

U.S. Country Commercial Guides



Canada
Year 2020

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Doing Business in Canada

Market Overview

The United States and Canada enjoy the world's largest and most comprehensive trading relationship that supports millions of jobs in each country and constitutes a \$1.6 trillion bilateral trade and investment relationship. Canada ranks as the top U.S. export market, accounting for 17.9% of all U.S. exports in 2019. Canada and the United States trade \$1.9 billion in goods and services daily. Two-way trade in goods and services totaled more than \$703.8 billion in 2019, and as of 2019 bilateral investment stock totaled more than \$982.8 billion.

U.S. exports to Canada were nearly \$357.1 billion in 2019. Over 30 U.S. states rank Canada as their number one export market. In 2018, U.S. exports to Canada exceeded total U.S. exports to China, Japan, South Korea, and Singapore combined. Whether your company is a first-time or seasoned exporter, Canada should be a key component of your company's export growth strategy.

In 2019, U.S. exports of goods to Canada totaled \$292.4 billion. The top export categories (2-digit HS) in 2018 to Canada were: vehicles (\$52 billion); machinery (\$45 billion), mineral fuels (\$27 billion), electrical machinery (\$26 billion), and plastics (\$14 billion).

U.S. exports of services to Canada were valued at \$64.7 billion in 2019. Leading services exports from the U.S. to Canada were in the travel, professional and management services, and intellectual property (computer software, audio visual) sectors. For travel across the border, approximately 380,000 people cross every day by all modes of transport. American travelers made 14 million trips to Canada in 2018, spending nearly \$10 billion, and Canadian travelers made 21 million trips to the United States, spending nearly \$22 billion. In fact, the United States is the top international tourism destination for Canadian travelers. In addition to travel and tourism, education remains a top service export sector in the bilateral trade relationship: Canada is the 5th largest source of international students to the United States, and 26,122 Canadian students attended U.S. schools in the 2018-19 academic year.

U.S. total exports of agricultural products to Canada totaled \$24 billion in 2018, our largest agricultural export market. Leading domestic export categories include prepared food (\$1.9 billion), fresh vegetables (\$1.9 billion), fresh fruit (\$1.5 billion), other snack foods (\$1.4 billion), and non-alcoholic beverages (ex. juices) (\$1.1 billion).

In most industry sectors, Canada is a highly receptive, open, and transparent market for U.S. products and services, with Canadians spending more than 60% of their disposable income on U.S. goods and services. The nations share a similar lifestyle, engendering a certain level of cultural familiarity; Americans and Canadians "speak" the same language, literally and figuratively. Canada's two official languages are English and French; however, English is almost universally spoken.

Investment also plays a significant role in the bilateral relationship. Canadian FDI in the United States was nearly \$580.8 Billion in 2019, making Canada the United States' second-largest source of FDI. The United States is a leading source of Canada's foreign direct investment (FDI), with investment stock from the United States totaling \$402 Billion in 2019. In 2017, U.S. affiliates of Canadian-owned firms employed 726,900 Americans, contributed over \$1 billion innovative research and development, and expanded U.S. exports by more than \$15 billion.

The United States, Mexico, and Canada are parties to the United States–Mexico–Canada Agreement ([USMCA](#)), which entered into force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). USMCA is a 21st century, high-standard trade agreement, supporting mutually beneficial trade resulting in freer markets, fairer trade, and robust economic growth in North America. The Agreement modernizes and rebalances U.S. trade relations with Mexico and Canada, and it reduces incentives to outsource by providing

strong labor and environmental protections, innovative rules of origin, and revised investment provisions. The Agreement also brings labor and environment obligations into the core text of the agreement and makes them fully enforceable.

Market Challenges

Canada's subtle but important differences from the United States can trip up the unprepared. Some sectors are restricted or inaccessible to foreign imports. U.S. exporters must conduct due diligence on market potential, understand differing provincial regulations and sales channels, and comply with bilingual labeling and packaging requirements, certification standards, and Canadian customs procedures.

Opportunities exist to sell to the Canadian government. Federal, provincial, and municipal procurement procedures, although open in principle to U.S. bidders, vary from the procedures in the United States. Bidders must be registered in Canada to bid and must fulfill all Canadian requirements to be awarded contracts (mandatory requirements are non-negotiable). In some cases, security clearances are required for personnel prior to submitting a bid, and in defense projects there may be requirements for offsets, known as [Industrial and Technological Benefits \(ITB\)](#).

Increasing competition in several sectors such as cosmetics, vitamins, electronics, and home furnishings translates into a need for competitive pricing, provocative and imaginative marketing, and deep discounts for agents and distributors. Other ways to differentiate from your competitors are to offer agents and distributors specialized training and flexible contract terms, or to offer end users after-sales support.

It is important to have an overall strategy to protect your Intellectual Property (IP). IP may be protected differently in Canada and in the United States, and the scope of protection may be different. Rights must be registered and enforced in Canada under local laws. It is vital that companies understand that intellectual property is primarily a private right and that the United States government cannot enforce rights for private individuals in Canada. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Small and medium-size companies should also understand the importance of working with trade associations and organizations to support IP protection and stop counterfeiting.

Market Opportunities

While U.S. exporters will find opportunities across best prospect sectors outlined in this guide, U.S. businesses are finding new business opportunities in several of Canada's key industrial, governmental, and consumer sectors.

Canada is the world's fifth largest aerospace market with \$22.4 billion in revenues in 2017 supporting 190,000 jobs. Canada ranks first worldwide for civil flight simulator production, third in civil aircraft production and third in civil engine production. Montréal is the world's third largest aerospace hub after Seattle, Washington and Toulouse, France.

Canada is the number one export destination for U.S. farm and food products. Last year, the U.S. was the top supplier of agricultural products to Canada, with a 58% share of the country's agricultural import market. More than 75% of U.S. exports were high-value, consumer-oriented products, including prepared foods, fresh vegetables and fruits, snack foods and non-alcoholic beverages.

Canada is the second largest automotive market in North America, highly integrated with the U.S. and Mexico through the United States-Mexico-Canada Agreement (USMCA). Imports represent approximately three quarters of the market. Most global vehicle manufacturers are present in Canada including five of them with local assembling lines: Ford, General Motors, FCA, Toyota, and Honda. In addition to auto sales, the automotive aftermarket annual retail value is estimated by the industry at over US\$19 billion.

In 2019, Canada was the 14th largest military spender worldwide. Within NATO, Canada contributed an estimated US\$22,485 billion, accounting for an estimated 1.31% of Canada's GDP. Total exports of U.S. defense products to Canada increased from US\$638 million in 2018 to US\$679 million in 2019.

Canada is one of the leading countries globally utilizing renewable energy: hydro, wind, solar, biomass, along with significant developments in geothermal and marine energy. Renewable energy represented approximately 65% of total electricity generation in 2019. Canada ranks as the United States' second leading renewable energy market, after Mexico.

Canada's technology sector is a major economic driver and is outperforming much of the rest of the country's economy. In 2018, the sector grew by 3.7%. The Canadian ICT sector is highly trade dependent, importing US\$41 billion in goods and exporting US\$13.8 billion around the world in 2019. The United States is the second largest supplier of ICT goods to Canada.

Public-Private Partnership opportunities exist within Canada's public infrastructure and government projects. In 2016, the Government of Canada unveiled the [Investing in Canada Plan](#) to invest over US\$139B in key infrastructure sectors through 2028. This plan is underway and investments in infrastructure projects are expected to support the growth of Canada's construction industry. As of mid-2019, over 48,000 projects, with combined investments of over US\$32B, have been approved for communities across the country.

In consumer product sectors, Canada's wide ethnic diversity and high level of consumer disposable income provide broad food and consumer goods selling opportunities. Bridging all the country's industrial, governmental, and consumer buying channels is eCommerce, a large opportunity for U.S. exporters who seek to access the Canadian market. For example, Canadian SMEs are shifting rapidly to the Internet for business purchases with approximately 34% of office supplies online.

Mechanisms for facilitating trade at the U.S. – Canada border include pre-inspections and associated technological advances that streamline regulatory processing making "just-in-time" delivery of goods and services more efficient and strengthening cross-border supply chains. This provides enhanced opportunities for U.S. firms seeking to enter the Canadian aerospace and automotive sector supply chains.

Market Entry Strategy

For many companies (particularly in the manufacturing and construction sectors), frequent visits to Canada and establishing a local presence (either physical or through a local agent/distributor) are crucial to long-term market success. Joining a U.S. trade mission to Canada or participating in a Canadian trade show in consultation with the U.S. Commercial Service are effective first steps to explore the market.

If your company is new to the Canadian market, contact our [U.S. Commercial Service offices in Canada and](#) the U.S. Department of Commerce export assistance Center near you in more than [100 offices nationwide](#).

Regional Markets - Québec

In business, Quebec companies like to build personal relationships and get to know who they are doing business with before entering into agreements. Meeting with potential partners and clients are very important aspects of developing a rapport and doing business in Québec.

Québec is the only predominantly French-speaking province in Canada and is home to 85% of Canadians whose mother tongue is French. The Charter of the French Language is the cornerstone of Québec's language policy. Adopted in 1977, it covers all areas aimed at making French the language of government and the law, as well as the normal and everyday language of work, instruction, communication, commerce, and business.

In Quebec, the provincial legislation is severe with respect to the use of French on the labelling of all products sold in Quebec. The Charter of the French Language requires that every inscription on a product, its container

or wrapping, or on a document or object supplied with it, including the directions for use and the warranty certificates, must be drafted in French. A language other than French may also be used, provided that no inscription in the other language is given greater prominence to those written in French. Note that these rules do not apply for non-retail/consumer goods if these goods are coming from outside the province and will be incorporated into a final assembly of a larger product; will be used in a manufacturing process; will undergo a degree of transformation; will undergo any type of repair; and is not available in the retail market in Québec.

The Quebec province functions under the civil code legal tradition, unlike the rest of Canada and the United States that follow common law. Therefore, when entering into a contract with any Quebec-based entity, be aware that unless you request otherwise, you will be held responsible for adhering to a different code of rights and responsibilities. We advise you to seek legal counsel before entering into any contractual obligations.

Leading Sectors for U.S. Exports & Investments

Aerospace and Defense

Overview

Canada is the world's fifth largest aerospace market with \$24 billion in revenues in 2019 supporting approximately 213,000 jobs. Canada ranks first worldwide for civil flight simulator production, third in civil engine production and fourth in civil aircraft production. Approximately 80% of Canada's aerospace sector is civil oriented, and 20% is military oriented. Montréal is the world's third largest aerospace hub after Seattle, Washington and Toulouse, France.

Canada's aerospace sector activities are divided into two main subsectors:

1. Aircraft manufacturing (civil, defense and space) (69%)
2. Aircraft maintenance, repair and overhaul (MRO) (31%)

The U.S. aerospace supply chains are highly integrated with those of Canada. Over the years, Canada consistently ranks in the top five export markets for U.S. aerospace goods. In 2018, Canada was the United States' fourth largest aerospace export market, accounting for nearly US\$10 billion in U.S. exports. U.S. companies play a dominant role in the Canadian aerospace sector; close to 60% of all of Canada's aerospace imports are from the United States. The U.S.-Canada aerospace supply chains are highly integrated. Over 60% of all Canadian exports are supply chain driven; more than half of all Canadian aerospace exports are to the United States.

Prior to the covid-19 pandemic, production in the Canadian civil aerospace market was forecast to outpace the global market for the 2014-2021 period. This was due to the rise in the need for civil aircraft, particularly the single-aisle, short- to mid-range categories, all markets that Canada dominates in. Due to the covid-19 pandemic, however, the aerospace sector has been greatly impacted as airlines have had to cancel or delay their orders and delay delivery of new aircraft. While it is difficult to ascertain the full impact of covid-19 on the aviation sector, experts say that pre-covid, 2019 production rates will only return in two-three years at best. The numbers below are best estimates.

It is noteworthy that the MRO subsector has grown by 26% over the last decade, and over 25% of Canada's MRO activities are in the defense sector. In terms of geography, over 50% of Canada's aircraft manufacturing occurs in Québec and 30% in Ontario; 41% of all MRO occurs in Western Canada. In 2018, the sector spent \$1.08 billion in R&D; the aerospace sector is five times more R&D intensive than the average for Canadian manufacturing industries.

Several U.S.-Canada agreements make it easier for U.S. aerospace companies to do business in Canada than in any other foreign market: the [U.S.-Canada Bilateral Aviation Safety Agreement \(BASA\)](#) facilitates airworthiness approval by Transport Canada of FAA-approved aerospace products; the [Defense Production Sharing Agreement](#) allows U.S. and Canadian companies to work together on the research and production of defense aircraft; this agreement also allows U.S. companies to bid on Canadian government procurement programs; and lastly, U.S. companies can export International Traffic in Arms Regulations (ITAR) items to Canada more easily due to [Canada's ITAR Exemption](#). Multilaterally, Canada is a signatory to the WTO's Trade in Civil Aircraft Agreement, thereby ensuring a same level playing field between U.S. and Canadian aerospace companies.

Table: Canada Aerospace Production Data (US\$ Millions)

	2017	2018	2019 (Estimated)	2020 (Estimated)

Total Local Production	22,368	23,900	24,081	22,000
Total Exports	12,242	12,700	13,150	12,400
Total Imports	11,331	11,746	12,200	11,500
Imports from the US	9,248	9,955	10,539	9,942
Total Market Size	21,457	22,255	23,131	21,100
Exchange Rates	N/A	N/A	1.2957	1.327

(total market size = (total local production + imports) - exports)

Units: \$ millions / Exchange Rate: US\$1 = C\$1.327

Source: U.S. Census Bureau, Aerospace Industries Association of Canada

Leading Sub-Sectors

- Aircraft Parts, Systems and Sub-Systems
- Aircraft Engine Parts and Components
- Aircraft Maintenance, Repair and Overhaul Parts, Components and Services
- Space Commerce

Opportunities

There are many opportunities for U.S. exporters in Canada's aerospace market. The Canadian aviation sector is vibrant and highly integrated with that of the United States and Europe. Some of the largest aerospace players in Canada include Bombardier, Bell Textron, Pratt & Whitney Canada, L-3 Harris, Safran, Goodrich, Boeing, GE, Rolls Royce and Lockheed Martin, to name a few. In addition to household names such as Bombardier, in the last year, the Canadian aerospace industry has seen the arrival of new significant players such as Airbus and Mitsubishi. Thus U.S. companies selling to these larger players outside Canada should explore opportunities with their Canadian-based subsidiaries.

Canada's most significant aircraft manufacturing platforms include: Airbus A220 (former Bombardier CSeries), Mitsubishi CRJ (legacy Bombardier program), Bombardier Global Express and Challenger Business Jets, and Bell Textron's 407, 412, 429, 555 rotorcraft. Significant engine manufacturing is done by Pratt & Whitney Canada (PWC); all UTC engines with less than 11,000 pounds of thrust are made in Canada. It is noteworthy to mention that in the last 18 months Bombardier has divested itself of all of its commercial aircraft manufacturing; it is now solely a business jet manufacturing company.

In addition, Canada's space market is also growing. In 2019, Canada announced its participation in NASA's Lunar Gateway program by pledging \$1.5 billion over 24 years to build and operate a space robotic arm. Canada is developing advanced space robots with artificial intelligence, making forays in space medicine, and is designing a new generation of satellites and constellations capable of delivering earth observation, space-based telecommunications and broadband service, and space situational awareness services.

U.S. companies can best capture business opportunities in Canada by participating in local trade shows and industry events. Canadian representatives prefer to do business with companies they can build a long-term relationship with. In addition to selling directly to clients, U.S. companies should consider establishing

distributorships or hiring local sales representatives as Canada has a large landmass and having local representation will facilitate greater access.

As mentioned above, U.S. companies are eligible to bid on Canadian federal government tenders for both commercial and military aviation. For more information on these opportunities, visit Canada's [Public Works and Government Services Canada website](#).

Resources

Major Events and Trade Shows in Canada

- [Unmanned Canada](#), Virtual Conference and Trade Show, November 3, 2020
- [Canadian Aerospace Summit](#), Ottawa, Ontario, November 3-4, 2020
- [Aerospace Innovation Forum](#), Montreal, Quebec, December 14-15, 2020
- [Aeromart Montreal](#), Montreal, Quebec, March 30-April 1, 2021

Industry Associations

- Aerospace Industries Association of Canada: www.aiac.ca
- Aero Montreal: www.aeromontreal.ca
- Alberta Aviation Council: www.albertaaviationcouncil.com
- Atlantic Canada Aerospace and Defense Association (ACADA): www.ac-ada.ca
- Canadian Business Aviation Association: www.cbaa-aca.ca
- Canadian Association of Defense and Security Industries (CADSI): www.defenceandsecurity.ca
- Canadian Council for Aviation and Aerospace (CCAA): www.avaerocouncil.ca
- Consortium for Aerospace Research and Innovation in Canada (CARIC): www.caric.ca
- Consortium for Research and Innovation in Aerospace in Québec (CRIAQ): www.criAQ.aero
- Green Aviation Research and Development Network (GARDN): www.gardn.org
- Ontario Aerospace Council: <http://theoac.ca>
- Pacific Northwest Aerospace Alliance (PNAAL): www.pnaa.net
- Unmanned Systems Canada: www.unmannedsystems.ca

Canadian Government

- Transport Canada: <https://tc.canada.ca/en/aviation>
- Public Services and Procurement Canada: www.tpsgc-pwgsc.gc.ca/comm/index-eng.html
- Innovation, Science and Economic Development Canada: www.ic.gc.ca

Commercial Service Contacts

- For additional information on civil/dual-use aerospace, please contact Commercial Specialist Gina Bento at Gina.Bento@trade.gov or by phone at (514) 908-3660.
- For additional information on military aerospace, please contact Commercial Specialist Luz Betancur at Luz.Betancur@trade.gov or by phone at (613) 688-5411.

