

## **DOING BUSINESS WITH CANADA**



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# 1. GENERAL INFORMATION

**Official Name:** Canada

**Area:** 9,984,670 square kilometres

**Capital:** Ottawa

**Climate:** On the east and west coast in the summer temperatures are usually in the low 20s °C and between the coasts between 25 to 40°C. During the winter some areas record temperatures as low as -40°C and other areas are covered in snow for six months of the year.

**Population:** 33, 075, 300 (2007 estimate)

**Language:** French and English

**Life Expectancy:** 80.3 (both sexes)

**Literacy Rate:** 97 % (2001)

**Economy:** Canada produces agricultural products such as wheat, canola and grains and is the world's largest producer of zinc and uranium.

**Provinces and Territories:** Canada has 10 provinces and 3 territories, each with its own capital city (capital cities listed in parentheses) – Alberta (Edmonton); British Columbia (Victoria); Prince Edward Island (Charlottetown); Manitoba (Winnipeg); New Brunswick (Fredericton); Nova Scotia (Halifax); Ontario (Toronto); Quebec (Quebec City); Saskatchewan (Regina); Newfoundland and Labrador (St. John's); Northwest Territories (Yellowknife); Nunavut (Iqaluit); and Yukon Territory (Whitehorse).

**Geography:** With its geographic centre located at 60 00 N and 95 00 W, Canada is often referred to as Northern North America. East to west, Canada extends from Cape Spear, Newfoundland to the Yukon-Alaska border, a distance of 5,514km. North to

south, it reaches from Cape Columbia on Ellesmere Island in the new Nunavut territory to Middle Island in Lake Erie, a distance of 4,634km. It borders the North Atlantic Ocean, the North Pacific Ocean and is north of the conterminous United States.

The polar ice cap lies to the north of Canada. The landscape is diverse, ranging from the Arctic tundra of the north to the great prairies of the central area. Westward are the Rocky Mountains, and in the southeast are the Great Lakes, the St. Lawrence River and Niagara Falls. Situated in the southwest corner of the Yukon Territory in the Saint Elias Mountains, Mount Logan which stands at 5,959m is Canada's highest mountain and is one of the largest mountain masses in the world.

Natural resources include nickel, zinc, copper, gold, lead, molybdenum, potash, silver, fish, timber, wildlife, coal, petroleum and natural gas.

54% of the country's land mass is covered by forest and woodland, 3% is used as permanent pasture while another 5% is used as arable land.

Current environmental issues include air pollution and resulting acid rain that severely affects the lakes and damages forests; metal smelting, coal burning utilities, and vehicle emissions impacting on agricultural and forest productivity; ocean waters becoming contaminated due to agricultural, industrial, mining and forestry activities.

**Climate:** There are several climatic variations in this vast country, ranging from the permanently frozen icecaps north of the 70<sup>th</sup> parallel to the luxuriant vegetation of British Columbia's west coast. On the whole, Canada has four very distinct seasons, especially in the regions along the U.S. border.

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Daytime summer temperatures can rise to 35°C and higher, while lows of -25°C are not uncommon in winter. More moderate temperatures are the norm in spring and fall. Continuous permafrost in the north is a serious obstacle to development. Cyclonic storms from the east of the Rocky Mountains, a result of the mixing of air masses from the Arctic, Pacific and North American Interior, produce most of the country's rain and snow.

**Currency:** Canadian dollar

**Legal System:** Based on English common law, except in Quebec, where the civil law system based on French law, prevails

**Political System:** Canada is a constitutional monarchy and a federal state with a democratic parliament. The Parliament of Canada consists of the House of Commons, whose members are elected, and the Senate, whose members are appointed. On average, members of parliament are elected every five years. The top level of government in Canada is called the federal government. Governor-General Adrienne Clarkson has represented the Head of State, HM Queen Elizabeth II, since 1999. The present Prime Minister is Mr. Jean Chretien.

Each province in Canada has a provincial government - the second level of government in the country. The federal government makes laws about national issues like money, banks, national parks and defense. Provincial governments devise provincial laws about local highways, schools and hospitals. Municipal governments - the third level of government - formulate the municipal laws within cities and towns.

**Religion:** Roman Catholicism is the largest denomination, followed by Protestant and Christian orthodox,

**Education:** Education in Canada is provided, funded and overseen by federal, provincial, and local governments. Education is within provincial jurisdiction and the curriculum is overseen by the province. Education in Canada is generally divided into Elementary (Primary School, Public School), followed by Secondary (High School) and Post Secondary (University, College). Within the provinces under the ministry of education, there are district school boards administering the educational programs. Education is compulsory up to an age of 16. Canada generally has 190 school days in the year, officially starting from September (after Labour Day) to the end of June (usually the last Friday of the month, Wednesday in Ontario in Catholic Schools).

