

NORTH AMERICA EXPORTING GUIDE

The background of the entire page is a photograph of several flags flying against a clear blue sky. From left to right, the visible flags include the Canadian flag (red and white with a maple leaf), the United States flag (stars and stripes), and the Mexican flag (green, white, and red with the national coat of arms). The flags are on white poles and are slightly out of focus, creating a sense of depth.

Market Opportunities
and Strategies for
American Exporters

EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES

WHY EXPORT?

Exporting opportunities with our neighbors to the North and South, Canada and Mexico, present a promising avenue for expanding our market reach. Canada offers a large, stable market for exporting and its proximity also facilitates efficient logistics and reduced transportation/shipping costs. On the other hand, Mexico, with the largest Spanish-speaking country in the world, maintains trade and investment ties with the United States. Leveraging these exporting opportunities with our neighboring countries can lead to increased revenue, market diversification, and long-term business growth.

Table of Contents

Canada	Mexico
06 Canada Guide Intro	12 Mexico Guide Intro
07 Why Export to Canada?	13 Why Export to Mexico?
08 Industry Opportunities	14 Industry Opportunities
10 Sales Strategies	16 Sales Strategies
11 Market Differences	17 Market Differences
	18 Learn More

“EXIM has helped us build our export business by allowing good customers to buy on payment terms. Such customer service has helped us to develop long-lasting relationships with companies in all parts of the world.”

Kathie Leonard
President & CEO of
Auburn Manufacturing
*Exports to Canada, Mexico, South
& Central America, Australia*



HOW TO EXPORT TO CANADA

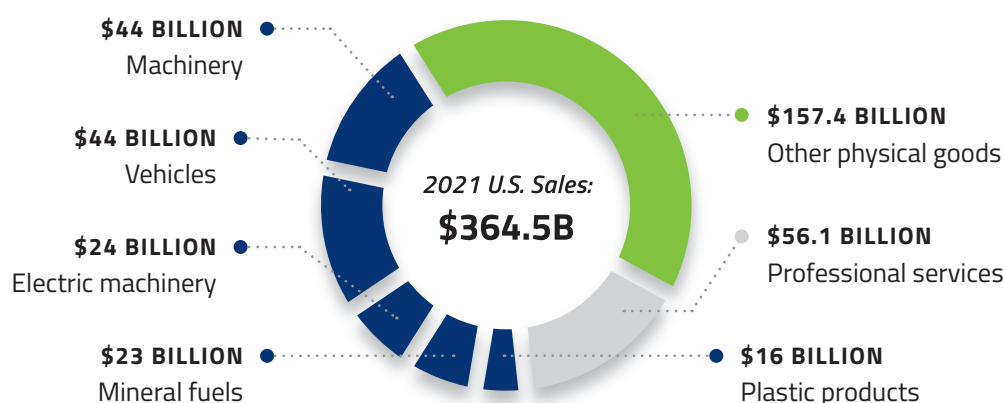
Market Opportunities and Strategies for American Exporters

Based on the U.S. Commercial Service's
2022 Canada Country Commercial Guide

WHY EXPORT TO CANADA?

The United States and Canada enjoy the world's largest and most comprehensive trading relationship that supports millions of jobs in each country. Canada is traditionally the top U.S. export market, accounting for \$364.5 billion and 17.5% of all U.S. goods exports in 2021; exports to Canada exceeded total U.S. exports to China, Japan, & India combined.

Whether your company is a first-time or seasoned exporter, consider making Canada a key component of your company's export growth strategy.



Current Trade Climate

In most industry sectors, Canada is a highly receptive, open, and transparent market for U.S. products and services, with Canadians spending more than 60% of their disposable income on U.S. goods and services. The nations share a similar lifestyle, engendering a certain level of cultural familiarity.

The United States, Mexico, and Canada are also parties to the USMCA, or the United States–Mexico–Canada Agreement, which entered into force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). The USMCA is a 21st century, high-standard trade agreement, supporting mutually beneficial trade resulting in freer markets, fairer trade, & robust economic growth in North America.



