U.S. Department of State
FY 2000 Country Commercial Guide: Canada

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TABLE OF CONTENTS

CHAPTER V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

CHAPTER VI. TRADE REGULATIONS AND STANDARDS

CHAPTER VII.   INVESTMENT CLIMATE

CHAPTER VIII. TRADE AND PROJECT FINANCING

CHAPTER IX.   BUSINESS TRAVEL

CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Canada's commercial environment, using economic, political and market analysis. CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. government agencies.

Canada - Our Largest Trading Partner By Far

The trading relationship between the United States and Canada is by far the largest in the world. Two-way trade in goods and services accounts for approximately US$1 billion per day, every day of the year. Of Canada’s total imports, about 74 percent comes from the United States. The United States is also Canada's largest export market, taking about 80 percent of what Canada sells abroad. In 1998, the Canadian economy grew by 3.1 percent, further fueling this robust trade. Economic growth is expected to continue at a rate of 2.9 percent in 1999 and 2.4 percent in 2000, supporting the ongoing demand for U.S. goods and services of all kinds. Growth in oil and gas, petrochemicals, information technology, and biotech, as well as in the service sector, offers particularly good prospects to U.S. exporters. For Canadian companies upgrading their plants and equipment, as well as for those that are constructing new facilities, the United States is a principal source of new machinery and technology. Market conditions are expected to hold steady in the coming year. U.S. companies will continue to find Canada, our largest trading partner, an extremely attractive and accessible place to do business. Our objective for fiscal year 2000 is to help increase U.S. exports of goods and services to Canada by another ten percent, thus contributing to export-related job growth in the United States.

Think "CANADA FIRST!"

With a population about one tenth that of the United States, the Canadian economy mirrors the U.S. economy in about the same ratio. In many ways the two countries have developed along similar lines. This has made Canada an ideal export and investment destination for U.S. companies looking for an environment and marketplace that are similar to that of the United States. We believe that for the export-ready U.S. firm, "Canada First" is the right approach. Canada offers an ideal first stop for U.S. businesses that are just beginning to export. Its business practices, attitudes, and conditions are closer to those in the United States than are the business practices of any other country in the world. For U.S. companies that already have some Canada experience and are exploring expanded opportunities in the country's diverse regional markets, geographical proximity reduces time and expense. NAFTA also offers tariff-free benefits. Add the advantages of congruent time zones, a straightforward regulatory regime, and a common language, and doing business in Canada simply makes good sense. Moreover, first-time U.S. exporters will have the chance to become familiar with some of the additional requirements of overseas marketing in the less alien Canadian environment. They may also be exposed to some cultural and linguistic differences in Canada's five distinct regional markets. Experience gained here can provide a solid basis for success in markets worldwide.

Best Prospects for U.S. Firms

Business opportunities in Canada cover the full range of industry and agricultural sectors, and they include virtually every commercial activity. The top five sectors offering the best prospects for U.S. exports in the coming year are computers and peripherals; computer software; telecommunications equipment; automotive parts and service equipment; and building products. There is also continuing strong demand for value-added food products from the United States. Geographic proximity, cultural and historical ties, and strong awareness of business and other developments in the United States are key factors in the accelerated sale of U.S. goods and services in the Canadian market. Third-country competition tends to be far less prevalent in Canada than in most other international markets. NAFTA tariff benefits boost the advantages that U.S. exporters already have in the Canadian market, compared to their competitors from Europe, Asia and elsewhere. Since January 1, 1998, there has been virtual duty-free trade between the United States and Canada for NAFTA-originating products. Third-country competition is most often found in product areas where labor constitutes a significant part of the cost of production, and where domestic U.S. industries are less competitive. In most other product areas, U.S. dominance is the rule, with only occasional third-country competition in specific cases.

Generally, Canadians have strong national pride, and they will often favor Canadian products if the features and the cost are similar to those for products available in the United States. This is particularly true for government procurement, local or federal, which is not covered under either World Trade Organization (WTO) or NAFTA rules. Nevertheless, competition in Canada is generally fair and, as noted above, U.S. firms that can offer technical, cost, or feature advantages over locally produced goods can do as well in the Canadian market as they can in the domestic U.S. market.

Market Entry Vehicles

Although it is not impossible, it is more difficult to sell abroad if you do not go abroad. Given the geographical proximity of Canada and the relatively low cost of travel across the border, especially compared to travel to other industrial economies, we encourage U.S. firms to come to Canada to participate in one of a variety of low-cost market entry programs offered by the U.S. government. The Commerce Department's Dealmaker events in Canada, for example, offer pre-screened appointments with Canadian firms, briefing sessions with experts, and networking events and receptions at minimal cost to U.S. companies. (See Appendix G for a complete trade event schedule). Customized schedules are also offered to U.S. firms under the "Gold Key" program.

For additional information on the Canadian market, please contact the U.S. Department of Commerce District Office or U.S. Export Assistance Center serving your area, or get in touch with the Commercial Service of the U.S. Embassy in Ottawa, Canada (see Appendix E for contact information). The Commercial Service also has a Home Page on the Internet at the following address: http://www.ita.doc.gov/cscanada

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at http://www.stat-usa.gov; http://www.state.gov/; and http://www.mac.doc.gov. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

This chapter was prepared by the Economic Section of the United States Embassy in Ottawa.

A. Major Trends and Outlook

Canada has an affluent, advanced industrial economy that closely resembles that of the United States in its per capita output, market-orientation, and pattern of production.

The Canadian economy grew by 3.1 percent in 1998. A consensus of private sector forecasters estimates that growth will ease to 2.9 percent in 1999 and 2.4 percent in 2000. These growth projections are in line with an anticipated slowdown in the global economy and lingering financial uncertainties. The Canadian economy is, however, expected to outperform its G-7 counterparts, with the exception of the United States.

Private consumption has been forecast to grow by at least two percent in 1999 and again in 2000. While consumer spending is threatened by record high consumer debt and a low savings rate (2.3 percent in 1998), impetus for growth should come from relatively low interest rates, net wage and employment gains, and fiscal stimulus provided in the fiscal year 1999-2000 Canadian federal budget introduced in February 1999. Business investment should also benefit from low interest rates and firming commodity prices, which bodes well for corporate profits, employment, and consumer spending.

Growth in Canada's export sector should continue to be fueled by ongoing strength in the U.S. economy and Canada's low dollar. Global disinflationary pressures have more than offset the negative impact of the low Canadian dollar on import prices and consumer price inflation. Consequently, Canada's inflation rate is at the lower end of the Bank of Canada's one-to-three percent target band.

B. Principal Growth Sectors

Growth is expected in several sectors, including wheat exports, petrochemicals, oil and gas, high technology, biotechnology and mining technology. Services are expected to continue to grow in relative terms, with particular emphasis on tourism because of Canada's favorable exchange rate.

C. Government Role in the Economy

Canada is the world's seventh-largest market economy. Production and services are predominantly privately owned and operated. However, the federal and provincial governments are significantly involved in the economy; government spending at the federal and provincial levels on goods and services in 1998 accounted for 20 percent of GDP. Government provides a broad regulatory framework and redistributes wealth from high income individuals and regions to lower income persons and provinces. Still, since the mid-1980s federal government economic policies have emphasized the reduction of public sector interference in the economy and the promotion of private sector initiative and competition. Both federal and provincial governments have also privatized selected crown, or state-owned, corporations. Nevertheless, federal government regulatory regimes affect foreign investment in telecommunications, publishing, broadcasting, aviation, mining, and fishing.

D. Balance of Payments Situation

Canada's deficit on its global current account rose to US$12.3 billion (C$18.4 billion) in 1998, up from US$9.3 billion (C$12.8 billion) in 1997. With respect to U.S.-Canada bilateral trade, burgeoning demand for Canadian exports from a soaring U.S. economy boosted Canada's merchandise trade surplus with the United States by US$2.6 billion between 1997 and 1998 to US$24.5 billion (C$36.4 billion). As a result, Canada posted a US$7.9 billion (C$11.7 billion) current account surplus with the United States in 1998, up from US$6.7 billion (C$9.3 billion) in the previous year.

Total two-way merchandise trade between the United States and Canada was US$334 billion in 1998 (Statistics Canada reports the total as C$505 billion). When services and investment income are included, total two-way trade was approximately US$365 billion, or US$1 billion per day in 1998. (Statistics Canada reports the number at C$619 billion.) Regardless of which set of statistics are looked at, it is important to realize the magnitude of the bilateral U.S.-Canada trading relationship. Canada is the largest single-country export market for the United States. In addition, total two-way merchandise trade between the United States and Canada is larger than total U.S. merchandise trade with the entire European Union, or total U.S. merchandise trade with Japan. The most traded commodities are transportation equipment, industrial machinery and equipment, energy and other natural resources technologies, and agricultural products.

The stock of U.S. foreign direct investment in Canada was US$99.4 billion in 1998, up US$4.1 billion from the previous year. U.S. investment in Canada represents almost 71 percent of total foreign direct investment in the country and is concentrated in manufacturing, finance, and the resource sectors. The stock of Canadian direct investment in the U.S., including investments from Canadian holding companies in the Netherlands, rose to US$85 billion in 1998 from US$74.3 billion in 1997. Most of it is concentrated in finance and insurance, metallic minerals and metal products, communications, and chemicals and chemical products.

E. Infrastructure Situation

1. Transportation Infrastructure

Canada has one of the most modern and highly developed transportation infrastructures in the world. The 1997 Global Competitiveness Report produced by the World Economic Forum, ranked Canada's transportation infrastructure first among the G-7 countries.

(a) Railways

Canadian railways move an estimated 270 million tons of freight annually. Two transcontinental systems, Canadian National Railways (CNR) and the Canadian Pacific Railway Company (CPR), account for the vast majority of this movement. Both railways have extensive alliances with their U.S.-based counterparts. The increasing north-south integration of this sector is exemplified by the 1998 acquisition of the Illinois Central (IC) Railroad by the CNR. Regional lines supplement the transcontinental lines of the CPR and CNR.

(b) Motor Freight

Freight tonnage carried every year on Canadian highways is estimated at 400 million tons. Every year, roughly ten million trucks cross the United States-Canadian border. Trucks carry about 70 percent of the total value of all U.S.-Canada trade in goods.

The provinces have jurisdiction over highways in Canada, and common carriers require an operating authority (or trip permit) from the appropriate provincial Department of Transport or Highways in which cartage will occur.

Both U.S. and Canadian Customs rules regarding cabotage were liberalized in 1997. Under the new rules, as long as cargo is international the trucking equipment will also be considered international, and free from cabotage restrictions. In 1999 Canada Customs liberalized cabotage restrictions on equipment moving without payload.

Canada currently permits domestic pick-up and drop-off, provided that the domestic shipment is secondary to the international shipment and that the route taken for the domestic load does not deviate substantially from the route for the international cargo. Existing immigration rules governing drivers, however, have not been affected by these changes.

(c) Water Transport

Marine trade with the U.S. was valued in 1996 at C$9.4 billion, representing only three percent of Canada-U.S. trade. The total two-way tonnage of U.S.-Canada marine transport was 88 million tons in 1996. The two main flow corridors are from Canadian Atlantic ports to U.S. Atlantic ports, and across the Great Lakes.

Although seasonally restricted by frozen waterways, water transport is widely used as a consequence of Canada's unique geographical position. Canada is bordered by the Atlantic, Arctic and Pacific oceans. The St. Lawrence Seaway extends inward for more than 2,000 miles along Canada's southern border.

Canada has 25 large deep-water ports and about 650 smaller ports and multipurpose government wharves on the east and west coasts, along the St. Lawrence Seaway and Great Lakes, in the Arctic, and on inland lakes and rivers. In 1998, under a new policy, the government began to divest itself of direct responsibility for port management. Ports which are considered vital to domestic and international trade are now (or soon will be) managed by 'Canada Port Authorities' (CPAs) made up of representatives nominated by user groups and government. Currently CPAs manage 11 of the 18 major ports, including Vancouver, Halifax, Montreal, Sept-Iles, Saint John and Quebec City. Smaller regional and local ports are being transferred to provincial or municipal governments, community organizations, private interests or other groups.

(d) Aviation

Air connections between the United States and Canada are extensive, with well-developed facilities for freight and passenger traffic. Under the Air Transport Agreement signed between Canada and the U.S. in 1995, Canadian and U.S. carriers have unlimited access to fly between cities in both countries, and, since 1995, the number of seats offered in the trans-border market has increased by 40 percent. Currently 25 U.S. carriers provide scheduled services to and from Canada. In addition, Canada has bilateral air agreements with 66 other countries, and 47 major foreign carriers are licensed to provide scheduled services to and from Canada.

Under a bilateral agreement signed in 1974, U.S. inspection agencies (Customs and INS) operate preclearance facilities at seven airports in Canada (Calgary, Edmonton, Montreal, Ottawa, Toronto, Vancouver and Winnipeg). A pilot intransit pre-clearance project has been underway in Vancouver since June 1, 1997.

2. Telecommunications Infrastructure

Communications are highly sophisticated in Canada and are comparable with those in the United States. Canada is integrated with the U.S. direct long-distance dialing system (dial 1, area code and number). All forms of communication are possible (including voice, text, data, and video), and worldwide telegraphic services are available. Cellular and satellite communications are also possible in Canada.

Canada is a signatory to the GATS Agreement on Basic Telecommunications. Recent regulatory changes have opened both long distance and local telephone services to competition. Canada's WTO obligations will force an end to Teleglobe Inc.'s monopoly on overseas calling in 1999. Canada prohibits "switched hubbing," which would allow Canadian-origin international calls to be routed to a second country (likely the United States) via Teleglobe, and thence on to third countries via the international public network. In effect, Teleglobe now has a veto over such arrangements.

CHAPTER III. POLITICAL ENVIRONMENT

A. Nature of Political Relationship with the United States

The United States and Canada are allies and close friends who share a wide range of fundamental values, a commitment to democracy, and traditions of tolerance and respect for human rights. Both have dynamic market economies with sophisticated industrial, agricultural, resource, and service sectors, and both are committed to high living standards for their citizens. These factors complement the obvious geographic facts and have combined to make each the other’s best customer. Despite occasional friction over trade issues, the bilateral relationship, probably the most intensive and complex in the world, is positive and highly cooperative.

B. Major Political Issues Affecting Business Climate

One issue which has affected the business climate is the possibility that some day Quebec might vote to separate from Canada. The Parti Quebecois (PQ), which advocates sovereignty for the province of Quebec in partnership with Canada, controls the Quebec provincial government after having won elections in September 1994 and again in November 1997. The PQ held a referendum on Quebec sovereignty in October 1995 which was narrowly defeated. It has declared its intention to hold another referendum within the current mandate, if “winning conditions” exist.

Since 1984, the federal government has devolved powers and social programs to the provinces, at first for political reasons and later in response to a fiscal crisis. During much of the same period, trade between each of the provinces and the United States grew faster than trade among provinces, exacerbating strains on the Canadian federal system. The federal fiscal deficit was eliminated by the end of 1997, and in January 1999 the federal government reached agreement with the provinces on joint decision-making on new social spending. Although renewed federal social spending may halt the trend toward devolution, the shift in powers to the provinces is unlikely to be undone in the short term. Provinces can be expected to play an assertive role vis-à-vis Ottawa in decision-making on social, environmental and resource-related matters.

C. Political System/Schedule for Elections/Orientation of Major Political Parties

Canada is a parliamentary democracy and a federal state composed of ten provinces and three territories. The current federal government was elected on June 2, 1997, when the Liberal Party won 155 of the 301 seats in the House of Commons. A government is elected for a period not to exceed five years but normally calls elections during the fourth year.

The major political parties in Canada are:

The Liberal Party – a centrist party, led by Prime Minister Jean Chretien, which currently has a slim majority in the House of Commons with 156 out of 301 seats (it won an additional seat in a bi-election in 1998);

The Reform Party – a Western-based populist conservative party which holds 59 seats in Parliament and is head of the official opposition;

The Bloc Quebecois – a Quebec sovereigntist party, the federal counterpart of the provincial Parti Quebecois, holding 44 seats;

The New Democratic Party – a leftist, social-democratic party which holds 21 seats in the House;

The Progressive Conservative Party – a center-right party, also known as the Tories, which holds 19 seats in the House.

Provincial elections were held in Manitoba in April 1995, in Ontario and Saskatchewan in June 1995, in New Brunswick in September 1995, in British Columbia in May 1996, in Prince Edward Island in November 1996, in Alberta in March 1997, in Nova Scotia in March 1998, in Quebec in November 1998, and in

Newfoundland in February 1999. Ontario and New Brunswick will hold elections in June 1999, and Saskatchewan and Manitoba may also hold elections in 1999.

