
Access Canada:

A Guide on Exporting to Canada

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0 Executive Summary

With a population of 37.6 million, Canada is the 10th largest import market in the world. Canada depends on foreign trade which is reflected in the many bilateral and multilateral trade agreements Canada has negotiated and continues to negotiate with countries around the world. The top consumer markets are in three provinces: Ontario (Toronto), Quebec (Montreal) and British Columbia (Vancouver). Majority of importers are in the Toronto and Montreal areas. More than 85% of all imports are cleared in the provinces of Ontario and Quebec and then are distributed throughout Canada.

Growth in imports has been increasing steadily before the COVID -19 pandemic hit the country, like most other countries in the world. Before the pandemic, Canada's GDP average yearly rate was approximately 2% and other economic indicators suggested a stable economy. It remains unclear what medium and long-term impact the pandemic will have on imports as well as the general economic conditions in the country.

The United States remains Canada's largest trading partner and accounted for more than half of all imports into Canada in 2019. China is also a major exporter to Canada as well as many other Asian countries. Mexico is the largest exporter to Canada within Latin America (due largely to the Canada US Mexico Agreement (CUSMA)).

There are three key sectors in the Canadian import market of interest for developing country exporters: agri-foods, textiles and clothing and home décor. Agri-food imports totalled \$11.2 billion in 2019, Textiles and clothing imports reached \$14 billion in 2019, Home décor imports reached \$3 billion in 2019, with the U.S. and the EU being important suppliers.

Canada has its own Customs Tariff Structure based on the World Customs Organization Harmonized Tariff System (HS). The Canadian Border Services Agency (CBSA) is the Canadian government agency responsible for customs services and compliance with Canada's borders legislation. The CBSA also provides the list of countries with the applicable tariff treatments.

Canadian and international certifications are an important consideration for SMEs contemplating Canada as an export market. In addition to complying with Canadian laws and regulations, exporters may wish to pursue additional third-party certifications such as Global G.A.P., Rainforest Alliance and ISO as some importers may require such certifications.

A few options are available to exporters wanting to sell to Canada. SME exporters must decide whether to export directly to an importer, distributor, or retailer in Canada, or to export indirectly through intermediaries either in their country or in Canada such as distributors, brokers and agents or trading houses. There are a number of ways to identify buyers in Canada. Trade shows have traditionally been a great source to find buyers although with the pandemic, the future of this type of activity remains uncertain. Trade magazines and directories are also a good tool to identify buyers. Exporters can use a number of tools (such as the Canadian Importer Database) to identify buyers. They can also contact their Embassy (or High Commission) and Consulate in Canada to get assistance.

In summary, the first step for exporters to take when contemplating to sell to Canada is to develop a market-entry strategy with the following components: analyze the market demand for your products, understand the regulatory environment in Canada and identify potential buyers. To become export ready for Canada, it is important that exporters do their homework diligently and thoroughly.

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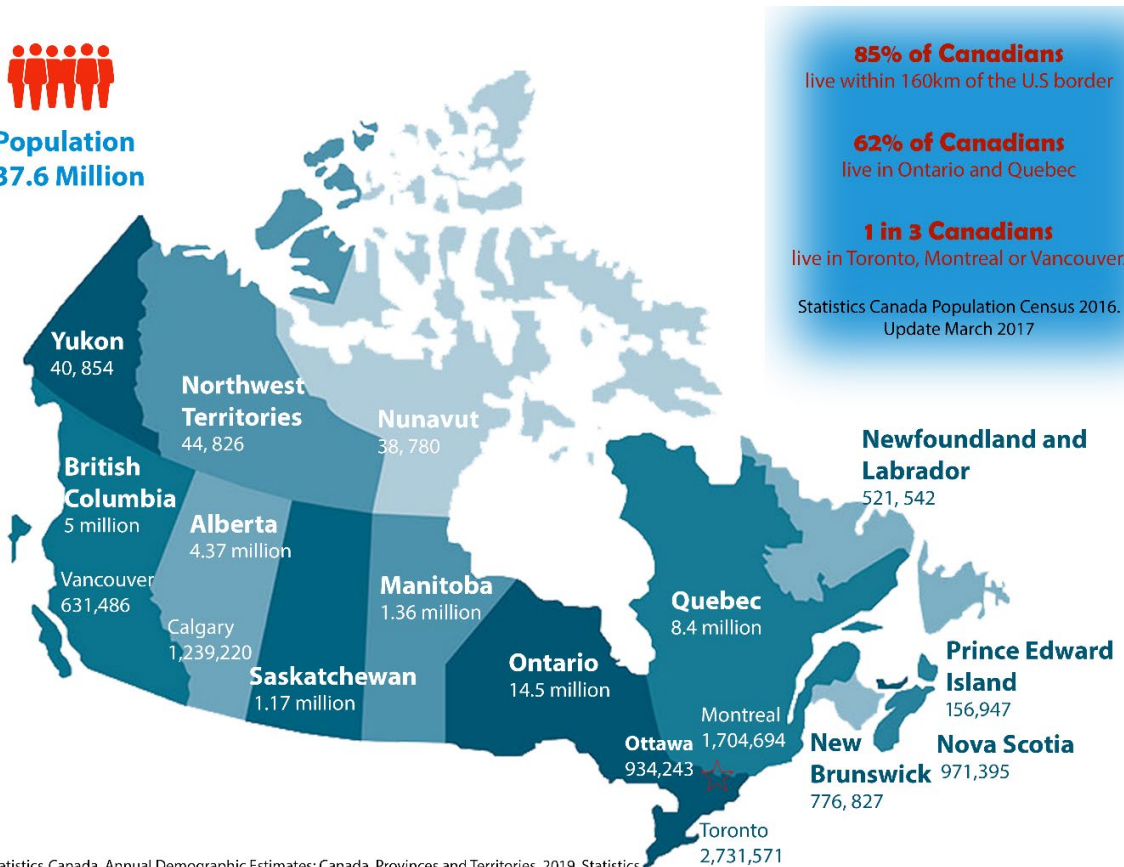
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Unless otherwise specified, all currency is in Canadian dollars.

1 Welcome to Canada



Population
37.6 Million



85% of Canadians
live within 160km of the U.S border

62% of Canadians
live in Ontario and Quebec

1 in 3 Canadians
live in Toronto, Montreal or Vancouver.

Statistics Canada Population Census 2016.
Update March 2017

Statistics Canada. Annual Demographic Estimates: Canada, Provinces and Territories, 2019. Statistics Canada Population Census 2011. Updated March 2017

ECONOMY

Value in \$ CAD billions

GDP \$1,969
Exports \$592
Imports \$641

Inflation: 1.85% (2019)
Labour force: 20.3 million
Currency: \$1 CAD

*2019 figures

POLITICS

Type of government:
Parliamentary Democracy
Federation
Constitutional Monarchy
Levels of Government:
Federal
Provincial/Territorial
Municipal (city)

Business
Hours of business: 9 am to 5pm
(Monday to Friday)

- Retail Hours:**
- Open until 9 pm (weekdays)
 - Open until 5pm (weekends)

Society

37.6 million
1.4% growth (in 2019, the highest since
the early 1990s)

Canada admitted **313,580**
immigrants in 2018/2019

English & French
Two Official Languages

Christian- 66%
Muslim- 3%
No religion- 24%
Other religions- 6.8%

Public Holidays

New Year's Day 1-Jan
Family Day Third Monday in February
Good Friday Friday before Easter
Sunday
Easter Monday Monday after Easter
Sunday
Victoria Day Monday preceding May
25th
Fête Nationale St. Jean Baptiste Day
24-Jun -Quebec
Canada Day /Memorial Day 1-Jul
Civic Holiday First Monday in August
Labour Day First Monday of September
Thanksgiving Second Monday in
October
Remembrance Day 11-Nov
Christmas Day 25-Dec

Sources: [Statistic Canada - Table 18-10-0259-01](#) (formerly CANSIM 326-8023)

[Statistic Canada- Analysis: Total Population](#)

For more information on GDP look to chapters 3, 4 & 5 of this report.

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 \$601 billion in 2019, making Canada the 10th largest import market in the world. Although Canada's market is approximately 10% the size of the U.S. market, it imports almost twice as much as its southern neighbours on a per capita basis. Growth in Canadian imports has been strong and stable, averaging 2% annually over the past five years (2014–2019). Although there was a steady increase in import volume and value, there has been quite a decrease in import activity since the COVID-19 pandemic. Imports into Canada for the January to June 2020 period decreased by 16.7% over the same period in 2019. It is difficult to predict when this situation will reverse itself and imports grow again.

See section on the Canadian import market (p. 28)

2) Diverse Consumer Tastes

Most of Canada's population growth is a result of immigration. In fact, 1 in 5 Canadians was born outside the country, giving Canada the largest proportion of foreign-born citizens among G7 nations. The 7.5 million immigrants who call Canada home come from more than 200 countries. 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. 12)

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 more than 40 countries that together account for half of the global economy. It has agreements with both individual countries and groups of countries. Over the past eight years, Canada has signed bilateral trade agreements with Colombia, Jordan, Panama, Honduras and South Korea, and is now negotiating 9 others. It has also renegotiated its largest agreement with the United States and Mexico (CUSMA). Canada also offers duty-free and quota-free market access to the least-developed countries (LDCT) as well as lower-than-normal tariff rates to over 100 other developing countries, giving them a competitive edge. This market access initiative is extended to 2024.

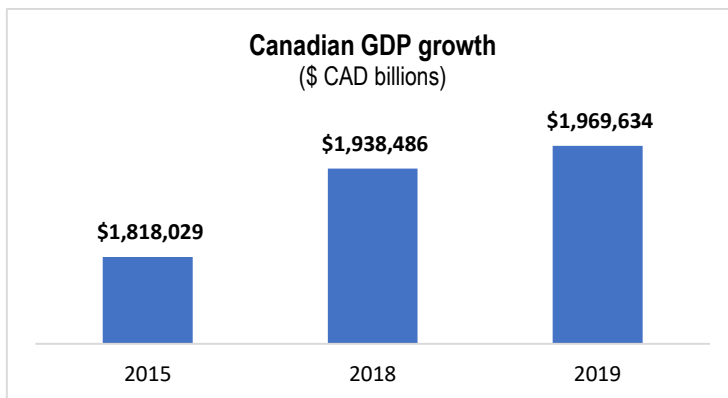
See section on the Canadian trade system (p. 69)

4) Consumer Purchasing Power

Canada's economy grew 1.6% in 2019 and inflation rates have remained below 3% for the past two decades. While there were signs that Canada was entering a recession before COVID-19, the economy is at best struggling like many if not all the economies around the world. While it is too early to analyze the full impact of the pandemic, there are definite signs of difficult times ahead. 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.

See section on Canadian consumers (p. 12)

3 Canadian Economy



Gross Domestic Product

Over the past five years, Canada's gross domestic product (GDP) has grown at an average rate of 2% per year, reaching \$1.9 trillion in 2019.

Source: Statistics Canada. [Table 36-10-0402-02 Gross domestic product \(GDP\) at basic prices, by industry, provinces and territories, growth rates \(x 1,000,000\)](#)

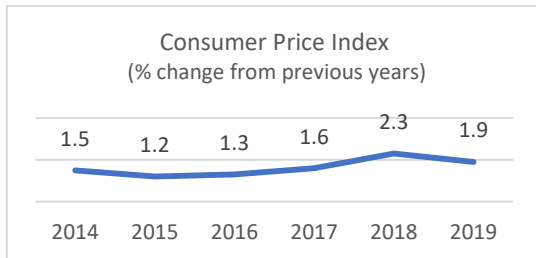
Canadian GDP by Province		
Value in millions of \$CAD Real GDP chained at 2012 dollars		
Province	GDP (2019)	% growth
Canada	1,969,634.40	100
Ontario	744,439.60	38
Quebec	377,043.20	19
British Columbia	253,048.70	13
Alberta	334,172.20	17
Manitoba	63,487.40	3
Saskatchewan	81,540.70	4
Nova Scotia	37,441.00	2
New Brunswick	30,745.40	1
Newfoundland and Labrador	31,588.0	1.5
Prince Edward Island	6,052.00	0.3
Northwest Territories	4,301.50	0.2
Yukon	2,618.30	0.1
Nunavut	3,156.40	0.1

The provinces of Ontario and Quebec are home to most of Canada's businesses and financial institutions and continue to lead the provinces in GDP. In 2018 the drop of global oil prices impacted the economic growth in the province of Alberta's largely resource-dependent, oil-based economy, slowing it down considerably.

Source: Statistics Canada. [Table 36-10-0402-02 Gross domestic product \(GDP\) at basic prices, by industry, provinces and territories, growth rates \(x 1,000,000\)](#)

Economic Outlook

With COVID-19, both exports and imports remain weak. GDP was projected to grow by 1.6% in 2020 ¹ before the pandemic cost of gasoline fell 10.0% in September 2019, the decline for gas was partially attributed to low global demand for oil².



Source: Statistics Canada. Table [18-10-0004-03](#) 2014-2019

Inflation

Canada's Consumer Price Index (CPI) measures inflation based on price changes for a range of consumer goods and services. As of December 2019, the CPI rose 2.2%, excluding gasoline CPI rose at 2.0%³.

In 2019 the price for food had risen 3%, this change was driven by the lower prices for lettuce. Lettuce prices reduced by 5% compared to December 2018, following an E. coli outbreak⁴. It is expected that the COVID-19 pandemic will affect Canada's CPI adversely.

Consumer Price Index (December 2018–December 2019) % change from previous year	
All items	2.2
Food	3.0
Shelter	2.8
Household operations and furnishings	-0.4
Clothing and footwear	2.9
Transportation	3.7
Health and personal care	1.9
Recreation, education and reading	0.3
Alcoholic beverages and tobacco products	0.4
Special aggregates	
All items excluding food	2.1
All items excluding energy	1.8
Energy	5.5

Source: Statistics Canada. Table [18-10-0004-13](#)

For example, food is getting more expensive on retail shelves. Products like beef have gone up by as much as 20% since January 2020. Grocers are expecting food prices to increase by 4%.⁵

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

¹ OECD. [Canada Economic Snapshot](#). November 2019

² Statistics Canada. [Consumer Price Index](#). September 2019

³ Statistics Canada. [Consumer Price Index](#). December 2019

⁴ ibid

⁵ Canadian Grocer Magazine. [Why Canadian Grocery Stores will never be the Same](#). August 18, 2020.

Business Spending

During the 2014-2019 period, capital expenditures in Canada grew steadily. In 2019, total capital expenditures reached \$252 billion.

Canadian Capital Expenditures by Sector \$CAD (millions)						
	2014	2015	2016	2017	2018	2019
Canada Total	272,109	251,338	229,952	239,906	245,937	252,060
Agriculture, forestry, fishing and hunting	6,561	6,620	6,341	7,733	7,996	7,974
Mining, quarrying, and oil and gas extraction	90,427	63,811	48,202	50,566	47,617	48,234
Utilities	31,177	31,524	30,823	31,525	27,772	28,926
Construction	6,365	6,084	5,890	6,245	5,743	5,860
Manufacturing	17,937	18,694	16,491	15,367	18,252	19,145
Wholesale trade	4,016	3,713	3,470	3,601	3,855	3,876
Retail trade	6,557	6,158	6,445	6,608	6,376	5,927
Transportation and warehousing	26,486	29,501	27,775	28,954	31,600	35,578
Information and cultural industries	9,848	11,182	11,488	12,497	13,479	13,865
Finance and insurance	3,502	4,657	3,601	3,618	3,574	3,918
Real estate and rental and leasing	10,744	10,200	12,745	13,388	14,045	14,491
Professional, scientific and technical services	2,760	2,795	2,810	2,448	2,545	2,434
Management of companies and enterprises	324	245	419	549	555	737
Administrative and support, waste management and remediation services	2,422	1,911	1,546	1,682	1,612	1,525
Educational services	7,895	8,736	9,519	10,583	12,030	10,276
Health care and social assistance	8,650	9,202	8,364	8,115	8,236	9,088
Arts, entertainment and recreation	1,974	2,217	2,586	2,611	3,037	3,215
Accommodation and food services	4,272	4,527	4,052	3,611	3,576	3,439
Other services (except public administration)	1,328	1,327	1,238	1,074	1,333	1,125
Public administration	28,863	28,234	26,147	29,134	32,705	32,418

Source: [Statistics Canada Table 34-10-0035-01](#), 2014–2019

Retail Sales

In 2019, retailers in Canada sold more than \$615 billion worth of goods and services. Over the 2014-2019 period, retail sales were led by motor vehicles, which reached \$165 billion in 2019, followed by food and beverage sales (\$128 billion). Products are sold through sector-specific retail 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)						
	2014	2015	2016	2017	2018	2019
Retail Trade Total	509,347	522,605	549,711	588,828	605,934	615,620
Motor vehicle and parts dealers	122,726	132,464	146,023	160,073	161,287	165,483
Automobile dealers	106,971	116,141	128,406	140,475	140,626	144,455
New car dealers	100,028	107,924	118,679	129,816	129,079	132,096
Used car dealers	6,943	8,217	9,727	10,659	11,547	12,359
Other motor vehicle dealers	7,802	8,365	9,369	10,132	10,513	10,612
Automotive parts, accessories, and tire stores	7,952	7,958	8,248	9,467	10,149	10,416
Furniture and home furnishings stores	16,105	17,080	17,769	18,458	18,599	19,094
Furniture stores	10,035	10,497	10,923	11,463	11,558	12,011
Home furnishings stores	6,070	6,583	6,846	6,995	7,041	7,081
Electronics and appliance stores	13,812	13,570	13,855	15,624	15,627	14,050
Building material and garden equipment and supplies dealers	28,231	30,275	32,451	36,550	37,516	38,420
Food and beverage stores	111,709	115,043	117,901	121,914	125,557	128,358
Grocery stores	85,182	87,201	88,939	91,720	94,030	96,002
Supermarkets and other grocery (except convenience) stores	78,234	79,860	81,441	83,837	85,817	88,074
Convenience stores	6,948	7,341	7,498	7,882	8,213	7,928
Specialty food stores	6,196	6,472	6,627	7,357	7,849	8,083
Beer, wine and liquor stores	20,331	21,370	22,335	22,837	23,678	24,273
Health and personal care stores	36,968	38,996	44,554	46,472	47,422	48,082
Gasoline stations	64,636	56,003	54,935	62,001	67,792	65,285
Clothing and clothing accessories stores	28,237	30,478	31,787	33,069	34,670	35,265
Clothing stores	22,092	23,757	24,589	25,385	26,902	27,455
Shoe stores	3,186	3,512	3,971	4,152	4,177	4,103
Jewellery, luggage and leather goods stores	2,959	3,209	3,227	3,532	3,591	3,707
Sporting goods, hobby, book and music stores	11,403	11,800	12,057	12,745	12,596	12,356
General merchandise stores	63,247	64,058	64,231	67,602	69,564	72,258
Department stores	27,320	6,849	-	-	-	-
Other general merchandise stores	35,927	9,101	-	-	-	-
Miscellaneous store retailers	12,273	12,839	14,148	14,318	15,304	16,970
Cannabis stores	-	-	-	-	153	1,188

Source: Statistics Canada, Table [20-10-0008-010](#), 2014–2019

4 Canadian Consumers

Population

Canada’s population is approximately 37.6 million people. It is projected to grow over the next 50 years, largely because of immigration; the projections for the next 50 years are between 44.4 million and 70.2 million inhabitants by 2068⁶. Most of the population is heavily concentrated in urban areas close to the U.S. border, with the top consumer markets located in the three provinces of Ontario, Quebec and British Columbia. The province of Alberta’s consumer market has also grown considerably in recent years.

