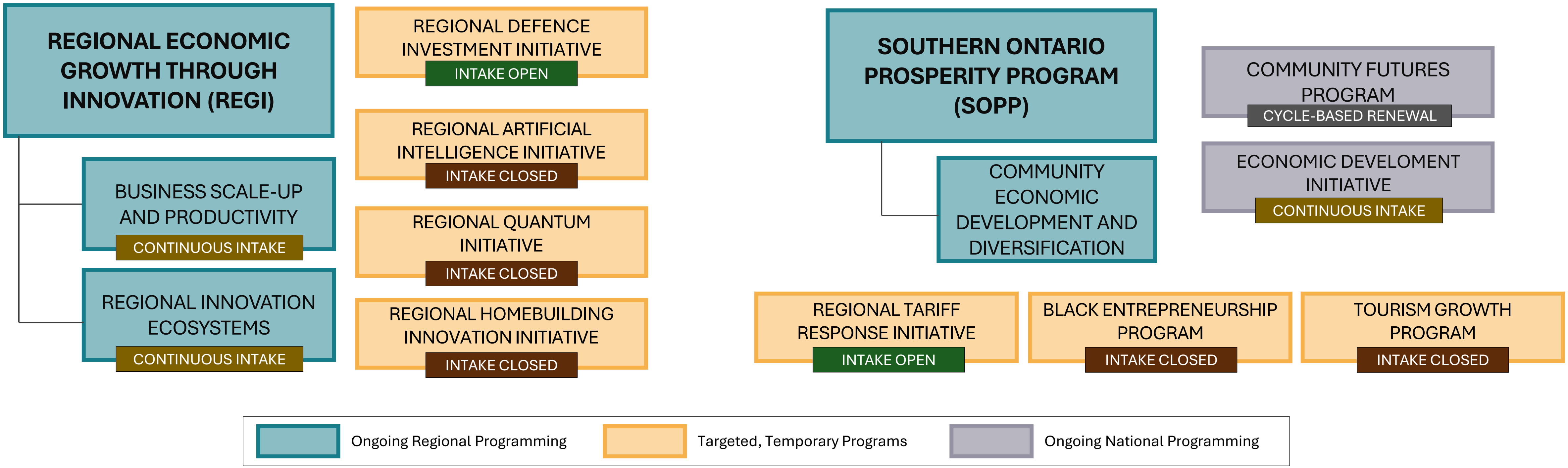
Investing to **STRENGTHEN** and **SUPPORT**

- Strengthening resiliency and anchoring firms in their communities
- Building an economy that works for everyone

FedDev Ontario Funding Programs

Through its flexible, regionally-tailored programs, FedDev Ontario makes targeted investments in SMEs, communities, business support organizations, and regional ecosystems, supporting both for-profit businesses and not-for-profit organizations:

Investing to **BUILD** and **COMPETE**



REGIONAL ECONOMIC GROWTH THROUGH INNOVATION (REGI)

- BUSINESS SCALE-UP AND PRODUCTIVITY — CONTINUOUS INTAKE
- REGIONAL INNOVATION ECOSYSTEMS — CONTINUOUS INTAKE

REGIONAL DEFENCE INVESTMENT INITIATIVE — INTAKE OPEN

REGIONAL ARTIFICIAL INTELLIGENCE INITIATIVE — INTAKE CLOSED

REGIONAL QUANTUM INITIATIVE — INTAKE CLOSED

REGIONAL HOMEBUILDING INNOVATION INITIATIVE — INTAKE CLOSED

Investing to **STRENGTHEN** and **SUPPORT**

SOUTHERN ONTARIO PROSPERITY PROGRAM (SOPP)

- COMMUNITY ECONOMIC DEVELOPMENT AND DIVERSIFICATION

COMMUNITY FUTURES PROGRAM — CYCLE-BASED RENEWAL

ECONOMIC DEVELOMENT INITIATIVE — CONTINUOUS INTAKE

REGIONAL TARIFF RESPONSE INITIATIVE — INTAKE OPEN

BLACK ENTREPRENEURSHIP PROGRAM — INTAKE CLOSED

TOURISM GROWTH PROGRAM — INTAKE CLOSED

🟦 Ongoing Regional Programming
🟧 Targeted, Temporary Programs
⬜ Ongoing National Programming

Pillar 1 Programming

Investing to BUILD and COMPETE

The Agency is investing in **high-potential opportunities to drive innovation, productivity, and growth in southern Ontario**

ONGOING REGIONAL PROGRAMS

BUSINESS SCALE UP AND PRODUCTIVITY

Supports high-growth businesses that are scaling up and producing innovative goods, services or technologies

REGIONAL INNOVATION ECOSYSTEMS

Invests in projects from not-for-profit entities to create, grow, and nurture inclusive regional ecosystems that support business needs and foster an entrepreneurial environment

TARGETED, TEMPORARY PROGRAMS

REGIONAL DEFENCE INVESTMENT INITIATIVE

Supports businesses' integration into domestic and global defence supply chains, strengthening innovation and industrial capacity to advance Canada's defence needs and regional economic growth.