CHAPTER IV. MARKETING U.S. PRODUCTS AND SERVICES

A. Distribution and Sales Channels

In spite of Canada's vast size, sales to Canadian industries are expedited through relatively short marketing channels with direct producer-to-user distribution taking on primary importance. Many Canadian industries tend to be dominated by a few large-scale enterprises that are highly concentrated geographically. In many cases, 90 percent or more of the prospective customers for an industrial product are located in or near two or three cities. Canada's consumer goods market, on the other hand, is considerably more diffused than its industrial market. The use of marketing intermediaries in consumer goods is prevalent. Often, complete coverage of the consumer market requires representation in several commercial centers in different regions across Canada. Toronto, the largest metropolitan area and the center for national distribution networks in many product sectors, is usually the most logical location for establishing sole representation. From a regional perspective, the country may be divided geographically into five distinct markets, which include: the Atlantic Provinces (consisting of the provinces of Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island); the province of Quebec; the province of Ontario; the Prairie Provinces (consisting of the provinces of Manitoba, Saskatchewan, and Alberta) and the Northwest Territories; and the province of British Columbia and the Yukon Territory. Each of Canada's regional markets should be considered distinct, not only in terms of distribution networks, but also in terms of demographics. Establishing representation in each of these markets provides optimal coverage and the ability to specialize market promotion programs to suit specialized market needs.

B. Use of Agents and Distributors; Finding a Partner

Distribution channels in Canada vary greatly according to the products and commodities involved. For example, industrial equipment of considerable size and value is usually purchased directly by end-users. Smaller equipment and industrial supplies, on the other hand, are frequently imported by wholesalers, acting in some cases as exclusive distributors, or by U.S. manufacturers' sales subsidiaries. U.S. firms have historically preferred to appoint manufacturers' agents who regularly call on potential customers.

Many major distributors expect to work on a two-tier commission basis. For contract shipments, agents are offered a low (but realistic) commission, but they receive a higher rate when purchases are made from a local agent's own stocks. Consumer goods are purchased by importing wholesalers, department stores, mail-order houses, chain stores, wholesalers' and retailers' purchasing cooperatives, and many large, single-line retailers. Manufacturers' agents also play an important role in the importation and distribution of consumer goods. In addition, the importance of department stores, mail-order houses and cooperative purchasing organizations as direct importers has increased substantially. Many of these groups have their own purchasing agents in the United States.

For assistance in identifying appropriate agents and distributors in Canada, U.S. companies are advised to contact the Export Assistance serving their area to request the Agent/Distributor Service (ADS). To locate the nearest office, U.S. companies should call the Department of Commerce's Trade Information Center at the toll-free number: 1-800-USA-TRADE.

C. Franchising

Canada is one of the largest foreign markets for U.S. franchisers. The latter account for 60 percent of Canada's franchising sector, which includes approximately 1,150 franchises. These range from restaurants to non-food retail establishments, food and convenience stores, automotive products and services outlets, and purveyors of business services. Over 50 percent of all franchises operating in Canada are based in Ontario. Franchising activities in this province account for approximately 50 percent of all retail sales, a remarkable figure. Current estimates suggest that there are about 500 franchisers and about 40,000 franchisees in Ontario. Sales by franchises total between US$27 billion and US$34 billion (C$40-50 billion) annually, representing about 40 cents of every retail dollar spent in the province. The average franchise outlet in Ontario employs approximately 10-15 individuals.

Franchised businesses of all varieties have enjoyed exceptional growth and success in Canada over the past decade. The principal advantage U.S. franchisers have over third-country competitors in this sector is the strong recognition and familiarity of U.S. products and services with Canadian consumers. The high volume of travel by Canadians to the United States combined with constant exposure to U.S. television media through cable networks results in a relatively high receptivity which most Canadians have to U.S. products and services, even before these products and services are introduced into the Canadian market. Overall, U.S. companies seeking to introduce proven franchise operations supported by sufficient marketing and promotional campaigns can expect to be extremely well-received by Canadian consumers and potential franchisees. Some of the best opportunities are in fast food operations, do-it-yourself supplies, housekeeping, landscaping, and residential maintenance.

Franchising is also an increasingly attractive method of doing business in Canada because no federal regulations currently exist which specifically restrict franchise activities. Alberta and Ontario are the only provinces in Canada with legislation regulating franchise operations. These provincial regulations are intended to ensure that small business franchise investors are better able to make informed decisions prior to committing to franchise agreements. The new disclosure requirements reportedly ensure that prospective franchisees are aware of how franchisers plan to approach key contractual issues such as termination. The legislation also affords franchisees stronger legal remedies, should court action be required. Similar franchise legislation is now under consideration in Ontario and other provinces. U.S. franchisers already in business in Canada and those considering establishing themselves in the Canadian market should take note of the proposed legislation and the strong likelihood of its adoption. Franchisers should be prepared to review existing and/or new franchise agreements, internal disclosure policies, and operating procedures to ensure their consistency with the new legislation.

D. Direct Marketing

Mail-order sales in Canada are big business. In fact, Canadian consumers purchase more goods through the mail, per capita, than do their U.S. counterparts. For many companies, tapping into this market can be as easy as placing an advertisement in a magazine. In general, Canadian audiences are targeted using the same techniques that are used in the United States. However, shipping goods to Canadian customers involves additional preparation.

When mailing goods to Canada, properly completed paperwork will ensure the goods reach their destination without delay. For most mail order shipments, the only paperwork needed is a standard business invoice. When completing the invoice, two elements are critical:

(1) a description of the goods, and
(2) the value of the goods.

The exact amount paid by the customer for the goods should be indicated, and the currency used should be stated (U.S. or Canadian dollars). If the goods are shipped on a no-charge basis (samples or demos), the price (value) that would have been charged if the goods were sold must be shown. Two copies of the invoice should be attached to the outside of the package. Unlike shipments within the United States, shipments to Canada may be subject to customs duties and taxes. Whether shipping via the U.S. mail or private firm, these additional charges are always paid by the Canadian customer.

Duties and taxes are not charged on a product when the value of the shipment is under C$20 (approximately US$15). Nevertheless, a fully completed business invoice must accompany the package. On shipments worth more than C$20 (approximately US$15), duties and taxes are applied to the full value of the goods.

Duties for a specific product are determined by the type of product and the country of origin. Although duties are paid by the customer, exporters should be aware of the final cost to their customers to evaluate their price competitiveness.

In addition to duties, nearly all shipments to Canada valued at over C$20 (approximately US$15) are subject to the Goods and Services Tax (GST). Canada Post (the Canadian Postal Service) charges a C$5 (approximately US$3.60) processing fee on all packages that owe duty or tax. Since nearly all items owe at least the seven percent GST, the practical effect of this measure is to increase the cost of all mail-order shipments into Canada by C$5 (approximately US$3.60).

The U.S. Postal Service maintains a similar US$5 processing fee on dutiable imports. Mail-order companies can avoid having the C$5 (approximately US$3.60) fee assessed to their customers by registering to collect Canadian duties and taxes themselves as a non-resident importer. Companies registering with Revenue Canada will be required to prepay duties and taxes monthly.

Companies can also arrange to put up a bond in the amount of the estimated duties and taxes.

E. Joint Ventures/Licensing

Under Canadian law there is no precise meaning for the term "joint venture." In the broadest sense, any arrangement in which two or more businesses combine resources for some definable undertaking is considered a joint venture. The Canadian legal system provides great flexibility, and imposes very few restrictions as to the form which joint ventures may take, such as equity or non-equity. Some joint ventures require approval of the Government of Canada under the Investment Canada Act. Such approval is based on whether the venture is likely to be of net benefit to Canada, taking into account the criteria of "benefit" specified in the Act. Net benefit criteria applied to the review of joint ventures relates to issues such as: the level of Canadian participation; the positive impact on productivity; technological development; product innovation; industrial efficiency; and product variety in Canada. The majority of joint-venture proposals reviewed under the Act readily meet the test of net benefit. In certain key industries, joint ventures with Canadian partners may prove to be the most effective or in some cases the only means of market entry for U.S. companies.

Canada is an attractive market for foreign licensors for a variety of reasons. Most notably, Canada has no regulatory scheme governing licensing arrangements. In some countries, licenses are not valid until government approval or registration has been completed and often registered licenses are available for public inspection. Potential foreign licensors are usually pleased to learn that Canada does not require any such registration or public disclosure. Moreover, the Investment Canada Act, has no direct application to licensing unless it relates in some way to the control of a Canadian enterprise.

Finally, Canada does not have any exchange controls or other restrictions on the payment of royalties. As with many other countries, Canada taxes royalty payments to non-resident licensors. A "withholding tax" on such royalties is set at 25 percent under the Canadian Income Tax Act, but is reduced to 15 percent or less if the payment is made to licensors in countries with which Canada has entered into tax treaties, like the United States.

F. Steps to Establishing an Office

The selection of the most appropriate form of business organization depends on the purpose of the business in Canada and the particular circumstances of its establishment, such as the type of business activity, location, scope of operations, etc. Business is carried on in Canada in forms similar to those in the United States. Public or private corporations, partnerships, and sole proprietorships are all familiar forms of doing business in Canada.

Although the corporate form of organization is often used by foreign investors in Canada, a foreign corporation is not obligated to incorporate its operation in Canada. Corporations can be either federally or provincially incorporated. Incorporating in Canada is considered to be a relatively simple and inexpensive procedure and can be accomplished federally under the Canada Business Corporations Act or under one of the ten provincial corporation acts. The general requirements are similar for both federal and provincial incorporations. Incorporating under the Canada Business Corporations Act permits a company to do business in all ten provinces, although separate registration to carry on business is still necessary in most of the provinces. Incorporating provincially permits a firm to conduct business only in the province where the incorporation takes place. However, a number of the provinces have reciprocal agreements under which the registration requirement is waived.

Canadian federal and some provincial legislation requires that a certain portion of companies' directors be Canadian citizens and/or residents of Canada or the province. A flat fee of approximately C$500 (approximately US$360) is charged to incorporate federally. Fee structures vary among the provinces, depending in some cases on the authorized capital of the company to be incorporated. An average of approximately three weeks, or sometimes less, is generally required to process an application of incorporation once the requisite documents have been received. Information on incorporating federally under the Canada Business Corporations Act can be obtained from Industry Canada's Corporation Branch (see Appendix E for contact information).

As indicated above, a company incorporated under the laws of one province must take out a license to do business in each of the other provinces in which it contemplates carrying on business. An important exception is the reciprocal arrangement between the provinces of Ontario and Quebec, whereby licensing requirements do not apply to a company incorporated in the other province.

The province of New Brunswick does not require registration of extra-provincial companies. Information regarding the documents which must be submitted when applying for incorporation in one of the provinces may be obtained from the respective Canadian provincial ministries. Companies applying for a provincial charter in the province of Quebec must comply with all French language requirements.

Since obtaining a provincial license involves practically as much expense as incorporating federally, many U.S. firms have preferred to incorporate under federal procedures. In addition, Canadian profits are more easily segregated in a local corporation, and the determination of liability for Canadian and U.S. income taxes is facilitated.

Whether or not to obtain a license in a Canadian province to do business as an extra-provincial company rather than to incorporate federally will depend on the nature, extent, and duration of the anticipated business activities. For example, where the company's business activities can be conducted through a small sales office in one province without the necessity of opening an office in other provinces, registration as an extra-provincial company may be a suitable method of operation.

As noted, firms established or operating in the province of Quebec must comply with the requirements of Quebec's Charter of the French Language, which makes French the official language of the province. Firms considering establishing operations in Quebec are advised to contact the Office de la Langue Francaise (Office of the French Language, see Appendix E for contact information) which routinely works with companies to develop plans for complying with Quebec's language laws.

G. Selling Factors/Techniques

Selling strategies in Canada can vary greatly depending on the type of product or service or regional market. It is important for first-time marketers to note that distinct cultural differences between Canada and the United States require, in some cases, a wholly Canadian approach to selling, advertising and marketing. However, marketing and advertising strategies employed by U.S. companies in the domestic market can sometimes be equally effective in the Canadian market. U.S. companies are advised not to assume that selling in Canada is the same as selling in the domestic U.S. market and to carefully research the implications of marketing and promotion activities prior to implementation in Canada.

H. Advertising and Trade Promotion

A variety of media is used to advertise in Canada. Television accounts for the largest percentage of net advertising revenues, followed by magazines and then newspapers. Although a majority of Canadians speak English, the French-speaking market (concentrated in Quebec) should be considered a distinct market. Quebec is well-served by French-language press, radio and television. Advertising directed toward this market should be specifically tailored to Quebec's distinct cultural identity, consumer tastes, preferences and styles. Over 450 advertising agencies operate throughout Canada. A number of the larger dominant agencies are subsidiaries of U.S. companies. Overall, Canadian advertising rates are generally comparable with U.S. rates.

Detailed information on rates as well as lists of media representatives and advertising agencies may be found in a publication entitled "Canadian Advertising Rates and Data" published by Maclean Hunter, Ltd.

1. The Press

In the area of print media, there just are more than 107 daily newspapers published in Canada. Over 85 percent are English and approximately ten percent are French. A few daily newspapers are published in languages other than English or French. Trade magazines, most of which are sent to specific audiences without charge, typically carry heavy advertising. Trade magazines may be found which serve almost every major industry sector or cluster in Canada. In 1999, the top five general interest Canadian magazines included "Readers Digest" (circulation 1,090,036), "Chatelaine" (circulation 788,861), "TV Guide" (circulation 710,000),"Maclean's" (circulation 503,497), and "Time" (circulation 310,000). Canada's two largest daily national business newspapers are the "Globe and Mail" and "The National Post."

2. Radio and Television

More than 98 percent of Canadian households have at least one television and more than 98 percent of Canadians also have radios in their homes. Hundreds of public and commercial business firms operate cable television and major broadcasting stations in the metropolitan areas. More than 154 television stations (originating), 876 licensed and originating (314 AM and 562 FM) radio stations, and 2,089 cable television systems (servicing 7,244,713 subscribers) broadcast in Canada.

The Canadian Broadcasting Corporation (CBC) operates two national television networks, one in English broadcasting on two channels (regular programming and all news on cable) and one in French also broadcasting on two channels (regular programming and all news on cable). A second national television network (CTV) is private and operates two English channels (regular programming and all news on cable. A third private network (Global Television) operates in the heavily populated area of Southern Ontario and some areas of Western Canada, some areas of Atlantic Canada and in Quebec. There are fifteen independent television stations in Canada.

Cable television use in Canada is highly developed with over 90 percent of the country's population hooked into a cable television system. The Canadian Radio-television and Telecommunications Commission (CRTC) regulates broadcasting and cable television.

In addition to media advertising, a large proportion of trade promotion in Canada is conducted through national and regional trade shows. Almost every major industry sector in Canada is represented through one or more trade shows. Detailed information on major trade events in Canada is available through the Commercial Service of the U.S. Embassy in Ottawa. Moreover, the Commercial Service in Canada organizes a variety of trade events in key industry trade shows designed to facilitate participation by U.S. companies. A listing of these events is included in Appendix G of this report. Information on participating in any of these events may be obtained by contacting any of the Commercial Service offices in Canada (see Appendix E for contact information).

I. Pricing Product

As in the United States, product pricing is key to remaining competitive vis-a-vis Canadian and third-country producers in both the Canadian industrial and consumer markets. In the retail sector, for example, Canadian businesses have followed the successful U.S. trend toward larger stores and highly competitive pricing policies. To date, retailers in sectors such as food, drugs, electronics, home improvement, general consumer goods, and office equipment and supplies have invested in large warehouse or discount-style operations to expand sales and market share in an increasingly competitive market. The emergence of high-volume warehouse merchandising in this market is the direct result of consumer demand for competitively priced quality goods. Value for dollar is the predominant purchasing determinant in both the consumer and industrial markets.

When determining appropriate product pricing levels, U.S. firms should pay particular attention to the effects of exchange rates and applicable taxes on the price charged to customers and end-users. A survey of prices of competitive products available from domestic and third-country sources is a must in developing any pricing strategy. Moreover, U.S. firms should be careful not to select pricing levels or to pursue pricing strategies which may constitute "dumping" or "predatory pricing" infringements under Canada's trade remedy and competition laws.

J. Sales Service/Customer Support

Canadian companies not only have a high awareness of U.S. products and services, but they also have a strong preference for or receptivity to them as well. Nevertheless, Canadian customers, whether corporate or individual, demand responsive, high quality sales service and after-sale customer support, particularly because of the often significant distances involved between customers in Canada and sellers in the United States. Corporate clients often expect the U.S. seller to have an agent or distributor whom they can contact immediately should any problems arise. Like their counterparts in the United States, Canadian customers expect fast service and emergency replacement should the need arise.