Agricultural Sector

Overview

In 2019, Canada was the largest export market for U.S. agricultural exports, totaling US\$20.9 billion, accounting for 15% of total U.S. agricultural exports. Consumer-oriented agricultural exports account for the largest share, at US\$16.3 billion and nearly 80% of total U.S. agricultural exports to Canada. Some of the top consumer-oriented export categories include prepared foods; fresh and processed vegetables; fresh and processed fruit; meat and meat products; snack foods; non-alcoholic beverages; chocolate and cocoa products; condiments and sauces; coffee; wine; beer; and pet food. In 2019, the United States imported US\$23.6 billion worth of agricultural products from Canada.

Canada is the largest destination for U.S. exports of high-value agricultural products, with a 24% market share in 2019 and a value of US\$16.3 billion. Consumer-oriented agricultural products are foods typically sold directly in supermarkets and used in restaurants. These high-value exports support over 130,000 jobs in the United States, and many of the suppliers are small and medium-sized businesses.

Most U.S. agricultural products have entered Canada duty-free since 1989 under USMCA (and the preceding NAFTA and U.S.-Canada Free Trade Agreement). Major exceptions are the supply managed sectors, including dairy, chicken, turkey, and eggs.

Canada: Total Agricultural Sector Production Data

	2016	2017	2018	2019
Local Production*	46,374	47,587	47,815	50,530
Imports	32,493	33,604	34,568	34,884
Exports	42,283	44,558	45,872	44,902
Total Market Size	36,584	36,633	36,511	40,512

US\$ millions

*Based on [farm cash receipts](#) for raw. [BoC](#) annual exchange rate for 2017-2019

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Consumer-oriented food products in Retail and Food Service

Trade with Canada is facilitated by proximity, common culture, language, similar lifestyle pursuits, and the ease of travel for business and pleasure. Canada's wide ethnic diversity and high level of consumer disposable income provide broad food marketing opportunities. Familiarity with and confidence in Canadian-based U.S. chains (hotels, restaurants, and fast food) have helped to increase the demand for high-value U.S. foods. Significant gains continue in the Canadian market for U.S. consumer-ready foods and food service foods.

Based on current market trends, the sectors below are considered the best prospects for U.S. exports of food and agricultural products to Canada. Although the strong U.S. dollar vis-à-vis the Canadian dollar will likely hinder growth to some extent, consumer-oriented product imports in the retail food and food service industries are projected to remain strong in 2020 despite the impacts of COVID-19 on total economic activity, as the food and agricultural trade has continued uninterrupted due to its designation as "essential."

Retail food markets are a significant channel for the import of U.S. consumer-oriented products. The total Canadian retail market amounts to US\$97 billion, including alcoholic beverages sales. Grocery stores and supermarkets, mass merchandisers, and warehouse clubs are the primary recipients of these products.

Food service imports of consumer-oriented products are also an important channel. This sector falls into three categories: Hotels and Resorts, Restaurants, and Institutional. Restaurants are the most significant of the three, generating 80 percent of food service sales and 4 percent of Canada’s GDP. Restaurants Canada, an association representing the restaurant and food service industry, reported the industry grew by nearly 4% in 2019 with total sales for the year of US\$71 billion in food sales and an additional \$18 billion in alcohol sales, a total of \$89 billion. Prior to COVID-19, Canadian food service sales were forecast to grow 1.8%. However, the response to the COVID-19 pandemic has hit food service operators particularly hard, with an estimated 10% of operators expected to go out of business. There were approximately 97,500 restaurants across Canada before COVID-19, with more than half located in Ontario and Quebec. As shown in the tables below, fresh fruit, processed fruit and vegetables, red meats (including processed meats), and fresh vegetables are key sectors for the Canadian food landscape, and more than half are imported from the United States.

Processed Fruit and Vegetables

Processed fruit and vegetables are sold in a wide range of product formats such as mixed frozen vegetables, ready-to-heat, stir fry, and French fries. Canadian food manufacturers incorporate frozen fruits and vegetables in ready-to-serve meals including TV dinners, pizza, and other entrées. Consumer demand is growing for convenient products, and this factor will continue to drive the development of a wide range of ready-to-cook and -eat fruit and vegetable products that benefit U.S. sales. Canadian manufacturers are also highly dependent on fresh fruit and vegetable imports used in processing; growth in manufacturing will increase demand for these products as well. In 2018, the total market size increased by 4% compared to 2017, which is attributed to the increasing shift away from more heavily processed towards products with little processing. The demand for processed fruit and vegetables is expected to remain strong in 2020, as the impact of increased at-home consumption drives demand for longer shelf-life products.

	2016	2017	2018	2019
Local Production*	5,410	5,451	5,966	6,177
Imports	3,503	3,461	3,504	3,690
Exports	2,450	2,551	2,791	2,948
Total Market Size	6,463	6,361	6,679	6,919

US\$ millions

**Based on Stats Can NAICS for fruit and vegetable preserving and specialty food manufacturing. BoC annual exchange rate for 2017-2019 (total market size = (total local production + imports) - exports)*

Fresh Fruit

U.S. exports are projected to remain steady because of growing demand and limited Canadian domestic fresh fruit production. More than 80% of the Canadian fresh fruit market is supplied through imports, of which the United States typically supplied more than 80% in 2019. According to Nielsen Research, Canadians spend 20%

more than Americans on fruit. Although, the United States continues to command a sizable share of the market (SOM), import competition has grown through Canadian trade agreements, a concerted effort to diversify import suppliers, and the growth of exportable fruit supplies from emerging export countries. U.S. sales are expected to remain robust, especially for strawberries, other berries, grapes, oranges, and apples, with the organic market continuing to be increasingly popular among consumers. Canada is by far the most important market for U.S. exports of fresh fruit, and Canada is heavily dependent on imports of fresh fruit to meet total market demand due to the Canadian climate's limited growing season and limited variety of fruits. An aging Canadian population with health concerns, in combination with a general increased interest in healthy eating, has contributed to a growing demand for perceived healthy products. Major U.S. growers and shippers are members of the Canadian Produce Marketing Association, an important advocate for the industry in Canada on food safety and trade issues and a key promoter of increased fresh fruit consumption among Canadians.

	2016	2017	2018	2019
Local Production*	821	832	895	907
Imports	3,426	3,585	3,624	3,653
Exports	283	286	316	267
Total Market Size	3,965	4,132	4,204	4,294

US\$ millions

**Based on farm cash receipts for raw. BoC annual exchange rate for 2017-2019 (total market size = (total local production + imports) - exports)*

Red Meats (including processed)

Canada is a major producer and exporter of red meat, but also an important destination for U.S. exports of fresh/chilled/frozen red meat. In 2018, U.S. exports of beef to Canada declined slightly to nearly \$750 million, or 70% of the import market, and U.S exports of pork to Canada also declined slightly to \$765 million, or 85% of the import market. The North American red meat market is heavily integrated, with trade flowing both ways between Canada and the United States. Typically, Canada exports large numbers of live animals and significant amounts of meat to the United States and imports a wide variety of meat products. The red meat sector in Canada has been relatively stable over the past several years, with small but steady increases in beef and pork production. Meat demand is gradually picking up, resulting in increased wholesale and retail prices that translate into improved export opportunities for the American red meat industry. In particular, beef demand in Canada continues to remain strong even as prices have increased in recent years indicating that Canadian consumer purchasing trends may be less strongly correlated to pricing in the current market.

	2016	2017	2018	2019
Local Production	20,452	21,120	22,322	22,956
Imports	3,016	3,007	2,945	2,932
Exports	5,610	5,843	5,965	6,640

Total Market Size	17,858	18,284	19,302	19,249
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US\$ millions

**Based on Stats Can NAICS for meat product manufacturing. BoC annual exchange rate for 2017-2019*

(total market size = (total local production + imports) - exports)

Fresh Vegetables

Canada is by far the largest export market for U.S. fresh vegetables, absorbing more than 70% of U.S. exports in this product category. Per capita, Canada has one of the highest consumption rates of fresh vegetables in the world. Canadians spend close to 22% more than their U.S. counterparts. Demand for U.S. vegetables is supported by the short Canadian domestic growing season in the country's northern climate. Despite the difficult climatic conditions, local growers supply about half of the market demand through extensive greenhouse production of peppers, tomatoes, lettuce, and cucumbers. U.S. exports of fresh vegetables are nonetheless increasing despite a reduction in market share as Canadian demand remains strong. Sophisticated, modern logistics and wholesale dealer networks provide Canadian buyers with prompt delivery and relatively low spoilage.

	2016	2017	2018	2019
Local Production*	2,312	2,427	2,534	2,636
Imports	2,545	2,609	2,647	2,794
Exports	1,559	1,662	1,816	1,882
Total Market Size	3,298	3,374	3,365	3,547

US\$ millions

**Based on farm cash receipts for raw. BoC annual exchange rate for 2016-2018*

(total market size = (total local production + imports) - exports)

Opportunities

Canada is heavily dependent on a wide range of consumer-oriented imports of U.S. agricultural products. The climate in Canada limits expansion of fruit and vegetable production, although greenhouse area cultivated has grown and has potential to expand into idle greenhouse facilities erected for cannabis demand that never materialized. Even as the Canadian food service sector continues to recover, total food service sales are expected to remain lower until a COVID-19 vaccine permits indoor dining to return to pre-COVID levels. Accordingly, the best opportunities for export growth of U.S. agricultural products are expected to be found in grocery stores/supermarkets. Though consumers focused retail grocery purchases on fewer SKUs during the early days of the COVID-19 pandemic, industry expects retailers to resume acquisition of new products as consumers acclimate to COVID-19 shopping conditions. Efforts to cultivate relationships with smaller, regional grocery outlets continue to hold promise for new-to-market exporters.

Resources

Major Events and Trade Shows in Canada

Due to COVID-19, a wide range of Canadian food and natural products tradeshows, missions, and showcases have been cancelled in 2020. Show organizers are still planning to hold in-person events in 2021.

- [Canadian Health Food Association \(CHFA\) East](#), Toronto, Ontario, September 10-13, 2020
- [Canadian Health Food Association \(CHFA\) West](#), Vancouver, British Columbia, February 18-21, 2021
- [Canadian Health Food Association \(CHFA\) Quebec](#), Montreal Quebec, May 2021
- [Canadian Produce Marketing Association and Convention Show](#), Vancouver, British Columbia, March 2-4, 2021
- [SIAL Canada](#), Montreal, Quebec, September 29 – October 1, 2020
- [Restaurants Canada](#), Toronto, Ontario, February 28 – March 2, 2021

Canadian Government

- [Canada Food Inspection Agency \(CFIA\)](#)
- [CFIA Acts and Regulations](#)
- [Safe Food for Canadians Regulations](#)
- [Food Labelling and Advertising Industry Labelling Tool](#)
- [Health Canada](#)
- [Changes to Food Labelling](#)
- [Nutrition Labelling](#)
- [Food Allergen Labelling](#)
- [Novel Foods / Bio-Engineered Foods](#)
- [Canadian Importers Database](#)
- [Trade Data Online](#)
- [Food and Drug Act](#)
- [Food and Drug Regulations](#)
- [Natural Health Products](#)

Foreign Agricultural Service

- For further information and for assistance in marketing U.S. agricultural and food products in Canada, U.S. exporters should contact:
 - Office of Agricultural Affairs
U.S. Embassy, Canada
P.O. Box 5000
Ogdensburg, NY 13669-0430
Telephone: (613) 688-5267
Fax: (613) 688-3124
E-mail: agottawa@fas.usda.gov

Automotive

Overview

Canada is the second largest automotive market in North America. Imports represent approximately three quarters of the market. Most global vehicle manufacturers are present in Canada including five of them with local assembling lines: Ford, General Motors, FCA, Toyota, and Honda. In addition to auto sales, the automotive aftermarket annual retail value is estimated by the industry at over US\$19 billion.

Local manufacturing is higher than total imports with approximately three quarters exported. The total annual value of Canadian automotive sector imports, on a 12-month rolling period, recorded a slow increase in 2018, but ending .4% lower in 2019 than previous year. The import of passenger vehicles decreased by 5% to US\$28.4 billion, while imports of trucks and other vehicles for the transport of goods went up by 10% to US\$15.5 billion. The imports of buses and other public transport vehicles decreased 10% to US\$886 million. In 2019, Canadian import of automotive parts and components totaled US\$18.5 billion. The United States share in the total Canadian automotive import market remains stable at approximately 65%.

The new light vehicles market (passenger cars and light trucks) decrease 3.6% to 1.914 million units in 2019 for the total number of units sold in Canada recorded, of which 40% were U.S. brands. Passenger cars sales remain at about 30% of units sold while 70% are light trucks. Electric vehicle sales in 2019 continued to grow, reaching 85,500 units in total sales, of which 40% were battery electric (BEV) and the rest plug-in hybrid (PHEV). The passenger cars market in retail sales registered a Consumer Price Index (CPI) for 2019 up 2.5%. The overall inflation for 2019 in Canada registered a CPI of 1.9%.

The market drivers are a combination of consumer demand fueled by a stable economy and decrease in gasoline prices in 2019, combined with a shift in the North American market structure. Since 2018 the vehicles manufacturers accelerated the resizing of their capacities in Canada and in 2019 even closed some assembly lines. Some increase in import of new vehicles was offset by the reductions of imports of assemblies and components for the assembly lines.

The regulatory environment in Canada for the automotive sector is similar to that of the United States, and approximately over 90% of the two countries' road-safety regulations are harmonized.

Table: Canada Automotive Market Data (US\$ Millions)

	2017	2018	2019	2020 (Estimate)
Total Local Production	76,238	74,249	73,748	65,636
Total Exports	61,026	58,511	58,715	52,257
Total Imports	71,531	72,389	71,393	63,539
Imports from the US	46,634	46,740	46,559	41,437
Total Market Size	86,743	88,128	86,425	76,919

[Total Market Size = (total local production + imports) – exports]

Source: Statistics Canada reports in US\$

Exchange Rate 2019 annual average: US\$1 = C\$1.327 (April 6, 2020 spot: US\$1 = C\$1.41)

Potential impacts of COVID-19

Statistical data available for only first two months of 2020 show the annual market (12 months rolling) at Feb 2020 with only a 1.6% decrease but the economic activities started to close beginning March 2020. Vehicle sales registered a 48% decrease in March 2020 compared with same month of previous year. The significant impact is already affecting more sectors of the economy, especially manufacturing. In Ontario, where more than 90% of the Canadian automotive sector is located, the automotive manufacturing sector was declared essential and was not closed by the government during anti-pandemic measures. However, due to a combination of safety measures for the work force and drop in market demand, vehicle manufactures stopped assembly lines beginning March 2020. As a consequence, Tier 1 and 2 manufacturers reduced their manufacturing to strict necessities. Notably, many of these manufacturers have switched some capacities to the production of medical supply.

The total market forecast for 2020 is estimated at 11% decrease compared with 2019, based on a 12-month rolling evaluation calculated with a rebound from June compared to the previous year. But the main driver, consumer confidence and demand, may come back slower.

The aftermarket segment will continue however to remain strong due to the large size of vehicles registered on the road. Components and parts will remain strong and provide many opportunities for U.S manufacturers.

Leading Sub-Sectors

- Trucks and Other Vehicles for The Transport of Goods (US\$15.5 billion)
- Motor Vehicle Assembly Components and Parts (US\$18.5 billion)
- Motor Vehicles for Special Non-Transport Purposes (US\$947 million)

Opportunities

A large number of market players represent significant opportunities. Canadian Tier 1 and 2 automotive manufacturers have very large supply chains to cover a large variety of high-tech needs for their processes. They are building automotive assemblies and systems in locations in Canada and worldwide. The largest of them, Magna International, is one of the world's top manufacturers and is also assembling complete vehicles for companies like Mercedes, BMW, and Chrysler. There is also a very strong industry organization, the Automotive Parts Manufacturers Association (APMA).

Advanced technology clusters are also significant opportunities. One such example is the autonomous vehicle cluster Kanata North Business Association. Several municipalities are already developing related programs.

