

HOW TO EXPORT TO CANADA

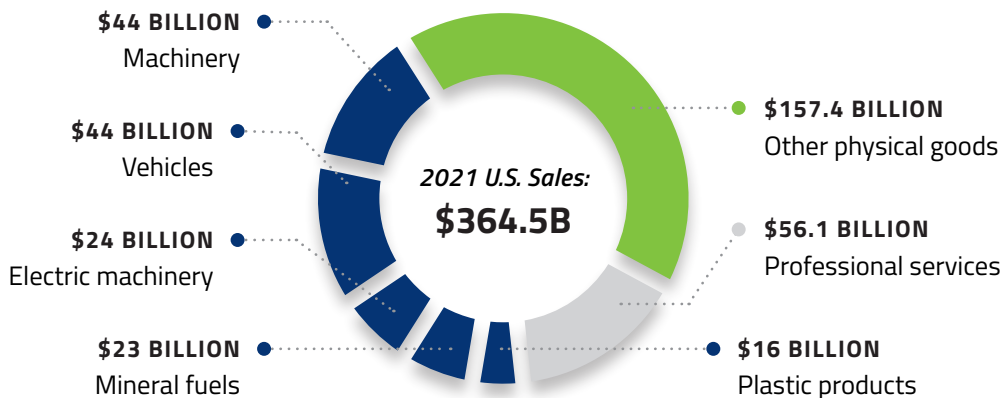
Market Opportunities and Strategies for American Exporters

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:
Goods: \$507.6 billion
Services: \$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.

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.

INDUSTRY OPPORTUNITIES (cont'd)



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 providers.

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.

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 website.

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.



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 specialist at the U.S. Commercial Service 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 Trade Finance Guide to learn about accessing capital, types of sales terms, 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.