Doing Business in Canada: 2010 Country Commercial Guide for U.S. Companies

Approved by the U.S. Ambassador to Canada, this Guide provides a wealth of information for U.S. businesses pursuing export and investment opportunities in Canada. U.S. companies are invited to contact the U.S. and Foreign Commercial Service and Foreign Agriculture Service contacts identified in this Guide for individual counseling and other personalized services to meet their market expansion needs.

Readers of a printed copy of this Guide may view a fully hyperlinked version online at the U.S. Export Portal, http://www.export.gov or by contacting the U.S. and Foreign Commercial Service in Canada at http://www.buyusa.gov/canada/en/ccg.html.

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Chapter 1: Doing Business in Canada

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During the January 27, 2010 State of the Union Address, President Obama announced the U.S. National Export Initiative with the objective of doubling U.S. exports in five years. Canada is an excellent market for U.S. products and services. Canada's proximity, transparent and open market, common language and culture make it a cost-effective market for companies to expand their sales or initiate their export strategies.

The United States and Canada share the longest common border between any two nations. It stretches over 5,525 miles, hosts over one hundred border crossings and ninety percent of Canada's 33.5 million people live within 100 miles of the border.

This geographic proximity has served to integrate the U.S. and Canadian economies and societies to a much greater extent than any other two nations in the world. As a result, the United States and Canada share the single largest economic relationship in the world and are each other's largest economic partners, combining trade, investment and tourism. The United States is also the largest foreign investor in Canada and the most popular destination for Canadian foreign investment.

According to the U.S. Bureau of Census, 2008 two-way merchandise trade between the United States and Canada was US$600.6 billion, representing US$1.6 billion in goods crossing our shared border each day. Canada also represents the number one export market for 35 of our 50 states and is among the top five export markets for another 12 states.

In 2008 (the last full reporting period), U.S. goods exported to Canada grew 4.9 percent over the previous year to US$261.2 billion. Corresponding U.S. imports from Canada totaled US$339.5 billion and registered a 7.06 percent increase over 2007. In 2008, the U.S. merchandise trade deficit with Canada was US $78.3 billion, an increase of approximately US$10 billion from US$68.2 billion in 2007. However, during the first three quarters of 2009, U.S. exports of goods and services to Canada declined 25.4 percent from US$200.6 billion during the same period of 2008 to US$149.6 billion while U.S. imports from Canada declined 35.6 percent from US$333.4 billion to US$214.6 billion. Although trade volume declined in 2009, it is expected to increase as the economy improves in 2010. Currently over 78 percent of Canada's total exports are sold to the United States and the United States holds approximately 52 percent of Canada's total imports.

Canada is one of the bright spots in the global economy. In 2009 Canada's GDP growth rate was 2.4 percent and is predicted to grow 2.5 percent and 3.2 percent in 2010 and 2011, respectively. According to a 2009 Bank of Canada survey, Canadian businesses are experiencing a gradual increase in sales. Firms that have excess capacity will invest in maintenance and replacement of existing equipment, rather than expansion. Canada's strong and conservative banking and financial sector and increasing commodity prices have strengthened the Canadian dollar, reaching almost par with the U.S. dollar. In addition, the 2010 Winter Olympics will bring worldwide attention to Canada and will also highlight Canada's many business opportunities. The strong Canadian dollar, growing Canadian economy and the increased demand for goods and services will make U.S. exporters very competitive in the Canadian market in 2010.

In addition to our close market proximity, trade between our two countries is greatly facilitated by our common culture, adherence to democratic principles and the rule of law, free market economies, comparable standards of living, similar business practices, familiar lifestyles and ease of travel between both countries for business and pleasure. Furthermore, our Free Trade Agreement and the North American Free Trade Agreement (NAFTA) give U.S. exporters a clear competitive advantage over other foreign competitors in Canada.

Therefore, U.S. companies that are new to exporting and interested in expanding their international business activities are strongly encouraged to contact the U.S. and Foreign Commercial Service in Canada to explore the many efficient and cost effective business development programs and services available to them under the "Canada First – Building Bridges to Prosperity" initiative.

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Due to NAFTA, American products, with the exception of a few agricultural products enter Canada duty free. The North American Free Trade Agreement (NAFTA) replaced the U.S.-Canada Free Trade Agreement (FTA), originally implemented in the year 1989, on January 1, 1994. The phase-out of tariffs between Canada and the United States was completed on January 1, 1998 except for tariff-rate quotas (TRQ) that Canada retains on certain supply-managed agricultural products.

Canada does maintain some non-tariff barriers at the federal and provincial levels that are a concern because they impede market access to some U.S. goods and services. Nevertheless, recent studies show that 99 percent of all traded goods and services cross the border without incident or controversial trade restrictions, as many more Canadian product standards are closely harmonized with U.S. standards.

However, it would be a mistake to assume that doing business in Canada is identical to doing business in the United States, and U.S. companies need to be aware of the discrepancies (See Chapter 5). Although customs documentation, bilingual labeling, packaging requirements and Canadian federal and provincial sales tax accounting may seem initially onerous, when compared to domestic trade within the United States, most U.S. exporters find that with a little experience they are able to master these requirements with little difficulty. Particularly since there are many international trade professionals such as customs brokers, freight forwarders and consultants who offer services to assist small and medium sized firms with the research and paperwork required to export to Canada successfully. A list of business service providers is available on the www.buyusa.gov/canada/ website.

An important key to achieving market penetration and expanding export sales to Canada is to minimize the Canadian customer's work by making the transaction resemble a Canadian domestic transaction as much as possible. An ideal way to accomplish this is for the U.S. exporter to become a non-resident importer.

Market Opportunities

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The best prospect sectors in Canada for U.S. exporters in 2010-2011 are:

1. Computer Software (CSF)
2. Oil and Gas Field Machinery (OGM)
3. Consumer Electronics (CEL)
4. Aerospace and Defense (AIR) and (DFN)
5. Safety and Security Equipment (SEC)
6. Building Products (BLD)
7. Telecommunications Equipment (TEL)
8. Electrical Power Systems (EPS)
9. Automotive Aftermarket Parts & Accessories/Service Equipment (APS)
10. Agricultural Machinery and Equipment (AGM)
11. Computer Hardware (CPT)
12. Medical Devices (MED)

The fastest growing commercial sectors in Canada are computer software, oil and gas field machinery, consumer electronics, aerospace and defence and safety and security equipment. For Canadian companies upgrading their plants and equipment, as well as for those constructing new facilities, the United States is a principal source of new machinery and technology. U.S. companies will continue to find Canada an extremely attractive and accessible place to do business.

Major project opportunities identified by U.S. and Foreign Commercial Service in Canada can be found in the Market Research Library on the U.S. Export Portal website and include:

- Canadian health care and medical equipment
- Alberta oil sands projects
- Canadian green energy and technologies projects
- Canadian robotics industry
- Canada's first defense strategy and the integrated soldier systems project
- Security projects for maritime and ports
- Ontario highway infrastructure projects
- Canada's mining safety equipment requirements

Market Entry Strategy

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Making direct shipments to Canadian customers may not require a visit to Canada unless pre-sales presentations or post-sales installation are required. However, to expand sales in Canada, it is essential to have a presence in the country, either by setting up an office or by appointing an agent or distributor. It is highly advisable to visit

Canada in order to perform the necessary due diligence, meet and screen potential agents and distributors, and establish solid business relationships. One of the most effective ways to meet potential business partners is by participating in U.S. and Foreign Commercial Service programs that are designed to bring American companies together with Canadian firms.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

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Using an Agent or Distributor

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Distribution channels in Canada vary greatly according to the products and commodities involved. U.S. manufacturers should keep in mind the advantages and disadvantages of appointing a distributor or sales agent prior to selling its products in the Canadian market. Whereas in most cases distributors will purchase, obtain title, and set the price at which the procured products can be sold, sales agents will identify suitable buyers to purchase the product from the manufacturer, and receive a commission from the manufacturer based on the terms and conditions outlined in the sales agent contract.

Large industrial equipment, for example, is usually purchased directly by end-users. In contrast, smaller equipment and industrial supplies are frequently imported by wholesalers, exclusive distributors, or by manufacturers' sales subsidiaries. Many U.S. firms have historically appointed manufacturers' agents that regularly call on potential customers to develop the market.

Many 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 purchased by importing wholesalers, department stores, mail-order houses, chain stores, purchasing cooperatives, and many large, single-line retailers. Manufacturers' agents play an important role in the importation and distribution of consumer goods. In addition, the importance of department stores, mail-order houses and cooperative purchasing organizations as direct importers has increased substantially. Many of these groups have their own purchasing agents in the United States.

For assistance in identifying appropriate agents and distributors in Canada, U.S. companies new to exporting are advised to first contact the nearest U.S. Export Assistance Center for pre-export counseling. Companies that are relatively new to the Canadian market or with export experience, are also invited to contact U.S. and Foreign Commercial Service Canada and request information on customized programs to help you find a business partner in Canada.

Establishing an Office

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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. Fees for federal incorporation are CDN$200 when submitted on-line and CDN$250 for other types of submissions. Incorporation fees vary among the provinces, although most provinces charge between CDN$200-300. Private and public corporations incorporated federally under the Canada Corporations Act may operate nationally or in several provinces, but must still register as an extra-provincial corporation in each province in which it does business. Corporations Canada has a Joint Online Registration System that allows for extra-provincial registration for federal corporations with four provinces, namely Newfoundland and Labrador, Nova Scotia, Saskatchewan and Ontario. Registration fees vary by province.

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 are advised to contact the Office québécois de la langue française (Quebec Office of the French Language), that works with companies to develop plans for complying with Quebec's language laws.

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According to the Canadian Franchise Association, Canada's franchising sector is comprised of more than 1,000 franchises and over 78,000 individual units, ranging from restaurants to non-food retail establishments, from automotive product retailers to purveyors of business services. The Canadian franchise sector contributes $90 billion to Canada's GDP. Canadian franchises sell more than $100 billion worth of products and services every year, making Canada the second largest franchise market in the world. The average franchise investment in Canada is between $150,000 and $200,000. In the restaurant sector, 35 percent of all sales are from franchise operations. In the retail sales sector, 45 percent of all sales are from franchise operations. The fastest growing demographic of franchise buyers is women.

Canada is among the largest foreign markets for U.S. franchisors. U.S. franchisors have the advantage of strong recognition and familiarity with U.S. products and services by Canadian consumers. This facilitates the search for franchise investors. However, each U.S. franchisor should do the necessary market research and financial analysis to determine that its concept will work in Canada, and make sure that all Canadian corporate registrations and other legal requirements are met as part of its market expansion strategy.

Although there are no federal franchise laws, Ontario, Prince Edward Island, and Alberta do have franchise specific-legislation, aimed at ensuring small business investors are better able to make informed decisions prior to committing to franchise agreements. Disclosure requirements provide prospective franchisees with information about how sellers plan to approach key contractual issues, such as termination, and afford buyers stronger legal remedies regarding court action. Similar legislation is under consideration in other provinces.

Direct Marketing

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Online sales in Canada represent an ever-expanding portion of the consumer marketplace. The most recent data from Statistics Canada regarding on-line sales shows that while e-commerce is still in its infancy in Canada, holding a 2 percent share of the retail market, online sales experienced their sixth consecutive year of double-digit growth in 2007, signaling its potential going forward. Moreover, combined private and public sector online sales surged 26 percent in 2007 totaling approximately $62.7 billion. Online sales by private firms increased 25 percent to $58.5 billion, while those by the public sector rose 30 percent to $4.5 billion.

Retail trade accounted for 10 percent of online sales for a value of $6.27 billion and represents one of the four main sectors adding to the value of online exchanges. The other sectors included: wholesale trade (17 percent), transportation and warehousing (16 percent), and manufacturing (15 percent). Unlike these three sectors however, firms in the retail sector mainly sold their goods and services to consumers as opposed to the business-to-business (B2B) sales found primarily in the other three main sectors. In fact, the vast majority of online sales still occur between firms as opposed to sales from a firm to an individual consumer. B2B sales amounted to $38.9 billion in 2007, which represented approximately 62 percent of total e-commerce by private firms, down from 68 percent in 2006. This decline in B2B sales was primarily due to an increase in the proportion of online business-to-consumer sales, which climbed from 32 percent in 2006, to 38 percent in 2007.

Both public and private sector enterprises in all industries remained much more likely to purchase goods online in 2007, with almost 50 per cent of private sector firms purchasing goods and services online, compared with only 8 percent selling online. Moreover, an estimated 82 percent of public sector organizations made purchases online, compared with 16 percent selling online. Perhaps most importantly, over one-third (36 percent) of firms in the private sector reported that using Internet-based systems during 2007 allowed them to better coordinate with their suppliers and customers.

The Canadian Marketing Association and the Direct Marketing News are two leading sources of information about direct marketing in Canada. Tapping into this market can be as easy as placing an advertisement in a magazine or on the Internet. In general, Canadian audiences are targeted using the same techniques that are used in the United States.

Wholesale trade

In the most current data available from Industry Canada, wholesale trade in 2007 accounted for 17 percent of total sales, the highest proportion of the four leading sectors. It was followed by transportation and warehousing, accounting for 16 percent, and manufacturing, with 15 percent.

Retail trade

Canadian consumers continued to rely on the Internet to place orders with online retail firms. In fact, according to the most current statistics available from Industry Canada, growth in Internet purchases was up 61 percent in 2007 from 2005. This increase was primarily driven by a larger volume of orders that rose from 49.4 million in 2005 to 69.9 million in 2007. This year (2007) was also the fifth year in a row that the overall value of e-commerce sales in Canada increased by 38 percent or more. To put this fact in perspective, the increase in online sales was equivalent to more than six times the rise in overall retail sales in Canada in 2007. Internet users were also more likely to pay directly online as 82 percent of individual shoppers chose this method of payment in 2007, up from 75 percent in 2005.

The majority of private retail firms have adopted new wireless technologies and internet based systems in order to improve B2B and business-to-consumer relations. According to the private sector, these technologies have helped businesses lower costs and reach new customers. Perhaps more importantly, several retail firms have overcome barriers to online shopping by applying innovative purchase and delivery solutions while adapting their product(s) to suit the online buyer. The most significant benefit of conducting e-commerce sales perceived by Canadian retail firms was the ability to reach new potential customers. About 36 percent of retail firms believe that a benefit of conducting e-commerce was better coordination with their suppliers, customers and/or partners.

Internet Usage

Canada ranks as the twelfth country in the world for highest internet usage with 28 million users or 84.3 percent of the total population. The majority of Canadians (53.6 percent) connect to the Internet using a type of high-speed connection, compared to 33.8 percent in the United States. Also, 48 percent of Internet users connect at least three times per day.

Canadian web users are similar to those in the other English-speaking countries, especially the United States. The most popular sites in Canada are the major international sites, such as Google, Yahoo! and MSN. Facebook is the dominant social network in Canada and is considerably more popular than MySpace, a reversal of the U.S. situation.

The most popular native Canadian sites are those of the major Canadian news companies, all of which maintain an extensive web presence. According to comScore's report from February 2008, the most popular Canadian sites are those of Quebecor Media, principally Canoe.ca, followed closely by the sites of CTVglobemedia that includes globeandmail.com and CTV.CA.

Shipping Goods to Canada

The following documentation is the minimum required for exporting goods into Canada:

- Bill of lading
- Manifest or cargo control document
- Commercial invoice
- All necessary permits

Any questions regarding additional documentation (such as a NAFTA Certificate of Origin or H.S. Tariff classification numbers) should be directed to the Canadian Border Services Agency (CBSA).

It should be noted that costs associated with customs clearance are relevant to the product in question, and its country of origin. That is, different products will incur different costs. For more information regarding customs fees refer to the CBSA website.

Additionally, a customs broker is useful in facilitating the customs clearance process. The customs broker will act on a company's behalf to represent you to the CBSA. The customs broker will work with the company to streamline the customs process and manage other details critical to the exporting and importing of goods legally and as quickly as possible.

To manage customs clearance charges, low volume shipments should be sent by air courier or by mail, and not "ground delivery." Exporters with a sufficient volume of Canadian orders should explore developing a customized shipping program with a courier service, package delivery service, mail consolidator or customs broker/freight forwarder. Many of these companies offer, on their websites, innovative solutions to cross-border shipment such as combining bulk shipment and customs clearance at the border with individual package delivery to the Canadian consumer. These services can also used in conjunction with Canada's non-resident importer program, in which the U.S. exporter includes all shipping, customs clearances and duties and taxes in the shipping and handling fees charged to the customer, who could even be charged in Canadian dollars. In this way, the transaction appears to the Canadian consumer as a domestic transaction. This makes the ordering process transparent to the customer, helping build Canadian sales.

It is recommended that individual parcel shipments (internet orders) to Canadian consumers be sent by mail or air courier service. While international shipping to Canada using "ground delivery" may be convenient to the shipper, and the shipping cost itself may be economical, the problem with using "ground delivery" for shipments valued at more than CDN$20 is that the ground package delivery service typically must clear the parcel individually through Canada customs at the border, with the necessary time-consuming paperwork, for which the company charges the Canadian customer the brokerage charges and related fees as well as Canadian customs duties and federal and provincial sales taxes.

The result is that the total cost to the consumer is much higher than shipment by mail, for which Canada Post charges only CDN$5 for customs clearance of dutiable or taxable mail items of a value in excess of CDN$20 (duties and taxes must still be paid by the customer). Sometimes these fees and charges can exceed the value of the parcel, and can be an unpleasant and painful surprise to the customer. The CBSA does not assess duty or tax on mail items valued at CDN$20 or less. However, this general rule does not apply to certain products including intoxicating beverages, cigars, cigarettes, manufactured tobacco, and publications where the supplier is required to register under the Excise Tax Act. Visit the CBSA website for more information on mail imports.

Joint Ventures/Licensing

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In the broadest sense, any arrangement in which two or more businesses combine resources for some definable undertaking is considered a joint venture. The Canadian legal system provides great flexibility and imposes few restrictions as to the form that joint ventures may take, such as equity or non-equity. Some joint ventures require approval from the Government of Canada under the Investment Canada Act but, for the vast majority of new ventures, foreign investors need only notify the Canadian government of their investment.

Approval is based on the "net benefit" of the venture to Canada. The "net benefit" criteria include whether the non-Canadian company adheres to Canadian standards of corporate governance (including, for example, commitments to transparency and disclosure, independent members of the board of directors, independent audit committees and equitable treatment of shareholders), and to Canadian laws and practices. The examination will also cover how and the extent to which the non-Canadian is owned or controlled by a state. The "net benefit" will also evaluate the level of Canadian participation; the positive impact on productivity; technological development; product innovation; industrial efficiency; and product variety in Canada. In certain key industries, joint ventures with Canadian partners may prove to be the most effective or, in some cases, the only means of market entry for U.S. companies.

There are a variety of reasons that Canada is an attractive market for foreign licensors. Most notably, Canada has no regulatory scheme governing licensing arrangements. Foreign licensors also do not require registration or public disclosure. Moreover, the Investment Canada Act has no direct application to licensing unless it relates in some way to the control of a Canadian enterprise.

Selling to the Government

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As a signatory to the WTO Agreement on Government Procurement (GPA) and to NAFTA, Canada allows U.S. suppliers to compete on a nondiscriminatory basis for its federal government contracts covered by the two agreements. However, Canada has not opened its provincial ("sub-central") government procurement markets. Some Canadian provinces maintain "Buy Canada" price preferences and other discriminatory procurement policies that favor Canadian suppliers over U.S. and other foreign suppliers. Because Canada does not cover its provinces under the GPA, Canadian suppliers do not benefit from the U.S. coverage of procurements of 37 state governments under the GPA. In recent years, several U.S. states and Canadian provinces have cooperated to make reciprocal changes in their government procurement systems that may enhance U.S. business access to the Canadian sub-federal government procurement market. However, the U.S. federal government and a number of U.S. states have expressed concern that Canadian provincial restrictions continue to result in an imbalance of commercial opportunities in bilateral government procurement markets.

The federal Government of Canada buys approximately US$13 billion worth of goods and services every year from thousands of suppliers. There are over 85 departments, agencies, Crown Corporations and Special Operating Agencies. Public Works and Government Services Canada (PWGSC) is the government's largest purchasing organization, averaging 60,000 contracts totaling US$9.5 billion annually. While PWGSC buys goods for most departments of the federal government, the departments buy most services themselves.

Chapter Ten of the North American Free Trade Agreement (NAFTA) provides national treatment in Canada for U.S. companies on Canadian federal government procurement contracts above the following thresholds:

- Contracts of CDN$28,200 or more offered by a federal entity such as a Department or Agency for goods. The list of these federal entities was expanded to include Communications Canada, Transport Canada, and the Ministry of Fisheries and Oceans.
- Contracts of CDN$76,500 or more offered by a federal entity for services.
- Contracts of CDN$9.9 million or more offered by a federal entity for construction services.
- Contracts of CDN$382,800 or more offered by a Crown corporation or other federal government enterprise for goods and services. The list of these corporations includes the St. Lawrence Seaway Authority, The Royal Canadian Mint, the Canadian National Railway, Via Rail, Canada Post, and numerous others.
- Contracts of CDN$12.2 million offered by crown corporations or federal government enterprises for constructions services.

In addition to NAFTA, the WTO Agreement on Government Procurement (WTO-AGP) applies to most federal government departments. This multilateral agreement aims to secure greater international competition. The WTO-AGP applies to the procurement of goods and services valued at CDN$217,400 or more, and construction requirements valued at CDN$8.3 million or more.

Provincial and local procurements generally do not offer national treatment opportunities to U.S. companies as they are excluded from Chapter Ten of NAFTA. However, provincial and local government entities such as Ontario may still hold opportunities for U.S. goods and services.

PWGSC is responsible for ensuring conformity with Canada's trade obligations under the NAFTA and the WTO-AGP. PWGSC handles the federal government's procurement requirements in the following areas:

- architectural and engineering consulting services
- construction and maintenance services
- goods and services

PWGSC may incorporate terms and conditions contained in the Standard Acquisition Clauses and Conditions (SACC) Manual by reference into procurement documents. Business Access Canada (formerly Contracts Canada) is an inter-departmental initiative to improve supplier and buyer awareness and simplify access to federal government purchasing information. The Canadian government's official Internet-based electronic tendering service MERX gives subscribers access to more than 1,500 open tenders from the federal government, provincial governments, and many municipalities, school boards, universities, and hospitals that are subject to Canada's trade agreements. Approximately 200 new tenders are posted daily.

The MERX system provides U.S. suppliers with easy access and excellent opportunities to sell a wide range of products and services to Canada's public sector. The Basic Subscriber package is free of charge providing U.S. companies with access to Federal Government procurement opportunities. From there, it is possible to search, view and download tender documents at no charge. This package also includes a free delivery of Opportunity Matching results, and one free Opportunity Matching Profile that automatically searches for opportunities of interest to a company's criteria in the profile it can create. In order to access opportunities, other than federal government opportunities, users must subscribe to one of the fee-based packages.

In addition, the Supplier Registration Information (SRI) service is used by federal government buyers to identify potential suppliers for purchases not subject to any of the trade agreements (for which they use MERX).

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

More information can be found at U.S. Export Portal in a report entitled Accessing Government Procurement at the Federal and Provincial Levels.

Distribution and Sales Channels

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Sales to Canadian companies are handled through a variety of marketing channels depending on the product and/or service. In a direct distribution channel, the product or service goes directly from the manufacturer to the consumer. In a one stage distribution channel, it goes from manufacturer to retailer to consumer. The traditional distribution pattern is from manufacturer to wholesaler to retailer to consumer.

The majority of sales to Canadian companies are handled through relatively short marketing channels; and in many cases, products move directly from manufacturer to end-user. This is particularly true for industrial products. Ninety percent or more of prospective customers for industrial products are located in or near two or three major cities. A large number of Canadian industries are dominated by a handful of companies that are highly concentrated geographically. Most have warehouse and distribution centers located in Halifax, Montreal, Toronto and Vancouver.

Canada's consumer goods market, on the other hand, is more widely dispersed than its industrial market. The use of marketing intermediaries in consumer goods is a common practice. Often, complete coverage of the consumer market requires representation in the various regions of Canada. Toronto, the largest metropolitan area and commercial center of the country, is usually the most logical location for establishing a sales agent/representative and /or distributor. From a regional perspective, the country may be divided geographically into six distinct markets, plus the territories. Establishing representation in each of these markets provides optimal coverage and the ability to target promotional programs to suit specialized market needs. Another option to sell to all of Canada is to have a distributor/representative cover the West, namely, Vancouver, Alberta, Saskatchewan, Manitoba, a second the Eastern Provinces of Quebec and Ontario, and a third for the Atlantic Provinces, of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland & Labrador.