Program ends March 31, 2028*

REGIONAL ARTIFICIAL INTELLIGENCE INITIATIVE

Helps bring new AI technologies to market and helps accelerate AI adoption in critical sectors

Program ends March 31, 2029

REGIONAL QUANTUM INITIATIVE

Helps companies advance and commercialize their quantum products and solutions for domestic and global markets

Program ends March 31, 2028

REGIONAL HOMEBUILDING INNOVATION INITIATIVE

Supports new approaches to home building including modular design and upscaling, the use of 3D printing, and panelized construction

Program ends March 31, 2026

** For FedDev Ontario, the Regional Defence Investment Initiative includes an additional year of program authorities beyond the currently stated end date*

Pillar 2 Programming

Investing to STRENGTHEN and SUPPORT

The Agency is **driving resiliency and prosperity** in the southern Ontario economy by **anchoring firms in the region, supporting businesses and communities vulnerable to economic challenges** (e.g., tariffs, supply chain breakdowns, global market shifts) **and building a more resilient, inclusive regional economy**

ONGOING REGIONAL PROGRAM

COMMUNITY ECONOMIC DEVELOPMENT AND DIVERSIFICATION

Supports not-for-profit organizations and businesses that help small and rural communities diversify and grow their economies

NATIONAL PROGRAMS

COMMUNITY FUTURES PROGRAM

Supports the operations of southern Ontario's 36 Community Futures Development Corporations (CFDCs), who provide business advice and administer community-based loans to support the growth of rural businesses

ECONOMIC DEVELOPMENT INITIATIVE

Supports Francophone and bilingual not-for-profit organizations that provide business and economic development programs or services in French

TARGETED, TEMPORARY PROGRAMS

REGIONAL TARIFF RESPONSE INITIATIVE

Aims to help businesses affected by tariffs and trade disruptions improve productivity, diversify markets, and strengthen supply chains

Program ends March 31, 2028

BLACK ENTREPRENEURSHIP PROGRAM ECOSYSTEM FUND

Aims to strengthen the entrepreneurship ecosystem for Black entrepreneurs and business owners across Canada

Program ends March 31, 2030

TOURISM GROWTH PROGRAM

Aims to support communities, SMEs, and not-for-profit organizations in developing local tourism products and experiences

Program ends March 31, 2026

Building Regional Partnerships to Accelerate Growth

FedDev Ontario **gathers on-the-ground intelligence** and **stays current on emerging trends, challenges, and opportunities** in southern Ontario, enabling **informed decision-making** that supports regional growth and development.

In doing so, FedDev Ontario **collaborates closely** across the **federal family**, with the **province** and with many **non-governmental organizations**, including:

With Innovation, Science and Economic Development Canada (ISED) and other **federal departments** on project cross-referrals, and on key government economic priorities

With other **RDAs** on the development and delivery of national programs and on policy research in areas of shared interest (e.g., rural innovation)

With the **province of Ontario** through information sharing, co-investment and referrals, and working together in areas of common priority

FedDev Ontario also provides other ongoing services to firms and other stakeholders

SMALL BUSINESS SERVICES

Informs businesses about federal and provincial programs and services to help them start, grow, and adapt

DEFENCE CONCIERGE SERVICE

Helps southern Ontario organizations connect with opportunities across Canada's defence supply chain

Supporting the Government's Priorities in the Region

FedDev Ontario is well-positioned to deliver on the Government of Canada's mandate and is committed to advancing its central economic priorities:

1

Establishing a new economic and security relationship with the United States and strengthening our collaboration with reliable trading partners and allies around the world

OBJECTIVE

Support sustainable economic development and diversification in southern Ontario

2

Building one Canadian economy by removing barriers to interprovincial trade and identifying and expediting nation-building projects that will connect and transform our country

OBJECTIVE

Advance the competitiveness of the southern Ontario economy

3

Protecting Canadian sovereignty and keeping Canadians safe by strengthening the Canadian Armed Forces, securing our borders, and reinforcing law enforcement

OBJECTIVE

Support the development and deployment of dual-use applications, products, and technologies to de-risk their uptake into both domestic and international defence supply chains

4

Making housing more affordable by unleashing the power of public-private cooperation, catalysing a modern housing industry, and creating new careers in the skilled trades

OBJECTIVE

Advance innovative homebuilding methods and boost productivity in southern Ontario's homebuilding sector

Advancing the Government of Canada's Industrial Strategy

FedDev Ontario plays a key role in supporting the Industrial Strategy and advancing national economic priorities through its core programs

INDUSTRIAL STRATEGY

Centered around three pillars - **PROTECT**, **CREATE**, and **ATTRACT -** the Strategy includes several flagship initiatives:

- **DEFENCE INDUSTRIAL STRATEGY**
- **MAJOR PROJECTS OFFICE**
- **CLIMATE COMPETITIVENESS STRATEGY**
- **BUILD CANADA HOMES**
- **TRADE DIVERSIFICATION STRATEGY**
- **BUY CANADIAN POLICY**