## Weights and Measures

Canada officially uses the metric system, but it still uses imperial units. Products are labeled with imperial and or U.S customary units as well as the metric equivalents. The majority of the Canadian units are identical to those used in the United Kingdom.

## Electricity

National standards specify that the nominal voltage at the source should be 120 V and allow a range of 114 50 126 V.

## Time Zone

Canada uses six primary time zones. From east to west they are Newfoundland Time Zone, Atlantic Time Zone, Eastern Time Zone, Central Time Zone, Mountain Time Zone and the Pacific Time Zone.

## Public Holidays

Each province in Canada observes the following public holidays

New Year's Day	January 1
Good Friday	Variable
Easter Monday	Variable
Victoria Day	First Monday on or before May 24
Canada Day	July 1
Labour Day	First Monday in September
Thanksgiving Day	Second Monday in October
Halloween	October 31
Remembrance Day	November 11
Christmas Day	December 25
Boxing Day	December 26

However there are some provincial and territorial holidays which are also observed:

<b>Province</b>	<b>Holiday</b>	<b>Date</b>
Alberta	Family Day	3 <sup>rd</sup> Monday in Feb
Alberta	Heritage Day	1 <sup>st</sup> Monday in Aug*
British Columbia	British Columbia Day	1 <sup>st</sup> Monday in Aug
Manitoba	Louis Riel Day	3 <sup>rd</sup> Monday in Feb
Nunavut	Nunavut Day	July 9
New Brunswick	New Brunswick Day	1 <sup>st</sup> Monday in Aug
Newfoundland/Labrador	St. Patrick's Day	March 17*
Newfoundland/Labrador	St. George's Day	April 23*
Newfoundland/Labrador	Discovery Day	June 24*
Newfoundland/Labrador	Orangemen's Day	July 12*
Northwest Territories	Nat'l Aborigine Day	June 21
Ontario	Family Day	3 <sup>rd</sup> Monday in Feb
Quebec	St. John the Baptist Day	June 21
Saskatchewan	Family Day	3 <sup>rd</sup> Monday in Feb
Saskatchewan	Saskatchewan Day	1 <sup>st</sup> Monday in Aug
Yukon	Discovery Day	3 <sup>rd</sup> Monday in Aug

## 2. THE ECONOMY

### 2.1 Economic Data

Table 1 2006 GDP per Province

Province or Territory	GDP 2006	% of GDP
Ontario	493,126	41.46
Quebec	242,039	20.35
Alberta	152,670	12.83
British Columbia	150,741	12.67
Manitoba	37,052	3.11
Saskatchewan	34,292	2.88
Nova Scotia	25,814	2.17
New Brunswick	21,773	1.83
Newfoundland & Labrador	15,719	1.32
Northwest Territories	4,103	0.35
Prince Edward Island	3,505	0.29
Yukon	1,285	0.11
Nunavut	926	0.07
<b>TOTAL</b>	<b>1,189,535</b>	<b>100.00</b>

### 2.2 Prices and Income

The Canadian dollar capped its five-year appreciation against the US dollar by achieving parity late in September, 2007. The increase accompanied higher commodity prices, notably record prices for oil and wheat, and a cut in US interest rates. The latter was motivated by the turmoil in financial markets that began in mid-August, and renewed weakness in the US housing market.

In Canada, however, there were few signs that the disruption in some financial markets (notably asset-backed commercial paper)

was affecting the real economy. Employment jumped 0.3% in September, helping to send the unemployment rate to a 31-year low of 5.9%. Higher commodity and stock market prices in September also pointed to the underlying strength of the economy. Short-term business credit growth was steady, as more bank loans made up for a drop in commercial paper.

The Consumer Price Index fell 0.1% between July and August, largely due to lower gasoline prices. As a result, the annual inflation rate slowed substantially to 1.7% from the 2.2% posted in each of the previous four months.

### 2.3 Structure of Canadian Economy

#### 2.3.1 Energy

The Canadian energy industry is made up of oil, gas, coal and electricity. Canada is one of the few developed nations that is a net exporter of energy. Most important are the large oil and gas resources in Alberta, British Columbia and Saskatchewan.

Canada is the third-largest producer of natural gas and the eighth-largest producer of crude oil in the world. The upstream sector is the largest single private sector investor in Canada. In 2005, the petroleum industry spent over \$45 billion in their quest for oil and gas reserves.

Approximately 6.3 trillion cubic feet of natural gas is produced every year. Canada is the number one supplier of natural gas to the United States via pipeline. The country supplies 85% of the United States' imports and fulfills 16% of the overall natural gas consumption.

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The alternative energy sector includes wind power, biofuel, solar power, wave power, geothermal and nuclear energy. Combined, these alternative energies are expected to total 3 to 4 per cent of Canada's energy mix in the future.