Quick Facts About Canada

COUNTRY SIZE:

3,511,023 square miles

POPULATION:

36.99 million people

LANGUAGE(S):

English and French

CAPITAL CITY:

Ottawa

LARGEST CITY:

Toronto

NOMINAL GDP:

\$1.99 trillion
9th highest worldwide

TOTAL IMPORTS:

Goods¹: \$507.6 billion
Services¹: \$104.9 billion
USA only: \$364.5 billion

CURRENCY:

Canadian Dollars (CAD)

All quick fact statistics are 2021 approximations. Monetary figures throughout this guide reflect USD.

¹ https://stats.wto.org/dashboard/services_en.html

INDUSTRY OPPORTUNITIES

U.S. businesses are finding new business opportunities in several of Canada's key industrial, governmental, and consumer sectors, including:



Aerospace

Canada is one of the world's largest aerospace markets with \$17 billion in revenues in 2020 supporting 207,000 jobs. Canada ranks first worldwide for civil flight simulator production, fourth in civil aircraft production, and third in civil engine production. Montréal, Québec is the world's third largest aerospace hub after Seattle, Washington and Toulouse, France.



Agriculture

Canada is the largest destination for U.S. exports of high-value agricultural products, with a 23% market share in 2021 and a value of \$18 billion. Consumer-oriented agricultural products are foods typically sold directly in supermarkets and used in restaurants. These high-value exports support over 130,000 jobs in the U.S., and many of the suppliers are small and medium-sized businesses.



Automobiles

Canada is the second largest automotive market in North America, highly integrated with the United States and Mexico through the USMCA. Imports represent approximately three quarters of its new vehicles market. In addition to auto sales, the automotive aftermarket annual retail value was relatively stable in 2021 and is estimated by the industry at over \$19 billion.



Renewable Energy

Canada is one of the leading countries globally utilizing renewable energy: hydro, wind, solar, biomass, along with significant developments in geothermal and marine energy. Renewable energy represented approximately 66% of total electricity generation in 2021. Canada ranks as the United States' second leading renewable energy market, after Mexico.



Technology

Canada has a very strong homegrown technology sector that is expected to grow through 2025. The Canadian ICT sector is highly trade dependent, importing \$37.5 billion in goods and exporting \$17.7 billion around the world in 2021. The United States is the second largest supplier of ICT goods to Canada.



Infrastructure

Public-Private Partnership opportunities exist within Canada's public infrastructure and government projects. In 2016, the Government of Canada unveiled the Investing in Canada Plan to invest over \$139 billion in key infrastructure sectors through 2028. This plan is underway and investments in infrastructure projects are expected to support the growth of Canada's construction industry. As of mid-2021, over 73,000 projects, with combined investments of over \$76B, have been approved for communities across the country.



Retail Goods

In consumer product sectors, Canada's wide ethnic diversity and high level of consumer disposable income provide broad food and consumer goods selling opportunities. Bridging all the country's industrial, governmental, and consumer buying channels is eCommerce, a large opportunity for U.S. exporters who seek to access the Canadian market. For example, in 2021 there were over 27 million eCommerce users in Canada, and it is estimated that retail sales will total \$40.3 billion by 2025.

SALES STRATEGIES

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

01

Pricing Models

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

02

Business Differentiators

Increasing competition translates into a need for competitive pricing, imaginative marketing, and discounts for agents and distributors. Other ways to differentiate from your competitors are to offer agents and distributors specialized training and flexible contract terms, or to offer end users after-sales support.

03

Corporate Values

U.S. companies, particularly small and medium-sized firms, must demonstrate credibility and a long-term commitment to the market. Identifying positive economic or environmental implications for Canada during sales presentations, will resonate strongly with Canadian counterparts. Identifying the sustainable aspects of a product is also a crucial selling point.

04

Customer Support

Like their counterparts in the United States, Canadian customers expect fast service and emergency replacement if required. Corporate clients often expect the U.S. seller to have an agent or distributor whom they can contact immediately if any problems arise. Be mindful of Canada's requirements for bilingual French/English messaging.

Networking

Local Professional Services

Canada's major cities boast an array of high-quality professional services firms. Professional associations in Canada include:

1. American Chamber of Commerce (AmCham)
2. Biotechnology Innovation Org.
3. Canadian Bar Association
4. Canadian Franchise Association
5. Canadian Lawyer Listing
6. Canadian Society of Professional Engineers
7. Chartered Professional Accountants Canada

Refer to Commercial Service Canada's website for a full list of providers².