There are four major generational demographics that economists have recognized as distinct markets with strong influence on consumption patterns. Baby Boomers, Generation (Gen) X, Generation (Gen) Y (more popularly known as Millennials,) and Generation (Gen) Z—each of which is unique in their perspectives on marketing tactics and purchasing preferences. Each is described later in this section.

Two-thirds of Canadians live in Ontario and Quebec

85% of Canadians live within 160 km of the U.S. border

1 in 3 Canadians live in Toronto, Montreal, or Vancouver

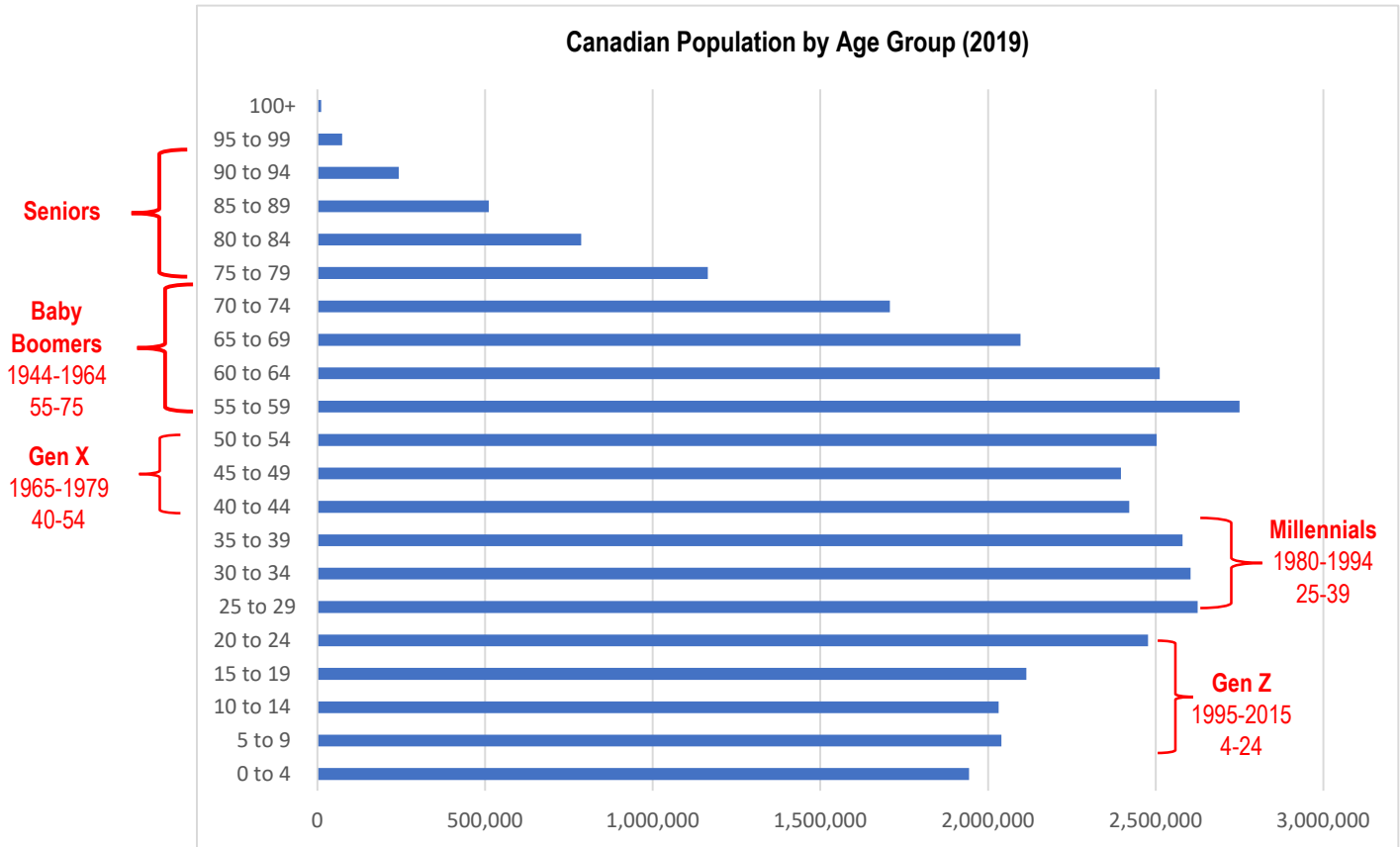
Canadian Population by Province				
Province	Population (2019)	Share of total population	Land area (km ²)*	Population density (per km ²)
Canada (total)	37,589,262	100%	8,965,121	4.15
Ontario	14,566,547	39%	908,608	15.86
Quebec	8,484,965	23%	1,356,547	6.21
British Columbia	5,071,336	13%	922,509	5.44
Alberta	4,371,316	12%	640,082	6.77
Manitoba	1,369,465	4%	552,330	2.46
Saskatchewan	1,174,462	3%	588,239	1.98
Nova Scotia	971,395	3%	52,939	18.22
New Brunswick	776,827	2%	71,377	10.82
Newfoundland and Labrador	521,542	1%	370,511	1.42
Prince Edward Island	156,947	0.4%	5,686	27.22
Northwest Territories	44,826	0.1	1,143,793	0.04
Yukon	40,854	0.1	474,713	0.08
Nunavut	38,780	0.1	1,877,788	0.02

Source: Statistics Canada, CANSIM Table 051-0001, Estimates of population by age and sex for Canada, 2019.

*Excludes Aboriginal reserves or Aboriginal settlement areas.

⁶ Statistics Canada. [Population projections: Canada, provinces and territories, 2018 to 2068](#).

Age Group



Source: Statistics Canada. [Table 17-10-0005-01. Population estimates on July 1st, by age and sex](#)

Children and Youth - Influencing Parents' Spending

Youth/Generation Z 18-24

Born: 1997–2019 (age 0–24)

Generation Z (Gen z) are the new consumers that influence household spending estimated at \$200 billion. Gen Z grew up with easy internet access and advanced technology which have impacted their consuming habits⁷.

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. A 2017 study conducted by Facebook showed that 62% of parents of teen children believed their kids had more

⁷ Wirecard. *Shopping habits: Gen Z and Millennials*. March 13, 2020

influence on their purchasing decisions than they had over their parents before them⁸; and 71% of parents believed their kids held sway over how much they spend on products⁹.

Parents want to feed their kids something healthy, kids want food that tastes good — and smart manufacturers are working hard to offer products that satisfy parents and kids alike. A growing trend in feeding children includes efforts to introduce them to a wider variety of tastes and flavours. Children are now becoming more familiar with international flavours.¹⁰ Canadians want to make healthier choices and recognize the importance of diet in improving overall health, though the bombardment of health information can also be overwhelming. 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.¹¹

Millennials - Consumers of the Future

Born: 1981–1997 (age 24-39)

Millennials, also referred to as Generation Y (Gen Y), are currently between the ages of 24 and 39. They are the biggest consumer generation to date¹², spending on average US \$330 billion a year (which equates to about US \$54 per day)¹³. Many millennials are not influenced by traditional advertisements, but rather from social media and social media marketing¹⁴.

It is estimated that millennials check their smartphones about 150 times per day; this makes mobile marketing the best way to reach them¹⁵. Though they spend a lot of time online, millennials still prefer physical retail, and are 50% more likely to visit stores compared to baby boomers¹⁶.

Millennials have a world view and are exposed many cultures. A good number of them 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.¹⁷ 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.¹⁸ 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).

⁸ Social Media Today. [What Influences the Purchase Decisions of Parents?](#)

⁹ *ibid*

¹⁰ [The kids table](#), 2017

¹¹ Marion Chan, "Look who's buying groceries now", [Canadian Grocer](#) (July 8, 2015).

¹² Forbes. [Generation Face-Off: Comparing Gen X, Y And Z Shopping Behaviors](#). May 17, 2020

¹³ Business 2 Community. [Consumer Shopping Trends and Statistics by the Generation: Gen Z, Millennials, Gen X, Boomers and the Silents](#). July 15, 2019

¹⁴ Forbes. [Generation Face-Off: Comparing Gen X, Y And Z Shopping Behaviors](#). May 17, 2020

¹⁵ St. Josephs Communications. [The shopping habits of generations X,Y and Z](#). October 2018.

¹⁶ *ibid*

¹⁷ [BrandSparks](#), Canadian shopper survey, 2015.

¹⁸ *ibid*

Generation X- Today's powerful consumers

Born 1965-1979 (Age 39-54)

Generation X (Gen X) are powerful consumers, accounting for 30% of total consumer spending while making up only a quarter of the population¹⁹. Gen X are usually responsible for children and elderly spending which means they make a lot of decisions when it comes to purchasing. They are the most educated consumers in the current market in terms of formal education.

Gen X make more online purchases than any other generation and are 20% more likely to make online purchases than millennials²⁰.

Baby Boomers - Today's Dominant Consumers

Born: 1945–1965 (age 55-75)

Baby boomers were born after the Second World War. This group has the most available disposable income of all the generations. According to a study conducted by Visa, by 2020 there will be 11 million more consumers over age 60²¹. Having the highest disposable income allows them to favour mid- to high-end products that offer superior quality and workmanship.

Most Baby Boomers are still active in the workforce, furthermore as they age, baby boomers tend to focus on healthy lifestyle including preference for organic and natural ingredients²². Baby boomers tend to be consumers of habit and rely on trusted products and companies, meaning they are not interested in trying newer products. According to a study conducted on consumer purchasing patterns, 37% of baby boomers are willing to browse for new products; while 84% of baby boomers prefer to shop in-store as opposed to online (the highest of all the generations)²³.

Seniors - Significant Population Growth

Born: Before 1950 (age 65+)

Seniors that are 70+ are often referred to as the silent consumers. They are among the wealthiest of all the generations. They are active consumers of lifestyle and entertainment, healthcare, financial services, and housing²⁴.

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. 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 well-being, 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.

¹⁹ St. Josephs Communications. [The shopping habits of generations X,Y and Z](#). October 2018.

²⁰ ibid

²¹ Visa. Gray is the new black: [Baby boomers still outspend millennials](#).

²² ibid

²³ Revel systems. [The Generational Breakdown of Purchasing Patterns](#)

²⁴ Business 2 Community. [Consumer Shopping Trends and Statistics by the Generation: Gen Z, Millennials, Gen X, Boomers and the Silents](#). July 2019.

In Summary:

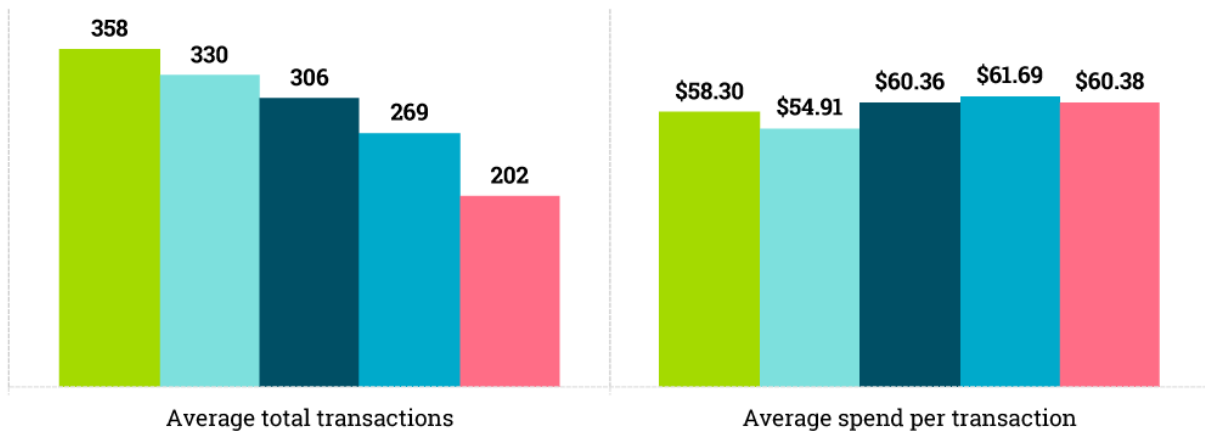
- Baby Boomers spend approximately US \$548.1 billion annually
- Gen X follow Boomers with US \$357 billion annual spend
- Millennials \$322.5 billion in annual spend
- The Silent generation spend \$162.9 billion annually

Source: Business 2 Community. [Consumer Shopping Trends and Statistics by the Generation: Gen Z, Millennials, Gen X, Boomers and the Silents](#). July 2019.

Annual Consumer Spending, by Generation*



■ Gen Z (younger than 25) ■ Millennials (25-35) ■ Gen X (36-54) ■ Boomers (55-75) ■ Silents (76+)



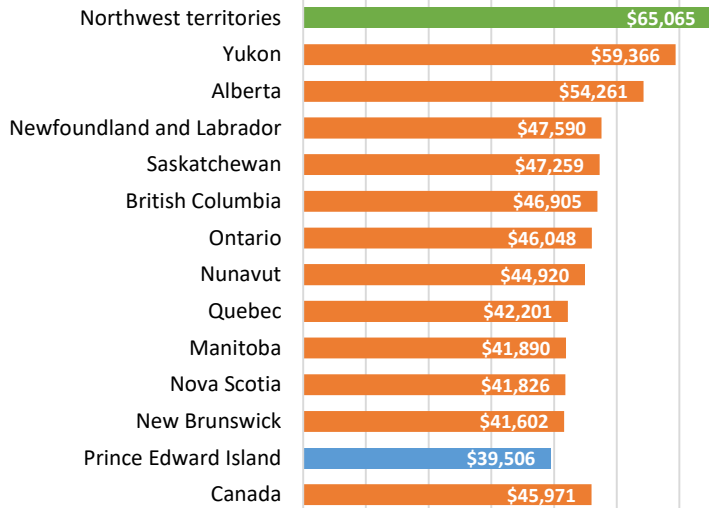
Published on MarketingCharts.com in February 2019 | Data Source: Epsilon
**Based on active buyers in Epsilon's transactional database, which may not be representative of the entire population*

Chart Value in USD

Source: Business 2 Community. [Consumer Shopping Trends and Statistics by the Generation: Gen Z, Millennials, Gen X, Boomers and the Silents](#). July 2019.

Income and Spending

Income per capita by Provinces and Territories



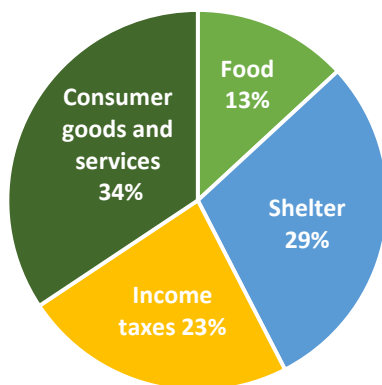
Canadian households (including single persons, couples and families with children) earned an average income of \$45,971 in 2016 (data based on the latest 2016 national census). The per capita income is higher in Canada's two territories (Northwest Territories and Yukon). This is in part due to the spike in mineral exploitation but is also partly attributed to higher cost of living in the area. Furthermore, the two territories have far smaller population sizes and a lower prevalence of income inequality within the region²⁵.