## 2.3.2 Agriculture

Canada's agriculture sector accounts for roughly one in eight jobs and 8.3 percent of the total gross domestic product (GDP). The country is one of the world's largest suppliers of wheat and other grains and is a major exporter to the United States, Europe and East Asia.

Table 2 Key Agri-food Markets (in \$millions)

	2006 total	2007- June
<b>United States</b>	16,315	8,704
<b>Japan</b>	2,374	1,402
<b>EU</b>	1,714	766
<b>Mexico</b>	1,104	637
<b>China</b>	667	511
<b>South Korea</b>	446	213
<b>Taiwan</b>	171	90
<b>Brazil</b>	50	44

Source: Agriculture and Agri-Food Canada website [www.agr.gc.ca](http://www.agr.gc.ca)

Table 3 Top Agri-Food Exports (in \$millions)

Item	2006 total	2007 – June
<b>Wheat and meslin</b>	2,758	1,699
<b>Canola Seeds</b>	1,620	959
<b>Live Slaughter Cattle</b>	1,188	709
<b>Beef, Boneless, Fresh</b>	1,046	517
<b>Durum wheat</b>	895	473
<b>Frozen French Fries</b>	818	451
<b>Pork, fresh, nes</b>	873	441
<b>Pork, frozen, nes</b>	861	438
<b>Food preparations nes</b>	730	373

## 2.3.3 Manufacturing

Much of the Canadian manufacturing industry consists of branch plants of United States firms. Manufacturers are attracted to Canada because of its highly educated population and lower labour costs than the United States. This sector is made up of several industries namely food and beverage, tobacco, shoes and leather, clothing, furniture and fixtures. See Appendix A

## 2.3.4 Services

The service sector in Canada employs three quarters of Canadians and accounts for two thirds of GDP. The largest portion of the service sector is retail which employs almost 12% of Canadians. The retail industry is mainly concentrated in a relatively small number of chain stores clustered together in

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shopping malls, however due to the influx of large retail stores such as Wal-Mart and Future Shop, the sector has shrunk.

Business services which consists of the financial services, real estate and communications industries is the second largest portion of the service sector. It only employs a small percentage of the population, but it has grown rapidly in recent years.

The education and health sectors are two of Canada's largest, but both are largely under the purview of the government. The health care industry has been rapidly growing, and is the third largest in Canada. Its rapid growth has led to problems for governments who must find money to fund it.

Canada has an important high tech industry, and also an entertainment industry creating content both for local and international consumption. Tourism is of ever increasing importance, with the vast majority of international visitors coming from the United States, though the recent strength of the Canadian Dollar has damaged this sector.

## 2.4. Foreign Trade Data

### 2.4.1 Imports

In 2006, imports outpaced exports, increasing by 4.2% to reach \$486.5 billion. As a result, the trade balance declined by \$13.9 billion, equivalent to about twice the reduction in the overall current account balance over the previous year.

Table 4 Canada's Top 10 Import Markets 2006

Country	% Share of Total Imports
United States	54.9
China	8.7
Mexico	4.0
Japan	3.9
Germany	2.8
United Kingdom	2.7
South Korea	1.5
Norway	1.4
France	1.3
Algeria	1.2
Total of Top 10	82.4

### 2.4.2 Exports

Exports of goods and services increased by 1.1% to top \$523.7 billion in 2006. This accounted for about 36.4% of Canadian GDP. All major categories of exports increased in 2006, led by industrial goods and materials (11.9%), with the exception of forestry products, automotive products and energy products, which declined by 8.6%, 6.0% and 0.4% respectively.

Table 5 Canada's Top 10 Export Markets 2006

Country	% Share of Total Exports
United States	81.6
United Kingdom	2.3
Japan	2.1
China	1.7
Mexico	1.0
Germany	0.9
France	0.7
Netherlands	0.7
South Korea	0.7
Belgium	0.5
Total of Top 10	92.2

## 2.5 Employment

Employment in Canada rose in October 2007, jumping an estimated 63,000, split between full and part time. At the same time, the unemployment rate fell to a 33-year low of 5.8%. Employment increased 2.1% (+346,000) so far in 2007, the strongest January-to-October growth in the past five years. October's employment rate reached an all-time high of 63.7%.

Also in October, service sector employment grew by 66,000, boosting its growth in the last 12 months to 3.2%. According to the most recent statistics, the gross domestic product of the service sector grew 3.2% in 12 months, compared with a growth rate of 0.8% for the manufacturing sector.

Of all industries, health care and social assistance posted the strongest estimated employment growth in October (+29,000). There was also an increase in "other services" (+24,000), an industry that covers a variety of activities, such as dry cleaning and laundry services, electronic and precision equipment repair and maintenance, as well as grant-making and giving services. As well, public administration added an estimated 20,000 workers in October, all in Ontario.

