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# Access Canada: A Guide on Exporting to Canada



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# Access Canada:

## A Guide on Exporting to Canada

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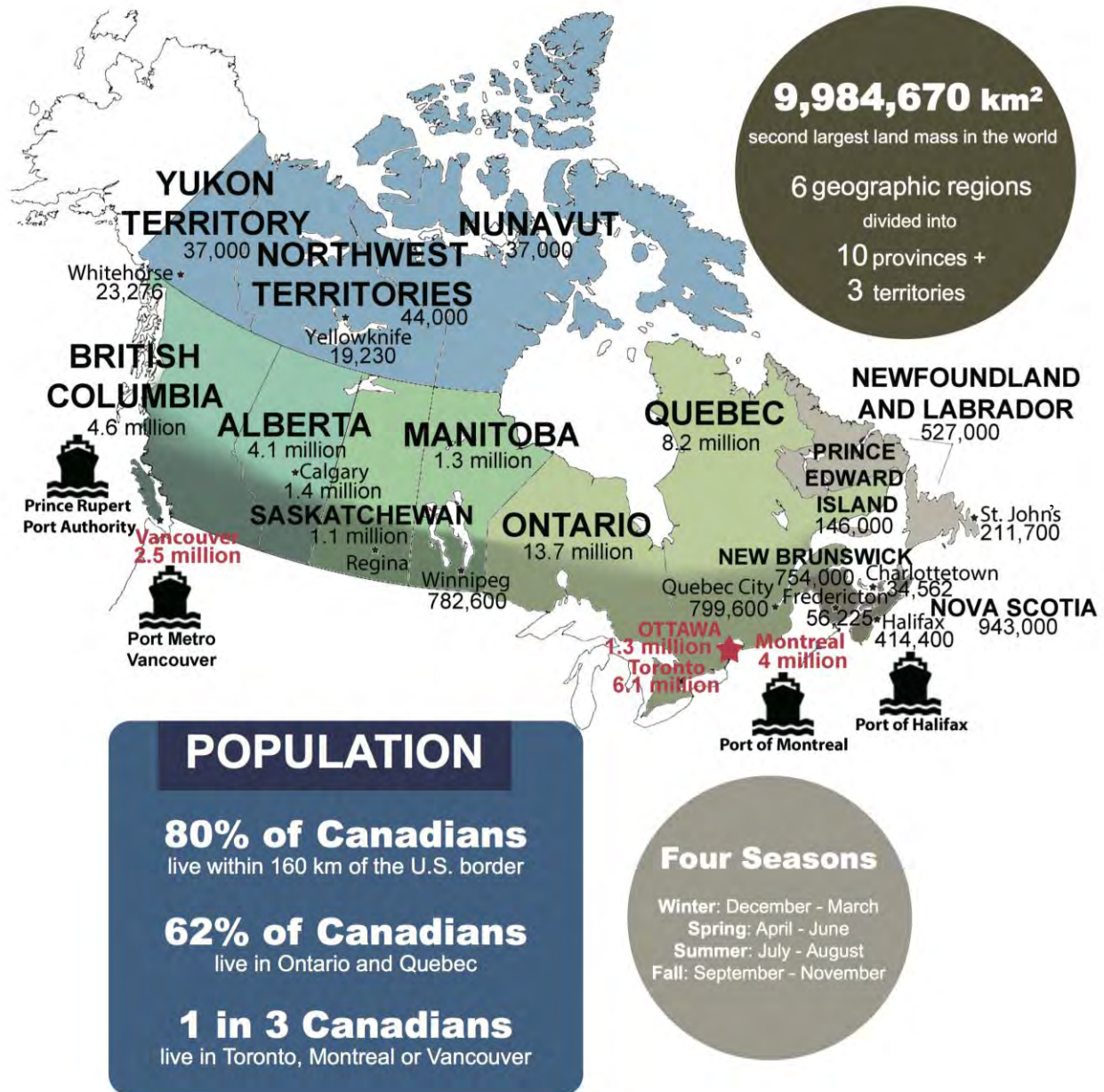
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# 1 Welcome to Canada



## ECONOMY



GDP: \$1.7 trillion<sup>2</sup>  
2.4% growth in 2014



Labour Force: 19 million<sup>3</sup>  
Unemployment rate: 6.8%



Currency: \$1 CAD



Inflation: 1% in 2014

## POLITICS

Type of Government:

- Parliamentary Democracy
- Federation
- Constitutional Monarchy

Levels of Government:

- Federal
- Provincial/Territorial
- Municipal

## BUSINESS



9:00 AM to 5:00 PM

Hours of Business: Monday to Friday

Retail Hours:

Monday through Sunday  
Open later Thursday & Friday

**6 time zones across Canada**

Pacific Time Zone, Mountain Time Zone, Central Time Zone, Eastern Time Zone, Atlantic Time Zone, Newfoundland Time Zone

Daylight Savings Time: 2nd Sunday of March

## SOCIETY

**35.5million**

Total Population 2014  
1% growth in 2014<sup>5</sup>

One tenth the Population of USA

**6.8 million**

Recent Immigrants  
20% of population<sup>6</sup>

**English & French**  
Two Official Languages

**Major Religions**



- 66% - Christian
- 3.2% - Muslim
- 24% - No Religion
- 6.8% - Other Religions<sup>7</sup>

## PUBLIC HOLIDAYS



**New Year's Day:** January 1

**Good Friday:** Late March/  
Early April

**Easter Monday:** Late March/  
Early April

**Victoria Day:** Monday before May 25

**Canada Day:** July 1

**St. Jean Baptiste:** June 24 (Quebec only)

**Civic Holiday:** 1st Monday in August (except Quebec and Yukon)

**Family Day:** Mid February

**Labour Day:** 1st Monday in September

**Thanksgiving:** 2nd Monday in October

**Remembrance Day:** November 11

**Christmas Day:** December 25

**Boxing Day:** December 26<sup>8</sup>

1. **Exports and imports:** Industry Canada, Trade Data Online, [Canadian Trade Balances](#), 2010–2014
2. **GDP:** Statistics Canada, CANSIM Table [380-0064](#), Real gross domestic product expenditure-based, 2010–2014
3. **Labour and unemployment:** Statistics Canada, CANSIM Table [282-0087](#), Labour force characteristics, as of May 2015
4. **Inflation:** Statistics Canada, CANSIM Table [326-0021](#), Consumer Price Index, 2010–2014
5. **Population:** Statistics Canada, [Canada's population estimates](#), as of January 1, 2015
6. **Immigration:** Statistics Canada, [Immigration and Ethnocultural Diversity in Canada](#), National Household Survey 2011
7. **Religion:** Statistics Canada, [Immigration and Ethnocultural Diversity in Canada](#), National Household Survey 2011
8. For a full list of provincial and federal holidays, consult the Canada Revenue Agency web page on [Public Holidays](#).

# 2 Why Export to Canada?

## 1. An Import-Oriented Market

Canada depends heavily on imports to drive economic growth and meet consumer demand. Canadian imports reached a five-year high of \$511 billion in 2014, making Canada the 13<sup>th</sup> largest import market in the world. Although Canada's market is approximately 10% the size of the U.S. market, it actually imports almost twice as much as its southern neighbours on a per capita basis. Growth in Canadian imports has been strong and stable, averaging 5% annually over the past five years (2010–2014). This upward trend is expected to continue as demand grows for foreign products.

*See section on the Canadian import market (p. 21)*

## 2. Diverse Consumer Tastes

Most of Canada's population growth is a result of immigration. In fact, 1 in 5 Canadians were born outside the country, giving Canada the largest proportion of foreign-born citizens among G7 nations. The 6.8 million immigrants who call Canada home come from more than 200 countries, with 13 different ethnic groups having populations of more than 1 million. As these communities grow, so does their demand for familiar products from their country of origin. Canada's multiculturalism also influences mainstream consumer tastes. Many products that once sold only to an ethnic niche market have now been widely adopted. This offers importers of new products substantially higher sales potential in Canada than in many other markets.

*See section on Canadian consumers (p. 10)*

## 3. Preferential Market Access

The Canadian government is committed to diversifying trade opportunities and has signed trade agreements with many developing and emerging countries. Canada has trade agreements with 43 countries that together account for half of the global economy. Over the past five years, Canada has signed bilateral trade agreements with Colombia, Jordan, Panama, Honduras and Korea, and is now negotiating 11 others. Canada also offers duty-free and quota-free market access to the least-developed countries as well as lower-than-normal tariff rates to over 100 other developing countries, giving them a competitive edge.

*See section on the Canadian trade system (p. 54)*

## 4. Consumer Purchasing Power

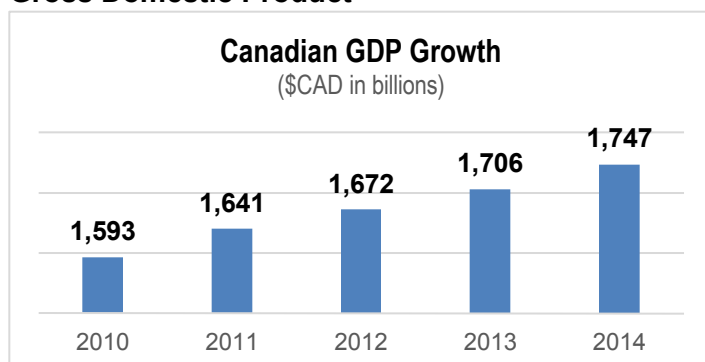
Canada's economy grew 2.4% in 2014 and inflation rates have remained below 3% for the past two decades. While there are signs that Canada is entering a recession, the economy remains stable and with a strong labour force. While Canada has a smaller number of luxury buyers than the U.S., the growth rate of top income-earners (more than \$150,000 per year) is outpacing the U.S. rate. New concentrations of wealth, especially around Calgary's oil boom, have attracted the attention of luxury retailers, with Nordstrom opening its first Canadian location in 2014.

*See section on Canadian consumers (p. 10)*



# 3 Canadian Economy

## Gross Domestic Product



Source: Statistics Canada, CANSIM Table [380-0064](#), 2010–2014

Over the past five years, Canada's gross domestic product (GDP) has grown at an average rate of 2% per year, reaching \$1.7 trillion in 2014.

Canadian GDP by Province		
Value in millions of \$CAD Real GDP chained at 2007 dollars		
Province	GDP (2013)*	Share total GDP of
Canada	1,705,567	100%
Ontario	632,368	37%
Quebec	331,231	19%
Alberta	302,966	18%
British Columbia	215,218	13%
Saskatchewan	62,716	4%
Manitoba	56,486	3%
Nova Scotia	36,042	2%
Newfoundland and Labrador	29,588	2%
New Brunswick	28,272	2%
Prince Edward Island	5,006	0.3%
Northwest Territories	3,632	0.2%
Yukon	2,283	0.1%
Nunavut	2,030	0.1%
Outside Canada	685	0.04%

Source: Statistics Canada, CANSIM Table [384-0038](#), Real gross domestic product, expenditure-based, 2013

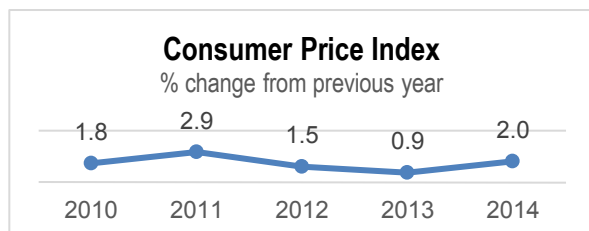
\*Most recent data available for GDP by province

Ontario and Quebec, home to the majority of Canada's businesses and financial institutions, continue to lead the provinces in GDP. With the collapse of global oil prices, growth in Alberta's largely resource-dependent economy has slowed considerably.

## Economic Outlook

With a collapse in oil prices and a weakening dollar, Canada appeared to be entering a recession in mid-2015. However, the Organisation for Economic Cooperation and Development (OECD) forecasts modest GDP growth of 1.5% for Canada in 2015 and 2.3% growth in 2016.<sup>1</sup>

## Inflation



Source: Statistics Canada, CANSIM Table [326-0021](#), 2010–2014

Canada's Consumer Price Index (CPI) measures inflation based on price changes for a range of consumer goods and services. In 2014, the CPI increased slightly to 2%, up from 0.9% in 2013. Canada has among the lowest inflation rates in the world; inflation has remained below 3% for over two decades.<sup>2</sup>

So far in 2015, the rate of inflation is modest for most items. One important exception is the price of food, which has risen by 3.8% in the past year. This change was driven primarily by higher prices for beef, fruits, vegetables and baked goods.<sup>3</sup>

Consumer Price Index (May 2014–May 2015) % change from previous year	
<b>All items</b>	<b>0.9</b>
Food	3.8
Shelter	0.5
Household operations and furnishings	3.4
Clothing and footwear	0.5
Transportation	–3.5
Health and personal care	1.3
Recreation, education and reading	1.9
Alcoholic beverages and tobacco products	3.9
<b>Special aggregates</b>	
All items excluding food	0.3
All items excluding energy	2.2
Energy	–11.8

Source: Statistics Canada, CANSIM Table [326-0020](#), 2014–2015

You can use the Bank of Canada's [Inflation Calculator](#) to compare prices for goods in Canada from year to year.

<sup>1</sup> OECD, [Canada: Economic forecast summary](#), June 2015

<sup>2</sup> [Conference Board of Canada](#), International Rankings: Inflation, 2012

<sup>3</sup> [Statistics Canada](#), Consumer Price Index, May 2015



## Business Spending

Capital investment in Canada has grown steadily over the past five years. In 2014, total capital investment reached \$405 billion, including \$108 billion in the housing sector.

Canadian Capital Expenditures by Sector \$CAD (millions)					
	2010	2011	2012	2013	2014
<b>Canada (total)</b>	<b>346,877</b>	<b>365,209</b>	<b>392,707</b>	<b>398,768</b>	<b>404,524</b>
Agriculture, forestry, fishing and hunting	94,398	95,588	105,243	105,235	107,085
Mining and oil and gas extraction	62,261	78,229	89,391	88,187	88,294
Utilities	40,382	38,042	36,178	36,927	37,923
Construction	23,136	25,453	27,429	31,784	30,486
Manufacturing	16,130	17,593	21,680	23,822	27,335
Wholesale trade	15,643	17,649	17,982	18,073	18,916
Retail trade	13,567	11,776	11,381	12,011	12,396
Transportation and warehousing	13,152	12,263	12,914	11,354	11,905
Information and cultural industries	10,259	9,975	9,690	10,100	9,921
Finance and insurance	8,302	8,195	9,572	10,211	9,115
Real estate and rental and leasing	9,886	9,126	8,754	8,770	8,863
Professional, scientific and technical services	10,099	9,822	10,282	9,617	8,861
Management of companies and enterprises	5,961	6,300	6,052	6,778	7,026
Administrative and support, waste management and remediation services	5,635	5,572	5,837	6,247	6,383
Educational services	5,325	4,984	5,659	5,949	6,371
Health care and social assistance	3,605	4,134	4,136	3,728	3,789
Arts, entertainment and recreation	3,321	3,689	3,687	3,673	3,397
Accommodation and food services	1,664	1,779	1,933	2,010	2,179
Other services (except public administration)	1,799	2,331	2,367	2,016	2,019
Public administration	2,125	2,402	2,205	1,971	1,952
Housing	228	308	334	307	312

Source: Statistics Canada, CANSIM Table [029-0005](#), 2010–2014

## Retail Sales

In 2014, retailers in Canada sold more than \$505 billion worth of goods and services. Over the past five years, retail sales have been led by motor vehicles, which reached \$120 billion in 2014, followed by food and beverage sales at \$111 billion. Exporters can distribute their goods in Canada through sector-specific stores (such as jewellery or home furnishing stores) or through department stores that carry a broad and revolving inventory of products.

Retail Sales by Type of Store \$CAD (millions)					
	2010	2011	2012	2013	2014
<b>Retail trade (total)</b>	<b>438,958</b>	<b>456,730</b>	<b>468,127</b>	<b>482,998</b>	<b>505,008</b>
Motor vehicle and parts dealers	95,540	100,088	105,149	111,752	119,730
Automobile dealers	82,156	86,095	91,034	96,803	104,440
New car dealers	76,425	80,211	85,089	90,515	97,937
Used car dealers	5,732	5,884	5,945	6,288	6,503
Other motor vehicle dealers	6,987	7,034	7,155	7,481	7,441
Automotive parts, accessories and tire stores	6,396	6,959	6,960	7,468	7,849
Furniture and home furnishings stores	15,035	15,013	15,198	15,350	15,912
Furniture stores	9,685	9,465	9,527	9,699	10,062
Home furnishings stores	5,350	5,548	5,671	5,650	5,850
Electronics and appliance stores	15,362	15,858	15,119	14,656	14,849
Building material and garden equipment/supplies dealers	27,610	26,917	26,988	27,458	28,262
Food and beverage stores	104,238	104,907	106,660	107,721	110,827
Grocery stores	81,125	81,182	82,228	82,370	84,556
Supermarkets and other grocery stores	74,500	74,715	75,655	75,843	77,692
Convenience stores	6,626	6,466	6,572	6,527	6,864
Specialty food stores	4,858	5,025	5,259	5,726	5,955
Beer, wine and liquor stores	18,255	18,700	19,174	19,625	20,317
Health and personal care stores	32,167	32,952	33,548	34,985	36,243
Gasoline stations	48,898	57,751	59,322	61,407	64,283
Clothing and clothing accessories stores	24,847	25,786	26,416	27,169	28,095
Clothing stores	19,323	19,952	20,456	21,284	22,063
Shoe stores	2,920	2,975	3,000	3,044	3,145
Jewellery, luggage and leather goods stores	2,605	2,858	2,961	2,841	2,888
Sporting goods, hobby, book and music stores	10,397	10,596	10,660	10,844	11,455
General merchandise stores	53,926	55,997	58,002	60,048	63,744
Department stores	n/a	26,680	26,712	26,484	27,320
Other general merchandise stores	n/a	29,317	31,290	33,564	36,424
Miscellaneous store retailers	10,938	10,866	11,065	11,608	n/a

Source: Statistics Canada, CANSIM Table [080-0020](#), 2010–2014

# 4 Canadian Consumers

## Population

Canada's population is about 35.5 million people. Growing at an average of 1% each year, the population is expected to increase to 43.5 million by 2025—three million from new births and five million from immigration.<sup>4</sup> If this trend continues, the population could reach 63.5 million by 2063.<sup>5</sup>

Most of the population is heavily concentrated in urban areas close to the U.S. border, with the top consumer markets being located in Ontario, Quebec and British Columbia. Alberta's consumer market has also grown considerably in recent years.

**Two-thirds of  
Canadians**  
live in Ontario and Quebec

**80% of Canadians**  
live within 160 km  
of the U.S. border

**7 in 10 Canadians**  
live in a major city

Canadian Population by Province				
Province	Population (2014)	Share of total population	Land area (km <sup>2</sup> )*	Population density (per km <sup>2</sup> )
Canada (total)	35,540,419	100%	8,965,121	4.0
Ontario	13,678,740	38%	908,608	15.1
Quebec	8,214,672	23%	1,356,547	6.1
British Columbia	4,631,302	13%	922,509	5.0
Alberta	4,121,692	12%	640,082	6.4
Manitoba	1,282,043	4%	552,330	2.3
Saskatchewan	1,125,410	3%	588,239	1.9
Nova Scotia	942,668	3%	52,939	17.8
New Brunswick	753,914	2%	71,377	10.6
Newfoundland and Labrador	526,977	1%	370,511	1.4
Prince Edward Island	146,283	0.4%	5,686	25.7
Northwest Territories	43,623	0.1%	1,143,793	0.04
Yukon	36,510	0.1%	474,713	0.08
Nunavut	36,585	0.1%	1,877,788	0.02

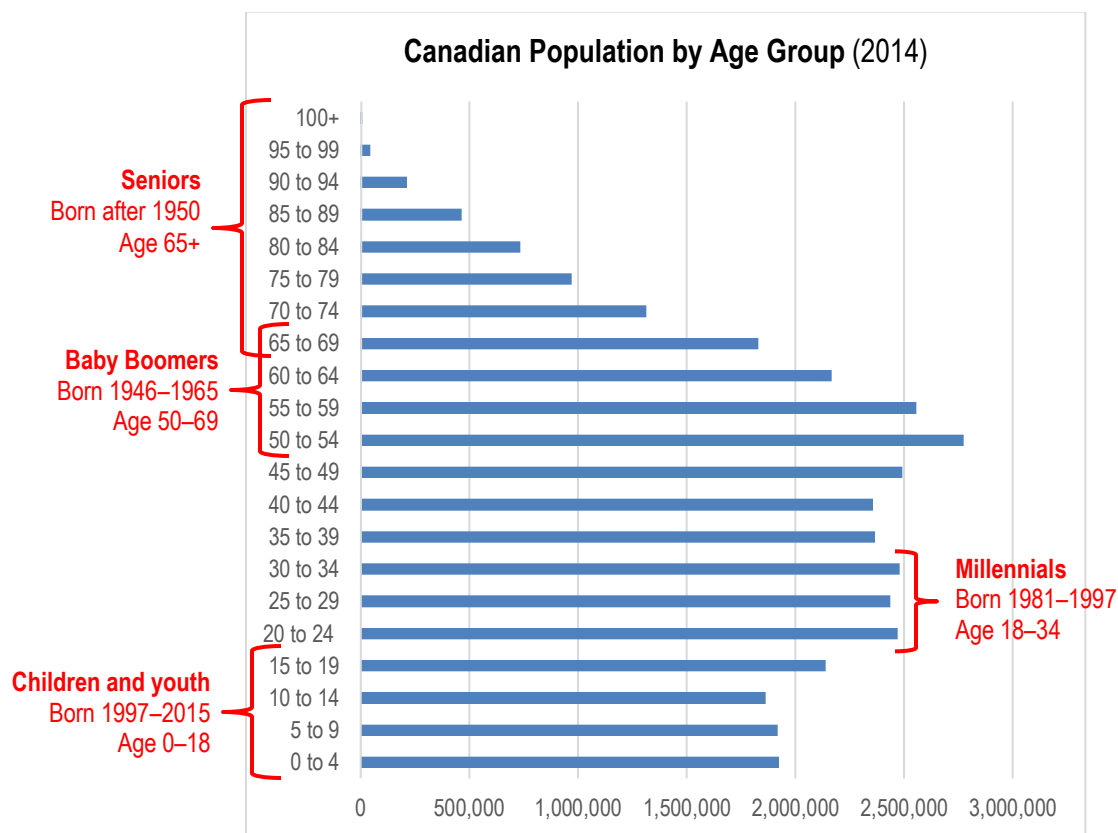
Source: Statistics Canada, CANSIM Table [051-0001](#), Estimates of population by age and sex for Canada, 2014.