Selling Factors/Techniques

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In many ways, selling your products in Canada is similar to selling in the United States, provided that regional differences, including product standards, packaging, labeling, and language requirements are taken into account. Canada actually encompasses six marketing regions that can impact on the way U.S. firms approach this market, depending on the products and services offered. These regions are listed below.

The Atlantic Provinces: New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland & Labrador.

The Province of Quebec

The Province of Ontario

The Prairie Provinces: Manitoba, Saskatchewan, and Alberta

The Province of British Columbia

The Territories: the Yukon, the Northwest Territories, and Nunavut

The Atlantic Provinces

The Atlantic Provinces, New Brunswick, Nova Scotia, Newfoundland & Labrador, and Prince Edward Island, represent a geographic area close to the size of France, and have a combined population of 2.3 million. This most eastern Canadian region is known for its natural resources, notably mineral fuel and oils, minerals, and fisheries. In 2008, their combined GDP was US$97 billion, representing 6 percent of Canada's GDP.

Historically, the Atlantic Provinces have been net importers of finished products, and exporters of resource based and semi processed materials and services. This traditional mix has changed over recent years with the growth in exports of services, IT products, aerospace products, and assorted finished goods, along with fishery and forestry products, and natural gas. Atlantic Canada is also known for its significant number of telecommunications companies, its high level of activity in marine technologies, and its strong environmental sector.

In 2008, United States and Atlantic Canada two-way trade was valued at US$27.2 billion. All four Atlantic Provinces exported more than 77 percent of their goods to the United States. During the same period the Atlantic Provinces imported US$3.2 billion worth of goods and services from the United States, or 17 percent of the province's total imports. These high levels of regional trade clearly show that a strong relationship exists between the U.S. northeast states and the Canadian Atlantic Provinces. The only Atlantic province that borders a U.S. state (Maine) is New Brunswick, and it is one of the principal and most import-active entry points for U.S. goods into the Atlantic region. Additional products enter the region through distribution centers in Ontario and Quebec, adding significantly to the region's total consumption of U.S. products. With the support of the Canadian federal and provincial governments, companies in Atlantic Canada have increased their reach to many other U.S. states.

Well placed distributors, agents, and manufacturer's representatives, many of whom have long established relationships with U.S. suppliers across diverse sectors, serve local and regional businesses. Because of the geographic distance between U.S. suppliers and these four provincial markets, local representation in the region is normally essential to ensure success. This is very important for new to market companies, where an intimate knowledge of local business practices often makes the difference between success and failure. Typical are those situations requiring after sales service or high levels of quality control, as is often seen in sales to governments and institutions.

Buyers in the area regularly state that U.S. companies are best served by representatives located in the Atlantic Provinces, rather than relying on those based in Ontario or Quebec. Personal contact between vendor and purchaser is highly valued in this part of Canada, and, where pricing and other factors are not major issues, these relationships can greatly influence the success of a U.S. company in this market. Population size should not be the sole indicator for determining market potential. A diverse industrial base, major projects, international traders, and seasonal industries such as tourism, all contribute to major procurements for the region and for offshore markets.

The Province of Quebec

Quebec is the second most important economy among Canada's confederation of provinces and territories. With an estimated GDP of US$243 billion in 2009, it represents about 19 percent of Canada's economy. Quebec has 7.7 million inhabitants, which represents about 23 percent of Canada's population. While 80 percent of Quebecers are French speaking, Quebec is home to an increasingly diverse, pluralistic society exposed to highly competitive global markets. The capital of the province is Quebec City with a metro population of 728,000. Montreal is the province's largest city with a metropolitan population of 3.7 million inhabitants and its bilingual business community speaks English and French. Montreal is the province's commercial, industrial and economic center and Canada's second most populated metropolis.

Québec's economy was less affected by the recession than Canada as a whole in 2009. Québec's GDP fell by 2.1 percent during the first three quarters of 2009, while Canada's GDP fell by 2.9 per cent.

Quebec's latest GDP growth forecast of 1.7 percent for 2010, is supported by ongoing major infrastructure projects worth about US$25 billion that were planned prior to any signs of a looming recession. Quebec's large aerospace industry is faring relatively well. Low interest rates and Hydro Quebec's planned investments are also important factors in the province's economic recovery in 2010.

Quebec has an abundance of attractive natural resources and energy. The province is the world's second largest exporter of aluminum, and is a North American leader in magnesium production, paper products and softwood lumber production as well as hydroelectricity. Quebec's mining, forestry and hydroelectricity industries comprise a large part of Quebec's economic output.

Well diversified manufacturing and service sectors continue to provide stability to Quebec's highly industrialized economy. The manufacturing sector accounts for over 20 percent of the province's economy. The performances of the aerospace (Quebec has the world's fifth largest aerospace industry), telecommunications, pharmaceuticals, transportation equipment, machinery and information technology sectors help Quebec maintain its status as a high tech powerhouse.

Typical of Canada, Quebec's economy is export oriented. The United States is by far Quebec's largest trade partner, purchasing about 72 percent of Quebec exports. Quebec's bilateral trade with the U.S. was US$69 billion in 2008, making Quebec one of the top-15 trading partners of the United States. Quebec's imports of goods from the United States of US$21 billion (2008) represented close to 30 percent of Quebec's imports from outside Canada.

Leading Quebec imports from the United States are aircraft and aircraft parts (including engines), semi conductors and electronic components, mineral fuels and oils, drugs and pharmaceuticals, vehicles and vehicle parts, and information technology equipment. Companies in the aerospace, pharmaceutical, biotechnology and information technology sectors are heavy importers of U.S. goods and services, parts, equipment and supplies.

The Quebec population has purchasing habits similar to those in the rest of Canada and in the United States. Since Quebec's predominant language is the Quebec dialect of France's French (analogous to the relationship of American English to British English), promotion and packaging materials need to reflect local needs as well as Quebec's legally-mandated French language requirements. In 2009, GDP per capita in Quebec declined by about 2 percent and was estimated at about US$32,000. The unemployment rate was 8.4 percent.

The Province of Ontario

With its 13 million people (almost 40 percent of Canada's total population) and large industry base, including the service, industrial and agricultural sectors, Ontario represents the mainstay of the Canadian economy. Ontario's capital, Toronto, is Canada's commercial center, home to half the country's largest financial institutions, 90 percent of its international banks, and over 75 percent of U.S. subsidiaries in Canada. Toronto also boasts a population that represents some 100 nationalities. Ontario remains the economic engine of Canada due to its substantial and highly diverse industrial base.

Ontario is part of the North American manufacturing heartland and is favorably located to serve major Canadian and U.S. markets. Ontario is a global leader in several key sectors with a long history in supplying the world with innovative, high quality, top value goods and services. Ontario's highly diversified economy offers excellent opportunities in all sectors ranging from automotive, plastics, and aerospace to information and telecommunications technology and the life sciences. More than 106 million people live within a day's trucking distance of Toronto and have a combined personal income totaling US $2.7 trillion.

The province also has a modern, integrated transportation infrastructure, including commuter and urban public transit, an excellent rail system, worldwide cargo aviation systems and extensive in-land and international marine shipping facilities. Ontario's strong economic fundamentals also include a well-educated and highly skilled population.

Business Climate

The global economy is in a state of steady but slow recovery. Economic growth has improved since early 2009 from a steep decline in general business activity worldwide, to an upswing in economic activity for many countries, including Canada and the United States. The U.S. economy, critically important to Ontario as the destination for most of its exports – showed signs of increased stabilization during the second half of 2009. Similarly, Ontario's economic situation is on an upward swing.

Global economic growth is expected to continue throughout 2010, gaining momentum into 2011. The process to rebuild consumer confidence, stabilize financial systems and decrease national deficits will be slow; however, the advanced economies appear to be in recovery from the later part of 2009 and the beginning of 2010. The Ontario economy is expected to follow this upward trend, and has already seen increases in the province's real Gross Domestic Product.

Acknowledging that financial conditions have marginally improved, the Government of Ontario still recognizes the economic challenges ahead for Ontario. Taking into account the weakened economy and the government's commitment to supporting the automotive sector, Ontario's deficit for 2009-2010 is projected to increase from CAN$14.1 billion to CAN$18.5 billion according to the province's Ministry of Finance in its 2009- 2010 First Quarter Report. In responding to the economic downturn the government has renewed its commitment to protecting and creating jobs, as well as investing in key economic sectors. The province is projecting steadily declining deficits for the next few years, and expects to achieve a balanced budget by 2015-2016.

Ontario GDP

Real GDP in Ontario declined in the last quarters of 2008 and continued its decline for four consecutive quarters into 2009. Ontario's economy has since shown signs of recovery. The Ministry of Finance's Ontario Economic Accounts Report from January 2010 indicates an increase in Ontario's real Gross Domestic Product (GDP) of 0.5 percent in the third quarter of 2009. Private-sector forecasters have predicted Ontario's GDP will continue to improve to 2.3 percent in 2010 and 3.6 percent in 2011. Increases to Ontario's GDP reflected growth in a number of areas including: simultaneous economic growth in the United States, lowered interest rates, consumer spending, business investment and government spending supporting the auto industry in Ontario. Government spending was aimed at maintaining employment in industry sectors deeply affected by the decline in global demand and at creating jobs for the future. Job creation is expected to pick up, with 161,000 net new jobs expected during 2010 and 2011. Growth in the manufacturing sectors is helping to stabilize the economy as world trade begins to revitalize. Global growth is projected to reach 3 percent in 2010 and 4 percent during 2010-2014; however demand will likely be sluggish as many advanced economies rebuild their savings.

Ontario's Financial Outlook

Ontario's economy is expected to recover as financial conditions continue to improve and fiscal actions to provide jobs take hold. Exports are also expected to recover in 2010, reflecting the competitive value of the Canadian dollar and a rebound in the U.S. economy. Due to the global economic downturn, Ontario's economy remained weak throughout the first half of 2009. For the year as a whole, real GDP is expected to decline by 2.5 percent, as growth during the latter half of the year will only partially offset reduced output during the first half. However, the Ontario Ministry of Finance predicts gains in Ontario's real GDP of 2.0 percent in 2010 and 3.0 percent in 2011. This prediction is similar to improvements predicted by private-sector forecasters of increased GDP growth of 2.3 percent in 2010 and 3.6 percent in 2011.

Ontario's exports are expected to decline 12.0 percent in 2009 and rise a modest 6.0 percent in 2010 according to a provincial export outlook by Export Development Canada (EDC). A decline in exports is occurring worldwide, reflecting the interconnectivity of trade and weaker global demand. Ontario's economy will continue to be held down by the slower recovery process in the United States and the global credit situation. Business investment in machinery and equipment, as well as commercial and industrial construction is expected to have the slowest rebound, reflecting falling corporate profits, the weak economic climate and tighter lending conditions. Lower profits and sales throughout 2009 are expected to lead overall to a 2 percent decline in employment in Ontario, followed by slight increases in 2010 of 0.8 percent and 1.6 percent for 2011.

Ontario's consumer price index (CPI) inflation rate rose 1.0 percent from November 2008 to November 2009, following a 0.1 percent increase in October of 2009. The rise in the "all-items" Consumer Price Index (CPI) was due primarily to gasoline prices. Prices at the pump are now exerting upward pressure on the CPI after an extended period in which they were the main contributors to year-over-year declines in overall consumer prices. Inflation is expected to average 1.9 percent in 2010 and 2 percent in 2011.

The recovery is expected strengthen pace over 2010 and 2011, led by improving global economic conditions - most importantly, resumed growth in the U.S. economy. Improving U.S. demand should lead to a turnaround for Ontario's exports in 2010 and 2011. As economic growth strengthens and corporate profits rebound, businesses are expected to take advantage of low financing costs to expand operations and upgrade their technology and equipment. As economic growth rebounds, job creation will resume. Job creation will contribute to greater income and spending in 2010 and 2011. Housing activity is expected to recover in 2010 as confidence rebounds, incomes improve and households take advantage of low interest rates.

Ontario's highly diversified economy offers U.S. firms export opportunities in all sectors ranging from automotive, plastics, and aerospace to computer software, information and telecommunications technology, and life sciences. Knowledge-based industries such as computers, software, and medical technologies have been among the fastest growing sectors in Ontario.

Major Projects

The following is a sampling of the major projects that offer lucrative export opportunities for U.S. companies. Interested U.S. companies may wish to inquire/follow up on the status of these projects with the U.S. and Foreign Commercial Service (USFCS) in Toronto, Ontario:

MoveOntario 2020 is a 12 year Toronto Transit Commission (TTC) action plan that will deliver 52 Rapid Transit Initiatives in the GTA and Hamilton;

Toronto's 2015 - Pan/Parapan American Games site will be constructed/located on an 80 acre site next to the Don River in Toronto's waterfront district;

Ottawa's Transit Investment is the largest in Ottawa's history. Ontario is providing the city of Ottawa with $600 million to build rapid transit that will increase public transit use by 30 percent;

Metrolink Projects: construction is starting on the Sheppard East Light Rail Project and is one of the many transit projects under Metrolink. See www.actionplan.gc.ca;

E-Health Ontario: By 2012, 9,000 physicians, including more than 65 percent of primary care physicians will be using electronic records to benefit approximately 10 million Ontarians;

Ontario Tourism Support: the province has announced the formation of 13 new Tourism regions and Regional Tourism organizations;

Electrical Power Projects: Hydro-One is proceeding with the implementation of major transmission and distribution projects across Ontario to the tune of $2.3 billion over the next 3 years (commencing September 2009).

Industries

Ontario's capital city, Toronto, is Canada's commercial, financial and banking centre. Brampton, Mississauga and Vaughan are examples of neighboring cities that house large product distribution, IT and manufacturing sectors.

In addition to being Canada's commercial and industrial heartland, other important industrial areas include Hamilton, which is the largest steel manufacturing city in Canada and Sarnia for its petrochemical production. In addition, mining and forestry especially paper and pulp are the lifeline of the economy in northern Ontario.

The tourism industry, more than any other contributes greatly to the economy of central Ontario. It peaks during the summer months, especially around tourist sites such as Niagara Falls and the lakes and camping areas. Other times of the year bring tourists who are looking to hunt, ski and snowmobiling along with other popular winter recreations. The border cities with large casinos such as Windsor, Cornwall, Sarnia and Niagara Falls attract a large number of U.S. visitors throughout the year.

Services

Although Ontario is a manufacturing powerhouse, the service sector is the largest component of Ontario's economy providing 79 percent of the province's jobs (or 5.1 million positions).

Ontario has a modern and diversified services sector that includes a wide variety of industries serving businesses, individuals and governments. Service-producing industries account for 70 percent of the province's overall economy. Examples of Ontario's major services sector include business and financial services, professional and scientific services, as well as the arts and culture.

The United States is Canada's largest services trading partner, accounting for about 70 percent of our exports and imports.

Toronto's financial services sector is the third largest among leading Canadian and U.S. cities, based on employment. The TSX Group (the Toronto Stock Exchange and the TSX Venture Exchange) is the world's leading financial market for mining, oil and gas, and a Top 3 player in technology and life sciences.

Ottawa and the Waterloo regions are important centers for both the information and technology industries. Both cities have attracted the attention of numerous information technology and telecommunications companies from across the United States. Ottawa is home to high-tech companies such as Corel Corporation, Research-In-Motion (RIM) and many others.

Canada's largest cluster of communications and culture media industries is located in Toronto. It includes TV and radio broadcasting, publishing, TV and film production, sound recording, performing and visual arts, design and advertising.

Manufacturing

Ontario is part of the North American manufacturing heartland and is well situated to serve major Canadian and U.S. markets. Examples of Ontario's key manufacturing industries include: autos, information and communications technologies, biotech, pharmaceuticals and medical devices. Ontario is North America's largest motor vehicle assembler, ahead of Michigan and all of Mexico. Ontario exports 85 percent of all its vehicles to the United States and other countries around the world. The United States is Ontario's largest trading partner and accounts for more than 80 percent of its exports.

Ontario companies have been building components, assemblies and systems for customers around the world for more than 150 years. Manufacturing is big business in the province, with shipments worth more than US$254 billion annually. Ontario has the second highest number of manufacturing employees of any jurisdiction in North America, after California.

Energy Sector

Green Energy and the Green Economy Act 2009 (GEA) takes a two-pronged approach to creating a renewable-energy economy. The first is to bring more renewable-energy sources to the province and the second is the creation of more energy efficiency conservation measures. The bill appoints a Renewable Energy Facilitator to provide assistance to project developers. The approval process for transmission projects would be streamlined and for the first time in Ontario, the bill will enact standards for renewable energy projects. For example, homeowners will have access to incentives such as low or no-interest loans to finance capital-costs of renewable energy generating facilities like solar panels.

Ontario is home to Niagara Falls, which supplies a large amount of clean, hydroelectric energy for the province. The Bruce Nuclear Generating Station, the second largest nuclear power plant in the world, is also in Ontario and uses 8 CANDU nuclear reactors to power the province with clean, reliable energy.

Agriculture

Ontario is home to high quality agricultural land ideally suited for farming. There are over 57,000 farms in Ontario accounting for almost one-quarter of all farm revenue in Canada ($10.3 billion). Ontario also has many commercial farms -- poultry, hog, dairy and beef-cattle. Cash crops include soybeans, corn, mixed grains, forage crops, as well as wheat and barley. Vegetables also account for a considerable share of Ontario's agricultural production.

While the largest fruit crops are grapes and apples, the rich agricultural lands and mild climate of southern Ontario also allow for the cultivation of berries, peaches and plums, and specialty crops such as ginseng, dry beans, and mushrooms. Wineries thrive in the Niagara Peninsula, Pelee Island, and on the north shore area of Lake Erie.

Forestry and Mining

Ontario has vast, sustainably managed forests that form the core of Ontario's thriving forest products industry. By area, these forests represent about 17 percent of Canada's forests and 2 percent of the world's forests. Today, Ontario's forests play a critical role in the province's economy. They contribute to a good standard of living by supporting more than 81,000 direct jobs in the forest industry. Another 324,000 people in 260 communities throughout Ontario owe their livelihood to Ontario's forests. These jobs include employment in forest-based tourism businesses, fishing and hunting, equipment manufacturing, transportation, trapping, as well as the retail and service industries.

Ontario is an international mining powerhouse, with mineral production in excess of $10 billion a year. It is a global leader in productivity and has the toughest environmental standards in the world. Its competitive advantages include: a rich endowment of mineral resources; dynamic research and development supporting an advanced infrastructure of knowledge; active exploration and development industries; globally active mining suppliers; a strong education and training network; and committed mining communities. The province's involvement with mining is both long and productive. The industry has helped build a strong and prosperous province, and has shaped world-renowned mining camps – such as Sudbury, Red Lake, Timmins, Hemlo and Kirkland Lake – whose names are recognized around the world.

Ontario Auto Industry Facing Significant Challenges

The automotive sector is an important part of the Ontario economy, generating investments and providing numerous jobs in many communities in the province. With both the Canadian federal government and the Ontario provincial government providing funding to General Motors and Chrysler, their goal is a vibrant and competitive automotive sector remaining as an important part of Ontario's industrial mix in the future. The global economic crisis required the Ontario government to join the federal governments of Canada and the United States to support North America's integrated automotive industry, as 2008 sales collapsed to twenty-five year lows. The Ontario government is investing $4.8 billion in General Motors and Chrysler to achieve long-term viability and competitiveness, while also supporting workers and communities through investments in manufacturing, research and development, and capital expenditures. As a result of Ontario's support to General Motors and Chrysler, Ontario is in a position to help reinvent the automotive industry and to continue pressing forward on the government's commitment for a greener Ontario. An innovative and competitive auto industry in Ontario will lead to the creation of high-value jobs in a new global marketplace for the manufacture of "green" auto-parts.

According to *Blue Chip Economic Indicators* there are prospects for a recovery in the Ontario auto sector after 2009. Vehicle sales in the United States are expected to rebound to 12.3 million units in 2010 and 14.0 million units in 2011.

Ontario's major chambers of commerce are the Toronto Board of Trade and the Greater Ottawa Chamber of Commerce. The American Chamber of Commerce also has four chapters in Canada with its head office in Toronto.

For more information, please visit the Province of Ontario website at www.ontario.ca

The Prairie Provinces

The Prairie Provinces -- Manitoba, Saskatchewan, and Alberta -- have rich natural resources that have long provided a strong economic base for this region. These provinces account for four-fifths of Canada's agricultural land and over two-thirds of its total mineral production, including over ninety percent of its fossil fuels. The Prairie Provinces have steadily diversified their economic base with significant growth in manufacturing, construction and services over the past few years, to a point where combined GDP was approximately US$391 billion in 2008.

In past year, the Prairie Provinces' strong economic growth and prosperity have been adversely affected by the global economic crises and decline in energy and commodity prices. In terms of GDP growth in 2008, Saskatchewan led the pack with a 4.4 percent year over year increase, with a total of US$62 billion. The top three imports for Saskatchewan were nuclear reactors and machinery US$2.6 billion, Motor Vehicles US$1.4 billion, and iron and steel products US$574 million. The total value of imports from the United States into Saskatchewan amounted to US$7.8 billion.

Manitoba's overall GDP was US$49 billion, a growth rate of 2.4 percent from last year. The main imports for Manitoba were nuclear machinery and equipment US$3.7 billion, motor vehicles US$2.1 billion, and electronic machinery and equipment US$1.2 billion. Total imports from the U.S. were US$11.7 billion USD.

Alberta posted a slight drop in GDP growth at -0.2 percent. Despite this, Alberta still remains the largest economy in the Prairie Provinces, with a total GDP of US$281 billion dollars. The top three imports for Alberta were nuclear reactors and machinery US$4 billion, mineral fuels, oils and wax US$3.4 billion, and iron & steel products US$1.5 billion.

While Alberta's economic growth has slowed significantly it remains a major economic player in North America. Economic growth in Manitoba is expected to remain positive due to continued healthy activity in construction, mining and agriculture. Saskatchewan's prospects will depend heavily on agriculture, mining and the demand for oil and gas, and the general economic recovery in North America.

This regional economy continues to outpace the nation as a whole and enjoys the lowest unemployment rates in the country due to its large energy sector and expanded trade with the United States. Driven by strong exports to the United States, the food-processing sector has grown steadily in the past four years and remains the Prairies' largest manufacturing industry.

Canada is the single largest supplier of hydrocarbons to the United States with most of these originating in Alberta. Steadily rising U.S. demand for natural gas in recent years led to a proliferation of new pipeline projects and large expansions in exploration, drilling, and other production activity. During the early part of 2008 surging oil prices accelerated major long-term projects for developing Alberta's huge resources of oil tar sands. However, the recent drop in oil prices has pushed some of these long-term projects on to the back burner and postponed others to later dates. Some previously cancelled initiatives have now come back online, such as Imperial Oil's Kearl Oil Sands Project, as well at the spinoff of Cenovus from Encana Inc.

As the North American economy begins to recover in 2009 and 2010, the Prairie Provinces' will undoubtedly lead in the opening of new and exciting business opportunities in energy, environment and infrastructure projects for U.S. exporters in Canada.

The Province of British Columbia

Located on Canada's West Coast, British Columbia is renowned for its abundant natural resources and multi-ethnic population numbering 4,455,207 residents. These residents are governed by an 85-member legislative assembly serving four year terms in the Provincial Government. The current liberal government, led by Premier Gordon Campbell, was elected in 2009 and will remain in power until 2013. This upcoming year Vancouver, BC's largest and most metropolitan city, will host the world during the 2010 Winter Olympic and Paralympic Games.

BC is a small open economy, heavily dependent on trade. Before the slowdown hit the global economy in the second half of 2008, Western Canada had favorable market and economic conditions. High commodity prices, thriving consumer spending and strong demand for exports had led to impressive economic growth. Recently released figures show BC's GDP in 2008 was valued at $164 million. One third of BC's total GDP is derived from exports. A quarter of the GDP is due to finance, insurance and real-estate.

Resource-based industries have been the basis of BC's economy with the forestry industry at the forefront of the economy. Natural resources account for 9.4% of the government's revenue. Mining plays a large part in the economy of BC accounting for $6.7 billion in 2008. This is because BC lies within part of the Canadian Cordillera, a mountain belt rich in minerals and coal. British Columbia's mining industry is internationally recognized for its expertise in mineral exploration and mine development, and is an important producer and exporter of copper, gold, silver, lead, zinc, molybdenum, coal and industrial minerals.