A U.S. company entering Canada should evaluate the demand for after-sale service and support in its domestic U.S. market, and replicate that network as closely as possible in the Canadian market. If the product demands a strong network of sales and after-sale service in the United States, it is likely that success in Canada will demand appointing agents who can provide that service. There are many companies in Canada which can offer that service as an agent, as a representative, or on a retainer basis. Alternatively, many U.S. companies have found that establishing a toll-free telephone number which services both Canada and the United States is extremely useful in maintaining contacts with customers, at little cost. This gives Canadian customers instant access to U.S. vendors for solving problems, answering questions, or simply providing a higher "comfort level" with a new product.

K. Selling to the Government

1. General

The U.S.-Canada Free Trade Agreement (FTA) expanded the size of Canada's federal government procurement markets by lowering the threshold for contracts offered by federal entities to as low as US$25,000 for goods. It opened these markets to free, non-discriminatory competition between U.S. and Canadian suppliers. The Agreement stipulated clear, fair rules of bid selection and provided for an effective bid challenge system. This meant that a U.S. company bidding on a Government of Canada contract could compete on an equal footing with its Canadian competitors, and would be judged solely on its ability to deliver a low-cost, high-quality product.

The North American Free Trade Agreement (NAFTA) carried over the FTA provisions and expanded them to cover services, and also to cover contracts offered by federal corporations and parastatals. The new, liberalized NAFTA thresholds make the following available to U.S. firms:

- Contracts of US$25,000 or more offered by a federal entity such as a Department or Agency (e.g., Industry Canada) for goods. The list of these federal entities was expanded to include Communication Canada, Transport Canada, and the Ministry of Fisheries and Oceans.

- Contracts of US$50,000 or more offered by a federal entity for services.

- Contracts of US$6.5 million or more offered by a federal entity for construction services.

- Contracts of US$250,000 or more offered by a Crown corporation or other federal government enterprise or parastatal for goods and services. The list of these corporations includes the St. Lawrence Seaway Authority, the Royal Canadian Mint, the Canadian National Railway (freight), Via Rail (passenger service), Canada Post, and numerous others.

- Contracts of US$8 million offered by Crown corporations or federal government enterprises for construction services.

2. Services

The FTA was the first trade agreement to include trade in services. The Agreement ensures that companies in more than 150 service sectors can provide their services in the partner country without discrimination. The Agreement requires that business regulations for services be clear and explicit. The FTA does not change existing regulations governing services in the two countries but locks in current levels of protection. In effect, the Canadian Government is prohibited from passing new legislation which would further restrict the right of a U.S.-based engineering, advertising, or other covered service firm from doing business in Canada. The services chapter of the FTA includes special provisions for the architecture, tourism, and telecommunications sectors.

NAFTA:

- extends coverage to nearly all service sectors;

- eliminates existing federal and local regulations restricting partner-country access to service markets, unless reserved; and,

- removes citizenship or permanent residency requirements for licensing of professional service providers.

3. Financial Services

The FTA removes virtually all discrimination on the basis of nationality in the financial services sector (commercial and investment banks, savings and loan institutions, and certain insurance activities). Specifically, the FTA eliminates Canadian restrictions on market share and asset and capital expansion for U.S. bank subsidiaries in Canada and gives U.S. financial institutions the same rights as Canadian financial institutions to establish insurance companies, trust companies, and certain types of banks in Canada. The FTA also provides that the benefits of further liberalization in both countries be extended to the financial institutions of the partner country.

NAFTA:

- establishes a comprehensive set of principles and rules governing trade and investment in financial services;

- covers state/provincial and local, as well as federal, measures;

- guarantees U.S. firms in Canada the right to process data in the United States; and,

- provides access to the NAFTA dispute settlement mechanisms for NAFTA financial service firms.

L. Protecting Your Product from IPR Infringement

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

1. Patents

Patents in Canada are governed by the Patent Act. The Act allows for patenting of processes as well as products. Canada has a "first to file" system with an absolute novelty requirement. The term of a patent is 20 years from the filing date. Deferred examination is possible, and provisions exist for payment of maintenance for pending applications and issued patents.

The Patent Cooperation Treaty came into force in Canada in January, 1990. It provides for foreign patent protection in Canada for treaty signatories. From the perspective of the Canadian inventor, the Treaty standardizes Canadian patent practices with those of Canada's principal trading partners and makes it easier for Canadians to acquire foreign patents through standardized filing and searching of prior art.

A Bilateral Cooperation Understanding between the United States Patent and Trademark Office and the Canadian Intellectual Property Office stipulates that the respective department heads from both countries meet at least annually to consider where future joint activities, exchange of information, or other cooperation are feasible and mutually beneficial.

Drug patents: In the late 1980s and early 1990s, Canada passed legislation to bring its patent drug regime into GATT compliance. Changes included 20-year patent protection in exchange for research and development (R&D) investment by major multinational pharmaceutical firms that equal 10 percent of the company's annual sales. The R&D investment is monitored by the Patented Medicine Prices Review Board (PMPRB). "Linkage" regulations were created in 1993 in an attempt to balance the Act and allow generic competitors to complete Health Canada regulatory requirements, as well as manufacture and stockpile patented products, before patent expiry ("early working"). The linkage regulations were also created to prevent generic companies from receiving regulatory approval from Health Canada until they demonstrate that their copy does not infringe upon existing patent rights. The linkage regulations allow a 24-month timeframe to determine patent infringement, during which period generic manufacturers are effectively prevented from "working" their product. Brand-name pharmaceutical firms contend that in practice, the average time of resolution is 20 months and is declining annually.

In January 1998, the EU requested WTO consultations on aspects of Canada's "early working" regulations. In its letter requesting consultations, the EU argues that Canada's regulations are inconsistent with the WTO's TRIPS agreement (trade related aspects of intellectual property rights), in that Canada does not protect patent rights for the full 20-year patent period. Canada's response is that Article 30 of the TRIPS agreement allows limited exceptions, which cover Canada's "early working" provisions. On February 1, 1999, the WTO established a panel to look at Canadian pharmaceutical patent issues in response to the request by the EU.

In a separate but related issue, the United States contends that Canada has not complied with the TRIPS Agreement in extending full 20-year patent protection on pharmaceutical patents filed before October 1, 1989. As a result of this issue and the neighboring rights/blank recording media issues outlined in the following section, the U.S. Trade Representative (USTR) placed Canada on its Special 301 Watch List in 1997, 1998 and again in 1999.

On June 10 and 11, 1999, the first panel meetings in the EU and U.S. WTO cases against Canada regarding Canada's drug patent legislation were held in Geneva. With respect to the EU's position, Canada is holding firm that its drug patent laws are not in violation of the WTO TRIPS agreement. However, with respect to the challenge brought by the U.S., Canada concedes that it is in violation of the TRIPS agreement, but has not been able to change its legislation in a timely manner.

2. Copyright

Canada is a member of the World Intellectual Property Organization (WIPO). As a NAFTA signatory, Canada also adheres to a number of international agreements, including the Berne Convention for the Protection of Literary and Artistic Works (1971), and the 1952 Universal Copyright Convention (UCC). These two agreements require that Canada provide national treatment with respect to intellectual property rights (IPR). On December 18, 1997, the Canadian government committed itself to sign two new international treaties dealing with copyright and with protection for performers and "phonogram" producers. The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty are designed to establish international minimum standards in the area of copyright and related rights.

The Canadian Copyright Act of 1924 was amended in 1988, 1993, 1994 and 1997 to reflect the state of modern technology and to introduce adequate enforcement measures. The Act grants explicit copyright protection for computer programs, and it provides a right of payment for retransmission of broadcast programming as required by the FTA. It also provides for the protection of emerging forms of technology, specifically integrated circuit design and biotechnology. It includes a revision of the definition of "musical work" and ensures that royalties are paid for all uses of the work. In addition, the Act reflects the changes required by the NAFTA, such as rental rights for computer programs and sound recordings, protection for databases and other compilations, and increased measures against all categories of pirated works.

The 1997 amendments to Canada's Copyright Act include, inter alia, a "neighboring rights" royalty, which requires broadcasters to pay royalties to domestic recording artists and record producers and to those from countries that are signatories of the Rome Convention. In addition, the legislation includes the establishment of a levy to be paid by manufacturers and importers of recordable, blank audio media, such as cassettes and tapes, and grants remuneration to creators for private copying of their musical works. The legislation allows greater protection to exclusive distributors of books in the Canadian market, and it exempts from copyright law groups such as non-profit educational institutions, libraries, archives, and museums, as well as people with perceptual disabilities.

The U.S. has objected to the fact that the "neighboring rights" royalty (not yet determined at the time of this writing) denies benefits to U.S. performers and makers of sound recordings because the U.S. is not a signatory of the Rome Convention. The blank tape levy, which is proposed at 25 cents per 15 minutes of analog space and 50 cents per 15 minutes of blank digital space, is based on reciprocity with respect to performers and makers of sound recordings. Since the United States does not have such a levy, U.S. performers and makers of sound recordings would not be eligible to receive any financial benefit from Canada's levy. Canada's Copyright Board is scheduled to start hearings on August 24, 1999 to determine the amount of the contentious levy. Since there are several objections to the levy, the hearings are expected to take several months.

M. Need for a Local Attorney

The use of attorneys for expediting routine business dealings in Canada is far less prevalent than in the United States, and the tendency to litigate disputes is also less common. Nonetheless, U.S. companies should consult with a local attorney when establishing a corporate investment or other presence, or prior to making contractual commitments related to the marketing of products or services. This requirement becomes even more critical in agreements involving copyright, patent, trademark, or other forms of intellectual property protection.

The Canadian legal system, with the exception of the Province of Quebec, is closer to the British model than to the U.S. system, although there are many similarities between Canadian and U.S. commercial law. Most large Canadian law firms have partnerships or strong associations with counterpart firms in many parts of the United States and are experienced with international business law. Naturally, any legal problems or difficulties with Canadian customs offices or other government agencies, are likely to be best handled by an experienced local legal representative. The U.S. Embassy and Consulates in Canada can provide lists of local attorneys experienced in a range of commercial and other legal matters.

N. Regional Marketing Differences in Canada

The Canadian market mirrors the U.S. market in many respects. However, just as there are some differences among regional markets in the United States, so, too, there are important differences among Canadian regions. In some ways, the regional differences in Canada are more marked than the differences between Canada and the United States. Some of these differences could impact the way U.S. firms approach these markets.

The five market regions of Canada begin in the eastern part of the country with the Atlantic Provinces of New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. Continuing westward, one encounters another regional market, the province of Quebec, where the French language is predominantly spoken. Ontario, the next-westward province, represents a third regional market and the largest populated province in the country. West of Ontario are the Prairie Provinces, consisting of Manitoba, Saskatchewan, and Alberta, which, when coupled with the Northwest Territories represent a fourth regional market. The fifth and most-western region of Canada includes British Columbia and the Yukon Territory, bordering the state of Alaska. British Columbia is considered Canada's door to the Pacific Rim.

In this section we have attempted to explain the nuances of each geographic region of Canada. One must remember that many books have been written on this topic throughout the years, and we can therefore only identify some of the obvious differences.

Region I: The Atlantic Provinces

The Atlantic provinces represent a geographic area close to the size of France and have a population of about 2.4 million. The travel distance from Toronto, Ontario to Halifax, Nova Scotia approximates that of Chicago to Boston. The only Atlantic province which borders on a U.S. state (Maine) is New Brunswick, and it is therefore, one of the principal entry points for U.S.-made goods. Additional products enter the region through distribution centers in Ontario and Quebec, adding to the total sales of U.S. products in this region. The region is known for its current raft of major energy projects, recent developments in its information technology sector, and the diverse industries represented in its four economically independent provinces.

The Atlantic provinces have been known as net importers of finished products, and exporters of resource-based and semi-processed materials and services. This traditional mix has changed over the last five years, as an increasing volume of finished products is now exported from the region, and the service industry continues to grow. The region enjoys strong relationships with states along the eastern seaboard, the result of a longstanding, historical trading pattern which began before Canadian confederation.

Regional business is served by well-placed distributors, agents, and manufacturer's representatives, many of whom have long established relationships with U.S. suppliers across diverse sectors. Because of the geographic distance between U.S. suppliers and these four provincial markets, some type of local representation in the region is virtually essential for sales success. In many instances, buyers in the area have stated that U.S. companies are better served by representatives located in the Atlantic provinces than by those based in Ontario or Quebec. Personal contact between vendor and purchaser is highly valued in this part of Canada, and, where pricing and other factors are not major issues, these relationships can influence the success of a U.S. company in this market. This is very important for new-to-market companies where an intimate knowledge of local business practices often makes the difference between success and failure. Typical are those situations requiring after-sale service or high levels of quality control, as is often seen in sales to the government and institutions. Purchasing requirements are not necessarily the same in every province, even though product specifications may be similar.

For major projects, business relationships such as joint ventures, partnering, and various forms of alliances have all been applied successfully and are viewed by local business as an effective way to win sales. The opportunities are especially good in the many active onshore and offshore projects in the energy sector. For some Atlantic region major projects, procurement is now being managed using the internet as the vehicle for vendor registration and tender notices. This part of Canada is becoming known for its telecommunications infrastructure and for a high level of interest in electronic commerce.

Region II: The Province of Quebec

The province of Quebec represents the second most important economy within the Canadian confederation after Ontario. Perhaps best-known for its separatist politics and fierce defense of French language and culture, Quebec is currently experiencing an economic revival that will lead it toward becoming a major high-technology market within North America. The Greater Montreal area, which represents not quite half of Quebec's population and substantially more than half its economic base, continues to act as a powerful magnet for growth and trade and investment, especially with the United States. Its well-known leading-edge sectors of aerospace, telecommunications, pharmaceuticals and biotechnology, and software and multimedia are setting the pace for the Quebec economy and commercial opportunities. Companies like Bombardier and Nortel have already become world leaders in aerospace and telecomm.

In 1997 and 1998 Quebec experienced real growth of almost three percent, which compared favorably to its past performance and to economic growth in other areas of Canada. The Conference Board of Canada is currently predicting that Montreal's economy will grow by over three percent per year through 2003, placing it second among the nine major Canadian cities. Strong investment, including U.S. investment, has characterized recent growth trends, and with over 400 U.S. firms established in Quebec, Quebec's position as the sixth most important world trading partner of the United States ensures growing opportunities for years to come. Quebec has also been a strong supporter of free trade, including the U.S.-Canada FTA, NAFTA, and the envisioned FTAA, and it is continuing to grow exports to the United States, which already exceed 83 percent of its total exports. On the import side for Quebec, purchases of U.S. goods amounted to C$20 billion in 1998 (about US$13.5 billion), although this number is seriously understated because many U.S.-origin goods arrive in Quebec via other provinces, especially Ontario.

Special care must be taken in addressing Quebec markets, both industrial and consumer. As the only province where French is the official language, Quebec has labeling requirements that are even more extensive than the general Canadian federal requirement for bilingual labeling. While the business community is generally bilingual and diverse, attention to the French language and Quebec's distinct channels of distribution is appreciated. Advertising in Quebec as well as direct marketing calls for market-specific approaches and consumer tastes in Quebec can often differ from the rest of Canada as well. Despite its peculiarities, Quebec generally welcomes both foreign investors and foreign suppliers, and the province depends heavily on the United States in both areas, especially in leading growth sectors, ensuring warm relations with its commercial partners to the south.

Region III: The Province of Ontario

Ontario is the dominant province in Canada in terms of population size as well as economic, political and cultural influence. The province accounts for about 40 percent of Canada's population, 53 percent of its manufacturing shipments, and over 40 percent of its GDP.

Ontario's GDP grew by 4.2 percent in real terms in 1998, while the Canadian economy as a whole grew by 3 percent. Ontario's robust automotive and telecommunications manufacturing base protected it from declining commodity prices that affected other provinces, and its heavy reliance on trade with the United States insulated it from the economic downturn in Asia and other parts of the world. The Ontario economy today is in better shape than at any time since the late 1980's. Unemployment has declined to 6.4 percent, while the economy has generated more than 540,000 jobs in the past four years. Retail sales are growing at twice the rate of the national average.

Ontario rivals the State of Michigan as North America's largest auto assembly center. The province is noted for its automotive parts and accessories production, steel, industrial chemicals, aerospace, food processing, and computer software industries. Ontario is also at the forefront in fields such as biotechnology and telecommunications. Besides being Canada's industrial heartland, Ontario is also Canada's leading agricultural province, producing a wide variety of fruits, vegetables, grains, oilseeds, poultry, and dairy products. In recent years Ontario has also gained an international reputation for its wines. Ontario also accounts for 30 percent of Canada's mineral mining and 20 percent of its forest product production.

Ontario's economy is highly diverse and developed by North American standards. The province's modern transportation infrastructure is fully integrated, with road, rail, water, and air shipping and transportation systems facilitating the north-south flow of people and goods between Ontario and its major trading partners in the states of Michigan, Ohio, Indiana, New York, and Illinois. The province also has very strong trade relationships with Texas and California, and it does significant business with the other 43 U.S. states and Puerto Rico. Ontario's exports account for an astounding 47 percent of its GDP, with 83 percent of its total exports destined for the United States. Ontario's two-way trade with the United States actually rivals total U.S. trade with Mexico and Japan in value.