\*Excludes Aboriginal reserves or Aboriginal settlement areas.

<sup>4</sup> George Condon, "Yes, you should pay attention to ethnic grocers", [Canadian Grocer](#), (April 1, 2013).

<sup>5</sup> [Statistics Canada](#), Population projections: Canada, the provinces and territories, 2013 to 2063.

## Age Groups



## Children and Youth - Influencing Parents' Spending

*Born: 1997–2015 (age 0–18)*

*Looking for: Convenience, health, safety, trusted brands*

Children and youth strongly affect their parents' purchasing habits. Following wider consumer trends, Canadian parents increasingly prioritize healthy foods and are more likely to buy organic products. Top trends of 2015 include healthy, preservative-free lunches and convenient home-cooked meals.<sup>6</sup> Food manufacturers are also appealing to children by offering smaller, pre-packaged servings of adult meals as well as kid-friendly fruit and vegetable snacks. With the wellbeing of their family as their top priority, parents are more likely to buy trusted name brands that are proven safe for children.<sup>7</sup> Because parents are extremely busy and don't have a lot of time, they want convenient solutions that make life easier. A 2014 survey found that 70% of Canadian parents are looking for baby products that are easy to prepare or use, and 60% are looking for time-saving products.<sup>8</sup> This market segment has traditionally targeted women because they were responsible for most day-to-day household purchases such as groceries and kids' clothing. In recent years, there is evidence that these responsibilities are being shared more evenly between men and women.<sup>9</sup>

<sup>6</sup> Amanda Baltazar, "Bye, brown bag lunches", [Canadian Grocer](#) (August 21, 2015).

<sup>7</sup> [Baby Centre](#), Millennial mom report highlights, 2014.

<sup>8</sup> [Newswire](#), Summary of BrandSpark's annual Canadian shopper study, January 1, 2014.

<sup>9</sup> Marion Chan, "Look who's buying groceries now", [Canadian Grocer](#) (July 8, 2015).



## **Millennials - Consumers of the Future**

*Born: 1981–1997 (age 18–34)*

*Looking for: Price, convenience, trends, eco-friendly, fair trade*

Millennials, also called Generation Y, are the consumers of the future. By 2020, millennials are expected to overtake their parents (the Baby Boomers) as Canada's largest consumer group.<sup>10</sup> These young adults are now entering the early to mid-phases of their careers, buying their first homes and starting families. With more diverse and open palates than other generations, they are always looking for new and better things to try, and are more open to adopting ethnic products that are new to this marketplace.<sup>11</sup> Wanting to keep up with trends leads to more purchases of low- to mid-end food, fashion and home décor products—in fact, 85% of millennials say they like to try new products regularly.<sup>12</sup> They also favour convenience and low-price retailers: the one-stop shops where they can buy all of the items on their shopping list. Millennials primarily base their purchasing decisions on price, with half looking for the least expensive brand when they shop.<sup>13</sup> As tech-savvy and informed consumers, millennials want to know about the products they buy and search out companies aligned with their own values (such as those that provide eco-friendly and fair trade products).

## **Baby Boomers - Today's Dominant Consumers**

*Born: 1946–1965 (age 50–69)*

*Looking for: Quality, niche/specialty, organics, natural ingredients*

Baby Boomers (born after the Second World War) are Canada's dominant consumer group and will continue to be for the near future. Most Baby Boomers are still active in the workforce and are entering senior roles in their careers. More than half earn an annual income of more than \$60,000<sup>14</sup>, which allows them to favour mid- to high-end products that offer superior quality and workmanship. As they age, this group is focusing on having a healthier lifestyle, increasing the demand for healthy, organic products and natural ingredients. Typically well educated, Baby Boomers value long-lasting quality and practical features over keeping up with trends and are willing to pay more for premium items. More so than other generation, Baby Boomers are likely to shop at specialty stores—and many will visit multiple stores to get the best products, advice and customer service.<sup>15</sup>

## **Seniors - Significant Population Growth**

*Born: Before 1950 (age 65+)*

*Looking for: Health, comfort, safety, ease of use*

Although seniors have a limited influence on the overall market, the population growth projected for this age group makes it important. By 2030, the youngest Baby Boomers will be 65 and approximately one-quarter (25%) Canadians will be seniors, up from 15% in 2013.<sup>16</sup> Many manufacturers are already adapting their products to tap into this growing market, appealing to seniors looking for extra comfort, safety and health benefits. This includes, for example, easy-to-open packages, labels with large print and home décor adaptations that prevent slips and falls. Very concerned about their health and wellbeing, seniors look for foods fortified with vitamins essential for their age group. Many live alone or with a spouse, creating a demand for individual meal portions and food products that are both healthy and easy to prepare. Opportunities in apparel and furniture are limited as many seniors keep or repair these items rather than buy new ones.

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<sup>10</sup> Birgit Blain, "Canadian food shopping trends", [Food in Canada](#) (November 18, 2014).

<sup>11</sup> [BrandSparks](#), Canadian shopper survey, 2015.

<sup>12</sup> [BrandSparks](#), Canadian shopper survey, 2015.

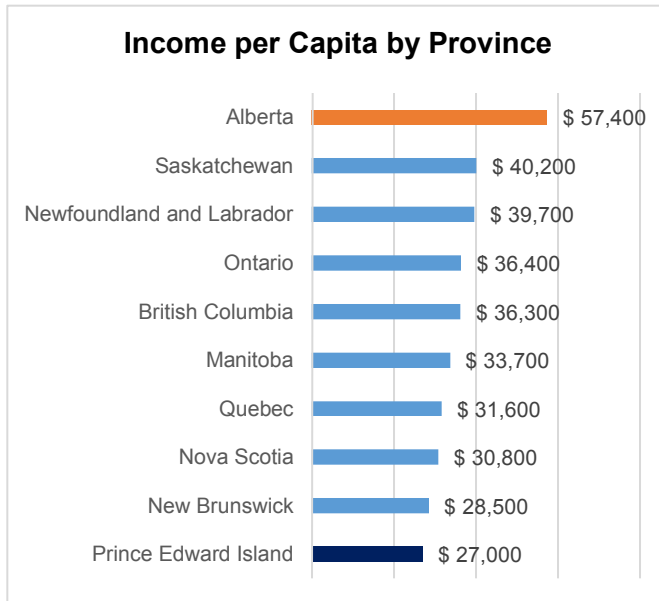
<sup>13</sup> Meagan Kashty, "Customization is key, say industry experts", [Canadian Grocer](#) (September 29, 2014).

<sup>14</sup> [Government of Alberta](#), Consumer Corner, Canadian Baby Boomers: Profile of Boomers, their food, consumption habits and attitudes, 2010.

<sup>15</sup> IBISWorld Canadian market reports.

<sup>16</sup> [Statistics Canada](#), Population projections, 2013 to 2063.

## Income and Spending



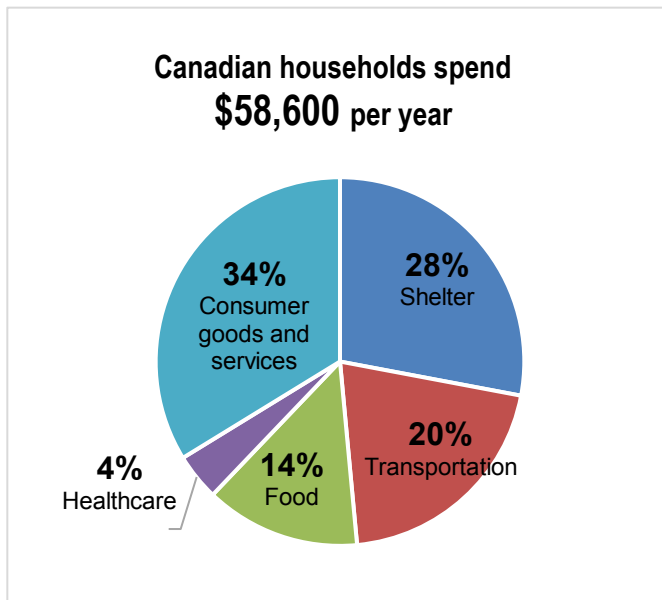
Source: Conference Board of Canada, [How Canada performs: Income per capita](#), 2013.  
Value in \$CAD.

### Household Income

Canadian households (including single persons, couples and families with children) earned an average income of \$76,550 in 2013 (the year where the latest data available).<sup>17</sup>

### Individual Income

Canadian average annual income per capita ranges from \$27,000 to \$57,000, depending on the province of residence. Alberta's above-average wealth is driven by the oil industry, while the Atlantic provinces continue a historical trend of lower earnings. Overall, per capita income is forecast to increase in 2015.<sup>18</sup>



Source: Statistics Canada, [Survey of household spending](#), 2013.  
Value in \$CAD.

### Household Spending

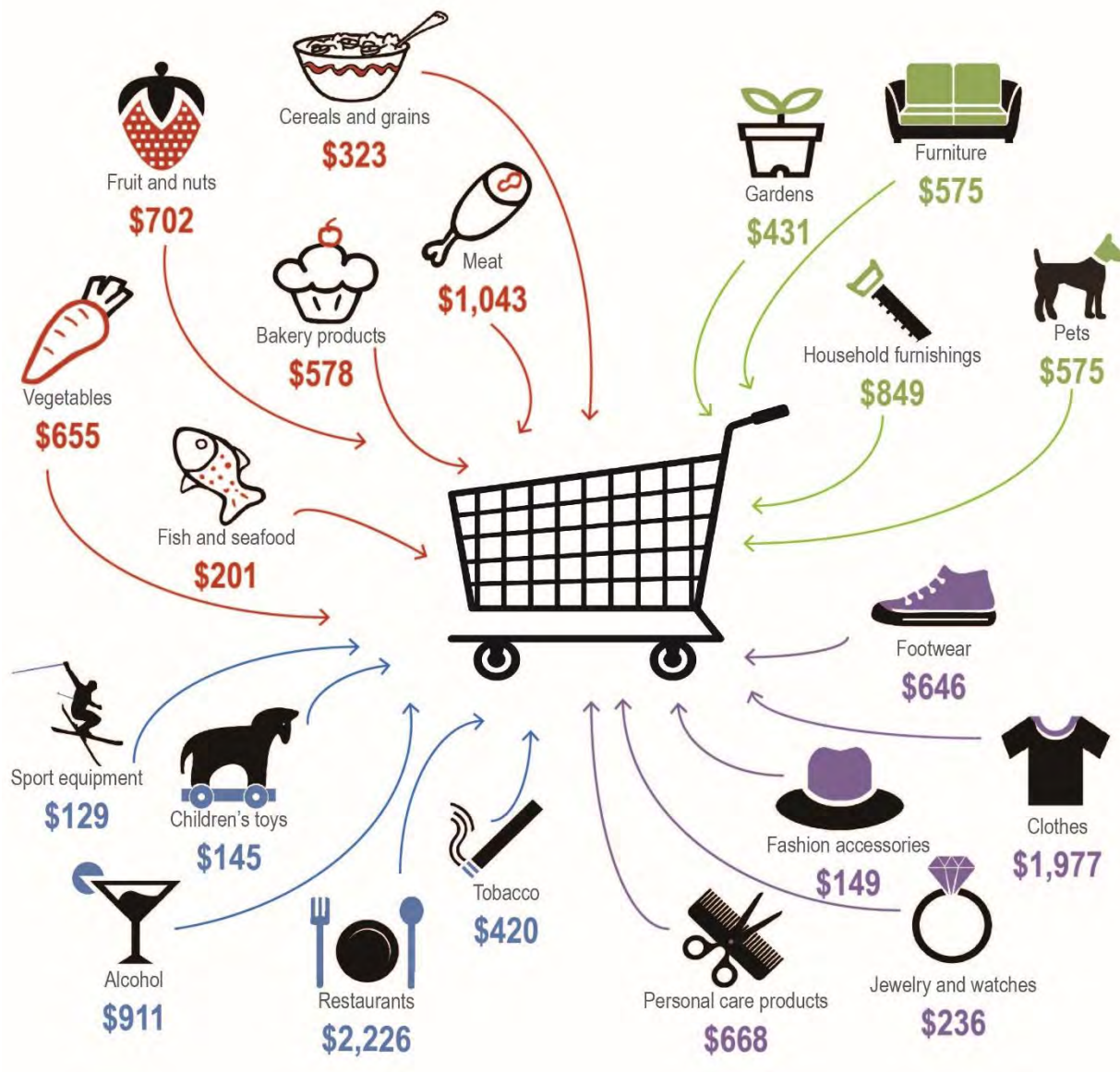
More than one-quarter of Canadians' household income goes toward taxes, pension/savings and insurance. Most of the remaining \$58,600 is spent on basic necessities such as shelter, transportation, food and health care, leaving 34% (close to \$20,000) available to spend on consumer goods and services.

<sup>17</sup> [Statistics Canada](#), Median total income, 2013.

<sup>18</sup> IBISWorld, Canadian industry reports, 2015.

## An Average Canadian's Shopping List (household spending per year)

Canadian households spend an average of \$58,600 on basic necessities each year. Here are some of the top items they buy and how much they spend on each per year:



Source: TFO Canada, Statistics Canada, CANSIM Table [203-0021](#), Survey of household spending, 2013.  
Value in \$CAD.

## Ethnic Market

**6.8 million immigrants**  
from over 200 countries

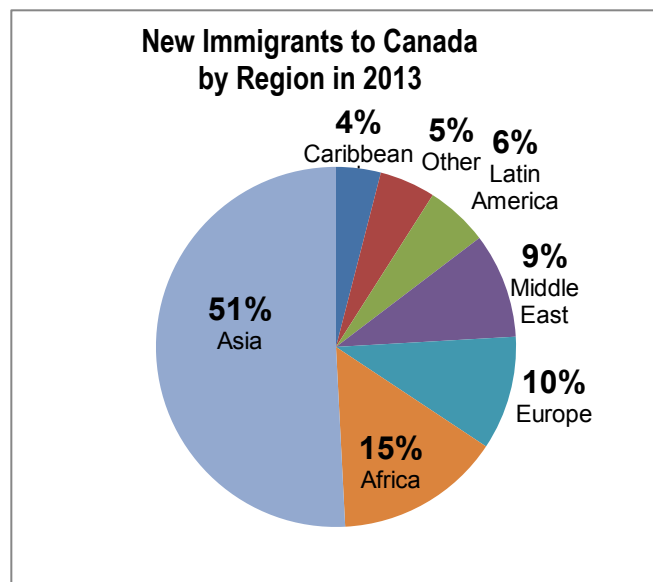
  
**1 in 5 Canadians**  
were born outside of Canada

### Immigration Continues to Drive Population Growth

Home to 6.8 million immigrants, Canada has the eighth-largest immigrant population in the world and the highest proportion of immigrants among the G7 countries.<sup>19 20</sup> Out of a projected population growth of 8 million people over the next 10 years, 5 million will come from immigration and 3 million from new births.<sup>21</sup> By 2031, it is estimated that as many as 12.5 million immigrants will be living in Canada, accounting for 30% of the population<sup>22</sup>—up from 20% in 2014.

### Increasingly Diverse Sources of Immigration

Europe has historically been the main source of immigration to Canada but it has steadily given way to other parts of the world. In 2006, Asia overtook Europe as the most common continent of origin among Canada's immigrant population. By 2031, it is estimated that more than half of all immigrants living in Canada will be Asian-born. At the same time, the proportion of African immigrants has almost tripled over the past two decades, increasing from 3% in 1981 to 7% in 2011. Over the same period, immigration from Latin America remained strong but stable at 15% of the total immigrant population.<sup>23</sup>



These changing patterns of immigration are confirmed by immigrant arrivals to Canada in 2013. Over half originated from Asia, followed by Africa (15%), Europe (10%), the Middle East (9%) and Latin America (6%).

Source: Citizenship and Immigration Canada, [Permanent residents by source country](#), 2013

<sup>19</sup> [Statistic Canada](#), Immigration and Ethnocultural Diversity in Canada, 2015

<sup>20</sup> [Statistics Canada](#), Canadian Demographics at a Glance, Section 3: Composition of the population, 2014

<sup>21</sup> George Condon, "Yes you should pay attention to ethnic grocers", [Canadian Grocer](#), (April 1, 2013)

<sup>22</sup> [Statistics Canada](#), Canadian Demographics at a Glance, Section 3: Composition of the population, 2014

<sup>23</sup> [Statistics Canada](#), Canadian Demographics at a Glance, Section 3: Composition of the population, 2014

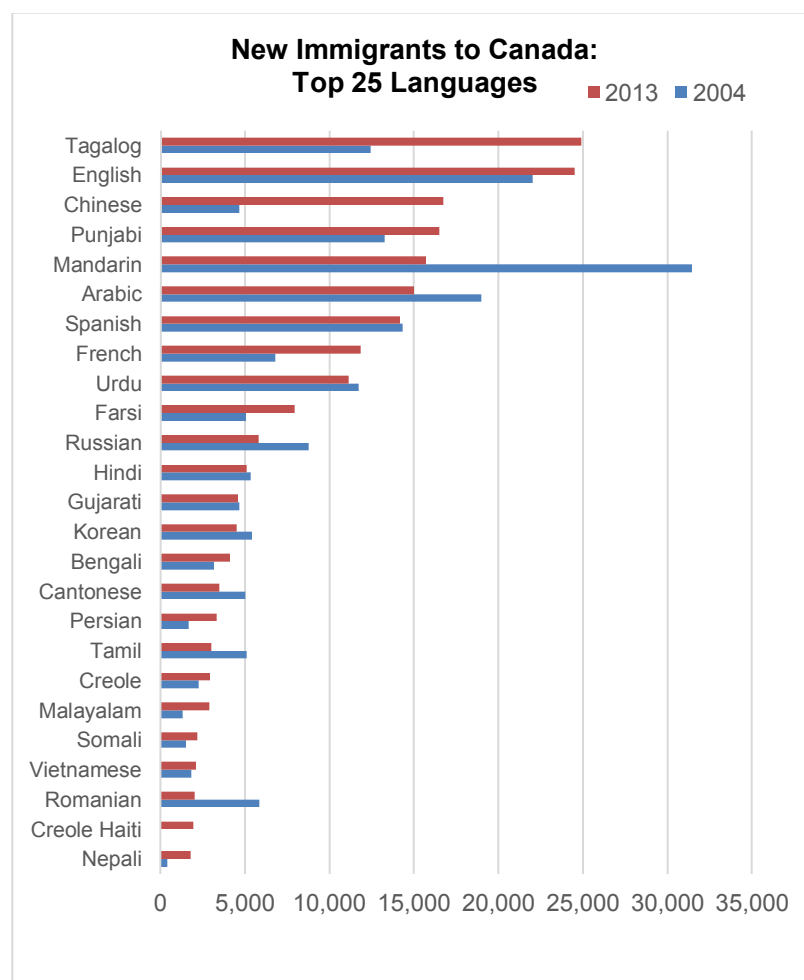


## Top Immigrant or Ethnic Markets

The following table gives a breakdown of the largest ethnic populations in Canada by source region and country.

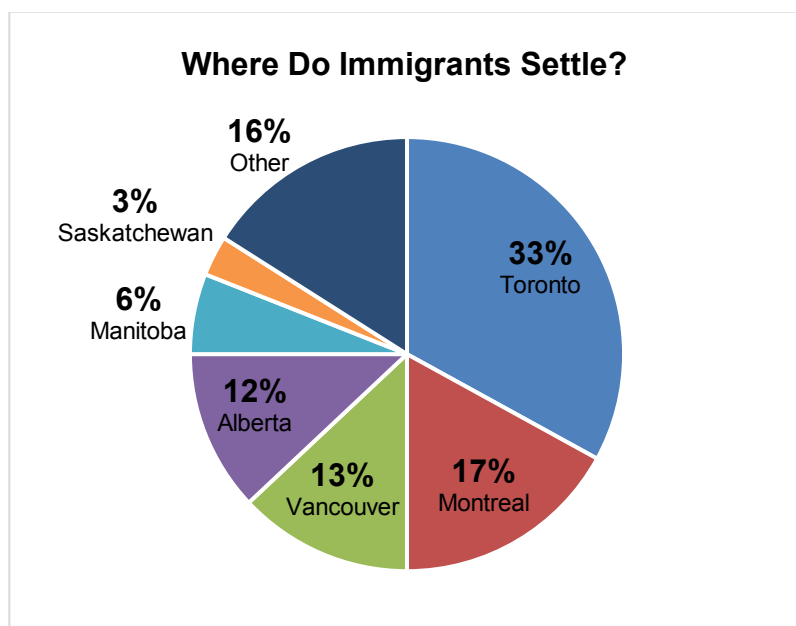
Latin America		Eastern Europe		Middle East	
<b>TOTAL</b>	<b>350,085</b>	<b>TOTAL</b>	<b>1,883,880</b>	<b>TOTAL</b>	<b>1,565,400</b>
Mexican	96,055	Ukrainian	1,251,170	Lebanese	190,275
Colombian	76,580	Greek	252,955	Iranian	163,290
Guyanese	75,350	Romanian	204,630	Afghan	62,815
Salvadorean	63,965	Czech	94,805	Armenian	55,745
Chilean	38,135	Serbian	80,320	Turk	55,435
Asia		Africa		Caribbean	
<b>TOTAL</b>	<b>3,704,640</b>	<b>TOTAL</b>	<b>273,270</b>	<b>TOTAL</b>	<b>518,920</b>
Chinese	1,487,580	Egyptian	73,250	Jamaican	256,915
East Indian	1,165,145	Moroccan	71,915	Haitian	137,995
Filipino	662,605	Algerian	49,110	Trinidadian/Tobagonian	68,230
Vietnamese	220,420	Somali	44,995	Barbadian	34,340
Korean	168,890	South African	34,000	Cuban	21,440

Source: Statistics Canada, [Ethnic origin population](#), National Household Survey, 2011



10 years ago, Mandarin was the most common language among new immigrants to Canada. Today it has been replaced by Tagalog, a language spoken in the Philippines. The number of immigrants who speak other Chinese languages, French, Punjabi or Farsi has also risen considerably over the past decade.