2020 will continue to present opportunities mainly in the components and parts segment. Example of dynamic sub-segments including Canadian imports of:

- Gear Boxes (Transmissions) and Parts - US\$ 2.9 billion (up 1.5%)
- Drive-Axles with Differential and Parts - US\$ 1.2 billion (up 8.1%)
- Silencers (Mufflers) and Exhaust Pipes and Parts - US\$ 513 million (up 1%)
- Clutches and Parts - US\$ 292 million (up 4.1%)
- Motor Vehicle Parts, not elsewhere specified - US\$ 3.5 billion (up 1.1%)

Resources

Major Events and Trade Shows in Canada

- [Automotive Parts Manufacturers Association Annual Conference and Exhibition](#), Windsor, Ontario, June 2020
- [Truck World](#), Toronto, Ontario, September 24-25, 2020
- [Montréal International Auto Show](#), Montréal, Québec, January 2021
- [Canadian International Auto Show](#), Toronto, Ontario, February 12-21, 2021
- SelectUSA Manufacturing Forum, U.S. Commercial Service Event, Canadian International Auto Show, Toronto, Ontario - February 12, 2021
- [Montreal Electric Vehicle Show](#), Montréal, Québec, April 23-25, 2021

Industry Associations

- Automotive Industries Association of Canada: www.aiacanada.com
- Automotive Parts Manufacturers' Association: www.apma.ca
- Kanata North Business Association: www.kanatanorthba.com

Additional Resources

- Transport Canada: <https://www.tc.gc.ca/en/transport-canada.html>
- Statistics Canada: www.statcan.gc.ca/start-debut-eng.html
- DeRosiers Automotive Consultants: www.desrosiers.ca
- FleetCarma: www.fleetcarma.com

Commercial Service

- For additional information on this sector, please contact Commercial Specialist Stefan Popescu at Stefan.Popescu@trade.gov or by phone at (416) 595-5412, Ext. 223.

Defense Equipment

Overview

In 2019, Canada was the 14th largest military spender worldwide. Within NATO, Canada contributed an estimated US\$22,485 billion, accounting for an estimated 1.31% of Canada's GDP. Total exports of U.S. defense products to Canada increased from US\$638 million in 2018 to US\$679 million in 2019.

The Department of National Defence (DND) is the largest federal department in Canada with a budget that accounts for approximately 7.3% of the total Government of Canada budget. DND's [Strong, Secure, Engaged defense policy](#) prioritizes spending for 20 years commencing in 2017. [Canada's Defense Investment Plan](#) includes current funding authorities and future investment capabilities valued at US\$92.1 billion.

DND awards approximately 12,000 contracts and spends up to US\$4.52 billion dollars annually on capital projects. As of May 2019, DND's contracting authority for competitive service contracts increased from US\$750,000 to US\$3.8 million, allowing DND to directly procure over 80% of its requirements. The remaining procurements are made by [Public Services and Procurement Canada](#) (PSP). U.S. exporters can find current and

upcoming defense opportunities on the federal government's official tender portal [BuyandSell](#) managed by PSP. U.S. firms can subscribe to, and receive online notifications on procurement projects, industry day announcements, requests for qualifications, advance contract awards, and information on how to do business in Canada.

The Canadian government implemented the [Industrial and Technological Benefits \(ITB\)](#) policy to stimulate economic growth and it requires for companies awarded defense procurement contracts to undertake business activities in Canada equal to the value of the contract. The ITB policy is administered by [Innovation, Science and Economic Development \(ISED\)](#) and assessed on a project-by-project basis. The [Value Propositions \(VP\)](#) is an integral part of the ITB policy. For each defense contract, the applicability of the VP will vary depending on the following thresholds:

- Defense procurements over US\$75 million;
- Canadian Coast Guard procurement over US\$75 million and for which the National Security Exception applies; and
- Procurements valued at US\$15 million and above will be reviewed for the application of a VP to determine eligibility when assessing capability, cost and benefit to Canada.

Once a contract is awarded, the contractor must begin fulfilling its commitments by identify business activities in Canada equal to 100% of the contract value. It is important to note that the VP applies to both, competitive and non-competitive procurement programs. In the case of non-competitive projects, whether these are sole source contracts, Foreign Military Sales (FMS), or other non-competitive projects, Canada will negotiate directly with the contractor the maximum value possible to benefit Canada's economy.

Potential impacts of COVID-19

At the time of writing, countries around the world, including Canada, have sharply increased fiscal spending to fight the COVID-19 epidemic. On March 19, 2020, following the U.S. Department of Homeland Security's Guidance on the Essential Critical Infrastructure Workforce, Public Safety Canada issued [official guidance](#) to provinces and territories clearly designating "defense" in its definition of essential services and functions. As Canada increases its fiscal spending to fight the pandemic, it is unknown how defense programs will be affected.

Leading Sub-Sectors

[The Defence Capabilities Blueprint](#) (DCB) lists DND's approximately 240 current and future projects and contracts for major capital equipment, IT, and infrastructure. DCB outlines a total of 16 key industrial capabilities including

- Emerging Technologies
 - Advanced Materials
 - Artificial Intelligence
 - Cyber Resilience
 - Remotely piloted Systems and Autonomous Technologies
 - Space Systems
- Leading Competencies and Critical Industrial Services
 - Aerospace Systems and Components
 - Armor

- Defense Systems Integration
- Electro-Optical / Infrared (EO/IR) Systems
- Ground Vehicle Solutions
- In-Service Support
- Marine Ship-Borne Mission and Platform Systems
- Munitions
- Shipbuilding, Design and Engineering Services
- Sonar and Acoustic Systems
- Training and Simulation

Opportunities

Shipbuilding Projects

- **Canadian Surface Combatant (CSC)** – In February 2019 Lockheed Martin Canada (LMC) was awarded the design contract of 15 CSC ships, based on the BAE Systems Type 26 Global Combat Ship. The new ships will be built at Irving Shipbuilding yard in Halifax. The projected budget for the program is between US\$42.2 billion to US\$45.2 billion. The Industrial and Technological Benefits (ITB) Policy applies to this procurement and LMC must provide benefits to Canada equal to their scope of work, along with [Value Proposition commitments](#)) U.S. firms can register with Irving Shipbuilding's [Supplier Registry](#) to work with LMC's [tier partners](#) to explore business opportunities in Canada. As of November 2019, LMC and Irving Shipyard are in the Preliminary Design phase, the second of four design phases.
- [Chantier Davie](#) was awarded a contract on June 19, 2019 to build two new ferries for Transport Canada.
- [Vancouver Shipyards](#) was awarded a contract on May 22, 2019 for the construction of up to 16 Multi-Purpose Vessels (MPVs). Construction is expected to begin in mid-2020.
- Construction of a sixth Arctic Offshore Patrol Ship (AOPS) at [Irving Shipbuilding](#) was announced by the Canadian government in November 2018. Additionally, Irving will also build two more AOPS for the Canadian Coast Guard.

Aerospace Projects

- **Future Fighter Capability Project (FFCP)** - [The Future Fighter Capability Project](#) will acquire 88 advanced fighter jets, along with associated equipment, weapons and sustainment capability at an approximate cost between US\$11 – 14.3 billion. Contract award is anticipated in 2022, first delivery is expected in 2025 and the aircraft is projected to remain operational beyond 2060. At the time of writing this report, Public Services and Procurement expect bid responses by July 31, 2020.
- **Remotely Piloted Aircraft System (RPAS)** - The RPAS program is for the acquisition of a medium altitude and armed [Remotely Piloted Aircraft System](#) along with associated equipment, weapons, infrastructure and in-service sustainment capability that will support up to three concurrent lines of operation, domestic or international. The procurement budget is between US\$753 million and US\$3.76 billion, and it includes project management costs, infrastructure, contracts and contingency. A draft RFP is expected in summer 2020, and a formal RFP is expected in spring 2021.

Resources

Major Events and Trade Shows in Canada

- [DEFSEC Atlantic](#), September 29, 30 & October 1, 2020, Halifax, Nova Scotia -
- [ADSE Abbotsford](#) 2020, August 6-7, 2020, Abbotsford, British Columbia
- [Canadian Armed Forces Outlooks](#), Ottawa, Ontario, Spring 2021
- [CANSEC 2020](#), Ottawa, Ontario, June 2-3, 2021

COVID-19 Suggested Reading Impacting the Global Defense Sector

- [Impact of COVID-19 on Military Readiness](#), April 8, 2020
- [COVID-19 Disruptions to Defense Supply Chain](#), April 7, 2020
- [COVID-19's Impact on Defense Companies](#), April 6, 2020

Commercial Service

- For additional information on this sector, please contact Commercial Specialist Luz Betancur at Luz.Betancur@trade.gov or by phone at (613) 688-5411.

Energy

Overview

Canada's total installed electricity generation capacity is approximately 135 GW (in 2017) and is projected to reach 170 GW in 2035. The total electricity generated in Canada in 2019 was 640.5 TWH. Total electricity generation has been relatively stable in recent years, because the increases in industrial, commercial, and residential electricity needs have been offset by improved efficiency solutions.

Canada is among the world's top countries relying predominantly on clean hydro energy. In 2019, the electricity generation composition was hydro 59%, nuclear 15%, coal 14%, natural gas 6.6%, and renewables wind 5.1% and solar 0.4%. Other sources like geothermal, tidal waves, etc. contributed with less than 0.2%. Coal-based power generation has been eliminated in Ontario and Québec. British Columbia, Manitoba, Newfoundland and Labrador, Prince Edward Island and Yukon systems rely on hydro for 89% to 95% of power generation. Alberta and Saskatchewan are the only provinces that rely primarily on fossil fuels (more than 83% of generation).

Canada is one of the leading countries globally utilizing renewable energy: hydro, wind, solar, biomass, along with significant developments in geothermal and marine energy. Renewable energy represented approximately 65% of total electricity generation in 2019. According to the Canada Energy Regulator (CER), renewables like wind, biomass, geothermal, and solar are projected to reach 12% of total power generation by 2035. Canada ranks as the United States' second leading renewable energy market, after Mexico. Wind is Canada's second largest source of renewable energy (after hydro). Installed wind energy capacity increased during the last three years by an average of approximately 4.5% per year and reached 13,413 MW at the end of 2019. The leading provinces for wind are Ontario (5,436 MW), Québec (3,882 MW), and Alberta (1,685 MW). The total solar photovoltaic (PV) power installed capacity for electricity generation was approximately 2,600 MW by the end of 2019.

The total Canadian electricity system market evaluation is defined by 20 HS codes at the 4-digit level covering equipment and materials for power generation, transportation, and distribution such as; nuclear reactors, power boilers, turbines and turbine generator sets, electrical equipment, and related auxiliary equipment, materials and parts. Based on this definition, the total apparent market size in 2019 was over US\$23.1 billion, with approximately US\$11.3 billion in local production and over US\$9.3 billion in imports from the U.S. The table below provides more detailed statistics of the apparent market.

Table: Canada Energy Market Data (US\$ Millions)

US\$ Million	2017	2018	2019	2020 (Estimated)
Total Local Production	12,669	12,756	11,301	10,962
Total Exports	8,725	9,100	9,017	8,747
Total Imports	19,392	20,229	20,830	20,205
Imports from the US	8,678	9,244	9,344	9,064
Total Market Size	23,336	23,885	23,114	22,420

[Total market size = (total local production + imports) – exports]

Source: Statistics Canada reports in US\$

Exchange Rate 2019 annual average: US\$1 = C\$1.327 (April 6, 2020 spot: US\$1 = C\$1.41)

The market drivers are primarily real-time domestic operational needs and provincial policies to align the overall installed capacity to cover the forecasted demand and to transition to renewable energy sources. The regulatory environment is centered at the provincial level, which has full authority over local electrical system regulations, policies, and enforcement. All jurisdictions aim to reduce existing coal-based generation and replace it with gas and renewable energy. International trade and Canadian currency trends are two additional drivers.

Potential impacts of COVID-19

The forecast for 2020 is optimistically evaluated with only a 3% decrease. Statistical data available for only first two months of 2020 show a 1.6% decrease but economic activities only started to close beginning March 2020. The impact is already affecting many sectors of the economy, especially manufacturing, which in turn is driving down the demand in electricity. The consumer sector demand will remain stable with a possible slight increase. But regulatory bodies at federal and provincial levels are committed to maintain the entire system of power generation, transmission, and distribution, operational at full capacity. Operational costs are expected to decrease but maintenance and large nuclear reactor refurbishment programs are not discontinued, so a decrease of only 3% is estimated. Even with a more severe decrease, the market maintains many opportunities.

Leading Sub-Sectors

The following power generation and renewable energy sub-sectors recorded significant increases in 2019 with multiple opportunities for U.S. exporters. For specific HS product groups, the value of Canadian imports is listed in parentheses:

- Pumps for Liquids, Liquid Elevators (US\$2.74 billion)
- Switchgear Protecting Electrical Circuits (all voltages) (US\$2.19 billion)
- Gas Turbines and Parts (US\$1.18 billion)
- Steam, Vapor Generating or Water Boilers (excl. central heating boilers) (US\$100 million)
- Electric Generating Sets, Rotary Converters and Parts (US\$1.13 billion)
- Electrical Transformers, Static Converters and Inductors (US\$2.0 billion)
- Systems and Components for Refurbishment of 8 nuclear reactors
- Wind Turbines, Tower Sections, Rotor Blades, Casting and Forgings and Transformers
- Gears and Generators for Wind Turbines
- Hydro Energy Turbines and Equipment
- Smart Grid Connection and Energy Monitoring Equipment and Software Applications
- Engineering, Construction, and Logistics Services

Opportunities

There are significant opportunities that make Canada a top market for U.S. companies which are driven by existing assets and plans for further development. Between 60% and 70% of power generation facilities are in process to be replaced or upgraded during the next 10-15 years. Total investment in the power generation sector is forecasted to reach US\$290 billion by 2030, more than US\$195 billion allocated to power generation stations, with the remainder dedicated to the transmission and distribution segments.

More than US\$20 billion in investment is committed for nuclear reactors refurbishments. The federal government and the provincial governments have dedicated funding programs. The Canadian Small Modular

Reactor (SMR) Roadmap is targeting at least one operational SMR by 2026 and at least three Provinces are planning to cooperate and operate SMRs.

The 2019 Federal Government Budget indicates approximately US\$14.8 billion in funding for infrastructure projects, including those that reduce greenhouse gas emissions, deliver clean air and safe water systems, and promote renewable power. Examples include US\$22.3 million for the Clean Wind Power project in Northwest Territories and US\$22.2 million for the Renewable Tidal Energy project in Nova Scotia. The 2020 budget is expected to be released by May 2020.

Opportunities for delivering all types of equipment, installations, components, and materials for all segments, from power generation and transmission to local distribution, exist through various projects across Canada including:

- Bruce Power Nuclear Generation Plant, Tiverton, ON – refurbishment of 6 reactors
- Darlington Nuclear Generation Plant, Darlington, ON – refurbishment of 3 reactors
- Canadian Nuclear Laboratories - first SMR (5 MW electricity) operational by 2026
- Darlington New Nuclear Project (targeting SMRs selection by 2022)
- Lake Erie Connector Project - 320KV line ON-PA (construction start 2020-2021, completion 2024)
- Revelstoke Dam Hydro Unit 6, 300MW (installation pending)
- New transportation lines and distribution stations, substations (large number of projects)
- Refurbishments and upgrades of existing power generation and distribution facilities

Resources

Major Events and Trade Shows in Canada

- [Electricity Transformation Canada](#), Toronto, Ontario, November 10-12, 2020
- [Solar Power International](#), Anaheim, California, September 14-17, 2020
- [APPrO Annual Canadian Power Conference](#), Toronto, Ontario, November 2020 (TBD)
- [Canadian Nuclear Association Conference and Trade Show](#), Ottawa, Ontario, February 2021 (TBD)
- [GLOBE Capital 2021](#), Toronto, Ontario, February 11-13, 2020
- [CanWEA 2020 Events](#)
- [CANSIA 2020 Events](#)

Canadian Government

- Canada's Budget 2019: www.budget.gc.ca/2019/home-accueil-en.html
- Innovation, Science and Economic Development Canada: www.ic.gc.ca/eic/site/icgc.nsf/eng/home
- Canada Energy Regulator (former National Energy Board): www.cer-rec.gc.ca/
- Statistics Canada: www.statcan.gc.ca/start-debut-eng.html
- Ministry of Energy of Ontario: www.ontario.ca/page/ministry-energy-northern-development-and-mines
- Renewable Energy Québec: www.mrnfp.gouv.qc.ca/english/energy/index.jsp

Industry Associations

- Canadian Electricity Association: www.electricity.ca
- Canadian Energy Efficiency Alliance: www.energyefficiency.org/
- Canadian Hydropower Association: canadahydro.ca/
- Canadian Solar Industries Association: www.cansi.ca/
- Canadian Wind Energy Association: www.canwea.ca/index_e.php
- APPRO – Association of Power Producers of Ontario: www.appro.org/
- B.C. Sustainable Energy Association: www.bcsea.org

Commercial Service

- For additional information on this sector, please contact Commercial Specialist Stefan Popescu at Stefan.Popescu@trade.gov or by phone at (416) 595-5412 ext. 223.

Information and Communications Technology

Overview

Canada's technology sector is a major economic driver and is outperforming much of the rest of the country's economy. The sector has posted strong growth since 2012. In 2018, the sector grew by 3.7%, outpacing the Canada's economic growth of 2.3%. All ICT sub-sectors experienced growth in 2018. The software and computer services and ICT wholesaling sub-sectors posted the strongest growth, up 7.7% and 11.4% respectively. Meanwhile, the ICT manufacturing industries expanded by 5.3% and the communications services sub-sector by 0.4%.