In contrast to the growth in the service sector, there has been overall weakness in the goods-producing industries, where employment has edged down 0.5% since the start of the year. So far in 2007, significant losses in manufacturing have been almost completely offset by robust gains in construction and utilities. In October, utilities was the only industry in the manufacturing sector to show signs of strength. Utilities include electric power generation, transmission and distribution, natural gas distribution, and water supply and sewage systems. See Appendix B.

## 2.6 Economic Outlook

In September 2007, it was observed that Canada's economic outlook darkened a bit over the previous quarter (April-June). However, Canada is still benefiting from strong global growth and the resulting high commodity prices.

The two main risks to economic growth in Canada are the U.S. downturn and the currency exchange rate. So far, the U.S. downturn has been concentrated in housing and automobiles, and this has hit Canada's forestry and manufacturing sectors. These sectors are important to Canada's economy, but less so today than in the past. Moreover, it is the consumer goods sector – not housing – that has strong links to international trade. If the U.S. downturn spreads to consumer spending, the Canadian economy will feel the adverse effects of both a sagging U.S. economy and faltering global growth.

The other key risk is the soaring Canadian dollar, which hit par with its U.S. counterpart in mid-September. Canadian exporters are not used to doing business without an exchange rate advantage. A steadily appreciating exchange rate is akin to a *de facto* tightening of monetary policy, and in the past Canadian interest rates have been cut to offset the economic impact of the dollar's appreciation. Currently, though, the Bank of Canada's hands are tied – the economy has been operating above capacity and inflation continues to build in wages, shelter costs and energy prices. There is no anticipation that the Bank of Canada will take any action in the near term unless economic conditions worsen unexpectedly. But, Canadian borrowing costs have increased after the liquidity crunch in credit markets.



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Up until September 2007, there were four reasons to expect the exchange rate to remain elevated for some time. First, the negative spread between Canadian and U.S. short-term interest rates narrowed from 100 basis points to 25, and could disappear by year-end, eliminating the incentive to choose U.S. interest-bearing securities over Canadian ones. Second, the Canadian dollar is well supported, with the price of oil around U.S. \$80 and gold over U.S.\$700. Third, unless conditions in Canada are worse than those in the U.S., which they are not, the Canada-U.S. exchange rate will rise as global investors sell the greenback. Finally, Canada's fiscal health – a current account surplus, a budget surplus, and falling international indebtedness – stands in stark contrast to deficits south of the border.

## 3. GENERAL MARKETING FACTORS

### 3.1 Import and Distribution System

Canada does not have a single country-wide distribution network because of its vast geographical size. There are small distribution circuits which cater to separate markets each with their own legislation.

Goods and services are transported by road, rail, sea, and air.

### 3.2 General Market Conditions

Because of strong economic growth, more open markets and technological change, there have been changes which have benefitted consumers. Goods and services are less expensive, more reliable and convenient. Consumers have more choices and as a result they have become more and more diverse. This diversity has called for efficient and effective import and distribution systems which thrive upon the consumer's wants and needs.

There are two main markets with respect to import and distribution in Canada. These are the Business to Consumer (B to C) Market and the Business to Business (B to B) market.

#### 3.2.1 Business to Consumer

With the entry of large American distributors like Costco, Wal-Mart and Home-Depot into Canada, the distribution market changed significantly. The food sector is dominated by a few large groups who generated a total sales turnover upward of 77.8 billion Canadian dollars. There are two main categories of stores which fall under the B to C market. These are 1. supermarkets and 2. General purpose

stores such as convenience stores or mini-markets.

#### 3.2.2 Business to Business

Imported products usually come through importer-distributors, agents or specialized retailers. Canadian importers pay close attention to on-time delivery of goods and the quality of service. The franchise system of distribution also plays a key role in this market.

### 3.3 Payment System

The Canadian Payments Association operates national clearing and settlement systems that facilitate the flow of funds between institutions and mitigates risk to payment system participants. It is a system whereby buyers and sellers of goods and services settle their payments.

Most sales agreements stipulate that certain documents must be submitted in advance in order to generate payment on receipt of the goods. These documents include commercial invoices, consular invoices, certificates of origin, import licenses, inspection certificates and dock and insurance receipts.

The main methods of payment are

- The letter of credit
- Cash in advance
- Open Account
- Documentary Collections
- Consignment

### **3.4. Transport and Communication Facilities**

Transportation within Canada can be by rail, road, water, pipe or air. The rail transportation system is made up of a commuter train system which can be found in the following cities – Montreal, Quebec; Toronto, Ontario; and Vancouver, British Columbia and a subway/metro or light rail system which can be found in Calgary, Alberta; Edmonton, Alberta; Montreal, Quebec; Ottawa, Ontario; Toronto, Ontario and Vancouver, British Columbia. Several cities are linked by these two systems and small railways run passenger trains to remote rural areas. There is a railway link with the United States as well and there are proposals for railways between Canada and Russia (via Alaska).