BC imports approximately $17.8 billion worth of goods and services from the United States, accounting for 41.8% of its overall trade. Two-way trade includes accounting and legal firms, energy suppliers, transportation and logistics providers, banks and insurers and scientific firms and tourism.

Rapid growth, particularly in the energy sector over the past five years has balanced out the rapid and absolute decline of the forest industry (due principally to the collapse of the U.S. homebuilding market and the effects of the mountain pine beetle epidemic). While wood and paper products exports declined by 50% from $10 billion to $5 billion between the early part of the decade and 2008, energy exports (principally electricity and natural gas to the United States) have doubled from $5 billion to $10 billion. More recently, low natural gas prices have hurt export values, but not volumes.

In addition to resource sectors, BC's exports products and services related to transportation and storage, wholesale trade, business and computer services, communication services, financial and insurance services and accommodation and food services.

British Columbia's role as a "Gateway to Asia" continues to grow and develop. Within the province there are those in the business community with strong ties to China, Taiwan, and Hong Kong and often they serve as agents for governments and businesses in those markets.

Technology has grown in British Columbia, with firms like Electronic Arts, Pixar and Disney establishing a presence in BC. Firms like IBM and Microsoft have also opened offices in BC, and electronics giant Best Buy has located its corporate offices here as well.

The province is now home to a number of high tech clusters in areas such as digital media, biotechnology and "green" technologies that are world class and, in some cases, world leaders. In addition, a number of other industries also offer export opportunities for U.S. firms: computer software & hardware, telecommunications equipment, aerospace products, life sciences equipment, computer integrated manufacturing components, electronics equipment, biotech equipment, environmental technology parts and components, and management consulting services.

Developments such as the Masters of Digital Media jointly developed by Simon Fraser University, University of British Columbia and Emily Carr University ensure that there are graduates equipped to handle the technological changes in the coming years. Eleven universities offer undergraduate and graduate programs. There are eleven colleges offering career developmental programs (including trades, vocational and career technical studies). Three are organized into career, vocational and technical specialties. Thus there are twenty-five post secondary institutions offering 1600 different kinds of programs.

The Territories: the Yukon, the Northwest Territories, and Nunavut

Stretching across Canada's north are the Yukon, Northwest and Nunavut territories. The territories occupy roughly one third of Canada's landmass, but are home to only 110,000 people. Despite this sparse population, there are trade opportunities in certain sectors. Mining and related mineral exploration offer the greatest opportunities in all three of the territories. The government of the Northwest Territories is encouraging the establishment of a secondary diamond industry (cutting, polishing, and valuation) to complement the main diamond mining sector. Tourism and related support industries are also growing as the three regions encourage adventure travel to these remote northern sites.

The **Northwest Territories**, population 43,439, contributes $5.1 billion to Canada's GDP. Their economy is maintained primarily by the mining and tourism industries. The Northwest Territories have a high employment rate of 63.7% and import more than 85% of their goods from the United States. In an effort to stimulate their economy, the Territorial Government has included a number of infrastructure projects in their recent budget. Projects, valued at $187 million, highway upgrades, and renovations to schools, hospitals and the airport. In addition, $15 million is slated for energy investments to reduce their dependence on imported diesel fuel and to improve their energy consumption levels.

The **Yukon Territory**, with a population of 33,653, contributes $1.9 billion to Canada's GDP. The Yukon economy is highly dependent on three major sectors: government spending, mining and tourism. Agriculture is a small but expanding sector, although its growth is limited by climate and the availability of productive land. The Yukon currently has the highest employment rate of the territories, with 67.1% of their population employed. Of the territories, they also import the most goods from the United States, with 94% of their total imports coming from the U.S., primarily from Alaska.

In the Yukon, hydro has historically been the predominant energy source. Diesel combustion sources, as well as a small amount of wind energy also serve the Yukon.

As the price of fossil fuels steadily increase, the government of the Yukon is exploring and planning alternative energy resources. There has been continued interest demonstrated to bring natural gas from Alaska to the lower 48 states via the Yukon. The potential projects in the Mackenzie Valley Pipeline and Alaska Highway Gas Pipeline would substantially impact the economy.

While gold mining remains an important economic sector, the focus has shifted to the large underdeveloped deposits of lead/zinc, silver, tungsten, iron, nickel, copper and coal. Increased demand for natural resources has stimulated investments in Yukon mineral exploration and in developing new mines.

Nunavut, Canada's newest territory was created on April 1, 1999. Premier Eva Aariak and six cabinet caucus members oversee Nunavut's growing economy. Nunavut has a population of 32,183 people and contributes $1.6 billion to Canada's GDP. Their employment rate is currently lower than the other territories at 52.2%. New opportunities in mineral exploration of diamond, gold and base metals are transforming the economy and creating opportunities in Canada's far north. Nunavut is actively funding projects to help assist in their geosciences mapping efforts to better extract exploration and mining investments in the territory. In addition, Nunavut's oil and gas reserves will provide for a stable and safe energy source and strengthen Nunavut's economic self-reliance.

Electronic Commerce

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Canada's e-commerce infrastructure is highly developed and closely integrated with that of the United States. This starts with the integrated telephone system, in which Canada shares the "001" country code with the United States, and has area codes that are part of the U.S. system. 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. Data flows are virtually uninhibited. For example, the primary message-processing center for the Blackberry system is located in Ontario, with messages destined for U.S. destinations passing through Canada on their path. However, U.S. companies including medical equipment manufacturers should be aware that they may 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, all which can affect their business. In the WTO context, Canada has consistently supported the U.S. initiative for duty free cyberspace. The Canadian Radio-Television and Telecommunications Commission (CRTC) announced in 1999 that it would not attempt to regulate the internet, a decision that was subject to review after five years (i.e. in 2004). That review has not yet begun; however, there is growing pressure from the Canadian broadcasting community for greater regulation, especially with respect to Canadian content. In May 2005, the CRTC announced that it would regulate VoIP service only when used as local telephone service. To date, the only regulation in place requires local VoIP service providers to provide specific notification to current and prospective customers regarding their 911 service.

Canada's Personal Information Protection and Electronic Documents Act (PIPEDA) that took effect on January 1, 2001, requires persons or firms that collect personal information during the course of commercial activities to inform the subject of all purposes to which the data may be put and to obtain informed consent for its use.

U.S. companies who wish to carry out internet transactions with Canadians do not need to set up a separate website. Many U.S. companies have integrated Canadian transactions into their current websites. Others have links, and maintain a .ca domain separate from their .com site. This is done primarily for marketing purposes.

U.S. companies selling to Canadian business and consumers over the internet should have procedures in place to meet Canadian customs requirements and look at ways to reduce expenses and inconvenience to their Canadian customers that cross border shipping can entail.

As in the United States, the internet is a prime means of business-to-business advertising. Canada's national newspapers and regional business newspapers in both English and French are also a means of reaching business customers. Industry-specific trade publications, including trade association journals and newspapers and other magazines sent to their members or to specific audiences without charge, also typically carry a large amount of advertising and serve almost every major industry sector in Canada. The U.S. and Foreign Commercial Service (USFCS) in Canada can help U.S. companies place advertisements in targeted industry publications under one or more of the U.S. and Foreign Commercial Service Canada's customized fee-paid programs. U.S. and Foreign Commercial Service clients are also featured on the U.S. and Foreign Commercial Service Canada website.

U.S. exporters to Canada can also promote their products and services to Canadian customers and other business partners at both Canadian and U.S. trade shows. USCS Canada also works with Canadian trade fair organizers throughout the country to organize U.S. Pavilions in trade shows. The Canadian Government has a listing of Canadian trade shows that they promote for export purposes just as the U.S. and Foreign Commercial Service promotes U.S. trade shows under the International Buyers Program.

Advertising to Consumers

The largest percentage of net advertising revenues comes from television advertising. This is followed by advertising in Canadian magazines and newspapers. Over 600 advertising agencies operate throughout Canada and a number of these are subsidiaries of U.S. companies. Canadian advertising rates are generally comparable with those in the United States.

Although a majority of Canadians speak English, the French-speaking areas, concentrated mainly in the province of Quebec, should be considered a distinct market. Quebec is well served by French-language press, radio and television. Advertising directed toward this market should be specifically tailored to Quebec's distinct cultural identity, consumer tastes, preferences and styles.

Daily Newspapers

According to the circulation statistics of the Canadian Newspaper Association, there are currently more than 90 daily newspapers in Canada, of which approximately 90 percent are published in English and the remainder in French. "2009 in Review: By The Numbers" has more information on the Canadian newspaper industry.

Canada's two daily national newspapers that have substantial business sections are The Globe and Mail, published in Toronto and part of the CTVGlobemedia Publishing conglomerate and The National Post, also published in Toronto and part of the Canada.com network conglomerate that also includes The Gazette, Montreal's main English-language newspaper. The Toronto Star is also available throughout the entire country. For French-language dailies, La Presse has a good business daily that is quite influential in Montreal and Quebec province and Les Affaires is an influential business weekly.

Television and Radio

More than 89 percent of Canadian households have at least two television sets and approximately 98 percent of Canadians have some form of audio equipment (e.g. radio or CD player). Hundreds of public and commercial firms operate cable television and major broadcasting stations in metropolitan areas, though ownership is limited. According to official statistics, over 10.6 million Canadians subscribed to cable or satellite television.

The Canadian Broadcasting Corporation/Radio Canada (CBC/Radio Canada) is Canada's national public broadcaster and operates in Canada in both English and French as well eight aboriginal languages and operates internationally in nine languages. CBC/Radio Canada offers 6 radio stations, 7 television networks, and digital audio service under the brand Galaxie and owns 40 percent of satellite radio Sirius Canada. CBC/Radio Canada accepts advertising that must meet its advertising standards.

There are three private national television networks in Canada. CTV, part of the CTVGlobemedia conglomerate, broadcasting on two English language channels (regular programming and all news), Global Television, part of the CanWest conglomerate, broadcasting on one English language channel and TVA, part of Quebecor Media and broadcasting in French. Since the mid-1990s, most independent television stations in Canada have merged into television systems, such as Citytv or E!, or have become fully owned-and-operated network stations. The independent stations that do still exist in Canada are mostly community-oriented specialty stations.

Most of the Canadian cable TV stations carry a wide variety of U.S. television channels, some with U.S. commercials, some with Canadian commercials. Canadian cable TV also carries a number of local TV stations operating in cities near the Canadian border such as Seattle and Burlington that target commercials to their Canadian audiences.

Radio advertising is largely local.

Pricing

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As in the United States, product pricing is a key factor in being competitive. As part of their market entry strategy U.S. companies should research whether their products will be price-competitive in Canada. Important elements to keep in mind are the federal (Goods and Services Tax – GST) and provincial sales taxes (Provincial Sales Tax – PST) that are charged to both domestic and imported goods. Many provinces have "harmonized" the GST and PST to become the "Harmonized Sales Tax" or HST. The owner or importer of record is responsible for paying the tax on imported goods. U.S. companies should clearly define on their invoices the pricing and the responsibility for the sales taxes and customs duty payments. In the case of shipments from the United States, when the Canadian customer is responsible for making customs clearances and taking the goods from the customs the pricing may be simply defined as excluding any Canadian sales and customs taxes.

Canadian customers usually prefer to avoid customs clearance formalities. In order to be competitive, U.S. companies may chose to apply under the nonresident importer program, which allows them to deliver their goods just like a Canadian supplier, without the necessity of having an office and organization located in Canada. The best way to find out all the details and benefits of the nonresident importer program is to contact a customs broker that can also perform the registration formalities.

End-user prices of U.S. products and services to Canadian customers, in Canadian dollars, may also be substantially affected by the exchange rate changes between the U.S. dollar and the Canadian dollar. When the U.S. dollar goes up in value against the Canadian dollar, U.S. products become less competitive and the U.S. exporter may be forced to absorb the variance by accepting lower U.S. dollar-prices for products and maintaining the pricing level in Canadian dollars. When the Canadian dollar goes up against the U.S. dollar, the U.S. exporter can maintain the pricing in Canadian dollars and retain the extra profit, or can cut its Canadian dollar prices to be more competitive, without losses in U.S. prices.

Since 2002 the Canadian dollar has risen considerably against the U.S. dollar: in 2002, the Canadian dollar was worth only approximately 64 cents, while in 2005, it was worth over 83 cents, and in late-2007, it briefly reached a high of 1.10 cents. In 2008 the Canadian dollar dropped to an average value of 94 cents, and the average in 2009 was 86 cents. The average rate in 2010 as of February 16 is 94 cents. In addition, since the U.S. dollar has fallen against the euro, the British pound, and the yen, U.S. companies have similar pricing advantages against imports from Europe and Japan as well.

Sales Service/Customer Support

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Canadian companies have a strong awareness of, and preference for, U.S. products and services. Nevertheless, 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 should 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. If the market demands a strong network of sales and after-sale service in the United States, it is probable that success in Canada will depend on appointing agents who can provide that service. There are many companies in Canada that can offer service as an agent or representative, or on a retainer basis. Alternatively, many U.S. companies have found that establishing a toll-free telephone number that services both Canada and the United States is extremely useful in maintaining contact with customers. This gives Canadian customers instant access to U.S. vendors for solving problems, answering questions, or simply providing a higher "comfort level" with a new product.

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.

Protecting Your Intellectual Property

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Companies must understand several general principles in order to effectively manage intellectual property rights in Canada. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Canada than in the United States. Third, rights must be registered and enforced in Canada, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. and Foreign Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally 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. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

IPR Resources

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

For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at http:/www.StopFakes.gov

For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.

For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: 1-202-707-5959.

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

The Canadian Intellectual Property Office website has guides to registration in Canada of patents, trademarks, copyrights, industrial designs and integrated circuit topographies. The most important intellectual property rights are patents, trademarks and copyrights.

Patents

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The Patent Act and Patent Rules govern patents in Canada. The Act allows for patenting of processes as well as products. Like most of the world, with the exception of the United States, Canada has a "first to file" system. An invention must demonstrate novelty, utility and ingenuity. Patent examination is not automatic; it must be requested separately from the patent application. Patent applications are made public 18 months after their Canadian filing date, or an earlier foreign filing date, if applicable. Provisions exist for payment of maintenance for pending applications and issued patents. Under Article 44 of the Patent Act, the patent term is 20 years from the filing date. An applicant for a patent who does not appear to reside or carry on business at a specified address in Canada shall, on the filing date of the application, appoint as a representative a person or firm residing or carrying on business at a specified address in Canada.

Besides the Paris Convention on the Protection of Industrial Property, that gives priority in time to U.S. patent registrants based on their U.S. patent application date, Canada is also signatory of the Patent Cooperation Treaty, which provides for foreign patent protection in Canada for companies of other treaty signatories. From the perspective of the inventor, the treaty standardizes the country's patent practices with those of Canada's principal trading partners and makes it easier for Canadians to acquire foreign patents. Officials from the United States Patent and Trademark Office and the Canadian Intellectual Property Office meet frequently to exchange information and to consider mutually beneficial future joint activities.

Trademarks

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Under the Trade-marks Act and Trade-marks Regulations, an applicant may base a trademark application on either actual use or intended use of the trademark in Canada. Under Articles 30 and 31 of the Trade-marks Act, and the Paris Convention for the Protection of Industrial Property, a Canadian trademark application may also be based on a registration of the trademark in the applicant's country of origin and use by the applicant or a licensee in that country, in which case a registration can be obtained without proof of prior use in Canada.

Accordingly, if there is any likelihood that a market in Canada will exist for the trademarked product, a U.S. exporter should file an application in Canada as soon as possible. This practice will minimize the possibility that someone else, observing the use abroad, will file in Canada first and preclude registration by the true owner of the mark. A Canadian trademark registration can often be obtained within 12 to 15 months of filing and is granted for a term of 15 years. The registration may be renewed for successive 15-year periods on payment of renewal fees. Amendments introduced in implementation of NAFTA strengthen the ability of the owner of a registered trademark to stop the importation of allegedly infringing goods from abroad. It is now possible to obtain a court order requiring Canadian customs officials to detain such infringing goods pending trial. However, the U.S. Government has encouraged Canada to consider further strengthening enforcement by authorizing customs agents to seize shipments of allegedly infringing goods prior to judicial action.

Copyrights Return to top

Canada is a member of the World Intellectual Property Organization (WIPO) and a signatory of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. The two 1997 WIPO Internet treaties (WCT and WPPT) set standards for intellectual property protection in a digital environment. Canada has signed the treaties but has not yet implemented or ratified them. As a NAFTA signatory, Canada also adheres to the Berne Convention for the Protection of Literary and Artistic Works (1971) and the 1952 Universal Copyright Convention (UCC).

Under the Berne Convention, U.S. authors of original works are automatically entitled to the benefits of copyright protection under Canada's Copyright Act and Copyright Regulations. The general rule is that copyright lasts for the life of the author, the remainder of the calendar year in which the author dies, and for 50 years following the end of the calendar year. Copyright registration can be done online with a credit card and usually takes three weeks. It is not, however, necessary to register a copyright to have protection in Canada, but a registrant receives a certificate of registration to use as evidence that the work is protected by copyright and that the registrant is the owner of the work. In the event of a legal dispute, the registrant does not have to prove ownership; the onus is on the alleged infringer to disprove it.

Canada's international treaty agreements require that Canada provide national treatment with respect to copyright. Canada generally provides this. However, Canada's Copyright Act has two provisions that follow the principles of reciprocity instead of national treatment, which have yet to be resolved to the satisfaction of the United States.

The first calls for a "neighboring rights" royalty, whereby broadcasters pay royalties to domestic recording artists and producers, as well as to those from countries that are signatories of the Rome Convention. As the United States is not a signatory, U.S. artists do not receive royalties.

The second is for a "private copying" levy to be paid by manufacturers and importers of recordable blank cassettes, tapes and compact discs, with the proceeds going to domestic artists and artists from countries that extend the same benefits to Canada. The United States does not impose a levy on analog tape, but does impose a levy on digital audio recording media and devices, with proceeds being distributed to applicable producers and artists on a non-discriminatory basis, including to Canadians. Canada's federal Industry Minister has the authority to grant benefits to countries that are currently precluded, but has yet to make a decision with respect to American artists and producers.

Due to Canada's delay in implementing the WIPO treaties, ineffective enforcement mechanisms, and several other issues USTR placed Canada on its Special 301 "Priority Watch List" in 2009.

U.S. intellectual property owners are concerned about Canada's lax and deteriorating border measures and general enforcement. Canadian customs officers lack the legal authority to adequately seize shipments of counterfeit goods. Instead, customs officers can only temporarily detain suspected counterfeit shipments and contact the Royal Canadian Mounted Police (RCMP), who can then proceed with investigation under criminal law. To perform a civil seizure of a shipment under the Customs Act, the right holder must obtain a court order, which requires detailed information on the shipment.

The majority of the pirated products are high quality, factory produced products from Asia. Aside from pirated software, some stores sell and install circumvention devices, also made in Asia, that allow pirated products to be played in a legitimate video game console. Once pirated and counterfeit products clear Canadian Customs, enforcement is the responsibility of the RCMP and the local police. Because Canadian laws are inadequate to address IPR issues, few prosecutors are willing or trained to take on the few cases that come up. Where an infringement case has gone to trial, the penalties imposed can be too weak to act as a deterrent, and jail time is rarely imposed. Border enforcement concerns were a major factor in elevating Canada to the Special 301 "Priority Watch List." U.S. anti-piracy analysts have estimated that Canadian IPR protection weaknesses cost the U.S. economy between $100 million and $500 million annually.

Music File-Sharing

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In March 2004, Canada's Federal Court ruled that downloading music from the Internet using peer-to-peer (P2P) software does not constitute copyright infringement. The court denied a motion to compel Internet service providers (ISPs) to disclose the identities of clients who were alleged to be sharing copyrighted music files. The recording industry appealed the decision and although the appeals court upheld the denial of disclosure of client identities, the denial was without prejudice to file a new application, and the appeals judge clearly stated that the 2004 decision was incorrect to state that P2P file-sharing is legal. As a result, the question of whether P2P file sharing is legal in Canada remains unclear. Canadian ratification of the WIPO treaties would help remedy this problem.

Camcording

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Canada has achieved some success in protecting and enforcing intellectual property rights. In June 2007, Canada enacted Bill C-59 which makes unauthorized camcording of theatrically exhibited motion pictures a federal criminal offense. Industry reports that this new law has had a deterrent effect, since the new law was enacted, several individuals have been arrested, and one individual was convicted in November 2008. In 2006, Canada put in place data protection regulations. Local police and the RCMP are able to enforce this law, with sentences ranging from two to five years in prison. There are currently legal challenges to those regulations.

Audiovisual and Communications Services

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In 2003, the government of Canada amended the Copyright Act to ensure that Internet retransmitters are ineligible for a compulsory retransmission license until the Canadian Radiotelevision and Telecommunications Commission (CRTC) licenses them as distribution undertakings. Internet "broadcasters" are currently exempt from licensing.

The Broadcasting Act lists among its objectives, "to safeguard, enrich, and strengthen the cultural, political, social, and economic fabric of Canada." The federal broadcasting regulator, the CRTC, implements this policy. The CRTC requires that for Canadian conventional, over-the-air broadcasters, Canadian programs must make up 60 percent of television broadcast time overall and 50 percent during evening hours (6 P.M. to midnight). It also requires that 35 percent of popular musical selections broadcast on the radio should qualify as "Canadian" under a Canadian government determined point system. For cable television and direct to home broadcast services, a preponderance (more than 50 percent) of the channels received by subscribers must be Canadian programming services.

The CRTC also requires that the English and French television networks operated by the Canadian Broadcasting Corporation not show popular foreign feature movies between 7:00 P.M. and 11:00 P.M. The only non-Canadian films that may be broadcast during that time must have been released in theaters at least two years previously and not be listed in the top 100 of Variety Magazine's top grossing films for at least the previous 10 years. Non-Canadian channels must be pre-approved ("listed") by the CRTC. For other services, such as specialty television and satellite radio services, the required percentage of Canadian content varies according to the nature of the service. Canadian licensees may appeal the listing of a non-Canadian service that is thought to compete with a Canadian pay or specialty service. The CRTC will consider removing existing non-Canadian services from the list, or shifting them into a less competitive location on the channel dial, if they change format to compete with a Canadian pay or specialty service.

A concern of Canada's television industries is the spread of unauthorized use of satellite television services. Industry has estimated that between 520,000 to 700,000 households within cabled areas use unauthorized satellite services. The Canadian Broadcasting Industry Coalition has estimated that piracy costs the Canadian broadcasting system $400 million per year. Of this number of illegal users, it is estimated that over 90 percent are involved in the "black market" (i.e., signal theft without any payment to U.S. satellite companies), with the remainder subscribing via the "gray market" where the unauthorized user does in fact purchase the signal from a U.S. satellite company, but only by pretending to be a U.S. resident.

Distributors of theatrical films in Canada must submit their films to six different provincial or regional boards for classification. Most of these boards also classify products intended for home video distribution. The Quebec Cinema Act requires that a sticker be acquired from the *Régie du Cinéma* and attached to each pre-recorded video cassette and DVD at a cost of CDN$0.40 per unit. The Quebec government has reduced the sticker cost to CDN$0.30 for Quebecois films, films in French, and English and French versions of films dubbed into French in Quebec.

In an effort to create a uniform, consumer-friendly classification system that more readily comports with national advertising campaigns and other practical concerns of the industry, the Canadian video distribution industry has initiated a voluntary national classification system for works distributed on videocassette and DVD. Under this system, a film's national rating is determined by averaging its provincial ratings and is displayed on the packaging. While some provinces accept the average national classification for the purpose of providing consumer information on pre-recorded video material, three of the provincial/regional boards, Manitoba, Quebec, and the Maritime Provinces (New Brunswick, Nova Scotia and Prince Edward Island), also require that their own classification be displayed. The lack of unanimous acceptance of the voluntary national classification and the negative precedent established by the Quebec stickering regime continue to create significant consumer confusion and expense.

Due Diligence

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Due diligence is necessary and is an organized approach to verifying all the pertinent facts surrounding a business transaction. It helps businesses to manage risks and negotiate deals as favorably as possible. There is no "standard" due diligence, each is customized to the nature of the transaction, current circumstances and the parties involved.