The Canadian ICT sector is highly trade dependent, importing US\$41 billion in goods and exporting US\$13.8 billion around the world in 2019. The United States is the second largest supplier of ICT goods to Canada; it is the top market for Canadian ICT exports with \$9.3 billion in 2019. In 2019, total imports of ICT goods were led by the provinces of Ontario (US\$28 billion), Quebec (\$3.5 billion), British Columbia (US\$3.3 billion), and Alberta (US\$1.5 billion). The Canadian ICT market expects to continue growing through 2022.

There are over 41,500 companies in the Canadian Information and Communications Technologies (ICT) sector. The large majority (over 37,000) fall within the software and computer services industries. The sector consists mainly of small companies, with approximately 35,500 of them employing fewer than 10 people. The number of large companies employing over 500 individuals accounts for approximately 102 firms, including subsidiaries of foreign multinational corporations.

ICT industries are the largest performers of R&D in the Canadian private sector. In 2018, the sector held a 34.5% share of all private sector R&D expenditures in Canada. ICT R&D expenditures totaled \$6.2 billion in 2018, up 2.2% from the previous year. The largest decline occurred in the ICT manufacturing sub-sector (-3.1%) while the largest increase was in software and computer services (+6.3%).

Canada has become a leader in AI with Montréal and Toronto taking the lead as exceptional hubs or research and startup activity. Canada is also emerging as a leading crypto nation, ranking third behind the United States and the United Kingdom when it comes to embracing blockchain technology.

Leading Sub-Sectors

In recent years, the strong economic performance of the Canadian ICT sector has been driven by:

- **Software and Computer Services:** In 2018, this sub-sector posted strong growth in terms of GDP (+7.7%), revenues (+5.9%), and employment (+8.0%).
- **Cyber Security:** The Canadian cyber security software and services market was estimated at almost \$2.3 billion in 2018, up 9.2% from 2017.
- **Data Analytics:** Big data and the analytics market is also growing, up 6.9% year over year, reaching \$1.9 billion in 2018.
- **Artificial Intelligence (AI):** In recent years, many companies have announced the creation or expansion of AI research activities in Canada.

Cloud Computing: Many Canadian firms are shifting to cloud services, which means that their internal IT functions are transferred to third-party IT services companies. According to [IDC Canada](#), the public cloud application software market is growing at an annual rate of 14.4%, while the hosting infrastructure services market is growing at an annual rate of 16%, reaching more than \$2 billion in value.

Opportunities

IDC Canada is predicting that ICT trends in Canada for 2020 will focus on an accelerated infrastructure scale out, through mega clouds, extending computing to the edge, 5G, IoT and security.

5G auctions and 5G advancements: Canada plans to hold spectrum auctions for 5G for the 3,500 MHz bands in late 2020, to be concluded in 2021. As the spectrum is distributed, infrastructure investment will also ramp up. Experts predicts that 5G infrastructure revenue will reach \$4.2 billion in 2020, an 89% increase from 2019. In addition, the 70GHz and 80GHz spectrum will be also up for auction in the middle parts of 2020. 5G also encompasses business use cases.

Cloud and Data Analytics: Hybrid cloud architectures/technologies including Big Data and Analytics are also reshaping the digital economy in Canada. When organizations use these technologies to modernize core systems and the technology stack, traditional business products become reimaged as services. Thus, the application of these technologies are rapidly changing business models and technologies.

Augmented and Virtual Reality (AR/VR): AR/VR is in the early stages of adoption in Canada. IDC Canada estimates that although VR adoption will see initial uptake in the Canadian market in the short term, the combination of AR and VR hardware in both consumer and commercial will drive the overall market by 2020. Moreover, [ICTC Canada](#) has predicted that VR and AR are to become a \$150 billion global market by 2020, roughly double the size of the desktop PC market today.

Edge computing (and IoT devices): Investment in centralized processing power will continue to grow in the foreseeable future, but to improve network performance and resource availability, edge computing and IoT may skyrocket in 2020. IoT has more than 200 applications in the enterprise space and is continuing to grow. An IDC report expects ubiquitous IoT to be the new normal for 2020 with enhanced node and privacy benefits. From sensors to smart homes, IoT devices are expected to grow alongside edge computing. As per a McKinsey report, investments in IoT technology are projected to grow at 13.6% per year through 2022. Security will be a key part of IoT growth.

Cyber Security: According to a global threat research project by [Carbon Black](#), cyber security threats are intensifying in Canada, with a large majority of organizations saying they have been the victim of cyber-attacks in the past 12 months. Thus, cyber security is one of the top concerns in government and enterprise organizations in Canada. Canada is now operating under the National Cyber Security Strategy. Released in 2018, [National Cyber Security Action Plan \(2019-2024\)](#) (NCSAP) provides funding for cyber security and outlines its implementation. Funding commenced in 2018 with US\$382.6M over 5 years, and US\$82M ongoing. This strategy comes as a response to the increase of cyber-attacks on government agencies and private corporations in Canada. New investments will allow Canadians to benefit from digital connections in a way that protects them and Canada's digital infrastructure from cybercrime. These investments could also lead to significant purchases by the government.

Resources

Major Events and Trade Shows in Canada

- [Collision Conference](#) (Online), June 23-25, 2020
- [Big Data x AI Toronto Conference](#), Toronto, Canada, September 28-29, 2020
- [World Summit Americas 2021](#), Montreal, Canada, April 20-21, 2021

Canadian Government

- [Government of Canada](#)

- [Innovation, Science and Economic Development Canada](#)
- [National Cyber Security Action Plan \(2019-2024\)](#)

Industry Associations

- [Canadian Advanced Technology Alliance](#)
- [Information Technology Association of Canada](#)

Additional Information

- [Information and Communication Technology Council](#)
- [McKinsey](#)
- [IDC Canada](#)

Commercial Service

- For additional information on this sector, please contact Commercial Specialist Tracey Ford at Tracey.Ford@trade.gov or by phone at (613) 688-5406.

Medical Devices

Overview

Canada has one of the largest economies in the world and the eighth largest medical device market. According to industry sources, this market is expected to be valued at approximately USD\$8.6 billion in 2020.

The Canadian medical device market is sophisticated and mature, with a strong demand for high-quality medical technologies. Medical device imports account for nearly 75% of the medical device market. The United States represents the leading supplier of medical devices to Canada, followed by China, Mexico and Germany. U.S. imports represent approximately 44% of total imports due to geographic proximity and similarities in safety and quality standards between the two countries. The market is dominated by SMEs by number and foreign-owned global companies by market share. The industry is primarily based in the three largest provinces, Ontario, Quebec and British Columbia.

Canada's healthcare industry is experiencing demand increases resulting from the advance of chronic diseases and an aging population. In 2019, total healthcare expenditures were valued at approximately CDN\$264 billion, with a growth rate of approximately 4%. Government spending on healthcare exceeds 11% of Canada's GDP. The substitution of new and more expensive products, rising prices for existing products and more per-patient use of medical supplies continue to contribute to the industry's growth. Canada's aging population is expected to further propel health costs presenting greater demands on health systems and increasing the need for medical devices such as imaging systems, artificial hip replacements, pacemakers and blood pressure monitors.

Canada's mixed public-private healthcare system is comprised of the public sector, which finances healthcare services, and the private sector, which delivers these services. Currently there is no consistent model for procurement across Canada. The rules are different in each province and are often different within regions or specific providers. Provincial governments across Canada are currently implementing or exploring changes to health care procurement—including centralization initiatives.

Recent reports indicate that electronic health technologies will play a larger role in Canada healthcare spending including telehealth and the storage and transmission of electronic health records. Life science companies, patient advocacy organizations, informatics companies or technology firms will collaborate to improve the design and delivery of therapies.

Medical devices are regulated federally by Health Canada's Medical Devices Bureau of the Therapeutic Products Directorate and governed by Canada's Food and Drugs Act and Medical Device Regulations. Medical devices are categorized in four classes determined by applying the classification rules for medical devices. A Canadian Medical Device License (MDL) is required for manufacturers selling Class II, III, or IV medical devices in Canada. As of January 1, 2019, all medical devices with a Class II designation or higher require certification through the Medical Device Single Audit Program (MDSAP) to maintain and/or obtain a medical device license.

Leading Sub-Sectors

- Diagnostic Apparatus
- Orthopedic
- Prosthetic
- Patient Monitoring
- Dental Equipment

Opportunities

Virtual Care

The global COVID-19 pandemic created a momentum for expanding virtual healthcare options in Canada. U.S. suppliers and developers of solutions that give Canadians increased online access to health information will find opportunities in the Canadian market. Examples include portals that allow patients to book appointments online, websites which provide patient access to electronic medical records, lab results and platforms that connect patients with providers. In addition, mobile apps that give Canadians the ability to access healthcare remotely are all areas of growth. Remote patient monitoring and digital tools for mental health care are both growing sectors. Healthcare organizations seek multilingual digital health tools tailored to the needs of rural and indigenous communities.

Currently healthcare providers seek solutions to streamline healthcare operations, especially for scheduling and medical billing for virtual care. Platforms that integrate with PrescribeIT, Canada's countrywide e-prescription platform, could be an area of growth. Continuing education options via virtual delivery are also needed. Partnerships between U.S. and Canadian companies will be important since health data cannot be stored in servers outside of Canada or sent across the U.S./Canada border.

There is growing demand for home-based monitoring equipment used to virtually monitor a patient's medical condition and securely transmit the data electronically to clinicians.

Procurement

Hospitals and other health care providers in Canada can procure their equipment, supplies and services individually or as part of group purchasing (GPO) or shared services organizations (SSO). Hospitals alone account for an estimated 18.2% of total sales. Other significant buyers include medical professionals, such as dentists, eye care and other professionals in the nursing homes and residential care facilities. Private clinics and outpatient's facilities are also experiencing a growing demand for medical equipment including devices, instruments and supplies.

Healthcare systems in Canada use various competitive tendering processes for the procurement of medical devices and equipment. U.S. suppliers looking to export to Canada should refer to the individual provinces' tendering websites for information concerning procurement opportunities available in each province.

The provinces of Quebec and Ontario host more than 80% of the medical device companies with buyers ranging from private to public health institutions. U.S. companies can review opportunities in these provinces by consulting the following websites: Quebec – www.seao.ca; Ontario – www.ontario.ca/tenders.

Resources

Major Events and Trade Shows in Canada

- [MedTech Conference](#), Toronto, Ontario, October 5-7, 2020
- [Health 2021](#), Toronto, Ontario, May 30-June 2, 2021

Canadian Government

- [Health Canada – Safe Medical Devices Canada](#)
- [Health Canada - Software as a Medical Device \(SaMD\)](#)

Additional Information

- [Canada Health Infoway](#)

Commercial Service

- For additional information on this sector, please contact Commercial Specialist Connie Irrera at Connie.Irrera@trade.gov or by phone at (514) 908-3662.

Additional Important Sectors

For the sectors listed below, market assessment summaries are available upon request:

- **Agricultural Equipment and Machinery:** For additional information on this sector, please contact Commercial Specialist Connie Haider at Connie.Haider@trade.gov or by telephone at (403) 265-2116.
- **Design and Construction:** For additional information on this sector, please contact Commercial Specialist Shweta Nagpal at Shweta.Nagpal@trade.gov or by telephone at (416) 595-5412, ext. 234.
- **Environmental Technology:** For additional information on this sector, please contact Commercial Specialist Stefan Popescu at Stefan.Popescu@trade.gov or by telephone at (416) 595-5412, ext. 223.
- **Franchising:** For additional information on this sector, please contact Commercial Specialist Mehdi Azeriah at Mehdi.Azeriah@trade.gov or by telephone at (416) 595-5412, ext. 226.
- **Mining Equipment and Machinery:** For additional information on this sector, please contact Commercial Specialist Connie Haider at Connie.Haider@trade.gov or by telephone at 403-265-2115.
- **Oil and Gas:** For additional information on the oil and gas sector, please contact Commercial Specialist Connie Haider at Connie.Haider@trade.gov or by telephone at (403) 265-2116.
- **Safety and Security:** For additional information on this sector, please contact Senior Commercial Specialist Lucy Cicero Latka at Lucy.Latka@trade.gov or by telephone at (613) 688-5219.
- **Travel and Tourism:** For additional information on this sector, please contact Ozlem.Toplu@trade.gov or by telephone at (416) 595-5412, ext. 238.

Customs, Regulations & Standards

Trade Barriers

Technical regulations and standards specify a product's characteristics (such as size, functions, and performance), how it is labeled or packaged, and testing and certification requirements before it can enter a country's market. These measures should serve legitimate public policy goals, but the requirements can be problematic when they are overly restrictive or discriminatory and are used to inhibit trade. In cases where they are more trade-restrictive or burdensome than necessary, they are technical barriers to trade. The World Trade Organization (WTO) Agreement on Technical Barriers to Trade and our free trade agreements set rules aimed at preventing and addressing such barriers.

Identifying and Reporting TBTs to the United States Government

The United States Department of Commerce's Trade Agreements Compliance Program is a vital part of the United States government's efforts to reduce unfair foreign government-imposed trade barriers, including TBTs.

Barriers (tariff and non-tariff) U.S. companies face when exporting may include:

- Particularly high tariffs for certain products;
- Restrictions on selling to the government of the country;
- Import licensing requirements;
- Anti-dumping and countervailing duty measures;
- Product bans;
- Any quarantine measures for agricultural products;
- Foreign governments that prohibit participation in the rule-making process;
- Rules that discriminate against U.S. products or are unnecessarily trade-restrictive; and
- Rules that are inconsistent with relevant international standards.

What should you do when you identify a TBT?

For assistance with non-tariff barriers related to trade agreement non-compliance, such as standards and technical regulations-related barriers (i.e., technical barriers to trade), import licensing requirements, and government procurement and investment issues, contact the United States Department of Commerce's Trade Agreements Compliance Program at tanc@trade.gov, (202) 482-1191, or tcc.export.gov/Report_a_Barrier/index.asp.

Provide the following information from your organization to help assess the barrier:

- A translated copy of the technical regulation.
- Identification of the problematic areas, and explanation of why they are problematic.
- Background on how the standards and procedures differ from those to which your organization complies.
- Information about how your organization may be negatively affected, including the dollar value if possible.

Possible options for resolution

Seeking voluntary compliance through relevant trade agreements, diplomatic resources, and advocacy from high-level officials is the preferred option to remove trade barriers in a commercially meaningful time frame. The action plan will be tailored to the case and country, and always in concert with the reporting company/industry.

Resolving TBTs at the WTO

The TBT Committee meets three times a year and USTR leads the United States delegation to engage trading partners to remove specific TBTs, by raising these barriers either bilaterally or on the floor in front of other WTO members. This process gives a chance for the United States' trading partners to come into compliance.

Import Tariffs

Although Canada eliminated tariffs on all industrial and most agricultural products imported from the United States under the terms of NAFTA, tariffs and tariff-rate quotas (TRQs) remain in place on dairy and poultry tariff lines. Canada announced the elimination of MFN tariffs on baby clothing and athletic equipment (valued at C\$76 million annually) in its 2013 federal budget. Canada proposed to permanently eliminate tariffs on mobile offshore drilling units in its 2014 federal budget.

Restrictions on U.S. Seeds Exports

For many major field crops, Canada's Seeds Act generally prohibits the sale or advertising for sale in Canada, or import into Canada, of any variety of seed that is not registered with Canada's Food Inspection Agency (CFIA). Canada's variety registration gives CFIA an oversight role in maintaining and improving quality standards for grains in Canada. The registration is designed to facilitate and support seed certification and the international trade of seed; verify claims made, which contributes to a fair and accurate representation of varieties in the marketplace; and to facilitate varietal identity, trait identity and traceability in the marketplace to ensure standards are met. However, there are concerns that the variety registration system is slow, cumbersome and disadvantages U.S. seed and grain exports to Canada. The USMCA includes a commitment to discuss issues related to seed regulatory systems. The United States will continue to discuss with Canada steps to modernize and streamline Canada's variety registration system.

Cheese Compositional Standards

Canada's regulations on compositional standards for cheese limit the amount of dry milk protein concentrate (MPC) that can be used in cheese making, reducing the demand for U.S. dry MPCs. The United States continues to monitor the situation with these regulations for any changes that could have a further adverse impact on U.S. dairy product exports.

Front-of-Package Labeling on Prepackaged Foods

In November 2016, Health Canada requested public and technical comments on its proposal to implement requirements for front-of-package (FOP) labeling on prepackaged foods deemed high in sodium, sugars, and saturated fat, and on updating requirements for other information on the front of food packages including certain claims and labeling of sweeteners. The approach under consideration uses nutrient thresholds to determine whether a food would be required to carry a FOP symbol. During this initial comment period, the U.S. Government and U.S. industry submitted comments to the government of Canada. Canada then issued proposed regulations on February 10, 2018. The U.S. Government submitted additional comments on the proposed regulations in April 2018. Canada has acknowledged receipt and bilateral discussions continue as of 2019. The United States acknowledged these responses in November 2018 and suggested that Canada adopt a fact-based approach, based on serving size. The United States met bilaterally with Canada at all three WTO Committee on Technical Barriers to Trade (WTO TBT Committee) meetings in 2019 to discuss the status of this proposed measure.

U.S. industry has expressed concerns that an interpretive FOP approach will negatively impact U.S. exports of processed foods and undermine free trade benefits under the NAFTA. The United States permits voluntary FOP labeling that meets the Food and Drug Administration's regulatory requirements, including requirements governing the use of nutrient content claims to help ensure that interpretive terms (e.g., high, low) are used consistently for all types of food products and are not misleading. In 2019, U.S. exports of processed foods to Canada were valued at \$12 billion.