Source: Statistics Canada. [Long-run provincial and territorial data](#), 2016
* To be updated in 2021 census.

Individual Income

The average weekly wage in 2019 for Canadian employees across the country was \$1,011.62 per week, showing a steady increase in the average income²⁶. With the COVID-19 pandemic, this figure is likely to be lower for 2020.

Canadian households spends \$63,723 per year



Household Spending

Canadians spend about a quarter of their household incomes on taxes, with the remaining on goods and services, shelter, and food.

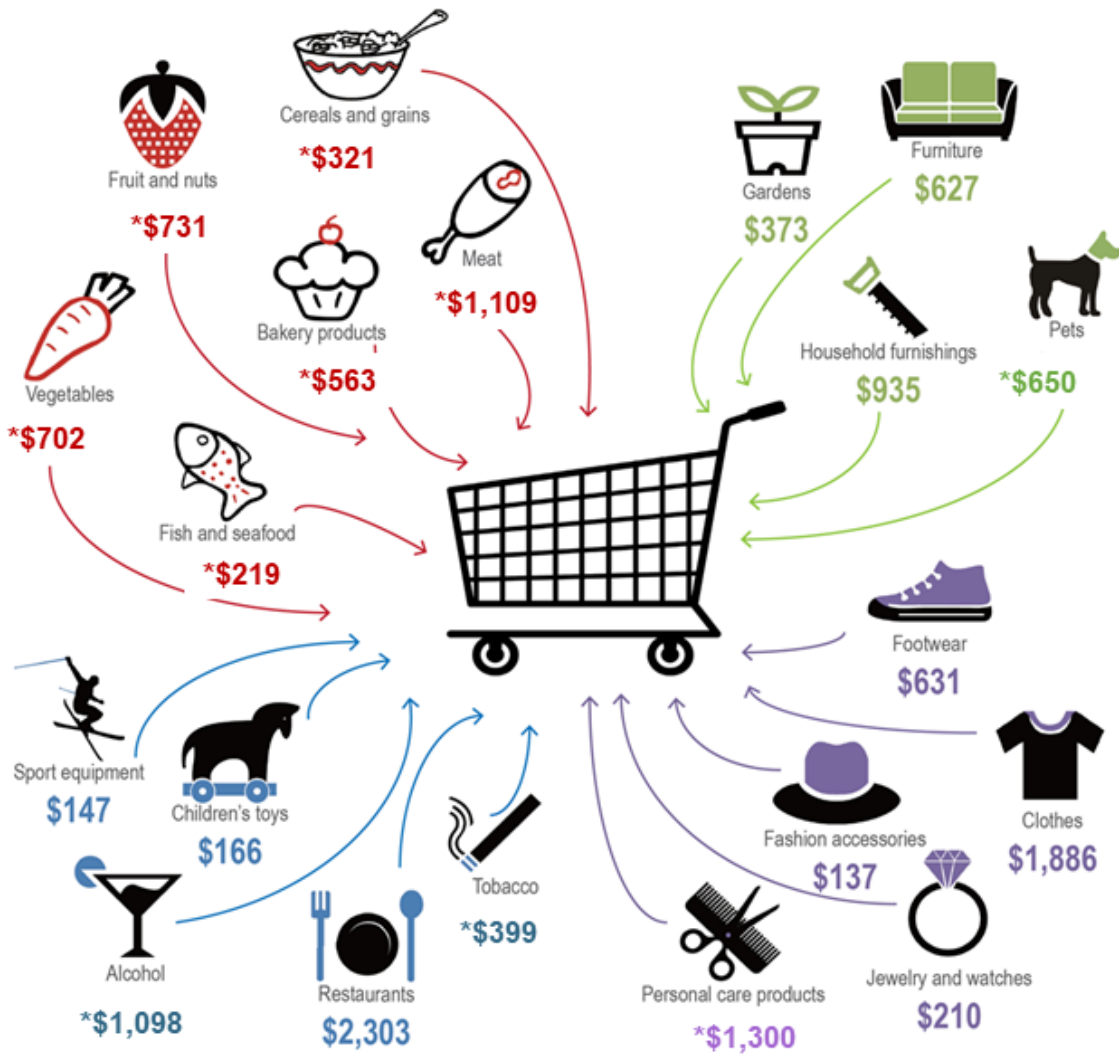
Source: Statistics Canada. [Table 11-10-0222-01 Household spending, Canada, regions and provinces](#), 2017.

²⁵ Yahoo finance. [NWT offers highest income per capita in Canada: OECD](#), June 2014.

²⁶ Jobillico. [The Average Canadian Salary in 2019](#), June 2019.

An Average Canadian's Shopping List (household spending)

In 2017, Canadian households spent an average of \$ 63,723 on necessities. Here are some of the top items they bought and how much they spent:



Source: Statistics Canada. [Table 11-10-0222-01 Household spending, Canada, regions and provinces.](#)

* Last updated in 2017, remaining figures to be updated in 2021 national census.

Ethnic Market

In 2018/2019 Canada admitted
313,580 immigrants,
 one of the highest levels in Canadian history.



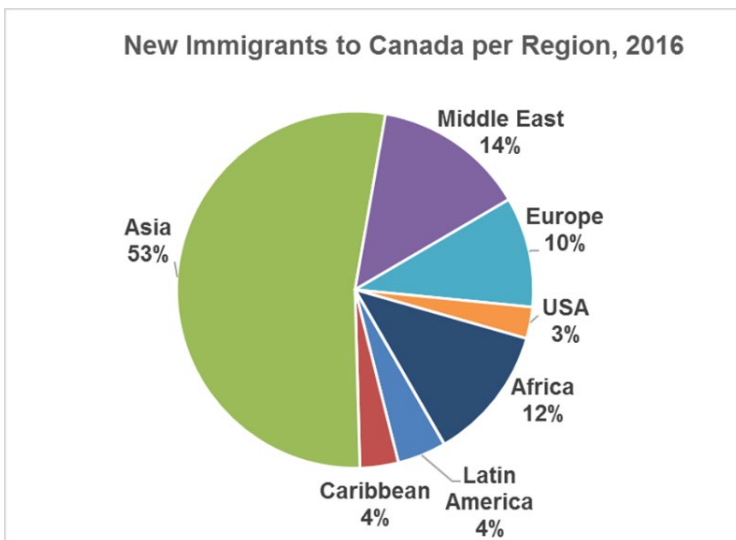
**More than 1 in 5 Canadians
 were born outside of Canada**

Source: Statistics Canada, [Census \(2016\)](#)
 Immigration, Refugee and Citizenship Canada. Annual Report 2018

Immigration Continues to Drive Population Growth

Home to 7.6 million immigrants, statistics for 2019 showed that Canada was the eighth largest immigrant population in the world and the highest population growth rate among the G7 countries, in large part due to immigration²⁷. The projected medium growth population rate between the 2018 to 2068 period is 55.2 million. In the next two decades, the population aged 65 and older (baby boomers born between 1946-1965) is likely to grow rapidly by 21.4%-29.5%. The provinces of Ontario and Alberta are the two provinces expected to make up more than half of Canada's projected population growth²⁸.

Increasingly Diverse Sources of Immigration



In 2016, the top source of immigrants were from Asia (61.8%) and the Middle East (14%)²⁹. This is a slightly higher proportion than was observed in the 2006 Census (58.3%) and in the 2011 National Household Survey (56.9%).

In 2016, 13.4% of recent immigrants were born in Africa, a four-fold increase from the 1971 Census (3.2%).

Source: Citizenship and Immigration Canada, [Permanent residents by source country](#) (2016)
 To be updated in 2021 national census.

²⁷ Statistics Canada. [Canada's population estimates: Age and sex, July 1, 2019.](#)

²⁸ Statistics Canada. [Population projections: Canada, provinces and territories, 2018 to 2068.](#)

²⁹ [Statistics Canada](#). Immigration and ethnocultural diversity: Key results from the 2016 Census

Top Immigrant or Ethnic Markets

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

Latin America	
TOTAL	420,495
Mexican	128,485
Colombian	96,325
Guyanese	84,275
Salvadorean	66,220
Chilean	45,190

Europe	
TOTAL	23,739,090
English	6,320,085
Scottish	4,799,005
French	4,670,595
Irish	4,627,000
German	3,322,405

Middle East	
TOTAL	661,920
Lebanese	219,555
Iranian	210,405
Afghan	83,995
Syrian	77,045
Iraqi	70,920

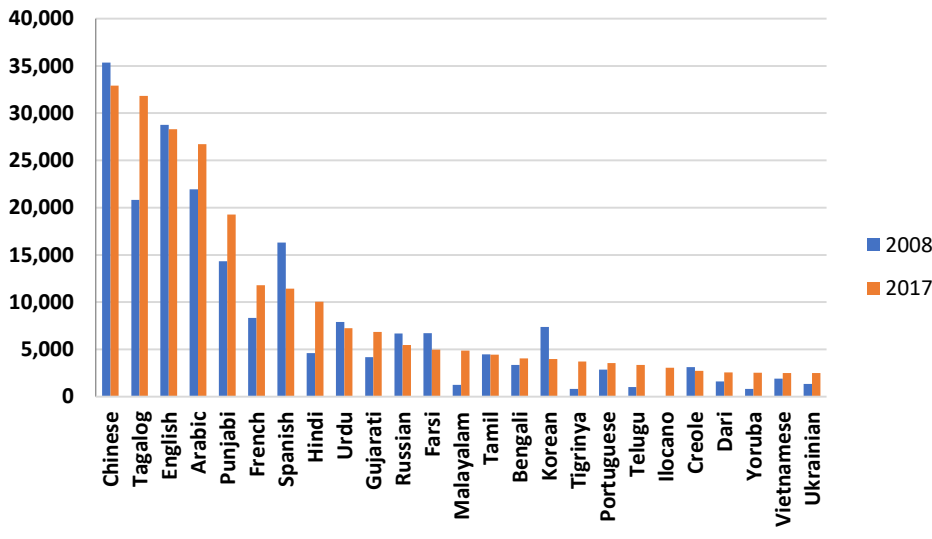
Asia	
TOTAL	4,437,220
Chinese	1,769,195
East Indian	1,374,715
Filipino	837,135
Vietnamese	240,615
Pakistani	215,560

Africa	
TOTAL	384,805
Moroccan	103,945
Egyptian	99,140
Algerian	67,335
Somali	62,550
Nigerian	51,835

Caribbean	
TOTAL	620,400
Jamaican	309,485
Haitian	165,100
Trinidadian/Tobagonian	78,965
Barbadian	37,780
Cuban	29,070

Source: Statistics Canada, [Ethnic origin population](#), Data tables, 2016 Census
 *To be updated in the 2021 census

Permanent Residents in Canada Top 25 Languages



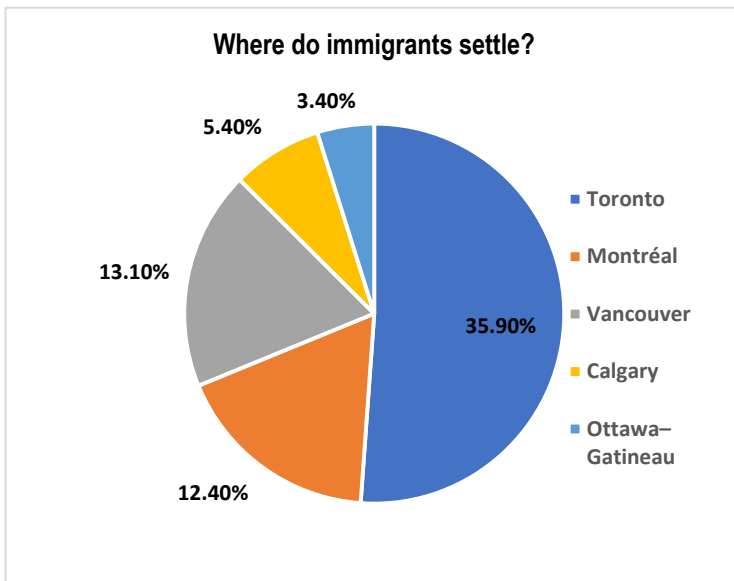
Source: Immigration, Refugee, and Citizenship Canada. 2017

In 2008 the most spoken language in Canada outside of English among immigrants was Chinese languages (Cantonese and Mandarin).

As of 2017 Mandarin and Cantonese were still the most spoken languages among newcomers closely followed by Tagalog one of the main languages spoken in the Philippines.

In 2018, According to [The Office of The Commissioner of Official Languages](#), the top 5 spoken languages among all Canadians were

- 1) English
- 2) French
- 3) Mandarin
- 4) Cantonese
- 5) Punjabi.



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

Source: Statistics Canada, [Ethnic origin population](#), Data tables, 2016 Census
 *To be updated in the 2021 census

Untapped Potential of Ethnic Shoppers

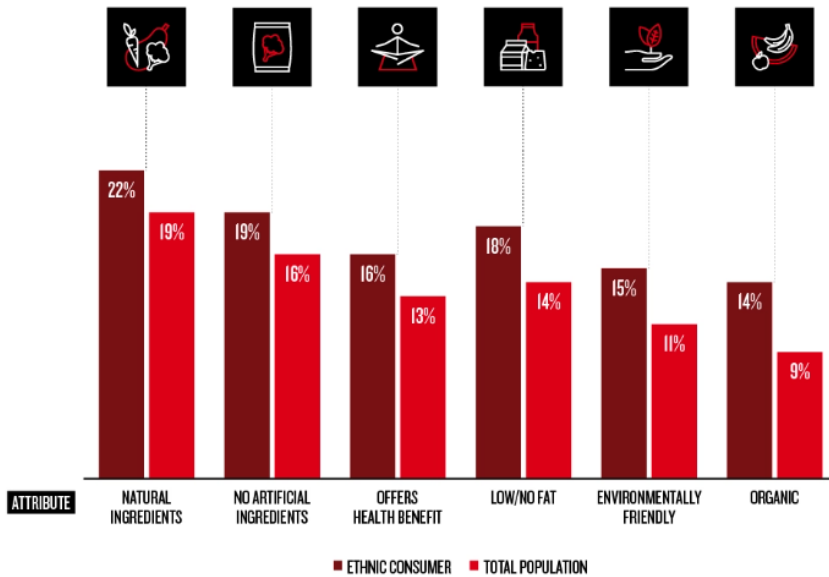
The growth of newcomers to Canada impacts the kind of products sought after; newcomers tend to seek out products they are familiar with from their countries of origins. Visible minorities represent half of all shoppers in Canada’s urban centres, making them one of the largest and most influential consumer groups in the country.³⁰ There are approximately 7.7 million ethnic consumers across Canada that make up over 20% of the population³¹. Even though the term “ethnic market” is rather vague, it is meant to capture the buying trends among newcomers (Immigrants, refugees, permanent residents etc.) in Canada. Every \$1 in \$3 spent on consumer goods is spent by an ethnic minority consumer in Canada³².

Despite efforts by Canadian retailers to tap into this lucrative market, visible minority shoppers cannot find enough ethnic foods or ingredients at their main grocery store.³³ As the ethnic market grows into an increasingly dominant consumer group, retailers and manufacturers must focus their strategies and products to ensure they are able to connect with and supply this market base. Canada’s cultural mix varies across the provinces, with the French-speaking province of Quebec attracting more immigration from North and West Africa and Haiti, with the rest of Canada being dominated by immigration from Asia.

There are buying trends among ethnic consumers; 22% of ethnic consumers prefer to purchase items with natural ingredients and 19% prefer to purchase items without artificial ingredients³⁴.

³⁰ Brian Ross, “The untapped potential of ethnic shoppers”, [Canadian Grocer](#), (March 19, 2015)
³¹ Nielson. [Understanding the power of ethnic consumers in Canada](#), February 2018.
³² ibid
³³ [LoyaltyOne](#), The Modern Grocery Shopper: Attitudes and Opinions Survey, August 2014
³⁴ Nielson. [Understanding the power of ethnic consumers in Canada](#), February 2018.

LEADING HEALTH ATTRIBUTES WHEN MAKING PURCHASE DECISIONS



According to the Nielson company research, ethnic consumers (also referring to visible minorities) are more likely to opt for natural ingredients and less likely to buy products with artificial ingredients. Before buying a product, consumers read the content labels avidly. This insight shows that health attributes in products are likely to help sway their purchasing decisions.

Source Nielson. [Understanding the power of ethnic consumers in Canada](#). February 2018.

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. Canadian consumers tastes are changing with the growing popularity for ethnic foods in Canada. The growing number of immigrants has led to greater demand for ethnic foods; additionally, globalization of food supplies and the increase in international travel has resulted in wider demand for ethnic foods.

In 2016, the Mintel study, *Ethnic Foods and Flavours* found that ethnic foods such as Chinese, Italian and Latin American/Mexican remain popular among Canadians, however there is an interest in Canadians to try South Asian and African inspired foods. Sixty-five percent of the respondents indicated that they are open to try ethnically inspired foods³⁵.