It is advisable to conduct due diligence on business partners. Some of the items commonly checked are: backgrounds of key individuals, assessment of current management, credit ratings, contracts, prior years' financial statements, tax returns and provisions, accounts receivable, facilities, unrecorded/outstanding liabilities, lawsuits past and pending, etc. In the case of distributor/agent agreements, a U.S. company needs to know the Canadian company's markets, sales volumes, Canadian customers, and U.S. clients. Also a U.S. company should inquire if the Canadian company has the expertise and/or capabilities to handle targeted markets in Canada. Please note that it is very difficult to get out of a signed agreement/contract, e.g. agent/distributor contract. Hence a U.S. company needs to conduct due diligence of a prospective Canadian partner to protect its interests and set benchmarks for the Canadian partner. It would be useful to include these benchmarks in any agreement to facilitate and justify the termination of an agreement.

Depending on the business transaction, ask for references, e.g: U.S. companies currently represented; local customers; U.S. local partners, and affiliations with associations. A good partner is also an important ally in protecting IP rights. Projects and sales in Canada require constant attention. It is also advisable to work with legal counsel familiar with Canadian laws to create a solid contract that includes non-competitive clauses and confidentiality/non-disclosure provisions.

Due diligence helps protect businesses from financial loss and it removes the need for costly and time consuming litigation. It promotes an open and honest environment for negotiations that leads to more fruitful business dealings.

It is also recommended that small-to-medium size companies understand the importance of working with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Canada and U.S. based.
These include:

The American Chamber and local American Chambers of Commerce
National Association of Manufacturers (NAM)
International Intellectual Property Alliance (IIPA)
International Trademark Association (INTA)
The Coalition against Counterfeiting and Piracy
International Anti-Counterfeiting Coalition (IACC)
Pharmaceutical Research and Manufacturers of America (PhRMA)
Biotechnology Industry Organization (BIO)
The Canadian Intellectual Property Council (CIPC)

Local Professional Services

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Professional services providers are individuals who provide specialized services. While not limited to licentiates (individuals holding professional licenses), the services are considered "professional." Examples of professional services providers include but are not limited to: accountants, actuaries, appraisers, archaeologists, architects, attorneys, brokerage firms, business consultants, business development managers, copywriters, engineers, funeral directors, law firms, physicians, public relations professionals, recruiters, researchers, real estate brokers, translators, software engineers and web designers. Canada is similar to the United States in their professional certification requirements. A good rule of thumb is that if a professional services provider in the United States needs a certification in order to legally provide that service to their clients, the Canadian professional service provider needs a certification from the equivalent Canadian certification body.

The selection of an independent contractor or company providing professional services is usually based on skill, knowledge, reputation, ethics and creativity. Although all of these things must be considered, referrals are the best method to select a professional service provider. Local trade associations can be a good place to find names of professional services providers. You can also obtain referrals from other professionals. That is, your accountant may be able to provide an attorney's name and your attorney may be able to provide an accountant's name. The U.S. and Foreign Commercial Service in Canada also has a list of qualified professional Business Facilitation Service (BFS) providers to assist you in the assessment, completion, and/or financing of an export transaction in Canada.

Prices for services, even within the same field, vary greatly. Some professional service providers are able to give fixed rates for projects, while others define the price only after assessing the work involved. For this reason, it is common to hire professionals based upon an hourly fee and an estimate length of the project (scope).

In the past, independent contractors for professional services were located and hired by various means, including recommendation and directories (e.g., yellow pages). The popularity of the Internet has led to a new crop of professional services sites that allow independent contractors to offer their services to a larger audience, while allowing individuals or companies to find professionals quickly and easily.

Some trade associations in Canada:

Canadian Accountants Listing
Canadian Bar Association
Canadian Council of Professional Engineers
Certified General Accounts Association of Canada
Canadian Lawyer Listing

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Agricultural Sectors

Computer Software #1

Overview

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	7,613	6,989	7,681
Total Local Production	4,780	4,208	4,587
Total Exports	2,043	1,642	1,727
Total Imports	4,876	4,423	4,821
Imports from the U.S.	4,263	4,220	3,755

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1%
Above statistics are unofficial estimates

The total Canadian information and communication technologies (ICT) market was valued at US$45 billion in 2009. Of this, the computer software market accounts for approximately 15 percent with a total market size estimated at US $7 billion. In 2009, the estimated decline in the market due to the global recession was 8.2 percent. In a recently released report by Forrester, industry experts expect the IT software market to bounce back strongly in 2010, with Canada enjoying a solid growth rate of 9.9 percent. Forrester believes that the IT industry is on the verge of a seven to eight year cycle of growth and innovation that will be driven by 'smart computing', which blends elements of hardware, software and network technologies that will drive new levels of automation and efficiency. 'Smart computing' rests on foundation technologies such as service-oriented architecture, server and storage virtualization, cloud computing and unified communications.

Best Prospects/Services

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IDC Canada has identified a number of growth trends in Canada's software market and several coincide with Forrester's predictions. U.S. companies seeking to enter into Canada's computer software market may find opportunities in the following areas:

- Server virtualization software
- Software as a Service (SaaS) will be a driver in overall spending in Canada. It is estimated that 65% of business will be using SaaS by 2010.
- Developments in the second generation of Internet-based technologies and trends such as Web 2.0.
- It is expected that a rationalization of the banking systems will occur in 2010. This will require software that will allow for personalized contacts available anytime and anyplace based on social networking habits.
- "IT Security" and "Green IT" are two major trends in the public and private sector.

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Canadian companies have a strong preference for vendors with a local presence either directly or through a partner. Partnering with a Canadian-based IT company that caters to outsourcing, consulting, or systems integration is a quick and cost-effective way to reach a large customer base. Alternatively, U.S. vendors may choose to have a direct presence in the Canadian market.

Recently the Federal Government of Canada has updated the procurement process for the IT infrastructure. Government is interested in "Green IT" such as recycling initiatives, power-management strategies and virtualized work environments.

The following is a list of the major upcoming events/trade shows in Canada for the IT sector:

Massive Technology Show
April 7, 2010 - Vancouver, BC
Date TBA - Toronto, ON

IT360 Conference & Expo
April 7, 2010
Toronto, ON

Project World & Business Analyst World
May 17- 20, 2010 - Toronto, ON
October 4 -7, 2010 – Vancouver Convention Centre

Toronto Tech Week
September 2010
Toronto, ON

2010 Real-Time & Embedded Computing Conference
June 8, 2010 – Montreal, QC
June 11, 2010 – Ottawa, ON
June 25, 2010 – Toronto, ON

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Canadian Advance Technology Alliance
IDC Canada
Information and Communications Technology Council (ICTC)
Industry Canada
Information Technology Association of Canada

If you would like further information, please contact the CS Canada National Computer Software Sector Specialist Tracey Ford: Tracey.Ford@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Oil and Gas Field Machinery (OGM) #2

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	3,654	2,302	2,709
Total Local Production	4,648	2,939	3,467
Total Exports	2,363	1,844	2,167
Total Imports	1,369	1,207	1,409
Imports from the U.S.	839	651	845

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN)
Above statistics are unofficial estimates

Canada is the world's third largest producer of natural gas and the seventh largest producer of crude oil. Oil production includes 45 percent from massive oil sands reserves in Alberta, 13 percent from Atlantic Canada offshore operations, and 42 percent from traditional drill and gush operations. Undeveloped natural gas deposits are primarily located in Alberta, British Columbia and Saskatchewan. In 2010, Canadian producers are expected to drill approximately 9,500 wells (includes dry and service). U.S. imports are significant in this sector, holding 54 percent of the import market. U.S. equipment is recognized for its quality, technological benefits and reputable after-sales-service.

In a recent budget forecast released by the Canadian Association of Petroleum Producers, an 8.5 percent increase in capital investment for 2010 is expected from the $34 billion level predicted for 2009. After an unprecedented drop in crude oil prices by over $100 per barrel during the last quarter of 2008, oil prices are expected to recover slowly from an average of $55/bbl in 2009 to $60/bbl in 2010. With a slowly recovering economy and increased oil prices, it is expected that some major oil sands project announcements will be made for 2010. Natural gas supply and storage are strong and prices are expected to remain low.

While the oil and gas industry saw a significant decline in 2009 mainly due to the global recession, the industry is expected to steadily grow over the next few years. The forecasted $40 billion in capital investment for 2010 is a significant contribution to the national gross domestic product. The Canadian oil and gas industry continues to be a significant part of the country's economy with 92 percent of the national trade surplus, over 15 percent of the national exports and employing over 500,000.

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Promising sub sectors include specialized mining and extraction equipment for the oil sands of Alberta. Technologies to save water and natural gas use are in demand. Outstanding opportunities exist for providers of exploration, drilling, mining, refining, pipeline environmental, and safety and security equipment and services.

Opportunities

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Opportunities within the oil and gas industry are held throughout the year.

The following is a list of the major upcoming events/trade shows in Canada for the Oil and Gas sector:

Global Petroleum Show
June 8 - 10 2010
Calgary, Alberta

Atlantic Canada Petroleum Show
June 16 - 17 2010
St. John's, Newfoundland & Labrador

Oil Sands Trade Show and Conference
September 21 - 22 2010
Edmonton, Alberta

International Pipeline Exposition and Conference
September 28 - 30 2010
Calgary, Alberta

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Canadian Association of Oilwell Drilling Contractors - http://www.caodc.ca/
Alberta Energy Research Institute - http://www.aeri.ab.ca/
Alberta Energy - http://www.energy.gov.ab.ca/
Energy Resources Conservation Board - http://www.ercb.ca/portal/server.pt?
Petroleum Society - http://www.petsoc.org/
Canadian Energy Pipeline Association - http://www.cepa.com/
Natural Resources Canada - http://www.nrcan-rncan.gc.ca/
Canadian Association of Petroleum Producers - http://www.capp.ca
World Petroleum Council - http://www.world-petroleum.org/
Petroassist - http://www.petroassist.com/

If you would like further information, please contact the CS Canada National Oil and Gas Sector Specialist Crystal Roberts: Crystal.Roberts@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Consumer Electronics (CEL) #3

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	16,753	17,932	19,312
Total Local Production	8,624	8,968	9,204
Total Exports	7,578	7,939	8,234
Total Imports	15,707	16,903	18,342
Imports from the U.S.	2,651	2,752	2,809

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.104 CDN)
Above statistics are unofficial estimates

The consumer electronics industry primarily consists of in-car, in-house and portable audio, video, and communications equipment that are marketable to the general public. Other industries such as medical, aerospace and defense, information communication technology (ICT), automotive, and home appliances, also benefit from this evolving technological industry.

The global consumer electronics market grew by 4 percent in 2008 reaching a value of US$335.4 billion. In 2013, the global consumer electronics market is forecast to reach a value of US$384.4 billion, an estimated increase of 14.6 percent from 2008. Canada's consumer electronics market increased by 8.1 percent in 2008 to approximately US$8.6 billion, largely due to Canadian based Research in Motion (RIM)'s Blackberry Smartphone production, RIM's flag-ship product. Despite a modest worldwide economic growth during 2008, the Canadian CEL sector remained a highly active sub sector of the electronics industry as retailers and manufacturers implemented aggressive pricing tactics to encourage demand by end users.

When compared to other key markets, Canada ranks 11th in terms of industry market value, and 18th in the manufacturing of electronic devices. Much of Canada's high-volume, low-cost production takes place at low cost country (LCC) locations.

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The following products will experience a worldwide increase between 2009 and 2012:

WIRELESS	CONSUMER ELECTRONICS	COMPUTING
Smartphone	iTouch	Personal Navigation Device
Multimedia phone	iPod	Ultra Mobile PC
Feature phone	Portable Media Player	Touch-screen laptops
Blackberry	Portable Digital/Satellite Radio Receiver	Notebook PC and Mini Laptops
Mobile phone	Electronic Book Readers	Netbooks

Trends for the year 2010 will be highlighted by the proliferation of 4G networks, 3D HD audio and video technologies, green technologies, and inter-connected smart day-to-day devices. A key driver for the advancement of consumer electronics is the introduction of a wireless globe, consisting of anytime access, from anywhere on the planet, with high data transfer rates. This concept is referred to as the fourth generation (4G) of mobile technology. The proliferation of this technology will greatly increase the capability of wireless networks which will further increase the consumer demand for smart-phones.

Strong growth is also expected in the consumption of high definition televisions, due in part by the Canadian Radio-Television and Telecommunications Commission decision to end analog television broadcasting by August 2011. According to Electro-Federation Canada, in 2008, flat panel and high definition televisions accounted for almost 90 percent of the Canadian television market; this number is expected to reach 100 percent by 2010. In 2009 more than 3,389 million flat panel TV's were sold in Canada, with more than 45 percent of them being 45 inches or greater in size. These numbers are predicted to rise even further as 67 percent of Canadian households are now capable of receiving an HD signal; up from 53 percent in 2008.

The video-game sector is expected to continue above average growth through 2011. This growth is derived from online game play which is expected to double by 2011. The Canadian market is expected to develop at par with the U.S. market at a growth rate of 6.7 percent compounded annually. The global market for video games is expected to reach US$48.9 billion dollars by 2011, with North America accounting for US$12.5 billion; Canada accounts for roughly US$1 billion dollars of the North American market.

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The province of Prince Edward Island will adopt in early 2010 a new e-waste handling system that will run in cooperation with the Atlantic Canada Electronics Stewardship (ACES). Canadian firms selling consumer electronics products like computers, television and audio equipment must adhere to the new e-waste program to recycle devices that, once their useful life span has expired, can pose real environmental challenges if they are not disposed of properly. Surcharges can range from as little as CDN$0.90 for a computer mouse, to CDN$45 for televisions larger than 46 inches. All collected environmental handling fees will pay directly for the reuse and recycling system exclusively.

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The following is a list of the major events/trade shows in the United States and in Canada, all within the Consumer Electronics Industry:

International CES
January 7-10, 2010
Las Vegas, Nevada

Print World
November 20 - 22, 2010
Toronto, Ontario

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Consumer Electronics Association
Industry Canada
Statistics Canada
Standards Council of Canada
Electro-Federation Canada (EFC)
Canadian Imaging Trade Association

If you would like further information, please CS Canada Consumer Electronics Specilist Luz Betancur: Luz.Betancur@mail.doc.gov Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Aerospace and Defense #4

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AEROSPACE - Canada is the world's fifth largest aerospace industry with $22.6 billion in revenues in 2008. Canada's aerospace sector is very diverse and mature, and is home to some of the world's industry leaders. Montreal is one of the world's top three aerospace hubs, along with Toulouse and Seattle, and is the only place in the world where an aircraft can be assembled within a 30-mile radius.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	17,800	17,700	18,300
Total Local Production	20,300	20,600	21,000
Total Exports	14,800	15,000	15,000
Total Imports	12,300	12,1000	12,300
Imports from the U.S.	7,600	7,000	7,300

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1% Above statistics are unofficial estimates

Canada is the world's fifth largest importer of aircraft and aircraft parts. In 2008, Canada's demand for aircraft and aircraft parts was $17.8 billion. The Canadian aerospace industry is unique because approximately 80 percent of its production is exported. Industry estimates expect the market to remain flat in 2010, and recovery signs to appear in 2011. The current downward cycle has not affected the industry in the same way, while many OEMs have slowed their production on some programs, many other Canadian aerospace companies are experiencing one of their best years yet. In 2008, an unprecedented amount of aircraft and aircraft parts were imported from the U.S. totaling $7.6 billion. Opportunities abound for U.S. suppliers in this thirsty market for U.S. materials and high technology products.

DEFENSE - Canada offers one of the most open, accessible and transparent public sector markets for U.S. goods and services. As the sixth highest military spending economy in NATO and the thirteenth highest military spender in the world, the Government of Canada (GOC) is a significant purchaser of aerospace, defense, and security products. In fact Canada spent US$19.3 billion on total military expenditures in 2008 representing a 9.6 percent increase, or $1.8 billion increase over the last fiscal year. According to the latest budget estimates, the GoC will spend approximately $21.2 billion in fiscal year 2009-10. U.S. organizations account for the largest share of military contract awards by the GOC. In fact, Canada trades US$3.5 billion of defense and security products and technologies with the U.S. annually. Canada's Afghanistan mission equipment and services requirements are driving demand for a wide range of products and technologies accounting for approximately half of the budget.

2008 - Top 15 Military Spenders

Country	US$ billions	World Share (%)
United States	607	41.5
China	84.9	5.8
France	65.7	4.5
United Kingdom	65.3	4.5
Russia	58.6	4.0
Germany	46.8	3.2
Japan	46.3	3.2
Italy	40.6	2.8
Saudi Arabia	38.2	2.6
India	30.0	2.1
South Korea	24.2	1.7
Brazil	23.3	1.6
Canada	19.3	1.3
Spain	19.2	1.3
Australia	18.4	1.3

Source: SIPRI Yearbook 2008

Total world spending is estimated at US$1,464 Billion and the top 15 countries account for 81 percent of total world expenditures.

Canada First Defence Strategy (CFDS) - The market demand for defense products is continuing to grow with the CFCS. Announced in December 2005, the CFDS is designed to strengthen Canada's national sovereignty by providing more funding in the areas of defense, security and international assistance. As a result, the GOC announced various upcoming procurement projects for equipment and related support services for the Canadian Forces and has a listing of these major procurement projects on their website.

Canadian budgets are committed to making Canadian and international communities safer. Budget 2009 has awarded an automatic annual increase of 2 percent, commencing in 2011, to defense spending that will assist in the successful implementation of the CFDS. This increase from the previous 1.5 per cent will provide the Canadian forces an additional CDN$12 billion. Budget 2009 has also allocated an additional CDN$100 million for the reconstruction and development in Afghanistan, and CDN$89 million over the next two years to adding new embassies and missions overseas. Total spending over the 20-year life of the CFDS is estimated to be in the US$415-440 billion range.

Overview of Defence Financial Resources
(In CDN$ Thousands)

	Forecast Spending 2008-2009	Planned Spending 2009-2010	Planned Spending 2010-2011	Planned Spending 2011-2012
Total Forecast/Planned Spending	19,143,137	20,993,001	20,591,564	19,697,252
Capital Spending (including Total Forecast/Planned Spending)	3,413,911	4,970,665	4,781,910	4,601,370

Source: Assistant Deputy Minister (Finance and Corporate Services Group), Government of Canada

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AEROSPACE

HS 8802 Aircraft, powered; spacecraft and launch vehicles
HS 8803 Parts of balloons etc., aircraft, spacecraft etc.
HS 841191 Turbojet and turbo propeller parts
HS 841112 Turbojets of a thrust exceeding 25 Kn
HS 841199 Gas turbine parts not elsewhere specified or otherwise indicated

DEFENSE

GoC Planned Military Capital Expenditure (FY 2008 – 2012)
(In CDN$ Thousands)

PLANNED CAPITAL PROJECT EXPENDITURES	Forecast Fiscal Year 2008-2009	Planned Fiscal Year 2009-2010	Planned Fiscal Year 2010-2011	Planned Fiscal Year 2011-2012
Budget 2005, 2006, 2007 & 2008 Announcements				
Medium to Heavy Lift Helicopters	$116,899	$329,209	$285,372	$380,414
Medium Support Vehicle System	$7,904	$316,954	$62,222	$377,909
Airlift Capability Project - Tactical	$471,293	$643,376	$666,662	$478,242
Joint Support Ship	$-	$-	$-	$98,734
Halifax-Class Modernization (HCM)	$113,038	$379,717	$296,542	$399,385
Joint Task Force 2 Relocation	$4,929	$18,660	$20,727	$4,620
Joint Task Force 2 Capability Expansion	$14,550	$36,809	$31,079	$-
Canadian Special Operations Regiment Equipment	$20,994	$59,384	$33,448	$-
Airlift Capability Project - Strategic	$188,952	$273,415	$205,748	$-
Arctic Offshore Patrol Ship	$9,226	$17,678	$15,377	$-
Tank Replacement	$58,253	$16,947	$16,565	$16,963
M777 Howitzers	$1,749	$-	$-	$-
Trenton Runway Ramp	$173	$-	$-	$-
Total	**$1,007,961**	**$2,092,147**	**$1,633,743**	**$1,756,267**

In addition to the planned expenditures listed above, Industry Canada has identified the following as key growth segments for government procurement in aerospace and defense:

1. Advanced Manufacturing and Emerging Materials
2. Avionics and Mission Systems
3. Communication and Control
4. Propulsion and Power Management
5. Security and Protection
6. Sensors
7. Simulation, Training and Synthetic Environment
8. Space
9. Unmanned Vehicle Systems

Examples of each of these segments are listed in Industry Canada's Strategic Aerospace and Defence Technology List.
Website: http://www.ic.gc.ca/eic/site/ad-ad.nsf/eng/ad03902.html.

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The following is a list of the major events/trade shows in Canada, within the Aerospace and Defense Industries:

U.S. Military Equipment Exhibit and Seminar
February 24, 2010
Ottawa, ON

U.S. Aerospace Supplier Mission to Canada 2010
April 13-15, 2010
Montreal, Quebec

Aeromart Montreal 2010
April 27-29, 2010
Montreal, Quebec

CANSEC 2010
June 2-3, 2010
Ottawa, ON

Canadian Business Aviation Association Annual Convention
July 7-9, 2010
Calgary, Alberta

DEFSEC Atlantic 2010
September 8-10, 2010
Halifax, NS

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Following is a list of key Canadian aerospace associations and organizations:

Aerospace & Defense Industries Association of Nova Scotia
Aerospace & Defense Industry Association of Newfoundland and Labrador (ADIANL)
Aerospace Industries Association of Canada
Aerospace Industry Association of British Columbia
Aero Montreal
Aviation Alberta
Canadian Association of Defense and Security Industries (CADSI)
Canadian Centre for Unmanned Vehicle Systems
Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ)
Manitoba Aerospace Association
New Brunswick Aerospace & Defense Association
Ontario Aerospace Council
Quebec Aerospace Association

If you would like further information, please contact the CS Canada Aerospace Specialist Gina Bento: Gina.Bento@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

If you would like further information please contact the CS Canada Defense Specialist Lucy Latka: Lucy.Latka@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Safety and Security Equipment (SEC) #5

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	1,797	1,927	2,055
Total Local Production	928	951	962
Total Exports	798	825	857
Total Imports	1,667	1,801	1,950
Imports from the U.S.	730	753	772

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1%
Above statistics are unofficial estimates

The increasing importance of security in day-to-day business operations has generated new security challenges for corporations across all industry sectors. The unstable climate ushered in by terrorism and the skill of identity thieves, industrial spies and other intruders to out-smart existing security technologies have forced Canadian businesses to continually update or purchase new security systems that provide leading-edge security control.

Advanced security technology developed in the United States has allowed U.S. firms to offer products that are more efficient and often superior to comparable Canadian equipment. Industry experts state that the need for security solutions that require the integration of innovative and existing technologies and equipment will fuel the demand for increasingly sophisticated equipment. Since U.S. technology is recognized as a front-runner in technological development in this industry, U.S. companies will be in a good position to take advantage of this trend.

Industry sources report the size of the Canadian market for security products and services to protect commercial buildings and facilities is predicted to grow 6-7 percent in 2010 to approximately USD$ 2.1 billion. Total imports represent 94 percent of total market demand. Imports from the U.S. of USD$ 772 million represent 40 percent of the total import market.

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While the market includes locks, keys and alarm systems, growth in demand will prevail for electronic physical access control systems, led by biometric, smart card and other non-contact technology utilizing software that can be used to secure both physical access to facilities and access to data stored on computers.

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U.S. safety and security companies wanting to develop new sales in Canada, benefit from a privileged access to numerous business facilitation programs offered by the U.S. and Foreign Commercial Service year round.

The following is a list of the major upcoming events/trade shows in Canada for the Canada for the Safety and Security Sector:

PortSecure 10
May 26-28, 2010
Vancouver, British Columbia

Security Canada Central
October 20-21, 2010
Toronto, Canada

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Canadian Security Association (CANASA)
Advanced Card Technology Canada
Canadian Advanced Technology Alliance
SP&T News
Canadian Security Magazine
Canadian Maritime and Port Security Conference

If you would like further information, please contact the CS Canada National Security Sector Specialist Connie Irrera: Connie.Irrera@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Building Products (BLD) #6

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	26,525	27,771	29,548
Total Local Production	26,325	27,562	29,325
Total Exports	7,262	7,603	8,089
Total Imports	7,462	7,812	8,312
Imports from the U.S.	4,564	4,778	5,083

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1%
Above statistics are unofficial estimates

Government fiscal stimulus has been and will be the key economic driver in Canada's building and construction industry during 2009 and 2010. Thirty percent of non-residential stimulus investments will occur in 2009 followed by the remaining 70 percent throughout 2010, until the end of the first quarter of 2011. Building construction growth is projected at 4.7 percent for 2009 and 6.4 percent for 2010, mostly driven by non-residential construction.