Progressive Conservative (PC or Tory) Premier Mike Harris leads Ontario's provincial government. First elected in 1995, the Tory government has just been re-elected for a second four to five year term. Since coming to power, Premier Harris has implemented major economic reforms and overhauled Ontario's educational and health care systems. A key goal for his government was to get the province's financial house in order by controlling the budget deficit. Total provincial debt tripled between 1985 and 1995, reaching more than C$75 billion. Thanks to a sustained economic recovery, growth in tax revenues, and reduced interest rates, combined with the government's fiscal restraint policies, the Ontario budget deficit was paired down to C$3.6 billion from a projected C$4.5 billion in 1997-1998. It is expected to be further reduced to C$2.6 billion for 1999-2000.

On the legal front the Harris government has enacted important reforms aimed at improving the business climate in Ontario. Personal income taxes were cut by 30 percent, welfare costs were slashed, and the health care system was restructured in an effort to reduce costs and improve services. To create a more business friendly environment in Ontario, the Tories amended the Labor Relations Law to allow the use of replacement workers in the event of a strike, and they changed the "Employment Equity Act" which required employers to mirror population demographics in their hiring practices.

Ontario workers are ranked among the best educated and most productive in the world. More than 90 percent of the province's workforce has attended high school, and half of its high school graduates have gone on to college or university. Ontario's workforce is also extremely diverse, with almost half of the province's population claiming an ethnic background other than English or French. Toronto, the capital of Ontario, boasts a population that represents some 100 nationalities. This diversity is embodied in an entrepreneurial workforce and business community that is familiar with and well connected to business partners around the world. As the country's commercial center, Toronto is also home to half of Canada's largest financial institutions, 90 percent of its international banks, and most U.S. subsidiaries in Canada. It is not by chance that Fortune magazine recently rated Ontario's capital, Toronto, as the best city in the world for business.

Region IV: The Prairie Provinces and the Northwest Territories

The Prairie provinces -- Manitoba, Saskatchewan, and Alberta –-are endowed with rich natural resources which provide a strong underpinning to the Canadian economy. The Prairie provinces account for over four fifths of Canada's agricultural land and over two thirds of its total mineral production including over ninety percent of its mineral fuels. As these primary industries' contribution to Canada's GDP has fallen almost steadily for four decades -- from 12 percent in 1961 to seven percent in 1998 -- the Prairies have steadily diversified their economic base into manufacturing and services.

Notwithstanding the downward trend in agricultural and mineral prices during most of the 1990s, and the precipitous drop in virtually all commodity prices (particularly oil) triggered by the financial crisis of 1997-1998 in global emerging markets, the economies of all three provinces grew more rapidly than the nation as a whole from 1993 to 1997, before weakening substantially in 1998. The Prairie region led the nation in manufacturing growth, with shipments rising by ten percent annually from 1993 through 1998. The region's exports and imports of manufactured goods rose even more rapidly.

The food processing sector, driven by strong exports and the region's commitment to "add value" to its abundant but undervalued agricultural output, has grown rapidly and remains the largest manufacturing industry. However virtually all manufacturing sectors, particularly machinery and transport equipment, have recorded solid growth. Construction and capital expenditures, boosted by major energy and pipeline projects and a building boom in Alberta fueled by the nation's most rapid population growth, also contributed to the region's growth through 1997, before weakening in 1998 following the collapse of commodity prices. Construction expenditures are expected to decline further in 1999 but should return to a strong growth path in 2000 with the recovery in oil and natural gas prices, and other commodities.

The province of Alberta is home to the corporate headquarters of Canada's oil and gas companies. This industry, which registered unprecedented expansion through 1997, curtailed drilling and exploration activity during 1998 and 1999, but its long term prospects appear excellent. Despite the decline in activity in 1999, per capita construction expenditures in Alberta are expected to be double the national average. The industry's exceptional earnings in the mid-1990s financed the development of new technologies, including oil sand extraction and horizontal drilling. These have laid a solid foundation for future growth. Expanded production, the construction of new gas pipelines to the United States, and plans for the construction of petrochemical facilities close to feedstocks, have greatly increased the opportunities for U.S. industry.

Strong growth in manufacturing in the provinces of Saskatchewan and Manitoba, and the beginnings of a recovery in agricultural and other commodity prices, should augur well for the longer term growth of their economies. The Conference Board anticipates real economic growth in Manitoba and Saskatchewan of 2.5 percent and 2.1 percent respectively in 1999, and 2.3 percent and 2.0 percent in the year 2000.

U.S. firms interested in this region should consider selecting an agent or distributor located in the Prairies to handle their product lines or services. Regional distributors can better cover this broad expanse of territory than representatives from Eastern Canada. Additionally, inter-provincial trade barriers and significant transportation costs make it easier for U.S. firms located in states directly south of the border to export northward into this region, than for Canadian firms based in eastern Canada to distribute U.S.-origin products westward to the Prairies. With the trade liberalization ushered in by NAFTA, the Prairie provinces now export over 40 percent of their manufactured output, with nearly four-fifths of that going to the United States. They import an even larger share of their manufactured requirements from the United States.

The Northwest Territories and the new territory of Nunavut, which came into existence on April 1, 1999, while sparsely populated, hold opportunities for minerals development and tourism, as well as for many cold-weather products. Industry in Canada's north includes oil and gas drilling and more recently, diamond exploration and mining. Representatives in the Prairie provinces typically handle distribution of products in these territories.

Region V: The Province of British Columbia and the Yukon Territory

British Columbia belongs geographically to the Pacific Northwest region of North America, which is sometimes referred to as Cascadia. British Columbia, with its 3.9 million inhabitants, is the third largest of Canada's ten provinces in population.

Although B.C.'s economy was in recession last year, both the Royal Bank of Canada and the Credit Union Central of B.C. are expecting growth of between 0.4 and 1.5 percent this year. Their forecast for the year 2000 is for growth of between 1.2 and 1.7 percent. The Royal Bank predicts that growth rates will be higher in the goods-producing industries, including manufacturing, construction and utilities. The chief economist at Credit Union Central believes the electrical and electronic products sector will post another strong year in 1999. It is important to note that the value of output in the electronics sector has more than tripled since 1992. Tourism, especially arrivals from the United States, continues to grow. Retail sales are expected to rise only slightly, housing starts are expected to remain below the 1997 level, and some resource sectors are expected to continue struggling.

The number one industry by market capitalization in British Columbia is the high-tech industry. It is estimated that revenues in this sector will approach C$8 billion by the end of the year and represent three to five percent of the province's GDP. The local biotech sector has undergone dramatic growth in recent years, with core B.C. biotech companies almost doubling in number. During the fourth quarter of 1998, one-third of all venture capital investments in British Columbia involved biotech companies.

In its 1999-2000 budget, the Government of British Columbia announced plans to stimulate the economy through massive deficit spending (estimated to be in excess of C$2 billion). At least C$1.85 billion will be spent to expand the commuter train system, $300 million on the new ferry project, and $59 million on the upgrade of the Lions Gate Bridge. In addition, the B.C. Government has allocated $200 million to renovate and build schools and $361 million in new funds for health-care.

As Canada's Province on the Pacific Rim, British Columbia continues to be the country's gateway to Asia. The Port of Vancouver is the largest and most diversified port in Canada. Most Asian trading companies have agents in Vancouver who source products from North America for shipment to their home markets. American companies interested in establishing business relationships in Pacific Rim countries may find doing business with Vancouver-based representatives of trading companies from these Pacific Rim markets the most economical manner in which to begin.

CHAPTER V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

The following section identifies and describes the leading Best Prospect industry sectors in Canada representing the most potential for U.S. exporters of both food and non-food products. Detailed statistical and market estimates for each sector is provided.

Section A of this Chapter contains information regarding non-agricultural goods and services industries, and Section B describes agricultural products.

NOTES TO THE BEST PROSPECTS

(1) All figures are expressed in millions of U.S. dollars, unless otherwise indicated.

(2) All growth rates are expressed in real terms.

(3) All statistics are unofficial estimates.

(4) The following exchange and inflation rate estimates were used in the calculation of statistical information for the Best Prospect sectors. Note: The Canadian dollar exchange rate estimate has since been revised downward in line with Canadian dollar depreciation against the U.S. dollar.

	1997	1998	1999
Exchange Rate (C$1 = US$X)	0.7223	0.6743	0.7000
Inflation Rate (%)	1.6	1.3	1.7

A. Best Prospects for Non-Agricultural Goods and Services

The Canadian import market, already the most favorable for U.S. goods and services of any in the world, should see continued growth in the coming years. U.S. goods and services account for an overwhelming share of the import market in Canada, and the United States remains by far Canada's largest export market and import supplier. On the basis of current market trends and market conditions, the following sectors are considered to hold the most potential for U.S. exports to Canada.

1. Computers and Peripherals (CPT)
2. Computer Software (CSF)
3. Telecommunications Equipment (TEL)
4. Automotive Parts and Service Equipment (APS)
5. Building Products (BLD)
6. Travel and Tourism Services (TRA)
7. Furniture (FUR)

8. Medical Equipment (MED)
9. Pollution Control Equipment (POL)
10. Food Processing and Packaging Equipment (FPP)
11. Sporting Goods and Recreational Equipment (SPT)
12. Electronic Components (ELC)
13. Aircraft and Parts (AIR)
14. Security and Safety Equipment (SEC)
15. Electrical Power Systems (ELP)
16. Oil and Gas Field Machinery (OGM)
17. Pleasure Boats and Accessories (PLB)
18. Plastic Materials and Resins (PMR)
19. Airport and Ground Support Equipment (APG)
20. Agricultural Machinery and Equipment (AGM)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 1

B. NAME OF SECTOR: COMPUTERS AND PERIPHERALS

C. ITA INDUSTRY CODE: CPT

PART II. NARRATIVE

The Canadian computers and peripherals market is projected to grow at a real rate of 9.3 percent to US$9.6 billion in 1999. Canada is a prosperous country and one of the best-wired nations in the world. While demand for computers from the business sector is large, the major force in the computer market will be household demand. Canada's population is approximately 30 million and households number about 9 million. A recent survey conducted by A.C. Nielsen found that 58 percent of Canada's households have at least one personal computer.

Canadian corporations of all sizes will continue to invest in computers and peripherals as part of their corporate strategy to maintain competitiveness in the global economy. In their quest for greater efficiency and better citizen services, the federal, provincial, and municipal governments in Canada will also make significant investments in computer technology.

The home and Small Office/Home Office (SOHO) market is another significant force in the Canadian computer market. Rapid growth is expected, with the expanding demand for fully configured multimedia PCs, complete with communications components, in home offices. Applications such as telecommuting and the internet are also fuelling purchases of new equipment and peripherals in all segments of the Canadian market.

U.S. companies are expected to remain the primary suppliers of computer hardware and peripherals to Canada. However, we may see Southeast Asian suppliers with their lower production costs begin to expand their presence in the Canadian market. Still, U.S. companies with competitively priced products, effective distribution channels, and strong customer service programs in place can expect to profit from the growth in computer hardware and peripheral sales in Canada well into the next millennium.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	8,122	8,395	9,618
B.	TOTAL LOCAL PRODUCTION	5,193	5,357	6,147
C.	TOTAL EXPORTS	4,695	4,929	5,740
D.	TOTAL IMPORTS	7,624	7,967	9,211
E.	IMPORTS FROM THE U.S.	5,108	5,338	6,172

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 2

B. NAME OF SECTOR: COMPUTER SOFTWARE

C. ITA INDUSTRY CODE: CSF

PART II. NARRATIVE

The Canadian software market was valued at US$3.4 billion in 1998 and is projected to grow nearly 18 percent to US$4 billion in 1999. Software sales in Canada will be driven by continued growth in the use of the internet, intranets, and the deployment and development of associated applications. The universal acceptance of intranets and the need to connect heterogeneous computers with a wide range of processors, operating systems, configurations, and devices will continue to require connectivity software. IT systems in today's enterprises are no longer processor or server-centric but network-centric. Application development is no longer process-centric, but data-centric. Similarly, information technology is moving toward being business-centric, rather than technology-centric. These shifts are resulting from the need to provide information on demand and will continue to propel the software market in Canada.

U.S. companies are the dominant suppliers of computer software to Canada with a 52.4 percent share of the total market. However, Canada's indigenous computer software industry has developed strong companies that have achieved international recognition as market leaders in their product niches. Third-country competitors supplying less expensive programming and software services also have a presence in the Canadian software market and should not be ignored by U.S. suppliers.

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
A. TOTAL MARKET SIZE	3,117	3,358	4,010
B. TOTAL LOCAL PRODUCTION	1,757	1,891	2,269
C. TOTAL EXPORTS	892	958	1,155
D. TOTAL IMPORTS	2,251	2,425	2,895
E. IMPORTS FROM THE U.S.	1,621	1,746	2,085

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 3

B. NAME OF SECTOR: TELECOMMUNICATIONS EQUIPMENT

C. ITA INDUSTRY CODE: TEL

PART II. NARRATIVE

The Canadian telecommunications industry includes manufacturers of equipment used for the transmission, switching and distribution of voice, data and video information. The industry's principal customers are telecommunications common carriers. Business and residential purchasers of terminal equipment and private networks have also become important market segments.

Extensive deregulation in the telecommunications services sector, the ability of users to own their own terminal equipment, and the rapid growth in telephony and private networks have all contributed to significant expansion of the Canadian market. Demand for telecommunications equipment is projected to grow more than 12 percent to US$6 billion in 1999.

Personal Communications Service (PCS) technology in Canada is also expected to expand in the years ahead, as Canadian demand for secure, inexpensive, mobile communications equipment and services continues to grow. Over the next decade, mobile wireless usage for personal communications is projected to grow from a user base of 17.5 percent of Canada's population to almost 40 percent.

The widespread use of high-capacity optical fiber, the digitization of telecommunications, the emergence of new access technologies including broadband and satellite, and of course the exponential growth in internet usage, are a few of the factors that will continue to spur demand for telecommunications equipment in Canada. Furthermore, the convergence of telecommunications technologies and information technologies, in an environment of deregulation and increased competition in Canada, will also impact market growth.

In addition to supplying Canadian end-users, U.S. telecommunications equipment and component manufacturers will find lucrative opportunities among Canadian telecommunications equipment manufacturers who have become major players in their own right. These firms have relied all along on U.S. OEMs to meet their sales and production goals, and this will continue.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	4,990	5,251	6,171
B.	TOTAL LOCAL PRODUCTION	4,066	4,196	4,859

C.	TOTAL EXPORTS	1,731	1,763	2,019
D.	TOTAL IMPORTS	2,655	2,818	3,331
E.	IMPORTS FROM THE U.S.	1,994	2,131	2,528

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 4

B. NAME OF SECTOR: AUTOMOTIVE PARTS AND SERVICE EQUIPMENT

C. ITA INDUSTRY CODE: APS

PART II. NARRATIVE

The automotive parts market in Canada was valued at US$30.6 billion in 1997 and registered 11.2 percent real growth in 1998 to a value of US$33.8 billion. This sector is expected to grow another 11.6 percent in 1999, reaching a value of US$38.8 billion. The year 1998 was a banner year for Canadian auto parts companies despite the volatility in public markets and a strike at General Motors which impacted production levels negatively between June and August. Canada's undervalued currency and lower production costs served as incentives for automotive parts manufacturers and suppliers to shop in Canada for acquisitions and potential mergers in the stamping, injection molding, and aftermarket sectors.

Retail sales of new cars and trucks in Canada totaled 1.4 million units in 1998. Light trucks closed at 649,000 units, and passenger car sales grew to 741,000 units. Strong retail sales coupled with record level production of more than 2.5 million cars and light trucks in 1998 will serve to increase Canada's demand for automotive parts, components, and accessories. In fact, industry experts predict 10 to 12 percent annual real growth in this sector over the next three years, from 1998 to 2000.

U.S. automotive parts exports to Canada are expected to keep step with the market and expand at an annual rate of 10 to 12 percent, in the framework of the U.S.-Canada Auto Pact. U.S. automotive parts exports to Canada were valued at US$21.6 billion in 1997 and grew to US$24 billion in 1998. Total U.S.

exports in this best prospects sector are projected to reach US$27.8 billion in 1999.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	30,580	33,790	38,810
B.	TOTAL LOCAL PRODUCTION	18,700	20,260	22,690
C.	TOTAL EXPORTS	12,830	14,040	15,800
D.	TOTAL IMPORTS	24,710	27,570	31,920
E.	IMPORTS FROM THE U.S	21,630	24,010	27,840

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 5

B. NAME OF SECTOR: BUILDING PRODUCTS

C. ITA INDUSTRY CODE: BLD

PART II. NARRATIVE

The building products sector is one of Canada's largest contributors to its trade balance with the United States. Canada's building products industry is best noted for such products as lumber, plywood, shingles, veneer, and particleboard. Other higher value building products produced in Canada include prefab housing, doors, windows, cabinets, and hardwood flooring.