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.

³⁵ Canadian Grocer. [Canadians are craving ethnic foods](#). May 2016.

Once a product has established a brand name in ethnic stores, importers may be able to expand distribution to the mainstream retailers.

Halal Market

Canada has a Muslim population of more than 1 million people. Canada’s halal food sector is estimated to be \$1 billion and is expected to grow by 10-15% a year³⁶. The Muslim population is expected to triple in the next 20 years growing at a rate of 13% annually³⁷. Currently, the Muslim population spend an estimated amount of \$2.6 billion on food and beverages, ³⁸. In Canada about 47% of Muslims are based in Toronto and 61% live in the province of Ontario. Toronto has highest concentration of the Muslim population in North America³⁹. To meet the growing demand, Canadian retailers including fast food retailers are introducing new lines of halal-certified products. 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



Halal Monitoring Authority
www.hmacanada.org



ISNA Halal Certification Agency
www.isnahalal.ca

Ethnic Retailers



T&T is Canada’s largest Asian supermarket chain, owned by Loblaws, 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, Ontario.



Sunny is an Asian retailer that also offers halal products, with four stores in the province of Ontario.



Nations is a high-end European, Middle Eastern, Caribbean and Asian retailer with two stores in the province of Ontario.⁴⁰

³⁶ Canadian Grocer. [Halal food market surging in Canada](#). April 2017.

³⁷ Nourish Food Market. [The Canadian Halal Market: Insights and Opportunities](#).

³⁸ ibid

³⁹ ibid

⁴⁰ Iva Druzic, “Changing Shopping Patterns”, [Canadian Dairy Information Centre](#) (May 2013)



[Nations Fresh Foods](#)

An independently-owned multi-cultural (high-end European, Middle Eastern, Caribbean and Asian) grocery store chain in the province of Ontario.³⁰



[Price Smart Foods](#)

A regional chain of supermarkets located in the province of British Columbia. One of the chain's specialties is in carrying a high number of ethnic foods.



[H Mart](#)

A Korean American supermarket chain operated mainly in the United States. H Mart specializes in providing Asian foods, has 79 locations throughout the world (including in the United Kingdom and Canada), thirteen of them located in Canada.

Consumer Trends

Online and technology

Canadian consumers are using multiple channels to shop. Technological advances have changed consumer behaviour in Canada, like in many other countries. Small and medium-sized enterprises (SMEs) are learning to adapt to this new reality. In Canada, 50% of consumers search for products and services online prior to making a purchase⁴¹. Smartphone shoppers often rely on their devices to research products in store as well as to compare prices in store to online deals. Online retail sales are expected to exceed \$10 billion in 2020⁴². While it is not clear how much will online sales grow by, the share of online purchases with the COVID pandemic is expected to go up. For many B2B companies, a high performing secure website is an asset to boost sales and assist in the buying processes⁴³.

Health

A growing health awareness has transformed food demand and changed eating habits in Canada. The emphasis on wellness has created a market for healthy foods including superfoods, health monitoring equipment, sportswear, and fitness. Thirty-Three percent of Canadians are willing to pay more for health enhancing products⁴⁴. A survey conducted by *Attitudes Toward Healthy Eating 2017* found that 84% of Canadian consumers believe what they eat impacts their physical health⁴⁵.

There is a growth in foods for people with dietary restrictions such as gluten free, veganism, vegetarians and dairy-free foods. Natural and organic foods is a growing market in Canada; the retail value of organic beverages was expected to grow 30% in 2019⁴⁶. The shift towards healthy eating habits includes incorporating more fresh fruits and vegetables into daily meals and looking for processed foods that offer good flavour with no or little added sugar, salt or fats. Manufacturers are responding with innovative products that make eating healthy and fresh foods easier, tastier and more appealing, including new flavour

⁴¹ BDC. [5 must watch trends shaping the future of Canadian Businesses](#).

⁴² ibid

⁴³ BDC. [Five Game Changing consumer trends](#). Page 12

⁴⁴ BDC. [5 must watch trends shaping the future of Canadian Businesses](#).

⁴⁵ Canadian Grocer. [Healthy eating becoming increasingly important to Canadians: Study](#). March 2017.

⁴⁶ BDC. [Five Game Changing consumer trends](#). Page 29

combinations and ready-made fruit and vegetable snack foods. Products with good 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.

Vegan/Vegetarian diets

A survey conducted by Canada's Dalhousie University in July 2020 found that vegetarianism has increased from 1.5% in February 2020 to 2.5% by July of 2020⁴⁷. The rate of vegan diets increased by 0.7%, which represents about 600,000 Canadians; this is the highest measured rate within three years⁴⁸. During the peak (April- May 2020) of the COVID-19 pandemic in 2020, the rising cost of beef prices- about 8.3% more for fresh or frozen beef- coupled with the challenges faced by the poultry and animal farming sector really impacted Canadians' decision to purchase meat-free alternatives.

The global vegan food market has been growing rapidly in the past 5 to 6 years. In 2018, the vegan food market was valued at USD \$12.69 billion⁴⁹. The increase in awareness about health, environmental and religious benefits have been key factors in the growth of this segment of market, especially in North America, Europe and Asia Pacific which have the largest percentage of the vegan population⁵⁰.

According to The Vegan Society, between 2012 and 2017, the meat-free alternatives demand grew by 987%⁵¹.

Dairy alternatives such as nut milks and vegan cheeses were the largest product segment in 2018 accounting for more than 50% of the global revenue. In addition, it is estimated that about 65% of the global population is lactose intolerant, also a key factor in driving the demand for dairy-free food alternatives⁵².

Made in Canada

There is a growing demand for Canadian consumers seeking locally-made products in Canada to encourage the local economy. Consumers in the provinces of Quebec, Ontario and Atlantic Canada lead the way. 97% of Canadian consumers buy local products whenever possible to support the economy; and 87% of consumers believe that buying local is better for the environment⁵³.

One of the leading factors in why Canadians prefer to buy local is that consumers are changing their daily habits to integrate more environmentally responsible practices in their lifestyles. They are also looking for companies that do the same in their business practices. The Business Development Bank of Canada (BDC) conducted a survey and found that 50% of global consumers take into account green factors before purchasing; 60% of Canadians consider themselves ethical consumers and 75% of Canadians are willing to pay for more for products and services that are socially responsible⁵⁴.

Choosing Convenience

According to the Retail Trends report in Canada 2019/2020 by the accounting firm BDO Canada, one of the biggest challenges for retailers is ensuring how to provide convenience and a great shopping experience for consumers.

⁴⁷ Canadian Grocer. [Appetite for meat-free diets continues to grow](#). July 2020.

⁴⁸ ibid

⁴⁹ Grand View Research. [Vegan Food Market Size, Share & Trends Analysis Report By Product](#). June 2019.

⁵⁰ ibid

⁵¹ ibid

⁵² ibid

⁵³ BDC. [5 must watch trends shaping the future of Canadian Businesses](#).

⁵⁴ BDC. [Canada: a powerful brand](#).

Grocery stores are leading the way for optimizing convenience for consumers. Grocery stores have multiple options for consumers ranging from online ordering, in-store pick up and purchase, and home delivery services⁵⁵.

One of the biggest challenges for retailers is quick shipping. Consumers have access to many websites that offer cheaper prices, with retailers such as Amazon currently dominating the market with shipping as quickly as same day delivery⁵⁶.

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.⁵⁷ Within the HMR category, multicultural cuisine is the top growing segment.⁵⁸

The convenience trend is also evident in the apparel sector with the growth of fast-fashion brands (e.g., H&M, Zara) that offer consumers casual, inexpensive clothing. With the COVID-19 pandemic, many retailers have focused their marketing efforts on developing their online shopping services.

Sustainable and Ethical goods and services

In the last few years, consumers have been paying attention to issues such as climate change, ethical sourcing, eco-friendly packaging to reduce waste and carbon footprints. Consumers are changing their habits to integrate more environmentally responsible practices into their lifestyles. With these personal changes, consumers expect producers to incorporate more environmentally friendly practices.

The BDC survey of Canadians found that 33% of consumers have researched a company's business, social or environmental practices in the past 12 months before making purchases⁵⁹. 75% of consumers said they would pay more for products or services from a socially responsible company; and 90% would stop buying products from a company if they learned it was using deceptive or irresponsible business practices⁶⁰.

⁵⁵ BDO Canada. [Retail Trends in Canada 2019-2020. Transforming the Retail Experience](#). Page 25

⁵⁶ Ibid. Page 25

⁵⁷ "Unveiling Opportunities in Multicultural", Canadian Grocer (March/April 2015)

⁵⁸ "Unveiling Opportunities in Multicultural", Canadian Grocer (March/April 2015)

⁵⁹ BDC. [5 must watch trends shaping the future of Canadian Businesses](#).

⁶⁰ ibid

COVID-19 Impact on consumer trends

The pandemic has revealed new trends in consumer behaviour from online shopping to buying local.

There is consumer sensitivity to more in-store cleanliness and as such a growing demand for e-commerce options. Consumers are currently doing fewer but larger grocery trips, within proximity while shopping more consciously⁶¹.

Accenture plc surveyed more than 3,000 consumers in 15 countries including Canada and found that more consumers are purchasing canned foods, personal hygiene and cleaning products more than prior to the pandemic⁶².

During the peak of the pandemic in Canada, consumers reorganized their lives around cooking at home. This increase in home cooking is a trend that is being facilitated by free online cooking classes⁶³.

Healthy eating is already a priority for many Canadians. However, during the pandemic, there has been an even bigger emphasis on balancing exercise and nutrition. This has pushed and will accelerate the trend towards more holistic wellness and eating⁶⁴.

Overall, online grocery has become highly sought after and retailers will need to work towards making this option increasingly easily accessible for its consumers. The demand for e-commerce will continue long after the pandemic, creating a shift in consumer behaviour. Online sales are expected to account for 37% of all consumer purchases of goods and services⁶⁵.

As the pandemic progresses and countries continue to search for a vaccine, consumer behaviour will continue to be altered based on new restrictions and regulations put in place by individuals, corporations, countries, and international organizations.

⁶¹ Canadian Grocer. [COVID-19 will lead to lasting changes in consumer behaviour: Accenture](#). May 2020.

⁶² *ibid*

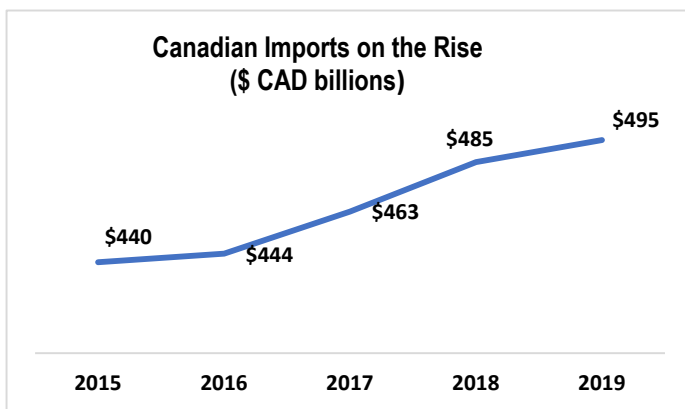
⁶³ Canadian Grocer. [COVID-19 will lead to lasting changes in consumer behaviour: Accenture](#). May 2020.

⁶⁴ *ibid*

⁶⁵ *ibid*

5 Canadian Import Market

Size of the Market



\$601 billion

Total Canadian imports

\$495 billion

Imports excluding minerals

- 10th largest import market in the world
- 2% average annual growth
- Imports represent 30 % of Canada's GDP

Excludes minerals (HS Codes 26-27, 71-80 & 93). Includes Re-Imports
 Source: ITC Trade Map, 2019

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 volume. However, as mentioned earlier in this Guide, 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 which are not available in Canada for climactic reasons.

	Canada		United States	
Population	37.6 million		329 million	
	Total	Per capita	Total	Per capita
GDP	\$ 1, 969 billion	\$ 52, 367	\$29, 155 billion	\$ 88, 617
Imports	\$ 601 billion	\$ 15,984	\$ 3,408 billion	\$ 10,358
Exports	\$ 592 billion	\$ 15,744	\$2,183 billion	\$ 6,635

Includes minerals HS Codes. Value in \$CAD

Source: Statista, U.S. Census Bureau, ITC World Trade Map, 2019

Statistics Canada. [Table 36-10-0402-02 Gross domestic product \(GDP\) at basic prices, by industry, provinces and territories, growth rates \(x 1,000,000\)](#)

87% of imports
go to the provinces of Ontario, Quebec and B.C.

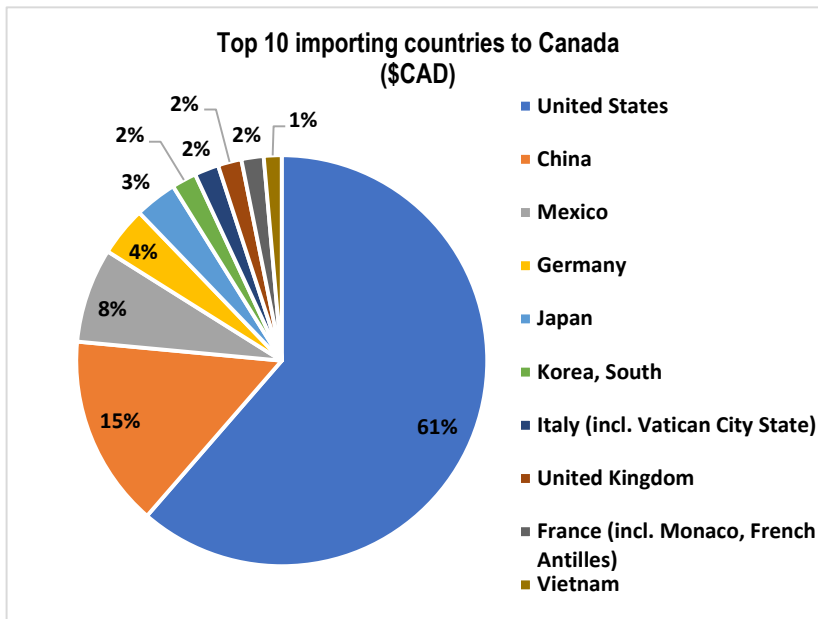
A large portion of these imports are then distributed to other provinces across the country.

Canadian Imports by Province			
Value in millions of \$CAD Excludes minerals (HS Codes 26-27, 71-80 & 93).			
Province	Imports (2019)	Share of Total Imports	Growth Rate* (2015-2019)
Canada	\$ 495,350	100%	2%
Ontario	\$ 315,317	63.6%	3%
Quebec	\$ 68,121	13.7%	3%
British Columbia	\$ 48,156	9.6%	0%
Alberta	\$ 20,980	4%	3%
Manitoba	\$ 20,895	4%	2%
Saskatchewan	\$ 9,791	1.8%	8%
Nova Scotia	\$ 8,576	1.6%	-1%
New Brunswick	\$ 3,316	0.6%	-9%
Newfoundland and Labrador	\$ 626	0.1%	9%
Prince Edward Island	\$ 76	0.01%	-2%
Yukon Territory	\$ 50	0.01%	-4%
Nunavut	\$ 16	0.003%	2%
Northwest Territories	\$ 10	0.002%	2%

Source: [Industry Canada](#), Trade Data Online, 2019.

*Growth rate is the compound annual growth rate (CAGR) over the past five years (2015-19).

Imports by Region and Country



The United States remains Canada’s largest trading partner and accounted for more than half of all imports in 2019.

China is also a major exporter to Canada as well as many other Asian countries, including Japan, South Korea, and Vietnam. They accounted for 18% in 2019.

During the same year, the EU accounted for 11% of imports to Canada.

Mexico is the only major exporter to Canada in Latin American. This in large part is due to the previous North American Free Trade Agreement (NAFTA) that is now known as the United States, Mexico and Canada Agreement (CUSMA).