The residential construction sector in Canada is expected to decline by 2 percent in 2009 and 4.2 percent in 2010. Housing starts for 2009 will drop below the 200,000/month threshold to 140,000 units for the first time since 2001. A turnaround is forecasted at 170,000/month for 2010. The main Canadian urban areas, such as Toronto, Ottawa, Montreal, Vancouver, Calgary, and Edmonton, will continue to have the highest absolute numbers of housing starts.

The market size for the building products sector in 2009 is estimated to be US$ 27.7 billion. Total imports account for 28 percent, with the United States contributing 61 percent of total imports. This high participation in the market is based on the commercial advantages that the United States has with Canada in terms of geographic proximity, quality similarities, trade agreements (i.e., NAFTA), and channels of distribution.

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The non-residential segment will drive the building products industry in 2009 and 2010. Institutional and government building construction is forecasted at growth rates of 10 percent in 2009 and 7.2 percent in 2010. Industrial building construction is estimated at 1.7 percent growth in 2009 and 8 percent in 2010. Commercial building construction estimates are 1.5 growth in 2009 and 4.9 percent in 2010. Engineering construction growth is forecast at 0.4 percent in 2009 and 8.7 percent in 2010. This growth will offset the 2009 declines in residential construction.

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Sales of building products to Canadian companies are handled through relatively short marketing channels, and in some cases products move directly from manufacturer to end-user. The use of marketing intermediaries in consumer goods is common practice. Often, complete coverage of the consumer market requires representation in the various regions of Canada.

There are different areas of opportunity in Canada for U.S. businesses in the building products and construction industry. Canada's leading electronic-tendering service provides the most complete source of Canadian public and private tenders and is available at www.merx.com

The following is a list of some private and government-funded projects, in the planning stage that could be of interest.

ALBERTA:

Division No. 11 County – Grant MacEwan College, City Centre Campus - Public, educational and recreational buildings valued at CDN$100 million.
Division No. 6 County – Bow Valley College - Educational buildings valued at CDN$38.2 million.
Division No. 11 County – NorQuest College Expansion – Parkade and an administration building valued at CDN$30 million.

BRITISH COLUMBIA:
Greater Vancouver – Condominium Apartment Tower, Townhouses valued at CDN$50 million.
Greater Vancouver – Government Office Building, Burnaby City Hall Campus Office Building, seeking a LEED Silver certification or better. Valued at CDN$18 million.
Greater Vancouver – Medical and Apartment buildings, Seniors Care Facility, The Douglas. Valued at CDN$19 million.

ONTARIO:
Metro Toronto – Office, Research Centre, Technology Centre, valued at CDN$180 million.
Halton Reg. County – Condominium Apartment Buildings, valued at CDN$80 million.
Metro Toronto – Multi-Family, Schools & Commercial Development: Lawrence Heights Revitalization. Valued at CDN$50 million.

QUEBEC:
Roussillon County – Commercial Complex, valued at CDN$100 million.
Communaute County – Condo Apartment Building/Retail: Le Victoria, valued at CDN$15 million.
Antoine-Labelle County – Recreational Building – Auditorium de Mont-Laurier for 700 spectators, valued at CDN$14 million.

The following is a list of the major upcoming events/trade shows in Canada for the Building Products and the Construction Sector:

Buildex Vancouver
April 21-22, 2010
Vancouver, British Columbia

National Heavy Equipment Show
March 2011
Toronto, Ontario

International Building and Construction Show
March 31, 2010
Montreal, Quebec

Contech Montreal
November 25, 2010
Montreal, Quebec

Buildex Calgary
November 3-4, 2010
Calgary, Alberta

Construct Canada
December 1-3, 2010
Toronto, Ontario

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Construction Sector Council
Reed Construction Data
Canada Mortgage and Housing Corporation
Canadian Construction Association
Industry Canada

If you would like further information, please contact the CS Canada National Building and Construction Specialist Ruth Williamson: Ruth.Williamson@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Telecommunications Equipment (TEL) #7

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	6,170	6,293	6,608
Total Local Production	5,350	5,037	5,076
Total Exports	6,165	5,495	5,625
Total Imports	6,985	6,751	7,157
Imports from the U.S.	1,362	1,360	1,349

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1%
Above statistics are unofficial estimates

Canadian telecommunications industry is extremely sophisticated and fast-paced, with the largest concentrations of companies located in Toronto, Ottawa and Montreal. Canada is home to world leaders in telecommunications, such as RIM (best known for their 'Blackberry') and Mitel and has been selected by international companies such as Alcatel-Lucent, Cisco and Siemens to house their major operations including R&D headquarters.

Deloitte has predicted that the global telecommunications sector is unlikely to remain unscathed by the global economy. However, while global growth may be cyclical, the need for telecommunications is and will remain fundamental. With this in mind, experts are predicting that Canada's telecommunications equipment market will grow by 5% percent in 2010. This will be due to strong growth in wireless subscriptions, combined with the demand for ancillary services and the demand for broadband Internet. Heavy price competition will limit the industry's profit growth in 2010 and the new entrants in the wireless segment from the 2009 spectrum auction will continue to aggravate this trend.

U.S. companies currently supply 20 percent of Canada's imports in the telecommunications market. In 2010, U.S. exports to Canada are expected to decrease less than one percent as Canadians seek to purchase less expensive equipment provided by countries such as China; Mexico and Malaysia.

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IDC Canada has identified a number of growth trends in Canada's telecommunications market. U.S. companies seeking to enter into Canada's telecommunications market may find opportunities in the following areas:

- Wireless service providers will take advantage of the growing popularity of the new 3.5G broadband to tap into the wire line Internet market. Providers with no wireless play will be at a disadvantage therefore products which increase network capacity may do well.
- There will be a rising demand for mobility and portability in the personal device market.   The Canadian smart phone market will continue to grow. Vendors will

respond to IT managers' needs for management tools for increasingly complex mobile devices.
- Software-as-a-service (SaaS) – For example, applications that monitor unconnected device usage, such as MP3 consumption on mobile phones.
- "Green IT" products also provide many opportunities for the telecom industry.

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There are no major infrastructure procurements known to us at this time.

The following is a list of the major events/trade shows in Canada for the Telecommunications sector:

IT360 Conference and Expo 2010
April 7, 2010
Toronto, Ontario

The 8th Conference on Communications Networks and Services Research
May 11-14, 2010
Montreal, Canada

25th Biennial Symposium on Communications
May 12-14, 2010
Kingston, Ontario

The 2010 Canadian Telecom Summit
June 7 – 9, 2010
Toronto, Ontario

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Statistics Canada
Industry Canada
Canadian Wireless Telecommunications Association
Information and Communications Technology Council

If you would like further information, please contact the CS Canada National Telecommunications Sector Specialist Tracey Ford: Tracey.Ford@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Electrical Power Systems (EPS) #8

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Electrical Power Systems	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	18,205	15,286	15,500
Total Local Production	11,790	9,786	9,800
Total Exports	10,954	9,090	9,100
Total Imports	17,369	14,590	14,800
Imports from the U.S.	9,078	7,300	7,400

(Millions, U.S. current dollars; Sources: Statistics Canada and U.S. Census Bureau)
Above statistics are unofficial estimates

The Electrical Power System (EPS) sector plays an important part in the Canadian economy as the key source of energy for all economic activities. About 60 percent of electricity needs are met by hydro-power generation and almost 16 percent by nuclear-power generation. Less than 23 percent of electricity is generated from fossil fuels and vigorous steps are currently being taken to shift towards gas and renewable-energy sources. The aim of these programs is to reduce and eliminate coal-based production of electricity.

The market for EPS equipment was valued at an estimated US$15.3 billion in 2009. Ontario accounts for almost two-thirds of the total. The Canadian EPS industry is highly integrated globally, with over 90 percent of Canadian manufacturing shipments destined as exports, while 95 percent of the Canadian EPS market is supplied by imports. U.S. equipment has a dominant share of this market with a total value of US$7.3 billion in 2009, representing 50 percent of total Canadian EPS imports.

After several years of solid growth, the Canadian EPS market recorded a decrease in 2009 due to the global economic slowdown. The significant slowdown of the Canadian manufacturing sector in 2009 resulted in a decreased demand for electricity. Experts predict that 2010 is expected to bring a rebound in economic activity and the demand for electricity is predicted to have an average 1.5 percent annual growth rate over the long term.

Electricity consumption continues to produce strong demand for electrical-power systems equipment. Canada's population is projected to grow by 20 percent (from 32 million inhabitants) over the next 12 years, increasing the demand for electricity.

Another fundamental driver of the EPS market is the need to replace existing capacity**.** More than three quarters of the power supply infrastructure was built 25 to 35 years ago and has to be replaced in the near future. According to the Canadian Electricity Association (CEA) Canada will require an investment of about US$185 billion over the next 20 years, of which US$95 billion will be in generation, US$27 billion will be in transmission and US$63 billion will be in distribution. This substantial restructuring of the energy sector presents a wealth of opportunities for U.S. companies involved in the manufacturing and distribution of electrical power systems and related components.

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The EPS market distribution by segments has been relatively stable in recent years. The primary power generating segment like boilers, heat exchangers, and nuclear reactors is 7 percent. The power conversion segment is 11 percent and includes equipment that transforms primary power into mechanical power, like turbines and engines. The electricity generation segment is 18 percent and includes primarily equipment converting mechanical power into electricity (generators), but also changing electricity parameters (transformers) and converting it back into mechanical power. Switchgear is about 14 percent and the remainder includes a large variety of components for electricity handling (transport, control, interrupting, storage, etc).

Each segment includes various equipment, components and/or parts that represent very good prospects for U.S manufacturers. The switchgear segment has good prospects particularly for small-to-medium enterprises.

Canadian imports from the United States performed better than imports from the rest of the world, in 2009. Examples of product groups with good prospects are:

- ELECTRICAL PARTS OF MACHINERY OR APPARATUS (HS 854890) – 2009 imports from U.S. are estimated at US$14.2 million, recording a 40 percent increase over the previous year.

- GENERATING SETS WITH DIESEL/SEMI-DIESEL ENGINES - OUTPUT EXCEEDING 375 KVA (HS 850213) – 2009 imports from the United States are estimated at US$98 million, a 0.5 percent increase over the previous year.

There are also many subgroups or specific products that offer good prospects for U.S. manufacturers.

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In Ontario, 52 percent of the electricity is generated by nuclear power stations; and approximately 20 percent of current capacity is coal-based. According to the Ontario Power Authority (OPA) 80 percent of the power-generation infrastructure has to be replaced within a period of 10 to 15 years. OPA estimates that over US$60 billion will be invested during this period. The Ontario government plans to eliminate the remaining four coal-based electricity generation plants within the next several years.

Alberta is another province expecting rapid growth in this sector. The Alberta Electric Systems Operator (AESO) expects Alberta's demand for power to grow by 3.5 to 4.3 percent throughout the foreseeable future. Additionally, up to 3,800 GW new generation and transmission capacity is needed by 2016.

In British Columbia, BC Hydro expects 45 percent growth in electricity consumption over the next 20 years. Similarly, SaskPower expects Saskatchewan to face a power gap of over 1500 MW by 2025.

Quebec and New Brunswick announced that Hydro-Quebec, the largest producer of hydro electricity in North America will acquire the majority of the assets of New Brunswick

Power (NB Power) by the end of March, 2010. Hydro-Quebec will improve its acquired assets, including 15 hydro, coal and diesel-powered generating stations and will spend CND $25 billion to boost its hydroelectricity output in order to increase its exports to the United States.

Following is a list of the major events/trade shows in Canada for the electric power industry:

OCE Discovery 10 – Ontario Centers for Excellence, Energy, Conference and Trade Show
May 17- 18, 2010
Toronto, Canada

CDEA – 15th Annual Conference and Exhibition
June 23 – 25, 2010
Halifax, Nova Scotia

OEA –Ontario Energy Association Annual Conference 2010
September 2010 (TBD)
Toronto, Ontario

APPrO 2010 - Association of Power Producers of Ontario, Annual Conference and Trade Show
October - November, 2010 (TBD)
Toronto, Canada

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More details can be found on the following websites:

Alberta Electric Systems Operator (AESO):
BC Ministry of Energy, Mines and Petroleum Resources
Canadian Electricity Association
Industry Canada
Manitoba Hydro
Ontario Ministry of Energy and Infrastructure
Quebec Ministry of Natural Resources
Statistics Canada

If you would like further information on this sector, please contact the CS Canada National Electrical Power Systems Specialist, Stephan Popescu: Stefan.Popescu@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Automotive Aftermarket Parts & Accessories/Service Equipment (APS) #9

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Total Wholesale APS Market	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	7,552	7,049	7,905
Total Local Production	4,947	3,688	4,080
Total Exports	3,711	2,766	3,060
Total Imports	6,315	6,127	6,885
Imports from the U.S.	1,286	1,589	1,803

(Millions, U.S. current dollars; Sources: Statistics Canada and U.S. Census Bureau)
Above statistics are unofficial estimates

Automotive aftermarket retail sales are estimated to be US$ 15.2 billion in 2008 (CD$16.1 billion according to the Automotive Industries Association of Canada). This sector is one of the largest retail sectors in Canada by market value, comparable to the clothing industry but larger than the furniture industry. Automotive aftermarket retail sales encompass production, re-manufacturing, distribution and retailing of replacement parts, tools, equipment, accessories, chemicals and special production geared for fixing used cars. Essentially, any product or service that a vehicle requires after it is assembled would be considered part of the automotive aftermarket.

The wholesale market (which is the target market for U.S. manufacturers) of the automotive aftermarket sector is relatively more stable than new and used vehicle sales. Although vehicle sales recorded a dramatic decrease in 2009, the automotive aftermarket sector is estimated to be relatively steady because of the need to service existing vehicles licensed to be on the road. The small decrease in consumer spending on APS products and services was offset by the addition of more registered vehicles operating on Canadian roads.

The automotive aftermarket sector had been growing at a steady rate of 2 to 3 percent over the past 4 years. This trend will likely continue as many consumers put off purchases of new vehicles and continue using their current ones, in light of the current, difficult economic times. As a result, demand for automotive aftermarket products and services will continue to expand as the average vehicle age, as well as maintenance expenditures increase. The average lifespan of a vehicle forty years ago was approximately 162,000 kilometers while today this figure is closer to 225,000 kilometers. New vehicle technology has greatly increased the average life of vehicles and has also greatly improved the need for more automotive aftermarket products and services.

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The best prospects in the automotive sector are definitely in the aftermarket. With over 20.4 million vehicles on the road today in Canada and with the severe weather conditions of the country, these vehicles require constant maintenance and replacement parts. About 96% of these vehicles are registered to individual consumers who make purchasing decisions based on their own unique circumstances. In other words, any ambiguity about the future of their jobs or financial situation can directly determine whether they buy a new vehicle or just keep maintaining their current one. Therefore, with the average number of older vehicles increasing, the current slowdown in new vehicle sales will not likely catch up to the aftermarket for a few years. Until then there will still be strong demand for aftermarket products and services.

On average, each car 8 years or older requires a minimum of US$1,000 in maintenance per year. This statistic is important because approximately 32.8 percent of cars on Canadian roads are at least 10 years old, with the average age of all vehicles in Canada currently at about 8 years. Much of the market is still in Mechanic Installed (MI) parts; but also, we are seeing a large increase in the Do-It-Yourself (DIY) purchases and repairs, again due to the economic slowdown and hard economic times for individuals.

The major items of the automotive aftermarket are spare parts for various vehicle components, either for normal wear (such as brake disks, pads, etc), or repair of motor, transmission or other components. This market-segment is well covered by relevant manufacturers of automotive parts and components, as well as suppliers of the big automotive corporations. For U.S. small-to-medium enterprises important opportunities are accessories and DIY maintenance materials.

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Based on 2009 data for the number of vehicles registered in the various provinces, Ontario offers the largest market potential with over 36% of the total aftermarket, followed by Quebec with 22.6%, Alberta with 13.7%, and British Columbia with 13.2%. The appreciation of the Canadian dollar during the past year provides additional opportunities for U.S. companies entering the market. Although it now would be more costly to set up physical operations in Canada, entering the Canadian market by means of exporting from the United States is now more favorable.

With a stronger Canadian dollar, Canadian importers will be more receptive to U.S. exports due to U.S. products being less expensive.

The following is a list of the major events/trade shows in the Automotive aftermarket sector:

Automechanika Canada
June 2010
Toronto, Ontario

2010 Canadian International AutoShow
February 12-21, 2010
Toronto, Ontario

Automotive Aftermarket Expo
November 2 - 4, 2010
Las Vegas, Nevada

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Automotive Industries Association of Canada
Industry Canada
Statistics Canada
DeRosiers Automotive Consultants

If you would like further information, please contact the CS Canada National Automotive Products Specialist, Stefan Popescu: Stefan.Popescu@mail.doc.gov Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Agricultural Machinery and Equipment (AGM) #10

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	4,274	4,359	4,490
Total Local Production	3,951	3.660	3,780
Total Exports	1,842	1,862	1,882
Total Imports	2,165	2,561	2,592
Imports from the U.S.	1,697	1,531	1,685

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN)
Above statistics are unofficial estimates

Canada has the crucial ingredients for leading the world's agriculture industry: a clean environment, temperate climate, plentiful natural resources, a strong economy, and high standards for food inspection and regulation. As one of the oldest sectors of the economy, it accounts for over 8 percent of the Canadian GDP and has become one of the country's most dynamic and innovative industries.

Improving commodity prices have shown a positive impact on the agricultural machinery and equipment market. The trend toward diversification of crops and the need to meet worldwide food demand have farmers planting more land, but are cautious when buying equipment. The market size for the sector in 2009 will exceed US$4.3 billion, with U.S. companies supplying roughly 60 percent of the import market. This marks a decline of the market share from the prior year, and can be attributed mainly to the appreciation of the U.S. dollar that occurred during the financial crisis last year. If projections of a recovery of the Canadian Dollar next year hold true, the competitiveness of U.S. exports will increase and the U.S. share of the Canadian import market is likely to grow. Industry sources predict that when 2009 figures become available they will show a growth at an annual rate of approximately three percent through 2009. Other factors contributing to the growth in this sector include continued favorable grain prices and low steel prices, as well as rising worldwide demand and decisions by food processing companies to build and expand factories and to introduce new product technologies.

The agricultural machinery and equipment market is highly competitive in terms of price and technology. Companies with significant competitive advantages, such as the latest state-of-the-art technologies and excellent after-sale service, will find good sales and market opportunities in Canada.

Expanding row and crop farming is driving the need for smaller technology equipment to serve Canadian farmers diversifying from dry land farming to increase pulse and vegetable crops. Equipment with good sales potential would be spraying equipment, as well as seeders, planters and transplanters.

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HS 842839 – Continuous action elevators and conveyors for goods/materials – other NES.
HS 842481 – Mechanical appliances for projecting, dispersing, or spraying liquids/powders for agri/horticulture.

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The following is a list of the major events/trade shows for the Agricultural Machinery and Equipment sector:

Canadian International Farm Equipment Show
Toronto, Ontario
February 3 - 5, 2009

Western Canada Farm Progress Show
Regina, SK
June 17-19, 2009

Agri-Trade International Exposition
Red Deer, AB
November 11 - 14, 2009

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Agriculture Manufacturers of Canada
Prairie Agriculture Machinery Institute
Agriculture & Agri-Food Canada
Agricultural Institute of Canada

If you would like further information, please contact the CS Canada National Agriculture Equipment Specialist, Crystal Roberts: Crystal.Roberts@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

Computer Hardware #11

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	12,051	11,063	12,158
Total Local Production	3,622	3,085	3,494
Total Exports	3,609	3,481	3,527
Total Imports	12,038	11,459	12,191
Imports from the U.S.	3,102	2,848	2,754

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1%
Above statistics are unofficial estimates

The total Canadian information and communication technologies (ICT) market was valued at US$45 billion in 2009. Of this amount, the computer hardware sector accounts for about 26 percent, with a total market size of US$11.6 billion. The growth of this market has slowed over recent years from 6.4 percent in 2006 to 2.5 percent in 2007 and 2008. In 2009, the estimated decline in the market due to the global recession was 8.2 percent. In a recently released report by Forrester, industry experts expect the IT hardware market to bounce back strongly in 2010, with Canada enjoying a solid growth rate of 9.9 percent. Forrester believes that the IT industry is on the verge of seven year cycle of growth and innovation that will be driven by 'smart computing', which blends elements of hardware, software and network technologies that will drive new levels of automation and efficiency.

Smart computing rests on foundation technologies such as service-oriented architecture, server and storage virtualization, cloud computing and unified communications.

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IDC Canada has identified a number of growth trends in Canada's hardware market. U.S. companies seeking to enter into Canada's computer hardware market may find opportunities in the following areas:

- In the PC market, the notebook, specifically netbooks, will continue to have the biggest share in the hardware market, while the sale of desktops will continue to decline.
- This year will be the year of the private cloud; growth of service-oriented IT delivery to employees.
- The data centre market will continue to grow; technologies like converged infrastructures and storage that is smarter but not necessarily bigger in capacity.

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Canadian companies have a strong preference for vendors with a local presence either directly or through a partner. Selling through value added resellers, systems integrators or partnering with a Canadian-based IT company is a quick and cost-effective way to reach a large customer base. Alternatively, U.S. vendors may choose to have a direct presence in the Canadian market.

Recently the Federal Government of Canada updated the procurement process for IT infrastructure. The federal government is interested in "Green IT" such as recycling initiatives, power-management strategies and virtualized work environments.

The following is a list of the major events/trade shows in Canada for the ICT sector:

F5 Expo
April 7, 2010
Vancouver, BC

IT360 Conference & Expo
April 7, 2010
Toronto, ON

Project World & Business Analyst World
May 17- 20, 2010 - Toronto, ON
October 4 -7, 2010 – Vancouver, BC

Toronto Tech Week
September 2010
Toronto, ON

2010 Real-Time & Embedded Computing Conference
June 8, 2010 – Montreal, QC
June 11, 2010 – Ottawa, ON
June 25, 2010 – Toronto, ON

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Canadian Advance Technology Alliance
IDC Canada
Information and Communications Technology Council (ICTC)
Industry Canada
Information Technology Association of Canada

If you would like further information, please contact the CS Canada National ICT Specialist Tracey Ford: Tracey.Ford@mail.doc.gov. Visit our website http://www.buyusa.gov/canada to discover commercial opportunities in Canada.

Canada First- Building Bridges to Prosperity

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	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	5,463	5,250	5,200
Total Local Production	2,325	2,200	2,100
Total Exports	873	850	800
Total Imports	4,011	3,900	3,900
Imports from the U.S.	2,173	2,100	2,100

(Millions of U.S. dollars/Exchange rate: $1.00 US = $1.04 CDN) Inflation rate: 0.1%
Above statistics are unofficial estimates

Supported by a vigorous demand, Canada's imports of medical equipment and supplies have grown strongly and steadily over the five years ending in 2008. U.S. exporting firms have occupied a dominant position throughout those years by fulfilling as much as 57% of Canadian imports in 2004. However, the share of Canadian imports fulfilled by U.S. suppliers has slowly eroded to 54% in 2008. This is mainly due to manufacturing activities shifting to China, Mexico and Malaysia, particularly for supplies and less sophisticated equipment.

U.S. suppliers must ensure close monitoring of Canadian healthcare trends in order to capture the many opportunities this strong and easy access market offers. The global recession has affected demand and is starting to reflect in the statistics and estimates for total demand in 2009 and 2010.

Nonetheless, there are products for which demand will remain strong. Among these products are the electrocardiographs (ECG), the magnetic resonance imaging (MRI) and other medical electro-diagnostic and patient monitoring equipment. Other products in sustained demand are: ultraviolet and infrared rays equipment, syringes and needles, ophthalmic instruments and appliances, therapy and massage appliances, physiological aptitude testing equipment and orthopedic or fracture appliances.

The medical equipment purchased by hospitals and other public health institutions accounts for about 70 percent of the total medical equipment and supplies market in Canada. Demand generated by privately-owned clinics and other establishments, particularly for diagnostic equipment, should reflect a slight regression over 2009 and 2010.

The sale of new and used medical equipment is strictly regulated in Canada by an FDA equivalent federal government agency called Health Canada. Health Canada's Therapeutic Products Program (TPP) ensures the safety and effectiveness of medical devices. Medical products or devices are classified into four categories depending on the level of potential risk to the patient. Class I represents devices that pose the least risk while Class IV pose the highest risk. Licenses are delivered for each product or category of product in Class II, III and IV.