Digital Networks

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

² <https://www.trade.gov/canada-business-service-providers>

IMPORTANT MARKET DIFFERENCES

Canada's subtle but important market differences from the United States include restrictions or inaccessibility of imports in some sectors, differing provincial regulations and sales channels, bilingual labeling and packaging requirements, certification standards, and Canadian customs procedures.

Businesses exporting to Canada must also be aware of legal differences, including:

Intellectual Property

Intellectual property is protected differently in Canada than in the United States, and the scope of protection is different. Intellectual property rights must be registered and enforced in Canada under local laws.

It is vital that companies understand intellectual property is primarily a private right and the United States government cannot enforce rights for private individuals in Canada. It is the responsibility of the rights holder to register, protect, and enforce their rights where relevant and entities must retain their own local counsel and advisors.

Small and medium-size companies should work with trade associations and legal counsel to protect IP and stop counterfeiting.

Ownership Limits

Foreign ownership limits apply to Canadian telecommunication, airline, banking, and cultural sectors. For more information on these restrictions, please consult the U.S. Department of State Investment Climate Statements website³.

³ <https://www.state.gov/reports/2022-investment-climate-statements/>

Government Requirements

Opportunities exist to sell to the Canadian government. Federal, provincial, and municipal procurement is open in principle to U.S. bidders.

Bidders must be registered in Canada to bid and must fulfill all Canadian requirements to be awarded contracts (mandatory requirements are not negotiable). In some cases, security clearances are required for personnel prior to submitting a bid.





HOW TO EXPORT TO MEXICO

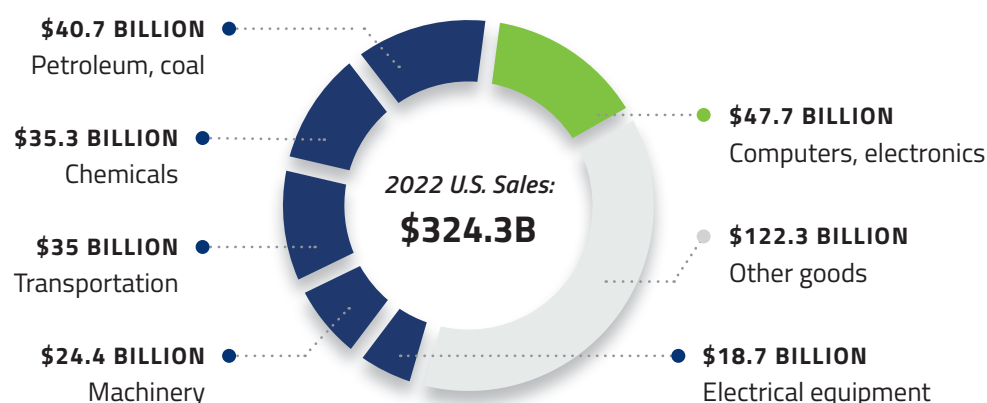
Market Opportunities and Strategies for American Exporters

Based on the U.S. Commercial Service's
[2022 Mexico Country Commercial Guide](#)

WHY EXPORT TO MEXICO?

Mexico is the largest Spanish-speaking country in the world. Its \$1.27 trillion economy is the second-largest in Latin America, and the country maintains deep trade and investment ties with the United States. U.S. exports to Mexico totaled \$324.3 billion in 2022, positioning Mexico as the second-largest overall U.S. trading partner. This large volume of trade continues to, directly and indirectly, support millions of U.S. jobs.

Close cultural, social, and economic ties make Mexico a natural market to consider for first-time exporters and those firms looking for new export markets.



Current Trade Climate

Mexico is the 16th-largest economy in the world and has generally enjoyed slow, but stable economic growth since the 1990s. Despite global headwinds related to ongoing COVID 19-linked supply chain disruptions, inflation, and geopolitical instability, Mexico's economy is expected to achieve low but steady levels of growth in 2022 and beyond driven in large part by external demand.