The Canadian building products market experienced renewed growth in the last three years mainly due to an increase in new residential and non-residential construction, robust growth in home renovations, low interest rates, and strong consumer confidence. In 1998, the Canadian building products market grew at an annual real growth rate of 5.6 percent to C$11.1 billion, compared to C$10.5 billion in 1997. However, because of the depreciation in the Canadian dollar, the market actually contracted in U.S. dollar terms from US$7.56 billion in 1997 to US$7.51 billion in 1998. Industry experts predict a stable economy in 1999, with spurts of growth in the residential and commercial construction markets that will increase demand for building products at an annual real growth rate of 5.1 percent to US$8.3 billion.

Although the table below indicates that Canada exports approximately four times more building products to other countries than it imports, 80 percent (US$11 billion) of these exports represents wood products such as lumber, plywood, and particleboard. The remaining 20 percent of Canadian building product exports is made up of products such as bath and sanitary ware, ceramic tiles, do-it-yourself products, and lighting products, to name a few, and such materials as construction adhesives, sealants, and insulation. U.S. exports of building products to Canada, valued at US$2.5 billion, represented 75 percent of Canada's total building products import market in 1998 and will continue to dominate. The success of U.S. building products suppliers in Canada reflects the advantages that U.S. manufacturers enjoy over third-country suppliers, including geographic proximity, similar quality demands, brand-name recognition, tariff-free entry, and familiar channels of distribution. U.S. exports of building products to Canada are expected to grow at a real rate of 3.5 percent in 1999 to US$2.7 billion.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	7,561	7,516	8,288
B.	TOTAL LOCAL PRODUCTION	17,552	16,689	17,710
C.	TOTAL EXPORTS	13,284	12,487	13,125
D.	TOTAL IMPORTS	3,293	3,315	3,703
E.	IMPORTS FROM THE U.S.	2,625	2,482	2,695

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 6

B. NAME OF SECTOR: TRAVEL AND TOURISM SERVICES

C. ITA INDUSTRY CODE: TRA

PART II. NARRATIVE

Despite the weak Canadian dollar, Canada remains the largest inbound travel market for the United States. Canadians represented 29 percent of all international visitors to the United States in 1998, despite a decline of 11.25 percent from 15.1 million visitors in 1997 to 13.4 million in 1998. Expenditures by Canadian visitors to the United States declined by 3.3 per cent to US$6.5 billion (C$9.7 billion) in 1998, as one day trips saw the sharpest decline.

Expenditures by Canadian travelers to the United States are projected to grow by one percent in 1999 as the Canadian dollar regains some strength against the U.S. dollar. Corporate travel to the United States will continue to grow, keeping pace with the growth in cross-border trade. Annual corporate travel and entertainment expenditures have doubled in the past 10 years from US$4.2 billion (C$6.2 billion) in 1987 to US$8.6 billion (C$12.9 billion) in 1997. Canadian travel abroad as a whole was up 5.9 percent in 1998. As the Canadian dollar recovers its strength there is little doubt that Canadian travel to the United States will rebound to new highs in the next millennium.

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
A. TOTAL SALES	15,864	16,154	16,679
B. SALES BY LOCALLY OWNED ESTABLISHMENTS (1)	11,739	13,632	14,177
C. FOREIGN SALES BY LOCAL ESTABLISHMENTS (2)	6,882	7,549	7,926
D. SALES BY FOREIGN-OWNED ESTABLISHMENTS (3)	11,076	11,076	11,352
E. SALES BY U.S.-LOCATED ESTABLISHMENTS (4)	7,093	6,887	6,956

(The above statistics are unofficial estimates)

Special Notes to this Best Prospect:

(1) Sales by locally owned establishments equals total Canadian domestic travel expenditures.

(2) Foreign sales by local establishments equals total international travel to Canada.

(3) Sales by foreign-owned establishments equals total Canadian travel to international destinations.

(4) Sales by U.S.-located establishments equals Canadian expenditures in the United States.

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 7

B. NAME OF SECTOR: FURNITURE

C. ITA INDUSTRY CODE: FUR

PART II. NARRATIVE

The Canadian furniture industry includes producers of household, office, hotel, restaurant, and institutional furniture; bedsprings and mattresses; and other furniture and fixtures. Household furniture accounts for 45.1 percent of Canadian industry shipments, followed by office furniture (25.8 percent); hotel, restaurant, and institutional furniture (18.3 percent); and other furniture and fixtures (10.8 percent).

In the last three years, the Canadian furniture market experienced renewed growth mainly due to an increase in new residential and non-residential construction, robust growth in home renovations, low interest rates, and strong consumer confidence. Industry experts predict a stable economy in 1999 with spurts of growth in the residential and commercial construction markets. Construction, sales of newly constructed houses, and renovations should increase the demand for furniture by an annual real growth rate of 4.9 percent in 1999.

The Canadian furniture market is relatively mature, but products such as home entertainment furniture, outdoor furniture, home office furniture, and ergonomic office furniture should offer above-average growth in the next five years. With almost 70 percent of Canadian imports for furniture, Americans will continue to dominate the furniture export market to Canada. U.S. exports of furniture to Canada are expected to grow at a real rate of 4.2 percent in 1999. The success that U.S. furniture suppliers have experienced in Canada reflects the advantages enjoyed by U.S. manufacturers over third-country suppliers, particularly geographic proximity, common furniture designs, similar quality demands, tariff-free entry, and similar channels of distribution.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	3,443	3,564	3,924
B.	TOTAL LOCAL PRODUCTION	4,551	4,918	5,616
C.	TOTAL EXPORTS	2,488	2,951	3,482
D.	TOTAL IMPORTS	1,380	1,597	1,790
E.	IMPORTS FROM THE U.S.	981	1,145	1,253

(The above statistics for 1997 are based on Industry Canada figures, which have been adjusted to remove some categories of transportation equipment parts and accessories. All other statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 8

B. NAME OF SECTOR: MEDICAL EQUIPMENT

C. ITA INDUSTRY CODE: MED

PART II. NARRATIVE

Regardless of their personal financial situation, all Canadians (30 million in 1998) have access to necessary medical care under a national public health insurance system called “Medicare”. When Canadians need medical care, they go to the physician or clinic of their choice and present a health insurance card issued in their name by the government of the province where they live. Hospital care and physicians' services, as well as the services of a number of allied health care professionals are paid by Medicare rather than by Canadians directly. The Canadian Medicare system is in turn financed primarily through provincial and federal personal and corporate income taxes.

The management and delivery of publicly insured medical services in Canada is the responsibility of each provincial and territorial government. Provinces and territories therefore individually control the planning, management, and financing of hospital care, physician and allied health care services, and some aspects of prescription care and public health. The 950 publicly financed hospitals are the largest purchasers of medical equipment, accounting for over 75 percent of sales to end-users.

In recent years, all provinces and territories have had to reduce the cost of medical care. However, cost containment is reaching a limit and the focus is shifting to a longer term. New funds and programs for public health care provided by the federal government and several of the provincial governments in Canada are associated with the increase in demand for medical equipment observed in 1998. In fact, Canadian imports of medical equipment grew from US$ 1.17 billion in 1997 to US$ 1.32 billion in 1998, exceeding most industry forecasts. U.S. suppliers garnered 74 percent of total Canadian imports in 1998 and should maintain their strong hold in the foreseeable future. Sales of technologically advanced medical equipment in Canada will continue to do well with hospitals, because administrators view investment in new, automated, and technologically advanced equipment as a way to increase efficiency and control labor costs.

The use of medical devices is strictly regulated by Canadian authorities. The federal Therapeutic Products Program (TPP), Health Canada, ensures the safety and effectiveness of medical devices. In 1998, TPP introduced new regulations, which classify medical devices into four categories depending on the level of potential risk to the patient. Class I represents devices that pose the least risk, such as a bandage. Class IV devices pose the highest risk, for example, a pacemaker.

Canadians continue to spend more on private health insurance, in part to compensate for de-insured services during the reform years. To service at lower costs a rapidly aging population, community and home care service structures have emerged throughout the country creating a new demand for medical equipment. Demand for home care and mobility equipment should experience the strongest growth.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	1,701	1,903	2,157
B.	TOTAL LOCAL PRODUCTION	831	910	1,040
C.	TOTAL EXPORTS	303	328	391
D.	TOTAL IMPORTS	1,173	1,321	1,508
E.	IMPORTS FROM THE U.S.	843	980	1,119

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 9

B. NAME OF SECTOR POLLUTION CONTROL EQUIPMENT

C. ITA INDUSTRY CODE: POL

PART II. NARRATIVE

Canadian demand for pollution control equipment will continue to show real growth of between two and four percent in 2000. Products associated with air pollution control will show the highest growth levels, a result of Canada’s commitment to the reduction of greenhouse gasses. Combined with that growth, the demand for specialized monitoring equipment will, at the very least, remain stable, while an overall increase in spending for this type of apparatus is expected among industrial end-users. Otherwise, niche markets remain active as seen in composting initiatives, a result of Canada’s waste reduction goals. Issues of interest to the regulatory community include mercury reclamation, toxic chemical inventory, pesticide monitoring, and municipal waste. Affecting all environmental matters in Canada, and perhaps the most important, is the status of the revised Canadian Environmental Protection Act which, as of June 1999, had yet to be enacted.

With a total market in 1999 of approximately US$9billion, covering all forms of environmental services and equipment, Canada presents qualified opportunities for those U.S. companies which are prepared to work with local engineering firms and with end-users in developing both short and long term prevention and treatment strategies. About 70 percent of all POL imports originate in the United States. (Data in Part III does not include environmental services.)

Considering the smaller size of many of the Canadian companies active in this sector, partnering with U.S. firms for both domestic and international projects continues to be an important option for building export sales. Canadian firms, thanks in part to concentrated federal and provincial government support, are continuing to build their expertise in foreign markets. About one-half of all exports are destined for the United States, with the balance going to Europe, Asia, South America, Mexico and others.

Of the 4,500 Canadian companies active in this sector, about two-thirds are estimated to be offering an environmental service as their principle business activity. The four highest demand end-users of POL technologies in Canada are the chemical, petroleum, mining, and pulp and paper industries.

PART III. DATA TABLE

		1997	1998	1999
A.	TOTAL MARKET SIZE	4,664	4,459	4,735
B.	TOTAL LOCAL PRODUCTION	4,057	3,902	4,171
C.	TOTAL EXPORTS	583	599	684
D.	TOTAL IMPORTS	1,190	1,156	1,248
E.	IMPORTS FROM THE U.S.	833	809	874

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 10

B. NAME OF SECTOR: FOOD PROCESSING AND PACKAGING EQUIPMENT

C. ITA INDUSTRY CODE: FPP

PART II. NARRATIVE

The Canadian Food Equipment and Packaging Sector has witnessed significant changes and industry rationalization over the past five years. Both the end of the Crow Rate and a return to the most economical means of production have affected the size of production and the growth of the Canadian food products sector.

The Crow rate, abolished in 1995, was a US$440 million (1995 funds) transportation subsidy which was used by producers to ship commodities to end-users or ports of shipments. The Crow rate (in use for almost 100 years) was largely viewed by industry as a vehicle which discouraged the Canadian west’s livestock and grain processing industries. While the lion’s share of food processing is done close to population centers in eastern Canada, the current trend is to build new structures, like canola crushing plants and hog and cattle processing facilities, closer to feedstock’s in Western Canada.

In 1998 industry sales in the Canadian food sector were valued at US$22 billion. The breakdown of activity is as follows:

Meat and meat products (excluding poultry)	US$ 7.5
Dairy Products	US$ 5.7
Fruit and vegetables	US$ 2.7
Fish products	US$ 2.0
Bakery products	US$ 2.1
Poultry products	US$ 2.0

In 1998, the size of the Canadian Food Processing and Packaging equipment sector was valued at US$622 million. This figure represents a 10.4 percent increase over the 1997 value of US$594.07 million. The growth between 1998 and 1999 is expected to be 4.6 percent and industry specialists are predicting a two percent real increase annually between 2000 and 2001.

The United States continues to be the dominant supplier of food processing and packaging equipment imported into Canada, accounting for 60 percent of total import demand. U.S. penetration of the Canadian food processing and packaging sector will continue to be substantial, however the U.S. will face stiffer competition from the European market because of the increasingly important role international standards are playing for industry participants. For example: A World Trade Organization (WTO) ruling in September 1997 allowed Canadian beef exports to the European Union.

PART III. DATA TABLE

		1997	1998	1999
A.	TOTAL MARKET SIZE	594	622	662
B.	TOTAL LOCAL PRODUCTION	394	403	439
C.	TOTAL EXPORTS	237	255	282
D.	TOTAL IMPORTS	437	475	505
E.	IMPORTS FROM THE U.S.	353	384	409

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 11

B. NAME OF SECTOR: SPORTING GOODS AND RECREATIONAL EQUIPMENT

C. ITA INDUSTRY CODE: SPT

PART II. NARRATIVE

The Canadian market for sporting goods and recreational equipment is expected to grow by 4.8 percent from 1999 to 2000. This represents at least four consecutive years of strong growth for this sector. Growth continues to be strong in the following sports/activities: snowboarding, in-line skating, hiking, golf, exercise, and bowling equipment. There is a positive correlation between the purchase of sporting goods and the health of the economy, and recent sales growth reflects the robust strength of the Canadian economy. The future looks bright for the sporting goods industry in Canada over the next two years, as the Canadian economy is showing no signs of slowing down.

Canadian domestic production of sporting goods equipment is relatively large. Domestic manufacturing is especially strong in certain areas including ice hockey and curling equipment. However, overall, imports account for a very large share of the total market, at 67 percent. American goods account for the majority of these imports (54 percent). Products manufactured in various Asian countries comprise the second largest share of the import market followed by European manufacturers. However, American market share is particularly significant in specialized and higher-end sports equipment. American firms enjoy wide brand-name recognition in Canada, as there is great overlap between print, broadcast, and electronic media between the two countries. As a result, Canadians are very familiar with the better-known American products and often select them over third-country competitors because of the brand-name and reputation. The market for imported sporting goods is expected to mirror the growth of the total market for at least the next two years.

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
TOTAL MARKET SIZE	1,089	1,110	1,155
TOTAL LOCAL PRODUCTION	798	811	843
TOTAL EXPORTS	417	444	464
TOTAL IMPORTS	708	743	776
IMPORTS FROM THE U.S.	373	391	419

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 12

B. NAME OF SECTOR: ELECTRONIC COMPONENTS

C. ITA INDUSTRY CODE: ELC

PART II. NARRATIVE

The Canadian market for electronic components is currently estimated at US$11.9 billion for 1999. Estimates based on data provided by Statistics Canada suggest that the Canadian electronic components sector will expand at an annual rate of 10 to 12 percent in real terms to the end of 2000. The sector in Canada is a knowledge-intensive, export-oriented, high value-added industry which is closely allied to the telecom equipment, computer, software products, computer services, and instrumentation industries. Current growth in this sector is being driven by demand for telecommunications and computer equipment in North America and third-country markets. Canadian industry is heavily export-oriented with over 80 percent of current production sold outside of Canada, and the bulk of these shipments destined for the United States. The majority of imports into the Canadian market tend to be incorporated into final products which are then exported abroad. U.S. products enjoy a dominant position in the import market, accounting for nearly two-thirds of total imports. Given the prospects for strong growth in the telecommunications and IT sectors and the relative strength of the U.S. and Canadian economies, import market demand for electronic components should closely parallel or slightly surpass overall sector growth through the end of 2000.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	9016	10,928	11,917
B.	TOTAL LOCAL PRODUCTION	2678	3,928	4,517
C.	TOTAL EXPORTS	2840	3,100	3,500
D.	TOTAL IMPORTS	9178	10,100	10,900
E.	IMPORTS FROM THE U.S.	4399	6,136	7,240

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 13

B. NAME OF SECTOR: AIRCRAFT AND PARTS

C. ITA INDUSTRY CODE: AIR

PART II. NARRATIVE

Canada's aerospace sector continues to outperform all other leading Canadian industrial sectors growing twice as fast as the country's GDP for the past decade. In the period from 1986 through 1996, total sales for Canada's aerospace industry expanded by 140 percent. With strong growth forecast to continue for the near term, Canada's aerospace sector is expected to move into fourth place in the world, surpassing both Germany and Japan by the year 2000.

Strong domestic industry performance is attributed to Canada's competitive advantage in selected niche markets. Specifically, Canada's aerospace industry holds 50 percent of the world commercial turbine helicopter market, 35 percent of the world market in large business aircraft, one third of the world market for small turbine engines, 42 percent of the world market for regional aircraft, two-thirds of the world market for aircraft environmental systems, 60 percent of the world market for new large aircraft landing gear systems, and 75 percent of the world commercial simulator market.