Source: Citizenship and Immigration Canada, [Permanent residents by top languages](#), 2004–2013  
Based on annual number of permanent residents to Canada by top languages reported as mother tongue.



Most immigrants (nearly two-thirds) settle in one of Canada's three largest cities: Toronto, Montreal and Vancouver. However, in recent years there has been a slight increase in immigrants settling in other cities in Alberta, Manitoba and Saskatchewan.

Source: Statistics Canada, [Changes in the regional distribution of new immigrants to Canada, 2000–2010](#)

### Untapped Potential of Ethnic Shoppers

As the number of immigrants to Canada continues to grow, so does the demand for familiar products from their countries of origin. Visible minorities represent half of all shoppers in Canada's urban centres, making them one of the largest and most influential consumer groups in the country.<sup>24</sup> Despite efforts by Canadian retailers to tap into this market, a recent survey reveals that two-thirds of visible minority shoppers cannot find enough ethnic foods or ingredients at their main grocery store.<sup>25</sup> Instead, they visit an average of three or more stores (including online retailers) to buy everything they need. Canadian retailers are working to target their product offering at each store location to better serve the ethnic profile of local customers—and are looking for suppliers of authentic ethnic products to meet these demands. Canada's cultural mix varies across the provinces, with French-speaking Quebec attracting more immigration from North and West Africa and Haiti, with the rest of Canada dominated by immigration from Asia.

### Multiculturalism Goes Mainstream

From mangos to kimchee, mainstream consumers are adopting many products once considered ethnic niche products into their everyday grocery and meal purchases. Despite increasing demand for global flavours, nearly half of non-minority Canadians say they cannot find enough ethnic foods and ingredients at their primary grocery store. Moreover, two-thirds say they would cook more multicultural cuisine if these items were more readily available.<sup>26</sup> To find the assortment of products they are looking for, 17% of Canadian households now shop at ethnic stores. These stores are experiencing one of the highest growth rates in retail sales, at 20% in 2014.<sup>27</sup> In response, conventional grocers such as Loblaws (the largest grocery food chain in Canada) and Walmart are integrating more ethnic products into their stores. Entire rows in supermarkets are now dedicated to ethnic products, usually grouped by origin or category such as halal, kosher, Latin American, Asian, etc. Once a product has established a brand name in ethnic stores, importers may be able to expand distribution to the mainstream retailers.

<sup>24</sup> Brian Ross, "The untapped potential of ethnic shoppers", [Canadian Grocer](#), (March 19, 2015)

<sup>25</sup> [LoyaltyOne](#), The Modern Grocery Shopper: Attitudes and Opinions Survey, August 2014

<sup>26</sup> [LoyaltyOne](#), The Modern Grocery Shopper: Attitudes and Opinions Survey, August 2014

<sup>27</sup> Birgit Blain, "Canadian Food Shopping Trends", [Food in Canada](#), (November 18, 2014)

## Halal Market

Canada has a Muslim population of more than 1 million people. This is expected to triple over the next 20 years, reaching 2.7 million (or 6.6% of the total population) by 2031.<sup>28</sup> Evidence suggests that demand for halal products is not being met within Canada's current \$1 billion market. A recent survey found that 70% of Canadians in halal households believe food manufacturers do not do enough to meet their dietary needs, and 61% do not find enough halal-certified products in major grocery chains.<sup>29</sup> To meet demand, Canadian retailers are introducing new lines of halal-certified products.<sup>30</sup> Exporters that are halal-certified will have a competitive edge. Below are the most common halal certifications used in Canada:



Halal Product Development Services  
[www.halalproductservices.com](http://www.halalproductservices.com)



Halal Monitoring Authority  
[www.hmacanada.org](http://www.hmacanada.org)



ISNA Halal Certification Agency  
[www.isnahalal.ca](http://www.isnahalal.ca)

## Ethnic Retailers



[T&T](#) is Canada's largest Asian supermarket chain, owned by Loblaw's, with over 22 stores in Ontario, British Columbia and Alberta.



[Adonis](#) is a Mediterranean and Middle Eastern retailer, 55% owned by Metro (the largest Quebec-based grocery chain), with seven stores in and around Montréal and one store in Mississauga, Ontario.



[Oceans](#) is a price-focused ethnic retailer with three stores in Mississauga.



[Sunny](#) is an Asian retailer that also offers halal products, with four stores in Ontario.



[Nations](#) is a high-end European, Middle Eastern, Caribbean and Asian retailer with two stores in Ontario.<sup>31</sup>

<sup>28</sup> The Future of the Global Muslim Population, [Pew Research Center](#), January 27, 2011

<sup>29</sup> Chris Powell, "Halal consumers feel underserved by food manufacturers and retailers", [Canadian Grocer](#) (February 24, 2015)

<sup>30</sup> Salima Jivraj, "The halal experience at GIC", [Canadian Grocer](#), (October 17, 2014)

<sup>31</sup> Iva Druzic, "Changing Shopping Patterns", [Canadian Dairy Information Centre](#) (May 2013)

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## Consumer Trends

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### Healthy Eating

Canadians are more food savvy, health conscious and ingredient conscious than ever before. According to a 2015 study, 84% of Canadians say they are trying to make healthier food choices and 41% are willing to pay a premium for food with health benefits.<sup>32</sup> The shift towards healthy eating habits includes incorporating more fresh fruits and vegetables into every meal, and looking for processed foods that offer good flavour with no or little added sugar, salt or fat.<sup>33</sup> Sales at Canadian health food stores grew 8% in 2014<sup>34</sup>, with mainstream grocers competing with dedicated aisles of healthy and organic products. Despite enormous growth in this area, a recent survey found that half of Canadians believe there are not enough convenient, healthy food options available, and 72% feel that healthier foods cost more than other foods.<sup>35</sup> Manufacturers are responding with innovative products that make eating healthy and fresh foods easier, tastier and more appealing, including new flavour combinations and ready-made fruit and vegetable snacks. Products with the greatest potential are certified organic, made with superfoods (nutrient-rich foods considered beneficial for health such as kale, blueberries and quinoa) and/or easy to prepare.

### Convenience

Canadians live busy lives and are looking to save time. Canadian households continue to shrink, with over 60% now comprising only one to two people. For the grocery market, this creates a need for smaller product sizes, single-serve (individual) portions, and products that make preparing meals at home quicker and easier.<sup>36</sup> Home meal replacement (HMR), which includes partially prepared or fully cooked meals, is one of the fastest growing sales categories in Canada and is estimated to be worth \$2.4 billion.<sup>37</sup> Within the HMR category, multicultural cuisine is the top growing segment.<sup>38</sup> Many new immigrants to Canada are overwhelmed by the new environment and household responsibilities. Lacking the support and extra help of extended family, they are looking for familiar products that make meal preparation easier.<sup>39</sup> Millennials are also driving growth in snacking and “mini-meals”<sup>40</sup> that are part of an active lifestyle, with some studies suggesting that some consumers eat as many as three to five times between meals.<sup>41</sup> The convenience trend is also evident in the apparel sector with the growth of fast-fashion brands (e.g., H&M, Forever 21) that offer consumers casual, inexpensive clothing.

### Eco-friendly and Organic

Canadians are increasingly looking for green products that are both good for the health of their families and the health of the planet. Recent studies point to a mainstream shift towards eco-friendly purchasing, with 86% of Canadians reporting they buy green products and 43% willing to pay more for products that are responsibly and ethically produced.<sup>42</sup> A large group of Canadian consumers (33%) will look for third-party certification, while 24% conduct their own research to verify environmental claims. Within the food market, more than half of Canadian consumers buy organic products every week<sup>43</sup> and 46% say that sustainably-sourced ingredients and socio-economic concerns are important factors in their purchasing decisions.<sup>44</sup> Industry experts predict that sales of organic foods will eventually overtake conventional produce to become

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<sup>32</sup> [BrandSpark](#), Canadian Shopper Study, 2015

<sup>33</sup> Mark Hamstra, “Produce Poised to Make Inroads On Quick-Service Menus”, *Produce Business*, 31, 4 (April 2015)–

<sup>34</sup> Birgit Blain, “Canadian Food Shopping Trends”, [Food in Canada](#) (November 18, 2014)

<sup>35</sup> [BrandSpark](#), Canadian Shopper Study, 2015

<sup>36</sup> [StatsCan](#) CANSIM Table 98–313, Household size, by province and territory, 2011 Census

<sup>37</sup> “Unveiling Opportunities in Multicultural”, *Canadian Grocer* (March/April 2015)

<sup>38</sup> “Unveiling Opportunities in Multicultural”, *Canadian Grocer* (March/April 2015)

<sup>39</sup> Alicia Androich, “Seven Surprising Facts About Your South Asian and Chinese Customers” *Grocery Habits*, *Canadian Grocer* (March/April 2015)

<sup>40</sup> Michael Eardley, “What’s In Store”, *Grocery Business*, 5, 2 (March/April 2015)

<sup>41</sup> Alicia Androich, “CEO Interview with Kevin Cleary: An Active Business”, *Canadian Grocer* (March/April 2015)

<sup>42</sup> “More consumers seeking out green products”, [Greenhouse Canada](#) (July 20, 2014)

<sup>43</sup> Alicia Androich, “CEO Interview with Kevin Cleary: An Active Business”, *Canadian Grocer* (March/April 2015)

<sup>44</sup> “Deliver on Delicious”, *Grocery Business*, 5, 2 (March/April 2015)



the new norm in Canada.<sup>45</sup> The main purchasers of green products are baby boomers, millennials and families with children.

### **Luxury Shoppers**

The Canadian luxury apparel market is now estimated at \$1.6 billion or 6% of total apparel sales, which is less than half the size of the U.S. luxury market.<sup>46</sup> Canada's high-income consumers remain a small niche: out of a population of 35.7 million, 380,000 Canadians earn an annual income of \$150,000–\$249,000, and only 180,000 earn more than \$250,000. Although the U.S. has a higher per capita income than Canada, the growth rate of Canadians earning above \$150,000 is increasing faster than the same group in the U.S. Luxury spending is also being driven by Canada's younger millennial generation, who have lower incomes but are willing to splurge on occasional high-end items.<sup>47</sup> For these reasons, growth in the luxury market, which outpaced many other categories in 2014, is attracting an unprecedented number of luxury retailers to Canada.<sup>48</sup> These have included Nordstrom, Jimmy Choo and high-end Canadian retailers Holt Renfrew, Harry Rosen and Saks Fifth Avenue (owned by Canada's Hudson's Bay Company). Much of the recent luxury retail growth has centered in Calgary but this is slowing as decreasing world oil prices affect incomes. Toronto, Montréal and Vancouver are also attracting more luxury retailers and independent boutiques looking to target Canada's high-income shoppers as well as affluent tourists, especially when the Canadian dollar is weak compared to the U.S. dollar.

### **Budget Shoppers**

The majority of Canadians are price-conscious consumers shopping on a limited budget. To stretch their dollars further, 60% of Canadians travel to more than one store to find the best price on different items and 90% stock up on their favourite products when they are on sale.<sup>49</sup> Price promotions (sales) are common in Canada and consumers expect them. This is especially true in the highly competitive food market, with 36% of all groceries being sold on price promotions in 2014.<sup>50</sup> Nearly 25% of Canadians report trying to reduce their grocery spending, partly in response to rising food prices due to a weaker Canadian dollar and higher world staple prices.<sup>51</sup> One of the biggest trends in Canadian grocery is the rise of discount stores owned by large retail food chains, such as Food Basics, No Frills, FreshCo and Price Chopper. Dollar stores (where most items are sold for one to a few dollars) are also becoming important players in Canadian retail as they expand their offerings of food, personal care and home decor items to compete with big box stores like Walmart and Costco. Montréal-based Dollarama, which currently has 900 locations across Canada, reported double-digit year-over-year sales growth in 2014—and plans to add 70–80 new stores every year.<sup>52</sup> Its American competitor Dollar Tree has expanded to 200 Canadian locations.<sup>53</sup>

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<sup>45</sup> Carol M. Bareuther, "Interview with Former Shnucks Produce Executive Mike O'Brien", *Produce Business*, 31, 4 (April 2015)

<sup>46</sup> [Financial Post](#), "Canada's luxury market stretched by next wave of retailers", September 15, 2014

<sup>47</sup> [Financial Post](#), "Gen Y driving the Canadian luxury goods market", June 19, 2012

<sup>48</sup> [Euromonitor International](#), "Luxury Goods in Canada, 2014"

<sup>49</sup> [BrandSpark](#), "Canadian Shopper Study, 2015"

<sup>50</sup> Birgit Blain, "Canadian Food Shopping Trends", [Food in Canada](#) (November 18, 2014)

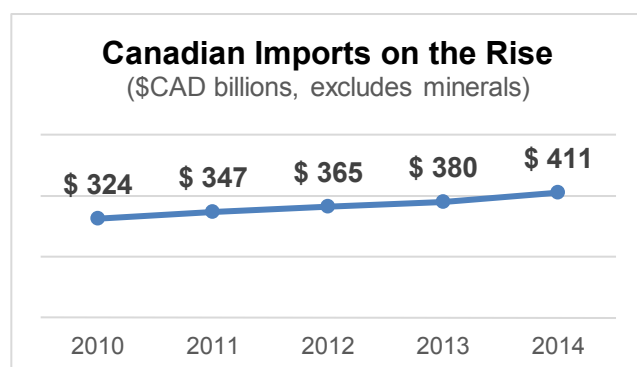
<sup>51</sup> Birgit Blain, "Canadian Food Shopping Trends", [Food in Canada](#) (November 18, 2014)

<sup>52</sup> [Dollarama](#), "Fourth Quarter Press Release", April 9, 2014

<sup>53</sup> Robin Sherk, "The rise of discounters", [Canadian Grocer](#) (March 2, 2015)

# 5 Canadian Import Market

## Size of the Market



Excludes minerals (HS Codes 26–27 and 71–80)  
Source: Industry Canada, Trade Data Online, 2014

**\$511 billion**  
Total Canadian imports



**\$411 billion**  
Imports excluding minerals

- 11<sup>th</sup> largest import market in the world
- 5% average annual growth
- Imports represent 31% of GDP

Source: Industry Canada Trade Data Online, ITC Trade Map, 2014  
Value in \$CAD

## How Does Canada Compare to the U.S.?

The Canadian market is approximately 10% the size of the U.S. market in terms of population, GDP and trade volumes. However, on a per capita basis, Canada imports almost twice as much as the United States. Canada depends heavily on imports for its economic growth and to meet consumer demand for foreign products, especially vegetables and fruit during the long winter months.

	 <b>Canada</b>		 <b>United States</b>	
<b>Population</b>	35.7 million		317 million	
	<b>Total</b>	<b>Per capita</b>	<b>Total</b>	<b>Per capita</b>
<b>GDP</b>	\$ 1,654 billion	\$ 46,320	\$16,086 billion	\$ 50,140
<b>Imports</b>	\$ 511 billion	\$ 14,310	\$ 2,660 billion	\$ 8,290
<b>Exports</b>	\$ 525 billion	\$ 14,680	\$1,792 billion	\$ 5,580

Source: Statistics Canada, U.S. Census Bureau, U.S. Department of Commerce, ITC World Trade Map, 2014  
Value in \$CAD

## 85% of imports

go to Ontario, Quebec and B.C.

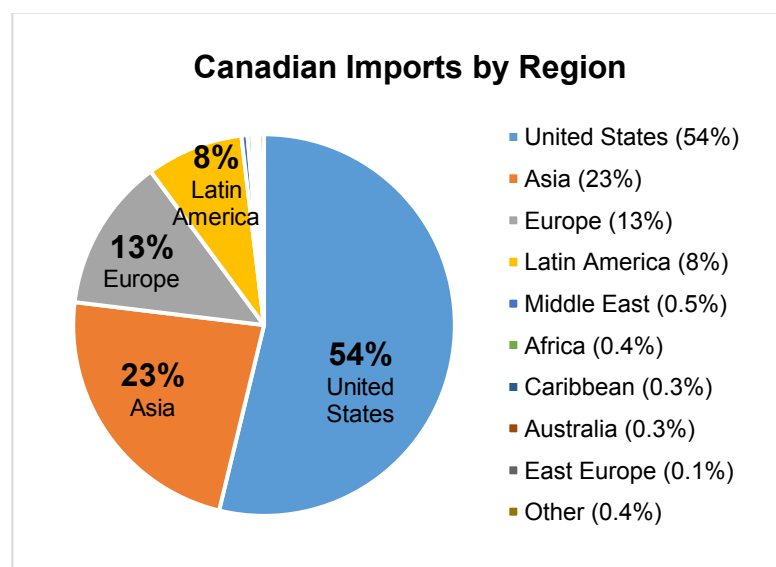
A large portion of these imports are then distributed to other provinces

Canadian Imports by Province			
Value in millions of \$CAD Excludes minerals (HS codes 26–27 and 71–80)			
Province	Imports (2014)	Share of Total Imports	Growth Rate* (2010–2014)
Canada	\$ 411,288	100%	5%
Ontario	\$ 258,355	63%	5%
Quebec	\$ 54,673	13%	4%
British Columbia	\$ 36,522	9%	4%
Alberta	\$ 22,123	5%	8%
Manitoba	\$ 12,223	3%	12%
New Brunswick	\$ 9,450	2%	4%
Saskatchewan	\$ 9,183	2%	7%
Nova Scotia	\$ 5,867	1%	-1%
Newfoundland and Labrador	\$ 2,652	1%	5%
Nunavut	\$ 93	0.02%	27%
Yukon Territory	\$ 69	0.02%	-5%
Prince Edward Island	\$ 77	0.02%	13%

Source: Industry Canada, Trade Data Online, 2014. Data not available for Northwest Territories.

\*Growth rate is the compound annual growth rate (CAGR) over the past five years (2010–14).

## Imports by Region and Country



Source: Industry Canada, Trade Data Online, 2014 <sup>54</sup>

The United States remains Canada's largest trading partner, accounting for more than half of all imports in 2014.

Europe continues to be a major exporter to Canada but has been surpassed by Asia, especially China.

Imports from Latin America are also strong, led by Mexico, a signatory to the North American Free Trade Agreement (NAFTA).

<sup>54</sup> Regional breakdown based on countries with imports valued over \$500,000. Excludes \$3.2 billion in re-imports to Canada.

## Imports by Top Sources

The following table provides a breakdown of the top sources of Canadian imports by region and country.

# \$220 billion

## Imports from the United States

Growth Rate: 5%

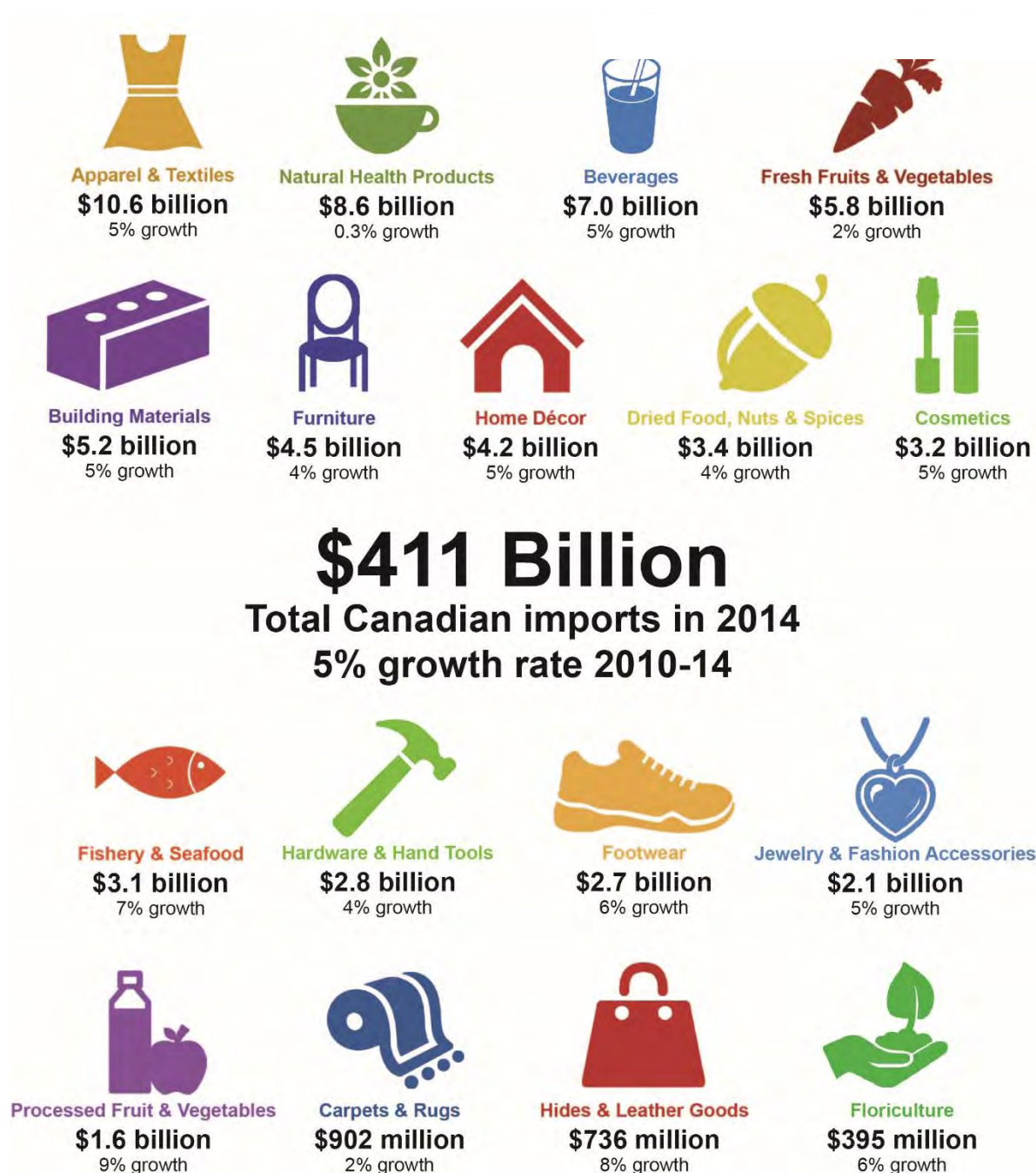
**Growth rate** is the compound annual growth rate (CAGR) over the past five years (2010–14)