The highway system in Canada consists of provincial and territorial highways, county and regional roads and city streets. The paved roadways measure approximately 415,600 km, which includes 17,000 km of expressway and the unpaved roadways as of 2006 measured 626,700km.

The Marine Transport system is made up of ferry services and canals which are facilitated by many ports and harbours throughout Canada. There are five ports on the west coast (British Columbia, five on the east coast( Nova Scotia) and nine in the Northern and Central Canada (Ontario, Manitoba and Quebec).

The pipeline system in Canada is part of the energy extraction and transportation network. The pipes carry natural gas, natural gas liquids, crude oil, synthetic crude and other petroleum based products.

As of January 2007, there were 1444 airports in Canada. This includes 1117 land aerodromes and 327 water aerodromes.

There are also 296 heliports. Additional information on the principal airports are at Appendices C and D.

## 4. MARKET ACCESS CONDITIONS

### 4.1 General Import Policy

Canada is a trading nation with a strong interest in expanding services exports and investments. The country's success is closely linked to helping Canadians connect to global business opportunities. The country negotiates its trade agreements multilaterally through the World Trade Organisation, however Canada is also pursuing improved market access for trade in goods on a bilateral basis. The legally enforceable rules on trade in services help ensure that Canadian exporters receive fair and equitable treatment in foreign markets.

Canada's priorities in 2007, include obtaining improved market access for

- professional services;
- computer and related services;
- research and development services;
- other business services (especially management consulting services, oil and gas services, and mining services);
- courier services;
- telecommunications services;
- construction and related engineering services;
- distribution services;
- environmental services;
- financial services;
- tourism and travel-related services; and
- transport services

#### 4.1.1 Import Tariff System

Canada applies the Harmonised Customs System. Customs duties are calculated Ad valorem on the CIF value of the goods. Some sectors are more protected than

others, which causes some items to have higher customs duties than others. In addition, some products are subject to different rates either if they are imported within frameworks defined at the beginning of the year or after they have been exhausted.

Canada has several customs agreements and bilateral agreements which grants the partnering countries preferential rates.

#### 4.1.2 Import Duties

Because of the North American Free Trade Agreement( NAFTA), Canadians do not pay duties on most American and Mexican manufactured goods.

### 4.2 Taxation Policy

Approximately 70% of the Canadian government's income comes from taxation. Federal taxes are collected by the Canada Revenue Agency and Finance Canada decides who gets taxed, how and how much. The major taxes in Canada are personal income taxes, corporate income tax and sales taxes. There are also excise taxes. Property taxes, excise taxes, payroll taxes, health and prescription insurance tax, inheritance tax and international taxation.

#### 4.2.1 Personal income taxes

Both the federal and provincial governments have imposed income taxes on individuals which account for over 40% of tax revenue. The federal government charges the bulk of income taxes with the provinces charging a lower percentage. High income residents pay a higher percentage than the low income residents.

Personal income tax can be deferred in a Registered Retirement Savings Plan (RRSP), a tax sheltered savings account

or mutual fund that is intended to help individuals save for their retirement.

Individuals can a non-refundable tax credit (15.25% for 2006 and 15% for 2007 and subsequent years) for the cost of monthly public transportation passes or those passes of a longer duration (e.g., annual passes). The credit went into effect July 1, 2006. An individual who purchases passes costing \$80 per month throughout the year will receive up to about \$150 in federal tax relief for the year.

### **4.2.2 Corporate income taxes**

Companies and corporations pay tax on profit income and on capital. Tax is paid on corporate income at the corporate level before it is distributed to individual shareholders as dividends. A tax credit is provided to individuals who receive dividend to reflect the tax paid at the corporate level. This credit does not eliminate double taxation of this income completely, however, resulting in a higher level of tax on dividend income than other types of income. In 2002, several large companies converted into "income trusts" in order to reduce or eliminate their income tax payments. Conversions were halted in October 2006, when it was announced that new income trusts would be subject to a tax system similar to that of corporations, and that these rules would apply to existing income trusts after 2011.

### **4.2.3 Sales Tax**

There are three types of sales taxes in Canada – provincial sales tax (PST), harmonised sales tax (HST) and the Federal goods and service tax (GST).

The PST is collected in British Columbia, Saskatchewan, Manitoba, Ontario, Quebec and Prince Edward Island. Which item

the tax is applied to as well as the amount of tax applied varies from province to province.

HST is used in certain provinces to combine the GST and PST into a single sales tax. Currently, there is a 14% HST in the New Brunswick, Newfoundland, and Nova Scotia. It is collected by the Canada Revenue Agency, which then remits the appropriate amounts to the participating provinces.