Data includes all industries

Source: [Industry Canada](#), Trade Data Online, 2019

Imports by Top Sources

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

Value in \$ CAD,

\$ 304 billion

Imports from the United States

Growth Rate: 1%

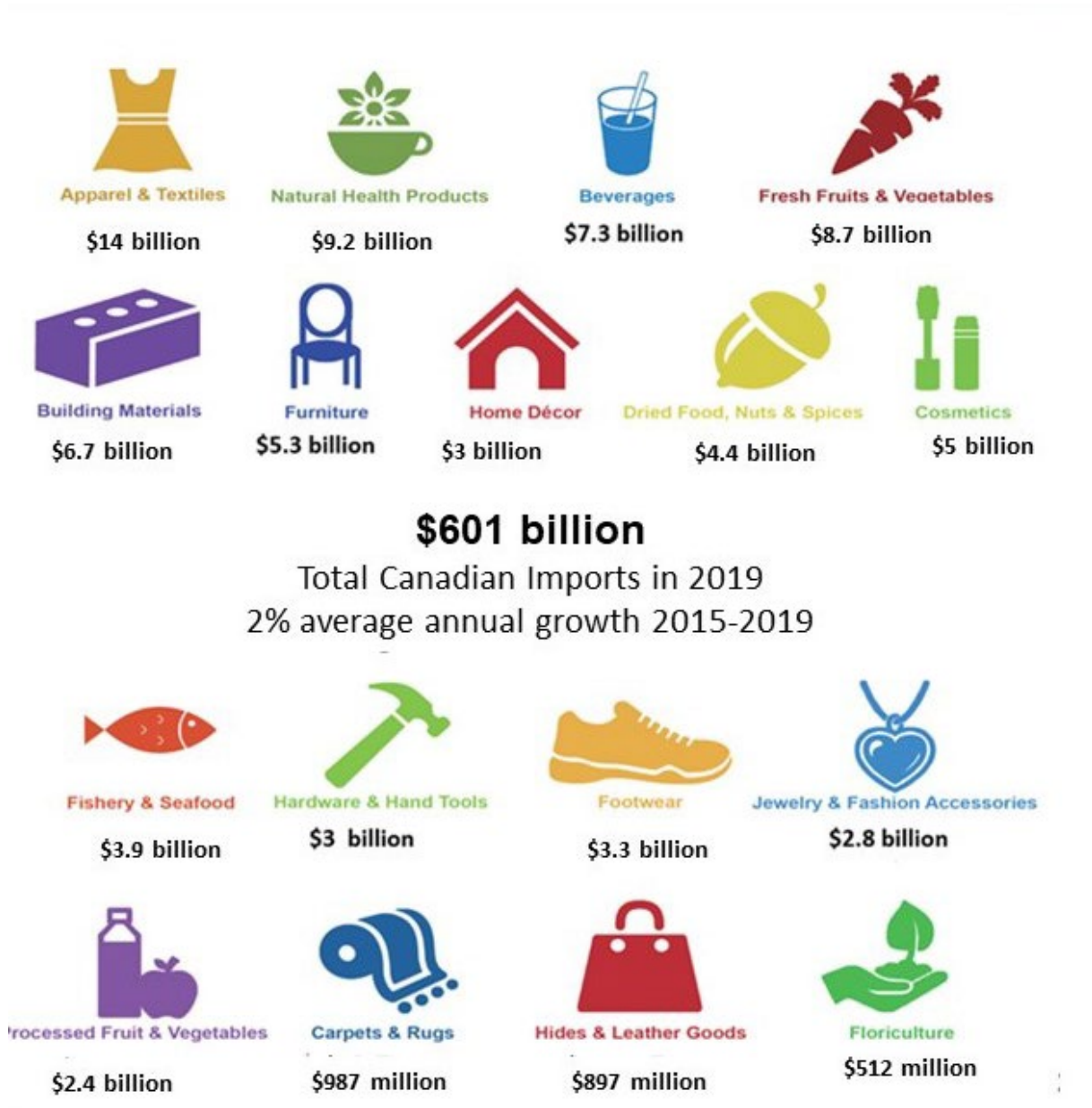
Growth rate is the compound annual growth rate (CAGR) over the past five years (2015–19)

Africa	2019	% of total imports	Growth Rate		Asia	2019	% of total imports	Growth Rate
South Africa	\$1,028,647,507	31%	3%		China	\$ 75,035,139,953	55%	3%
Côte-d'Ivoire	\$ 546,626,581	16%	12%		Japan	\$ 16,529,721,904	12%	2%
Morocco	\$ 463,152,675	14%	2%		Korea, South	\$ 9,670,334,015	7%	3%
Nigeria	\$ 294,706,357	9%	-22%		Vietnam	\$ 6,987,448,703	5%	11%
Tunisia	\$ 141,617,373	4%	11%		Taiwan	\$ 5,971,820,207	4%	2%
Total	\$3,359,209,209	100%			Total	\$ 135,913,209,997	100%	
Latin America	2019	% of total imports	Growth Rate		Caribbean	2019	% of total imports	Growth Rate
Mexico	\$36,949,961,764	73%	3%		Dominican Republic	\$ 652,061,296	37%	-9%
Brazil	\$ 5,397,051,409	11%	8%		Cuba	\$ 570,780,726	32%	2%
Peru	\$ 3,590,247,501	7%	2%		Trinidad and Tobago	\$ 271,705,988	15%	-5%
Chile	\$ 1,645,475,204	3%	-2%		Haiti	\$ 120,908,015	7%	26%
Argentina	\$ 907,849,119	2%	-13%		Jamaica	\$ 113,542,763	6%	-14%
Total	\$50,429,727,756	100%			Total	\$ 1,770,522,932	100%	
Middle East	2019	% of total imports	Growth Rate		Europe	2019	% of total imports	Growth Rate
Saudi Arabia	\$ 3,297,122,221	40%	11%		Germany	\$ 19,287,746,448	25%	2%
Turkey	\$ 1,964,255,862	24%	9%		Italy (incl. Vatican City State)	\$ 9,469,535,482	12%	5%
Israel	\$ 1,318,713,031	16%	2%		United Kingdom	\$ 9,240,564,153	12%	0%
Egypt	\$ 1,051,061,943	13%	7%		France (incl. Monaco, French Antilles)	\$ 8,693,799,664	11%	5%
United Arab Emirates	\$ 213,209,810	3%	9%		Belgium	\$ 4,965,065,440	6%	18%
Total	\$ 8,334,298,404	100%			Total	\$ 77,789,169,590	100%	
Europe East	2019	% of total imports	Growth Rate		Other	2019	% of total imports	Growth Rate
Poland	\$ 2,337,840,194	25%	6%		Australia	\$ 2,337,864	50%	7%
Russia	\$ 1,863,400,119	20%	12%		Norway	\$ 1,522,779	32%	-2%
Hungary	\$ 921,995,272	10%	9%		New Zealand	\$ 782,018	17%	3%
Czech Republic	\$ 818,665,440	9%	7%		Serbia	\$ 67,538	1%	-3%
Slovakia	\$ 725,236,528	8%	14%		Faeroe Islands	\$ 4,467	0%	-20%
Total	\$ 9,260,643,293	100%			Total	\$ 4,714,666	100%	

Data includes all industries

Source: Industry Canada, Trade Data Online, 2019

Imports by Sector



Excluding mineral products (HS2 Codes 26-27 and 71-80, 93)
 Source: TFO Canada, Industry Canada, Trade Data Online (2019)

**Market Information Papers and Webinars: 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 \$11.2 billion in agri-food products (fresh and processed fruits and vegetables) in 2019
- Half is supplied by the United States, the rest by over 190 countries.
- Canada imported \$10 billion in organic food products in 2019
- Half of it was supplied by the United States, followed by Latin America- Mexico, Guatemala, Colombia, Peru and Chile

Apparel & Textile Imports

- Canada imported \$14 billion in apparel and textiles in 2019
- Half is supplied by China, Bangladesh, Vietnam and Cambodia
- Growing sales from The United States, India, Indonesia, Mexico and Sri Lanka.

Home Décor Imports

- Canada imported \$3 billion in home décor items in 2019
- Half is supplied by the United States, United Kingdom and Germany
- Growing sales from China, Australia, Hong Kong, Italy, France and Colombia

Sources: [Trade Data Online](#) 2020

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 Prairie provinces	Manitoba, Saskatchewan
4	Western Canada	Alberta, British Columbia
5	Northern Canada	Yukon, Northwest Territories, Nunavut

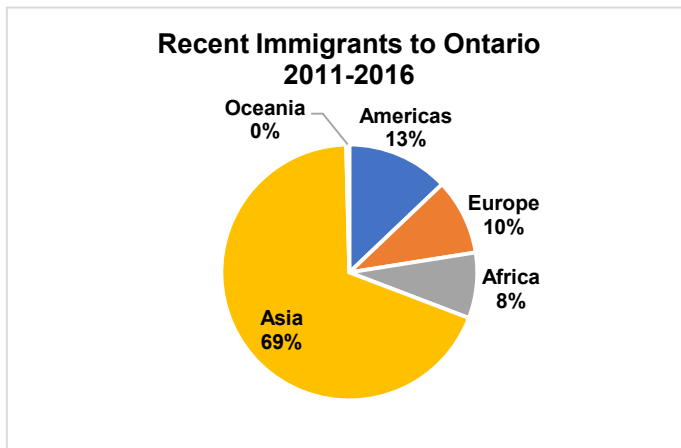
Ontario

- 39% of Canada's population (14.5 million)
- 63.6% of total imports (\$315)
- 37% of GDP (\$744 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018. Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019,

Opportunities

Luxury: The provinces of Ontario and Alberta are home to 64% of Canada's top 1% of income earners (who earn \$191,000 or more per year)⁶⁶. Most live in Toronto, making this city a hub for high-end luxury goods.



Ethnic: Ontario attracts more immigrants than any other province or territory. With large populations from all corners of the world, the province offers strong opportunities for introducing new ethnic products, not only to ethnic groups but to consumers in the mainstream segment

Halal: 47% of Canada's Muslim population lives in Toronto and 61% live in the province of Ontario; Toronto has highest concentration of Muslim population in North America⁶⁷.

Source: Statistics Canada. [2016 Census](#). Census to be updated 2021.

Toronto hosts North America's largest halal food festival, the Toronto Halal Food

Festival, attracting about 27,000 visitors each year.⁶⁸The last event took place in July 2019. Dates for 2020 are not known as of August 2020.

Toronto

Population: 6 million

Toronto is the largest urban centre in Canada, the capital of the province 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.⁶⁹

⁶⁶ Statistics Canada. [Education and occupation of high-income Canadians](#). Modified July 2018.

⁶⁷ Nourish Food Market. [The Canadian Halal Market: Insights and Opportunities](#).

⁶⁸ For more information visit www.halalfoodfestto.com.

⁶⁹ Diversity Facts, 2015, [City of Toronto](#)

Ottawa–Gatineau

Population: 1.3 million

Ottawa, Canada’s national capital, is located on the border of the provinces 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 as well as bilingual (French and English). Ottawa is one of the wealthier urban markets in Canada, with employment dominated by the federal government and technology companies.

Other Major Cities

The Kitchener–Cambridge–Waterloo area had the fastest population growth in Canada in 2019 by 2.8%⁷⁰.

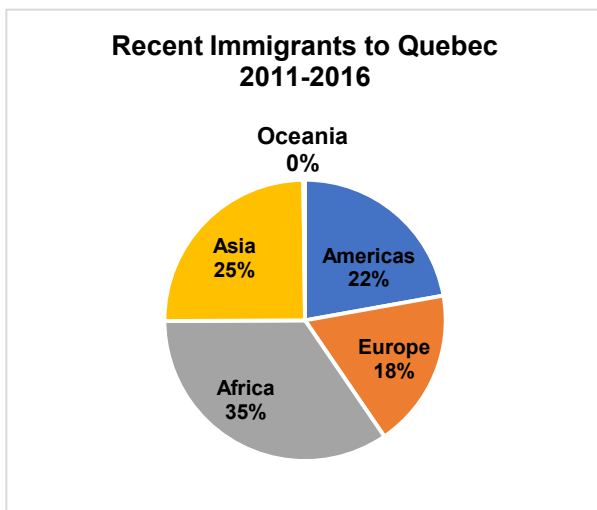
Hamilton, Kitchener–Cambridge–Waterloo, London, St. Catharines, Oshawa, Windsor, Kingston.

Quebec

- 23% of Canada’s population (8.4 million)
- 13.7% of total imports (\$68 billion)
- 19% of GDP (\$377 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018. Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019.

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.

Source: Statistics Canada. [2016 Census](#). Census to be updated 2021.

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), Asia (Vietnam) and the EU (Switzerland, France, Belgium...) as well as Haiti. The cultural mix in

⁷⁰ Statistics Canada. [Canada’s population estimates: Subprovincial areas](#), July 1, 2019.

Quebec is therefore quite different from the rest of Canada, where other cultures are more prevalent.

Montréal

Population: 4 million

Montréal is Canada’s second largest urban centre and one of the largest French-speaking cities in the world. Montréal is an affluent city with sophisticated consumers. A significant number of major corporations and importers are based here, especially in information and communications technology, food, 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. As a smaller market than in the province of Ontario, the province of Quebec is often seen as a good entry point, especially SMEs who may want to start their exports with a smaller segment or sub-segment of the marketplace.

Other Major Cities

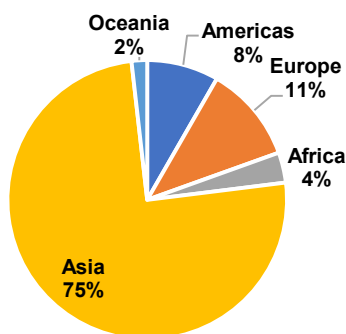
Québec, Laval, Gatineau, Longueuil, Sherbrooke

British Columbia

- 13% of Canada’s population (5 million)
- 9.6% of total imports (\$48 billion)
- 11% of GDP (\$215 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018. Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019

Recent Immigrants to British Columbia 2011-2016



Opportunities

Asian Community: Vancouver is considered the most Asian city outside of Asia. Nearly half (42%) of its population is of Asian heritage, with the largest groups being from China, India and the Philippines⁷¹.

Health Food: The west coast of Canada is known for its preference for healthy, natural and organic foods. Residents of the province of British Columbia buy more fresh produce than the rest of Canada.

Eco-friendly: British Columbia has a strong reputation for environmental awareness and is known to be the most eco-friendly province in Canada. The capital city, Victoria, is known as the “City of Gardens”⁷². The province is also known for its many bike lanes in communities, adding to the healthy lifestyles of Canadians living in that province.

Source: Statistics Canada. [2016 Census](#). Census to be updated 2021.

⁷¹ Statistics Canada, [Focus on Geography Series](#), 2016 Census

⁷² Statistics Canada. [Table 11-10-0125-01 Detailed food spending, Canada, regions and provinces](#), 2013-2017

Vancouver

Population: 631,486 (2016 Canadian Census)

A port city on the Pacific coast to the west of the country, Vancouver is the largest urban market in Western Canada. As mentioned above, 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 substantially, with housing and commercial real estate prices rising dramatically over the last 2 decades.

Vancouver 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

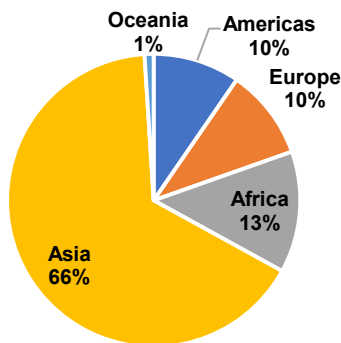
Victoria, Surrey, Burnaby, Richmond, Abbotsford.

Alberta

- 12% of Canada's population (4.3 million)
- 4% of total imports (\$20.9 billion)
- 17% of GDP (\$334 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018.
Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019.

**Recent Immigrants to Alberta
2011-2016**



Opportunities

Luxury: Alberta is Canada's energy producing province coupled with the oil industry, the province has higher than average incomes and a concentration of wealth, 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 2013.⁷³In recent years and with the decrease in world oil prices, the province has suffered economically. Coupled with the pandemic, the economy is still performing poorly.

Population growth: In the province of Alberta, population growth recovered with a small 1.5% increase in 2017/2018, after a four-year slowdown⁷⁴due to the oil crisis This in part is due to the energy sector, where migration is contingent on how the sector is performing and availability of jobs.

Source: Statistics Canada. [2016 Census](#). Census to be updated 2021.

⁷³ Marina Strauss, "Nordstrom treads carefully with launch of second Canadian store", [Globe & Mail](#) (March 4, 2015)

⁷⁴ Statistics Canada. [Annual Demographic Estimates: Canada, Provinces and Territories \(Total Population Only\)](#), 2018

Calgary

Population: 1.4 million

Because of the oil industry, Calgary has traditionally been a major economic hub in western Canada. The city is home to most of Canada's oil and gas companies, as well as a growing number of service and advanced technology providers that support this industry.

With the COVID pandemic, the oil industry is expected to take a hit in addition to other sectors of the economy. Many oil producers have announced billion-dollar budget cuts to manage lower oil prices as global energy demand plummets⁷⁵.

Other Major Cities

Edmonton, Red Deer, Lethbridge.

The Prairies

- Provinces: Manitoba, Saskatchewan
- 7% of Canada's population (2.5 million)
- 5.8% of total imports (\$30.6 billion)
- 7% of GDP (\$145 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018. Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019,

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. The population of Saskatoon in the province of Saskatchewan grew over 2% in 2019, making it the fourth fastest growing area in Canada⁷⁶. 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.⁷⁷

Atlantic Canada

- Provinces: New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador
- 6.4% of Canada's population (2.4 million)
- 2.3% of total imports (\$12.5 billion)
- 5% of GDP (\$105.8 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018. Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019.

The economy of Atlantic Canada is largely based in fisheries and agriculture. The region has traditionally been the most rural and least diversified region 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 proximity, the Atlantic provinces also have a longstanding history of trade with Caribbean countries.

⁷⁵ CBC. [Oil and gas spending estimates adjusted lower as uncertainties persist](#), June 2020.

⁷⁶ Statistics Canada. [Canada's population estimates: Subprovincial areas](#), July 1, 2019.

⁷⁷ [Government of Saskatchewan](#), Saskatchewan's Immigration Strategy, 2012

Halifax

Population: 437, 479

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.