Africa	Imports 2014	% of Total	Growth Rate		Asia	Imports 2014	% of Total	Growth Rate
<b>TOTAL</b>	<b>1,180,319,498</b>	<b>100%</b>	<b>1%</b>		<b>TOTAL</b>	<b>80,214,747,281</b>	<b>100%</b>	<b>1%</b>
South Africa	514,315,851	44%	3%		China	54,659,331,494	68%	3%
Morocco	277,044,324	23%	14%		Japan	12,632,002,465	16%	14%
Côte-d'Ivoire	219,684,993	19%	3%		South Korea	6,294,971,272	8%	3%
Egypt	95,126,123	8%	-5%		Taiwan	3,927,597,906	5%	-5%
Tunisia	74,148,207	6%	8%		Vietnam	2,700,844,144	3%	8%
Caribbean	Imports 2014	% of Total	Growth Rate		Middle East	Imports 2014	% of Total	Growth Rate
<b>TOTAL</b>	<b>1,284,431,178</b>	<b>100%</b>	<b>2%</b>		<b>TOTAL</b>	<b>2,114,226,310</b>	<b>100%</b>	<b>5%</b>
Cuba	550,024,639	43%	-3%		Israel	959,417,730	45%	2%
Jamaica	264,193,950	21%	10%		Turkey	854,507,270	40%	9%
Dominican Republic	194,118,468	15%	7%		UAE	65,644,730	3%	20%
Trinidad & Tobago	182,958,472	14%	7%		Jordan	58,932,393	3%	26%
Haiti	40,350,928	3%	9%		Oman	50,582,417	2%	23%
Latin America	Imports 2014	% of Total	Growth Rate		Europe	Imports 2014	% of Total	Growth Rate
<b>TOTAL</b>	<b>33,517,897,945</b>	<b>100%</b>	<b>5%</b>		<b>TOTAL</b>	<b>52,911,665,582</b>	<b>100%</b>	<b>5%</b>
Mexico	26,572,835,528	79%	6%		Germany	14,993,669,238	28%	7%
Brazil	2,663,170,659	8%	2%		United Kingdom	6,533,249,351	12%	2%
Chile	936,612,919	3%	2%		Italy	6,010,237,769	11%	7%
Costa Rica	574,358,590	2%	6%		France	5,570,610,355	11%	2%
Colombia	483,172,516	1%	3%		Switzerland	3,768,665,963	7%	6%
East Europe	Imports 2014	% of Total	Growth Rate		Other	Imports 2014	% of Total	Growth Rate
<b>TOTAL</b>	<b>138,836,566</b>	<b>100%</b>	<b>9%</b>		<b>TOTAL</b>	<b>1,512,321,964</b>	<b>100%</b>	<b>6%</b>
Ukraine	51,882,516	37%	1%		New Zealand	586,570,763	39%	7%
Belarus	48,395,956	35%	17%		Russia	447,675,282	30%	7%
Bosnia-Herzegovina	16,714,898	12%	16%		Norway	381,307,973	25%	3%
Macedonia	14,713,751	11%	14%		Serbia	76,485,696	5%	53%
Albania	7,129,445	5%	12%		Faroe Islands	7,697,162	1%	7%

Source: Industry Canada, Trade Data Online, 2014



## Imports by Sector



Source: TFO Canada, Industry Canada Trade Data Online, 2014

\*Growth rate is the compound annual growth rate (CAGR) over the past five years (2010–14)

**Market Information Papers and Webinars: [www.tfocanada.ca](http://www.tfocanada.ca)**

Exporters registered online for TFO Canada's trade information services have free access to over 22 sector-specific Canadian [Market Information Papers](#) as well as [Webinars](#) by Canadian trade experts. These tools offer more detailed information on each Canadian sector, including market size, consumer trends, regulations and route-to-market.

***Spotlight: Three Key Import Sectors for Developing Countries*****Agri-Food Imports**

- Canada imported \$35 billion in agri-food products in 2014
- Half is supplied by the U.S., the rest by over 190 countries
- 70% of processed foods sold in Canada are imported
- 80% of organic foods sold in Canada are imported
- 80% of fruit and vegetables sold in Canada are imported

**Apparel & Textile Imports**

- Canada imported \$10 billion in apparel and textiles in 2014
- Half is supplied by China, Bangladesh and Cambodia
- Growing sales from Jordan, Vietnam, Sri Lanka, Philippines, Nicaragua and Guatemala

**Home Décor Imports**

- Canada imported \$4 billion in home décor items in 2014
- Half is supplied by China and another quarter by the U.S.
- Growing sales from Mexico, Vietnam, Taiwan, South Korea, India, Philippines, Bangladesh

**Sources:**

1. Keith Mussar and Associates, "The Potential Impact of New Safe Foods for Canadians Regulations on the Export of Food to Canada", Presentation in Ottawa, March 11–12, 2015
2. Canadian Apparel Federation, The 2015–2019 Canadian Retail Apparel Market, Seminar in Toronto, May 28, 2015
3. TFO Canada Market Report, Home Decor, 2013; and Industry Canada, Trade Data Online, 2014

# 6 Regional Markets



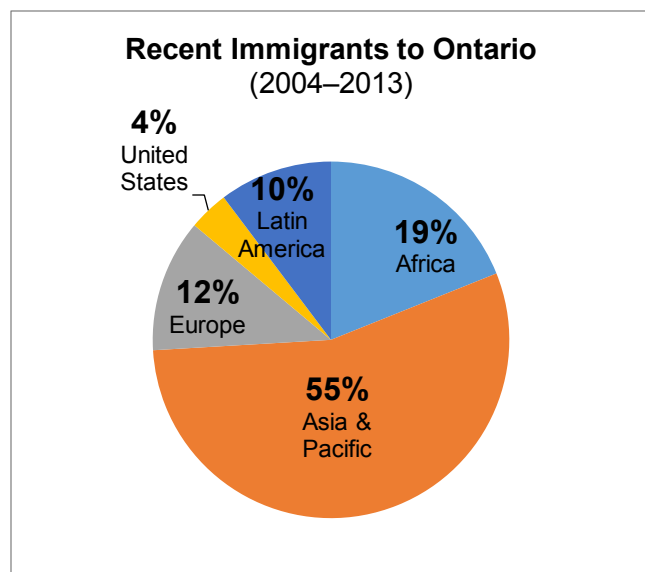
Canada's 10 provinces and three territories can be divided into five regional markets:

No.	Region	Provinces and Territories Covered
1	East Coast or Atlantic Canada	New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador
2	Central Canada	Ontario, Quebec
3	The Prairies	Manitoba, Saskatchewan
4	Western Canada	Alberta, British Columbia
5	Northern Canada	Yukon, Northwest Territories, Nunavut

## Ontario

- 38% of Canada's population (13.7 million)
- 63% of total imports (\$258 billion)
- 37% of GDP (\$632 billion)

Source: Statistics Canada, Industry Canada, 2014



### Opportunities

**Luxury:** Ontario is home to nearly half of Canada's top 1% of income earners (those who earn \$191,000 or more per year.)<sup>55</sup> Most live in Toronto, making this city a hub for high-end luxury goods.

**Ethnic:** Ontario attracts more immigrants than any other province. With large populations from all corners of the world, the province offers strong opportunities for introducing new ethnic products.

**Halal:** Half of Canada's Muslim population lives in Toronto, giving this city the highest concentration of Muslims in all of North America.<sup>56</sup> Toronto hosts North America's largest halal food festival, attracting 27,000 visitors each year.<sup>57</sup>

Source: [Citizenship and Immigration Canada](#), Permanent residents by source country, 2013

## Toronto

*Population: 6 million*

Toronto is the largest urban centre in Canada, the capital of Ontario and the engine of this province's industrial base. It is also Canada's centre of finance and business, with more than half of the country's leading companies, banks and financial institutions headquartered there. More importers and buying departments from major Canadian retailers are located here than anywhere else, making it a focal point for new suppliers to Canada. Toronto is renowned as one of the most multicultural cities in the world, with 1 in 2 inhabitants born outside of Canada.<sup>58</sup>

## Ottawa–Gatineau

*Population: 1.3 million*

Ottawa, Canada's national capital, is located on the border of Ontario and Quebec. As such, its economy is closely connected to that of its neighbour across the Ottawa River, Gatineau. Collectively, this area is known as the National Capital Region. Its population lives and works across the provincial border and is generally well-educated and bilingual. Ottawa is one of the wealthier urban markets in Canada, with employment dominated by the federal government and technology companies.

## Other Major Cities

Hamilton, Kitchener–Cambridge–Waterloo, London, St. Catharines, Oshawa, Windsor, Kingston.

<sup>55</sup> [National Post](#), "Canada's 'one-percenters' earn at least \$191,000 a year, most likely are male, live in Toronto", September 11, 2013

<sup>56</sup> Danielle D'Agostino, "Special Report: Are you halal ready?", [Nourish Marketing](#) (March 2015)

<sup>57</sup> For more information visit [www.halalfoodfestto.com](http://www.halalfoodfestto.com).

<sup>58</sup> Diversity Facts, 2015, [City of Toronto](#)

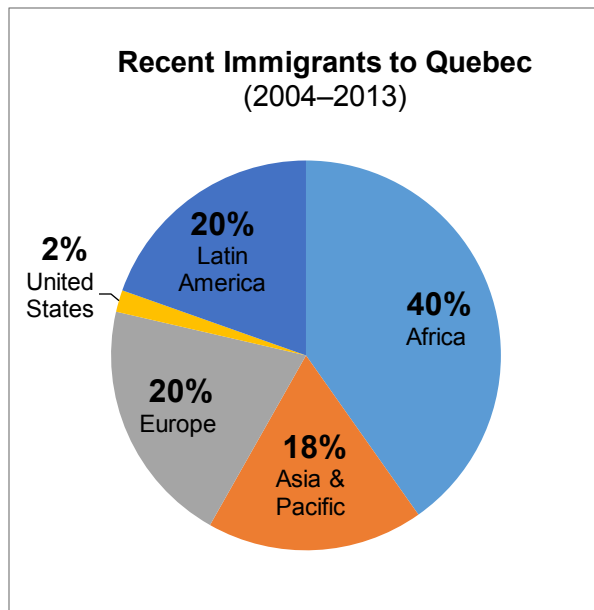
## Quebec

- 23% of Canada's population (8.2 million)
- 13% of total imports (\$55 billion)
- 19% of GDP (\$331 billion)

Source: Statistics Canada, Industry Canada, 2014

### French and English

The province of Quebec, where French is widely spoken, is often the first point of entry for suppliers from French-speaking countries. However, English is also widely used across Quebec's business sector and is spoken by most buyers.



### Opportunities

**Gourmet Food:** Quebec is known for its foodie culture and love of wine, with tastes that are more European than the rest of Canada. Consumers are open to new and exotic flavours, with a strong preference for gourmet and organic foods.

**Independent Retailers:** Quebec is the only province with a higher percentage of independents than chain stores. This is particularly true for gourmet grocers, fashion boutiques and design showrooms that offer unique, high-end products at a premium price.

**African and Haitian Communities:** Quebec is home to large, multi-generational communities of immigrants from the French-speaking countries of West and North Africa (e.g., Morocco, Tunisia) as well as Haiti. The cultural mix in Quebec is therefore quite different from the rest of Canada, where Asian cultures are more prevalent.

Source: [Citizenship and Immigration Canada](#), Permanent residents by source country, 2013

### Montréal

*Population: 4 million*

Montréal is Canada's second largest urban centre and one of the largest French-speaking cities in the world. While the province of Quebec is less prosperous than other areas of Canada, Montréal is an affluent city with sophisticated consumers. A significant number of major corporations are based here, especially in information and communications technology, transportation, electronic goods, fashion, engineering, aerospace, pharmaceuticals and financial services. With its major port and significant number of importers, Montréal is the focal point for suppliers hoping to enter the Quebec market.

### Other Major Cities

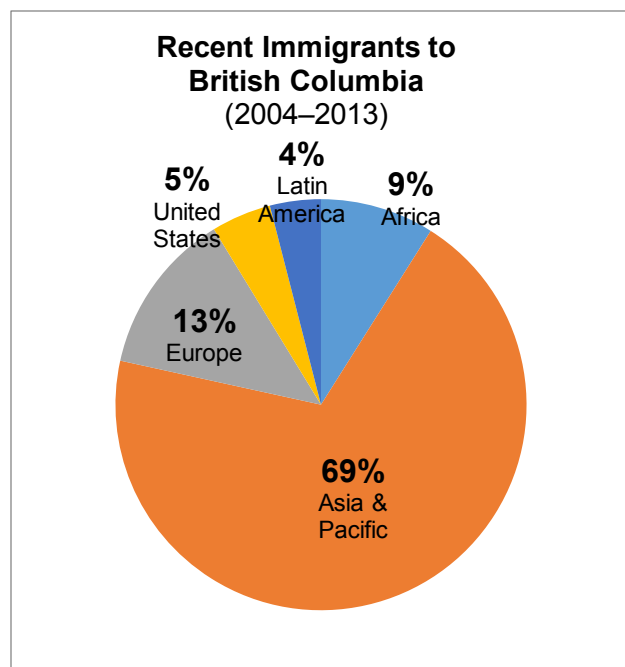
Québec, Sherbrooke, Saguenay, Trois-Rivières, Laval.



## British Columbia

- 13% of Canada's population (4.6 million)
- 9% of total imports (\$37 billion)
- 12% of GDP (\$215 billion)

Source: Statistics Canada, Industry Canada, 2014



### Opportunities

**Asian Community:** Vancouver is considered the most Asian city outside of Asia. Nearly half (43%) of its population is of Asian heritage, with the largest groups being from China, India and the Philippines.<sup>59</sup>

**Health Food:** The west coast of Canada is known for its preference for healthy, natural and organic foods. Residents of Vancouver buy more fresh produce and pay more for it than the rest of Canada.<sup>60</sup>

**Eco-friendly:** British Columbia has a strong reputation for environmental awareness, with 71% of consumers saying that the environmental performance of retailers is a key factor in how they decide where to buy.<sup>61</sup>

Source: [Citizenship and Immigration Canada](#), Permanent residents by source country, 2013

### **Vancouver**

*Population: 2.5 million*

A port city on the Pacific coast, Vancouver is the largest urban market in Western Canada. For decades large numbers of Asian immigrants have settled in Vancouver, transforming this city's ethnic and cultural mix. As the city's population has increased, housing and commercial real estate prices have risen dramatically. The city was founded on the forestry and mining industries, but over the past decade it has diversified its economy to include film and television production, banking, accounting and technology. Vancouver has a significant number of importers (although fewer than Toronto and Montréal) and is the entry point for most Asian exports to Canada.

### **Other Major Cities**

Victoria, Kelowna, Abbotsford–Mission.

<sup>59</sup> [Vancouver Sun](#), "Vancouver is the most 'Asian' city outside Asia", March 28, 2014

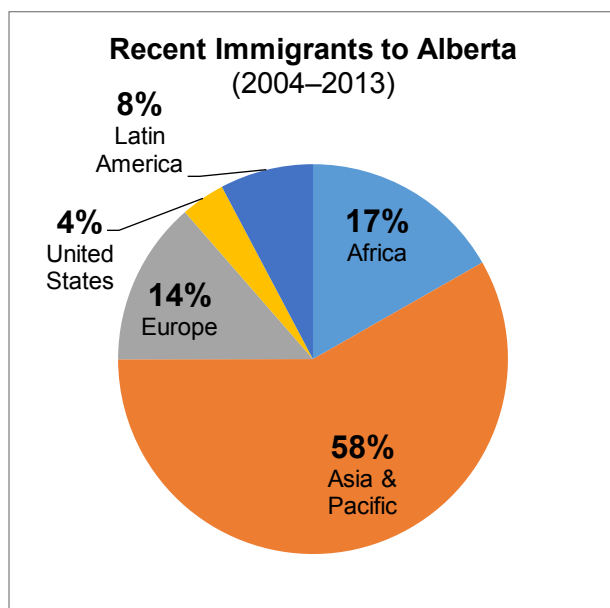
<sup>60</sup> "Champions at the Checkout", *Grocery Business*, 5, 2 (March/April)

<sup>61</sup> "British Columbians Named Most Environmentally-Friendly Retailers", [Ipsos](#) (April 25, 2012)

## Alberta

- 12% of Canada's population (4.1 million)
- 5% of total imports (\$22 billion)
- 18% of GDP (\$302 billion)

Source: Statistics Canada, Industry Canada, 2014



Source: Citizenship and Immigration Canada, [Permanent residents by source country](#), 2013

### Opportunities

**Luxury:** Alberta's oil industry has created higher-than-average incomes and a concentration of wealth that is attracting luxury retailers. U.S.-based Nordstrom opened its first Canadian store in Calgary, where sales per square foot outpaced the average for its American stores in 2013.<sup>62</sup>

**Population growth:** Alberta has the highest projected population growth of any province over the next 25 years. By 2038, it is expected that Alberta's population will surpass that of British Columbia.<sup>63</sup> Growth is being driven by jobs in the oil fields, seasonal workers, immigration and retired Canadians heading west.

## Calgary

*Population: 1.4 million*

Because of the oil industry, Calgary has rapidly become a major economic hub in western Canada. The city is home to the majority of Canada's oil and gas companies, as well as a growing number of service and advanced technology providers that support this industry. Attracting an influx of young workers to the oil sector, Calgary had the second highest population growth of any city in Canada from 2010 to 2014, at 13%.<sup>64</sup> Calgary has the highest per capita income in Canada, at \$57,380, well above the national average. The city also has one of the highest costs of living in the country.

### Other Major Cities

Edmonton, Red Deer, Lethbridge.

<sup>62</sup> Marina Strauss, "Nordstrom treads carefully with launch of second Canadian store", [Globe & Mail](#) (March 4, 2015)

<sup>63</sup> [Statistics Canada](#), Population projections: Canada, the provinces and territories, 2013 to 2063,

<sup>64</sup> Statistics Canada, CANSIM Table 051–0056, Estimates of population by census metropolitan area, 2010–2014..Saskatoon has the highest population growth rate at 14%.

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## The Prairies

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- Provinces: Manitoba, Saskatchewan
- 7% of Canada's population (2.4 million)
- 5% of total imports (\$21 billion)
- 7% of GDP (\$119 billion)

Source: Statistics Canada, Industry Canada, 2014

Historically, the Prairies have been dominated by agriculture, especially grain and livestock farming. In recent years, mineral discoveries and new investment in the transportation and warehousing sector are spurring urbanization and growth. Saskatoon's population growth rate is second only to Edmonton among Canadian cities. Part of this growth is being driven by Saskatchewan's new immigration strategy, which offers a range of incentives for immigrants who settle in the province.<sup>65</sup>

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## Atlantic Canada

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- Provinces: New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador
- 7% of Canada's population (2.4 million)
- 4% of total imports (\$18 billion)
- 6% of GDP (\$99 billion)

Source: Statistics Canada, Industry Canada, 2014

The economy of Atlantic Canada is largely based in fisheries and agriculture. The region has traditionally been the most rural and least diversified part of Canada. In recent years, the oil and gas sector has been a major contributor to growth, especially for Newfoundland and Labrador. Due to their close proximity, the Atlantic provinces have a longstanding history of trade with Caribbean countries.

### Halifax

*Population: 414,000*

Halifax is the largest city in Atlantic Canada. As the capital of Nova Scotia, it is a major port city and the most important centre of commerce in the region. The city's economy is based on fishing and shipping, supplemented by agriculture, forestry and manufacturing.

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## The Territories

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- Territories: Yukon, Northwest Territories, Nunavut
- 0.3% of Canada's population (116,718)
- 0.04% of total imports (\$162,000)
- 0.3% of GDP (\$4 billion)

Source: Statistics Canada, Industry Canada, 2014

The three territories of Yukon, Nunavut and the Northwest Territories make up Canada's most northern region, reaching to the Arctic border. With their cold climate and remoteness, they account for a small proportion of Canada's population and business activity. However, the territories have strong potential for growth in mining, oil and gas, fisheries and tourism.

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<sup>65</sup> [Government of Saskatchewan](#), Saskatchewan's Immigration Strategy, 2012

# 7 Corporate Social Responsibility (CSR)

## Implementing Corporate Social Responsibility (CSR) Programs

### Why Does CSR Matter?

Demonstrating Corporate Social Responsibility (CSR) is becoming increasingly important to doing business with Canada. In Canada and around the world, companies, governments and consumers are looking to buy products and services that are produced in socially and environmentally responsible ways. There is a growing expectation for suppliers to demonstrate good performance on a range of CSR issues, including the environmental impact of their production and worker rights, health and safety. To gain access to Canadian markets, exporters must be ready to meet the CSR expectations of Canadian buyers.



### How Can SME Exporters Implement CSR Programs?

Download our [full guide](#) or watch our recent [webinar](#) to learn how SME (Small and Medium-sized Enterprise) exporters can better understand, document and communicate their CSR performance for Canadian buyers.

## Environmental Management Systems (EMS)

### Why Does EMS Matter?

An Environmental Management System (EMS) is a systematic approach to improving environmental performance. As concern about climate change and environmental degradation increases around the world, consumers and governments are putting more pressure on companies to reduce their environmental footprint. The Canadian government has an obligation to ensure that all imported products comply with environmental regulations, such as those for toxic substances, to protect the health of Canada's citizens and environment. To enter the Canadian market, exporters must meet the environmental requirements of Canadian buyers and government inspectors.

#### The EMS Continuous Improvement Cycle

- Management commitment & policy development
- Identify significant interactions with the environment and regulatory requirements
- Periodically review performance & make necessary adjustments to policy, plans, management responsibilities, procedures and performance measure



- Define responsibilities, set in place plans and procedures to reduce impacts and manage risks, conduct training
- Develop documentation and reporting procedures
- Audit performance against goals and objectives
- Monitor progress and ensure actions are taken to drive improvement

### How can SME Exporters Implement EMS?

Download our [full guide](#) to learn how SME exporters can successfully implement EMS and demonstrate environmental performance to Canadian buyers.