GST is value-added tax levied on each sale of all goods and services, except groceries, residential rent and medical and financial services. It is currently 6% but will be reduced to 5% on January 1<sup>st</sup> 2008.

## **4.3 Other Regulations and Factors that Affect Trade**

### **4.3.1 Labelling and Marking Requirements**

Canada's labelling and marking procedures are categorized as follows: consumer packaging and labelling, precious metals marking and textile labelling. Prepackaged consumer products and textiles must bear accurate and meaningful labeling information and precious metals must have a uniform description and quality markings of articles made with gold, silver or palladium all with the aim to help consumers make informed purchasing decisions.

### **4.3.2 Laws of Patent, Trademarks and Copyrights**

The Canadian Intellectual Property Office aims to strengthen Canada's innovative capacity as well as accelerate Canada's

economic development through the use and administration of property systems in Canada.

### 4.3.3 Patents

Patents are government grants that give inventors exclusive rights to their inventions. In Canada, patent protection extends for 20 years from the date of filing. A patent is given to the inventor who first files an application.

### 4.3.4 Trade-marks

A trade-mark is a word, symbol or design used to distinguish the goods or services of one entity from another. In Canada, it is advised that trade-marks be registered because they are evidence of exclusive ownership and this helps to ward off potential infringers.

### 4.3.5 Copyrights

Copyrights, which are the exclusive rights to copy a creative work, exist in Canada for the life of the author plus 50 years following death. Copyrights of Canadian authors are valid in other countries as long as that country belongs to one or more of the international copyright treaties, conventions or organizations. Similarly, copyrights of foreign authors are valid in Canada.

### 4.3.6 Industrial Designs

Industrial designs are the features of shape, configuration, pattern or ornament applied to a finished article. Registration lasts a period of 10 years from the date of registration provided that the appropriate fees are paid.

### 4.3.7 Integrated Circuit Topographies

This refers to the three-dimensional configuration of the electronic circuits used in microchips and semiconductor chips.

Registration offers exclusive rights for 10 years on the original circuit design and protection includes the layout design and the finished product.

## 5 INVESTMENT PROFILE

The Investment Canada Act (ICA) provides a regulatory framework whereby the Canadian government can review large-scale foreign investments in Canada which exceed the threshold for notification of large-scale foreign investment for WTO countries of \$281 million and for non-WTO countries of \$5 million.

Prospective investors have to demonstrate that proposed investments are of benefit to Canada. The ICA has formulated a list of factors considered by the Ministry of Industry in determining whether a transaction is of net benefit. They are:

- the effect of the investment on the level and nature of economic activity in Canada
- the degree and participation by Canadians
- the factors of productivity, efficiency, technological development, product innovation and variety
- competition in Canada
- the compatibility with national, industrial, economic and cultural policies
- Canada's ability to compete in world markets

No particular factor is determinative; however the positives must be greater than the negatives for an investment to be approved.

Canada has sector-specific legislation and/or policies on foreign investment in the following sectors:

- Telecommunications
- Broadcasting
- Cultural industries

- Transportation services
- Uranium production

### Telecommunications

Canada, when compared to other OECD countries, has a restrictive foreign investment regime in the telecommunications sector. Under the Telecommunications Act, only those businesses that are Canadian owned and controlled can operate as a Canadian common carrier. The minimum for Canadian ownership of holding companies of Canadian carriers is 66.6 percent of voting shares.

### Broadcasting

The broadcasting policy is the responsibility of the Minister of Canadian Heritage. Under the Broadcasting Act, the ownership rules ensure that Canadian news and entertainment programming is made from a Canadian perspective and with Canadian audiences in mind.

### Cultural Industries

The UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expression has reaffirmed the right of countries to maintain measures to protect and promote cultural expression. The areas with policy measures are the book publishing, distribution and retail sectors, the periodical publishing and newspaper publishing sectors and the film distribution sector. These prohibit the acquisition of any existing Canadian-owned business and restrict or set conditions for new businesses. Other sectors such as the recording industry, the distribution and retail sectors of the periodical and newspaper industries, film production, exhibition and retail sectors are

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subject to “net benefit” definitions under the ICA.

## **Transportation Services**

According to the Canada Transportation Act, ownership and control of voting interest held in a Canadian air carrier by non-Canadians may not exceed 25 percent. A Canadian carrier must be controlled by Canadians and at least 75 percent of the voting interests in an air carrier licensed to operate in Canada must be owned and controlled by Canadians.

## **Uranium Production**

Nonresident ownership of uranium mining properties is restricted to 49 percent at the first production stage. If it can be proven that the project remains Canadian controlled, higher levels of nonresident ownership are permitted. Exemptions may be granted in cases where it can be demonstrated clearly that no Canadian partners can be found. There are no restrictions in uranium exploration by foreign entities.