Other cities in the Atlantic provinces: St. John's (Newfoundland and Labrador), Moncton (New Brunswick), Fredericton (New Brunswick), Charlottetown (Prince Edward Island).

The Territories

- Territories: Yukon, Northwest Territories, Nunavut
- 0.3% of Canada's population (124,460)
- 0.015% of total imports (\$76,000)
- 0.5% of GDP (\$10 billion)

Source: Statistics Canada, Estimates of population by age and sex for Canada, updated 2018. Trade Data online 2019. Statista. Canada: real Gross Domestic Product (GDP), by province 2019,

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 only 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.

7 Corporate Social Responsibility (CSR)

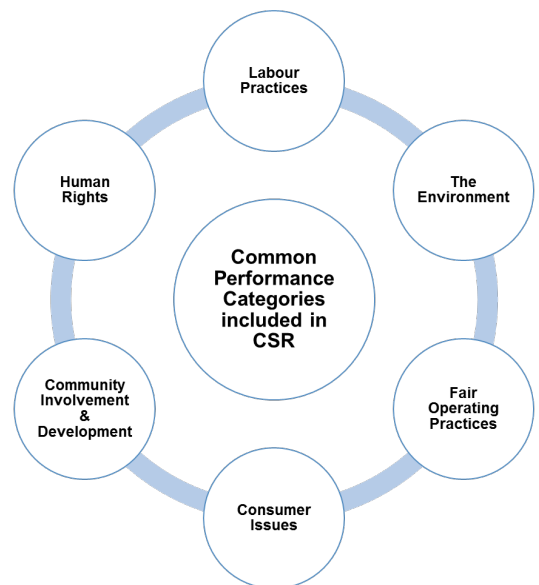
Implementing Corporate Social Responsibility (CSR) Programs

Why Does CSR Matter?

Demonstrating Corporate Social Responsibility (CSR) is becoming increasingly important when doing business with Canadian businesses. Companies, governments, buyers 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 [webinars](#) 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 grows 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. 74% of Canadians consider product sustainability to be important whether it is an environmentally or social responsibly made product⁷⁸. Furthermore, Fairtrade Canada reported in 2018 that 7,000 products ranging from coffee to flowers are Fairtrade certified in the Canadian market and the number has continued to grow⁷⁹.

Below are examples of voluntary certifications commonly used in Canada:

Multi-sector



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

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



[Canadian EcoLogo Program](#)
Environmental sustainability



www.iso.org

International Organisation for Standardization

⁷⁸ Canadian Manufacturing. [Majority of Canadians willing to pay more for sustainably packaged products](#). November 2019.

⁷⁹ Fairtrade Canada. [Buying Fairtrade](#).

Food and Beverages



www.globalgap.org
Covers food safety and traceability



www.haccpalliance.org
Food safety systems and hazard preventions



Marine Stewardship Council
www.msc.org
Sustainable fish and seafood products



Canadian Organic
products with 95% or more organic content



[Global food Safety Initiatives](#)

Floriculture, Horticulture and Forestry



www.florverde.org
(Colombia)



www.veriflora.com (Ecuador)



Forest Stewardship Council
ca.fsc.org



www.sfiprogram.org

Building Materials



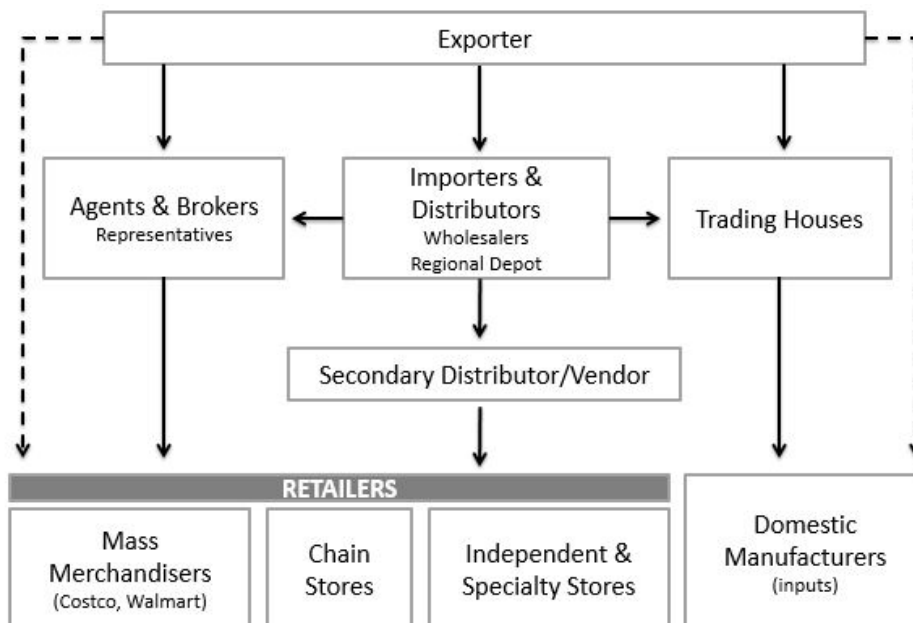
Carpet and Rug Institute:
Green Label Plus
(indoor air quality)

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 either in your country or in Canada 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 importers and retailers and, sometimes even with end consumers (although this option is most often not viable financially). What is important to note is that importers typically buy your products and then resell them to retailers. Agents on the other hand do not take physical possession of your goods and generally take a percentage commission on the products they sell on your behalf. If dealing with an agent, you will more than likely ship directly to the agent's customer. More information is available below.



Margins Along the Distribution Chain

In general, agents' margins average 10% to 15%, importers or wholesalers' margins average 30%, and retailers' margins average 30–40%. Increasing price competition is a theme across all sectors in the Canadian market, which often affects margins adversely. Market consolidation is another phenomenon that squeezes profit margins, with larger retailers looking to bypass wholesalers altogether in pursuit of further cost savings.

Importers and Distributors

An 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. Many importers will visit the new exporter's production facilities to assess their capabilities in the expectation to build a solid, long-term relationship.

Services Include: *

- Guarantee warranties and repairs
- Offer financing to buyers
- Set the selling price

Find Contacts:

- [Canadian Importer Database](#)
- [Canadian Company Capabilities](#)

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. For instance, an agent may offer you to sell to customers in the province of Ontario but not elsewhere in Canada, which leaves you with the option to find an agent in other Canadian provinces. Alternatively, you may find agents that cover the entire country so they will offer you to sell across the country.

Services Include:

- Advising on financing and transportation
- Clearing customs
- Collecting money
- Getting access to local customers
- Researching markets
- Supplying you with information about local business practices, laws, and cultural traditions

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. They also consolidate shipments from other exporters in your country.

Services Include:

- Arranging transportation
- Market research
- Exhibiting at trade shows
- Filling out required documentation
- Hiring distributors
- Advertising

**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 can purchase directly from exporters in some sectors, while they use agents/brokers 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. With the emergence of COVID-19, the retail sector in Canada has, like in most other countries, been hit very hard. Consequently, there a number of smaller retailers as well as chains are expected to collapse.

MASS MERCHANDISERS



DEPARTMENT STORES



Grocery

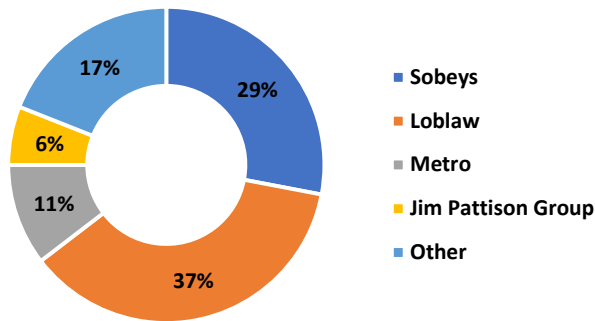
The Canadian Supermarkets and Grocery Stores industry has experienced spikes in sales, especially during the COVID-19 pandemic. This is in part due to bulk buying as consumers panicked at the onset of the lock down and, coupled with restaurant closures, more consumers have been purchasing more to cook at home⁸⁰. Prior to COVID-19, between 2015 and 2019, the supermarket and grocery industry grew at a steady rate, with an annual rate of 2%⁸¹.

Canada’s multi-billion-dollar grocery sector has been going through consolidating, with the top three retailers buying companies to operate under numerous banners to target different market segments:

⁸⁰ IBIS World. Canada Industry (NAICS) Report 44511CA. [Supermarkets & Grocery Stores in Canada. August 2020.](#)

⁸¹ Ibid

**Supermarkets and Grocery Stores
\$92 billion (2019)**



Source: IBIS World. Canada Industry (NAICS) Report 44511CA. [Supermarkets & Grocery Stores in Canada. August 2020.](#)



The Largest Supermarket in Canada

Banners: Loblaws, Extra Foods, Arz Fine Foods, Independent City Market, Real Canadian Superstores, City Market, Bloor Street Market, Fortinos, Independent, Valu-Mart, Zehrs, Maxi, Provigo, Wholesale Club, Atlantic Superstores, Real Canadian Liquorstore, Real Canadian Superstore, The Affiliated Independent Group, Shoppers Drug Mart, T&T Supermarket.



The Largest Supermarket in Quebec

Banners: Metro, Metro Plus, Super C, Food

Basics, Adonis, Première Moisson, Jean Coutu, and Brune. Like competitor Loblaws, Metro has consolidated and diversified by buying interest in bakery chains, drug stores and ethnic foods such as Adonis, catering primarily to a Middle Eastern segment of the market but very popular with mainstream consumers as well.

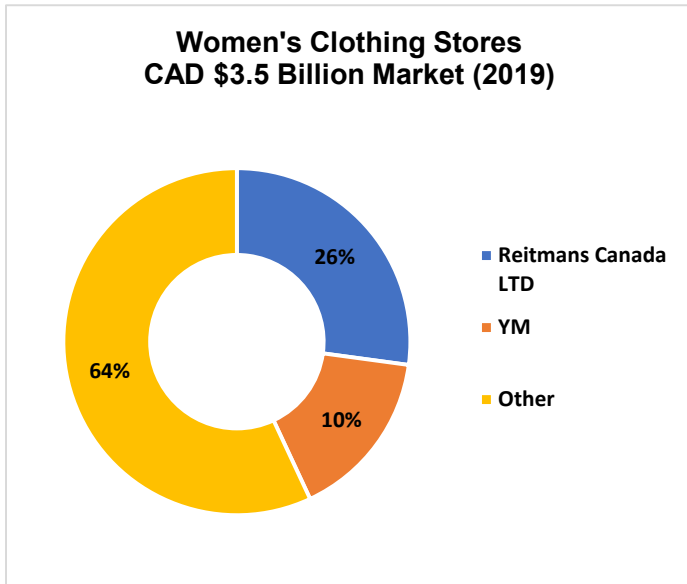


Banners: Sobeys, Fresh Co, IGA, IGA Plus, Lawtons Drugs, Foodland, Price Chopper, Thrifty Foods, Safeway, Rachele Béry, Marché Bonichoix, Needs Convenience, and Les Marchés Tradition.

Independents:

The [Canadian Federation of Independent Grocers](#) represents over 6,900 independent grocery retailers across Canada. One of the largest independent grocers is Overwaitea Food Group in Western Canada, operating the following banners: Save-On-Foods, Urban Fare, PriceSmart Foods and Bulkley Valley Wholesale Save-On-Foods, Urban Fare, , PriceSmart Foods and Bulkley Valley Wholesale. Other top specialty grocers include Longo Brothers Fruit Markets (Toronto), Pete's Fine Foods (Nova Scotia), Fresh Street Market (Vancouver), and Farm Boy (Western/Central Ontario).

Fashion and Apparel



Source: IBIS World. [Canada Industry \(NAICS\) Report 44812CA](#), August 2020.

Canada is one of the world's largest apparel market. Most of the clothes that come into Canada is imported. In 2019, the total retail sales totaled US \$28, billion⁸²; the women's clothing industry was worth CAD \$3.5 billion⁸³. Although the numbers seem high over the course of the last five years, the apparel industry (especially women's and clothing stores) has witnessed an annual growth rate of -15.1%⁸⁴. There is a decline due to growing external competition and changing consumer behavior and habits. This year, there has been a more drastic decline which experts are directly attributing to the COVID-19 pandemic. While online retail sales have been higher than average, it is anticipated that the outbreak will pose even greater challenges to industry operators as some manufacturers have had to temporarily shut down.

Reitmans

Brands: Reitmans, RW & Co., , and Penningtons, .

YM Inc.

Brands: Suzy , Stitches, Urban Planet, Bluenotes, Siblings, Sirens, West 49/Amnesia, Aeropostale, and Urban Kids.

Others

Groupe Dynamite, Laura Canada

Independents: The [Canadian Apparel Federation](#) represents both large and small retailers in Canada's fashion and apparel industry.

Market Share for Other Clothing Store Segments 2019:

- Men's Clothing: (\$1.7 billion market) Harry Rosen (20.5%), Moores (15.9%)
- Family Clothing: (\$15 billion market) TJX-Marshalls, Winners (18.5%), Gap Inc. (10%)
- Children's Clothing: (\$1.1 billion market) Carters (32.6%), Gap Inc. (13%), The Children's Place (7%)

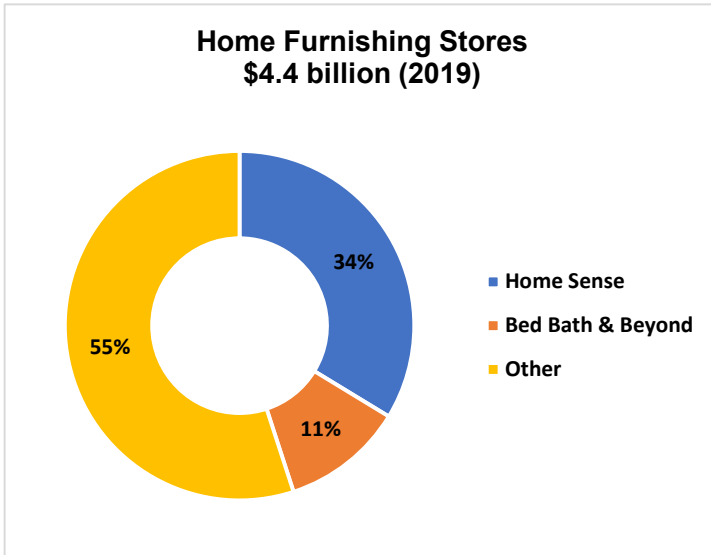
Source: IBISWorld Industry Reports 44811CA, 44814CA and 44813CA, 2020

⁸² Just- style. [Canada's clothing market- Top selling and sourcing trends](#). May 2020.

⁸³ IBIS World. [Canada Industry \(NAICS\) Report 44812CA](#). August 2020.

⁸⁴ ibid

Home Decor



Over the last five years the home furnishings sector has not been performing well in the Canadian market, with an annual growth rate of -3.4% over the 2015-2020 (2020 figures an estimate)⁸⁵. The industry revenue is projected to decrease in 2020, with an expected decline of 12.5%⁸⁶. The decline in 2020 can be attributed to the COVID-19 pandemic, with many people losing their jobs there is a decrease of disposable incomes.

Companies such as Home Sense (Winner's home-decor banner, owned by TJX Companies) and Bed Bath & Beyond are U.S.-based retailers operating in Canada. They continue to hold a large share in the Canadian market for home furnishing.

Source: IBISWorld. [Canada Industry \(NAICS\) Report 44229CA](#), June 2020.

⁸⁵ IBISWorld. [Canada Industry \(NAICS\) Report 44229CA](#), June 2020.

⁸⁶ *ibid*

How to Find Buyers

Online	Having a good online presence can help buyers find you online whether through your company website or your social media profile. You can also use online resources to identify potential buyers in Canada. Trade Show directories are often listed online and can be helpful for this purpose.
Trade Shows	Trade shows is still the primary way buyers find suppliers. The last consumer survey made by A Canadian retail Magazine (Retail News) done more than 5 years ago noted that 98% of buyers from the <i>giftware and home décor sector</i> made connections with buyers through trade shows. Local, national and international trade shows tend to have more suppliers and products; and allow buyers to compare, network and negotiate ⁸⁷ . With the Covid-19 pandemic, the future of this type of sourcing activity will surely be affected negatively on both fronts: buyers will likely be more selective in the travels to trade shows. Similarly, it is also possible that some shows may cease to operate.
Trade Magazines	Suppliers can advertise their products in trade magazines (online and paper publications). Some trade magazines offer free subscriptions to enlarge readership and market their publications.
Directories	Directories comprise lists of available suppliers within an organization's database. Often published by trade magazines, they can also be found online through some government website or trade show organizers' sites.

Source: Online Business Canada. [Finding Wholesale Suppliers for your Canadian Business](#). May 2020.

1. Attend a Canadian Tradeshow

During post pandemic times, Canadian trade shows will likely remain one of the best places to meet buyers and conduct market research. You can normally 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 the EU or Asia, but they are a major sourcing method for most retailers. Many Canadian buyers also visit top international tradeshows. The COVID-19 pandemic has caused many trade shows to be cancelled. To address this challenge, organizers are temporarily hosting virtual trade shows which offer opportunities for visibility. If you cannot attend a trade show, you can visit the show's website or contact the organizers for a list of exhibitors, many of whom will be importers. You can also consult TFO Canada's online [events calendar](#) for a list of tradeshows.