Given Mexico's large, diversified market, most U.S. products and services have ample market opportunities. The United States-Mexico-Canada Agreement (USMCA), which replaced the North American Free Trade Agreement (NAFTA) on July 1, 2020, provides additional trade-related benefits for U.S. companies.



Quick Facts About Mexico

COUNTRY SIZE:

761,600 square miles

POPULATION:

126.7 million people

LANGUAGE(S):

Spanish

CAPITAL CITY:

Mexico City

LARGEST CITY:

Mexico City

NOMINAL GDP⁴:

\$1.27 trillion
15th highest worldwide

TOTAL IMPORTS:

Goods⁵: \$578.2 billion
Services⁵: \$27.0 billion
USA only: \$324.3 billion

CURRENCY:

Mexican Peso (MXN)

All quick fact statistics are 2022 approximations. Monetary figures throughout this guide reflect USD.

⁴ https://stats.wto.org/dashboard/services_en.html

⁵ <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?view=map>

INDUSTRY OPPORTUNITIES

Given the size of the Mexican market, there is almost no product a company cannot sell successfully in Mexico with the right preparation, commitment, pricing, and service. Mexico's most promising sectors for U.S. exporters include:



Aerospace

Mexico's civilian aerospace market is huge, with nearly 50 percent U.S. share. It experienced 14 percent average annual export growth (2004–2019) and accounted for up to \$6 billion in accumulated direct foreign investment (2007–2017). Global demand for new aircraft and maintenance services—and growing air passenger flows—support a positive perspective post COVID-19.



Automotive

The USMCA requires that 75 percent of a vehicle's content (70 percent for heavy trucks) be produced in North America. Following a phase-in period, only goods meeting these content requirements will receive duty-free access. This is likely to provide new opportunities for U.S. exporters with local OEMs looking to increase the percentage of inputs in their supply chains from North American sources.



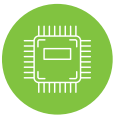
Environmental Technologies

There is a strong need for infrastructure modernization in the water sector and for technological solutions for solid waste. The National Water Commission budget for 2022 was approximately \$1.7 billion, which was used to fund improvements to existing potable water and municipal wastewater infrastructure, and increase infrastructure for water irrigation projects in Mexico's agriculture areas.



Electrical Power

Strengthening the role of CFE (the state-owned Federal Electricity Commission), so that it can become, as in the past, Mexico's primary supplier of electricity, is a top priority of the Government of Mexico. This offers opportunities for U.S. products, services, and technologies for distributed generation, energy efficiency, energy storage technologies, and small-scale renewable energy projects.



Advanced Manufacturing

Advanced manufacturing sits at the intersection of technology and automation. Mexico is among the five largest importers of advanced manufacturing technology globally. Companies implementing AM in their manufacturing increase efficiency and build more robust and resilient supply chains. Top opportunities include industrial robots, automated guided vehicles, and mobile robot automation; sensors for visual factories; and nanotechnology to produce advanced materials.



Construction

This sector—including building materials and specialized expertise such as sustainable building technologies and seismic stabilization—is a best prospect industry sector for Mexico. Construction elements and supplies that allow spaces to be adapted to different needs and uses will be in high demand, whereas the office and commercial construction markets are only likely to recover in the medium- to long-term.



Technology

Mexico is a large and developing middle-income market, making information and communication technology (ICT) products and services a best prospect industry sector. As in the U.S., the ICT sector is extraordinarily dynamic and diverse. The main opportunities for IT products and services are in sectors intensifying the use of IT and solutions that support operations, productivity, and cost reduction for manufacturing, retail, and financial services. These include cloud computing solutions, cybersecurity, mobile applications, software as a service (SaaS), IT administrative and consulting services, data centers, automation, and Artificial Intelligence.

SALES STRATEGIES

Despite the strong similarities with selling in the U.S. and familiarity with U.S. brands and ways of doing business, it is essential to remember local culture when you sell.

01

Language & Culture

In addition to developing strong working relationships with Mexican partners, U.S. firms should use Spanish-language materials and communicate in Spanish whenever possible. Be conscious of distinct cultural practices; hiring local staff can help facilitate relationships and provide insight on selling to the Mexican market.