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HS 901812 - Ultrasonic Scanning
HS 901813 - Magnetic Resonance Imaging
HS 904819 - Other Medical Electro-Diagnostic and Patient Monitoring
HS 901820 - Ultraviolet and Infrared
HS 902212 - X-Ray Equipment Computed Tomography

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U.S. medical equipment companies wanting to develop new sales in Canada, benefit from access to numerous business facilitation programs offered by U.S. and Foreign Commercial Service year-round. Contact Pierre Richer for the latest opportunities and information on programs at: Pierre.richer@mail.doc.gov Phone: 514 908-3661

The following is a list of the major events/trade shows in Canada for the Medical sector:

Health Achieve 2010
November 8-10, 2010
Toronto, ON

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Health Canada

Through its administration of the Canada Health Act, Health Canada is the agency committed to maintaining the country's public health insurance system which is universally available to permanent residents, comprehensive in the services it covers, accessible without income barriers, portable within and outside the country and publicly administered. Each province and territory administers its own health care plan.

List of Provincial and Territorial Health Ministries in order of population:

Ontario Ministry of Health and Long-Term Care
Québec Ministry of Santé et Services Sociaux
British-Columbia Ministry of Health Services
Alberta Ministry of Health and Wellness
Manitoba Health Care Ministry
Saskatchewan Health Care Ministry
Nova Scotia Department of Health
New-Brunswick Ministry of Health
Newfoundland and Labrador Ministry of Health and Community Services
Prince Edward Island
North West Territories Health and Social Services
Yukon Health and Social Services
Nunavut Health and Social Services

If you would like further information, please contact the CS Canada National Medical Equipment & Supplies Sector Specialist, Pierre Richer at: pierre.richer@mail.doc.gov.

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Canada First- Building Bridges to Prosperity

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The following information on Canada's market for U.S. agricultural and food products was prepared by the Foreign Agricultural Service at the U.S. Embassy in Ottawa. 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
Email: agottawa@usda.gov

Canada is the number one market for U.S. agricultural exports. In 2008, U.S. agricultural exports to Canada reached a record $16.3 billion. U.S. agricultural exports to Canada accounted for 14 percent of total U.S. food and agricultural product exports of $115.3 billion. Consumer-oriented agricultural products accounted for 74 percent of total U.S. food and agricultural product sales to Canada in 2008, with fresh and processed fruits and vegetables, snack foods, breakfast cereals, processed horticultural products, and red meat products as the category leaders. American products accounted for more than 52 percent of total Canadian agricultural imports in 2008.

During 2008, a number of consumer-oriented agricultural categories posted record sales to Canada. The top 5 categories are fresh vegetables ($1.32 billion), fresh fruit ($1.30 billion), snack foods ($1.2 billion), red meats, fresh, chilled or frozen ($1 billion), processed fruits and vegetables ($859 million) and fruit and vegetable juices ($565 million). Combined items in these categories accounted for nearly half of total U.S. exports consumer-oriented agricultural products to Canada.

Canada is also an important market for U.S. fish and forestry exports. Canada is the number two market for U.S. fish and seafood exports, and sales during 2008 reached $715 million. Despite being a major producer and world exporter of forest products, Canadian imports of U.S. forest products reached $2.3 billion in 2008. Combined, total U.S. farm, fish and forestry product exports to Canada reached a record $19.3 billion during 2008. Total bilateral agricultural trade between the U.S. and Canada reached $34.3 billion in 2008, almost $94 million per day.

Under the tariff elimination provisions of the North American Free Trade Agreement (NAFTA), the majority of U.S. agricultural products have entered Canada duty-free since January 1, 1998. On December 4, 1998 the United States and Canada signed a Record of Understanding, an agreement to further open Canadian markets to U.S. farm and ranch products. Some tangible benefits of the agreement are already accruing to the U.S. agricultural industry.

Canadian consumers enjoy a high disposable income, coupled with a growing interest in global cuisine and the country's wide ethnic diversity that provides broad food marketing opportunities. Canada's grocery product and foodservice trade have been quick to seize opportunities under NAFTA by expanding their geographical sourcing area to include the

United States. The familiarity 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. However, the economic recession did affect Canada in the previous year. Higher unemployment rates and "Buy Local" campaigns have created new challenges for a wide range of U.S. products. Since U.S. food products generally match Canadian tastes and expectations, there continues to be significant gains possibilities in the Canadian market for U.S. consumer ready foods.

The following is a list of the major upcoming Agricultural and Food shows in Canada:

Canadian Restaurant and Beverage Show (CRFA)
March 7-9, 2010
Toronto, ON

Toronto Wine and Cheese
March 19-21, 2010
Toronto (Mississauga), ON

Salon des Vins (The Montreal Wine and Spirt Show)
March 25-28, 2010
Montreal, QC

SIAL Canada
April 21-23, 2010
Montreal, QC

Vancouver Playhouse International Wine Fest
April 19-25, 2010
Vancouver, BC

Grocery Showcase West 2010
April 25-26, 2010
Vancouver, B.C.
Winnipeg Wine Festival
April 25 – May 1, 2010
Winnipeg, MB

Canadian Produce Marketing Association
May 12-14, 2010
Vancouver, BC

Canadian Health Food Association Expo West
May 13-14, 2010
Vancouver, BC

Mondial de la Bière Festival
June 2-6, 2010
Montreal, QC

Nova Scotia Liquor Corpotation Port of Wine Festival
Sept 30 – Oct 2, 2010
Halifax, NS

Canadian Health Food Association Expo East
Oct 23-24, 2010
Toronto, ON

Grocery Innovation Canada
Oct 25-26, 2010
Toronto, ON

Zoomer Show
Oct 30-31, 2010
Toronto, ON

Ottawa Wine and Food Show
Nov 5-7, 2010
Ottawa, ON

The Royal Agriculture Winter Fair
Nov 5-14, 2010
Toronto, ON

Whistler Corncopia
Nov 11-14, 2010
Vancouver (Whistler), BC

Gourmet Food & Wine Expo
Nov 18-21, 2010
Toronto, ON

ITWAL Buying Show
Spring, 2010
Toronto, ON

On the basis of current market trends and conditions, the following sectors are considered to be best prospects for U.S. exports of food and agricultural products to Canada:

1. Food Service
2. Snack Food
3. Fresh Vegetables
4. Fresh Fruit
5. Organic Food
6. Red Meats
7. Processed Fruit and Vegetables

The markets for these best prospects are analyzed below.

1. Food Service

The economic downturn has had an impact on food service sales in Canada during 2009 and will likely continue to be felt into 2010. Despite the beleaguered economy Canadians continued to patronize food service establishments, however, the average customer spent less at each visit. It is estimated that the sector declined by five percent in 2009. Signs indicate that the Canadian economy is slowly rebounding in 2010, and food service sales are expected to grow approximately three percent. While the economy is improving, the strong Canadian dollar could present a challenge to the food service industry, particularly affecting the number of international visitors. The decline in the food service sector in 2009 had the greatest impact on local production, with imports remaining stable in 2009 and expected to grow in 2010. In particular, sales of U.S. food products to Canada's food service industry are likely to remain strong due to the established network between American raw product suppliers and U.S. fast food franchises in Canada and the growing presence of major U.S. food service distributors in Canada. The stronger Canadian dollar also bolsters purchasing power. Also, reduced Canadian livestock inventories have increased both Canadian retail and food service demand for high value U.S. fresh and frozen meats. A highly efficient truck-based transportation and distribution system allows the Canadian food service industry to procure U.S. food product offerings directly from U.S. manufacturers in a timely fashion and consistent in quality and supply.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	50,100	47,880	49,300
Total Local Production	45,000	42,750	44,000
Total Exports	500	480	490
Total Imports	5,600	5,600	5,750
Imports from the U.S.	5,300	5,300	5,450

(Millions of U.S. dollars)
Sources: Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

2. Snack Foods

Like Americans, Canadian consumers love snack foods. Despite the downturn in the economy, snack foods continue to be one of the fastest growing product categories in the Canadian food market. They are widely available in all retail channels across the country, including major chain grocery retailers, mass merchandise outlets, corner stores, drug stores, gas stations and vending machines as well as at movie theaters and sporting events. Whereas imports accounted for less than 10 percent of the Canadian snack food market in the early 1990's, the integration of the North American market under the North American Free Trade Agreement (NAFTA) has resulted in significant import penetration by U.S. snack food manufacturers. Canadian snack food imports now comprise an important share of the total market. Although Canadian demand for U.S. snack foods continued to climb during 2008, U.S. imports dropped somewhat during 2009, most likely due to the economic downturn. U.S. salted snack food exports to Canada include popcorn, corn chips, potato chips, and other savory snack foods while the sweet snack food category is comprised of chewing gum, sugar candy and chocolate confectionery, cookies, waffles, crisp breads, and other biscuit and baked snack products. While the potato segment continues to represent a significant share of the snack food category, health and wellness snacks displayed the highest growth over the past three years.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	1,232	1,260	1,320
Total Local Production	1,260	1,300	1,370
Total Exports	405	390	400
Total Imports	377	340	360
Imports from the U.S.	295	270	280

(Millions of U.S. dollars)
Sources: Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

3. Fresh Vegetables

Canada's import of U.S. fresh vegetables is estimated at $2.2 billion for 2009, making Canada the number one market for American exports in this product category. On a per capita basis, Canada has one of the highest consumption rates of fresh vegetables in the world. Demand for U.S. vegetables is enhanced due to the short Canadian domestic growing season for vegetables in Canada's northern climate. Due to a poor growing season, Canadian local production was lower than average in 2009. In recent years, Canadian immigration has been dominated by new arrivals from Asia, where traditional dietary habits also include significant amounts of fresh vegetables. The immigrant population has also led to an increased demand of exotic vegetables. In recent years, food safety issues have risen to the forefront and Canadian consumers generally maintain a high level of confidence in the safety of U.S. fresh vegetables. In addition, fresh vegetable consumption is recommended in Health Canada's food guide for Canadian consumers. Under NAFTA, American fresh vegetable exports enter Canada duty free. A modern transportation and wholesale dealer network provides Canadian buyers with prompt delivery and relatively reduced spoilage.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	2,730	2,210	2,320
Total Local Production	3,513	1,850	2,110
Total Exports	1,054	960	960
Total Imports	1,837	1,320	1,170
Imports from the U.S.	1,324	1,120	1,070

(Millions of U.S. dollars)
Sources: Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

4. Fresh Fruit

Canadian imports of fresh fruit from the United States in 2009 are estimated to have reached $1.2 billion. Canada is heavily dependent on imports of fresh fruit to meet total market demand due to the Canadian climate's limited growing season and variety of fruits that can be grown. During 2009, U.S. exports to Canada captured half of the Canadian import market demand for fresh fruit. Strong U.S. sales gains have been made for fresh strawberries, other berries, grapes, and citrus. An aging Canadian population has contributed to an increased interest in healthy alternatives with regard to diet- a development that is leading to increased demand for quality produce. Major U.S. growers and shippers retain membership in the Canadian Produce Marketing Association, which is an important advocate for the industry in Canada on food safety and trade issues and key promoter of increased fresh fruit consumption among Canadians.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	3,094	3,010	3,160
Total Local Production	635	690	570
Total Exports	176	170	180
Total Imports	2,635	2,490	2,570
Imports from the U.S.	1,295	1,230	1,270

(Millions of U.S. dollars)
Sources: Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

5. Organic Food

While representing only about 2.0-2.5 percent of total Canadian retail food sales, the organic retail market in Canada is currently estimated at $1.9 – 2.4 billion with strong annual growth rates between 15-20 percent. The main categories by organic food sales are: fresh produce at 41 percent of all organic food sales, beverages (excluding milk) 17 percent, and prepared food at 14 percent. Raw meats represent about 3 percent of sales. At the sub-category level, the largest segments are: soy drinks, bagged salads, ready-to-eat cereals, refrigerated yogurt and bagged broad-leaf vegetables. The majority of Canadian produced organic products are exported as bulk grain and oilseed products. As a result, the Canadian market relies on U.S. organic food suppliers for the majority of fresh and processed organic foods. The proportion of Canadians who regularly purchase organic foods is steadily increasing and virtually every major supermarket chain now offers organic produce and other prepackaged organic items.

According to a recent study, organic foods are the only significant growth area in Canadian food retailing, with growth rates far in excess of other food categories (typically 20-25 percent for organic compared to 1-4 percent for other categories). As a result, there are increased opportunities to market U.S. organic foods to a wider demographic. On June 30, 2009, Canada made the previously voluntary organic certification and standards official. Now, all organic products must be certified according to the National Standard for Organic Agriculture. Also in summer 2009, the United States and Canada signed an organics equivalency agreement, the first of its kind in the world. The equivalency agreement allows products meeting organic standards in the United States to be sold as organic in Canada, and vice versa. While some of the technical components of the equivalency agreement are being finalized, it represents additional opportunities for U.S. organic products to continue expanding market share in Canada. Overall, the U.S. organic industry remains well poised to capitalize on the increasing demand for organic foods in Canada.

The Canadian government is continuing to increase the number of codes in the Harmonized Trade System to track organic product trade. However, at the current time, most data for the organic market in Canada is based on industry estimates.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	1,970	2,260	2,600
Total Local Production	394	410	430
Total Exports	95	100	100
Total Imports	1,576	1,750	1,940
Imports from the U.S.	1,150	1,250	1,350

(Millions of U.S. dollars)
Sources: Canadian Organic Growers, Organic Trade Association, Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

6. Red Meats

Reflecting the ongoing cost-price squeeze and weak returns, Canadian red meat production is expected to continue to fall through 2009 and 2010. These economic conditions have adversely impacted the profitability of livestock production and have resulted in a number of producers exiting the business. Moreover, the developments point not only to lower meat production, but also to lower exports. The dynamics of North American beef trade have changed since the detection of a case of bovine spongiform encephalopathy (BSE) in Canada in May 2003. Red meat imports in general, and from the U.S. in particular, climbed substantially during 2008. However, they are now on the decline, primarily due to economic conditions and retention of more Canadian meat in the country.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	7,298	7,360	6,930
Total Local Production	9,372	9,090	8,640
Total Exports	3,183	2,700	2,670
Total Imports	1,109	1,000	960
Imports from the U.S.	960	800	810

(Millions of U.S. dollars)
Sources: Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

7. Processed Fruit and Vegetables

The Canadian import market for processed fruits and vegetables is one of the fastest growing categories in the high value, consumer-oriented food product sector. U.S. sales in the category are estimated to be $860 million in 2009. Processed foods include frozen fruits and vegetables, sauces and condiments and tomato based sauces. Frozen fruit and vegetables are sold in a wide-range of product formats such as mixed frozen vegetables, ready-to-heat stir fries, and french fries. Frozen fruit and vegetables are being increasingly incorporated as ingredients by Canadian food manufacturers in ready-to-serve meals including TV dinners, pizza and other entrées. Consumer demand for convenient products, as well as smaller serving sizes, is driving the development of a wide range of ready-to-cook and -eat fruit and vegetable products that are benefiting U.S. sales.

	2008	2009 (Estimated)	2010 (Estimated)
Total Market Size	4,672	4,450	4,510
Total Local Production	4,806	4,490	4,430
Total Exports	1,634	1,530	1,510
Total Imports	1,500	1,480	1,580
Imports from the U.S.	859	860	920

(Millions of U.S. dollars)
Sources: Global Trade Atlas, Statistics Canada, World Trade Atlas, and unofficial estimates

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Chapter 5: Trade Regulations and Standards

Import Tariffs

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Canada's Customs Tariff is published by the Canada Border Services Agency.

Under the North American Free Trade Agreement (NAFTA), the vast majority of U.S.-made products may be imported into Canada duty-free.

Trade Barriers

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Canada's trade barriers against U.S. products are described in the 2009 National Trade Estimate Report on Foreign Trade Barriers of the U.S. Trade Representative The report describes a number of barriers to U.S. agricultural exports including dairy products, eggs and poultry. As well, Canada's meager personal duty-free exemption puts a damper on cross-border shopping in the United States. A number of barriers are related to standards and technical differences in such areas as food labeling and package size. In the area of intellectual property rights, there are concerns regarding pharmaceutical pricing and patent term protection of drugs and broadcast royalties due to U.S. artists. Also, restrictions on foreign ownership in Canada's cultural industries are impediments to foreign investment in media, publishing and telecommunications.

Agricultural Products

Canada uses supply management systems to regulate its dairy, chicken, turkey, and egg industries. Canada's supply management regime involves the establishment of production quotas; producer marketing boards to regulate the supply and prices farmers receive for their poultry, turkey, eggs, and milk products; and border protection achieved through tariff-rate quotas. Canada's supply management regime severely limits the ability of U.S. producers to increase exports to Canada above the tariff-rate quota levels and inflates prices Canadians pay for dairy and poultry products. The United States has pressed for expanded in-quota quantities for these products as part of the negotiations regarding disciplines on tariff-rate quotas in the WTO Doha Round agricultural negotiations.

Early in 2008, Canada announced its intention to proceed with finalizing the implementation of the WTO Special Agricultural Safeguard (SSG) for its supply-managed goods. The SSG is a provision that allows additional duties to be imposed on over-quota trade when import volumes rise above a certain level, or if prices fall below a certain level.

Canada's new compositional standards for cheese entered into force on December 14, 2008, and could severely limit U.S. access to the market. These new regulations limit the ingredients that can be used in cheese making, set a minimum for raw milk in the cheese making process, and make cheese importers more accountable for ensuring that imported product is in full compliance. The regulations are also applicable to cheese that is listed as an ingredient in processed food. The United States is closely monitoring the implementation of these new measures. Canada continues to maintain a prohibitive tariff of 245 percent on U.S. exports of breaded cheese sticks.

Ministerial Exemptions

Canada prohibits imports of fresh or processed fruits and vegetables in packages exceeding certain standard package sizes unless the government of Canada grants a Ministerial exemption. To obtain an exemption, Canadian importers must demonstrate that there is an insufficient supply of a product in the domestic market. The import restrictions apply to all fresh and processed produce in bulk containers if there are standardized container sizes stipulated in the regulations for that commodity. For those horticultural products without prescribed container sizes, there is no restriction on bulk imports. The restriction has a negative impact on exports of U.S. apples and blueberries. In addition, Canadian regulations on fresh fruit and vegetable imports prohibit consignment sales of fresh fruit and vegetables in the absence of a pre-arranged buyer.

Continued progress was made in 2008 concerning the implementation of the Technical Arrangement Concerning Trade in Potatoes between the United States and Canada. This arrangement is designed to provide U.S. potato producers with predictable access to Canadian Ministerial exemptions which are necessary to import potatoes.

Restrictions on U.S. Grain Exports

Canada has varietal registration requirements on its wheat. On August 1, 2008, Canada eliminated a portion of the varietal controls by no longer requiring that each registered variety of grain be visually distinguishable based on a system of Kernel Visual Distinguishability (KVD) requirements. This KVD requirement limited U.S. access to Canada's grain market, since U.S. varieties could not be registered for use in Canada. While this policy change is a step in the right direction, it will take years before U.S. wheat varieties go through the field trials that will determine whether the varieties will be registered for use in Canada. In the meantime, U.S. wheat, regardless of quality, will continue to be sold in Canada as "feed" wheat at sharp price discounts compared to Canadian varieties.

Personal Duty Exemption

The United States continues to urge Canada to facilitate cross border trade for returning residents by relaxing its taxation of goods that Canadian tourists purchase in the United States. Canada's allowance is linked to the length of a tourist's absence from Canada and allows C$50 for tourists absent for at least 24 hours, and C$400 and C$750 for visits exceeding 48 hours and 7 days, respectively.

Wine and Spirits

Market access barriers in several provinces hamper exports of U.S. wine and spirits to Canada. These include "cost of service" mark-ups, listings, reference prices, and discounting distribution and warehousing policies.

The Canadian Wheat Board and State Trading Enterprises

The United States has longstanding concerns about the monopolistic marketing practices of the Canadian Wheat Board. The United States seeks a level playing field for American farmers, including through the elimination in the Doha Round agricultural negotiations of the monopoly power of exporting STEs.

Piracy

U.S. intellectual property owners are concerned about Canada's weak border measures and general enforcement efforts. The lack of ex officio authority for Canadian Customs officers makes it difficult for them to seize shipments of counterfeit goods. To perform a civil seizure of a shipment under the Customs Act, the rights holder must obtain a court order, which requires detailed information on the shipment. In addition to pirated software, many stores sell and install circumvention devices that allow pirated products to be played in a legitimate console. Once pirated and counterfeit products clear Canadian Customs, enforcement is the responsibility of the Royal Canadian Mounted Police (RCMP) and the local police. The RCMP lacks adequate resources, training, and staff for this purpose. Few prosecutors are willing or trained to prosecute the few cases that arise. Where an infringement case has gone to trial, the penalties imposed can be insufficient to act as a deterrent.

Import Requirements and Documentation

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The Canada Border Services Agency website describes the required documents for import. The most important document required from a U.S. exporter is a properly completed Canada Customs Invoice or its equivalent, which is required for all commercial shipments imported into Canada. The exporter can use its own form if it has the required information on it. At the border, the importer or customs broker also submits Form B3, the customs coding form. Further information on Form B3 can be found in the brochure "Importing Commercial Goods into Canada – How to complete Form B3 when importing commercial goods." Other documents that trucking companies will provide for customs clearance may include a cargo control document and bill of lading. Some goods such as food or health-related products may be subject to the requirements of other federal government departments and may need permits, certificates, or examinations.

In addition, to get duty-free status under the NAFTA Rules of Origin, a commercial NAFTA import over CDN$1,600 must be accompanied by a NAFTA Certificate of Origin; while a commercial import less than CDN$1,600 only requires a statement of origin from the exporter that the product originates in a NAFTA state. Canada looks at the products and its component parts to determine whether a sufficient percentage of the value and/or composition of the final product qualifies for NAFTA origin. This can be quite complex and rules vary for each product so U.S. companies should consult the U.S. Department of Commerce's NAFTA Certificate of Origin Interactive Tool.

There are many customs brokers that can assist U.S. exporters with the details of the import documentation process, including Canada's non-resident importer program, in which the U.S. exporter in the United States obtains a "business number" and can then be the "importer of record" for purposes of customs clearance. This offers a number of marketing advantages, in particular the opportunity to remove the burden of customs clearance of commercial shipments from the Canadian customer. In fact, large retailers often demand that an exporter does whatever paperwork is required so that all the retailer needs to do is unload the goods from the truck and pay the exporter for the goods. Many brokers advertise their non-resident importer programs on their websites.

For most mail-order shipments, the only paperwork needed is a standard business invoice. Companies should indicate the amount paid by the customer for the goods, in either U.S. or Canadian dollars. If goods are shipped on a no-charge basis (samples or demos) companies must indicate the retail value of the shipment. Two copies of the invoice should be attached to the outside of the package.

U.S. Export Controls

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The result of the North American Free Trade Agreement (NAFTA) was that United States, Canada and Mexico eliminated trade or customs barriers that allowed these countries to ship their goods all across North America without any fees or Shipper's Export Declaration (SED).

Shipments to Canada do not require an SED 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, a SED or Automated Export System (AES) record is required.

Temporary Entry

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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 is available on the U.S. and Foreign Commercial Service webpage "Temporary Import of Goods into Canada" and Canada Border Services Agency Memorandum D8-1-1 "Temporary Import Regulations."

For information on temporary entry of personal goods and equipment, see the subchapter on Temporary Entry of Materials and Personal Belongings.

Labeling and Marking Requirements

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See the subsection on labeling and marking requirements in the Standards section here.

Prohibited and Restricted Imports

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Certain goods may be prohibited or controlled, or require special permits, inspections or conditions to be met in order to allow them 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.

The Export and Import Controls Bureau 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.

Business travelers should also be aware of Canadian restrictions on the importation of controlled substances and firearms. Further information is available from the U.S. State Department webpage "Tips for Travelers to Canada."

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Canadian customs regulations and information are available from the Canada Border Services Agency webpage at www.cbsa-asfc.gc.ca.

Standards

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Overview

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Products shipped to Canada must conform to the relevant Canadian standard. In most instances, Canadian and U.S. standards are very similar. As a result, 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 U.S. exporter of the obligation to meet the Canadian standard.

Standards regulations in Canada seek to follow the basic principle of the WTO and NAFTA and, as such, must not create unnecessary barriers to trade. To reduce such barriers, NAFTA applies three basic principles to bilateral trade:

- 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.

National Standards System

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 several activities, such as: standards development, product testing and quality (conformity assessment), product or service certification, and environmental management and production systems registration.

Standards Council of Canada

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 Industry and oversees Canada's National Standards System. The SCC is comprised of representatives from both the federal and provincial governments as well as from a wide range of public and private interests. It 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 remains partially financed by public funds.