## **Financial Services**

There are no foreign ownership restrictions and the same rules apply to both foreign and domestic investors. Large banks and demutualized life insurance companies should be widely held. This is done to minimize the risk of failure of Canada’s largest institutions to the detriment of the entire financial system. Residency requirements for directors were adjusted so that more foreign experts can be appointed while assuring that Canadian directors remain a majority.

## **Documentary Requirement**

There are some subjects applicants are encouraged to elaborate on which may require specific supporting documentation.

- Employment – Number and type of jobs created or lost
- Additional Investment- increased working capital provisions
- Resource processing- value added, extent of processing
- Utilization of parts, components, services – requirements of the Canadian business and opportunity for Canadian suppliers to compete in supplying them
- Exports – percentage of exports compared to total sales, target markets, products and services exported
- Canadian participation- the number of Canadian employees, managers, directors and owners
- Product efficiency- new plant and equipment, training
- Technological Development- research and development issues
- Product innovation/ variety – different or complementary, state-of-the-art products
- International competitiveness – world product mandate, access to international distribution networks
- Three year projections for employment, sales, exports, capital expenditures and R&D expenditures

In conjunction with the Investment Canada Act, there are some administrative procedures which must be followed.

- Pre-filing Meetings - Investors must contact the Investment Review Branch of Investment Canada in the early stages of the development of their investment projects before the filing of their applications



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- Undertakings – Investors must be detailed about their plans for the Canadian business. This would provide greater assurances when issues critical to the determination of net benefit arise.
- Third Party Representations- These are needed when it is clear that a third party could be the determining factor on the net benefit factor.
- Feedback to Applicants during Review Process- Applicants will be notified of any issues which may cause a delay in the decision making process. The applicant may be asked to clarify.
- Net Benefit- Judgments are made in measuring the effects of a proposal in relation to the relevant individual factors of assessment and in measuring the positive effects against the negative effects.
- Monitoring of Investments- Successful projects will be evaluated 18 months after implementation; investment performance will be judged in the context of overall results. A follow-up will be done if the evaluation discloses that the original expectations and commitments have not been met.

## 6. CULTURAL PRACTICES

### 6.1 Business Hours

Business and shopping hours vary from business to business. Stores selling consumer goods generally open from 10:00am to 6:00pm Monday to Saturday and in some cases until 9:00pm if they are located in major shopping malls; food stores open from 8:00am to 6:00pm and some until 9:00pm; commercial banks are opened between 10:00am to 3:00pm Monday to Friday; and government offices are open for business from 9:00am to 5:00pm.

The standard work hours in Canada are eight hours a day and forty hours in a week except in the case of averaging, special regulations or modified work schedules. However employees can work a maximum of forty-eight hours. This may be exceeded in exceptional circumstances, emergency work or averaging.

### 6.2 Entry/Exit Requirements

There are some important immigration requirements which must be met before one travels to Canada. Citizens of some countries require a visa to visit or transit Canada and others are exempted. Those who do not require a visa are:

- citizens of Andorra, Antigua and Barbuda, Australia, Austria, Bahamas, Barbados, Belgium, Botswana, Brunei, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Israel (National Passport holders only), Italy, Japan, Korea (Republic of ), Latvia (Republic of), Liechtenstein, Luxembourg, Malta, Mexico, Monaco, Namibia,

Netherlands, New Zealand, Norway, Papua New Guinea, Portugal, St. Kitts and Nevis, St. Lucia, St. Vincent, San Marino, Singapore, Solomon Islands, Spain, Swaziland, Sweden, Slovenia, Switzerland, United States, and Western Samoa;

- persons lawfully admitted to the United States for permanent residence who are in possession of their alien registration card (Green card) or can provide other evidence of permanent residence;
- British citizens and British Overseas Citizens who are re-admissible to the United Kingdom;
- citizens of British dependent territories who derive their citizenship through birth, descent, registration or naturalization in one of the British dependent territories of Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn, St. Helena or the Turks and Caicos Islands;
- persons holding a British National (Overseas) Passport issued by the Government of the United Kingdom to persons born, naturalized or registered in Hong Kong;
- persons holding a valid and subsisting Special Administrative Region passport issued by the Government of the Hong Kong Special Administrative Region of the People's Republic of China;
- persons holding passports or travel documents issued by the Holy See.

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If you are planning on staying for more than six (6) months, you are required to undergo a medical examination by a physician on Canada's list of Designated Medical Practitioners. This required for students,

temporary foreign workers and tourists. Certain temporary workers are required to undergo medical examinations regardless of their length of stay.