Growth in demand for aircraft parts in Canada continues to be fueled by an increase in airframe manufacturing. Strong demand in the regional aircraft market combined with impressive growth in repair and overhaul activities have been key factors behind Canadian aerospace sector growth. Best estimates available suggest that the order backlog for the Canadian aerospace industry reached US$14 billion in 1997.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	2,400	2,900	4,900
B.	TOTAL LOCAL PRODUCTION	5,500	6,800	8,200
C.	TOTAL EXPORTS	6,900	8,500	9,200
D.	TOTAL IMPORTS	3,800	4,600	5,900
E.	IMPORTS FROM THE U.S.	2,700	3,100	3,700

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 14

B. NAME OF SECTOR: SECURITY AND SAFETY EQUIPMENT

C. ITA INDUSTRY CODE: SEC

PART II. NARRATIVE

Canada's security and safety equipment sector is expected to grow at a real rate of between four and seven per cent through the year 2001. The size of the Canadian security market is expected to reach approximately C$851 million by the end of 1999. Imports represent 76 per cent of total market demand, and U.S suppliers hold a 44 per cent share of the import market. U.S. products are well established in the Canadian market and are considered by Canadians to be high in quality, with a competitive price.

Access control equipment is a subsector within the large security market comprising both mechanical and electric/electronic security equipment, as well as security services. The need for controlled access to secure areas and controls on computers and other devices has never been greater. By 2005, it is estimated that 25 to 33 per cent of North American households will be equipped with monitored security systems.

As thieves continue to outsmart existing security systems, and as threats of vandalism and other dangers continue to grow, Canadian households, businesses, and institutions are continuously forced to update or purchase security systems that provide the leading edge on protection. U.S. suppliers of safety and security equipment enjoy a competitive tariff free treatment under the North American Free Trade Agreement (NAFTA). They also benefit from the United States' reputation as a source of quality products and technological expertise, in addition to enjoying brand name recognition and geographic proximity.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A	TOTAL MARKET SIZE	760	791	851
B.	TOTAL LOCAL PRODUCTION	427	464	510
C.	TOTAL EXPORTS	253	278	306
D.	TOTAL IMPORTS	591	605	647
E.	IMPORTS FROM THE U.S.	214	254	285

(The above statistics are unofficial estimates.)

PART I.   BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 15

B. NAME OF SECTOR: ELECTRICAL POWER SYSTEMS

C. ITA INDUSTRY CODE: ELP

PART II. NARRATIVE

Canada's electric power industry is organized around 16 major utilities, of which seven are provincially owned, five are investor owned, two are municipally owned and two are territorial Crown corporations. These sixteen utilities account for over 90 percent of all electricity generated in Canada. The industry's main activities are electrical power generation; transmission at high voltages over long distances; and distribution at lower voltages to industrial, commercial and residential customers. The movement of the Canadian utility industry toward privatization will help the Canadian market for electrical power systems reach US$1.90 billion in 1998 and US$1.98 billion in 1999.

The demand for electrical power systems equipment in Canada grew to US$1.76 billion in 1997, a six percent rise over 1996. In 1997, imports accounted for US$1.43 billion, or 80 percent of the Canadian market. Shipments from the United States registered at US$1.02 billion, approximately 71 percent of total 1997 Canadian imports, and are projected to reach US$1.09 billion in 1998 and US$1.16 billion in 1999.

The future of the electrical power industry in Canada is being shaped by increased competition and technology advancements. The development of comprehensive systems that combine existing and emerging technologies, particularly environmentally friendly technologies, draws particularly strong interest in Canada. Technology is also playing a crucial role in the restructuring of Canada's electric power industry. The increased use of co-generation technology and gas turbines has raised the demand for turbines, boilers, and transformers in Canada. Strong interest in renewable energy is also creating new opportunities for technologies related to wind power, fuel cells, biomass gasification, and photovoltaics.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	1,758	1,876	1,980
B.	TOTAL LOCAL PRODUCTION	1,061	1,157	1,227
C.	TOTAL EXPORTS	733	774	820
D.	TOTAL IMPORTS	1,430	1,483	1,573
E.	IMPORTS FROM THE U.S.	1,025	1,090	1,155

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 16

B. NAME OF SECTOR: OIL AND GAS FIELD MACHINERY

C. ITA INDUSTRY CODE: OGM

PART II. NARRATIVE

Energy executives in Canada’s oilpatch have heaved a sigh of relief as the recovery of the base oil price in early 1999 bolsters this sector. Producers have merged and rationalized, to weather the loss of revenue during the downturn, but almost unilaterally, they have stayed their course on major project initiatives.

The industry is starting to feel confident as robust natural gas prices and healthy oil prices hold. In 1999, the size of the Canadian market for oil and gas field equipment is expected to exceed US$4.3 billion. Canadian buyers will likely import an estimated US$2.4 billion in oil and gas field machinery, with imports from the United States exceeding US$2 billion.

Industry sources predict an increase in drilling of eight percent to 8900 wells by the end of 1999. They also predict an annual growth rate of four percent through the forecast period to 2001. U.S. products in this sector are recognized for their excellent quality, technological benefits, and reputable after-sale-service. U.S. manufacturers can improve their market share by offering state-of-the-art products and by employing reputable agents and distributors located near the market. Promising subsectors include drilling equipment and pipeline construction equipment.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	3,538.5	3,677.6	4,334.0
B.	TOTAL LOCAL PRODUCTION	2,336.6	2,365.4	2,766.0
C.	TOTAL EXPORTS	701.4	722.8	829.3
D.	IMPORTS	1,903.5	2,035.0	2,397.3
E.	IMPORTS FROM THE U.S.	1,654.8	1,770.0	2,069.6

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 17

B. NAME OF SECTOR: PLEASURE BOATS AND ACCESSORIES

C. ITA INDUSTRY CODE: PLB

PART II. NARRATIVE

With over two million, non-commercial watercraft in use in Canada, the demand for pleasure boats and accessories (PLB) is expected to continue to grow at a real rate of close to 10 percent into 2000. Although limited by a shorter season than the United States, Canadian recreational boat owners will continue to spend on new boats and equipment. Canadians spent approximately US$1.4 billion in 1998 on recreational boating when total expenditures on related support services, boats and accessories are taken into account.

Products associated with all types of recreational boating pursuits are expected to remain of high interest to Canadian buyers. Creating this demand is a recreational fishing industry valued at close to US$7 billion (including services); a growing component of the population that is approaching retirement, with a higher level of discretionary income; and revamped Canadian Coast Guard regulations which require new types of safety equipment on nearly all classes of non-commercial vessels. Those standards, which will be phased in over ten years, come into effect April, 1999, replacing Canada’s 20-year old, Small Vessel Regulations.

U.S. companies in this sector exporting to Canada have had best results using traditional marketing methods and selling via well-established, national and regional marine distribution networks. U.S. products hold over 90 percent of the total import market, and real growth in U.S. imports is expected to be maintained at a minimum of 10 percent. Given the size and proximity of the U.S. boating market, the large number of products available for this sector, and the well known U.S. manufactures with subsidiaries in Canada, U.S. made products will continue to be widely accepted among Canadian boaters.

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
A. TOTAL MARKET SIZE	398	700	740
B. TOTAL LOCAL PRODUCTION	810	929	990
C. TOTAL EXPORTS	644	508	561
D. TOTAL IMPORTS	232	279	311
E. IMPORTS FROM THE U.S.	217	262	293

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 18

B. NAME OF SECTOR: PLASTIC MATERIALS AND RESINS

C. ITA INDUSTRY CODE: PMR

PART II. NARRATIVE

According to Industry Canada, the size of the Canadian market for plastic materials and resins is expected to reach US$5 billion in 1999 (C$7.2 billion). This will represent a real growth of 5.8 percent over the value of the market in 1998. Industry specialists predict that the PMR market will grow at an annual real rate of between five and seven percent through 2001.

This robust growth projection can be attributed to the phenomenal development of the plastics industry which has been driven by both the tremendous diversity of markets for plastics and the accelerated pace of plastic materials innovations and replacement of other materials, namely metal and glass. The three major subsectors, which dominate Canada's plastics industry, are packaging products (34 percent), construction products (26 percent), and automotive components (18 percent).

In 1998 Canadian imports of plastic products increased 18 percent, while imports of raw materials increased 7.4 percent. U.S. producers have traditionally supplied 85 percent of these imports. Industry Canada's preliminary figures suggest that in 1999 the growth of local industry shipments for synthetic resins will be modest, but numbers are expected to increase rapidly again as new capacity comes onstream, principally in Alberta. The future growth in the PMR sector in Canada will be fueled by the introduction of new raw materials, more advanced processing equipment and more efficient prototyping techniques.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	4,671	4,623	5,077
B.	TOTAL LOCAL PRODUCTION	4,359	4,073	4,402
C.	TOTAL EXPORTS	2,711	2,482	2,626
D.	TOTAL IMPORTS	3,023	3,032	3,301
E.	IMPORTS FROM THE U.S.	2,590	2,875	3,042

(The above statistics are unofficial estimates)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 19

B. NAME OF SECTOR: AIRPORT AND GROUND SUPPORT EQUIPMENT

C. ITA INDUSTRY CODE: APG

PART II. NARRATIVE

Demand for airport and ground support equipment continues to increase in Canada. The United States-Canada Air Transport Agreement ("Open Skies") signed in May, 1995, opened competition for air traffic. Lester B. Pearson and Vancouver International, two of Canada's busiest airports, are expanding terminals and adding runways to accommodate the increase in air traffic. Although construction is underway, not all product sourcing has been completed. Smaller centers, including municipal airports, are beginning to see the effect of increased air traffic and will need to expand their terminals and runways.

Transport Canada has privatized a number of its facilities in Canada. This privatization is expected to be complete by the year 2000. Ownership of selected airports will be offered to provincial and local governments, airport commissions, and private businesses. New airport owners are expanding their facilities in order to develop new business through increased passenger and cargo traffic.

The Canadian airport and ground support equipment market was valued at US$93 million in 1996, and is projected to reach US$98 million in 1998, representing five percent real growth over 1997, and US$105 million in 1999, an additional five percent increase over 1998. The value of U.S. airport and ground support equipment imported into Canada is estimated to grow at an average annual real rate of 4.5 to five percent during the same time period, due in part to preferential tariffs under the NAFTA, lower transportation costs, and the standard electrical power supply used in North America. During 1997, U.S. imports were valued at US$61 million, approximately 71 percent of the total market. By 1999, U.S. imports will increase to an estimated US$67 million.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	93	98	105
B.	TOTAL LOCAL PRODUCTION	11	13	16
C.	TOTAL EXPORTS	5	6	7
D.	TOTAL IMPORTS	87	91	96

E.	IMPORTS FROM THE U.S.	61	64	67

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR: 20

B. NAME OF SECTOR: AGRICULTURAL MACHINERY AND EQUIPMENT

C. ITA INDUSTRY CODE: AGM

PART II. NARRATIVE

Despite low commodity prices through 1998, the Canadian agricultural machinery and equipment market continues to show impressive growth. Diversified crops, and the need to meet worldwide demand for grain have Canadian farmers planting more land and spending aggressively on equipment.

The size of the Canadian market for the agricultural machinery and equipment is expected to exceed US$3.3 billion in 1999. American suppliers of this type of equipment will supply US$1.3 billion or 54 percent of all imported goods in this sector.

Industry sources predict that this sector will increase at an average annual real rate of between three and five percent through 2001. While the growth in this sector can be attributed to worldwide demand, another factor is the decision of Canadian and foreign food processing companies to place and expand factories on the Canadian prairies.

The Canadian agricultural machinery and equipment market is highly competitive in terms of price and technology. Companies with significant competitive advantages and improved market shares are financially strong and attempt to use the latest state-of-the-art production technologies. Increased use of computers in plant function, design, and manufacturing processes make products more technologically advanced and price competitive in the Canadian market. In order for U.S. suppliers to be competitive, they must offer factory financing for large items and be aware of what their dealers offer customers in terms of financing. Sales margins to dealers average five to eight percent. Also, timely delivery of products is a major buying factor for Canadian farmers purchasing large items. Furthermore, a dealer's reputation for good after-sale service is also important.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	3,538.5	3,677.6	4,334.0
B.	TOTAL LOCAL PRODUCTION	2,336.6	2,365.4	2,766.0
C.	TOTAL EXPORTS	701.4	722.8	829.3
D.	IMPORTS	1,903.5	2,035.0	2,397.3
E.	IMPORTS FROM THE U.S.	1,654.8	1,770.0	2,069.6

(The above statistics are unofficial estimates)

B. Best Prospects for Agricultural Products

U.S. agricultural exports to Canada reached a record-high $7.0 billion in 1998, up more than 3 percent from 1997. More than 70 percent of the total came from sales of fresh and processed fruits and vegetables, snack foods, and other consumer-oriented products. Canada is the second largest market for U.S. agricultural exports with U.S. exports accounting for two-thirds of total Canadian agricultural imports of $10.6 billion during 1998.

Under the tariff elimination provisions of the North American Free Trade Agreement (NAFTA), the majority of U.S. agricultural products have entered Canada duty-free since January 1, 1998. Since 1988, the year prior to the inception of the FTA, the provisions of which were incorporated into the North American Free Trade Agreement (NAFTA), the value of U.S. food and agricultural product exports to Canada have grown at an annual average rate of more than 7 percent. On December 4, 1998 the United States and Canada signed a Record of Understanding, an agreement to further open Canadian markets to U.S. farm and ranch products. Some tangible benefits of the agreement are already accruing to the U.S. agricultural industry.

Trade with Canada is facilitated by its proximity, common culture, language, similar lifestyle pursuits, and the ease of travel among citizens for business or pleasure. Many U.S. products have gained an increased competitive edge over goods from other countries as the result of the FTA/NAFTA. Canada’s grocery product and foodservice trades have been quick to seize opportunities under FTA/NAFTA which permit them to expand their geographical sourcing area to include the United States. Declining import duties under the trade agreements and an easing of Canadian packaging requirements for processed horticultural products for the foodservice market have resulted in significant gains in the Canadian market for U.S. consumer-ready foods and foodservice foods.

Besides the market opportunities created by reduced tariffs, changing lifestyles in Canada are helping increase the demand for U.S. agricultural products. A decline in real disposable incomes for Canadians throughout the 1990s has led to an increase in dual-income families which in turn, has contributed to a reduction in the number of meals consumed at home. The result has been an increase in imports of high-value U.S. products to meet the demand for high quality, fresh and packaged foods that are ready-to-eat or can be conveniently prepared. In addition, an increasing number of U.S. fast food franchisers operating retail outlets in Canada choose to partially supply them through proven U.S. supply channels.

Canadian immigration patterns have changed the face of Canadian cities where 75 percent of Canada’s population resides. Immigration in the 1990s has been dominated by newcomers of Asian origin who now account for about 10 percent of the population of Canada’s two largest cities, Toronto and Vancouver. The combination of the influx of Asian (and other ethnic origin immigrants with contrasting dietary traditions) and the trend among consumers for a healthier diet has transformed the Canadian food supply. Compared to twenty years ago, Canadians are consuming less sugar, animal fats (including butter and lard), red meat, eggs, canned vegetables, skim milk powder, and alcoholic beverages and more rice, breakfast cereals, pulses and nuts, vegetable-based fats, chicken, fish, fresh vegetables, cheese, yogurt, coffee, and soft drinks.

Canada's wholesale, retail, and food service industries watch with acute interest developments in packaged and processed foods and food service trends in the United States. While there are differences in the consumption patterns of selected food items in the two countries, there is a growing demand in Canada for new value-added foods and food preparations that are market-proved in the United States.