2. Consult with Your Trade Representatives

Your Embassy, High Commission or Consulate in Canada: 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](#).

⁸⁷ Online Business Canada. [Finding Wholesale Suppliers for your Canadian Business](#). May 2020.

3. Obtain a List of Potential Buyers

You can search for potential buyers through the [Canadian Importer Database](#) which provides the top importers by product groups.. Contact the industry association for your sector in Canada (see Annex 2) and look for a membership list on the association's website for possible leads. Lists of Canadian buyers who have already traded with your country may be available from the Chamber(s) of Commerce in your country, bilateral trade association between Canada and your country or your foreign trade ministry or national export promotion organization. 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 information 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 definitely establish 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 companies also use other social media, such as [Facebook](#) and Instagram 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 that were active in Canada before the COVID-19 pandemic. Some of these trade shows are now only offering virtual shows. This may be a great and less expensive opportunity for you to be in contact with potential buyers:

Food and Beverage



Salon international de l'alimentation
<https://sialcanada.com/en/>

Focus on processed food and beverages



Canadian Health Food Association
www.chfa.ca

Natural and organic products
 Three shows: CHFA West, CHFA East, and CHFA Quebec



Canadian Produce Association
www.convention.cpma.ca

Focus on fresh produce



Marketing Grocery Innovations Canada
www.cfg.ca/grocery-innovations-canada



Canadian Coffee and Team Show
www.coffeeteashow.ca



Grocery and Specialty Food West
www.cfg.ca/grocery-specialty-food-west

Giftware, Home Decor and Furniture



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

www.cangift.org
 Housewares, handmade items, home decor



www.canadianfurnitureshow.com
 Furniture



www.cangift.org
 Furnishings, fixtures, accessories



Canada's National Design + Architecture Exhibition and Conference
www.iidexcanada.com



Fashion and Jewellery



www.torontoshoeshow.com
 Footwear, handbags, accessories



www.mode-accessories.com
 Women's fashion accessories, casual apparel and fashion items



Luggage, Leather goods, Handbags and Accessories (LLHA) Show
www.llha.ca

Building, Construction and Floriculture/Horticulture



www.thebuildingsshow.com

Design, Building, Real Estate



www.buildevancouver.com

Construction, Renovation, Architecture,
Interior Design



www.canadablooms.com

Flowers and gardens

Other Modes of Market Entry

- **Private Labels**

In Canada, private-label products (also known as store-brand products) are popular and readily available. This in part is due to the cost-efficient pricing of private labels that are usually of the same quality as the branded goods⁸⁸. The latest figure available (2017) for private-label retail sales were \$14.4 billion⁸⁹. Sixty-four % of Canadians buy private labels. Trust and previous experience are also major reasons for why they repurchase (23%)⁹⁰ private-label products.

Canadians favour private-label products. A survey found that 53% of consumers in Canada believe that private label products are just as good as other brand-name products⁹¹.

Part of the popularity of private labels is being driven by millennials (ages 18 to 34) who are less loyal to name brands and are more willing to try new products, especially if they are less expensive, which private-labels of grocery companies tend to be.. Top selling private-label products tend to be commodity-driven and frequently purchased, including food (especially sauces and condiments, cereals, meat, bread, canned foods), 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.

- **E-Commerce and M-Commerce**



Online: In 2019 e-commerce revenue in Canada reached USD \$25.4 billion; e-commerce retail trade sales amounted CAD \$1.85 billion with approximately 28 million Canadians making online purchase⁹².

In 2018 Amazon was the most popular online platform in Canada. In wake of the pandemic Amazon has been undefeated⁹³. The company made USD \$75.5 billion in sales in Canada in the first quarter of 2020. As COVID-19 lockdown restrictions took place from March 2020, many consumers turned to online to make purchases for both essential and non-essential items (groceries included)⁹⁴.

⁸⁸ Statista. [Private label market in Canada - statistics & facts](#). June 2020.

⁸⁹ Canadian Grocer. [The rising power of private label](#). July 2018.

⁹⁰ ibid

⁹¹ Statista. [Private label market in Canada - statistics & facts](#). June 2020.

⁹² Statista. [E-commerce in Canada - Statistics & Facts](#). March 2020.

⁹³ ibid

⁹⁴ NBC News. [Amazon has been indispensable during the pandemic — but it's clear who really wins](#). May 2020.

Many companies with a strong online presence and a strong e-commerce platform are experiencing revenue growth. As the pandemic continues to impact lives and in turn trade and business, the trend is positive and expected to continue, Therefore, having a good online/e-commerce platform will likely help companies weather the pandemic.



Mobile Devices: Canadians are using their mobile devices to make purchases and to compare prices and products while on the go. Leveraging online and mobile sales will become increasingly important as Canada's tech-savvy millennials and Gen Z begin to overtake populations of seniors and baby boomers. In the previous section on age demographics, you will recall that buyers between the ages of 18 to 39 are making more online purchases and rely on digital and social media marketing for recommendations.

- **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 [Corporations Canada](#).

- **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 or processing 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 [Global Affairs Canada](#).

37 FIPAs in Force:

Argentina, Armenia, Barbados, Benin, Burkina Faso, Cameroon, China, Costa Rica, Croatia, Czech Republic, Ecuador, Egypt, Guinea, Hong Kong, Hungary, Jordan, Kosovo, Kuwait, Latvia, Lebanon, Mali, Mongolia, Panama, Peru, Philippines, Poland, Romania, Russia, Senegal, Serbia, Slovak Republic, Tanzania, Thailand, Trinidad and Tobago, Ukraine, Uruguay, Venezuela

14 FIPAs negotiations:

Democratic Republic of the Congo, Gabon, Georgia, Ghana, India, Kazakhstan, Kenya, Macedonia, Mauritania, Mozambique, Pakistan, Qatar, Rwanda, Tunisia

For more information on FIPA visit the Government of Canada [Trade and investment agreements page](#).

9 Market Entry Strategy

Pricing

Buying Influences

Canadian buyers take a number of factors into consideration when making a purchasing decision. Cost and anticipated retail price are strong purchasing influencers, buyers also place a strong emphasis on other factors as well, as for example profit margins, exclusivity and previous sales success indicators. Product quality and unique features also play an important role in the purchase decision.

Competition with The Canada-United States – Mexico Agreement (CUSMA, formerly NAFTA)

Keep in mind potential competition from CUSMA 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 two countries, including proximity to market, lower transportation costs, shorter delivery and lead times and relatively simpler payment mechanisms.

Have Your Price List Ready

Exporters cannot set up a business 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). Your price must be competitive to attract the attention of a potential buyer. Compare your pricing with similar products online, in product catalogues and in Canadian stores. The internet provides you with a tremendous array of options to look at competition in the marketplace. 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

Sales taxes are applied to nearly most consumer goods sold in Canada, whether produced domestically or imported. These sales taxes comprise the 5% federal Goods and Services Tax (GST) and a provincial sales tax (PST), which [varies by province](#) (with the exception of Alberta, the Northwest Territories, Nunavut and Yukon- These province/territories only have a 5% sales tax (GST)). In the other 9 provinces, sales taxes vary between 12 and 15%. 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](#).

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)
1. Product cost per unit	
Materials	
Labour	
Factory overhead	
Administration	
Export administration costs	
Advertising/promotional material	
Total Product Cost	
2. Export cost	
Crating	
Special labelling and packing charges	
Marking charges	
Loading and strapping charges	
Forwarding: <ul style="list-style-type: none"> ▪ documentation ▪ product insurance 	
Sub-total, export cost	
Add targeted profit	
Basic Selling Price	
Add agents commission (if applicable)	
Ex-works Sales Price	
3. Export shipping cost	
Inland freight	
Wharfage charge	
Total (f.o.b. port)	
Add: <ul style="list-style-type: none"> ▪ air freight ▪ marine freight 	

insurance	
Total c.i.f. at port of entry	
4. Convert to \$ Canadian at current exchange rate (show rate)	Canadian \$

Quality and Standards

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 and 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, marketing material and how they present their offer to potential buyers.

Standards

Standards for practices, technical requirements and product specifications are increasingly used and recognized in global trade. In Canada, the onus is on importers to supply products that are in good order and that are at par with both Canadian and international standards. . These standards are a testament of a product's high and consistent quality. 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.

Advertising and Marketing

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 will normally be expected from the exporter. Alternatively, the importer and exporter may enter a shared cost arrangement for advertising and promotion.

Consider the following strategies for promoting your products in Canada:

1. **Listing and Shelving Fees:** Retailers, especially supermarket chains will often require their suppliers to pay listing fees to get their products on the shelves and shelving fees to secure the best space 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.⁹⁵ Therefore it is important that you look at different ways of co-promoting you products with the importer (or with the retailer if you deal with a retailer directly) as there is a variety of tools and tactics to use.
3. **Trade Shows:** Trade shows, often the preferred way of showcasing one's products, may well not have the same impact since the COVID-19 pandemic. Show organizers are increasingly looking at organizing these online. Under normal circumstances however, a number of trade shows usually offer free advertising to exhibitors. To take advantage of these opportunities, exporters must be sure to provide information by the deadline date to get their company name and products listed in the show guide. Most shows have a press office where exhibitors can drop off a press release or

⁹⁵ [BrandSpark](#), (I would just put the generic reference – nothing up to date and likely these have not changed drastically over the past 5 years or so...Marc).

company brochures. For greater impact and to get more media coverage, exporters can arrange for their country's Ambassador to visit their booth.

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. Nowadays, company pages on FB, Instagram and LinkedIn are very frequently used in Canada, just like in most countries. There are almost required when selling offshore so potential buyers can easily view your export offer. Websites seem to be giving way to social media and, while still important, they seem to occupy a less prominent place in terms of promoting one's products.
6. **Other:** Brochures, give-aways and special events are other ways to get buyers interested in your products

Buyer Expectations

Canadian buyers look for several factors when choosing products and a supplier. Value, quality and pricing are key in product selection. Buyers also consider the following of great importance when choosing a new supplier: reliability, trust, commitment as well as wanting to develop a strong and long-lasting supplier-buyer relationship. When applicable, buyers will often favour suppliers who can offer after-sales services.

Communication: As a supplier, you need to communicate extremely well 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. Furthermore, your communication messages should be concise and should answer the buyer's questions fully. If English is not your mother tongue, you must ensure you involve someone within your company who can review your messages to ensure clarity.

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

Reputation: Although Canada is a big country, you should keep in mind that the market is a relatively small one, 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 and your reputation, as well as your country's may be jeopardized.

Export with Success: Some Practical Tips

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

1. Deliver what you promised- 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- response time (within 24 hours)

5. Be proactive if problems arise. Use a problem-solving approach

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. Or products are nothing like the samples

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

Securing a Supply Contract

1. First Impression is Key

With most buyers, exporters only have one chance to make a good impression. So, it is essential that they use this opportunity to present their company and products in the best possible way. Information should include photographs of your latest product lines, a price list with corresponding product codes that are clearly identified and easy to follow. You should also list the certifications and standards (such as HACCP, Global Gap, Fairtrade...) that apply to your company and products. Photos of your production facilities should also be included.

E-mail is an essential tool for communicating with Canadian buyers following your initial meeting, be it on Zoom or in person. After the meeting it is essential that you follow up promptly to recapitulate the points you discussed and reiterate your ability to supply the products desired.

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 desired 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 products. As mentioned above, it is of great importance that your future shipments of the products are exactly the same as the samples you provided in the first place

3. Trial Orders

If the samples are accepted, the importer may place a trial order with you. But 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 the importer who will generally advise the supplier on the sizes and varieties that should sell best in Canada. 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. The key is to enter the Canadian market gradually so shipping smaller quantities may result in you securing long-term opportunities by shipping smaller quantities at first. 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. They will usually ask for exclusivity for a particular geographical area (for example a region or province(s) of Canada or for the entire country if they distribute across Canada.

4. Import Terms

Import terms vary with individual importers. In general, quotations should be made in F.O.B. or C&F, but CIF (Cost, Insurance and Freight) may be requested to a named port (for example, CIF Montreal, CIF Toronto or CIF Vancouver). The prices are usually in US Dollars. Sometimes the Canadian Dollar is also used. The most common payment method 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 usually 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 inspection 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.

Dealing with Risk and Non-Payment

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. You can check to determine if your buyer is listed with the [Better Business Bureau](#) organization that provides ethical business ratings based on complaints or reports filed against a company in Canada or the United States. You can also search for the company name on Google and in social media 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 has relevant information on the importer. 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 or an agent, you can 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 representative in Canada 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 and lumber and forest products)

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. Your Government's Finance Ministry or Department should be able to help you locate this type of institution in your country if in existence.

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. This organization provides consultation, mediation and arbitration services to its members. Both Canadian companies and off-shore suppliers can become members of the Corporation.

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 Canadian government agency responsible for customs services and compliance with Canada’s borders legislation. All products entering Canada must be declared to CBSA and are subject to inspection, whether they are transported by the exporter or third-party carrier. The great majority of goods must comply with Canadian laws and may require permits, certificates in addition to being inspected . For more information, CBSA offers a [Step-by-Step Guide to Importing Commercial Goods into Canada](#). Note that while this guide is first and foremost intended as a guide for importers in Canada, it is useful for you as an exporter to become acquainted with the process from a Canadian point of view.

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. These types of expenses can be extremely expensive. 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) of the Canadian government regulates imports of food products into Canada. The CFIA develops policies and regulations on imported food which are then enforced at the border by CBSA officers who examine food products at the point of entry to Canada.

Other Government Departments

The 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
Canadian Food Inspection Agency www.inspection.gc.ca	Food, plants, animals, food labelling, food recalls, wood packaging, international waste and used machinery/equipment
Canadian Heritage www.canada.ca/en/canadian-heritage.html	Cultural property
Competition Bureau www.competitionbureau.gc.ca	Clothing labels, precious metals, packaging and labelling of non-food products
Environment Canada www.ec.gc.ca	Endangered or threatened species of plants and animals, hazardous waste, ozone-depleting substances, wild animal and plant trade



Access Canada 2020

Fisheries and Oceans Canada www.dfo-mpo.gc.ca	Aquatic invasive species, illegal, unregulated and unreported fishing
Global Affairs Canada www.international.gc.ca	Agricultural products, firearms, goods under trade embargoes, steel, textiles and clothing
Health Canada www.hc-sc.gc.ca	Consumer goods, drugs, food, medical devices, natural health products, pesticides, pharmaceuticals, radiation-emitting devices, toxic substances, vitamins
Industry Canada www.ic.gc.ca	Radio communications, telecommunications equipment
Transportation Canada www.tc.gc.ca	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 (as is the case for alcoholic beverages) and municipal levels (as is the case for recycling of packaging).

Safe Food for Canadians Act (SFC)

The CFIA has been working to modernize food safety in Canada through its [Safe Food for Canadians Act which came into effect for most food items in January 2019](#). Three CFIA inspection statutes for agricultural products, fish and meat were consolidated into a single set of regulations that apply to all food that is imported into the country exported from Canada or prepared for inter-provincial trade within Canada. Importers will have a greater legal responsibility for ensuring the safety of food they bring into Canada. For example, importers are now required to demonstrate and document their suppliers' Preventative Control Plans and good manufacturing practices (such as for example HACCP certification). With the SFC Act, importers must be officially registered with the CFIA.

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 by province, end use, etc.) to generate a list of import requirements, 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. AIRS also provides a tutorial on learning how to access the database.

Laws and Regulations for Importing into Canada		
Health and Safety	Description	Guidance Documents
Consumer Product Safety Act Health Canada	Regulates the safety of consumer products to protect the public by addressing or preventing potential danger.	Canada Consumer Product Safety Act Quick Reference Guide
Hazardous Products Act and Regulations Health Canada	Regulates the sale and importation of controlled products (e.g., chemicals) considered hazardous and intended for use in a workplace. Includes requirements for labelling with hazard symbols.	WorkSafe B.C. Summary of Hazardous Products Act

Food Products	Description	Guidance Documents
Food and Drugs Act and Regulations 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.	CFIA Food Guidance Document Repository Guide to Importing Food Products Commercially
Canada Agricultural Products Act 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.	Safe Food for Canadians Regulations
Fish Inspection Act 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.	Safe Food for Canadians Regulations
Meat Inspection Act 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.	Safe Food for Canadians Regulations Foreign Companies Eligible to Export Meat to Canada
Organic Products Regulations 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.	CFIA Organic Products Canadian Organic Growers
Plants and Animals	Description	Guidance Documents
Plant Protection Act 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.	CFIA Plant Guidance Document Repository Plant Protection Import Procedures
Health of Animals Act 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.	CFIA Animal Guidance Document Repository Importation of Integumentary Tissue (hides/leather)
Competition	Description	Guidance Documents
The Competition Act Competition Bureau Canada	Maintains and encourages competition in Canada by regulating mergers, criminal business offenses (e.g., conspiracy, bid-rigging) and reviewable practices (e.g., competitor agreements).	Competition Bureau: Our Legislation
Combating Counterfeit Products Act Justice Canada	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.	Justice law website
The Consumer Packaging and Labelling Act Competition Bureau Canada	Provides requirements for mandatory label information and product claims, as well as package design, fill levels and standard sizes.	Guide to the Consumer Packaging and Labelling Act and Regulations
The Textile Labelling Act Competition Bureau Canada	Outlines additional labelling requirements to protect consumers against misrepresentation of textile fibre products.	Guide to the Textile Labelling and Advertising Regulations



Customs	Description	Guidance Documents
The Custom Tariff Act CBSA	Regulates the imposition of Canadian customs duties and other charges according to the World Customs Organization Harmonized System (HS) codes.	Canadian Boarder Services Agency
The Export and Import Permits Act Global Affairs Canada	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.	Memorandum D19-10-2 Import Controls
Prohibited Goods 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.	D9 Memoranda: Prohibited Importations
Tariff Rate Quotas 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.	D10-18-1: Tariff Rate Quotas

Intellectual Property

Canadian International Property Office

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

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 [Innovation, Science and Economic Development 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, recyclable and compostable. 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 growing trend in the Canadian marketplace. 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 and the packaging industry in Canada are 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 (and of equal size) 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 as the French occupies at least the same amount of space.