Import Requirements and Documentation

Agricultural Supply Management

Canada uses supply-management systems to regulate its dairy, chicken, turkey, and egg industries. Canada's supply-management regime involves production quotas, producer marketing boards to regulate price and supply, and tariff-rate quotas (TRQs) for imports. Canada's supply-management regime severely limits the ability of U.S. producers to increase exports to Canada above TRQ levels and inflates the prices Canadians pay for dairy and poultry products. Under the current system, U.S. imports above quota levels are subject to prohibitively high tariffs (e.g., 245% for cheese and 298% for butter).

The USMCA created additional access for U.S. exports of supply managed products, with TRQs growing over the through 2039, following the July 1, 2020 entry into force of the agreement.

Special Milk Classes

Canada establishes discounted prices for milk components for sales to domestic manufacturers of dairy products used in processed food products under the Special Milk Class Permit Program (SMCPP). These prices are "discounted," being lower than regular Canadian milk class prices for manufacturers of dairy products and pegged to U.S. or world prices. The SMCPP is designed to help Canadian manufacturers of processed food products compete against processed food imports into Canada and in foreign markets. An agreement reached between Canadian dairy farmers and processors in July 2016 introduced a new national milk class (Class 7) that establishes discount pricing for a wide range of Canadian dairy ingredients used in dairy products. Provincial milk marketing boards (agencies of Canada's provincial governments) began implementing Class 7 in February 2017. Class 7 is aimed at decreasing imports of U.S. milk protein substances into Canada and increasing Canadian exports of skim milk powder into third country markets. The United States has raised its serious concerns with Class 7 with Canada bilaterally and at the World Trade Organization (WTO) Committee on Agriculture. Under the USMCA, Canada will eliminate Class 7 within six months of entry into force. In addition, Canada will ensure that the price for non-fat solids used to manufacture skim milk powder, milk protein concentrates, and infant formula will be no lower than a level based on the USDA price for nonfat dry milk. Transparency provisions obligate Canada to provide information needed to monitor compliance with these commitments. Canada will apply charges to exports of skim milk powder, milk protein concentrates, and infant formula in excess of thresholds specified in the USMCA.

Restrictions on U.S. Grain Exports

Several grain sector requirements limit the ability of U.S. grain exporters to receive a premium grade (a grade that indicates use for milling purposes as opposed to grain for feed use) in Canada, including the provisions of the Canada Grain Act and Seeds Act.

Under the Canada Grain Act, the quality grade certificate for grain grown outside Canada, including U.S. grain, can only state the country of origin for that grain and not issue a grade. Also, the Canada Grain Act allows the Canadian Grain Commission to "establish grades and grade names for any kind of western grain and eastern grain and establish the specifications for those grades" by regulation. The explicit definitions of "eastern grain" and "western grain" as grain grown in the eastern and western divisions of Canada in the Canada Grain Act further underscores that grading is only available to Canadian grains. Under the Canada Grain Act, only grain

of varieties registered under Canada's Seeds Act may receive a grade higher than the lowest grade allowable in each class.

U.S. grain can be sold without a grade directly to interested Canadian purchasers at prices based on contract specifications. However, contract-based sales are a relatively small proportion of all sales in Canada. Most sales occur through the bulk handling system in grain elevators. Grain elevators offer economic efficiencies by collecting and storing grain from many small-volume growers, giving them the ability to fulfill larger contracts and to demand higher prices for that ability.

The barriers to assigning U.S. grain a premium grade encourages both a price discounting of high-quality U.S. grain appropriate for milling use and segregating U.S. and Canadian grain at Canadian elevators. The requirement that the quality grade certificate for grain grown outside Canada state the country of origin also encourages segregating at Canadian elevators.

The USMCA requires Canada to treat U.S. wheat no less favorably than Canadian wheat with respect to assigning a quality grade. Under the USMCA, Canada will not be allowed to require a country of origin statement on a quality grade certificate for U.S. wheat.

Personal Duty Exemption

Canada's personal duty exemption for residents who bring back goods from short trips outside of its borders is less generous than the United States personal duty exemption. Canadians who spend more than 24 hours outside of Canada can bring back C\$200 worth of goods duty free, or C\$800 for trips over 48 hours. Canada provides no duty exemption for returning residents who have been out of Canada for fewer than 24 hours. U.S. retailers have raised concerns about the effect of this policy on purchases by Canadians on short trips to the United States.

De Minimis Threshold

De minimis refers to the maximum threshold below which no duty or tax is charged on imported items. U.S. companies shipping to Canada should be aware that Canada's de minimis threshold remains at C\$20, which is the lowest among industrialized nations. By comparison, in March 2016, the United States raised its de minimis threshold from \$200 to \$800. Some stakeholders, particularly shipping companies and online retailers, maintain that Canada's low de minimis threshold creates an unnecessary trade barrier.

Wine, Beer, and Spirits

Canada allows residents to import a limited amount of alcohol free of duty and taxes when returning from trips that are at least 48 hours in duration. If the amount exceeds the personal exemption, duties and taxes apply. The taxes vary by province, but generally inhibit Canadians from importing U.S. alcoholic beverages when returning from shorter visits to the United States.

Most Canadian provinces restrict the sale of wine, beer, and spirits through province-run liquor control boards, which are the sole authorized sellers of wine, beer, and spirits in those provinces. Market access barriers in those provinces greatly hamper exports of U.S. wine, beer, and spirits to Canada. These barriers include cost-of-service mark-ups, restrictions on listings (products that the liquor board will sell), reference prices (either maximum prices the liquor board is willing to pay or prices below which imported products may not be sold), labeling requirements, discounting policies (requirements that suppliers offer rebates or reduce their prices to meet sales targets), and distribution policies.

British Columbia

In 2015, British Columbia (BC) introduced wine measures that discriminate on their face against imported wine. These measures allow only BC wine to be sold on regular grocery store shelves, while imported wine may

be sold in grocery stores only through a so-called “store within a store” option. The United States believes these measures are inconsistent with Canada’s obligations pursuant to Article III:4 of the GATT 1994 because they are laws, regulations, or requirements affecting the internal sale, offering for sale, purchase, or distribution of wine and fail to accord products imported into Canada treatment no less favorable than that accorded to like products of Canadian origin. In January and October 2017, the United States requested WTO dispute settlement consultations with Canada regarding measures maintained by BC governing the sale of wine in grocery stores. The WTO Secretariat entitled the dispute Canada —Measures Governing the Sale of Wine in Grocery Stores and assigned it the dispute number DS520. At its meeting on July 20, 2018, the WTO Dispute Settlement Body established a panel.

In an exchange of letters signed November 30, 2018, Canada committed to ensure that BC modify its measures and implement any changes no later than November 1, 2019. The United States has paused its dispute settlement action at the WTO and is reviewing regulatory changes made by British Columbia in July 2019.

Ontario

Under Regulation 232/16, effective December 2016, grocery stores are permitted to sell wine under certain conditions, including conditions related to the size of the winery producing the wine, the size of wineries affiliated with the producing winery, the country where the grapes were grown, and whether the wine meets the definition of a “quality assurance wine.” Working with U.S. industry, the United States is analyzing these conditions for sale in grocery stores as well as other developments in Ontario to help ensure U.S. wines are not disadvantaged.

Quebec

Quebec measures may provide an advantage to Quebec small wine producers vis-à-vis imported wines by allowing Quebec small wine producers to bypass the provincial liquor board, Société des alcools du Québec (SAQ), and sell directly to grocery stores, therefore also bypassing the SAQ’s mark-ups.

Services Barriers

Telecommunications

Canada maintains a 46.7% limit on foreign ownership of certain suppliers of facilities-based telecommunication services (i.e., those with more than 10% market share), except for submarine cable operations. This is one of the most restrictive regimes among developed countries. Canada also requires that Canadian citizens comprise at least 80% of the membership of boards of directors of facilities-based telecommunication service suppliers. As a consequence of these restrictions on foreign ownership, the role of U.S. firms in the Canadian market as wholly U.S.-owned operators has been limited to that of resellers, dependent on Canadian facilities-based operators for critical services and component parts.

Foreign ownership of transmission facilities is limited to 20% direct ownership and 33% through a holding company, for an effective limit of 46.7% total foreign ownership of certain suppliers of facilities-based telecommunications services (i.e., those that have more than 10% market share), except submarine cable operations. Canada has one of the most restrictive regimes among developed countries. Canada also requires that at least 80% of the members of the board of directors of facilities-based telecommunications service suppliers be Canadian citizens. Because of restrictions on foreign ownership, the role of U.S. firms in the Canadian market as wholly U.S.-owned operators has been limited to that of resellers, dependent on Canadian facilities-based operators for critical services and component parts.

Canadian Content in Broadcasting

The Canadian Radio-television and Telecommunications Commission (CRTC) imposes quotas that determine both the minimum Canadian programming expenditure (CPE) and the minimum amount of Canadian

programming that licensed Canadian broadcasters must carry (Exhibition Quota). Large English language private broadcaster groups have a CPE obligation equal to 30% of the group's gross revenues from their conventional signals, specialty, and pay services.

In March 2015, the CRTC announced that it will eliminate the overall 55% daytime Canadian-content quota. Nonetheless, the CRTC is maintaining the Exhibition Quota for primetime at 50% from 6 p.m. to 11 p.m. Specialty services and pay television services that are not part of a large English-language private broadcasting group are now subject to a 35% requirement throughout the day, with no prime-time quota.

For cable television and direct-to-home broadcast services, more than 50% of the channels received by subscribers must be Canadian channels. Non-Canadian channels must be pre-approved ("listed") by the CRTC. Upon an appeal from a Canadian licensee, the CRTC may determine that a non-Canadian channel competes with a Canadian pay or specialty service, in which case the CRTC may either remove the non-Canadian channel from the list (thereby revoking approval to supply the service) or shift the channel into a less competitive location on the channel dial.

The CRTC also requires that 35% of popular musical selections broadcast on the radio qualify as "Canadian" under a Canadian government-determined point system.

In September 2015, the CRTC released a new Wholesale Code that governs certain commercial arrangements between broadcasting distribution undertakings, programming undertakings, and exempt digital media undertakings. A proposal in the new Wholesale Code to apply a code of conduct designed for vertically-integrated suppliers in Canada (i.e., suppliers that own infrastructure and programming) to foreign programming suppliers (who by definition cannot be vertically integrated, as foreign suppliers are prohibited from owning video distribution infrastructure in Canada) has raised significant stakeholder concerns. Additionally, stakeholders have expressed concern related to provisions in the Wholesale Code that affect U.S. broadcast signals and services within Canada. The Wholesale Code came into force January 22, 2016.

Investment Barriers

The Investment Canada Act (ICA) has regulated foreign investment in Canada since 1985. Foreign investors must notify the government of Canada prior to the direct or indirect acquisition of an existing Canadian business above a threshold value. Canada amended the ICA in 2009 to raise the threshold for Canada's "net benefit" review of foreign investment. The threshold currently stands at C\$600 million and had been scheduled to increase to C\$1 billion in 2019. The government announced November 1, 2016 that the threshold for review will be raised to C\$1 billion in 2017, two years sooner than originally planned. Innovation, Science and Economic Development Canada is the government's reviewing authority for most investments, except for those related to cultural industries, which come under the jurisdiction of the Department of Heritage Canada. Foreign acquisition proposals under government review must demonstrate a "net benefit" to Canada to be approved. The Industry Minister may disclose publicly that an investment proposal does not satisfy the net benefit test and publicly explain the reasons for denying the investment, so long as the explanation will not do harm to the Canadian business or the foreign investor.

Under the ICA, the Industry Minister can make investment approval contingent upon meeting certain conditions such as minimum levels of employment and research and development. Since the global economic slowdown in 2009, some foreign investors in Canada have had difficulty meeting these conditions.

Canada administers supplemental guidelines for investment by foreign SOEs. Those guidelines include a stipulation that future SOE bids to acquire control of a Canadian oil-sands business will be approved on an "exceptional basis only."

For more information, refer to the United States Trade Representative's [2017 National Trade Estimate Report on Foreign Trade Barriers](#).

Barriers to Digital Trade

Data Localization

The Canadian federal government is consolidating information and communication technology (ICT) services across 63 Canadian federal government email systems under a single platform. The tender for this project cited national security as a reason for requiring the contracted company to keep data in Canada. This requirement effectively precludes U.S.-based cloud computing suppliers from participating in the procurement process, unless they replicate data storage and processing facilities in Canada. The public sector represents approximately one third of the Canadian economy and is a major consumer of U.S. services, particularly in the information and communication technology sector. The requirement, therefore, is likely to have significant impact on U.S. exports of a wide array of products and services.

British Columbia and Nova Scotia each have laws that mandate that personal information in the custody of a public body must be stored and accessed only in Canada unless one of a few limited exceptions applies. These laws prevent public bodies, such as primary and secondary schools, universities, hospitals, government-owned utilities, and public agencies, from using U.S. services when there is a possibility that personal information would be stored in or accessed from the United States.

Labeling and Marking Requirements

[The Canadian Consumer Packaging and Labeling Act](#) requires that all labels be bilingual in English and French and that the following information appear on the package/label of consumer goods sold in Canada:

- **Product Identity Declaration:** describes a product's common or generic name, or its function. The declaration must be in both English and French.
- **Net Quantity Declaration:** must be expressed in metric units of volume when the product is a liquid or a gas or is viscous; or in metric units of weight when the product is solid; or by numerical count. Net quantity may also be expressed in other established trade terms.
- **Dealer's Name and Principal Place of Business:** where the prepackaged product was manufactured or produced for resale. In general, a name and address enough for postal delivery will be acceptable. This information can be in either English or French.

Exporters of food products face additional challenges because of different rules regarding the types of health claims that can be made on labels and different nutrition standards, such as recommended daily allowances of vitamins.

The agency responsible for inspection of imports, the [Canada Border Services Agency](#), also requires an indication of the country of origin, such as "Made in the USA," on several classes of imported goods. Goods cannot be released from Canada Customs until they are suitably marked.

The Province of Quebec requires that all products sold in the province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers. The Charter of the French Language requires the use of French on product labeling, warranty certificates, product manuals and instructions for use, public signs, and written advertising. [The Office Québécois de la langue Française](#) (Quebec Office of the French Language) website provides guidance on these requirements. Note that these rules do not apply for non-retail/consumer goods if these goods are coming from outside the province and will be incorporated into a final assembly of a larger product; will be used in a manufacturing process; will undergo a degree of transformation; will undergo any type of repair; and is not available in the retail market in Québec.

U.S. exporters of textiles and apparel should check the website of the [Competition Bureau](#) for specific labeling requirements. Food exporters should check the Canadian Food Inspection Agency's [Guide to Food Labeling and Advertising](#).

Innovation, Science, and Economic Development Canada is charged with ensuring that any claims about a product being "environmentally friendly" are accurate and in compliance with relevant legislation. In general, environmental claims that are ambiguous, misleading or irrelevant, or that cannot be substantiated should not be used. In all cases, environmental claims should indicate whether they are related to the product itself or to the product's packaging materials. The Canadian government has issued a set of guiding principles governing the use of environmental labeling and advertising, which may be obtained by contacting [Innovation, Science, and Economic Development Canada](#).

The United States, Mexico, and Canada may ship their goods across North America without any fees or filing an [Electronic Export Information \(EEI\)](#) form (formerly a Shipper's Export Declaration). Shipments to Canada do not require an EEI unless the shipment:

- Requires a [Department of Commerce export license](#);
- Is subject to the Department of State International Traffic in Arms Regulations (ITAR) regardless of license requirements, or
- Is subject to Department of Justice Drug Enforcement Administration export declaration requirements.
- For merchandise transshipped from the United States through Canada for ultimate destination to a foreign country other than Canada, an SED or [Automated Export System \(AES\)](#) record is required.
- A list that consolidates 11 export screening lists of the Departments of Commerce, State, and Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available at the [Consolidated Screening List webpage](#).

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a [list of upcoming seminars and webinars](#).

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [Electronic Code of Federal Regulations \(e-CFR\)](#).

The [Consolidated Screening List \(CSL\)](#) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

Canada allows the temporary import free of duty and tax of certain commercial goods and equipment such as brochures, commercial samples, audio-visual equipment, and industrial equipment for business meetings, trade shows, product demonstrations, and industrial or construction purposes.

If the goods are eligible for free entry, a refundable security deposit -- in the form of cash or bond -- may be required. Further information on Canada's Form E29B ("temporary entry") and other requirements are available on the [Canada Border Services Agency](#) website. Information on temporary entry of personal goods and equipment can also be found on this website.

Prohibited and Restricted Imports

Certain goods may be prohibited or controlled, or require special permits, inspections, or conditions to be allowed into Canada. The Canada Border Services Agency provides a step-by-step guide to help importers determine whether their goods may be subject to special rules or conditions ([Step-by-step guide to importing commercial goods into Canada](#)).

The Export and Import Controls Board monitors the import and export of controlled goods. These include goods such as sugar and softwood lumber, which are the subject of quota agreements, as well as weapons, munitions, nuclear materials, and goods of a similar nature. The Canada Border Services Agency administers Canada's laws and regulations governing products on the Import Control List.