## Certifications

In addition to complying with Canadian laws and regulations, which is mandatory, exporters may wish to pursue additional third-party certifications. These voluntary certifications can increase confidence in the quality of your product; 33% of Canadians check for third-party certification when evaluating environmentally and socially-responsible products<sup>66</sup>. Below are examples of voluntary certifications commonly used in Canada:

### Multi-sector



[www.fairtrade.ca](http://www.fairtrade.ca)

Cocoa, coffee, cotton, flowers, fruit, grains (rice/quinoa), spices and herbs, nuts, oilseeds, coconut, sports balls, sugar, tea, wine



[www.rainforest-alliance.org](http://www.rainforest-alliance.org)

Bananas, cocoa, coffee, ferns and cut flowers, palm oil, tea, forestry, tourism



[Canadian EcoLogo](http://CanadianEcoLogo.org)

Environmental sustainability



[www.iso.org](http://www.iso.org)

International Organisation for Standardization

### Food and Beverages



[www.globalgap.org](http://www.globalgap.org)

Covers food safety and traceability



[www.haccpalliance.org](http://www.haccpalliance.org)

Food safety systems and hazard preventions



**Marine Stewardship Council**

[www.msc.org](http://www.msc.org)

Sustainable fish and seafood products



[Canadian Organic Logo](http://CanadianOrganicLogo.org)

Products with 95% or more organic content

### Floriculture, Horticulture and Forestry



[www.florverde.org](http://www.florverde.org)  
(Colombia)



[www.veriflora.com](http://www.veriflora.com) (Ecuador)



**Forest Stewardship Council**  
[ca.fsc.org](http://ca.fsc.org)



[www.sfiprogram.org](http://www.sfiprogram.org)

### Building Materials



[Carpet and Rug Institute:](http://CarpetandRugInstitute.org)  
[Green Label Plus](http://GreenLabelPlus.org)  
(indoor air quality)

<sup>66</sup> [Greenhouse Canada](http://GreenhouseCanada.org), More consumers seeking out green products, July 20, 2014

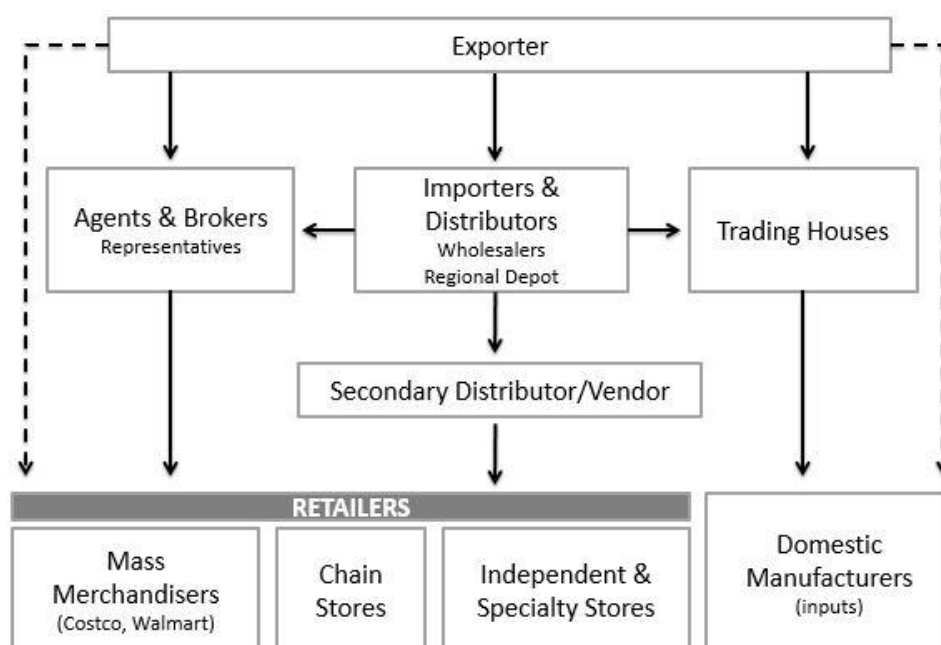


# 8 Route-to-Market

## Distribution Channels

### Exporting Directly or Indirectly

Exporters to Canada must decide whether to export directly to an importer, distributor or retailer in Canada, or indirectly through intermediaries such as distributors, brokers and agents or trading houses. Each option has pros and cons. In general, if you are new to the Canadian market you will probably want to form a partnership with intermediaries at home or in Canada. These intermediaries are familiar with the Canadian market and for a fee will work with you to represent and sell your products to buyers in Canada. If you have more experience, you may choose to export directly to buyers, including retailers and consumers.



### Margins Along the Distribution Chain

In general, importers' margins average 10%, wholesalers' margins average 30%, and retailers' margins average 30–40%. Increasing price competition is a theme across all sectors in the Canadian market. It was one of the factors that led to U.S. retail giant Target pulling out of Canada in 2014. A number of other long-standing Canadian apparel brands (including Jacob, Smart Set and Mexx) also closed shop that year. Market consolidation is squeezing profit margins, with larger retailers looking to bypass wholesalers altogether in pursuit of further cost savings.

## Importers and Distributors

A foreign importer or distributor is a person or company that purchases your goods and services to resell in the Canadian distribution chain. Most products are exported to Canada through an importer who either sells directly to a retailer or through a broker. The advantage of this type of intermediary is that the distributor can provide after-sales services, such as guaranteed warranties and repairs, for a fee. Keep in mind that distributors also set the selling price, which could reduce your profit margins.

### Services Include:\*

1. Guarantee warranties and repairs
2. Offer financing to buyers
3. Set the selling price

### Find Contacts:

- [Canadian Importer Database](#)
- [Canadian Company Capabilities](#)  
(Wholesale Trade: List of Canadian wholesalers/distributors)

## Agents and Brokers (Representatives)

You can engage an agent to enter into contractual and sales arrangements in Canada on your behalf. An agent secures orders from Canadian customers for your company in exchange for a commission. Brokers offer the same service on commission but tend to work within a specific geographic area and specific product categories. Most foods and specialty items enter Canada by way of an agent or broker who sells directly to retailers.

### Services Include:

1. Advising on financing and transportation
2. Clearing customs
3. Collecting money
4. Getting access to local customers
5. Researching markets
6. Supplying you with information about local business practices, laws, and cultural traditions

### Find Contacts:

- [Agent and Broker Directory: Central Canada](#)

## Trading Houses

Trading houses are intermediaries in your country that market your goods abroad. They can be an exporter, importer or trader that buys and sell goods for other businesses. There are two types of trading houses: principal merchants or export merchants who purchase products directly from the suppliers, and agents that sell products on commission. Trading houses often specialize in a particular industry or a particular foreign market.

### Services Include:

1. Arranging transportation
2. Market research
3. Exhibiting at trade shows
4. Filling out required documentation
5. Hiring distributors
6. Advertising

### Find Contacts:

- [Ontario Association of Trading Houses](#)

*\*Note: The services offered by each intermediary depends on the negotiated contract and incoterms used for shipment. Exporters are advised to consult an experienced trade lawyer for guidance.*

## Retailers

Multinational and large national retailers in Canada purchase directly from exporters in some sectors, while agents/brokers are commonly used in other sectors. Various buying groups (such as United Grocers Inc. and Distribution Canada Inc. for agri-food) allow both large and small retailers to buy together as groups.

Canada's retail environment is highly competitive and includes many players. The following pages provide an overview of the largest retailers operating in Canada.

### MASS MERCHANDISERS

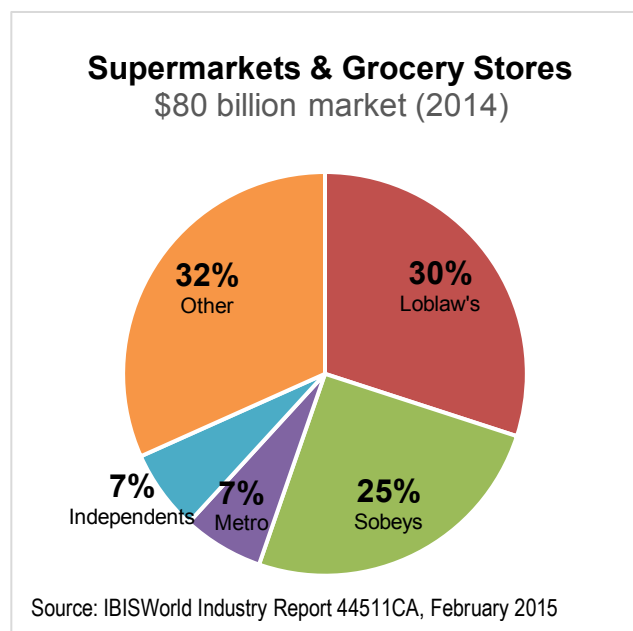


### DEPARTMENT STORES



## Grocery

Canada's multi-billion dollar grocery sector is consolidating, with the top three retailers operating under numerous banners to target different market segments:



**Banners:** Loblaws, No Frills, Extra Foods, Loblaws City Market, Real Canadian Superstores, Bloor Street Market, Fortinos, Independent, Valu-Mart, Zehrs, Maxi/Maxi Cie, Provigo, Save Easy, Atlantic Superstores, Dominion, Shoppers Drug Mart, T&T Supermarket



**Banners:** Metro, Metro Plus, Super C, Food Basics, Adonis



**Banners:** Sobeys, Freshco, IGA, Lawtons Drugs, Foodland, Price Chopper, Thrifty Foods, Canada Safeway

**Independents:** The [Canadian Federation of Independent Grocers](#) represents over 4,000 independent grocery retailers across Canada. Independent grocers account for 7% of market share, or roughly the same as Metro.<sup>67</sup> One of the largest independent grocers is Overwaitea Food Group in Western Canada, operating the banners Save-On-Foods, Urban Fare, Cooper's Foods, PriceSmart Foods and Bulkley Valley Wholesale. Other top specialty grocers include Longo Brothers Fruit Markets (Toronto), Pete's Fine Foods (Nova Scotia), Fresh St. Market (Vancouver), and Farm Boy (Western/Central Ontario).

<sup>67</sup> Thomas A. Barlow, "Why Canada Needs a Code", Grocery Business, 5, 2 (March/April 2015)

## Fashion and Apparel



Canada's fashion and apparel sector is in the midst of unprecedented competition. New entrant luxury retailers like Nordstrom and the growth of fast-fashion brands (H&M, Forever 21, Zara) forced many mid-priced brands to close in 2014–15 (Jacob, Mexx, Smart Set). Defying these odds, Quebec-based fashion retailer Simons is expanding across Canada.

### Reitmans

**Brands:** Reitmans, Smart Set, RW & Co., Thyme Maternity, Penningtons, Addition Elle, Cassis

### H&M

**Brands:** H&M, COS, Monki, Cheap Monday, Weekday

### YM Inc.

**Brands:** Suzy Shier, Stitches, Urban Planet, Bluenotes, Siblings, Sirens

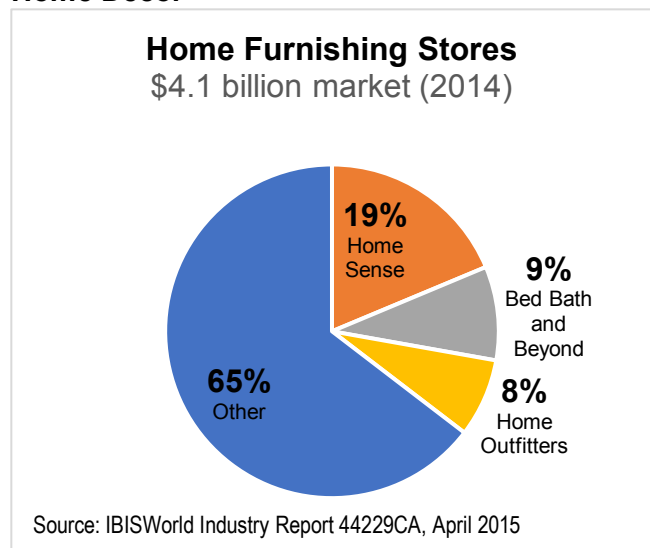
**Independents:** Despite increasing competition, specialty stores are growing their market share and are now estimated to control more than 50% of apparel sales in Canada.<sup>68</sup> The [Canadian Apparel Federation](#) represents both large and small retailers in Canada's fashion and apparel industry.

### Market Share for Other Clothing Store Segments:

- **Men's Clothing:** (\$1.6 billion market) Harry Rosen (21%), Moores (17%)
- **Family Clothing:** (\$13 billion market) TJX-Marshalls, Winners (20%), Gap Inc. (5%)
- **Children's Clothing:** (\$921 million market) Children's Place (26%), Gap Inc. (13%), Gymboree (4%)

IBISWorld Industry Reports 44811CA, 44814CA and 44813CA, 2015

## Home Decor



Canada's home decor sector includes several large chains and many small to midsize retailers. Supplying this market is becoming increasingly competitive, with 70% of retailers sourcing from 40 or fewer suppliers.<sup>69</sup>

Home Sense (Winner's home decor banner, owned by TJX Companies) and Bed Bath & Beyond are U.S.-based retailers operating in Canada, while Home Outfitters is a division of Canada's largest department store, the Hudson's Bay Company.

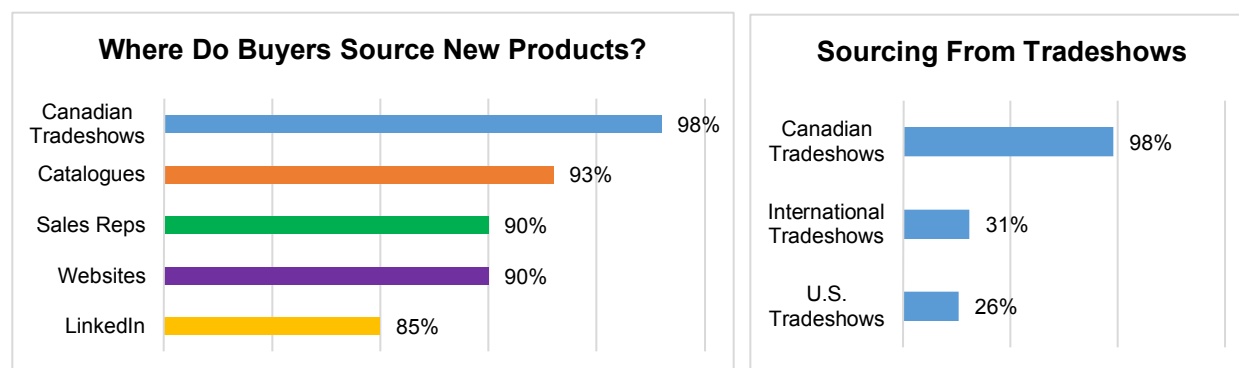
**Independents:** Of an estimated 63,000 Canadian stores that sell home decor and giftware, 70% are independents and 30% are chains.<sup>70</sup>

<sup>68</sup> Canadian Apparel Federation, The 2015–2019 Canadian Retail Apparel Market, Seminar in Toronto, May 28, 2015

<sup>69</sup> Canadian Gift Association, [Retail News: Market Pulse](#), 2014

<sup>70</sup> Canadian Gift Association, [Industry Information](#), 2015

## How to Find Buyers



Source: [Retail News Magazine](#), Market Pulse 2014

Note: Examples drawn from the giftware and home decor sector. Other sectors will vary.

### 1. Attend a Canadian Tradeshows

Canadian tradeshows are one of the best places to meet buyers and conduct market research. You can attend as a visitor or purchase a booth to exhibit your products. Canadian tradeshows are fewer and smaller than those in the U.S. and Europe but they are the main sourcing method for most retailers. Many Canadian buyers also visit top international tradeshows. If you cannot attend a tradeshow, visit the show's website or contact the organizers for a list of exhibitors, many of whom will be importers. Consult TFO Canada's online [events calendar](#) for a list of tradeshows.

### 2. Consult with Your Trade Representatives

**Your Embassy, High Commission or Consulate:** As your ears and eyes in Canada, trade representatives at your Embassy, High Commission or Consulate can help identify potential Canadian importers or direct you to independent consultants who can provide (for a fee) a list of potential Canadian buyers. You can also refer to this list of accredited [Foreign Representatives in Canada](#).

**Canadian Embassy:** The Canadian Embassy in your country may have advance notification of Canadian buyer visits and can help arrange business meetings. Contact information for embassies abroad is available from the [Canadian Trade Commissioner Service](#).

### 3. Obtain a List of Potential Buyers

You can search for potential buyers through the [Canadian Importer Database](#) or for wholesalers/distributors through the [Canadian Company Capabilities](#) registry. Contact the industry association for your sector in Canada (see Annex 2) and look for a membership list on its website for possible leads. Lists of Canadian buyers who have already traded with your country may be available from your local Chamber of Commerce, a trade organization between your country and Canada or your foreign trade ministry or national promotion office. You can also purchase directories such as the [Retail Chains Directory](#).

### 4. Enhance Your Online Presence

**Website:** A professional website that provides basic company information, product details and e-mail contacts is essential. In most cases, your website is your company's first impression to buyers and has a substantial impact on whether they will want to do business with you. Ensure that your website is up-to-date, informative and searchable on major search engines.

**Social Media:** You should also consider establishing a presence on [LinkedIn](#), a business networking site heavily used by Canadian business professionals. LinkedIn allows you to establish your company's reputation by listing previous sales experience and by requesting recommendations from your business partners in Canada and abroad. These recommendations are posted directly to your profile page. Many smaller companies also use other social media, such as [Facebook](#), to enhance their online presence.



## Canadian Tradeshows

Visit TFO Canada's online [Events Calendar](#) for a full list of upcoming Canadian and international tradeshows. Below is a summary of the largest trade shows in Canada:

### Food and Beverage



**Salon international de l'alimentation**  
[www.sialcanada.com](http://www.sialcanada.com)  
Focus on processed food and beverages



**Canadian Produce Association**  
[www.convention.cpm.ca](http://www.convention.cpm.ca)  
Focus on fresh produce



**Grocery Innovations Canada**  
[www.cfg.ca/grocery-innovations-canada](http://www.cfg.ca/grocery-innovations-canada)



**Canadian Health Food Association**  
[www.chfa.ca](http://www.chfa.ca)  
Natural and organic products  
Three shows: CHFA West, CHFA East, and CHFA Quebec



**Canadian Coffee and Team Show**  
[www.coffeeteashow.ca](http://www.coffeeteashow.ca)



**Grocery and Specialty Food West**  
[www.cfg.ca/grocery-specialty-food-west](http://www.cfg.ca/grocery-specialty-food-west)

### Giftware, Home Decor and Furniture



**CANADIAN GIFT ASSOCIATION**

Three shows: Toronto Gift Fair, Quebec Gift Fair, and Alberta Gift Fair

[www.cangift.org](http://www.cangift.org)

Housewares, handmade items, home decor



**CANADIAN FURNITURE SHOW**

[www.canadianfurnitureshow.com](http://www.canadianfurnitureshow.com)

Furniture



[www.cangift.org](http://www.cangift.org)

Furnishings, fixtures, accessories



**Canada's National Design + Architecture Conference**  
[www.iidexcanada.com](http://www.iidexcanada.com)



LE SALON INTERNATIONAL DU DESIGN DE MONTRÉAL

### Fashion and Jewellery



[www.torontoshoeshow.com](http://www.torontoshoeshow.com)

Footwear, handbags, accessories



[www.mode-accessories.com](http://www.mode-accessories.com)

Women's fashion accessories, casual apparel and fashion items



**Luggage, Leather goods, Handbags and Accessories (LLHA) Show**  
[www.llha.ca](http://www.llha.ca)

### Building, Construction and Floriculture/Horticulture



[www.thebuildingshow.com](http://www.thebuildingshow.com)

Design, Building, Real Estate



[www.buidexvancouver.com](http://www.buidexvancouver.com)

Construction, Renovation, Architecture, Interior Design



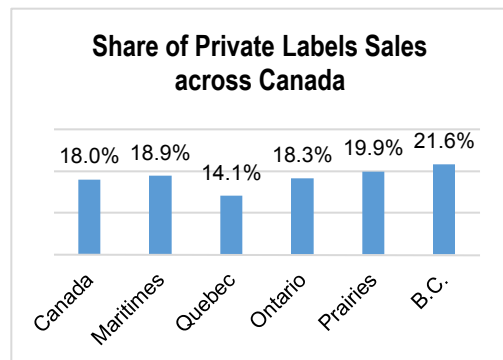
THE FLOWER AND GARDEN FESTIVAL

[www.canadablooms.com](http://www.canadablooms.com)

Flowers and gardens

## Other Modes of Market Entry

### 1. Private Labels



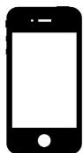
Source: Nielsen Market Track, 2014  
Based on share of consumer package goods

Private labels—when a foreign supplier manufactures a product specifically for a retailer in Canada under the name/brand of that retailer—account for 18% of Canadian sales of consumer packaged goods.<sup>71</sup> A recent survey found that 73% of Canadian consumers believe private labels are a good alternative to brand names; 66% believe they offer good value; and 61% believe they are as good as national brands in terms of quality.<sup>72</sup> Part of the popularity of private brands is being driven by millennials (ages 18 to 34), who are less loyal to name brands and more willing to try new products. Top selling private label products tend to be commodity-driven and high-purchase, including food (especially sauces and condiments, meat, and bread), apparel, and paper products. Suppliers interested in pursuing private label contracts must be prepared to meet strict retailer requirements. For apparel suppliers, criteria can include colour, fabric, styling, sizing, quantity, labelling and pricing.

### 2. E-Commerce and M-Commerce



**Online:** Online shopping in Canada represented 1.9% of total retail sales in 2014.<sup>73</sup> Canada's online sales still lag behind other countries like the U.S. (5.0% of total retail sales). However, Canadians are the highest Internet users of any G20 nation, which suggests there is opportunity for online sales' growth. A recent survey found that 82% of Canadian Internet users have made purchases online in the past year and 68% of these purchases were made from retailers outside of Canada.<sup>74</sup> Nonetheless, Canadian-based retailers sold more than \$136 billion in goods and services over the Internet in 2013, and many are boosting sales with free online delivery above a certain price point.<sup>75</sup> Within the grocery sector, click-and-collect models are also poised for growth, with Loblaws, Walmart and Overwaitea now offering this program in select Canadian cities.