Food Labelling

Food products are subject to additional labelling requirements in Canada. In 2016, amendments to nutrition labelling, list of ingredients and food colour requirements of the *Food and Drug Regulations* came into force. Regulated parties have a 5-year transition period to meet the new labelling requirements, during which they must comply with either the former or the new requirements. As of December 14, 2021, all prepackaged food products being manufactured or imported must comply with the new labelling requirements. 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. The 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		% Daily Value	
Teneur		% valeur quotidienne	
Calories / Calories	80		
Fat / Lipides	0.5 g		1 %
Saturated / saturés	0 g		0 %
+ Trans / trans	0 g		
Cholesterol / Cholestérol	0 mg		
Sodium / Sodium	0 mg		0 %
Carbohydrate / Glucides	18 g		6 %
Fibre / Fibres	2 g		8 %
Sugars / Sucres	2 g		
Protein / Protéines	3 g		
Vitamin A / Vitamine A			2 %
Vitamin C / Vitamine C			10 %
Calcium / Calcium			0 %
Iron / Fer			2 %

11

Canadian Trade System

Trade Agreements

World Trade Organizations

Canada is a part of the world's trading system through its membership in several 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 several FTAs in force, covering over 40 countries and more than half of the global economy, and is in negotiation with other countries for more agreements. .

Trade between Canadian Provinces

The Canadian Free Trade Agreement, which came into place in 2017, replacing the Agreement on Inter-provincial Trade (AIT) (CFTA) 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 Manufacturers and Exporters Association, the Canadian Chamber of Commerce and Canadian Council of Chief Executives have called for reforms to the CFTA to strengthen Canada's economic union and to modernize economic governance.

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 Commodity Description and Coding System](#) (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 can 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. The importer or agent you will be working with will usually be able to assist in determining the applicable duty rates for your products.

Another tool for finding a tariff was recently developed as a result of a joint government initiative: [tariffinder.ca](#). It is a fast and easy way to determine the duty rate for your products.

Rates of Duty

Tariff rates are outlined by HS code in the [Customs Tariff schedule](#). CBSA also provides the list of countries with the applicable tariff treatments.

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"> • Default tariff for all members of the World Trade Organization (WTO) 	<ul style="list-style-type: none"> • Tariff for over 100 developing countries • Duty-free and quota-free access 	<ul style="list-style-type: none"> • Tariff for 49 least developed countries • Duty-free and quota-free access 	<ul style="list-style-type: none"> • Bilateral, multi-lateral or regional FTAs • Tariff reduction or elimination

Duty-Free and Quota-Free Imports

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](#).

Import Documentation

Releasing Goods at the Border

As mentioned earlier, 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

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 Global Affairs Canada (GAC). 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 barley⁹⁶.
2. **Textiles and Clothing:** applies to countries that Canada has free trade agreements (FTA) with specifically the United States, Mexico, Chile, Costa Rica and Honduras contain tariff preference level (TPL) for certain textile and apparel being imported⁹⁷. Trade of textiles and apparel commodities not covered by the above FTAs, or with countries other than those listed above, do not have Canadian permit or certification requirements and will be subject to Most Favoured Nation (MFN) duties⁹⁸.
3. **Firearms**
4. **Steel**

For more information, visit GAC [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. Global Affairs Canada also provides information on how to apply for these certificates.



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.

⁹⁶ Global Affairs Canada. [Export and import controls](#). June 2020

⁹⁷ Global Affairs [Canada. Export and import controls. Textiles & Clothing](#). June 2020.

⁹⁸ Ibid

Transshipment

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 trade or consumption in the intermediate country
- Remain in temporary storage in the intermediate country for no more than six months

12 Transport and Logistics

Transportation Routes

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 in the provinces of Ontario (Toronto) and Quebec (Montreal), while exporters from Asia may wish to target Vancouver in British Columbia on the west coast (Pacific Ocean) due to its geographic proximity (although Asian goods are increasingly shipped to ports on the Atlantic ocean. 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 2nd largest landmass in the world, Canada encompasses 9 million square kilometers. This means the United Kingdom 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 Halifax on the Atlantic to Vancouver on the Pacific. This is further than to fly from Toronto, Montreal or Halifax to London, United Kingdom .

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: Halifax and Montreal to the east, Prince Rupert and Metro Vancouver on the west coast. 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 close to Montreal 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.⁹⁹

⁹⁹ [Association of Canadian Port Authorities](#), Port Industry Facts, 2015

A total of 245,000 twenty-foot containers were unloaded in the 4 ports mentioned above in March 2020. This represented a decrease of 12.5% over the same month in 2019. The COVID-19 pandemic has definitely contributed to this reduction in volume. Note that the number of containers shipped out of these ports for export was approximately the same as the number of containers that were unloaded (imported)¹⁰⁰. Intermodal infrastructure (from ocean to rail) is well developed in these Canadian ports. [Canada's national railway company](#) provides useful information on each port's intermodal facilities:

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.¹⁰¹

Railroad: Canada has an extensive railroad network that is the 5th largest in the world and handles the 4th 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.

¹⁰⁰ Statistics Canada, Transportation Data and Information Hub, Catalogue Number 50-502-X.

¹⁰¹ Growing Canada's Economy- A New National Air Transportation Policy, The Conference Board of Canada

Modes of Transportation



At **airports**, commercial goods can arrive on commercial airlines such as Air Canada, or its charter airline Air Transat, or on dedicated parcel delivery airlines such as Purolator, **UPS and FEDEX**. 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 transhipped 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

Transportation Intermediaries

Sending goods across international borders with different laws, currencies and languages can be a challenge for many SME exporters, especially newcomers. For this reason, specialized logistics intermediaries are commonly used 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](#) (CIFFA)The Association provides a directory of Freight Forwarders in Canada.
- 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. You can easily google NVOCCs Canada and obtain a listing of companies involved in this field.
- 3. Consolidators:** Consolidators combine small shipments into large ones so that the shipments qualify for full vehicle discounts. These are usually found in the country of origin. Typically, the consolidator will work with different exporters to combine different smaller shipments. One of the main challenges in working with consolidators is that the time frame does not usually allow for as much flexibility as when shipping on your own.
- 4. Trading Houses:** Trading houses can be divided into two groups. Export Management Companies (also called Export/Import Agents) represent a company in a specific market (say Canada) and help it access customs and government information. They also negotiate export deals on the company's behalf. They do not take physical possession of the products. Trading house or companies (also called Export/Import Merchants) purchase a company's products and assume all the risks involved with selling these 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 and payment of import duties in Canada. The Canadian Government's [Canadian Boarder Services Agency](#) provides a list of licensed customs brokers.
- 7. Shipping Associations:** Shipping associations are groups of small exporters that partner to qualify for better carrier 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 indirectly with an insurance agent, a freight forwarder or a customer broker.
- 10. Financial Institutions:** Financial institutions ensure that timely payment is received for shipped merchandise. Some of their other trade services include providing funding, credit reports, documentary transaction services and transfer of funds.

Understanding Incoterms® are the selling terms that the buyer and seller of goods both agrees to. The Incoterm® clearly states which tasks, costs and risks are associated with the buyer and the seller. The Incoterm® is agreed between the buyer and seller and states when the seller's costs and risks are then transferred onto the buyer.

Incoterms® are also referred to as International Commercial Terms, which are published by the International Chamber of Commerce (ICC), which relate to International Commercial Law. They are accepted by governments and legal authorities around the world.

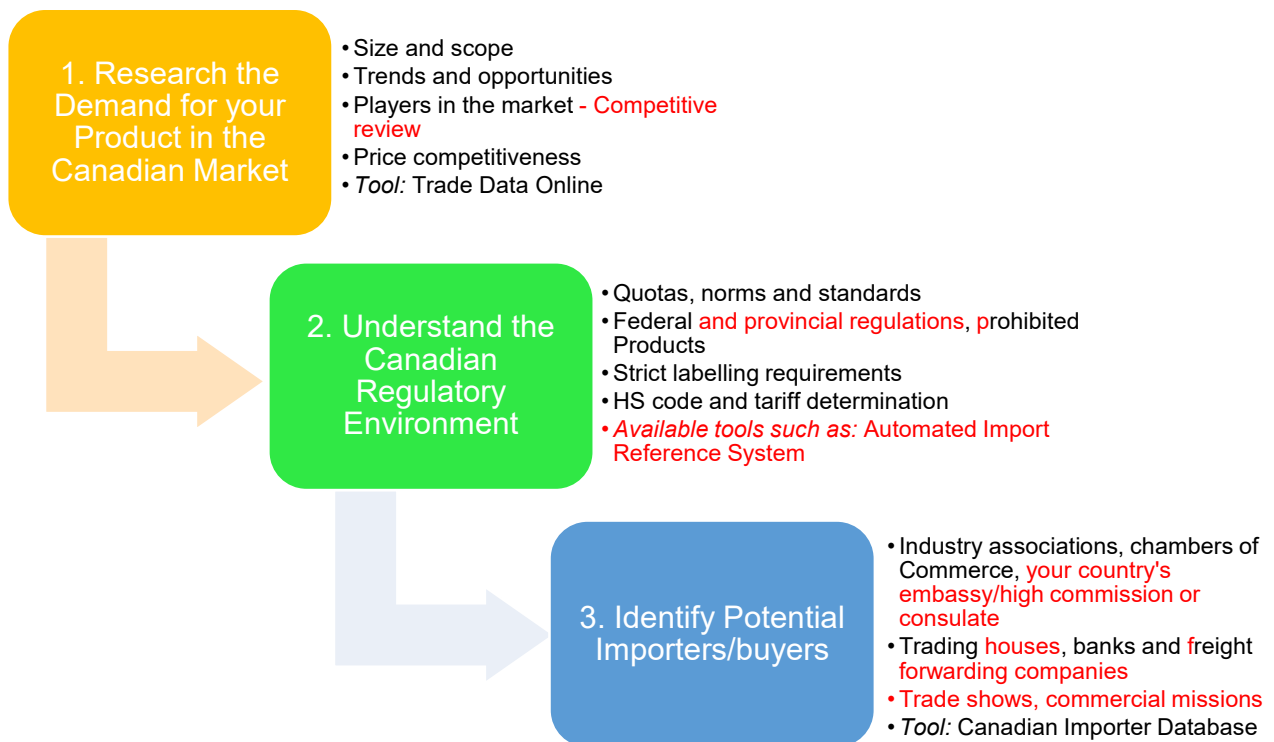
Incoterms® 2020 contains the ICC rules for use of the 11 Incoterms® trade terms. It considers the latest developments in commercial practice and updates the rules to make them more accessible and easier to use.

Inco Docs											
Freight Collect Terms						Freight Prepaid Terms					
Groups	Any Mode or Modes of Transport		Sea and Inland Waterway Transport				Any Mode or Modes of Transport				
Incoterm®	EXW Ex Works (Place)	FCA Free Carrier (Place)	FAS Free Alongside Ship (Port)	FOB Free On Board (Port)	CFR Cost and Freight (Port)	CIF Cost Insurance & Freight (Port)	CPT Carriage Paid To (Place)	CIP Carriage & Insurance Paid to (Place)	DAP Delivered at Place (Place)	DPU Delivered at Place Unloaded (Place)	DDP Delivered Duty Paid (Place)
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Obligations & Charges:											
Export Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Customs Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	*Seller	Negotiable	**Seller	Negotiable	Negotiable	Negotiable
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import Duty, Taxes & Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

Source: Incoterms® 2020. [The Global Trade Guide.](#)

13 Your Next Steps

Create a Market-Entry Strategy



Three Key Tools for Market Research:

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

How TFO Canada Can Help

Register on www.tfoCanada.ca to access the following free services for exporters:

Potential Exporter



Successful Exporter

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

Appendixes

Annex 1: Sources of Information

<p>TFO Canada 130 Slater Street, Suite 400? Ottawa, Ontario, Canada K1P 6E2 Tel.: (613) 233-3925 In Canada: 1-800-267-9674 Fax: (613) 233-7860 E-mail: info@tfoCanada.ca</p> <p>Canada Border Services Agency A directory of CBSA offices across Canada is available through the Internet site.</p> <p>Agriculture and Agri-Food Canada General enquiries Toll-free: 1-855-773-0241 TTY: 613-773-2600 Fax: 613-773-1081 Email: aafc.info.aac@canada.ca Online: contact form Mail: Agriculture and Agri-Food Canada 1341 Baseline Road Ottawa, ON K1A 0C5</p> <p>Canadian Food Inspection Agency Contact online Tel: 1-800-442-2342 (Canada and U.S.)/ 1-613-773-2342 (local or international)</p>	<p>Global Affairs Canada 125 Sussex Drive Ottawa, Ontario, Canada K1A 0G2 Tel.: (613) 944-4000 Fax: (613) 996-9709</p> <p>I.E. Canada (Canadian Association of Importers and Exporters) 3601 Highway 7 East, Markham, Ontario Canada Tel: 1-866-616-2243 E-mail: info@iecanada.com</p> <p>CSA Group 155 Queen Street, Office 1300 Ottawa, Ontario K1P 6L1 Tel.: (613) 565-5151</p>
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Annex 2: Business Associations

The following links provide the most relevant Canadian business associations:

<p>APPAREL and TEXTILES</p> <ul style="list-style-type: none"> • Canadian Apparel Federation • Canadian Association of Wholesale Sales Representatives (Apparel Sales Agents) • Association of Footwear and Apparel Canada <p>BEVERAGES</p> <p>Alcoholic Beverages</p> <ul style="list-style-type: none"> • Spirits Canada • Beer Canada • Canadian Association of Liquor Jurisdictions • Wine Growers Canada <p>Beverages (Other)</p> <ul style="list-style-type: none"> • Canadian Beverage Association • Canadian Bottled Water Association • Coffee Association of Canada • Tea and Herbal Association of Canada <p>BUILDING MATERIALS</p> <ul style="list-style-type: none"> • Canadian Homebuilders Association • Lumber and Building Materials Association of Ontario • North American Retail Hardware Association Canada <p>CARPETS and RUGS</p> <ul style="list-style-type: none"> • The Carpet & Rug Institute • Canadian Home Furnishings Alliance <p>COSMETICS</p> <ul style="list-style-type: none"> • Allied Beauty Association (ABA) Society of Cosmetics Chemists <p>FLORICULTURE and HORTICULTURE</p> <ul style="list-style-type: none"> • Canadian Nursery Landscape Association <p>FOOD</p> <ul style="list-style-type: none"> • Canadian Federation of Independent Grocers • Canadian Produce Management Association • Canadian Snack Food Association • Canadian Spice Association • North American Produce Transportation Working Group 	<p>FOOTWEAR</p> <ul style="list-style-type: none"> ▪ Western Canadian Shoe Association ▪ Shoe Manufactures Association of Canada ▪ Association of Footwear and Apparel Canada <p>FURNITURE</p> <ul style="list-style-type: none"> ▪ Quebec Furniture Manufacturers' Association ▪ Association of Registered Interior Designers of Ontario ▪ Interior Designers of Canada <p>HOME DECOR</p> <ul style="list-style-type: none"> ▪ Canadian Gift Association ▪ Canadian Crafts Federation ▪ Association for Creative Industries <p>JEWELLERY and FASHION ACCESSORIES</p> <ul style="list-style-type: none"> ▪ Canadian Jewellers Association ▪ Luggage, Leathersgoods, Handbags and Accessories Association of Canada <p>NATURAL HEALTH PRODUCTS</p> <ul style="list-style-type: none"> ▪ Canadian Health Food Association ▪ Canadian Homeopathic Pharmaceutical Association ▪ Consumer Health Products Canada ▪ HealthCare Can (called Healthcare Can) <p>ORGANIC PRODUCTS</p> <ul style="list-style-type: none"> ▪ Canadian Organic Growers ▪ Canada Organic Trade Association ▪ Organic Agriculture Centre of Canada <p>PHARMACEUTICALS</p> <ul style="list-style-type: none"> ▪ Canadian Association for Pharmacy Distribution Management ▪ Canadian Generic Pharmaceutical Association ▪ Innovative Medicines Canada
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Annex 3: Publications

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

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