Customs Regulations

Certain goods may be prohibited or controlled, or require special permits, inspections, or conditions to be allowed into Canada. The Canada Border Services Agency provides a step-by-step guide to help importers determine whether their goods may be subject to special rules or conditions ([Step-by-step guide to importing commercial goods into Canada](#)).

Standards for Trade

Overview

Canadian and U.S. standards are similar. Products designed to conform to U.S. standards will often meet Canadian standards with little or no modification. Similarities between U.S. and Canadian standards, however, do not relieve the United States exporter of the obligation to meet the Canadian standard.

Standards and technical regulations in Canada follow the basic principles of the WTO Agreement on Technical Barriers to Trade ("TBT Agreement") and, as such, must not create unnecessary barriers to trade. To reduce such barriers, NAFTA builds on the WTO TBT Agreement by mandating that:

- Testing facilities and certification bodies are treated in a nondiscriminatory manner.
- Federal standards-related measures will be harmonized to the greatest extent possible.
- Greater openness will be provided in the regulatory process.

[Canada's National Standards System \(NSS\)](#) develops, promotes, and implements standards in Canada. The NSS includes more than 400 organizations accredited by the Standards Council of Canada. These organizations are involved in activities such as standards development, product testing and quality (conformity assessment), product or service certification, and environmental management and production systems registration.

As a federal Crown Corporation, the [Standards Council of Canada \(SCC\)](#) coordinates standardization activities in Canada. The organization reports to Parliament through the Minister of Innovation, Science, and Economic Development and oversees Canada's National Standards System. The SCC comprises representatives from the federal and provincial governments as well as from a wide range of public and private interests. The council prescribes policies and procedures for developing National Standards of Canada, coordinates Canada's participation in the international standards system, and accredits more than 400 organizations involved in standards development, product or service certification, testing, and management systems registration activities in Canada. The SCC is independent of government, although it is partially financed by public funds.

The SCC does not develop standards itself, nor does it conduct conformity assessments. Rather, under its mandate to coordinate and oversee the National Standards System, the SCC accredits testing and certification organizations to conduct conformity assessments and reviews of the standards submitted by standards development organizations for approval as National Standards of Canada.

Standards

There are four accredited standards development organizations (SDOs) in Canada:

1. [Canadian Standards Association \(CSA\)](#)
2. [Underwriters Laboratories of Canada \(ULC\)](#)
3. [Canadian General Standards Board \(CGSB\)](#)
4. [Bureau de Normalisation du Quebec \(BNQ\)](#)

The CSA and ULC are private sector organizations covering a wide variety of commercial goods and services. The CGSB and BNQ cover areas related to the activities of the Canadian federal and Quebec provincial government respectively. Each of these organizations develops standards through committees representing various interests. SDOs may submit standards to the SCC to be recognized as National Standards of Canada.

The websites of these four organizations, listed in the product certification section of this document, provide information to assist companies to keep up with current developments. Companies should become familiar with the development process, especially the proposal stage, so they can learn of new standards as early as possible.

Standards organizations in the United States and Canada work cooperatively in the development of joint standards and have made progress in several areas. For example, the Air Conditioning and

Refrigeration Institute and the CSA have harmonized performance standards into a single North American standard for air conditioners and heat pumps, packaged water chillers, and water-source heat pumps. UL and CSA have established common electrical safety standards for air conditioners, heat pumps, and refrigerant motor-compressors.

Testing, Inspection and Certification

Product testing, known as conformity assessment, is usually carried out by a testing and certification organization or laboratory that has been accredited to conduct the test that certifies the product's conformity with the applicable standard. All regulated products must be tested and certified. The Standards Council accredits six types of conformity assessment organizations:

- Testing and Calibration Laboratories;
- Management System Certification Bodies;
- Personnel Certification Bodies;
- Product and Service Certification Bodies;
- Inspection Bodies; and
- Greenhouse Gas Validation and Verification Bodies.

Publication of Technical Regulations

The Standards Council operates Canada's WTO Standards Enquiry Point. The Enquiry Point provides a current database of all current Canadian standards and regulations and makes the information available to Canada's trading partners. Businesses can register for the [Standards Alert](#) program to receive updated information on regulatory changes in their business areas.

In addition to submitting proposed technical regulations to the WTO TBT Committee, any proposed regulatory change in Canada is listed in the [Canada Gazette](#). U.S. companies can submit comments to the Government of Canada on proposed changes, especially if the changes are likely to constitute a trade barrier.

Persons who plan to comment on a Canadian (or any other foreign) regulation should contact the United States [National Center for Standards and Certification \(NCSCI\)](#) for guidance. If there is insufficient time to review and comment on the regulation, NCSCI staff will request an extension of the comment period.

Contact Information

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. [Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

[The Office of Trade Agreements Negotiations and Compliance \(TANC\)](#) serves as a point of contact for U.S. companies to submit information on a foreign trade barrier or unfair trade practice they have encountered, such as a technical barrier to trade that is limiting their ability to export or compete

internationally. For additional information or support, please contact TANC at tanc@trade.gov or by phone at (202) 482-1191.

For additional information on standards, please contact Commercial Specialist Tracey Ford at the U.S. Embassy Ottawa at Tracey.Ford@trade.gov or by phone at (613) 688-5406.

Trade Agreements

USMCA

The United States, Mexico, and Canada are parties to the United States–Mexico–Canada Agreement ([USMCA](#)), which entered into force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). Qualifying goods and services which had zero tariffs under NAFTA will remain at zero under USMCA. For additional information on tariffs, see the Trade Barriers section of this guide and/or visit the [FTA Tariff Tool](#) and the [FTA Resources Toolbox](#) on our [FTA Help Center](#).

USMCA is a 21st century, high-standard trade agreement, supporting mutually beneficial trade resulting in freer markets, fairer trade, and robust economic growth in North America. The Agreement modernizes and rebalances U.S. trade relations with Mexico and Canada, and it reduces incentives to outsource by providing strong labor and environmental protections, innovative rules of origin, and revised investment provisions. The Agreement also brings labor and environment obligations into the core text of the agreement and makes them fully enforceable.

USMCA upgrades NAFTA in a number of key areas. For example, the USMCA establishes the strongest and most advanced provisions on intellectual property and digital trade ever included in a trade agreement. Updates to the Customs and Trade Facilitation Chapter will help reduce costs and bring greater predictability to cross-border transactions. Likewise, new chapters such as Good Regulatory Practices and SMEs will help to reduce and prevent non-tariff barriers through increased transparency, evidence-based decision-making, and whole-of-government internal coordination, and promote cooperation to help increase SME trade and investment opportunities, respectively. USMCA also includes a number of groundbreaking provisions to combat non-market practices— such as subsidies and currency manipulation—that have the potential to disadvantage U.S. workers and businesses. In addition, through updated rules of origin, the USMCA requires that 75% of auto content be produced in North America and that key auto core parts originate in North America.

For more information on the agreement, how to prepare for USMCA, differences between USMCA and NAFTA, new chapters, and more visit ITA's [USMCA webpage](#).

Licensing Requirements for Professional Services

To do business in Canada, and to comply with government regulations, you may need a variety of licenses and/or permits from various levels of government. The permits and licenses search tool can assist you in finding which licensing requirements may apply to your business. Find resources at: <https://www.canada.ca/en/services/business/permits.html>. You should check with the local government about requirements for new businesses in your planned area of operation.

Selling U.S. Products & Services

Distribution & Sales Channels

Overview

Most sales to Canadian companies are handled through relatively short marketing channels; in many cases, products move directly from manufacturer to end user. This is particularly true for industrial products. 90% or more of prospective customers for industrial products are in or near two or three major cities. Canada's consumer goods market is more widely dispersed than its industrial market. From a regional perspective, the country may be divided geographically into distinct markets, plus the territories, defined as follows: Ontario, Quebec, the West, Atlantic Canada, and Northern Canada.

Commercial Service offices in Canada can assist U.S. firms in locating qualified potential partners through customized matchmaking programs, such as an International Partner Search, Gold Key Service or Single Company Promotion. For additional information, visit the Commercial Service Canada webpage on [Services for U.S. Companies](#).

Using an Agent to Sell U.S. Products and Services

Although large industrial equipment is usually purchased directly by end users, nearly all smaller equipment, goods and related services, and industrial supplies are imported by wholesalers, exclusive distributors, or manufacturers' sales subsidiaries. U.S. firms have historically appointed manufacturers' agents to call on potential customers to develop the market. Most sales agents expect to work on a two-tier commission basis. Agents receive a lower commission for contract shipments and a higher rate when purchases are made from the local agent's own stocks.

Consumer goods are usually purchased directly by Canadian wholesalers, department stores, mail-order houses, chain stores, purchasing cooperatives, and single-line retailers. Many of these groups have their own purchasing agents in the United States to whom you can market directly. Manufacturers' agents can also play a role in consumer goods sales.

Establishing an Office

U.S. companies can establish a representative office or branch offices, set up a sole proprietorship or partnership, or incorporate a wholly owned subsidiary or joint venture in Canada. Corporations can be public or private, and incorporated federally or under the laws of a province. For additional information, visit the [Government of Canada's Corporations Canada website](#).

Private or public corporations incorporated federally under the Canada Corporations Act may operate nationally or in several provinces. Provincial and territorial legislation requires you to register your corporation in each province and territory in which it will conduct business. For more information, visit the Government of Canada's Corporations Canada website [Provincial and Territorial Registrar information page](#) and the [Justice Laws website](#).

While incorporating your federal corporation online, you can at the same time register your corporation in the provinces of Ontario, Nova Scotia, Saskatchewan, Newfoundland and Labrador. Registration fees are minimal and vary by province. For more information, visit the Government of Canada's Corporations Canada "[Provincial Registration of Federal Business Corporations](#)" information page.

Corporations incorporated in Quebec must adopt a corporate name in French under [Section 63 of Quebec's Charter of the French Language](#).

Extra-provincial corporations registered in Quebec must supply a French version of their corporate name. Firms considering establishing operations in Quebec should contact the [Office Québécois de La Langue Française](#) (Quebec Office of the French Language) that helps companies comply with Quebec's language laws.

Franchising

Canada has the 2nd largest franchise industry in the world behind the United States and is home to over 1,300 franchise brands totaling over 80,000 units. An increasingly growing sector, franchising is responsible for the opening of over 4,300 new outlets each year. The Canadian Franchise Association reports that franchising contributes over \$100 billion to the country's GDP (6%) and accounts for 1.9 million jobs. Challenges for U.S. businesses wanting to franchise operations remain tied to the varying regulatory environment across provinces.

Due to its proximity, Canada is the first destination for U.S. franchises looking to expand internationally and has a sizable U.S. franchise presence with 49 of the top 100 franchise brands (by unit) US-owned concepts. Most of these franchises operate in the food & beverage, retail, hotel and real estate businesses. The success of American brands is due primarily to brand familiarity and market potential at low risks, particularly low geographic and cultural distance risks. The top 10 U.S. franchisors by unit include: Subway, McDonald's, Jan-Pro, A&W Food Services, Remax, KFC, DQ, Domino's Pizza, H&R Block and UPS.

Franchising is an attractive low-risk method of exporting because it requires minimal investment by the franchisor and is an effective way to increase brand recognition, while expanding both customer base and distribution channels. In Canada, the sector covers almost 50 different sectors of the economy, including hospitality, automotive and health care. In the consumer products industry, Canada's ethnic diversity and high-level of disposable income provide good selling opportunities. These are projected to experience more growth in the next decade. Also, Canada's population is aging, and the baby boomer generation now makes up more than half of the senior demographic, increasing demand for health and assisted or independent living care facilities and fitness services. eCommerce also offers a great opportunity for U.S. exporters seeking to access the Canadian market.

Franchising in Canada, much like in any other country, requires long-term commitment. Franchisors must dedicate the necessary human and financial capital, patience, and time for their concept to succeed in the Canadian market. The preferred franchising model is through the incorporation of a Canadian subsidiary, which creates a local physical presence for the franchisor. Foreign franchisors may also enter the Canadian market by franchising directly from their country without the creation of a permanent establishment in Canada.

One of the major obstacles facing U.S. franchisors is the varying franchise legislation that exists across Canada. Canada divides legislative power between the federal and provincial levels of government. At present, the Canadian federal government has no federal franchise laws, however there is federal legislation related to franchising that franchisors should monitor.

In terms of provincial legislation, six provinces, Alberta, British Columbia, Manitoba, Ontario, New Brunswick, and Prince Edward Island, have enacted franchise disclosure legislation. The province of Quebec is a civil law jurisdiction, and while it has no franchise-specific legislation, the Civil Code of Quebec and the Charter of the French Language both apply to franchising. Additionally, unlike the other provinces, Quebec does not have a mandatory disclosure requirement, i.e., a franchisor does not have to provide a Franchise Disclosure Document at any time prior to the signing of the franchise agreement.

Direct Marketing

In general, direct marketing techniques that succeed in the United States are also effective in reaching Canadian audiences. Tapping into this market can be as easy as placing an advertisement in a magazine or on the internet.

To learn more, visit the websites of these industry organizations: The [Canadian Marketing Association](#) and <http://www.dmn.ca>. Both are widely considered to be leading sources of information about direct marketing in Canada.

Joint Ventures & Licensing

The Canadian legal system imposes few restrictions on joint ventures or licensing. Some joint ventures require approval from the Government of Canada under the [Investment Canada Act](#). For most new ventures, foreign investors need only notify the Canadian government of their investment. Foreign licensors do not require registration or public disclosure.

Express Delivery

Canada has many of the same express delivery providers as the United States. U.S. Government statistics show that approximately \$1.9 billion of goods and services cross the Canada-U.S. border each day. With this volume of trade, express delivery providers are an experienced and reliable means of cross-border shipping. Transit time for express services between most major U.S. and Canadian cities range from overnight to three days. Transit time may be longer if the goods being transported require additional processing at customs (import/export clearances). It is important to clearly define the goods being shipped. In addition to private delivery companies, Canada has a robust and reliable federal mailing system, Canada Post. Additional information can be found on the following websites:

- [Canada Post](#)
- [Canada Border Services Agency \(CBSA\) Information on Service Providers and Importing Commercial Goods](#)

On March 10, 2016, the United States [Customs and Border Protection \(CBP\) raised the value of the de minimis exemption](#) from US\$200 to US\$800 for goods shipped from Canada to U.S. buyers. This exemption applies to a shipment of merchandise imported by one person on one day that generally may be imported free of duties and taxes. The US\$800 rate set by the United States CBP is among the highest allowable thresholds in the world. For goods shipped from the United States to Canada buyers, the de minimis threshold is C\$20, or about US\$15. This threshold was originally set in the early 1980s, before the advent of online retailing, and remains the lowest in the industrialized world and among the lowest globally. To facilitate greater cross-border trade, the United States reached an agreement to raise the de minimis level upon ratification of the USMCA.

Due Diligence

Canadian businesses have a strong reputation for business ethics. Nonetheless, before signing a major contract or entering a long-term partnership agreement in Canada, U.S. exporters should conduct due diligence. The Commercial Service offers an International Company Profile (ICP) service that conducts routine background checks on Canadian companies. For information on the ICP, please contact Senior Commercial Specialist Lucy Cicero Latka at lucy.latka@trade.gov.

eCommerce

Overview

As one of the world's heaviest users of the Internet, Canadians have embraced electronic commerce amid a major disruption in retail channels. In fact, in 2018 there was 19.8 million eCommerce users in Canada and there is expected to be an additional 5.21 million users shopping online by 2021. Increased online shoppers means that retail eCommerce sales in Canada continues to climb, both in real terms and as a proportion of total retail. According to Statistics Canada, in the first two months of 2019, retail eCommerce sales accounted for US \$2.2 million. It is estimated that retail eCommerce sales will total

US \$47.9 million by 2020. Retailers are investing in digital platforms to reach consumers dispersed over a vast land mass while responding to competition from global e-tailors such as Amazon Canada. Fashion is currently the leading product category, followed by Electronics and Media. 59% of Canadian shoppers use credit card when shopping online and a further 20% prefer PayPal.

Canadian consumers increasingly rely upon the Internet to place orders. For the past decade, Internet consumer sales have risen at a far higher rate than traditional retail sales. Most Canadian retail firms have adopted wireless technologies and internet-based systems to improve business-to-business and business-to-consumer relations. Manufacturing firms and government organizations are also increasingly likely to use the Internet for purchases, especially for small routine orders. Although approximately 88.5% of all Canadians have access to stable internet service, the users primarily live in the more urban areas of the country. Internet access provides a crucial link to the rest of the world for residents in remote communities in Canada's north, but delivering high-speed services remains costly and difficult.

Canada's eCommerce infrastructure is highly developed and closely integrated with that of the United States. Broadband internet access is offered throughout Canada using much of the same equipment as in the United States. Information flows freely across the border, and without difficulty. U.S. companies do not need to set up a separate website. Many U.S. companies have integrated Canadian transactions into their current websites. Others maintain a distinct ".ca" domain. U.S. companies selling to Canadian business and consumers over the Internet should have procedures in place to meet Canadian customs requirements and pricing in Canadian dollars. More than 200 languages are spoken in Canada. English and French are official languages. This linguistic duality can present an obstacle for retailers, sometimes requiring multilingual customer care and sites to be successful.