On the basis of current market trends and market conditions, the following sectors are considered to be best prospects for U.S. exports of food and agricultural exports to Canada:

1. Fresh Vegetables
2. Baked Goods
3. Fruit and Vegetable Juices
4. Breakfast Cereals, Mixes & Doughs
5. Animal Feeds
6. Sauces and Condiments
7. Wine and Beer
8. Nursery and Greenhouse Products
9. Feeder Cattle
10. Slaughter Swine

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 1

B. NAME OF SECTOR: FRESH VEGETABLES

PART II. NARRATIVE

U.S. exports of fresh vegetables to Canada reached $773 million in 1998, 3.5 percent above the year earlier level and the highest level on record. In recent years, increased globalization of trade has resulted in the decline of the U.S. share (on a value basis) of Canada's total import market for fresh vegetables from 84 percent to 80 percent during the five years ending 1998. However, Canada remains the number one market for U.S. exports of fresh vegetables. On a per capita basis, Canada has one of the highest consumption rates of fresh vegetables in the world. In Canadian retail grocery stores, more space is devoted to fresh produce than any other food sector. In addition, increased meals away from home and the popularity of salad bars has resulted in increased year-round demand in the foodservice sector for U.S. fresh vegetables. The pattern of Canadian immigration over the last decade has shifted from that of European origin to Asian origin whose traditional dietary habits include large amounts of fresh vegetables.
Under the tariff phase-out provisions of the FTA/NAFTA import duties on U.S. fresh vegetables fell to zero on January 1, 1998. Due to climatic factors, the domestic growing season for fresh vegetables is short, but Canadian year-round demand for imported

fresh vegetables from the United States is enhanced by a modern transportation and wholesale network that can provide Canadian buyers with prompt delivery.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	1,285	1,314	1,399
B.	TOTAL LOCAL PRODUCTION	700	1,180	1,239
C.	TOTAL EXPORTS	255	826	850
D.	TOTAL IMPORTS	840	960	1,010
E.	IMPORTS FROM THE U.S.	670	773	805

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 2

B. NAME OF SECTOR: BAKED GOODS

PART II. NARRATIVE

Canadian imports from the United States in this category reached US$291 million during 1998. High costs involved in automation held back development of competitively priced bakery goods in the Canadian industry during the 1990s. The increased demand for fresh, ready baked goods, frozen, bake-off products, and ready-to-use mixes and doughs has provided an opening for U.S. bakery products. The elimination of tariffs on U.S. bakery imports in 1998 has opened the Canadian market further to U.S. imports. Multi-culturalism has become a trademark of Canada’s identity. Due to the high acceptance level of cultural diversity, and in some cases, large densities of ethnic populations, Canadians have developed a desire for many foods native to the homelands of the various ethnic communities. As the Canadian community has become more global, the diversity of the foods chosen for Canadians’ everyday meals and restaurant fare has grown. This has had a significant influence on the bread products industry. Canadians are eating a wide variety of breads from many ethnic origins -- bagels from the Jewish community, European sourdoughs and rye breads, a wide variety of Italian breads, Greek and Middle Eastern flat breads, French baguettes and brioche, Mexican wraps, and Indian flatbreads. With Canada’s Food Guide recommending five to ten grain servings daily, a renewed interest in grain products as an acceptable part of a daily diet has placed baked goods in the top ten fastest growing foods in Canada.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	1,597	1,632	1,645
B.	TOTAL LOCAL PRODUCTION	1,577	1,635	1,650
C.	TOTAL EXPORTS	330	370	390
D.	TOTAL IMPORTS	350	367	385
E.	IMPORTS FROM THE U.S.	280	291	310

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 3

B. NAME OF SECTOR: FRUIT AND VEGETABLE JUICES

PART II. NARRATIVE

Imports from the U.S. in 1998 reached US$250 million, capturing two-thirds of the import market for fruit and vegetable juices. Canada is dependent on imports of fruit and vegetable juices (fresh or frozen) to meet total market demand. Strong gains have been made in the mixed juice categories with U.S. exports more than doubling in value to $70 million during the two-year period ending 1998. Overall, orange juice is the market leader, with apple and grape sharing 23 percent of total juice sales. Best prospects include the retail market segment, custom retail packaging for Canadian distributors, and new products and blends in new packaging. On a value basis, imports from the United States are forecast to account for nearly one-third of the total Canadian fruit and vegetable juice market by 2000.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	883	902	960
B.	TOTAL LOCAL PRODUCTION	550	550	580
C.	TOTAL EXPORTS	53	22	25
D.	TOTAL IMPORTS	386	374	405
E.	IMPORTS FROM THE U.S.	236	250	275

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 4

B. NAME OF SECTOR: BREAKFAST CEREALS, MIXES & DOUGHS

PART II. NARRATIVE

Imports of breakfast cereals, mixes and doughs from the U.S. in 1998 reached US$164 million, up more than 21 percent from the previous year. In the breakfast cereal category, U.S. market share gains have occurred during a period of near zero market growth when per capita consumption has remained unchanged at 5.1 kg since 1995. Although the major U.S. cereal manufacturers have production facilities in Canada, an increasing number of product lines are imported from the United States, as manufacturers' distribution strategies reflect the zero tariff provisions of the FTA/NAFTA. Competition in the Canadian ready-to-eat (RTE) breakfast cereal market is heavy (about one hundred cereal brands). Market research firms report increasing sales of hot cereals which appeal to consumer demand for nutritious oatmeal and multi-grain cereals, especially during the colder months. In the mixes and doughs sector, U.S. exporters have benefited from developments which include the growth of in-store bakeries among major Canadian grocery chains and the overall growth of the foodservice industry which bakes popular bread-based items on-site.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	510	528	585
B.	TOTAL LOCAL PRODUCTION	546	560	610
C.	TOTAL EXPORTS	176	201	215
D.	TOTAL IMPORTS	140	169	190
E.	IMPORTS FROM THE U.S.	135	164	180

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 5

B. NAME OF SECTOR: ANIMAL FEEDS

PART II. NARRATIVE

The Canadian market for prepared animal feeds and feed supplements for livestock, poultry, horses, fish, etc., has shown steady annual growth throughout the 1990's and U.S. exports have captured an increasing share of the import market in the sector. U.S. exports to Canada in the category during 1998 rose 11 percent above the year earlier level, reaching US$123 million. Although the annual rate of increase may fluctuate with the vagaries of livestock feed prices, the demand for animal feed imports from the U.S. is forecast to increase reflecting the forecast for increased Canadian livestock and poultry numbers.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	3,087	2,002	2,120
B.	TOTAL LOCAL PRODUCTION	3,125	2,023	2,135
C.	TOTAL EXPORTS	180	174	190
D.	TOTAL IMPORTS	142	153	175
E.	IMPORTS FROM THE U.S.	111	123	145

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 6

B. NAME OF SECTOR: SAUCES & CONDIMENTS

PART II. NARRATIVE

This category benefited greatly from tariff elimination under FTA/NAFTA because the pre-agreement rates were among the highest in Canada’s tariff schedule. Imports from the U.S. in 1998 reached $149 million, an increase of more than 25 percent since 1995. Tomato based sauces were the category leader accounting for nearly half of the total, but U.S. exports of salad dressing captured eight percent and other condiments such as mayonnaise and soya sauce are registering strong annual increases. Growing demand in Canada's food service industry has resulted in sharp gains for U.S. exports of tomato ketchup, sauces, and mixed condiments. Specialty sauces, such as salsa, have become popular both at the restaurant and retail grocery level as a complement to increasing consumption of corn based snack foods (i.e., nachos and tortillas).

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
A. TOTAL MARKET SIZE	330	345	386
B. TOTAL LOCAL PRODUCTION	265	273	301
C. TOTAL EXPORTS	86	101	105
D. TOTAL IMPORTS	151	173	190
E. IMPORTS FROM THE U.S.	128	149	160

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 7

B. NAME OF SECTOR: WINE AND BEER

PART II. NARRATIVE

Canadian imports of U.S. wine and beer reached the US$114 million mark during 1998, accounting for an import market share of nearly 20 percent. Among wine producing countries, Canada has one of the lowest domestic market shares at 40 percent, reflecting the constraints of a cool climate on grape production and variety selection. In recent years, Canadian consumers have demonstrated a greater willingness to try wines from other countries. Although U.S. exports of wine face stiff competition from traditional European wine exporting countries and from Southern Hemisphere wine producers, the outlook for growth in U.S. sales of wine is bright. The United States holds nearly 40 percent of the Canadian import market for beer, but restrictive regulatory policies in Canada limit growth in the import market for beer at modest levels.

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
A. TOTAL MARKET SIZE	2,549	2,704	2,825
B. TOTAL LOCAL PRODUCTION	2,280	2,300	2,395
C. TOTAL EXPORTS	235	187	200
D. TOTAL IMPORTS	504	591	630
E. IMPORTS FROM THE U.S.	120	114	140

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 8

B. NAME OF SECTOR: NURSERY AND GREENHOUSE PRODUCTS

PART II. NARRATIVE

Following modest annual increases in the early 1990s, U.S. exports of live plants, cuttings, foliage, and cut flowers to Canada during 1998 rose nearly 7 percent from a year earlier reaching US$109 million. Both residential and commercial demand for live plants is increasing in Canada, as consumers and commercial landscapers fuel the rising popularity of indoor and outdoor gardening and landscaping. The trend is evidenced in a multitude of television and radio media shows and print features and an increase in live plant retailing. Already cornering over half of an upbeat market, U.S. floricultural and nursery product exporters have extra market incentives for gaining market share. Zero duties under FTA/NAFTA provisions make U.S. exports very competitive in Canada; modern transportation methods ensure fresh deliveries; and a trend toward harmonizing plant health regulations helps the export process. U.S. and Canadian plant health officials recently introduced the Greenhouse Certification Program, which greatly facilitates entry requirements for U.S. greenhouse-grown products into Canada. Prospects for future U.S. sales increases appear bright, given the outlook for increasing demand, and a goal by plant health officials to introduce a Nursery Certification Program.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	791	719	795
B.	TOTAL LOCAL PRODUCTION	810	764	840
C.	TOTAL EXPORTS	202	243	265
D.	TOTAL IMPORTS	183	198	220
E.	IMPORTS FROM THE U.S.	103	109	120

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 9

B. NAME OF SECTOR: FEEDER CATTLE

PART II. NARRATIVE

Import and inspection requirements governing U.S. exports of feeder cattle to Canada under the Northwest Pilot Project were streamlined in August 1998 by amendments to Canadian animal health regulations. The changes are designed to reduce costs for the U.S. and Canadian cattle industries and facilitate the movement of certain U.S. feeder cattle to approved Canadian feedlots. U.S. exports of feeder cattle to Canada under the 1998/99 Northwest Cattle Project season, which runs from October 15 to March 31 each year, reached 51,009 head, well above a year earlier when only about 1,000 head were exported. An expanding feedlot industry in western Canada and recent investments in large, modern cattle processing facilities in Alberta point to increased demand for U.S. feeder cattle through the year 2000.

PART III. DATA TABLE (in millions of U.S. dollars)

		1997	1998	1999
A.	TOTAL MARKET SIZE	1,885	1,982	2,045
B.	TOTAL LOCAL PRODUCTION	1,950	2,023	2,030
C.	TOTAL EXPORTS	90	101	65
D.	TOTAL IMPORTS	25	60	80
E.	IMPORTS FROM THE U.S.	25	60	80

(The above statistics are unofficial estimates.)

PART I. BEST PROSPECT SECTOR FOR U.S. EXPORTS AND INVESTMENT

A. RANK OF SECTOR 10

B. NAME OF SECTOR: SLAUGHTER SWINE

PART II. NARRATIVE

In late 1998, Canada amended its Health of Animals Regulations to permit the importation of U.S. live swine for immediate slaughter from certain U.S. states, but importers were unable to comply with the stringent rules. As a result, the Canadian Food Inspection Agency has proposed changes to Canada's import protocol for live slaughter swine from the United States which are expected to be in place during the summer of 1999. Despite a severe downturn in the North American hog industry in late

1998 and early 1999, the Canadian hog processing industry is investing heavily in new pork production facilities, particularly in Western Canada. The industry forecasts a sharp increase in demand for U.S. live hogs for slaughter, to achieve production capacity efficiencies.

PART III. DATA TABLE (in millions of U.S. dollars)

	1997	1998	1999
A. TOTAL MARKET SIZE	717	753	775
B. TOTAL LOCAL PRODUCTION	640	665	675
C. TOTAL EXPORTS	9	10	10
D. TOTAL IMPORTS	86	98	110
E. IMPORTS FROM THE U.S.	83	95	107

(The above statistics are unofficial estimates.)

CHAPTER VI. TRADE REGULATIONS AND STANDARDS

A. Trade Barriers

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

1. General Trade Barriers

As a result of the U.S.-Canada Free Trade Agreement (FTA) that went into effect in January 1989, virtually all Canadian tariffs on U.S. products have been eliminated as of January 1998. The North American Free Trade Agreement (NAFTA), which went into effect January 1994, removed some remaining barriers and expanded specific provisions of the FTA. However, non-tariff barriers at both the federal and provincial levels continue to impede access of U.S. goods and services to Canada or retard potential export growth.

The issues identified below constitute a partial list of areas which will be addressed in Fiscal Year 1999 at the U.S. Embassy in Ottawa in concert with the U.S. Department of Commerce, the

U.S. Trade Representative (USTR), the Department of State, and other Washington agencies.

(a) Standards

The FTA provided that testing facilities, inspection agencies, and certification bodies of each country would have access to the accreditation systems of the other country without obligation to establish facilities in that country. While Canadian provincial practices do not fall under the FTA discipline, U.S. Government agencies at the Embassy in Ottawa and in Washington will closely monitor provincial requirements and press for fair treatment of U.S. organizations.

(b) Government Procurement

The NAFTA provided even greater access to the Canadian Government procurement market through expansion of coverage to Canada's remaining federal departments, some government-owned enterprises (Crown corporations) and selected services and construction contracts. Coverage of government-owned enterprises and services and construction under the NAFTA represents the first time that such procurement has been subject to international rules of open and competitive bidding. Finally, under the NAFTA all three parties agreed to further negotiations to expand the coverage of the agreement, to include coverage at the sub-federal levels.

(c) Provincial Liquor Boards

Canadian provincial government liquor boards have exclusive control over Canada's alcoholic beverage retail pricing, listing, and distribution and sales in most provinces. The FTA requires Canadian provinces to accord national treatment to U.S. wines and spirits in their listing policies and, with certain well-defined exceptions, their distribution practices. The United States has questioned several provinces' implementation of these obligations.

(d) Services

Services exports (also referred to as non-merchandise trade in the balance of payments) constitute the fastest growing component of the U.S.-Canada bilateral trade relationship, producing a US$3.7 billion (C$5.5 billion) surplus in favor of the U.S. in 1998.

The NAFTA covers all service sectors unless specifically excluded, and applies guiding principles to trade in services. A party can retain an existing law, measure, or practice that does not conform to the agreement's principles, by formally lodging an exception or reservation for the measure. All federal government reservations were listed during negotiations and cannot be amended. States and provinces subsequently listed their non-conforming measures. This "barrier inventory" exercise provides an opportunity to press for further liberalization in services.

NAFTA parties also committed to the removal of citizenship requirements affecting the licensing and practice of professionals.

(e) "Cultural Industries"

Canada's fear that its own cultural identity will be overwhelmed by neighboring and powerful U.S. cultural influences has resulted in restrictions on foreign investment in Canadian cultural industries. At Canada's insistence, cultural industries were exempted from the provisions of the FTA, but the United States also obtained the right to take measures of "equivalent commercial effect" against measures which would have been inconsistent with the FTA except for the cultural exemption. Both of these features were retained in the NAFTA. In its May 26, 1999 announcement regarding the settlement between the United States and Canada with regard to split-run magazines, the federal government stated that effective immediately, authority for review and approval of all prospective foreign investments in Canadian cultural industries (not just magazines) would pass from the Minister of Industry to the Minister for Canadian Heritage.

2. Investment Barriers

Under the Investment Canada Act (ICA) and related Canadian regulations, Canada maintains laws and policies which restrict new or expanded foreign investment in the energy, publishing, telecommunications, transportation, film, music, broadcasting, and cable television sectors. As a result of negotiations on the NAFTA, the ICA, which regulates foreign investment in Canada, has been amended. The ICA is intended to encourage, regulate, and facilitate foreign investment in Canada. Please refer to the "Investment Climate" in Chapter VII.

B. Customs Valuation

Canada has acceded to the WTO Customs Valuation Code which provides that the customs value of imported goods shall be the transaction value -- the price actually paid or payable for the goods. Under the transaction value system, the value for duty is the total payment for the goods made by the buyer to the seller. The transaction value generally will be accepted by Canada Customs if the goods are sold for export to Canada and if the price paid or payable for the goods can be determined. Under the transaction value system, the value for duty of imported goods will normally be determined from data submitted by the importer. However, preparation of proper documentation by the exporter significantly contributes to expeditious entry.

C. Import Licenses

There are no general licenses required for importing goods into Canada. There are, however, provisions related to a variety of prohibited, controlled and restricted goods. Additional information regarding restrictions on the importation of these types of goods is provided in Section H of this chapter.

D. Export Controls

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

Canada controls exports under authorization of the Export and Import Permits Act (EIPA), the Export Control List (ECL) and the Area Control List (ACL). The ECL is an itemized list of goods subject to export control. The ACL is a list of specific countries which require export permits for all goods (whether or not they are on the ECL). Firms must be resident in Canada to apply for export permits.

The EIPA utilizes these lists in order to exercise export controls over natural resources to encourage further processing in Canada; to limit the export of goods in circumstances of surplus supply or depressed prices; to restrict the export of unprocessed softwood lumber; to ensure that there is an adequate supply and distribution of any article, and to implement intergovernmental arrangements or commitments.