The SCC does not develop standards itself, nor does it conduct any conformity assessments. Rather, under its mandate to coordinate and oversee the efforts of 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.

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There are four accredited standards development organizations (SDOs) in Canada: the Canadian Standards Association (CSA), Underwriters Laboratories of Canada (ULC), the Canadian General Standards Board (CGSB), and the Bureau de Normalisation du Québec (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 provide information to assist companies looking to keep up with current developments. (A list of service areas is provided in the product certification section of this document.) Companies should become familiar with the development process, especially the proposal stage. Most importantly, interested companies should become familiar with the members of the specific committees and the experts responsible for the relevant product or industry sector. This will enable them to learn of new standards at the earliest time possible.

Standards organizations in the United States and Canada continue to 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. Similarly, UL and CSA have established common electrical safety standards for air conditioners, heat pumps, and refrigerant motor-compressors.

> **NIST Notify U.S. Service**
> Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment

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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 systems registration bodies;
- personnel certification bodies;
- product certification bodies;
- inspection bodies; and
- auditor course providers.

Product Certification Return to top

U.S. manufacturers and exporters should determine what standards are applicable to their products. If certification is required, it generally must be obtained before the goods are imported into Canada. The process can be time-consuming and, therefore, certification should be one of the first steps taken to establish an export market in Canada.

For U.S. exporters unsure of Canadian certification requirements, the first step is to contact the SCC directly in order to determine: (1) what testing is required, and (2) what organizations are accredited to conduct that testing and certification. For many products, U.S. exporters will learn that a U.S. laboratory has been accredited (see next section below) and the manufacturer needs to only submit the product to one lab instead of spending the time and money to have the product tested by both a U.S. and a Canadian lab.

CSA International, the conformity assessment and product certification organization in the CSA Group, and the other four standards development organizations, ULC, CGSB, and BNQ, are engaged in conformity assessment and product certification.

CSA International covers the following product certification areas:

- appliances
- chemicals
- energy efficiency
- fuel burning equipment
- gas accessories & components
- gas appliances & equipment
- hazardous locations
- heating & air conditioning
- home entertainment
- industrial controls & switchgear
- information technology (IT)
- lighting products
- mobile homes - recreational vehicles / occupational health & safety
- medical - laboratory equipment
- photometrics
- plumbing products
- process control & power supplies
- telecommunication - sensing and signaling equipment
- water quality
- wire and cable
- wiring devices

Underwriters Laboratories in the United States (UL) and CSA have a memorandum to accept each other's test results. However, each issues its own certification marks.

ULC covers the following areas:

- chemicals and chemical products
- constructions
- elastomers & protective and other coatings
- electrical and electronic products
- environmental testing and occupational health and safety
- machinery
- marketplace products - consumer and business
- nondestructive examination
- non-metallic minerals and products
- textiles and fibrous materials
- wood products

CGSB covers the following products and services:

- carpets and underlay
- construction materials
- medical products
- office furniture
- packaging
- paints and coatings
- protective clothing
- security personnel
- testing services (laboratory acceptance program)
- toner cartridges

BNQ covers following fields:

- recreational and tourist services
- agriculture, fertilizers and farm organization and management
- health technology and hospital equipment
- health and safety environment and protection
- piping and accessories
- road and special vehicles
- textile products
- civil and road engineering
- food technology
- chemical engineering
- metallurgy, iron and steel products
- domestic and commercial equipment and wood technology
- construction materials and building installations
- trades such as cooks and pastry chefs

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The relevant Canadian authority must accredit testing and certification organizations that conduct conformity assessment, which in most cases is the SCC. The Standards Council of Canada (SCC) offers accreditation to over 500 mostly Canadian laboratories that conduct scientific testing in a variety of subjects and program specialty areas.

The North American Free Trade Agreement (NAFTA) provides that testing facilities, inspection agencies, and certification bodies of the United States, Canada and Mexico may be accredited in another NAFTA country without obligation to establish facilities in the other country. Thus, NAFTA allows U.S. exporters to get "one-stop shopping" product approval for both the United States and Canada by submitting their product to only one organization in order to get product certification for both countries. This eliminates the time and expense of obtaining separate certifications for each market. Numerous U.S. testing and certification organizations have received accreditation from the SCC. A complete list of these organizations is available on the website of the Standards Council of Canada: http://www.scc.ca/en/programs/product_cert/index.shtml.

Provincial regulations, however, do not fall under the NAFTA accreditation framework. U.S. companies faced with difficulties in obtaining provincial approvals should consult with the U.S. and Foreign Commercial Service to determine the nature of the problem

Publication of Technical Regulations Return to top

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 them available to Canada's trading partners. See http://www.scc.ca/en/programs/information/standards_alert.shtml As well, businesses can register for the Standards Alert program to receive updated information on regulatory changes in their business areas.

NIST Notify U.S. provides a similar function in the United States. It is a free web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets.

Members of the World Trade Organization (WTO) including the United States and Canada are required under the World Trade Organization Agreement on Technical Barriers to Trade to report proposed technical regulations that may affect trade to the WTO Secretariat, who in turn distributes them to all WTO Members. As well, 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 they are likely to constitute a trade barrier.

Persons who plan to comment on a Canadian (or any other foreign) regulation should contact the U.S. National Centre for Standards and Certification (NSCSI) for guidance. If there is insufficient time to review and comment on the regulation, NCSCI staff will request an extension of the comment period. For more information on NCSCI services for U.S. exporters to Canada, see the NCSCI website.

The U.S. Department of Commerce's Trade Compliance Center also 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 that is limiting their ability to export or compete internationally.

Labeling and Marking Return to top

The Canadian federal Consumer Packaging and Labeling Act requires that all labels be bilingual in English and French and that the following information must appear on the package/label of a 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 sufficient for postal delivery is acceptable. This information can be in either English or French.

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 not properly marked cannot be released from Canada Customs until suitably marked.

The Province of Quebec requires that all products sold in that 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.

U.S. exporters of textile and apparel should check the website of Industry Canada's Competition Bureau for specific labeling requirements. Food exporters should check the Canadian Food Inspection Agency's Guide to Food Labeling and Advertising*.*

Exporter should be aware that Canada's Processed Products Regulations prescribe standard container sizes for a wide range of processed fruit and vegetable products.

Finally, Industry 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 Industry Canada.

Trade Agreements

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Canada's main trade agreement of significance to U.S. exporters is the North American Free Trade Agreement. On January 1, 1994, the North American Free Trade Agreement (NAFTA) entered into force among the United States, Canada and Mexico. All remaining duties and quantitative restrictions were eliminated, as scheduled, on January 1, 2008. NAFTA has created the world's largest free trade area, which now links 445 million people producing $17 trillion worth of goods & services and accounts for 28 percent of the world's total GDP.

NAFTA has become one of the leading international trade agreements, resulting in significant increases in trade and investment among the United States, Canada and Mexico. These countries now make up the world's largest trading block. Since the agreement's inception in 1994, total NAFTA trade increased 234 percent -- from $296.7 billion in 1993 to $989.8 billion in 2008. The United States has benefited greatly from this partnership, having increased its total exports to Canada and Mexico by 190 percent – from $142 billion in 1993 to $412.5 billion in 2008. Meanwhile, total imports from Canada and Mexico rose by 265 percent – from $151.5 billion in 1993 to $551.1 billion in 2008.

The year, 2009, represented a fifteen year milestone for NAFTA; however it also represented one of the most difficult economic periods in recent history. In 2009 there were significant declines in total trade among the United States, Canada and Mexico. U.S exports to Canada and Mexico were $273.1 billion -- down 22.9 percent over the same period in 2008; and U.S. imports from Canada and Mexico were $325.9 billion -- down 32.6 percent from the same period in 2008. However, there have been signs of growth in the later part of 2009 with total trade in North America increasing 6.4 percent from October to November. Moreover, it is expected that trade will continue to grow during the end of 2009 and into 2010.

For further information, please refer to the "North American Free Trade Agreement (NAFTA)" at the Office of the United States Trade Representative Webpage: www.ustr.gov. (NAFTA)

Contacts

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Contacts:
The U.S. and Foreign Commercial Service Canada point of contact on standards matters is:

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U.S. and Foreign Commercial Service
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Principal Canadian Standards Contacts

Bureau de normalisation du Québec
Canadian General Standards Board
CSA International
Canadian Standards Association
National Center for Standards and Certification Information (NCSCI)
Standards Council of Canada
Underwriters Laboratories of Canada
Underwriters Laboratories Market Access Solutions

Canadian Franchise Association
Canadian Marketing Association
Direct Marketing News
Canada Border Services Agency
Notify US
Office québécois de la langue française
Trade Compliance Center
Competition Bureau Canada
Standards Alert
U.S. Department of Commerce NAFTA Certificate of Origin Interactive Tool

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Chapter 6: Investment Climate

Openness to Foreign Investment Return to top

Strong economic fundamentals, proximity to the U.S. market, highly skilled employees, and abundant resources are key attractions for Americans investors in Canada. With few exceptions, Canada offers full national treatment to foreign investors within the context of a developed open market economy operating with democratic principles and institutions. Canada is, however, one of the few OECD countries that still has a formal investment review process. Foreign investment is also prohibited or restricted in several sectors of the economy.

Canada's economic development relies on foreign investment flows to a significant extent. The Canadian government estimates that foreign investors control about one quarter of Canada's nonfinancial corporate assets. The stock of global foreign direct investment in Canada stood at CDN$504.9 billion in 2008, an increase of 13.6 billion from 2007. U.S. investment accounted for 58 percent of the total (the same as 2007). However, for the first year ever Canadian direct investment to the United States exceeded U.S. investment to Canada by C$17.1 billion at the end of 2008.

The United States and Canada agree on important foreign investment principles, including right of establishment and national treatment. The 1989 Free Trade Agreement (FTA) recognized that a hospitable and secure investment climate is necessary to achieve the full benefits of reducing barriers to trade in goods and services. The FTA established a framework of investment principles sensitive to U.S. and Canadian interests while assuring that investment flowed freely between the two countries and investors were treated in a fair and equitable manner. The FTA provided higher review thresholds for U.S. investment in Canada than for other foreign investors, but the agreement did not exempt all American investment from review nor did the agreement override specific foreign investment prohibitions, notably in "cultural industries" (e.g., publishing, film, music).

The 1994 North American Free Trade Agreement (NAFTA) incorporated the gains made in the FTA, expanded the coverage of the Investment chapter to several new areas, and broadened the definition of investors' rights. The NAFTA also created the right to binding investor-state dispute settlement arbitration in specific situations.

Legal Framework: The Investment Canada Act Return to top

Since 1985, foreign investment policy in Canada has been guided by the Investment Canada Act (ICA), which replaced the more restrictive Foreign Investment Review Act. The ICA liberalized policy on foreign investment by recognizing that investment is central to economic growth and key to technological advancement. The ICA also provided for review of large acquisitions by non-Canadians and imposed a requirement that these investments be of "net benefit" to Canada. For the vast majority of small acquisitions, as well as the establishment of new businesses, foreign investors need only notify the Canadian government of their investment.

The threshold for investments subject to ICA review was increased in 2009 to CDN$312 million for WTO Members. Indirect control acquisitions by WTO Members do not have to be reviewed. For non-WTO Members, the threshold remains at CDN$5 million for direct control and CDN$50 million for indirect control acquisitions. From November 2008 to the end of October 2009, 371 foreign acquisitions were notified to Industry Canada, of which less than 10 percent were subject to review.

Investment in specific sectors is covered by the special legislation. For example, foreign investment in the financial sector is administered by the federal Department of Finance Canada. Investment in any activity related to Canada's cultural heritage or national identity is administered by the Department of Canadian Heritage. Under provisions of Canada's Telecommunications Act, foreign ownership of transmission facilities is limited to 20 percent direct ownership and 33 percent through a holding company, for an effective limit of 46.7 percent total foreign ownership. The Broadcast Act governs foreign investment in radio and television broadcasting. (See below for more detail on these restrictions).

In addition to federal regulation, investment in Canada is also subject to provincial jurisdiction. Restrictions on foreign investment differ by province, but are largely confined to the purchase of land and to provincially regulated financial services. Provincial government policies relating to, inter alia, culture, language, labor relations or the environment, can be a factor for foreign investors.

U.S. foreign direct investment in Canada is subject to provisions of the Investment Canada Act, the WTO, and the NAFTA. Chapter 11 of the NAFTA ensures that future regulation of the U.S. investors in Canada (and Canadian investors in the United States) results in treatment no different than that extended to domestic investors within each country, i.e., "national treatment." Both governments are free to regulate the ongoing operation of business enterprises in their respective jurisdictions provided the governments accord national treatment to both U.S. and Canadian investors.

Existing U.S. and Canadian laws, policies, and practices were "grandfathered" under the NAFTA except where specific changes were required. The "grandfathering" froze various exceptions to national treatment provided in Canadian and U.S. law, such as foreign ownership restrictions in the communications and transportation industries The Canadian government retains the right to review the acquisition of firms in Canada by U.S. investors at the levels applicable to other WTO members and has required changes before approving some investments.

The U.S. and Canadian governments are free to tax foreign-owned companies on a different basis from domestic firms, provided this does not result in arbitrary or unjustifiable discrimination. The governments can also exempt the sale of Crown (government owned) corporations from any national treatment obligations. Finally, the two governments retain some flexibility in the application of national treatment obligations. They need not extend identical treatment, as long as the treatment is "equivalent."

Services Trade

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Bilateral services trade is largely free of restrictions, and the NAFTA ensures that restrictions will not be applied in the future. However, preexisting restrictions, such as those in the financial sector, were not eliminated by the NAFTA. The NAFTA services agreement is primarily a code of principles that establishes national treatment, right of establishment, right of commercial presence, and transparency for a number of service sectors specifically enumerated in annexes to the NAFTA. The NAFTA also commits both governments to expand the list of covered service sectors (except for the financial services covered by NAFTA Chapter 14).

Federal Procurement

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NAFTA grants U.S. firms that operate from the United States national treatment for most Canadian federal procurement opportunities. Interprovincial trade barriers, however, mean that U.S. firms established in one Canadian province can be prevented from bidding on another province's procurement opportunities. As a first step in the ongoing and difficult process of reducing trade barriers within Canada, the Canadian federal, provincial, and territorial governments negotiated the Agreement on Internal Trade (AIT) that came into effect on July 1, 1995. The Agreement provides a framework for dealing with intra-Canada trade in ten specific sectors and establishes a formal process for resolving trade disputes. In January 2009, the provinces expanded the AIT to include improvements for labor mobility and dispute resolution.

In an attempt to further reduce interprovincial trade barriers, the provinces of British Columbia and Alberta signed a Trade, Investment, and Labor Mobility Agreement (TILMA) in 2006 to ensure that any provincial measures will not "operate to impair or restrict trade between or through the territory of the Parties, or investment or labor mobility between the Parties." The Agreement came into force in April 2009.

Besides the areas described above, the NAFTA includes provisions that enhance the ability of U.S. investors to enforce their rights through international arbitration; prohibit a broad range of performance requirements, including forced technology transfer, and expand coverage of the NAFTA investment chapter to include portfolio and intangible investments, as well as direct investment.

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Canada defines cultural industries to include: the publication, distribution or sale of books, magazines, periodicals or newspapers, other than the sole activity of printing or typesetting; the production, distribution, sale or exhibition of film or video recording, or audio or video music recordings; the publication, distribution or sale of music in print or machine-readable form; and any radio, television and cable television broadcasting undertakings and any satellite programming and broadcast network services.

The Investment Canada Act (ICA) requires that foreign investment in the book publishing and distribution sector be compatible with Canadian national cultural policies and be of "net benefit" to Canada. Takeovers of Canadian-owned and controlled distribution businesses are not allowed. The establishment of new film distribution companies in Canada is permitted only for importation and distribution of proprietary products. Direct and indirect takeovers of foreign distribution businesses operating in Canada are permitted only if the investor undertakes to reinvest a portion of its Canadian earnings in Canada.

The Broadcasting Act sets out the policy objectives of enriching and strengthening the cultural, political, social, and economic fabric of Canada. The Canadian Radio-television and Telecommunications Commission (CRTC) administers broadcasting policy. Under current CRTC policy, in cases where a Canadian service is licensed in a format competitive with that of an authorized non-Canadian service, the commission can drop the non-Canadian service if a new Canadian applicant requests it to do so. Licenses will not be granted or renewed to firms that do not have at least 80 percent Canadian control, represented both by shareholding and by representation on the firms' board of directors.

While Canada allows up to 100 percent foreign equity in an enterprise to publish, distribute and sell periodicals, all foreign investments in this industry are subject to review by the Minister for Canadian Heritage, and investments may not occur through acquisition of a Canadian-owned enterprise. No more than 18 percent of the total advertising space in foreign periodicals exported to Canada may be aimed primarily at the Canadian market. Canadian advertisers may place advertisements in foreign-owned periodicals, and may claim a tax deduction for the advertising costs, including in cases where the periodical is a Canadian issue of foreign-owned periodical. One-half of advertising costs may be deducted in the case of publications with zero to 79 percent original editorial content, and the full cost of advertising may be deducted in the case of publications with advertising may be deducted in the case of publications with 80 percent or more original editorial content. This regime is the result of a 1999 agreement between the United States and Canada, which balanced U.S. publishers' desire for access to the Canadian market against Canada's desire to ensure that Canadian advertising expenditures support the production of Canadian editorial content.

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Canada is open to foreign investment in the banking, insurance, and securities brokerage sectors, but there are barriers to foreign investment in retail banking. Foreign financial firms interested in investing submit their applications to the Office of the Superintendent of Financial Institutions (OSFI) for approval by the Minister of Finance. U.S. firms are present in all three sectors, but play secondary roles. Canadian banks have been much more aggressive in entering the U.S. retail banking market because there are no barriers that limit access. Although U.S. and other foreign banks have long been able to establish banking subsidiaries in Canada, no U.S. banks have retail banking operations in Canada, which is regarded as a fairly "saturated" market. Several U.S. financial institutions have established branches in Canada, chiefly targeting commercial lending, investment banking, and niche markets such as credit card issuance.

Chapter 14 of the NAFTA deals specifically with the financial services sector, and eliminates discriminatory asset and capital restrictions on U.S. bank subsidiaries in Canada. The NAFTA also exempts U.S. firms and investors from the federal "10/25" rule so that they will be treated the same as Canadian firms. The "10/25" rule prevents any non-NAFTA, nonresident entity from acquiring more than ten percent of the shares (and all such entities collectively from acquiring more than 25 percent of the shares) of a federally regulated, Canadian-controlled financial institution. In 2001, the Canadian government raised the ten percent limit for single, non-NAFTA shareholders to 20 percent. Several provinces, however, including Ontario and Quebec, have similar "10/25" rules for provincially chartered trust and insurance companies that were not waived under the NAFTA.

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Commercial Aviation: Currently Canada limits foreign ownership of Canadian air carriers to 25 percent of voting equity. In addition, foreigners may own nonvoting equity subject to the overall requirement that they are not permitted to control a Canadian air carrier. The recently signed Canada-EU Aviation Agreement envisions changes to Canadian legislation that will allow up to a 49 percent foreign stake in Canadian airlines; but this will require action by the parliament and no specific date for the new limits to come into force have been announced.

General Aviation: No non-Canadian (other than permanent residents) may register a general aviation aircraft for commercial or personal use in Canada.

Energy and Mining: Generally foreigners cannot be majority owners of uranium mines.

Telecommunications: Under provisions of Canada's Telecommunications Act, direct foreign ownership of Type 1 carriers (owners/operators of transmission facilities) is limited to 20 percent. Ownership and control rules are more flexible for holding companies that wish to invest in Canadian carriers. Under these rules, two thirds of the holding company's equity must be owned and controlled by Canadians.

Fishing: Foreigners can own up to 49 percent of companies that hold Canadian commercial fishing licenses.

Electric Power Generation and Distribution: Regulatory reform in electricity continues in Canada in expectation that increased competition will lower costs of electricity supply. Province-owned power firms are also interested in gaining greater access to the U.S. power market. Since power markets fall under the competency of the Canadian provinces, they are at the forefront of the reform effort. The reforms will also help to further integrate the U.S. and Canadian electricity markets.

Real estate: Primary responsibility for property law rests with the provinces. Prince Edward Island, Saskatchewan, and Nova Scotia all limit real estate sales to out-of-province parties. There is no constitutional protection for property rights in Canada. Consequently, government authorities can expropriate property after paying appropriate compensation.

Privatization: Federal and provincial privatizations are considered on a case-by-case basis, and there are no overall limitations with regard to foreign ownership. As an example, the federal Department of Transport did not impose any limitations in the 1995 privatization of Canadian National Railway, whose majority shareholders are now U.S. persons.

Investment Incentives

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Federal and provincial governments in Canada offer a wide array of investment incentives that municipalities are generally prohibited from doing. None of the federal incentives are specifically aimed at promoting or discouraging foreign investment in Canada. The incentives are designed to advance broader policy goals, such as boosting research and development or promoting regional economies. The funds are available to any qualified Canadian or foreign investor who agrees to use the monies for the stated purpose. For example, Export Development Canada can support inbound investment under certain specific conditions (e.g., investment must be export-focused; export contracts must be in hand or companies have a track record; there is a world or regional product mandate for the product to be produced).

Provincial incentives tend to be more investor-specific and are conditioned on applying the funds to an investment in the granting province. Provincial incentives may also be restricted to firms established in the province or that agree to establish a facility in the province. Government officials at both the federal and provincial levels expect investors who receive investment incentives to use them for the agreed purpose, but no enforcement mechanism exists.

Incentives for investment in cultural industries, at both the federal and provincial level, are generally available only to Canadian-controlled firms. Incentives may take the form of grants, loans, loan guarantees, venture capital, or tax credits. Incentive programs in Canada generally are not oriented toward export promotion. Provincial incentive programs for film production in Canada are available to foreign filmmakers.

Conversion and Transfer Policies

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The Canadian dollar is fully convertible. The Canadian government provides some incentives for Canadian investment in developing countries through Canadian International Development Agency (CIDA) programs. Canada's official export credit agency, the Export Development Corporation (EDC), provides political risk insurance to Canadian companies with investments in foreign countries and to lenders who finance transactions pursued by Canadian companies abroad.

Expropriation and Compensation

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Canadian federal and provincial laws recognize both the right of the government to expropriate private property for a public purpose, and the obligation to pay compensation. The federal government has not nationalized any foreign firm since the nationalization of Axis property during World War II. Both the federal and provincial governments have assumed control of private firms usually financially distressed ones after reaching agreement with the former owners. In December 2008, the province of Newfoundland and Labrador acted to take control of assets relating to a U.S. company's operations in the province. The action raised questions as to whether the province was expropriating rights and assets of the company – possibly without compensation.

Dispute Settlement

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Canada is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. The Canadian government has made a decision in principle to become a member of the international Center for the Settlement of Investment Disputes (ICSID). However, since the ICSID legal enforcement mechanism requires provincial legislation, the federal government must also obtain agreement from the provinces that they will enforce ICSID decisions. Although most provinces have endorsed the agreement, full agreement is unlikely in the foreseeable future.

Canada accepts binding arbitration of investment disputes to which it is a party only when it has specifically agreed to do so through a bilateral or multilateral agreement, such as a Foreign Investment Protection Agreement (see below). The provisions of

Chapter 11 of the NAFTA guide the resolution of investment disputes between NAFTA persons and the NAFTA member governments. The NAFTA encourages parties to settle disputes through consultation or negotiation. It also establishes special arbitration procedures for investment disputes, separate from arbitration procedures, for investment disputes separate from the NAFTA's general dispute settlement provisions.

Under the NAFTA, a narrow range of disputes dealing with government monopolies and expropriation between an investor from a NAFTA country and a NAFTA government may be settled, at the investor's option, by binding international arbitration. An investor who seeks binding arbitration in a dispute with a NAFTA party gives up his right to seek redress through the court system of the NAFTA party, except for proceedings seeking nonmonetary damages.

Performance Requirements and Incentives Return to top

The NAFTA prohibits the United States or Canada from imposing export or domestic content performance requirements, and Canada does not explicitly negotiate performance requirements with foreign investors. For investments subject to review, however, the investor's intentions regarding employment, resource processing, domestic content, exports, and technology development or transfer can be examined by the Canadian government. Investment reviews often lead to negotiation of a package of specific "undertakings," such as agreement to promote Canadian products.

Right to Private Ownership and Establishment Return to top

Investors have full rights to private ownership.