Market Trends

The Canadian eCommerce market closely resembles that of the United States and therefore shares some of the trends in the retailers to the south. Trends shaping the Canadian e commerce market include:

- **Hybrid purchases/ "Click and Collect"** – so-called "omnichannel" consumers order goods online and pick them up in a brick and mortar store.
- **Marketing through social media** – return on investment for using social media is constantly improving; retailers increasingly spend marketing dollars on social media ads.
- **Cybersecurity** – fraud is a growing concern for Canadian retailers. Tools that help companies detect and deter cybercriminals are becoming more easily available and affordable, with integration often built into a company's strategic planning.
- **Migration to mobile payments "mPOS (mobile Point-Of-Sale)"** – continues to increase in Canada using technologies like Apple Pay, Android Pay, and Google Pay.

Domestic eCommerce (B2C)

The growth of eCommerce is due not only to the volume of purchases, but also to the breadth of goods and services Canadians purchase. The products that Canadians are buying from U.S. based merchants are apparel and accessories, followed by books, music and videos; consumer electronics; toys, hobbies, and games; health and beauty products; footwear; jewelry; household goods; sporting goods, DIY and garden supplies and groceries.

Cross-Border eCommerce

Although Canadians prefer to support Canadian online business, a sizable proportion of the nation's eCommerce spending goes to non-Canadian websites. A 2017 report from eTail Canada says that close to half of Canadian consumers' online purchases are made at foreign retail sites. Canada has many small and medium-sized enterprises (SMEs), but the companies have been slow to enter the e-commerce industry. Canadians cite lower prices and better selection as some reasons for shopping outside the country.

Due to Canada's strong economy and proximity to the United States, retailers aspire to tap into the growing eCommerce market in Canada. For U.S. retailers who are selling beyond their borders for the first time, Canada offers an easy cross-border opportunity with similar taxes, fees, and shipping safety. How-to websites, such as CrossBorderShopping.ca, have also been created for the sole purpose of aiding Canadian consumers through the process, providing price comparison tools and outlining areas such as return policies, taxes, and restrictions.

B2B eCommerce

Virtually all Canadian small business owners report making online purchases. Large numbers of business owners are opting to purchase their travel online and are more likely to access government services or office supplies online.

Mobile eCommerce

As of January 2019, 33% of Canadians made online retail purchases with their mobile devices and this trend is growing. Millennial consumers (ages 18-34) lead the trend, with 41% of these shoppers purchasing via digital devices at least once a week.

Rules & Regulations

U.S. companies need to comply with Canada's federal data privacy laws, including the [Privacy Act and the Personal Information Protection and Electronic Documents Act \(PIPEDA\)](#), as well as provincial privacy laws. A main requirement of PIPEDA requires persons or firms that collect personal information during commercial activities to inform the subject of all possible uses of the data and to obtain consent for the use.

[Canada's Anti-Spam Law \(CASL\)](#) took effect on July 1, 2014. CASL significantly limits the way companies send Commercial Electronic Messages (CEM). A CEM is defined as any electronic message intended to encourage participation in a commercial activity. An electronic message includes email, text messages, VoIP phones, digital radio, digital TV, and some aspects of social media. Under CASL, the sender of a CEM must have express or implied permission before sending the recipient a CEM. Although CASL does not ban sending CEMs, the law requires that senders obtain prior consent before sending the CEM. Senders must also provide identifying information in all CEMs. This information must be valid for 60 days after the message is sent. All CEMs must also include an obvious unsubscribe mechanism.

Popular eCommerce Sites

Major online retailers in Canada include Amazon, Wal-Mart, Canadian Tire, Costco, Best Buy, Hudson's Bay, and Etsy.

Online Payment

There are several methods online vendors can use to collect payment in Canada, the most popular being credit card-based – Interac Online, MasterPass, and PayPal -- but some vendors also offer the

option for prepaid card or prepaid voucher. MasterCard is the preferred credit card in Canada, with 53.6% share of the market; Visa closely follows with 41.3% and American Express with 5.1%.

Digital Marketing

Given the increasing access to and dominant presence of younger consumers on social media sites, digital ads have more consistently targeted social media rather than the traditional online news and information portals or information sources. Currently, 36% of digital ads are placed on social media, 18% on entertainment sites, and 12% on portals. The remaining ads are placed on news and information sites and directories, among others.

In terms of consumer preferences, young consumers have shown a greater trend toward mobile purchases and are more responsive to mobile ads. Another preference in Canada is for video advertising: according to Com Score, mobile commerce (m-commerce) is on the rise, given increasing mobile connectivity of smartphones and tablets. Digital advertising now has surpassed TV advertising revenues and is poised to become the favorite advertising venue in Canada.

Major Buying Holidays

The major consumer "buying holidays" are like those in the United States:

- Valentine's Day (February 14)
- Easter (March/April)
- Mother's Day (May)
- Father's Day (June)
- Back-to-School (August)
- Halloween (October 31)
- Christmas (December 25)
- Boxing Day (December 26)

Canada also sees a rise in sales around the fourth quarter holidays, most notably Cyber Week, the buying period that begins on the United States Thanksgiving holiday, including Black Friday and Cyber Monday.

Social Media

Social network user numbers are on the rise in Canada and in 2019 amounted to 25.6 million users. Recent data from Statista showed that Facebook has the highest percentage of internet users in Canada with 84%, compared to 59% accessing YouTube. Twitter is also experiencing growth and is expected to grow its user base from over 3.3 million to 7.6 million users in 2020. Based on mobile share of visits, however, Twitter ranks third among Canadians, with Pinterest taking the second spot.

Canadian millennials use social media differently from other age groups. Their focus is YouTube, Netflix, Facebook, and Instagram. Social media usage among women is growing steadily across all networks, and growth among Canadian men is slower by comparison. Women are using visual social networks more, with Instagram and Pinterest seeing more growth. LinkedIn growth among Canadian males is almost double the usage of women on that network. Knowing what life stage your target audience are in, and how they spend their time, can ensure more effective campaigns.

For more information on eCommerce in Canada please contact Commercial Specialist Tracey Ford at Tracey.Ford@trade.gov or by phone at (613) 688-5406.

Selling Factors & Techniques

Overview

Canadian buyers expect reasonable payment terms, sophisticated or cutting-edge technologies, on-time delivery, and competitive pricing and quality. After-sales service and support and training are also important to Canadian enterprises. Most conventions that apply in business culture in the United States apply in Canada. These conventions include setting up meetings in advance, being prepared, arriving on time, and wearing appropriate business attire.

It is important to treat Canada as a unique market. Understanding Canada's culture, history, and geography will be helpful for developing business relationships.

U.S. companies, particularly small and medium-sized firms, must demonstrate credibility and a long-term commitment to the market. Making frequent reference to well-known and established clients, as well as identifying positive economic or environmental implications for Canada during sales presentations, will resonate strongly with Canadian counterparts. Identifying the sustainable aspects of a product is also a crucial selling point in Canada. The information can include the use of recycled materials, organic content, sustainable production techniques, and use of local production.

Trade Promotion & Advertising

Manufacturing Sector

A crucial factor in promoting manufactured products as well as related professional services in Canada is to develop and maintain a sales-oriented corporate website. The website needs to identify your firm's products and services; comparative advantages over competitors; technical specifications; examples or testimonials of your firm's clients; and contact information for sales and service. Be mindful of Canada's requirements for bilingual French/English messaging.

Firms may broaden their visibility and sales through participation in U.S. pavilions at major Canadian trade shows, and through participation in [U.S. Department of Commerce trade missions to Canada](#).

Consumer Sector

Small and mid-sized U.S. consumer goods manufacturers entering the Canadian market should focus on developing a strong web presence. Traditional mass market Canadian advertising (newspapers, TV, and radio) is costly, with ethnically diverse and geographically dispersed audiences.

Daily Newspapers

According to the [Statista.com's report on daily newspapers publishers 2010-2020](#), as of May 2020, there were 79 daily newspapers in Canada, with Postmedia Network Inc./Sun Media owning the most, with 35 papers in total. Canada's leading daily national newspapers, listed by daily average of print and digital circulation, are:

- Toronto Star: 2,695,000 weekly print and online readers (Spring 2019 data)
- The Globe and Mail: 2,614,000 weekly print and online readers (Fall 2019 data)
- The National Post: 1,247,000 weekly print and online readers (Spring 2019 data)
- Le Journal de Montreal (French): 2,833,000 weekly print and online readers

- La Presse (French): reaches 3.5 million per month

*La Presse transitioned to an exclusively digital platform and this number reflects its self-reported readership within the province.

For circulation information, visit [Vividata](#).

Television and Radio

- **The Canadian Broadcasting Corporation/ICI Radio-Canada:** Canada's national public broadcaster. CBC carries news and entertainment programming nationwide on radio and television in English and French, as well as in eight indigenous languages, and operates internationally in nine languages. Learn more at: www.cbc.ca, and www.cbc.ca/radio.
- **CTV:** Canada's largest private broadcaster, offering news and entertainment programming on two English language channels. More: www.ctv.ca.
- **Global Television:** Broadcasts nationwide on one English language channel. For more information, visit: www.globaltv.com
- **TVA:** Broadcasts in French, countrywide. For more information, visit: <https://www.groupe TVA.ca/>.

Commercial television stations in Canada carry a large amount of U.S. programming including popular dramas, sitcoms, and major sporting events, but show local commercials. The Canadian Radio-television and Telecommunications Commission (CRTC) [requires that U.S. networks simultaneously substitute Canadian commercials over U.S. commercials during their programs](#). Beginning in February 2017, Canadian viewers were able to watch American ads on the American channel airing the Super Bowl. However, following a 2019 Supreme Court of Canada decision, Canadian ads will now be broadcast by Canadian channels and also shown on Super Bowl American broadcaster. American ads might be aired on Canadian channels that hold the broadcasting rights as U.S. companies can buy advertising time in Canada for this highly watched sporting event.

Canada's remaining independent stations are mostly community-oriented specialty stations. Radio advertising is largely local.

Internet Marketing

The most popular sites in Canada are major international sites such as Google, YouTube, Reddit, Amazon, and Wikipedia. Facebook, Twitter and Instagram are the dominant social networking sites in Canada.

Pricing

End-user prices of U.S. products and services to Canadian customers, in Canadian dollars, are substantially affected by the exchange rate with the U.S. dollar and the Canadian dollar. The last time the Canadian dollar was at parity with the U.S. dollar was in February 2013.

Canadian buyers are price-sensitive; therefore, U.S. companies should research competitors' prices and wholesale distribution margin models within their industry and be prepared to negotiate on price to win contracts while offering attractive margins to all parties. U.S. companies should also publish price lists in Canadian dollars.

Sales Service/Customer Support

Canadian customers, whether corporate or individual, demand high-quality sales service and after-sale customer support. Corporate clients often expect the U.S. seller to have an agent or distributor whom they can contact immediately if any problems arise. Like their counterparts in the United States, Canadian customers expect fast service and emergency replacement if required.

A U.S. company entering Canada should evaluate its system of after-sale service and support in the U.S. market and replicate that network as closely as possible in the Canadian market. Many U.S. companies have found that establishing a toll-free telephone number that services both Canada and the United States is useful in maintaining contact with customers. If possible, sales and service should be handled within Canada. It can be expensive and time-consuming to handle product returns, exchanges, and warranty repairs cross-border due to the customs documentation required. Be mindful of Canada's requirements for bilingual French/English messaging.

Local Professional Services

Canada's major cities boast an array of high-quality professional services firms catering to both large and small international companies. Prices for services vary greatly and are often higher than in the United States. Leading professional associations in Canada include:

- American Chamber of Commerce (AmCham): www.amchamcanada.ca
- Biotechnology Innovation Organization: www.bio.org
- Canada Corporations Act: <https://laws-lois.justice.gc.ca/eng/acts/C-1.8>
- Canadian Bar Association: www.cba.org
- Canadian Franchise Association: www.cfa.ca
- Canadian Lawyer Listing: www.canadalawyerlist.com
- Canadian Society of Professional Engineers: www.cspe.ca
- Chartered Professional Accountants Canada: www.cpacanada.ca

U.S. companies can also refer to Commercial Service Canada's website for a list of [Business Service Providers](#).

Limitations on Selling U.S. Products and Services

There are six sectors (telecommunications, cultural industries, broadcasting, transportation services, uranium production, and financial services) for which the acquisitions of Canadian businesses by non-Canadians are subject to review under the Investment Canada Act, and that have sector-specific legislation and/or foreign ownership restrictions. There are also limitations on the sale of weapons and drugs in the Canadian market. U.S. goods must comply with all relevant Canadian legislation and regulations. Additional information can be found at:

- [Innovation, Science and Economic Development Canada](#)
- [Health Canada Food and Drug Act](#)
- [Library of Congress \(Firearms Canada\)](#)
- [Canada Firearms Act](#)

Trade Financing

Methods of Payment

Methods of payment in Canada are like those in the United States domestic market. Depending on the magnitude of the contract, U.S. manufacturers exporting to Canada generally ship on open account, and do not require letters of credit. Typical terms are 30 to 90 days with a discount of 1 to 2% of the invoice for early payment, usually if paid within 10 days. U.S. firms exporting to retailers (mainly to department stores) tend to offer a higher discount for settlement within 10 days. Normal precautions in dealing with a first-time customer should be exercised, and safeguards instituted wherever possible, until a good relationship has been established with the customer.

The U.S. Commercial Service in Canada offers the International Company Profile (ICP) as a tool to evaluate the creditworthiness of potential customers or partners. For information on the ICP, please contact Senior Commercial Specialist Lucy Cicero Latka at lucy.latka@trade.gov.

U.S. firms may wish to consider using the U.S. Export-Import Bank's export credit insurance program. [The Export-Import \(EXIM\) Bank of the United States](#) is the official export credit agency of the United States, and its mission is to assist in financing the export of U.S. goods and services to international markets.

For more information about the methods of payment or other trade finance options, please read the [Trade Finance Guide](#).

Banking Systems

The Canadian banking system is well-developed and mature, and in general highly conservative and regulated with more stringent rules governing leverage and capital ratios than the United States. Although federal agencies control most of Canada's financial sector, loan and trust companies, as well as life insurance providers, they may also be governed by either federal or provincial regulations. For example, the cooperative credit movement, which includes credit unions and the "caisses populaires" in Quebec, are regulated almost exclusively under provincial jurisdiction. The [Office of the Superintendent of Financial Institutions Canada \(OSFI\)](#) is the primary regulator and supervisor of federally regulated deposit-taking institutions, insurance companies, and federally regulated private pension plans. OSFI also regulates and oversees all foreign financial services companies operating in Canada.

The banking system in Canada groups financial institutions into five main categories:

- Chartered Banks
- Trust and Loan Companies
- Cooperative Credit Movement
- Life Insurance Companies
- Securities Dealers

There are approximately 36 domestic banks, 18 foreign bank subsidiaries, 28 full service foreign bank branches, and four foreign bank lending branches. Combined, these institutions manage more than C\$4.6 trillion in assets. Banks account for more than 70% of the total assets of the Canadian financial services sector, with the six largest domestic banks accounting for more than 90% of the banking industry's assets. The six major banks have a significant presence outside Canada in areas such as the United States, Latin America, the Caribbean, and Asia.

Canada's banks operate through an extensive network that includes more than 5,890 branches and 18,640 automated banking machines (ABMs) across the country. Canada has one of the highest numbers of ABMs per capita in the world and benefits from very high penetration levels of electronic

channels such as debit cards, internet banking, and telephone banking. Nearly 26% of Canadians report that they perform much of their banking transactions using ABMs.

Foreign Exchange Controls

The government of Canada does not restrict the movement of funds into or out of the country and imposes no restrictions on the buying or selling of any foreign currency. Corporations and individuals can operate in foreign funds and arrange payments in any currency they choose.

U.S. Banks & Local Correspondent Banks

Under NAFTA, U.S. banks have a right of establishment and a guarantee of national treatment in Canada. These rights were carried over into the United-States-Mexico-Canada Agreement, which came into force July 1, 2020, and replaced the NAFTA. All major banks in Canada can do business with U.S. banks, and some have operations in the United States. Major Canadian banks have correspondent accounts with most major U.S. banks.

Protecting Intellectual Property

Several general principles are important for effective management of intellectual property (IP) rights in Canada. It is important to have an overall strategy to protect your IP. IP may be protected differently in Canada and in the United States, and the scope of protection may be different. Rights must be registered and enforced in Canada under local laws. For example, your U.S. trademark and patent registrations will not protect you in Canada. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a country depends on the national laws of that country.

Granting patent registrations is generally based on first-to-file or first-to-invent, depending on the country. Similarly, registering trademarks is based on a first-to-file or first-to-use, depending on the country, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Canadian market. It is vital that companies understand that intellectual property is primarily a private right and that the United States government cannot enforce rights for private individuals in Canada. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Canadian law. The United States Commercial Service can provide a [list of local lawyers](#) upon request.