**Mobile Devices:** Canadians are increasingly using their mobile devices to make purchases and to compare prices and products on-the-go while they shop in stores.<sup>76</sup> According to the Centre for Retail Research, mobile devices could account for as much as 16% of online sales in Canada by 2015.<sup>77</sup> Leveraging online and mobile sales will become increasingly important as Canada's tech-savvy millennials begin to overtake populations of seniors and baby boomers. A 2015 survey found that 20% of Canadians aged 18–34 have made a purchase from a mobile device.<sup>78</sup>

<sup>71</sup> Carman Allison, "Picking up private label", [Canadian Grocer](#) (March 24, 2015)

<sup>72</sup> [Nielsen](#), Global Private Label Report, November 2014

<sup>73</sup> [Food in Canada](#), Canadian Food Shopping Trends by Birgit Blain, November 18, 2014

<sup>74</sup> Errol Cerit, "Building Your Brand Online", *Grocery Business*, 5,2 (March/April 2015)

<sup>75</sup> [Statistics Canada](#), Digital technology and Internet use, 2013

<sup>76</sup> [BrandSpark](#), Canadian Shopper Survey, 2015

<sup>77</sup> Melody McKinnon, "Canadian Mobile e-Commerce (mCommerce) to Grow in 2015", [Canadians Internet](#) (March 28, 2015)

<sup>78</sup> [Canadians Connected](#), E-commerce is going mobile, February 24, 2015

### 3. Incorporating Your Business in Canada

There are four principal types of business organization in Canada: *Proprietorships*, *Partnerships*, *Corporations* and *Cooperatives*. These are distinguished by the number of people involved and the way in which their investment in the organization is rewarded. In addition, a foreign corporation may set up a *branch* plant or office, or form *industrial cooperation* links with a Canadian firm. Each type of business organization has advantages and disadvantages in several areas: the business owner's liability (i.e., legal responsibility for the debts of the business); how different levels of government collect taxes from the business; what the business must report to different government authorities; and what documents and records the business must keep for inspection by government authorities. To learn more about incorporating a business in Canada, please visit [Industry Canada: Corporations Canada](#).

### 4. Setting up a Subsidiary in Canada

Foreign Direct Investment (FDI) is another form of market entry by which a foreign company sets up an entity in Canada and maintains controlling ownership. This could include membership in an association or setting up a factory or manufacturing facility in Canada.

#### Foreign Investment Promotion and Protection Agreements

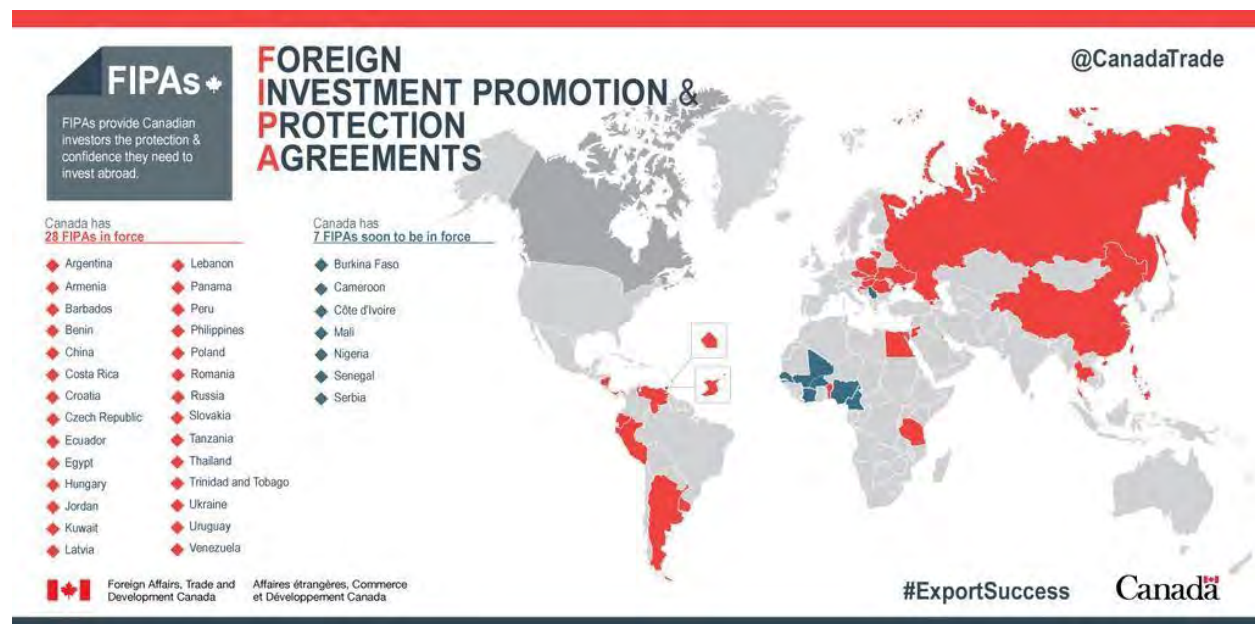
Foreign companies will have more incentives and protections from risk if their country has a Bilateral Investment Treaty (BIT) or bilateral Foreign Investment Promotion and Protection Agreement (FIPA) with Canada. These agreements help to protect investors against political instability, weak legal institutions, uncertain regulatory regimes and expropriation. More information on Canada's FIPAs is available from [Foreign Affairs, Trade and Development Canada](#).

#### 29 FIPAs in Force:

Argentina; Armenia; Barbados; Benin; China; Costa Rica; Croatia; Czech Republic; Ecuador; Egypt; Hungary; Jordan; Kuwait; Latvia; Lebanon; Panama; Peru; Philippines; Poland; Romania; Russia; Serbia; Slovakia; Tanzania; Thailand; Trinidad and Tobago; Ukraine; Uruguay; Venezuela.

#### 7 FIPAs soon to be in Force:

Burkina Faso; Cameroon; Côte d'Ivoire; Guinea; Mali; Nigeria; Senegal.



# 9 Market Entry Strategy

## Pricing

### Buying Influences

Canadian buyers take a number of factors into consideration when making a purchasing decision. Although cost and suggested retail price remain important, buyers also place a strong emphasis on profit margins, exclusivity and the previous sales success of their suppliers.<sup>79</sup>

### Competition with NAFTA

Keep in mind potential competition from NAFTA suppliers in the U.S. and Mexico when you set prices for your products. Canadian importers are aware of the advantages of purchasing from these countries, including lower transportation costs, shorter delivery and lead times and relatively simpler payment mechanisms.

What Influences a Retailer?	Rating out of 10
Excellent profit margin	8.6
Exclusivity in my area	8.2
Previous sales success	8.1
Availability	8.1
Cost	8.0
Design	7.9
Supplier's reputation	7.9
Good suggested retail price point	7.8

### Have Your Price List Ready

Exporters cannot set up a serious meeting with a Canadian buyer without having a price list. Usually, prices are quoted in F.O.B. (Free on Board) or C&F (Cost and Freight) in \$CAD or \$USD (more common). You must offer a competitive price for the Canadian market. Compare your pricing with similar products online, in product catalogues and in Canadian stores. You can also get advice for a fee from a Canadian consultant or agent.

The average landed cost of an imported product includes markups, which cover:

- Import duties
- Federal/provincial sales taxes
- Brokerage, insurance, and freight fees
- Advertising, product development and testing
- Transportation
- Overheads
- Other carrying costs

### Consumer Taxes

Taxes of from 13% to 15% are applied to nearly all consumer goods sold in Canada, whether produced domestically or imported. These taxes comprise the 5% federal Goods and Services Tax (GST) and a provincial sales tax (PST), which [varies by province](#). In most provinces these two taxes are combined into a Harmonized Sales Tax (HST). The only products exempt from taxes are basic necessities, such as food sold in grocery stores and medical and dental services. GST/HST is calculated on the Canadian dollar value of the goods, including duty and excise tax, and is collected at the border at the same time as these taxes. The importer of record is responsible for paying the tax on imported goods. More details on [GST/HST](#) and its application to [imported goods](#) are available from the [Canadian Revenue Agency](#).

<sup>79</sup> [Retail News Magazine](#), Market Pulse 2014. Example drawn from the giftware and home décor sector. Other sectors will vary.

## Export Costing Worksheet

This worksheet can help you determine the price of your product in the Canadian marketplace:

Sample of an Export Costing Worksheet	
ITEM	COST (your currency)
<b>1. Product cost per unit</b>	
Materials	
Labour	
Factory overhead	
Administration	
Export administration costs	
Advertising/promotional material	
<b>Total Product Cost</b>	
<b>2. Export cost</b>	
Crating	
Special labelling and packing charges	
Marking charges	
Loading and strapping charges	
Forwarding: <ul style="list-style-type: none"> <li>■ documentation</li> <li>■ product insurance</li> </ul>	
<b>Sub-total, export cost</b>	
Add targeted profit	
<b>Basic Selling Price</b>	
Add agents commission (if applicable)	
<b>Ex-works Sales Price</b>	
<b>3. Export shipping cost</b>	
Inland freight	
Wharfage charge	
<b>Total (f.o.b. port)</b>	
Add: <ul style="list-style-type: none"> <li>■ air freight</li> <li>■ marine freight</li> <li>■ insurance</li> </ul>	
<b>Total c.i.f. at port of entry</b>	
<b>4. Convert to \$ Canadian at current exchange rate (show rate)</b>	Canadian \$



## Quality and Standards

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### Offer a Unique Selling Proposition (USP)

The market for most consumer products in Canada is heavily saturated with both local and domestic suppliers. Although Canadians are price-conscious, they are also willing to pay more for products they perceive as having higher quality, unique design or innovative attributes. To compete in this market, new exporters must clearly define a unique selling proposition (USP) for their product and communicate this effectively through their branding and marketing materials.

### Standards

Standards for practices, technical requirements and product specifications are increasingly important in global trade. In Canada, importers are legally liable for defective products. To ensure high and consistent quality, exporters to Canada must meet relevant Canadian and/or international standards.



#### International Standards

Exporters can familiarize themselves with international standards and apply for certification of their products through adherence to the [International Standards Association](#) (ISO) codes.



#### Canadian Standards

The [Standards Council of Canada](#) (SCC) is the government office responsible for developing and promoting standardization in Canada. Canada has four accredited Standards Development Organizations, which develop standards through stakeholder committee and can submit new standards to the SCC to be recognized as National Standards of Canada.

- [Canadian Standards Association](#)
- [Canadian General Standards Board](#)
- [Underwriters Laboratories of Canada](#)
- [Bureau de Normalisation du Québec](#)

These organizations develop four types of standards:

1. **Performance Standards:** Set based on simulating the performance of a product under actual service conditions. Commonly used in food safety, fuel economy, and design of packaging for transporting hazardous goods.
2. **Prescriptive Standards:** Identify product characteristics such as material thickness, type and dimension. Commonly used for furniture, industrial materials, etc.
3. **Design Standards:** Identify specific design or technical characteristics of a product.
4. **Management Standards:** Set out standards for quality and environmental management system processes.

Assessment to monitor and verify compliance with standards in Canada is achieved at three levels:

1. **Certification Organizations (COs):** Conduct on-site audits, take samples, and test products and services in order to issue CO marks attesting that they conform to the standards.
2. **Testing Organizations:** Perform tests according to recognized procedures and document their findings as to whether the product or service meets the appropriate standard.
3. **Management Systems Registrars:** Issue certificates to companies meeting ISO standards.

Visit the websites of Canada's standards development organizations to find out about current Canadian standards for your product, as well as certification and accreditation programs.

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## Advertising and Marketing

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### Advertising Laws

The [Competition Bureau](#) regulates advertising and marketing in Canada to protect the interests of consumers and to enable them to make informed decisions about their purchasing. Canadian law prohibits [false or misleading](#) representation that deceives consumers about a product's performance, warranties and guarantees, selling price or testimonials. The advertising industry also promotes consumer trust and self-regulation through adherence to the [Canadian Code of Advertising Standards](#).

### Promotion Strategies for Exporters

Most exporters will work with their buyer or a marketing company based in Canada to promote their goods and develop the best entry strategy for the Canadian market. If the importer assumes the full cost of advertising or point-of-purchase promotion, a lower price is expected from the supplier. In other cases, the importer and exporter may enter into a shared cost arrangement for advertising and promotion. Marketing is big business, with a few large marketing firms controlling majority shares in their target sectors..

Consider the following strategies for promoting your products in Canada:

1. **Listing and Shelving Fees:** At the retail level, suppliers will often be required to pay listing fees to get their products on the shelves of large supermarkets, and shelving fees to secure the best real estate in the store.
2. **Flyers – Print and Online:** While more and more Canadians are using their smart phones to compare prices and check digital flyers while they shop, the vast majority continue to check printed flyers each month for promotions.<sup>80</sup>
3. **Trade Shows:** Many tradeshow offer free opportunities for advertising to exhibitors. Be sure to provide information by the deadline date to get your company name and products listed in the show guide. Most shows have a press office where exhibitors can drop off a press release or company brochures. If you can arrange for your country's Ambassador to visit your booth, you'll get more coverage from media representatives covering the show.
4. **Trade Publications:** Canadian trade publications, business journals and magazines (see Annex 3) often publish an annual buyers' guide that may include exporter advertisements.
5. **Online Promotion:** Online strategies include a website optimized for international searches, video testimonials, online product catalogues and targeted social media marketing.
6. **Other:** Brochures, contests, direct mail, gift cards, coupons, give-aways and special events.

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<sup>80</sup> [BrandSpark](#), Canadian Shopper Survey, 2015

## Buyer Expectations

Canadian buyers look for a number of factors when choosing a supplier. Although value and pricing expectations are key, buyers also consider reliability, trust and relationship. They will also look for experience, competence and follow-up services.

**Communication:** You need to maintain good communications with your buyer throughout the entire sales and after-sales process. An excellent way to ensure good communications is to answer all emails and phone calls within 24 hours. If you are not immediately able to respond to a request or question, tell your supplier when you will be able to do so.

Buyer Expectations of Suppliers	Importance out of 10
Quickly solve problems	9.0
Fair pricing	9.0
Easy to reach	8.8
Leading-edge products	8.8
Knowledgeable staff	8.7
Relationship	8.6
Prompt shipping	8.6
Complete shipments	8.6
In stock availability	8.5
Margins	8.4
Online ordering	7.7
Frequent product introductions	7.7
Freight costs	7.6
Flexible/good payment terms	7.5
Wide variety of items within a design	7.4
POS materials, catalogues, etc.	7.1
Country of origin/where products are made	6.8

Source: [Retail News Magazine](#). Market Pulse 2014

**Reputation:** Keep in mind that the Canadian market is relatively small, and most industry players know each other. Maintaining your company's reputation is therefore crucial to long-term success. If you make a commitment to a buyer concerning exclusivity, for instance, honouring that commitment is crucial. Otherwise, word will get around that you are not reliable.

## Export with Success: Some Practical Tips

**Objective:** To establish a long-term supply relationship with your Canadian business partner:

1. Deliver what you promise- be realistic in your offer and promises

2. Samples should represent exactly what will be delivered

3. Clear pricing- Bring your price list to meetings

4. Communication: complete, clear, fast- respond within 24 hours

5. Be proactive if problems arise

## How to Lose a Buyer

Common mistakes seen in Canada that cause exporters to lose their supply contracts:

1. Failure to answer email/phone calls promptly (within 24 hours)

2. Product quality is inconsistent between units or between shipments

3. Attempts to change pricing after it has been negotiated & agreed

4. Failure to meet supply orders on time

5. Lack of knowledge of packaging and labelling

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## Securing a Supply Contract

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### 1. The First Impression is Key

With most buyers, exporters have one chance to make a good impression. Use this opportunity to present your product and company in the best possible light. Information about your company should include photographs of your latest product lines and a price list with corresponding product codes that are clearly identified and easy to follow. You can also include photos of your production facilities. E-mail is an essential tool for communication with Canadian buyers, and attach photographs to allow buyers to immediately assess if they are interested in pursuing business with you. You need to list certifications you have for your factory or product (e.g., HACCP, Global Gap, Fairtrade, etc.). Many importers or their agents visit the supplier's production facilities to assess their capabilities and to build a solid trading relationship.

### 2. Sending Samples

On first contact with a new supplier, a Canadian importer will likely request samples and possibly quotes for various amounts (e.g., 1,000, 5,000, 10,000 and 50,000 units). For large production ranges, it is customary to allow a discount for volume (for instance 5–10%). Your samples may require adaption to Canadian preferences and sizes, and will be assessed for compliance with regulations and standards. The Canadian buyer will also likely perform an in-house company inspection of your product to confirm that it complies with the stated specifications and the company's own expectations for quality. The importer will also use samples to assess the interest of Canadian wholesalers and retailers in carrying the product. It is of paramount importance that your future shipments of the products are exactly the same as the samples.

### 3. Trial Orders

If the samples are accepted, the importer may place a trial order with you. If adjustments are required, the importer will request new samples. A trial shipment that is consistent with the accepted samples and delivered according to an agreed delivery schedule can then be sent to Canada. The importer generally advises the supplier on the sizes and varieties of a product that should sell best in Canada and on the condition in which production should arrive in this country. Canadian importers often report that a major problem in dealing with new suppliers is that they are asked to purchase unrealistically large minimum quantities for the market size of Canada. Exporters must bear in mind that the Canadian market is about 10% the size of the U.S. market. Given the relatively small size of the market, Canadian importers often expect exclusive importing rights for the company or specific products they agree to import.

### 4. Import Terms

Import terms vary with individual importers. In general, quotations should be made in F.O.B. or C&F, but may be requested CIF (Cost and Freight) to a named port. Payment for imports from traditional suppliers is generally cash against documents. Most Canadian importers will not work with Letters of Credit because this method is generally expensive. They may select other credit formats and credit terms that would suit both parties. Contracts often include a clause stating that the goods must be inspected and signed off in-country by the buyer or agent prior to shipping. The importer usually requests a guarantee to be included in the contract against hidden quality defects, and could request credits as a result of poor product quality, damage before or during shipping, or late delivery.

### 5. Payment Terms

The full invoiced amount is not paid until inspection of goods has taken place either in the country of origin or at the end destination, by the buyers themselves, their agents or an independent authority. When the business relationship is well established, an open account method may be used to save bank charges for both parties. The services of an export agent may be useful in handling such intricacies for the first few operations. Once your imported product has established a reputation for high quality, you should adopt a brand name and trademark that will help customers easily recognize the product and its value.

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## Dealing with Risk and Non-Payment

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### Buyer Reputation

Exporters must exercise their own due diligence when deciding which Canadian buyers to do business with. Requesting bank references from buyers is standard practice, and you should be wary if your buyer is hesitant about providing these. Check if your buyer is listed with the [Better Business Bureau](#), an organization that provides ethical business ratings based on complaints or reports filed against a company in Canada or the United States. Search for the company name on Google to check for news stories or public forums that may provide information on the buyer's reputation. You should find out if the relevant Canadian industry association or Canadian trade representatives have heard of the buyer. If your buyer fails to pay, these representatives may also be able to supply names of reputable debt collection agencies. If you are working with a consultant, ask them to obtain a credit history and a directory or publication with more information on the buyer..

### Credit Checks

You can contact your country's diplomatic or commercial representatives to conduct credit checks on a Canadian buyer or to purchase credit reports from a reputable credit agency, such as:

- [Dunn & Bradstreet Canada](#)
- [Hoovers](#) (Dunn & Bradstreet data mining product)
- [Blue Book Services](#) (fresh produce)
- [Red Book Credit Services](#) (fresh produce)

### National Export-Import (Exim) Banks

The best way to mitigate the risk of non-payment on international transactions is through the services of a National Export-Import (Exim) Bank. Exim Banks are usually standalone organizations, such as [Export Development Canada](#), or may be housed within your country's central bank. The main services offered to exporters are export financing, to cover production cost between payment periods, and export insurance, which insures a company for exported cargo.

### Minimizing Risk of Non-Payment: *Some Practical Tips*

1. Screen your buyers- conduct due diligence and credit checks

2. Standardize your business practices- a contract for every job, every client

3. Agree to a payment schedule with milestones for delivery

4. Invoice your buyer on time and include a date for payment

5. Follow-up with non-payment immediately- send reminders

### Dispute Resolution

**Buyer-Seller Disputes:** Exporters of fresh produce are advised to become members of the [Dispute Resolution Corporation](#), a recognized non-government body that represents 80% of fresh fruit and vegetable importers and provides contract and payment dispute settlement services.

**Trade Disputes:** Trade disputes between Canada and other countries must be settled by the relevant arbitration panels based on the trade relationship, such as the [International Chamber of Commerce](#), the WTO or NAFTA. Canadian importers can also appeal to the [Canadian International Trade Tribunal](#), an independent, quasi-judicial tribunal that review disputes between importers and the CBSA.

# 10 Import Requirements

## Border Inspection

### Canadian Border Services Agency

The [Canadian Border Services Agency](#) (CBSA) is the federal agency responsible for customs services and compliance with Canada's borders legislation. All products entering Canada must be reported to CBSA and are subject to inspection, whether they are transported by the exporter or a carrier. Many goods must comply with Canadian laws and may require permits, certificates or inspections. For more information, CBSA offers a [Step-by-Step Guide to Importing Commercial Goods into Canada](#).

### Failure to Comply

Goods that do not meet all applicable laws and regulations will be refused entry at the Canadian border at the expense of the importer. To avoid delays and penalty fees, exporters must work closely with their buyers to make sure the specifications of their product comply with Canadian requirements.

### Canadian Food Inspection Agency

The [Canadian Food Inspection Agency](#) (CFIA) regulates imports of food products to Canada. The CFIA develops policies on imported food, and these rules are then enforced at the border by CBSA officers who examine food products at the entry point to Canada.

### Other Government Departments

CBSA provides a [reference list](#) of other government departments that may require permits, certificates or inspections for goods imported to Canada. CBSA is responsible for enforcing the legal import requirements at the border on behalf of these other government departments.

Government Department	Commodities/Areas of Responsibility for Border Inspection
<b>Canadian Food Inspection Agency</b> <a href="http://www.inspection.gc.ca">www.inspection.gc.ca</a>	Food, plants, animals, food labelling, food recalls, wood packaging, international waste and used machinery/equipment
<b>Canadian Heritage</b> <a href="http://www.pch.gc.ca">www.pch.gc.ca</a>	Cultural property
<b>Competition Bureau</b> <a href="http://www.competitionbureau.gc.ca">www.competitionbureau.gc.ca</a>	Clothing labels, precious metals, packaging and labelling of non-food products
<b>Environment Canada</b> <a href="http://www.ec.gc.ca">www.ec.gc.ca</a>	Endangered or threatened species of plants and animals, hazardous waste, ozone-depleting substances, wild animal and plant trade
<b>Fisheries and Oceans Canada</b> <a href="http://www.dfo-mpo.gc.ca">www.dfo-mpo.gc.ca</a>	Aquatic invasive species, illegal, unregulated and unreported fishing
<b>Foreign Affairs, Trade and Development Canada</b> <a href="http://www.international.gc.ca">www.international.gc.ca</a>	Agricultural products, firearms, goods under trade embargoes, steel, textiles and clothing
<b>Health Canada</b> <a href="http://www.hc-sc.gc.ca">www.hc-sc.gc.ca</a>	Consumer goods, drugs, food, medical devices, natural health products, pesticides, pharmaceuticals, radiation-emitting devices, toxic substances, vitamins
<b>Industry Canada</b> <a href="http://www.ic.gc.ca">www.ic.gc.ca</a>	Radio communications, telecommunications equipment
<b>Transportation Canada</b> <a href="http://www.tc.gc.ca">www.tc.gc.ca</a>	Transportation of dangerous goods, vehicles and tires



## Laws and Regulations

### Federal, Provincial and Municipal

Most laws and regulations that apply to imported goods are governed at the federal level. However, exporters should be aware that additional laws and regulations may apply at the provincial (e.g., alcoholic beverages) and municipal levels (e.g., recycling of packaging).