COMPLEMENTARY ECONOMIC INITIAITIVES

- **Artificial Intelligence Strategy**
- **International Talent Attraction Strategy**
- **Strategic Response Fund**
- **Critical Minerals Production Alliance**
- **Auto Strategy**
- **Life Sciences Strategy**
- **Food Security Strategy**
- **Nature Strategy**

Delivering Strong Results for Southern Ontario

FedDev Ontario investments generate a strong return on investment:

FOR EVERY $100M THAT FEDDEV ONTARIO INVESTS THROUGH ITS REGIONAL PROGRAM STREAMS:

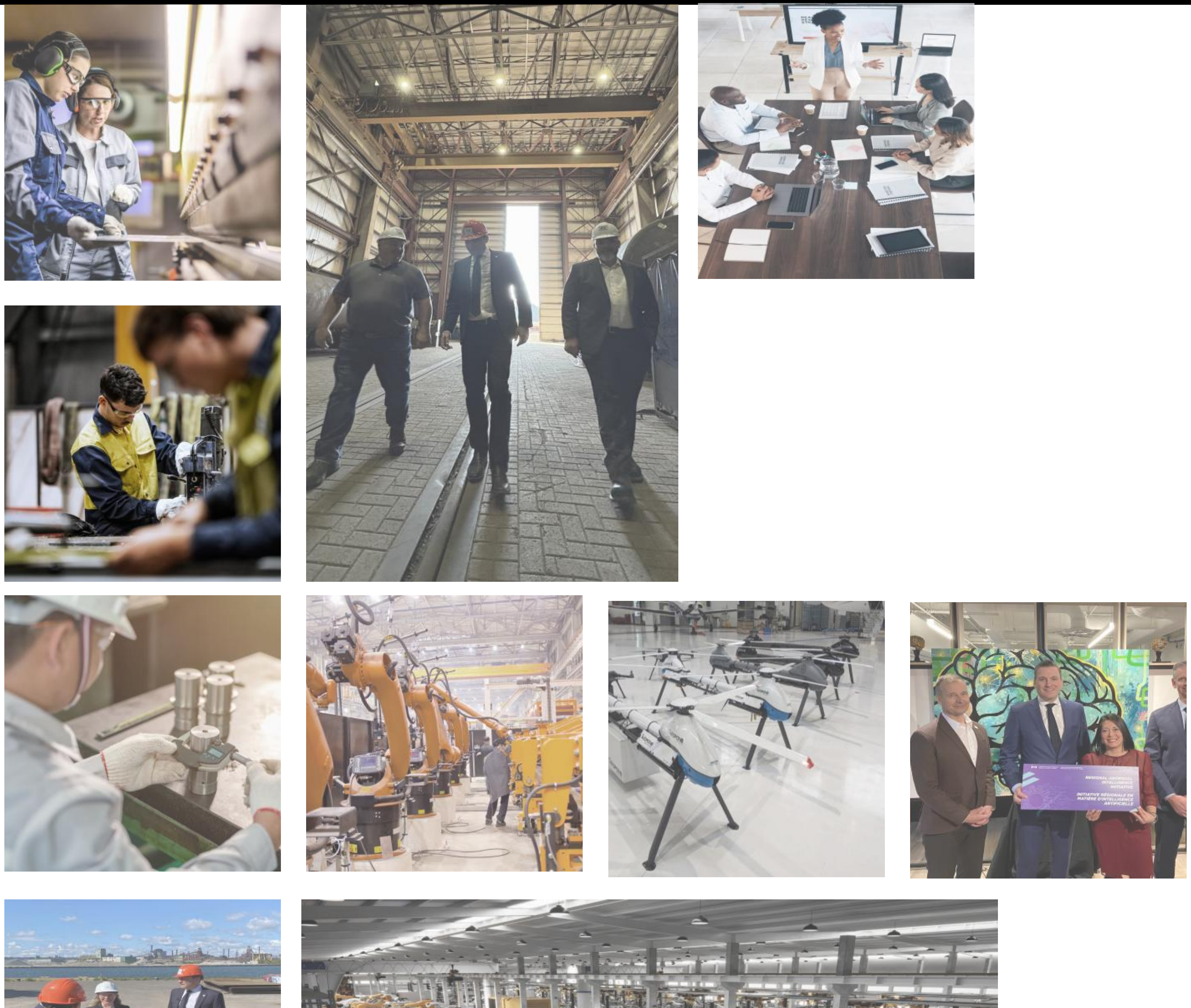
+8,500	Jobs are created and maintained
$270M	Is leveraged in additional investment

FEDDEV ONTARIO RECIPIENTS OUTPERFORM COMPARABLE BUSINESSES:

+12%	Revenue Growth
+18%	R&D Spending
+24%	Employment Growth
+40%	Export Growth

FEDDEV ONTARIO INVESTMENTS IN HIGH POTENTIAL COMPANIES GENERATE GROWTH POTENTIAL

In recent years, **$295M** in FedDev Ontario funding allowed companies to secure **$1.3B** in total follow-on financing



FEDDEV ONTARIO IS BUILDING CANADA STRONG