Although the United States government stands ready to assist, there is little the government can do if the rights holders have not taken the fundamental steps necessary to secure and enforce their IP rights in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights in a mistaken belief that the United States government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. government advice be a substitute for the responsibility of a rights holder promptly to pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Work with legal counsel familiar with Canadian laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

Small and medium-size companies should understand the importance of working with trade associations and organizations to support IP protection and stop counterfeiting. There are several organizations based in Canada and the United States, including:

- The United States Chamber and Local American Chambers of Commerce: www.uschamber.com
- American Chamber of Commerce in Canada: www.amchamcanada.ca
- National Association of Manufacturers (NAM): www.nam.org
- International Trademark Association (INTA): www.inta.org/Pages/Home.aspx
- International Anti-Counterfeiting Coalition (IACC): www.iacc.org
- Pharmaceutical Research and Manufacturers of America (PhRMA): www.phrma.org
- Biotechnology Innovation Organization (BIO) www.bio.org
- The Coalition against Counterfeiting and Piracy: www.iprcenter.gov

The Office of the United States Trade Representative (USTR) maintained Canada on the Watch List in 2020 in its annual Special 301 report on Intellectual Property Rights. Following the IPR provisions in the United States-Mexico-Canada Agreement (USMCA), the commitments will significantly improve the IP atmosphere in Canada. Improvement is noted in areas where there have been long-standing concerns, including enforcement against counterfeits, inspection of goods in transit, transparency with respect to new geographical indications (GIs), national treatment, and copyright term. Despite these changes, Canada remains to have issues like poor enforcement of counterfeit or pirated goods at the border or within Canada, weak patent and pricing environments for innovative pharmaceuticals, deficient copyright protection, and inadequate transparency. With respect to pharmaceuticals, the United States will continue to monitor the implementation and effects of recent changes to the Patented Medicines Prices Review Board's pricing regulations. The United States has concerns about the fairness of Canada's Patented Medicines proceedings and is monitoring proposed changes to Canada's Patented Medicine Prices Review Board. The United States urges Canada to appropriately recognize the value of innovative medicines in both the private and public markets, to ensure that decisions are made transparently. Ultimately, the United States will continue to monitor closely Canada's implementation of the USMCA's intellectual property provisions as well as other developments. More information on the report can be found at the website of the United States Trade Representative at: https://ustr.gov/sites/default/files/2020_Special_301_Report.pdf

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- Patent, trademark, or copyright issues - including enforcement issues in the United States and other countries - call the STOP! Hotline: 1-866-999-HALT, or visit www.STOPfakes.gov.
- Registering trademarks and patents (in the United States as well as in foreign countries), contact the United States Patent and Trademark Office (USPTO) at tel: 1 (800) 786-9199, or visit www.uspto.gov.
- Registering for copyright protection in the United States, contact the United States Copyright Office at tel: 1 (202) 707-5959, or visit www.copyright.gov.
- How to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes website at www.stopfakes.gov.

- Obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit www.stopfakes.gov/Country-IPR-Resources. The toolkits contain detailed information on protecting and enforcing IP in specific markets and contain contact information for local IPR offices abroad and U.S. government officials who are available to assist SMEs.

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles, please link to articles on Protecting Intellectual Property and on Corruption.

For further information, please contact Jennifer Carton, International Trade Specialist, Telephone: 202-482-4146, [E-mailRaquel.Cohen@trade.gov](mailto:Raquel.Cohen@trade.gov).

Selling to the Public Sector

Canada is a signatory to three international agreements relating to government procurement: The World Trade Organization (WTO) Agreement on Government Procurement (GPA), the North American Free Trade Agreement (NAFTA), and the 2010 United States-Canada Agreement on Government Procurement. The current agreements provide U.S. businesses with access to procurement conducted by most Canadian federal departments and many provincial entities. U.S. suppliers have access under these trade agreements to procurement by seven of Canada's Crown Corporations, which are government organizations that operate following a private sector model, but generally have both commercial and public policy objectives. Canada currently has more than 40 Crown Corporations.

[Public Services and Procurement Canada \(PSPC\)](#), formerly known as Public Works and Government Services Canada (PWGSC), is the government's largest purchasing organization, averaging 60,000 transactions and purchasing more than US\$14 billion in goods and services annually. PSPC buys goods for the majority of federal government departments; most departments buy services themselves.

The Canadian government has instituted an "[Integrity Regime](#)" for public procurement managed by PSPC. This policy can restrict opportunities for firms that have been convicted of or pled guilty to corruption anywhere in the world.

The Canadian federal government provides an [official, free, Internet-based electronic tendering service](#). It is the authoritative source for federal government procurements that are subject to trade agreements or subject to departmental policies that are below trade agreement thresholds. Features of the website include:

- Search for opportunities using simple, plain language search terms to match your good or service to available tenders.
- Narrow search results to opportunities by region, Goods and Services Identification Number (GSIN), department, and more.
- Locate procurement information for any tender, such as previous contracts or pre-qualified suppliers who hold standing offers or supply arrangements.

Federal government buyers use the [Supplier Registration Information \(SRI\)](#) service to identify potential suppliers for purchases that are not subject to any of the trade agreements. All sellers must be registered on the SRI to sell to the Government of Canada.

For a complete listing of where to find government procurement tenders for all provincial governments in Canada, please contact Senior Commercial Specialist Lucy Cicero Latka at Lucy.Latka@trade.gov.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with

international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

The Canadian federal government's fiscal year is from April 1 to March 31.

Financing of Projects

The United States Export-Import (EXIM) Bank provides trade and project finance support for U.S. exporters. EXIM has an interest in supporting U.S. small and mid-sized companies, especially those exporting in the following key industry sectors: oil and gas, mining, agribusiness, renewable energy, construction equipment and services, medical equipment and services, aircraft and avionics, and power generation and related services.

The Canadian federal, provincial, and municipal governments provide extensive financing support for major projects such as infrastructure, energy, and waste and water treatment sectors. In some cases, Canadian entities provide all of the financing for the project (usually through bond offerings) and open the project for competitive bid. In many cases (most often in the energy sector), Canadian entities offer natural resources assets for bid and seek project developers who can secure their own financing. In a growing number of cases, Canadian entities develop infrastructure or energy projects through public-private partnerships in which the Canadian side offers rights, loan guarantees, and/or partial financing to leverage needed additional project financing from private sector partners.

Multilateral Development Banks and Financing Government Sales. The United States Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks worldwide such as the World Bank, the Inter-American Bank for Reconstruction and Development, and others. Canada does not qualify for project financing from any such bank, nor from the U.S. International Development Finance Corporation (formerly known as the Overseas Private Investment Corporation).

Business Travel

Business Customs

Business customs in Canada are like those in the United States. Initial meetings are generally formal and exchanging business cards is expected. The use of a PowerPoint presentation or other technology during a sales presentation is common. Although English and French are both official languages in Canada, most international business is conducted in English.

Business culture varies somewhat throughout Canada depending on the region, and most Canadians identify strongly with their respective provinces. U.S. business travelers to Canada should familiarize themselves with the culture, history, and geography of the province where they will conduct business. Most important, business travelers should make a good first impression, and sell the reliability and trustworthiness of themselves and their company before trying to sell their product or service.

Travel Advisory

The Department of State reports on the latest [Country Information for Canada](#) with information on such matters as health conditions, crime, customs regulations, entry requirements, and the location of the U.S. Embassy or nearest Consulate or Consulate General.

Americans living or traveling in Canada are encouraged to enroll in the Smart Traveler Enrollment Program (STEP) to receive important safety and security announcements, and to make it easier for the Embassy or Consulate to contact U.S. citizens in the event of an emergency. <https://step.state.gov/>

Travel Restrictions

In response to the global pandemic, various border restrictions have been put into place by the United States and Canada. For the latest on these, please refer to the State Department's [Travel Restrictions Fact Sheet](#). If you're planning a business trip, always check travel.state.gov before you go.

Visa Requirements

Entry into Canada is determined solely by [Canadian Border Services Agency \(CBSA\)](#) officials, in accordance with Canadian law. Canadian law requires that all persons entering Canada carry both proof of citizenship and proof of identity. A valid U.S. passport, passport card, or NEXUS card satisfies these requirements for U.S. citizens.

The NEXUS program allows pre-screened travelers expedited processing by U.S. and Canadian officials via dedicated processing lanes at designated northern border ports of entry; at NEXUS kiosks at Canadian preclearance airports; access to TSA Pre✓™ at U.S. airports; and at marine reporting locations. For NEXUS – Trusted Traveler, use the link to learn how to enroll: www.cbp.gov/travel/trusted-traveler-programs/nexus. Business travelers requiring a NAFTA TN (Trade NAFTA) visa may submit applications prior to arriving at the border or present their application to a CBP Officer upon arrival at a designated border location. TN NAFTA Professionals may refer to the [USCIS website](#) for more information.

If a U.S. citizen traveler to Canada does not have a passport, passport card, or NEXUS card, a government-issued photo ID (e.g., driver's license) and proof of U.S. citizenship, such as a birth certificate or naturalization certificate, can be presented. Minors under the age of 16 need only present proof of U.S. citizenship if traveling by land. A visa is not required for U.S. citizens traveling to Canada for visits of less than 180 days. Anyone seeking to enter Canada for a purpose other than a visit (e.g., to work, study, or immigrate) must qualify for the appropriate entry status, and should contact the nearest [Canadian Embassy or Consulate](#). Because visas may take several weeks to process, applications should be submitted as far in advance as possible.

When returning to the United States from Canada, U.S. citizens are required to present a valid U.S. passport if they are re-entering the United States via air. For entry into the United States via land or sea border, U.S. citizens must present either a U.S. passport, passport card, NEXUS card, Enhanced Driver's License, or other identification. The only exception to this requirement is for U.S. citizens younger than 16 (or younger than 19, if traveling with a school, religious group, or other youth group), who need only present evidence of U.S. citizenship, such as a birth certificate, Consular Report of Birth Abroad, or naturalization certificate. U.S. citizen travelers are urged to obtain WHTI (Western Hemisphere Travel Initiative) compliant documents before entering Canada well in advance of their planned travel. Refer to the [CBP website](#) for further information.

In most cases, Canadian citizens are exempt from visa requirements for travel to the United States. Canadian citizens wishing to enter the United States as a Treaty Trader or Treaty Investor must obtain a visa. Companies applying for an initial E1 Treaty Trader or E2 Treaty Investor visa are processed at the United States Consulate General in Toronto; visa renewals and visas for family members are processed in Ottawa, Vancouver, Toronto, Montreal, and Calgary. U.S. companies that require non-Canadian foreign business associates to travel to the United States should be advised that visa processing times can vary and may require additional time for administrative processing. For more information, visit: <https://ca.usembassy.gov/visas/treaty-trader-and-investor-visas/>

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

[Contact Consular Services](#) at any of the United States Embassy and Consulates or Consulates General in Canada and visit <https://travel.state.gov/content/travel/en/us-visas.html>.

Currency

Canada's official currency is the Canadian dollar (\$). There are 100 cents (¢) in a dollar. Coins have varied sizes, shapes, and colors. They are:

- 1¢ Penny (removed from circulation in 2012)
- 5¢ Nickel
- 10¢ Dime
- 25¢ Quarter
- \$1 Dollar or "loonie"
- \$2 Two Dollars or "toonie"

For more information, visit the Government of Canada's webpage on [Currency](#).

As of July 28, 2020, the exchange rate \$1.33 Canadian dollar for one U.S. dollar. The last time the Canadian dollar was valued higher than the United States dollar was January 2013, at C\$0.99 for US\$1.

There are approximately 36 domestic banks, 18 foreign bank subsidiaries, 28 full service foreign bank branches, and four foreign bank lending branches. Canada's banks operate through an extensive network that includes more than 5,890 branches and 18,640 automated banking machines (ABMs) across the country. Canada has one of the highest numbers of ABMs per capita in the world and benefits from very high penetration levels of electronic channels such as debit cards, internet banking, and telephone banking.

Telecommunications/Electronics

Telecommunications networks are highly sophisticated in Canada and comparable to those in the United States. Canada is integrated with the United States direct-dial long-distance telephone system (dial 1, the area code, and the number). Most U.S. mobile phones work in Canada, although roaming and long-distance charges may apply. Some U.S. mobile phone companies offer combined U.S. and Canada coverage plans. All forms of communication and transmission are possible, including voice, text, data and video, over regular phone lines, broadband, and Voice over Internet Protocol (VoIP)

Transportation

Canada possesses an advanced transportation system comparable to that of the United States. Canada's truck, air, and rail services are fully integrated with U.S. networks, providing efficient access to consumers and suppliers throughout North America.

Although all cities have reasonably priced public transport systems, Canada is as much an "automobile society" as the United States. Within 200 miles of the United States border, there is an excellent highway and freeway system that connects with major U.S. interstate highways at the border and supports heavy truck, bus, and automobile traffic. Canada is ranked number one for road provision among all G7 countries.

The Trans-Canada Highway is a federal-provincial highway system that links all 10 provinces of Canada. With the main route spanning 8,030 km (4,990 miles), the Trans-Canada Highway is one of the world's longest national highways and is recognizable by its distinctive white-on-green maple leaf route markers.

U.S. travelers should make note of both the similarities and differences when driving in Canada.

- Gasoline is sold in liters in Canada, and Canadian safety standards for cars are like those in the United States.
- International highway symbols are used in Canada, and distances and speed limits are posted in kilometers.
- Seat belts and infant/child seat restraints are mandatory in all Canadian provinces. Fines are imposed for non-use of seat belts and child restraints.
- Travelers renting cars in Canada during winter should make sure the vehicles are equipped with winter tires (mandatory in Quebec), because all-season tires lose traction in wintry weather.

Canada's railway system is the third largest among OECD countries at 73,000 km, with significant links to the United States. There is easy access to Canada's major ports and to interior communities through truck-rail intermodal services.

Canada has the world's longest inland waterway open to ocean shipping, the Great Lakes/St. Lawrence Seaway System. The Seaway provides a direct route to the industrial heart of North America. Major ports include Vancouver, Montreal, Halifax, Port Cartier, Sept Iles/Pointe Noire, Saint John, and Quebec City. Modern container facilities at major ports connect with inland container trains to ensure rapid movement of goods throughout North America.

Canada's air transportation system includes 10 major international airports and more than 300 smaller ones. Toronto's Pearson Airport is the busiest airport in the country, handling almost one-third of all traffic.

Language

Canada has two official languages: English and French. All Government of Canada services and documents are available in the two languages. English is the official and most commonly spoken language in most provinces, except Quebec, where French is predominant. New Brunswick is the only official bilingual province where both languages are equally used.

Canada has attracted numerous immigrants in recent years, many of whom speak Spanish, Mandarin, Cantonese, and a variety of Arabic dialects. According to Canada's 2006 census, the following are the top 10 languages Canadians speak as a home language and the relative importance in percentage of the country's total population:

- English 20,584,775 (67.1%)
- French 6,608,125 (21.5%)
- Chinese 790,035 (2.6%)
- Punjabi 500,000 (1.0%)
- Spanish 209,955 (0.7%)
- Italian 170,330 (0.6%)
- Dutch 159,440 (0.6%)
- Ukrainian 148,090 (0.5%)
- Arabic 144,745 (0.5%)
- German 128,350 (0.4%)

Health

The level of public health and sanitation in Canada is high. Although Canada's medical care is of high standard, health care is also government-controlled and rationed. Quick and easy access to ongoing medical care can be difficult for temporary visitors who are not members of each province's government-run health care plans, and many physicians will not take new patients. Access to a specialist is only by referral and may take months to obtain. Emergency room waits can be long. Some health care professionals in the province of Quebec may only speak French.

Canadian health care providers do not accept U.S. domestic health insurance, and Medicare coverage does not extend outside the United States. Visitors who seek any medical attention in Canada should expect to pay in cash or by credit card and obtain a receipt and description of the treatment to file their own insurance claims. Traveler's medical insurance is highly recommended even for brief visits.

Most food and other consumables available in the United States can be found in Canada.

Local Time, Business Hours and Holidays

Canada has six time zones. Newfoundland time is 4 1/2 hours ahead of Pacific Time. Local business hours are Monday to Friday, with the workday generally starting between 8:00 a.m. and 9:00 a.m. More at: <https://nrc.canada.ca/en/node/1325>.

Daylight Saving Time (DST) is now observed in all Canadian provinces, except for most of Saskatchewan, which observes Central Standard Time year-round even though it is in the Mountain Zone, effectively putting it on DST year-round. Under the Canadian Constitution, laws related to timekeeping are a purely provincial matter.

Canadian federal and provincial holidays overlap with some, but not all U.S. holidays, and differ by province. A complete list of Canada's national holidays are located at the [Government of Canada's Public Holiday webpage](#).

Temporary Entry of Materials or Personal Belongings

Business visitors to Canada may bring certain personal goods into Canada duty- and tax-free, if all such items are declared to the Canada Border Services Agency upon arrival and are not subject to restriction. Further

information on Canadian entry requirements for business travelers visit:
<https://www.canada.ca/en/immigration-refugees-citizenship/services/new-immigrants/prepare-life-canada/border-entry/bringing-goods.html>.

Business travelers to Canada may also be eligible for an exemption of the GST/HST sales taxes paid for certain expenses in Canada such as hotel accommodations. For more information, please visit the Government of Canada's website "[General Information for GST/HST Registrants](#)."

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide country-specific information on the business climates of more than 170 countries and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses of all sizes. Click on the link to read [Canada's Investment Climate Statement](#).

Political Environment

For background information on the political and economic environment of Canada, please click on the following link: <https://www.state.gov/countries-areas/canada>.