### Coming Changes: New Safe Food for Canadians Act

CFIA is working to modernize food safety in Canada through a new [Safe Food for Canadians Act](#). Three CFIA inspection statutes for agricultural products, fish and meat are being consolidated into a single set of regulations that will apply to all food that is imported, exported or prepared for inter-provincial trade in Canada. Importers will have a greater legal responsibility for ensuring the safety of food they bring into Canada. For example, they will be required to demonstrate and document their suppliers' Preventative Control Plans and good manufacturing practices (e.g., HACCP certification). CFIA is developing the new regulations in consultation with industry stakeholders. They are expected to come into force after 2016.

### Important Tool: Automatic Importing Reference System

CFIA maintains an [Automated Import Reference System](#) (AIRS) tool that allows exporters to verify Canadian import requirements for their food and agricultural products. AIRS can be searched by HS Code and product information (country of origin, destination, end use, etc.) to generate a list of import recommendations, required documentation, prohibitions and references to relevant Canadian acts and regulations. View TFO Canada's [Webinar](#) with CFIA to learn how to use the AIRS tool.

Laws and Regulations for Importing into Canada		
Health and Safety	Description	Guidance Documents
<b>Consumer Product Safety Act</b> Health Canada	Regulates the safety of consumer products to protect the public by addressing or preventing potential danger.	<a href="#">Canada Consumer Product Safety Act Quick Reference Guide</a>
<b>Hazardous Products Act and Regulations</b> Health Canada	Regulates the sale and importation of controlled products (e.g., chemicals) considered hazardous and intended for use in a work place. Includes requirements for labelling with hazard symbols.	<a href="#">Work Safe B.C. Summary of Hazardous Products Act</a>
Food Products	Description	Guidance Documents
<b>Food and Drugs Act and Regulations</b> Health Canada (enforced by CFIA)	Primary regulation that covers all food and beverage products, drugs (pharmaceuticals), cosmetics and therapeutic devices. Includes requirements for food safety, labelling, allergens, etc.	<a href="#">CFIA Food Guidance Document Repository</a> <a href="#">Guide to Importing Food Products Commercially</a>
<b>Canada Agricultural Products Act</b> Health Canada (enforced by CFIA)	Regulates agricultural products for import, export and trade between provinces. Includes regulations for dairy products, eggs, fresh fruit, vegetables, honey, and livestock, among others.	<a href="#">Import Requirements for Fresh Fruit and Vegetables</a> <a href="#">Import Requirements for Processed Foods</a>
<b>Fish Inspection Act</b> Health Canada (enforced by CFIA)	Regulates inspection of fish and marine plants. Sets the rules for the different types of fish and fish related products that can enter Canada.	<a href="#">Fish Import Program Policy</a>

<b>Meat Inspection Act</b> Health Canada (enforced by CFIA)	Regulates the import and export and trade between provinces of all meat and meat products. Sets rules for the inspection of meat and meat products and establishments where these products are prepared.	<a href="#">Meat Hygiene Manual of Procedures: Chapter 10-Imports Foreign Companies Eligible to Export Meat to Canada</a>
<b>Organic Products Regulations</b> CFIA	Products labeled as organic must meet mandatory Canadian Organic Standards and be legally certified to be traded across provincial or international borders or to use the Canada Organic Logo.	<a href="#">CFIA Organic Products Canadian Organic Growers</a>
<b>Plants and Animals</b>	<b>Description</b>	<b>Guidance Documents</b>
<b>Plant Protection Act</b> Environment Canada	Regulates the importation of plants to prevent the spread of pests that can pose a threat to plants, agriculture and forestry in Canada.	<a href="#">CFIA Plant Guidance Document Repository</a> <a href="#">Plant Protection Import Procedures</a>
<b>Health of Animals Act</b> CFIA	Sets rules to stop the spread of diseases and toxic substances that could affect animals or that may be transmitted by animals to persons. Includes animal products such as hides, leather, honey, etc.	<a href="#">CFIA Animal Guidance Document Repository</a> <a href="#">Importation of Integumentary Tissue</a> (hides/leather)
<b>Competition</b>	<b>Description</b>	<b>Guidance Documents</b>
<b>Competition Act</b> Competition Bureau	Maintains and encourages competition in Canada by regulating mergers, criminal business offenses (e.g., conspiracy, bid-rigging) and reviewable practices (e.g., competitor agreements).	<a href="#">Competition Bureau: Our Legislation</a>
<b>Combating Counterfeit Products Act</b> Competition Bureau/CBSA	Provides new authority and tools to CBSA to reduce trade in counterfeit goods sold in Canada, including detaining suspected counterfeit goods at the border and in some cases laying criminal charges.	<a href="#">Industry Canada: Frequently Asked Questions</a> <a href="#">Industry Canada Fact Sheet-What the Combating Counterfeit Products Act Means</a>
<b>Consumer Packaging and Labelling Act</b> Competition Bureau	Provides requirements for mandatory label information and product claims, as well as package design, fill levels and standard sizes.	<a href="#">Guide to the Consumer Packaging and Labelling Act and Regulations</a>
<b>Textile Labelling Act</b> Competition Bureau	Outlines additional labelling requirements to protect consumers against misrepresentation of textile fibre products.	<a href="#">Guide to the Textile Labelling and Advertising Regulations</a>
<b>Customs</b>	<b>Description</b>	<b>Guidance Documents</b>
<b>Custom Tariff Act</b> CBSA	Regulates the imposition of Canadian customs duties and other charges according to the World Customs Organization Harmonized System (HS) codes.	<a href="#">Customs Tariff by Chapter</a>
<b>Export and Import Permits Act</b> DFATD	Regulates the Import Control List and issuance of import permits for the importation of products on this list. Also sets out rules for Tariff Rate Quotas.	<a href="#">Memorandum D19-10-2 DFATD Import Controls</a>
<b>Prohibited Goods</b> CBSA	Outlines prohibited or restricted goods, including counterfeit products, certain agricultural products, offensive weapons, pornography, hate literature, various endangered species, and goods that are internationally sanctioned.	<a href="#">D9 Memoranda: Prohibited Importations</a>
<b>Tariff Rate Quotas</b> CBSA	Outlines the established tariff rate quotas for agricultural products included on the Import Control List. Imports within the quota are subject to a lower rate of duty than imports above the quota.	<a href="#">D10-18-1: Tariff Rate Quotas</a>

## Intellectual Property

### Canadian Intellectual Property Office

Intellectual property rights are regulated by the [Canadian Intellectual Property Office](#) (CIPO) to ensure that owners and creators benefit from their original work or investment in creations, designs or inventions. These rights can apply to a wide range of products, services or processes including: creations of the mind, literary and artistic works and symbols, names or images used in commerce. The CIPO [website](#) allows exporters to search databases of trademarks, patents, copyrights and industrial designs already registered in the Canadian market. CIPO also provides guidance on how to apply for these forms of intellectual property protection for your goods in Canada.

### Types of Intellectual Property:

Trademarks	Patents	Copyright	Industrial Designs
<ul style="list-style-type: none"> <li>• A brand or other sign that identifies a company's goods or services</li> <li>• Registered trademarks in Canada have exclusive rights for 15 years (renewable)</li> <li>• Unregistered trademarks may still be protected under common law</li> </ul>	<ul style="list-style-type: none"> <li>• An exclusive right granted for an invention - a product or process</li> <li>• Canadian patents apply for 20 years from date of filing an application</li> <li>• Protected and registered on a national basis (covers Canada only)</li> </ul>	<ul style="list-style-type: none"> <li>• Protection for literary, artistic, dramatic and musical creations</li> <li>• Copyright is automatic; however, registration is still recommended</li> <li>• Copyright exists for the life of the author plus 50 years after death</li> </ul>	<ul style="list-style-type: none"> <li>• Protection for the original visual features of an article</li> <li>• Registered industrial designs protected for up to 10 years in Canada</li> <li>• You can sell your rights or license others to make, use and sell your design</li> </ul>

Source: Definitions from [Canadian Intellectual Property Office](#)

### Combating Counterfeit Products Act

The *Combating Counterfeit Products Act* came into force January 1, 2015. The goal of this Act is to reduce trade in counterfeit goods sold in Canada by giving CBSA officers additional authority and enforcement tools at the border. The Act creates new civil and criminal offenses, including new definitions of trademark infringement and offenses related to labels and packaging used to sell, distribute or advertise counterfeit goods. Owners of trademarks and copyrights registered in Canada can register their rights with CBSA under the [Request for Assistance](#) application. This allows CBSA to identify and temporarily detain any commercial shipments suspected of containing pirated or counterfeit goods. CBSA will then contact the appropriate rights holders to inform them of all details needed to pursue civil court action. Note that a rights holder who submits an application under this program will be liable to the Canadian government for any costs related to storage, handling and destruction of detained goods, beginning the day after a notice of detention is sent. More information is available from [CBSA](#) and [Industry Canada](#).

## Packaging

### Packaging Requirements

The Competition Bureau's [Guide to the Consumer Packaging and Labelling Act and Regulations](#) outlines requirements for packaging of all products sold in Canada. Packages must be filled, displayed and designed in a way that does not mislead consumers about the quality or quantity of the products inside. Certain products must also be shipped in standardized container sizes, including: wine, peanut butter, glucose syrup and refined sugar syrup. Good quality packaging facilitates handling, transportation and disposal. Before making any large shipments, you should send samples of your packaging to your buyer to ensure the design, size and materials conform to Canadian laws and regulations, and to the requirements of your buyer.. It is cheaper and easier to change a packaging design in your country than in Canada.

### Packaging Trends

Offering an attractive design or innovative packaging is one way to increase the interest of potential buyers in carrying your product. One of the major trends in recent years is eco-friendly packaging, including materials that are renewably sourced, biodegradable and recyclable. Manufacturers are also reducing the amount and size of packaging to reduce the environmental footprint of their products. Convenient, single-serve food packaging is a hot trend in the Canadian market. The packaging of new or unfamiliar food products should also include a description of how consumers can prepare or use the item, as well as recipes and conversion rates for substitutions. More information on trends is available through [Canadian Packaging](#) magazine.

## Labelling

### Labelling and Language Requirements

The Competition Bureau's [Guide to the Consumer Packaging and Labelling Act and Regulations](#) outlines Canadian requirements for labelling of all products sold in Canada. All labels are prohibited from making false or misleading representations of a product. Mandatory label requirements include: product identity, product net quantity and dealer's name and principal place of business. This mandatory information must be provided in both English and French for products sold anywhere in Canada. Some information may not need to be listed in both languages, such as the dealer's name and address.

#### Quebec Language Requirements

Under the *Charter of the French Language*, products sold in Quebec are subject to additional language requirements. French must be used for all inscriptions on the product container and packaging, as well as for catalogues, brochures, leaflets, commercial directors, order forms, invoices and receipts. English or another language may also be used, as long the French occupies at least the same amount of space.

Source: [Québec French Language Office](#)

### Food Labelling

Food products are subject to additional labelling requirements in Canada. CFIA offers a [Food Labelling Tool for Industry](#) and [Labelling Requirements Checklist](#) to better understand these requirements. Core Labelling Requirements must be provided in French and English and include: common name, country of origin, date markings and storage instructions, identity and principal place of business, irradiated foods, legibility and locations, list of ingredients and allergens, net quantity, nutrition labelling and sweeteners. CFIA also offers guidance on claims and statements (e.g., allergens, gluten-free, health claims, organic) as well as food-specific requirements for certain products (e.g., alcohol, chocolate/cocoa, fats and oils, fish/seafood, fresh produce, honey, meat/poultry, processed foods). For example, all packaged foods must include a [Nutrition Facts Table](#).

Nutrition Facts Valeur nutritive		
Per 125 mL (87 g) / par 125 mL (87 g)		
Amount Teneur		% Daily Value % valeur quotidienne
<b>Calories / Calories</b>	80	
<b>Fat / Lipides</b>	0.5 g	1 %
Saturated / saturés	0 g	0 %
+ Trans / trans	0 g	
<b>Cholesterol / Cholestérol</b>	0 mg	
<b>Sodium / Sodium</b>	0 mg	0 %
<b>Carbohydrate / Glucides</b>	18 g	6 %
Fibre / Fibres	2 g	8 %
Sugars / Sucres	2 g	
<b>Protein / Protéines</b>	3 g	
Vitamin A / Vitamine A		2 %
Vitamin C / Vitamine C		10 %
Calcium / Calcium		0 %
Iron / Fer		2 %

# 11 Canadian Trade System

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## Trade Agreements

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### World Trade Organizations

Canada is a part of the world's trading system through its membership in a number of international trade organizations, including:



### Free Trade Agreements

Canada is party to several bilateral, multilateral, and regional [Free Trade Agreements](#) (FTAs). Exporters from a country that has an FTA with Canada benefit from reduced or eliminated tariff and non-tariff barriers to trade, which may make their product more competitive in Canada. Canada currently has eleven FTAs in force, covering 43 countries and more than half of the global economy. Since 2009, Canada has concluded seven new bilateral FTAs with Peru, Colombia, Jordan, Panama, Honduras, South Korea and most recently Ukraine. See the next page for a full list of FTAs in force or being negotiated.

### Trade between Canadian Provinces

Canada's [Agreement on Internal Trade](#) (AIT) aims to reduce inter-provincial barriers to the movement of persons, goods, services and investment within Canada. The agreement is between Canada's federal government and the provinces and territories, with all parties agreeing to non-discriminatory activities, transparency, openness and equal access to procurement opportunities at every level, including municipalities, municipal organizations, school boards and publicly funded academic, health and social services entities. In recent years, member organizations such as the Canadian Manufacturing and Exporters Association, the Canadian Chamber of Commerce and Canadian Council of Chief Executives have called for reforms to the AIT to strengthen Canada's economic union and to modernize economic governance.



# FREE TRADE AGREEMENTS OF CANADA



## Canada has 11 Free Trade Agreements in force

- Korea as of January 2015
- Honduras as of October 2014
- Panama as of April 2013
- Jordan as of October 2012
- Colombia as of August 2011
- Peru as of August 2009
- European Free Trade Association as of July 2009
- Costa Rica as of November 2002
- Chile as of July 1997
- Israel as of January 1997
- North American Free Trade Agreement (NAFTA) as of January 1994

## Canada has 11 Free Trade Agreements soon to be in force

- Caribbean Community (CARICOM)
- Central America Four (CA4)
- Dominican Republic
- India
- Israel to modernize the current Agreement
- Japan
- Morocco
- Singapore
- Trans-Pacific Partnership Negotiations
- Ukraine
- Costa Rica to modernize the current Agreement



Canada is  
exploring discussions on  
Free Trade Agreements with

- Turkey
- Thailand
- MERCOSUR (general trade discussions)
- Philippines

Canada has  
concluded Free Trade Agreement  
negotiations with

- European Union as of August 2014



## Classification of Goods

### Classification of Goods

As a member of the World Customs Organization (WCO), Canada based its classification system on the WCO's Harmonized Commodity Description and Coding System, also known as the Harmonized System (HS). HS codes define and describe imported products and assign an applicable unit of quantity/measurement and rate of duty. When you export goods to Canada, having the correct HS classification of your goods is extremely important. It helps you and your Canadian buyer in a number of ways:

1. Indicates applicable Canadian regulations that your goods to be in compliance with to enter the Canadian market
2. Ensures the correct application of duties and other levies on your goods
3. Avoids delays at the Canadian border
4. Helps you develop a competitive pricing strategy for the Canadian marketplace by allowing you to estimate the customs valuation of your goods as well as mark-ups along the distribution chain

### Harmonized Tariff System

Canada has its own Customs Tariff Structure based on the World Customs Organization Harmonized Tariff System. The HS Code is a 10-digit number that defines and describes the imported product to determine the applicable rate of duty. The first six digits are common identifiers used across all countries, while the last 4 digits are unique to Canada.



For example, here is the HS Code for coffee:

Digits	Product Description	Purpose
Chapter 9	Coffee, tea, mate and spices	Provides general descriptions of the products covered
Heading 0901	Coffee, whether or not roasted or decaffeinated	Linked to the description text in the tariff
Sub-Heading 0901.21	Coffee, roasted, not decaffeinated	Represents the international subdivisions of the heading test for statistical purposes
Tariff Item 0901.21.00	Coffee, roasted, not decaffeinated	Duty rate applied at this level
Statistical Level 0901.11.00.10	Certified organic	Provide product description for statistical purposes

### Determining Your HS Code

Having the correct HS code for your goods is vitally important because this is how fees, duties and other levies will be applied at the border. The right HS code also reduces the risk of non-compliance. Having the wrong HS code can result in penalty fees and delays at the border. Exporters can look up their HS Code in CBSA's [Customs Tariff](#) schedule, which includes over 10,000 tariff classifications organized into 22 sections and 99 chapters that progress from raw materials to more processed commodities and finished goods. Chapter 77 is reserved for future use and Chapter 98 and 99 are country specific. With the possible convergence of HS product descriptors, classification becomes a complex process. Determining the correct tariff classification should be undertaken in partnership with an experienced importer or customs broker.

For more information and guidance on HS Codes:

- [Harmonized System Compliance Fact Sheet](#) (CBSA)
- [Canadian Export Classification Manual](#) (CBSA)
- [HS Code Implementation Questions and Answers](#) (CBSA)

## Tariffs and Duties

### Tariff Determination

Importers must provide CBSA with a detailed description of goods (based on information from the supplier), including the ten-digit HS code, value and origin. CBSA will help determine the rates of duty based on the appropriate valuation method, classification and tariff treatment. Duties are applied at the border and usually paid in person by the Canadian importer or a customs broker representative.

### Rates of Duty

Tariff rates are outlined by HS code in the [Customs Tariff](#) schedule. The rate of duty for goods depends on the Canadian tariff treatment in relation to the country of origin, which can be affected by the origin of raw materials and components. There are generally four types of preferential tariff treatments:

Most Favoured National Tariff (MFN)	General Preferential Tariff (GPT)	Least Developed Country Tariff (LDCT)	Free Trade Agreements
<ul style="list-style-type: none"> <li>• Default tariff for all members of the World Trade Organization (WTO)</li> </ul>	<ul style="list-style-type: none"> <li>• Tariff for over 100 developing countries</li> <li>• Duty-free and quota-free access</li> </ul>	<ul style="list-style-type: none"> <li>• Tariff for 49 least developed countries</li> <li>• Duty-free and quota-free access</li> </ul>	<ul style="list-style-type: none"> <li>• Bilateral, multi-lateral or regional FTAs</li> <li>• Tariff reduction or elimination</li> </ul>

### Duty-Free and Quota-Free Imports

Under the [Market Access Initiative \(MAI\)](#), Canada has eliminated duties and quotas on goods imported from over 100 developing countries (GPT) and 49 least developed countries (LDCT). The only goods excluded are raw and unprocessed dairy, poultry and eggs. Trade flows from eligible countries have increased significantly since the Market Access Initiative began over ten years ago. Ability to claim benefits under GPT and LDCT is determined by Rules of Origin based on what percentage of the product and its inputs were produced in an eligible country. Goods must also be shipped directly to Canada from the eligible country and be accompanied by a Certificate of Origin. For more information, refer to CBSA [guidance](#) on the Market Access Initiative.

**Eligible Countries:** Consult CBSA's [List of Countries and Applicable Tariff Treatments](#) to find out which tariff treatments are eligible for your country. When a country qualifies for multiple preferential tariffs, the lowest applicable tariff will apply.

On January 1, 2015, the GPT was [withdrawn](#) from 72 higher-income countries, whose goods must now enter under MFN status.

On March 13, 2015, the LDCT and GPT were [extended](#) to Burma (Myanmar).

### Rules of Origin

Rules of origin determine preferential tariff treatment for imported goods. The correct rate of duty is applied to goods based on the country from which the inputs of the final product were sourced and the country where the final good was assembled. Goods from these countries have preferential access to the Canadian market, and a certificate of origin must accompany the goods as part of the documentation. The onus is on the exporter to provide a valid certificate for the Canadian importer. This will prevent delays in goods being released.

An example of a preferential tariff treatment is the LDCT and GPT Regulations (LDCT). Two rules of origin methods determine if goods are entitled to the benefits of duty-free access to Canada. The first method is the general rule, under which all goods currently entitled to the benefits of the LDCT can qualify under a “wholly produced rule” or a “cumulative” manufacturing process in a LDC or GPT country with value-added inputs or cumulations from other LDCs or Canada. The second method applies specific rules to textile and apparel goods (HS 50–63 classification). A good can qualify under the general rules or one of the more specific rules of origin. For more information on LDCT's rules of origin please visit CBSA [Memorandum D11-4-4](#).

### **Tariff Rate Quotas and Seasonal Tariffs**

Canada enforces [tariff rate quotas](#) (TRQs) on certain agricultural products included on the Import Control List, including dairy, poultry and eggs. Imports within the quota amount are subject to low rates of duty, and imports over the amount are subject to higher rates of duty. Privilege to import is allocated to firms through import allocations (or “quota-shares”). [Seasonal tariffs](#) apply to certain fresh fruits and vegetables.

### **Anti-Dumping and Countervailing Duties**

In alignment with WTO rules, Canada’s Special Import Measures Act regulates the application of countervailing duties on imported goods that cause injury to Canadian industry through subsidies in the country of origin. Anti-dumping and countervailing duties may also be assessed if goods are imported at prices that are less than their selling price in the country of origin. CBSA maintains a [List of Goods Subject to Anti-Dumping Countervailing Duties](#).