## DOING BUSINESS WITH CANADA

### 7. APPENDICES

#### APPENDIX A

##### Manufacturing Sales by Subsector 2006

Industry	2006
<b>Total (All manufacturing industries)</b>	<b>611,044.4</b>
<b>Food</b>	72,138.0
<b>Beverage and tobacco products</b>	11,196.7
<b>Textile mills</b>	2,561.6
<b>Textile product mills</b>	2,442.3
<b>Leather and allied products</b>	459.1
<b>Paper</b>	31,422.4
<b>Printing and related support activities</b>	10,868.4
<b>Petroleum and coal products</b>	61,219.4
<b>Chemicals</b>	53,046.1
<b>Plastics and rubber products</b>	27,808.9
<b>Clothing</b>	5,309.9
<b>Wood products</b>	29,465.4
<b>Non-metallic mineral products</b>	13,945.7
<b>Primary metals</b>	51,273.6
<b>Fabricated metal products</b>	35,411.5
<b>Machinery</b>	31,424.7
<b>Computer and electronic products</b>	19,560.7
<b>Electrical equipment, appliances and components</b>	10,520.1
<b>Transportation equipment</b>	118,449.0
<b>Furniture and related products</b>	13,358.9
<b>Miscellaneous manufacturing</b>	9,161.9

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## APPENDIX B

### Employment and Unemployment 2002-2006

	2002	2003	2004	2005	2006
	thousands				
<b>Population 15 years and over</b>	<b>24,797.3</b>	<b>25,106.5</b>	<b>25,443.4</b>	<b>25,805.5</b>	<b>26,185.1</b>
<b>Labour force</b>	16,579.3	16,958.5	17,182.3	17,342.6	17,592.8
<b>Employed</b>	15,310.4	15,672.3	15,947.0	16,169.7	16,484.3
<b>Full time</b>	12,439.3	12,705.3	12,998.1	13,206.2	13,509.7
<b>Part time</b>	2,871.1	2,967.0	2,948.9	2,963.5	2,974.7
<b>Unemployed</b>	1,268.9	1,286.2	1,235.3	1,172.8	1,108.4
<b>Not in the labour force</b>	8,218.0	8,148.0	8,261.1	8,462.9	8,592.3
<b>Actual hours worked</b>	<b>512,945.6</b>	<b>516,067.6</b>	<b>530,362.0</b>	<b>541,729.9</b>	<b>548,306.8</b>
	%				
<b>Employment to population ratio</b>	61.7	62.4	62.7	62.7	63.0
<b>Participation rate</b>	66.9	67.5	67.5	67.2	67.2
<b>Unemployment rate</b>	7.7	7.6	7.2	6.8	6.3

## APPENDIX C

### List of Principal Airports in Canada and their Location

Airport Name	Location
Toronto Pearson International Airport	Toronto, Ontario
Vancouver International Airport	Vancouver, British Columbia
Montreal-Pierre Elliot Trudeau International Airport	Montreal, Quebec
Calgary International Airport	Calgary, Alberta
Edmonton International Airport	Edmonton, Alberta

# DOING BUSINESS WITH CANADA

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## APPENDIX D

### Comparison of the 5 Busiest Airports by Domestic, Transborder and International Passenger Traffic in Canada

Rank	Airport	Domestic	Transborder	International
1	Toronto Pearson Intl	13,465,608	8,923,434	8,583,535
2	Vancouver Intl	8,712,361	4,257,381	3,959,491
3	Montreal-Pierre Elliot Trudeau Intl	4,653,599	3,079,339	3,699,254
4	Calgary Intl	8,130,820	2,244,870	903,390
5	Edmonton Intl	4,346,788	693,378	171,745

## APPENDIX E

### MEDIA

#### Television

- Caribbean Broadcasting Corporation (CBC)
- CityTV
- A-Channel
- CTS
- Tele-Quebec
- TVOntario
- Saskatchewan Communications Network
- Knowledge Network
- CFMT
- CJMT
- CHNM
- CJIL
- CITS
- CHNU
- NTV
- Global TV

# DOING BUSINESS WITH CANADA

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## **Radio**

There are almost 2000 radio stations on the AM and FM bands in Canada. The major commercial broadcast groups in Canada include:

- Rogers Communications (46 stations)
- Corus Entertainment (52 stations)
- Astral Media Inc. formerly Standard Broadcasting (83 stations)
- CTVglobemedia
- Newcap Broadcasting (76 stations)
- Canadian Broadcasting Corporation (4 stations)

There are several small broadcasters who operate radio stations. Most genres of music are represented and there is a wide array of news, sports, talk radio and religious broadcasts. Many universities and colleges also licensed campus radio stations and some communities have their own stations licensed to non-profit groups or cooperatives.

## **Newspapers**

The major print newspapers in Canada are listed below. There are some communities and neighbourhoods which print their own weekly issues.

- The Globe and Mail
- National Post
- Le Devoir
- Toronto Star
- Windsor Star

Whilst some of the newspapers listed above can be accessed on the internet, there are some important online publications:

- Rabble
- The Tyee
- Vigile
- CBC Radio Three/ Bande a part
- SooToday.com