Protection of Property Rights Return to top

Foreigner investors have full and fair access to Canada's legal system, with private property right limited only by the rights of governments to establish monopolies and to expropriate for public purposes. Investors from NAFTA countries have mechanisms available to them for dispute resolution regarding property expropriation by the Government of Canada.

Canada has yet to ratify key treaties that protect copyright works on the Internet (the World Intellectual Property Organization) (WIPO) "Internet Treaties") that the government signed in 1997. Refer to the copyright section of this report for more details. U. S. (and many Canadian) companies have complained that Canada's enforcement regime against counterfeiting and piracy, both at the border and internally, is cumbersome and ineffective and further hampered law enforcement officials' legal restrictions from sharing information with rights holders.

Transparency of Regulatory System

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The transparency of Canada's regulatory system is similar to that of the United States. Proposed legislation is subject to parliamentary debate and public hearings, and regulations are issued in draft form for public comment prior to implementation. While federal and/or provincial licenses or permits may be needed to engage in economic activities, regulation of these activities is generally for statistical or tax compliance reasons. The Bureau of Competition Policy and the Competition Tribunal, a quasi – judicial body, enforce Canada's antitrust legislation.

Efficient Capital Markets and Portfolio Investment

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Canada's capital markets are open, accessible, and without onerous regulatory requirements. Foreign investors are able to get credit in the local market. In 2008 and 2009, the World Economic Forum and Moody's Investor Service ranked Canada's banking system as the "most sound" in the world, and first in the world for financial strength, respectively. Canadian banking stability is linked to high capitalization rates that are well above the norms set by the Bank for International Settlements.

The Canadian banking industry includes 22 domestic banks, 26 foreign bank subsidiaries and 22 full-service foreign bank branches and seven foreign bank lending branches operating in Canada. In total, these institutions manage close to C$2.9 trillion in assets. Many large international banks have a presence in Canada through a subsidiary, representative office or branch of the parent bank.

In Canada, the regulation of defensive tactics against hostile takeovers is handled by provincial securities regulators rather than the courts. Canadian regulators have adopted a National Policy regarding takeovers that seeks to encourage open and unrestricted auctions to maximize target company shareholder value and choice between competing alternatives. The nationality of the bidding entity is not considered by the provincial securities regulators but trigger a federal review under the Investment Canada Act.

While cross-shareholding arrangements are permitted in Canada, the extent of foreign investment and cross-border M&A activity suggests that they do not pose any practical barriers.

Competition from State-Owned Enterprises

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Canada has approximately 100 state-owned enterprises, however the vast majority of assets are held by four federal crown corporations: Canada Mortgage and Housing Corporation; Farm Credit Canada; Business Development Bank of Canada; and Export Development Canada. The Treasury Board Secretariat provides an annual report to Parliament regarding the governance and performance of Canada's crown corporations and other corporate interests.

There are no restrictions on the ability of private enterprises to compete with SOEs. However, the functions of most Canadian crown corporations have limited appeal to the private sector, e.g. the Canadian Space Agency. However, the activities of some SOEs such as VIA Rail and Canada Post do overlap with private enterprise. As such, they are subject to the rules of the Competition Act to prevent abuse of dominance and other anti-competitive practices. Foreign investors are also able to challenge SOEs under the NAFTA and WTO.

Canada does not have a sovereign wealth fund but the province of Alberta has the Heritage Savings Trust Fund established through province's share of petroleum royalties. The fund's value was approximately CDN$15 billion in 2009. It is invested in a globally diversified portfolio of public and private equity, fixed income and real assets.

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The Government of Canada encourages Canadian companies to observe the OECD Guidelines for Multinational Enterprises in their operations abroad and provides a National Contact Point for dealing with issues that arise in relation to Canadian companies. Despite the increased level of official attention paid to CSR, the activities of Canadian mining companies abroad remain the subject of critical attention and have prompted calls for the government to move beyond voluntary measures.

Political Violence Return to top

Political violence occurs in Canada to about the same extent as in the United States. For example, protest at the North American Leaders, Summit in Montebello, QC in August 2007 led to confrontation between police and protesters.

Corruption Return to top

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both Canada and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/docs/dojdocb.html.

Other Instruments: It is U.S. Government policy to promote good governance, including Canadian implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf) and Canada. Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see http://www.unodc.org/unodc/en/treaties/CAC/index.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Canada is party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) Canada is a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34. Canada is not a party to the Council of Europe Conventions.
See http://www.coe.int/t/dghl/monitoring/greco/general/members_en.asp

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements.

The North American Free Trade Agreement (NAFTA) came into force on January 1, 1994 and replaced the U.S.-Canada Free Trade Agreement (FTA), which was originally implemented in 1989. The NAFTA is a trade agreement between, the United States, Canada and Mexico. NAFTA created the world's largest free trade area, which now links 444 million people producing $17 trillion worth of goods and services.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating Canada's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the antibribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Internationally, Canada has actively participated in anti-corruption initiatives in various international forums, including the Organisation for Economic Co-operation and Development (OECD), the Organization of American States, the United Nations, the Commonwealth and within the G-8.

Domestically, "The Corruption of Foreign Public Officials Acts" entered into force in Canada on February 14, 1999. This Act features three offences: bribing a foreign public official, laundering property and proceeds, and possession of property and proceeds. In addition, the Act would make it possible to prosecute, for example, a conspiracy or an attempt to commit the offences. It would also cover aiding and abetting in committing these offences, an intention in common to commit them, and counseling others to commit the offences.
See: http://www.justice.gc.ca/eng/dept-min/pub/cfpoa-lcape/index.html#back

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://go.worldbank.org/RQQXYJ6210.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements

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While the terms of the FTA and NAFTA guide investment relations between Canada and the United States, Canada has also negotiated international investment agreements with non-NAFTA parties. These agreements, known as Foreign Investment Protection Agreements (FIPAs), are bilateral treaties that promote and protect foreign investment through a system of legally binding rights and obligation based on the same principles found in the NAFTA. Canada has negotiated FIPAs with countries in Central Europe, Latin America, Africa, and Asia, and has over 100 international tax treaties in force.

OPIC and Other Investment Insurance Programs

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Because Canada is a developed country, the U.S. Overseas Private Investment Corporation does not operate in Canada.

Labor

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The federal government and provincial/territorial governments share jurisdiction for labor regulation and standards. Federal employees and those employed in the railroad, airline, and banking sector are covered under the federally administered Canada Labor Code. Employees in most other sectors come under provincial labor codes. As the laws vary somewhat from one jurisdiction to another, it is advisable to contact a federal or provincial labor office for specifics, such as minimum wage and benefit requirements. The global economic crisis of 2008-2009 was accompanied by job loss across the country, particularly in manufacturing and construction. Canada's unemployment rate stood at 8.5 percent at the end of 2009, up from years of relative stability between 6 and 6.5 percent.

Figures for 2008 show the proportion of union membership among those in paid, nonagricultural employment at 29.4 percent. Overall union membership reflected a 16.3

percent unionized rate in the private sector and a 71 percent unionized rate in the public sector.

Foreign Trade Zones/Free Ports

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Under the NAFTA, Canada operated as a free trade zone for products made in the United States. U.S. made goods enter Canada duty free.

Foreign Direct Investment Statistics

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The United States has long been Canada's top target for foreign investment, and Canada is the third largest recipient of U.S. direct investment after the United Kingdom and the Netherlands. About 58 percent of Canada's foreign direct investment comes from the United States. At the end of 2008, Canada hosted some CDN$293.6 billion in U.S. direct foreign investment abroad. U.S. investors with large direct investments in Canada include major automakers (GM, Ford, Chrysler), integrated energy, chemical and mineral producers (e.g., ExxonMobil, ChevronTexaco, ConocoPhillips), financial services firms (e.g., Bank of America), and retailers (e.g., Wal-Mart). Canada's global share of FDI was about equal to its global share of GDP.

Canadian residents have become increasingly active as worldwide investors, and their net international liabilities have been shrinking over the past decade relative to national income. The United States is the top destination for Canadian foreign direct investment. In 2008, with total investment at approximately CDN$310 billion, Canada took the top spot as the largest source of FDI to the United States. Other major destinations for Canadian FDI are the United Kingdom, other European Union countries, Brazil, Australia and Chile.

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Chapter 7: Trade and Project Financing

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Although terms vary from one industry to another and among trading channels, they are similar to those practiced in the U.S. 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 percent of the invoice for early payment, usually, if paid within ten days. U.S. firms exporting to retailers, (mainly to department stores), tend to offer a higher discount for settlement within ten days. Normal precautions in dealing with a first-time customer should be exercised, and safeguards instituted wherever possible -- at least until a good relationship has been established with the customer.

U.S. firms exporting to Canada will not find any strong need for government-backed export insurance against exigencies that may typically be found in many third-country markets. The Export-Import Bank of the United States is moderately active in financing U.S. exports to Canada. With proper application of sound business principles, U.S. firms should be able to rely on commercial banks as they do in the U.S. domestic market and to avoid most of the problems that require extensive export financing insurance.

How Does the Banking System Operate? Return to top

Banks play a key role in Canada's financial system and economic development. The legal framework for the Canadian banking system is the Bank Act and the banking regulations are generally more conservative, with more stringent rules governing leverage and capital ratios. In 2008 and 2009 this produced lower exposure to global financial risks and a relatively more stable financial system for Canada. In order to operate in Canada, banking institutions must be authorized by the Office of the Superintendent of Financial Institutions (OSFI).

According to the Canadian Bankers' Association:

- As of 2009 , there were 22 domestic banks, 26 foreign bank subsidiaries and 22 full service foreign bank branches and 7 foreign bank lending branches operating in Canada. In total, these institutions manage over CDN$2.9 trillion in assets

- Banks account for over 70 percent of the total assets of the Canadian financial services sector, with the six largest domestic banks accounting for over 90 percent of the assets of the banking industry.

- Canada's banks operate through an extensive network that includes over 8,000 branches and 16,886 automated banking machines (ABMs) across the country. Canada has the highest number of ABMs per capita in the world and benefits from the highest penetration levels of electronic channels such as debit cards, Internet banking and telephone banking.

- The six major domestic banks also have a significant presence outside Canada, in areas such as the United States, Latin America, the Caribbean and Asia.

Under NAFTA, U.S. banks also enjoy a right of establishment and a guarantee of national treatment in Canada.

Foreign-Exchange Controls

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The Canadian dollar is fully convertible. Canada has no restrictions on the movement of funds into or out of the country via the official banking system and with proper documentation and in accordance with the Canadian regulations. Banks, corporations and individuals are able to deal in foreign funds or arrange payments in any currency they choose.

U.S. Banks and Local Correspondent Banks

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All major banks in Canada have the ability to do business with U.S. banks and in U.S. dollars, and many also have operations in the United States. The major Canadian banks all have correspondent accounts with most of the major U.S. banks. U.S. banks doing business in Canada are members of the Canadian Bankers Association, to which all major Canadian banks must also belong.

Project Financing

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Due to its highly developed economy, Canada does not qualify for project financing from any of the multilateral development banks, such as the World Bank or the Inter-American Bank for Reconstruction and Development. The Overseas Private Investment Corporation (OPIC) and other development-oriented U.S. Government investment and project financing programs are also not available for exports to Canada.

Therefore, a large portion of funding for infrastructure and economic expansion projects comes from the Canadian government, as well as Amercian, Canadian and third-country banks. These organizations finance large-scale projects and the whole process is much simpler with Canada than with most other countries in the world. For example, the

Export-Import Bank of the United States provides support to U.S. exporters to Canada and there are no limitations for Canada on the Ex-Im Bank "Country Limitation Schedule." This can not be said for all countries. Moreover, the strength of the Canadian banking system and the Canadian dollar, make it that much easier to arrange project financing via American and Canadian private-sector banks.

The Canadian government introduced a number of stimulus packages to invest in partnerships with the provinces, territories, and municipalities. During 2009 and 2010, the total stimulus to the Canadian economy, including the stimulus from other levels of government, will surpass CDN$50 billion, an amount equal to 3.2 per cent of real GDP for Canada. The stimulus will include investments to more sustainable development, supporting small businesses and immediate actions to expand and repair Canada's infrastructure. U.S. companies will benefit from the projects targeted under the Federal Budget in many ways, including easier access to the Canadian market by improvements to transportation and infrastructure. Some highlighted projects include:

- Bridges at two of the busiest U.S.-Canada border crossings: the Blue Water Bridge in Sarnia and the Peace Bridge in Fort Erie, earmarked at CDN$14.5 million.
- Rehabilitation of federal bridges, including several in the National Capital Region, the Burlington Lift Bridge in Burlington and the LaSalle Causeway in Kingston, earmarked at CDN$42 million in total.
- Modernization and expansion of border services at Huntington, Kingsgate, and the Pacific Highway.
- Improvements at the Shippagan Harbor.
- Trans-Canada Highway improvements.
- Creation of the Southern Ontario Development Agency through which the government pledged to provide more than CDN$1 billion over five years.

This latter project would produce new initiatives that would spur economic growth and opportunities for the Southern Ontario region and offer export opportunities for U.S. companies. New infrastructure project opportunities and industry sector initiatives will create demand for the production and servicing of new and used equipment and products, particularly, in the areas of: green energy technologies, new electricity generating facilities and computers, machinery and equipment used in manufacturing or processing.

Web Resources

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Export-Import Bank of the United States: http://www.exim.gov
Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
OPIC: http://www.opic.gov
Trade and Development Agency: http://www.tda.gov
SBA's Office of International Trade: http://www.sba.gov/oit
USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm
U.S. Agency for International Development: http://www.usaid.gov
Canadian Bankers Association: http://www.cba.ca

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Chapter 8: Business Travel

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Business customs in Canada are very similar to those in the United States. For example, an exchange of business cards is expected and when attending a business meeting, men generally wear suits and ties and women wear conservative suits or dresses. In Canada, English and French are both official languages of business. However, all international business is conducted in English. Business culture varies somewhat throughout Canada, depending on the region. For instance French Canadians, and especially the Québécois (or citizens of Quebec, pronounced ("keh-beck-wah") have a very strong sense of cultural identity and are very nationalistic. Most Canadians identify themselves very strongly with their province. U.S. business travelers to Canada should keep this in mind and familiarize themselves with the culture, history and geography of the province when developing personal contacts in business dealings. The most important thing is to make a good first impression in any sales communication, and sell the reliability and honesty of yourself and your company before trying to sell your product or service.

Travel Advisory Return to top

The State Department posts the latest Country Specific Information for Canada with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability, and the location of the nearest U.S. Embassy or Consulate in the subject country. In addition, the State Department issues travel warnings recommending that Americans avoid a certain country or area of a country. Americans living or traveling in Canada are encouraged to register with the U.S. Embassy or nearest U.S. Consulate through the State Department's travel registration web site to obtain updated information on travel and security within Canada. By registering, American citizens make it easier for the Embassy or Consulate to contact them in case of emergency.

Visa Requirements

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Entry into Canada is solely determined by Canadian Border Services Agency (CBSA) officials in accordance with Canadian law. Please see the CBSA's website for details. 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 (see below) satisfies these requirements for U.S. citizens. If U.S. citizen travelers to Canada do not have a passport, passport card or approved alternate document such as a NEXUS card, they must show a government-issued photo ID (e.g. Driver's License) and proof of U.S. citizenship such as a U.S. birth certificate, naturalization certificate, or expired U.S. passport. Children under sixteen need only present proof of U.S. citizenship. A visa is not required for U.S. citizens to visit Canada for up to 180 days. Anyone seeking to enter Canada for any purpose other than a visit (e.g. to work, study or immigrate) must qualify for the appropriate entry status, and should contact the Canadian Embassy or nearest consulate.

When returning to the United States from Canada, it is very important to note that all U.S. citizens are required to present a valid U.S. passport to enter or re-enter the United States via air. For entry into the United States via land and sea borders, U.S. citizens must present either a U.S. passport, passport card, NEXUS card, Enhanced Drivers License or other Western Hemisphere Travel Initiative (WHTI)-compliant document. The only exception to this requirement is for U.S. citizens under the age of 16 (or under 19, if traveling with a school, religious, or other youth group) who need only present a birth certificate (original, photocopy or certified copy), Consular Report of Birth Abroad, or naturalization certificate.

American travelers are urged to obtain WHTI-compliant documents before entering Canada well in advance of their planned travel. For the most recent information on WHTI and WHTI-compliant documents, please see the State Department's website.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://travel.state.gov/visa/visa_1750.html

Consular Section of the U.S. Embassy in Canada:
http://ottawa.usembassy.gov/content/content.asp?section=embconsul&document=usconsularservices

Telecommunications

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Telecommunications networks are highly sophisticated in Canada and comparable with those of the United States. Canada is integrated with the U.S. direct-dial long-distance telephone system (dial 1, the area code and the number, just like making a long-distance call in the United States). Most if not all U.S. mobile phones work in Canada, although roaming and long-distance charges may apply. Some U.S. mobile phone plans allow for roaming within Canada. 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

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Canada possesses an advanced transportation system comparable to that of the United States. An excellent highway and free way system exists within 200 miles of the U.S. border that connects with major U.S. interstate highways at the border and supports heavy truck, bus and automobile traffic. While all cities have reasonably priced public transport systems, Canada is as much an "automobile society" as is the United States. Gasoline is sold in liters in Canada and Canadian safety standards for cars are similar to those in the United States. International highway symbols are used in Canada, and distances and speed limits are given 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 in winter should make sure that they cars have winter tires (mandatory in Quebec) since all-season tires start losing traction in cold weather.

The Trans-Canada Highway is a federal-provincial highway system that joins the ten provinces of Canada. The Trans-Canada Highway is one of the world's longest national highways, with the main route spanning 8,030 km (4,990 mi). The system was enacted by the Trans-Canada Highway Act of 1948. It officially opened in 1962 and was finally completed in 1971. The highway system is recognizable by its distinctive white-on-green maple leaf route markers.

Canada's truck, air and rail services are fully integrated with U.S. networks, providing efficient access to consumers and suppliers throughout North America. Canada is ranked Number one for road provision among all G7 countries. The Trans-Canada Highway is the longest highway in the world at 7,821 km, linking all 10 provinces

Canada's railways system is the third largest among OECD countries at 73,000 km, with significant links to the U.S. There is also easy access to Canada's major ports and to interior communities through truck-rail intermodal service.

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 over 300 smaller ones. Toronto's Pearson Airport, is the busiest airport in the country, handling almost one-third of all traffic.

Language

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Canada, as a country, has two official languages: English and French. All Government of Canada services and documents are available in these two languages. English, however, is the official and most commonly spoken language of most provinces, except Quebec. In Quebec, French is the official work and most commonly spoken language. New Brunswick, home to many French-speaking people, is the only officially bilingual province in Canada. Knowledge of and appreciation of French and of the history of the Birth Place of French America will be greatly beneficial in helping build relationships with Canadian business partners especially in Quebec.

Canada has attracted a huge influx of 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 ten languages spoken by Canadians 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%) and German 128,350 (0.4%).

Health

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The level of public health and sanitation in Canada is high. Canada's medical care is of a high standard but is government-controlled and rationed. Quick and easy access to ongoing medical care is difficult for temporary visitors who are not members of each province's government-run health care plans. 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 very long. Some health care professionals in the province of Quebec may speak only French. No Canadian health care provider accepts U.S. domestic health insurance, and Medicare coverage does not extend outside the United States. Visitors who seek any medical attention in Canada Travelers should expect to pay in cash or by credit card, obtain a receipt and description of the treatment, and 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

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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.

Canadian federal and provincial holidays overlap with some, but not all, U.S. holidays, and differ by province.

Canadian federal holidays in 2010 are January 1 (New Year's Day), April 2 (Good Friday), April 5 (Easter Monday), May 24 (Victoria Day), July 1 (Canada Day), September 6 (Labor Day), October 11 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day).

In 2011 the federal holidays are January 1 (New Year's Day), April 22 (Good Friday), April 25 (Easter Monday), May 23 (Victoria Day), July 1 (Canada Day), September 5 (Labor Day), October 10 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day).

In 2012 the federal holidays are January 1 (New Year's Day), April 6 (Good Friday), April 9 (Easter Monday), May 21 (Victoria Day), July 1 (Canada Day), September 3 (Labor Day), October 8 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day).

A complete list of provincial and territorial holidays is available.

NOTES:

1. In Canada, if a holiday falls on a Saturday or Sunday it is observed the following Monday.
2. Most of Canada, (excluding Saskatchewan and parts of Quebec, B.C., and Ontario) like the U.S. implement daylight savings time established in 2007.
3. The province of Quebec observes January 2 as a statutory holiday.

Temporary Entry of Materials and Personal Belongings

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Business visitors to Canada may bring certain personal goods into Canada duty and tax-free, provided that 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 is available from the U.S. State Department webpage "Tips for Travelers to Canada" and Canada Border Services Agency Memorandum D2-1-1 "Temporary Importation of Baggage and Conveyances by Non-Residents."

For information on temporary entry of commercial goods and equipment, see the subchapter on Temporary Entry.

Business travelers to Canada may also be eligible for a refund of the GST/HST sales taxes paid for certain expenses in Canada such as hotel accommodations.

Web Resources

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"The Importance of Making a Good First Impression in Sales Communications"
Consular Information Sheet for Canada
Canadian federal and provincial holidays
Tips for Travelling Abroad

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Chapter 9: Contacts, Market Research, and Trade Events

Contacts Return to top

Embassy of the United States of America and Consulates in Canada
http://ottawa.usembassy.gov/content/index.asp

The U.S. and Foreign Commercial Service has five offices in Canada, and the website is: http://www.buyusa.gov/canada. The U.S. and Foreign Commercial Service Canada offices are:

U.S. Embassy Ottawa
U.S. and Foreign Commercial Service
Embassy of the United States of America
PO Box 866, Station "B"
Ottawa, Ontario K1P 5T1
Tel: (613) 688-5217
Fax: (613) 238-5999
Contact: Janice Corbett, A/Minister Counselor, Commercial Affairs
E-mail: Ottawa.office.box@mail.doc.gov

U.S. Consulate General Calgary
U.S. and Foreign Commercial Service
615 Macleod Trail SE, Suite 1000
Calgary, Alberta T2G 4T8
Tel: (403) 265-2116
Fax: (403) 266-4743
Contact: Crystal Roberts, Commercial Specialist
E-mail: Calgary.office.box@mail.doc.gov

U.S. Consulate General Montreal
U.S. and Foreign Commercial Service
1155 Saint-Alexandre
Montreal, Quebec H3B 3Z1
Tel: (514) 398-0673
Fax: (514) 398-0711
Contact: Pierre Richer, Senior Commercial Specialist
E-mail: Montreal.office.box@mail.doc.gov

U.S. Consulate General Toronto
U.S. and Foreign Commercial Service
480 University Avenue, Suite 602
Toronto, Ontario M5G 1V2

Tel: (416) 595-5412, ext. 222
Fax: (416) 595-5419
Contact: E. Scott Bozek, Consul for Commercial Affairs
E-mail: Toronto.office.box@mail.doc.gov

U.S. Consulate General Vancouver
U.S. and Foreign Commercial Service
1095 W. Pender Street, 19th Floor
Vancouver, British Columbia V6E 2M6
Tel: (604) 685-3382 ext. 279
Fax: (604) 687-6095
Contact: Cheryl Schell, Senior Commercial Specialist
E-mail: cheryl.schell@mail.doc.gov

- **Chambers of Commerce**

The American Chamber of Commerce in Canada
Canadian Chamber of Commerce

- **Canadian Trade and Industry Associations**

Aerospace Industries Association of Canada (AIAC)
Canadian Manufacturers and Exporters
Automotive Industries Association of Canada
CATA Alliance (Canadian Advanced Technology Association)
Canadian-American Business Council
The Canadian Association of Importers & Exporters
Canadian Franchise Association
Canadian Marketing Association
Information Technology Association of Canada (ITAC)
Canadian Association of Defence and Security Industries (CADSI)

- **Federal Canadian Government Contacts in Canada**

Canadian Federal Departments and Agencies Portal
Department of Agriculture and Agri-food Canada
Foreign Affairs and International Trade Canada
Industry Canada
Public Works and Government Services Canada
Canada Revenue Agency

Market Research Return to top

To view market research reports produced by the U.S. and Foreign Commercial Service please go to the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and it is free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

U.S. and Foreign Commercial Service Canada:
http://www.buyusa.gov/canada/en

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Chapter 10: Guide to Our Services

The U.S. and Foreign Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. and Foreign Commercial Service offers U.S. businesses, please click on the link below.

For more information on the services the U.S. and Foreign Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/canada/en/csservices.html

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