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## Import Documentation

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### Releasing Goods at the Border

All products entering Canada must be reported to CBSA. This is usually done in person at the point of entry by the importer or a customs broker representative. Generally, the goods are released immediately upon presentation of the required documentation. Within a few days, either the importer or the broker must present the final customs documents and pay any duties and taxes owing. To facilitate the clearance of goods, exporters must give importers timely and complete documentation..

Exporters can consult CBSA's guidance on [Importing Goods into Canada](#) for more information on documentation requirements and the release of shipments. CBSA's [Database of Forms](#) provides templates and instructions for completing each type of document.

### Types of Documents

Depending on the product and country of origin, required documents may include:

1. **Bill of Lading or Airway Bill:** Contract for carriage issued by the ocean or air carrier. Gives title to the goods and signed copies are proof of ownership.
2. **Cargo Control Document:** Used by carriers to report shipments to CBSA (first record of shipment's arrival). Also used for shipments moved in-bond to an inland CBSA office, sufferance warehouse or bonded warehouse.
3. **Certificate of Origin (Form A):** Required by CBSA to establish where goods were manufactured and to determine the applicable rate of customs duty, including any claims for preferential rates of duty. More information can be found in [Memorandum D11-4-2](#).
4. **Canada Customs Coding Form (Form B):** Used to account for goods regardless of the value imported for commercial use in Canada. An [example](#) of the form is available from CBSA.
5. **Commercial Invoice:** Used by the exporter to charge payment of goods to the Canadian buyer. Exporters can provide either a [Canada Customs Invoice](#) (CCI) or their own forms that include all necessary standard information. CBSA uses the invoice to apply duties and other import taxes (e.g., GST). Avoid later reassessments by ensuring your invoice has enough detail to identify the goods, determine the quantity and establish the tariff classification correctly, including: date of issue, name and address of buyer and seller, contract number, description of goods, unit price, number of units per package, total weight and terms of delivery and payment.
6. **Inspection Certificates:** Sanitary and other certificates are required for some types of products entering Canada, including plants, seeds, animals, pharmaceuticals, nursery stock and meat. More information is available from [Health Canada](#).
7. **Export Permits:** Permits may be required, such as those for endangered species, and are issued by the exporter's home government.
8. **Import Permits:** Canada's Department of Foreign Affairs and International Trade requires import permits for goods such as textiles and clothing, agricultural and steel products and some food items such as dairy products, poultry and eggs. [Other government departments](#) may require import permits for a range of goods.
9. **Packing List:** May be required to supplement a commercial invoice, and is provided by the shipper. Identifies the shipper, the shipping company and the importer.
10. **Insurance Documents:** Issued by the insurance underwriter and provides proof that the goods are insured as they are being transported.

## Import Control List

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### Import Control List

CBSA requires an import permit for all goods listed on Canada's [Import Control List](#). Buyers must obtain an [import permit](#) from the Export and Import Controls Bureau (EICB) of Foreign Affairs and International Trade Canada (DFATD). Goods that are subject to import controls include:

1. **Agricultural Products:** Applies to beef and veal, eggs and chicken, dairy products (including cheese), margarine, peanut butter, pork, turkey, wheat and barley.<sup>81</sup>
2. **Textiles and Clothing:** Only applies to textile and clothing products that are eligible for preferential tariffs under the free trade agreements of NAFTA, CCFTA (Chile), or CCRFTA (Costa Rica).<sup>82</sup>
3. **Firearms**
4. **Steel**

For more information, visit DFTAD's [Import Controls](#) page and [Memorandum D19-10-2](#).



### International Import Certificates

Although a product may not be subject to import controls, there may be a requirement for the issuance of an International Import Certificate, a document that formally recognizes that the Government of Canada is aware of (and has no immediate objections to) the proposed import of specific goods to Canada by the stated importer for the stated end-use and end-user. Canadian [International Import Certificates](#) are issued to Canadian applicants, who in turn provide a copy to their foreign suppliers, who use the International Import Certificates to obtain a foreign export permit.



### Prohibited Goods

Certain goods cannot be imported into Canada. [Prohibited goods](#) include child pornography, hate propaganda, dangerous materials, narcotics, base or counterfeit coins and offensive weapons, as well as goods manufactured or produced by prison labour.

## Transshipment

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Transshipment involves the transport of goods through an intermediary country get them to a final destination. This includes transferring goods from one transportation vessel to another within a country that is not the final destination; for example, transferring goods from one ship to another or from a ship to an airplane or rail. To keep the Country of Origin intact, transshipment must adhere to a number of terms. For example, the goods must:

- Remain under customs transit control in the intermediate country
- Not undergo any operation in the intermediate country, other than unloading, reloading or splitting up of loads or any other operation required to keep the export items in good condition
- Not enter into trade or consumption in the intermediate country
- Remain in temporary storage in the intermediate country for no more than six months

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<sup>81</sup> For more details, see DFATD [Controlled Products: Agriculture](#)

<sup>82</sup> [DFATD](#), Message to the Industry: Elimination of Textiles and Clothing Permits Requirements Under the Export and Import Permits Act, as of April 1, 2005

# 12 Transport and Logistics

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## Transportation Routes

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### Main Entry Doors to Canada

Given the large size of Canada, it is common practice for exporters to consolidate shipments to the country's three primary consumer markets. For most new exporters, the main entry doors to Canada are Ontario and Quebec, while exporters from Asia may wish to target Vancouver in British Columbia due to its geographic proximity (although increasingly Asian goods are shipped to an eastern Atlantic port). Major distribution hubs for intra-Canadian trade are Toronto (covering Ontario, Quebec and Atlantic Canada), Montréal (covering Quebec, Atlantic Canada and Ontario) and Vancouver (covering British Columbia, Alberta, the Prairies and the Territories).

#### Canada is larger than you think!

As the 2<sup>nd</sup> largest landmass in the world, Canada encompasses 9 million square kilometers. This means the U.K. would fit into Canada over 40 times! Be aware of travel time and transportation costs across the regions of Canada. It takes up to eight hours to fly from the Atlantic to Pacific (Halifax to Vancouver)— this is further than to fly from Canada to London, UK.

### Transportation Corridors

**Ports:** Most goods enter Canada by air or ocean shipping and are further transported across the country on land by rail or highway truck freight. Goods arriving by sea vessel will usually enter at one of the four major container ports: Port of Halifax, Port Montreal, Prince Rupert Port Authority and Port Metro Vancouver. The port system provides critical infrastructure to link the movement of goods to road and rail:

- **Central Region:** The Great Lakes/St. Lawrence inland waterway system via the St. Lawrence Seaway, which runs from the Atlantic Ocean to the heartland of the United States, is an important trade corridor that serves 15 major international ports and 50 regional ports on both sides of the Canada-U.S. border. It specializes in bulk carriers, self-unloaders and tug/barge units for domestic dry cargo and a fleet of small tankers handle petroleum products.
- **Pacific Region:** Tugs and barges serve the domestic workhorses while whole bulk carriers and container ships dominate international trade with Asian countries.
- **Atlantic Region:** Supports some domestic trade but international vessels are of considerable importance to import and export traffic.<sup>83</sup>

**Air Cargo:** Time sensitive and valuable goods are shipped by air. While air cargo accounts for only 3% of the volume of goods shipped to Canada, it accounts for almost 35% of the total value.<sup>84</sup>

**Railroad:** Canada has an extensive railroad network that is the 5<sup>th</sup> largest in the world and handles the 4<sup>th</sup> largest volume of goods in the world. Canada National (CN) Rail transports goods directly from ships at the Prince Rupert port to Ontario, Quebec and the United States.

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<sup>83</sup> [Association of Canadian Port Authorities](#), Port Industry Facts, 2015

<sup>84</sup> Growing Canada's Economy- A New National Air Transportation Policy, The Conference Board of Canada



## Modes of Transportation

Exporters can transport their goods to Canada via air, ocean, highway or rail depending on geography and cost effectiveness.



At **airports**, commercial goods can arrive on commercial airlines such as Air Canada, on charter airlines such as Air Transat, or on dedicated parcel delivery airlines such as Purolator Couriers. Major airports are Pearson International (Toronto), Calgary International, Pierre Elliot Trudeau International (Montreal) and Vancouver International.

**13 international airports**



At **seaports**, goods can arrive in cargo containers, which are then transferred onto rail cars or tractor units. Major seaports are Port of Halifax, Port Montreal (inland port), Prince Rupert Port Authority and Metro Vancouver

**18 port authorities**



At **train stations or rail yards**, commercial goods can be transshipped in box cars, flat cars, hopper cars or tank cars. Major rail companies are Canada National Railway Company (CN) and Canada Pacific Rail.

**48, 000 km of railway tracks**



At **highway border crossings**, goods can arrive in conveyances such as tractor-trailer units hauling goods for multi-national companies and cars, vans, or pickup trucks that the small business owner may utilize.

**27,608 km of core highway routes**

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## Transportation Intermediaries







































































































































































































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Sending goods across international borders with different laws, currencies and languages can be a challenge for many SME exporters. For this reason, specialized logistics intermediaries are common in the export-import business. Potential transportation partners include:

1. **Freight Forwarders:** Freight forwarders arrange for the transportation and delivery of commercial cargo (goods or commodities). Services include: selecting shipping routes, quoting and negotiating carrier rates, preparing, translating, certifying and presenting shipping and customs documents, booking transportations space, obtaining and claiming insurance, handling payments, securing charters and arranging inland transportation (air forwarders). Contacts can be found through the [Canadian International Freight Forwarders Association](#).
2. **Non-Vessel Operating Carriers (NVOCCs):** NVOCCs handle only the part of shipment from a port to the importer's dock or from an exporter's dock to a port. They buy and resell space on carriers, perform the physical work of consolidating, loading and unloading the goods, and can even handle the freight in some cases.
3. **Consolidators:** Consolidators combine small shipments into large one to qualify for full vehicle discounts.
4. **Trading Houses:** Trading houses can be divided into two groups. Export Management Companies (also called Export/Import Agents) represent a company in a particular market and help it access customs and government information and negotiate export deals on the company's behalf. Trading companies (also called Export/Import Merchants) purchase a company's goods and assume all the risks involved with selling them in a foreign market.
5. **Third-party Logistics Companies (3PLs):** 3PLs are logistics specialists in specific operations including: inbound freight, customs and freight consolidation, warehousing, order fulfillment, distribution, management and freight..
6. **Customs Brokers:** Customs Brokers help companies with customs classification and valuation, payment of all import duties. Lists of Customs Brokers can be found through the [Canadian Society of Customs Brokers](#) and [CBSA: List of Licensed Customs Brokers](#).
7. **Shipping Associations:** Shipping associations are groups of small exporters that partner to qualify for better carriers rates.
8. **Ship Brokers and Ship Agents:** These agents are independent firms with broad carrier schedule knowledge. They connect small exporters to ship operators.
9. **Insurers:** Exporters or importers can arrange for cargo insurance directly with an insurance company or with an insurance agent, a freight forwarder or a customer broker.
10. **Financial Institutions:** Financial institutions ensure that timely payment is received for shipped goods. Some of their other trade services include providing funds, credit reports, documentary transaction services and transferring funds.

## Incoterms

Incoterms ® 2010 are an internationally accepted system of International Commerce terms involved in domestic and international movement of goods. The terms are used in transportation, insurance and other regulatory processes including export fees, import duties and taxes. Use of Incoterms has become a crucial part of negotiating sales contracts between exporters and importers in order to ensure a common understanding of responsibilities, expenses coverage, documents generation and ownership of goods being exported. The following table provides an overview of the most commonly used Incoterms.

			RESPONSABILITIES AND EXPENSES																		
																					
Group	Inconterm	Description	Mode of transportation	Warehouse storage at point of origin	Warehouse labour charge at point of poing of origin	Export Packing	Loading at point of origin	Inland freight	Port Receiving Charges	Transport Documents	Export clearance	Ship loading	Freight	Charges in foreign port/airport	Customs Duties and taxes abroad	Ship unloading	Inland carrier	Carrier unloading	Insurance	Risk transfer	When to use it
E-Departure	EXW	Ex works or named placed	all																	from time of availability	both are confident that export formalities can be arranged smoothly. For initial quotation to isolate the logistic cost. Logistics advantages on buyer side at place of origin
	FCA	Free Carrier or named place	all																	Buyer assumes all risks	when using multimodal documents
	FAS	Free Along Ship (named loading port)	Ocean or inland waterways																	Buyer assumes all risks	typically used for heavy lift or bulk cargo. Vessel must be at port before sellers deliver cargo to port area
	FOB	Free On Board (named loading port). Bill of lading is key document	Ocean or inland waterways																		Over Ship's rail at named port
C-Main Carriage Paid	CFR or CNF	Cost and Freight. Main Carriage paid or named destination port	Ocean or inland waterways																		Buyer new in international trading and not able to arrange efficient export clearance and transportation
	CIF	Cost, Insurance and Freight at named destination port	Ocean or inland waterways																		Buyer new in international trading and not able to arrange efficient export clearance and transportation
	CPT	Carriage paid to place of destination	all												buyer or seller (for small packages)					over first carrier	Buyer new in international trading and not able to arrange efficient export clearance and transportation
	CIP	Carriage and Insurance paid to place of destination	all												buyer or seller (for small packages)						Buyer new in international trading and not able to arrange efficient export clearance and transportation
D-Arrival	DAP	Delivered at place	all (final shipment by land)																	over import customs clearance	Buyer new in international trading and not able to arrange efficient export clearance and transportation
	DAT	Delivered at terminal or port	all																	Buyer assumes all risks	Buyer new in international trading and not able to arrange efficient export clearance and transportation
	DDP	Delivered duty paid	all																		at named destination place

# 13 Your Next Steps

## Create a Market Entry Strategy



### Three Key Tools for Market Research:

<a href="#">Trade Data Online</a>	<ul style="list-style-type: none"> <li>• Tracks all Canadian import and export data</li> <li>• Search database for imports of your product</li> <li>• Analyze import market size, growth, competition</li> </ul>
<a href="#">Automatic Import Reference System</a>	<ul style="list-style-type: none"> <li>• Provides information on import requirements and regulations</li> <li>• Applies to agri-food, plant and animal products regulated by the Canadian Food Inspection Agency</li> </ul>
<a href="#">Canadian Importer Database</a>	<ul style="list-style-type: none"> <li>• Provides lists of major importers based on HS code</li> <li>• Use company names to search for contact details and conduct your own due diligence</li> </ul>

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## How TFO Canada Can Help

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Register on [www.tfocanada.ca](http://www.tfocanada.ca) to access the following free services for exporters:

Potential Exporter



Successful Exporter

1. Take our [Export Readiness Quiz](#) to discover your areas of strength and weakness
2. Regularly update your export offer in our [Supplier Database](#) for Canadian importers
3. Download the [Market Report](#) for your sector in Canada
4. Access key [Market Research Tools](#) directly from our website
5. Sign up for a [Webinar](#) or view past event recordings

# Appendixes

## Annex 1: Sources of Information

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### TFO Canada

130 Slater Street, Suite 1025  
Ottawa, Ontario, Canada K1P 6E2  
Tel.: (613) 233-3925 In Canada: 1-800-267-9674  
Fax: (613) 233-7860  
E-mail: [tfocanada@tfocanada.ca](mailto:tfocanada@tfocanada.ca)

### Canada Border Services Agency

A directory of CBSA offices across Canada is available through the Internet site.

### Agriculture and Agri-Food Canada

1341 Baseline Road  
Ottawa, Ontario K1A 0C5, Canada  
Tel.: (613) 773-1000 Fax: (613) 773-1081

### Canadian Food Inspection Agency

Plant Protection  
174 Stone Road West  
Guelph, Ontario, Canada N1G 4S9  
Tel.: (226) 217-8555 Fax: (226) 217-8495

### Foreign Affairs, Trade and Development Canada

125 Sussex Drive  
Ottawa, Ontario, Canada K1A 0G2  
Tel.: (613) 944-4000 Fax: (613) 996-9709

### I.E. Canada (Canadian Association of Importers and Exporters)

Mailing Address: P.O. Box 189  
Don Mills, Ontario, Canada M3C 2S2  
Tel: (416) 595-5333

### Canadian Standards Association



## Annex 2: Business Associations

The following links provide the most relevant Canadian business associations:

<p><b>APPAREL and TEXTILES</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Apparel Federation</a></li> <li>▪ <a href="#">Canadian Association of Wholesale Sales Representatives (Apparel Sales Agents)</a></li> </ul> <p><b>BEVERAGES</b></p> <p>Alcoholic Beverages</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Association of Canadian Distillers</a></li> <li>▪ <a href="#">Beer Canada</a></li> <li>▪ <a href="#">Canadian Association of Liquor Jurisdictions</a></li> <li>▪ <a href="#">Canadian Vintners Association</a></li> </ul> <p>Beverages (Other)</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Beverage Association</a></li> <li>▪ <a href="#">Canadian Bottled Water Association</a></li> <li>▪ <a href="#">Canadian Coffee Association</a></li> <li>▪ <a href="#">Tea Association of Canada</a></li> </ul> <p><b>BUILDING MATERIALS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Homebuilders Association</a></li> <li>▪ <a href="#">Lumber and Building Materials Association of Ontario</a></li> <li>▪ <a href="#">North American Retail Hardware Association Canada</a></li> </ul> <p><b>CARPETS and RUGS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Carpet Institute</a></li> <li>▪ <a href="#">Canadian Home Furnishings Alliance</a></li> </ul> <p><b>COSMETICS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Allied Beauty Association</a></li> <li>▪ <a href="#">Canadian Cosmetics, Toiletry, and Fragrance Association</a></li> <li>▪ <a href="#">Scented Products Education and Information Association of Canada</a></li> <li>▪ <a href="#">Society of Cosmetics Chemists (Ontario Chapter)</a></li> </ul> <p><b>FLORICULTURE and HORTICULTURE</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Nursery Landscape Association</a></li> <li>▪ <a href="#">United Flower Growers</a></li> </ul> <p><b>FOOD</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Federation of Independent Grocers</a></li> <li>▪ <a href="#">Canada Organic Trade Association</a></li> <li>▪ <a href="#">Canadian Produce Management Association</a></li> <li>▪ <a href="#">Canadian Snack Food Association</a></li> <li>▪ <a href="#">Canadian Spice Association</a></li> <li>▪ <a href="#">North American Produce Transportation Working Group</a></li> </ul>	<p><b>FOOTWEAR</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Western Canada Show Association</a></li> <li>▪ <a href="#">Shoe Manufactures Association of Canada</a></li> <li>▪ <a href="#">Ontario Shoe Travellers' Association</a></li> </ul> <p><b>FURNITURE</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Quebec Furniture Manufacturers' Association</a></li> <li>▪ <a href="#">Association of Registered Interior Designers</a></li> <li>▪ <a href="#">Interior Designers of Canada</a></li> </ul> <p><b>HOME DECOR</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Gift Association</a></li> <li>▪ <a href="#">Canadian Crafts Federation</a></li> <li>▪ <a href="#">Craft and Hobby Association</a></li> </ul> <p><b>JEWELLERY and FASHION ACCESSORIES</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Jewellers Association</a></li> <li>▪ <a href="#">Jewellers Vigilance</a></li> <li>▪ <a href="#">Luggage, Leathergoods, Handbags and Accessories Association of Canada</a></li> </ul> <p><b>NATURAL HEALTH PRODUCTS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Health Food Association</a></li> <li>▪ <a href="#">Canadian Homeopathic Pharmaceutical Association</a></li> <li>▪ <a href="#">Consumer Health Products Canada</a></li> <li>▪ <a href="#">HealthCare Canada</a></li> </ul> <p><b>ORGANIC PRODUCTS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Organic Growers</a></li> <li>▪ <a href="#">Organic Agriculture Centre of Canada</a></li> </ul> <p><b>PHARMACEUTICALS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Association for Pharmacy Distribution Management</a></li> <li>▪ <a href="#">Canadian Generic Pharmaceutical Association</a></li> <li>▪ <a href="#">Canada's Researched Based Pharmaceuticals Association</a></li> </ul>
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## Annex 3: Trade Publications

The following publications, magazines and research firms provide useful information for exporters:

<p><b>APPAREL and TEXTILES</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Trendex North America Inc.</a>- Monthly newsletter <a href="#">Apparel Insights</a></li> <li>▪ <a href="#">Canadian Apparel Federation Newsletters</a></li> </ul> <p><b>BUILDING MATERIALS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Hardlines</a></li> <li>▪ <a href="#">Woodworking Magazine</a></li> <li>▪ <a href="#">Hardware Retailing</a></li> </ul> <p><b>CARPETS and RUGS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Azure</a></li> <li>▪ <a href="#">Canadian Interiors</a></li> <li>▪ <a href="#">Coverings</a></li> </ul> <p><b>COSMETICS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Cosmetics Magazine</a></li> <li>▪ <a href="#">Spa Canada Magazine</a></li> </ul> <p><b>FLORICULTURE and HORTICULTURE</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Gardening</a></li> <li>▪ <a href="#">Canadian Florist Magazine</a></li> <li>▪ <a href="#">Flowers Canada Retail Newsletter</a></li> <li>▪ <a href="#">Greenhouse Canada</a></li> </ul> <p><b>FOOD and BEVERAGES</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Grocer</a></li> <li>▪ <a href="#">Canadian Seafood Buyer's Guide</a></li> <li>▪ <a href="#">Food and Beverage Canada</a></li> <li>▪ <a href="#">Food in Canada</a></li> <li>▪ <a href="#">Grocery Business Canada</a></li> <li>▪ <a href="#">Organic &amp; Wellness News</a></li> </ul>	<p><b>FOOTWEAR</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Footwear Journal</a></li> <li>▪ <a href="#">Retail Buyers Guide</a></li> </ul> <p><b>FURNITURE</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Magazine Intérieurs</a></li> <li>▪ <a href="#">FurnitureLink</a></li> <li>▪ <a href="#">Quality Canadian Furniture</a></li> </ul> <p><b>HOME DECOR</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Living</a></li> </ul> <p><b>JEWELLERY and FASHION ACCESSORIES</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Luggage, Leathergoods and Accessories Magazine</a></li> <li>▪ <a href="#">Canadian Jewellers Magazine</a></li> <li>▪ <a href="#">Complex</a></li> </ul> <p><b>NATURAL HEALTH PRODUCTS</b></p> <ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Natural Health Retailers</a></li> <li>▪ <a href="#">Natural Health Products Canada</a></li> <li>▪ <a href="#">Wholife</a></li> </ul>
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