02

Advertising

There are more than 1,500 trade shows per year in Mexico, which include industry trade shows and consumer-related trade shows. These offer a good opportunity for U.S. exporters to build market insights, research competition, view marketing trends, and network. In addition, print media is popular for advertising in Mexico. The Mexican Association of Advertising Agencies (AMAP) is a good source to identify the proper advertising agency and advertising strategies.

03

Pricing Models

U.S. exporters should look carefully at broker fees, transportation costs, and taxes to determine if products/services can be priced competitively. Companies shipping goods not made in the U.S. (or goods produced in multiple countries) can find their products subject to duties. It is also important to consider the value-added tax.

04

Due Diligence

U.S. firms are strongly advised to conduct due diligence on a Mexican firm or individual before entering into any type of agreement. In Mexico's larger cities, it is possible to hire a local consulting or law firm to obtain information. In addition, associations or local chambers can assist U.S. firms in locating economic reports on a particular firm.



Networking

Associations to Consider

Mexico has an extensive roster of business associations. For some general associations, here is a selected list, though there are dozens more for other specific sectors:

1. American Chamber of Commerce
2. Business Coordination Council (CCE)
3. Mexican Council of Foreign Trade
4. National Association of Importers & Exporters
5. Mexican Association of Accounting Firms
6. Mexican Confederation of Customs Brokers
7. U.S.-Mexico Chamber of Commerce

Refer to Commercial Service Mexico's website for a full list of providers⁶.

⁶ <https://2016.export.gov/mexico/businessserviceproviders/index.asp>

IMPORTANT MARKET DIFFERENCES

Mexican customs regulations, product standards, and labor laws may present challenges for U.S. companies. At the U.S. Embassy and consulates in Mexico, U.S. foreign service officers are available to guide firms on regulations that affect their export product or business sector.

In general, businesses exporting to Mexico must be aware of legal differences, including:

Intellectual Property

These rights are protected differently in Mexico than in the United States, so you need to understand specific procedures. Rights must be registered and enforced in Mexico under national legislation; U.S. trademarks and patents will not protect you. Securing of patents and trademark rights is on a first-to-file basis, so you should consider applying for trademark and patent protection even before selling your goods or services in the Mexican market. Intellectual property is mostly a private right and the U.S. government generally cannot enforce rights for private individuals in Mexico; it is the responsibility of the rights holders to register, protect, and enforce their rights, and where relevant, retain their own counsel and advisors. Companies may wish to seek advice from local experts in Mexican law.

Sector Limitations

Under the USMCA, the Mexican market is substantially open to most all U.S. products and services. However, 11 sectors are reserved for the Mexican government, in whole or in part, and three sectors reserved for Mexican nationals. Consult [annex I](#)⁷ & [annex II](#)⁷ for more.

⁷ <http://www.sice.oas.org/Trade/USMCA/English/NCMAAnnexIMexico.pdf>

Government Contracts

Upon being sworn in on December 1, 2018, the López Obrador Administration announced a new system of centralized procurement to support government anti-corruption efforts, to increase transparency and accountability, and to reduce costs. Any agency engaging in public tenders or other procurement methods is required to post all listings on CompraNet⁸. The agency will evaluate the bid on point-based, cost-benefit, or binary criteria. It first determines bids that meet all technical requirements, then awards the purchase to the lowest price bid automatically.

⁸ <https://compranet.hacienda.gob.mx/web/login.html>



LEARN MORE

The information presented in this brochure is sourced from the U.S. Commercial Service's Country Commercial Guides (CCGs), which includes in-depth reports on market conditions, opportunities, regulations and business customs for more than 140 countries. Prepared by U.S. Embassy staff worldwide and updated annually, the CCGs are the premier trusted source of market intelligence.



Talk to an Expert:

Get Trade Assistance

Ready to get started? Contact an international trade expert at EXIM for export assistance.



Next Steps:

Learn the Basics of Exporting

This ebook will give you all the information on creating a plan, financing, handling orders, shipping, legal concerns, and more.



Next Steps:

Access Financing Support

Download the Working Capital Loan Guide to learn about accessing capital, how EXIM can help, and more.



This is a descriptive summary to be used only as a general introductory reference tool. The complete terms and conditions of the policy are set forth in the policy text, applications, and endorsements.