Military export permits are normally denied to countries or destinations representing a strategic threat to Canada or its allies, countries involved in or under imminent threat of hostilities, countries under United Nations sanctions, or countries whose governments have a persistent record of serious human rights violations, unless there is no reasonable risk that the goods might be used against the civilian population.

Under a series of defense sharing agreements with the United States, the requirement for an export permit to the United States is waived for all goods included in the ECL Group 2 (munitions). United States origin goods are controlled for re-export from Canada under Item 5400 of Group 5. Canadian regulations regarding re-export of U.S.-origin goods controlled on the U.S. munitions list are currently undergoing review. Exporters are advised to contact Canadian export control officials at the address below.

For further information see the annual "Guide to Canada's Export Controls" published by the Department of Foreign Affairs and International Trade. The Export Controls Division can be reached by phone at (613) 996-2387 or by fax at (613) 996-9933, or by mail at the following address:

Department of Foreign Affairs and International Trade
Export Controls Division (EPE)
Lester B. Pearson Building
125 Sussex Drive - C-6
Ottawa, Ontario, K1A 0G2, Canada

The Division's Internet address is:

www.dfait-aeci.gc.ca\~eicb.epdmain.htm

E. Import/Export Documentation

A properly completed Canada Customs Invoice or its equivalent is required for all commercial shipments valued at more than C$1,200 (approximately US$880) exported to Canada. In addition to the Canada Customs Invoice, shipments must be accompanied by a completed exporter's Certificate of Origin, which is required in order to obtain specialized tariff treatment under the provisions of the NAFTA. For details regarding documentation requirements or to obtain sample invoices and other forms, contact Revenue Canada (see Appendix E for contact information).

F. Temporary Entry

Revenue Canada has made specific provisions for the temporary entry of certain goods into Canada for various purposes, such as testing, demonstration, and display. Such goods may enter under an ATA (Admission Temporaire -- Temporary Admission) Carnet or under a Temporary Admission Permit (Revenue Canada, Customs and Excise Form E29B) and may require either a refundable deposit or a proportional duty deposit, depending on the appropriate classification determined by Canadian customs regulations. Firms wishing to bring machinery and equipment, display equipment, and other items covered under Canadian temporary importation regulations are advised to contact Revenue Canada well in advance of shipment or arrival in Canada.

G. Labeling and Marking Requirements

The main pieces of legislation which regulate almost all product labeling and marking in Canada include: the Consumer Packaging and Labeling Act; the Weights and Measures Act; the Textiles Labeling and Advertising Act; the Precious Metals Marking and Labeling Act; and the Canadian Agricultural Products Act. Canada requires bilingual labeling (English and French) for most products. Bilingual designation of the generic name on most prepackaged consumer products is required by the federal Consumer Packaging and Labeling Act. Under this Act, the following information must appear on the package/label of a prepackaged consumer good sold in Canada:

- Product Identity Declaration -- describes a product's common or generic name, or its function. The declaration must be in both English and French.

- Net Quantity Declaration -- should be expressed in metric units of volume, when the product is a liquid, or a gas, or is viscous; or in metric units of weight, when the product is solid; or by numerical count. Net quantity may be expressed in other established trade terms.

- Dealer's Name and Principal Place of Business -- where the prepackaged product was manufactured or produced for resale. In general, a name and address sufficient for postal delivery is acceptable. This information can be in either English or French.

The agency responsible for inspection of imports into Canada, Canada Customs, also requires an indication of the country of origin, such as "Made in the USA" on several classes of imported goods and on all printed matter. Goods not properly marked cannot be released from Canada Customs until suitably marked. The goods can be marked, at the importer's expense, either on Canada Customs' premises or on the importer's own premises under the supervision of Canada Customs officials. Moreover, Canadian regulations require that declarations of net content of all packaged consumer goods be stated in metric units in both English and French, although imperial units may also be shown. Most products may be packaged in imperial-measure containers with the metric equivalents expressed on the label. However, specified metrically dimensioned packaging is required for some products, mainly foods, personal care products, and detergents.

The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers sold in Quebec stores. The Charter of the French Language requires the use of French on product labeling, warranty certificates, directions for use, public signs and written advertising. Further information on French labeling requirements is available from the Office de la Langue Francaise (Office of the French Language, see Appendix E for contact information).

Finally, with respect to the use of environmental claims, industry is charged with ensuring that any environmental claims are accurate and in compliance with relevant legislation. In general, environmental claims that are ambiguous, vague, incomplete, misleading, or irrelevant, and that cannot be substantiated through credible information and/or test methods, should not be used. In all cases, environmental claims should indicate whether they are related to the product itself or to the product's packaging materials. The Canadian government has issued a set of guiding principles governing the use of environmental labeling and advertising which may be obtained by contacting Industry Canada (see Appendix E for contact information).

H. Prohibited Imports

The majority of U.S. products shipped to Canada enter the market free from any import restrictions. However, under the provisions of the Canadian Customs Tariff regulations, certain commodities, such as reprints of Canadian copyrighted work, and some game birds, cannot be imported. Other goods are controlled, regulated, or prohibited under legislation falling within the jurisdiction of other government departments. Examples of regulated goods include: certain food products; clothing; drug and medical devices; hazardous products; some offensive weapons and firearms; and endangered species.

Other items are regulated under the Export and Import Permits Act and require an import permit or certificate to be eligible for importation into Canada. The Act lists various agricultural products, a number of clothing and textile items, and certain steel products. Goods originating in certain countries may not qualify for importation into Canada. Inquiries regarding the issuance of import permits or certificates and quota allocations should be directed to the Department of Foreign Affairs, Export and Import Permits Bureau (see Appendix E for contact information).

I. Standards

Canada's standards are not identical to those in the United States. This does not mean that Canadian standards are more or less stringent than those in the United States, merely that they are different. Like the U.S. Government, the Canadian government is concerned with protecting its citizens from faulty or unsafe products. However, in delineating the precise technical specifications that are required to ensure safety, both countries often use slightly different standards.

Under the aegis of the Standards Council of Canada (SCC), several private standards-writing organizations administer technical codes and standards for areas ranging from electrical and plumbing products to health-care technology. These organizations include:

- The Canadian Standards Association (CSA)
- Underwriters Laboratories of Canada (UL)
- The Canadian General Standards Board
- The Canadian Gas Association

The Canadian federal government also has numerous commodity standards to safeguard public welfare. The standards organizations try to avoid duplication of responsibility, but there is some overlap.

U.S. manufacturers and exporters should determine what standards are applicable to their products. If certification is required, it generally must be obtained before the goods are imported into Canada. The process can be time-consuming, therefore certification should be one of the first steps taken to establish an export market in Canada.

Information on which standards or organization(s) administer(s) standards applicable to the firm's product can be obtained from the SCC (see Appendix E for contact information).

Standards and the NAFTA: The basic NAFTA rule is simple -- standards must not create unnecessary barriers to trade. To reduce such barriers, the NAFTA applies basic principles to bilateral trade:

- testing facilities and certification bodies are treated in a nondiscriminatory manner;

- federal standards-related measures will be harmonized to the greatest extent possible; and,

- greater openness will be provided in the regulatory process.

Greater standards compatibility removes structural barriers to Canadian and U.S. markets and increases the competitiveness of U.S. and Canadian manufacturers. Significant progress toward greater compatibility between U.S. and Canadian technical standards is taking place under the NAFTA.

Standards organizations in the United States and Canada continue to work cooperatively in the development of joint standards and have made progress in several areas. For example, the Air Conditioning and Refrigeration Institute and the CSA have harmonized performance standards for air conditioners and heat pumps, packaged water chillers, and water-source heat pumps. Underwriters Laboratory (UL) and the Canadian Standards Association (CSA) have established common electrical safety standards for air conditioners, heat pumps, and refrigerant motor-compressors.

Since 1992, several U.S. testing and certification organizations, most notably UL and the American Plywood Association, have received accreditation in Canada. The CSA has also officially been recognized by the U.S. Occupational Safety and Health Administration (OSHA) as a Nationally Recognized Testing Laboratory. SCC and OSHA accreditations mean U.S. manufacturers can gain product approval for both the United States and Canada from one source, thereby eliminating the time and expense of pursuing separate certification for each market. Numerous other U.S. testing and certification organizations have since received accreditation approval from the SCC. A complete list of these organizations may be obtained by contacting the SCC (see Appendix E for contact information).

The NAFTA strengthens FTA technical standards obligations, expands coverage to include Mexico, sets up a committee on standards-related measures, establishes an Automotive Standards Council, and identifies specific products for standards harmonization efforts, through the creation of subcommittees on land transportation and telecommunications standards, and on labeling of textiles and apparel goods.

J. Free Trade Zones/Warehouses

Goods may be cleared at customs ports on the border or, if intended for inland destinations, may be forwarded in bonded carriers to the port city nearest the destination at which customs examination may be made and duties and taxes paid. With the exception of one special trade zone at the Sydport Industrial Park in Cape Breton, Nova Scotia, Canada has no free ports or free trade zones. At present, there are no federal or provincial laws specifically governing the establishment and operation of such zones. Sufferance warehouses under private ownership have been established for the storage and deposit of all imports received by various transportation modes, pending customs examination and clearance. An entry for consumption or into bonded warehouse must be presented to Canada Customs within 30 days. Goods may be entered into a Canada Customs bonded warehouse without the payment of duty, but must be cleared either for export or Canadian consumption within two years. Extended periods are allowed, by regulation, for certain goods.

Goods taken from bonded warehouses for consumption are dutiable at rates of the Customs Tariff in effect at the time, and the value for duty purposes is the value at the time of entry for warehousing. Goods exported from bonded warehouses to third countries are subject to Canadian export regulations. Repacking and sorting can be carried out in Canada Customs' bonded warehouses with the permission of Canada Customs, but assembly or other industrial activity is prohibited.

K. Special Import Provisions

Canada's special import provisions deal with the temporary importation of goods, as described previously in this Chapter, in Section F.

L. Membership in Free Trade Arrangements

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

The FTA, implemented in 1989, created vast opportunities for U.S. exporters and investors in Canada. As a result of the FTA, trade barriers have come down, investment rules have been liberalized, and bilateral cooperation on a wide range of issues has been expanded. The FTA has since been enhanced further through the implementation of the NAFTA, which took effect on January 1, 1994. This historic Agreement brought Mexico into the North American free trade area and expanded the scope of the FTA in some key areas. For example, the NAFTA contains provisions relating to intellectual property, land transportation and the environment, which were not provided for in the FTA. Many of the improvements to the FTA, now reflected in the NAFTA, are the direct result of experience gained by the United States and Canada in implementing that bilateral accord.

Like the United States, Canada is a member of the World Trade Organization (WTO) and was a founding member of its predecessor, the General Agreement on Tariffs and Trade (GATT). Canada has also been an active member of the Asia-Pacific Economic Cooperation (APEC) forum and additionally of the Free Trade Association of the Americas (FTAA) process, in which it has served as chair during 1998-99.

Canada and Israel implemented a bilateral FTA at the start of 1997 which is similar to the U.S.-Israel FTA, but does not deal with government procurement. Canada and Chile implemented a bilateral FTA in mid-1997. This FTA was explicitly designed to facilitate Chile's eventual accession to NAFTA, and includes parallel agreements on environmental protection and labor standards. It immediately eliminates Chile's 11 percent duty on most industrial and resource-based exports from Canada, and commits the two countries to eliminate the use of trade remedy laws against each other's firms within six years.

CHAPTER VII. INVESTMENT CLIMATE

This chapter was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

A. Openness to Foreign Investment

1. General Attitude

With few exceptions, Canada offers foreign investors full national treatment within the context of a developed open market economy operating with democratic principles and institutions. Canada is, however, one of the few OECD countries that still has a formal investment review process, and foreign investment is prohibited or restricted in several sectors of the economy.

Canada’s economic development has depended a great deal on foreign investment inflows. Four foreign-owned firms rank among the top ten firms in Canada in terms of revenue, and the Canadian government estimates that foreign investors control about one-quarter of total Canadian non-financial corporate assets. Preliminary data show that the stock of global foreign direct investment in Canada in 1998 was US$142 billion, or 23.7 percent of Canadian GDP. When the stock of portfolio investment is added (stocks, bonds and treasury bills), total foreign investment in Canada in 1998 amounted to 40 percent of Canadian GDP.

Canada has no restriction on outward foreign investment, and Canadian firms have a significant presence in the United States. Canadian data shows that the stock of Canadian direct investment in the U.S., including investments from Canadian holding companies in the Netherlands, was US$75 billion in 1998. Canadian direct investment in the U.S. is concentrated in finance and insurance, metallic minerals and metal products, communications, and chemicals and chemical products. The stock of U.S. foreign direct investment in Canada was US$99.4 billion in 1998, or almost 71 percent of total foreign direct investment in Canada, and was concentrated in the manufacturing, finance, and resource sectors.

Since the beginning of 1994, investment relations between the United States and Canada have been governed by the NAFTA negotiated by the United States, Canada and Mexico. The U.S.-Canada Free Trade Agreement (FTA), which entered into force at the beginning of 1989, has been suspended as long as the two countries remain parties to the NAFTA. The NAFTA builds on the investment relationship created in the FTA. In the FTA, the United States and Canada agreed on important foreign investment principles, including right of establishment and national treatment. The FTA recognized that a hospitable and secure investment climate was indispensable if the two countries were to achieve the full benefits of reducing barriers to trade in goods and services.

The FTA established a mutually beneficial framework of investment principles sensitive to the national interests of both countries, with the objective of assuring that investment flowed freely between the two countries and that investors were treated in a fair and equitable manner.

The FTA provided higher review thresholds for U.S. investment in Canada than for other foreign investors, but it did not exempt all U.S. investment from review nor did it override specific foreign investment prohibitions, notably in the cultural area. The NAFTA incorporates the gains made in the FTA, expands the coverage of the Investment Chapter to several new areas and broadens the definition of investors with rights under the agreement, and creates the right to binding investor-State dispute settlement arbitration under limited circumstances.

2. Legal Framework

Since 1985, foreign investment policy in Canada has been guided by the Investment Canada Act, which replaced the more restrictive Foreign Investment Review Act. The Investment Canada Act liberalized Canadian policy on foreign investment by recognizing that investment is central to economic growth and new employment opportunities and is the key to technological advancement. At the same time, it provided for a review of large acquisitions in Canada by non-Canadians and imposed a requirement that they be of net benefit to Canada. For the vast majority of small acquisitions and the establishment of new businesses, non-Canadian investors need only notify the Canadian government of their investment.

While the Investment Canada Act provides the basic legal framework for foreign investment in Canada, foreign investment in specific sectors may be covered by special legislation. For example, foreign investment in the financial sector is governed by laws administered by the federal Department of Finance, and the Broadcast Act governs foreign investment in radio and TV broadcasting. Under provisions of Canada's Telecommunications Act, foreign ownership of transmission facilities is limited to 20 percent direct ownership and 33 percent through a holding company, for an effective limit of 46.7 percent total foreign ownership.

Canada's federal system of government subjects investment to provincial as well as national jurisdiction. Provincial restrictions on foreign investment differ by province, but are largely confined to the purchase of land and to certain types of provincially regulated financial services. In addition, provincial government policies in the areas of labor relations and environmental protection, for example, can have an important impact on foreign investors.

3. Investment Canada Act

The Investment Canada Act (ICA) is intended to encourage, regulate and facilitate foreign investment in Canada. Investment Canada, the federal regulatory agency, only reviews (a) the direct or indirect acquisition by a non-Canadian of an existing Canadian business of substantial size; and (b) the specific acquisition of an existing Canadian business or establishment of a new Canadian business by a non-Canadian in designated types of business activity relating to Canada's cultural heritage or national identity (as described below) where the federal government has authorized such review as being in the public interest.

Investment Canada must be given notice of any investment by a non-Canadian to establish a new Canadian business (regardless of size), or to acquire direct control of any existing Canadian business which either has assets of C$5 million or more or is in a business that is identified by regulation to be culturally sensitive (see below), or to acquire the indirect control of any existing Canadian business the assets of which exceed C$50 million in value. The C$5 million threshold is increased to C$184 million in the case in which the acquiring non-Canadian is a member of the World Trade Organization (WTO), and there is no review process applicable to an indirect acquisition of a Canadian business by any member of the WTO.

In practice, the Minister of Industry Canada has allowed most transactions to proceed, in some instances, upon compliance by the applicant with certain undertakings. ICA also sets strict time limits within which Investment Canada must respond, in an effort to ensure that the legislation does not unduly delay any investment in Canada.

Some of the provinces restrict the purchase by non-resident Canadians of certain types of real estate. Ontario imposes higher land transfer taxes on non-resident purchases of land other than industrial, commercial, or residential land (zoned, assessed or used as such). Apart from the foregoing, there are no provincial restrictions on non-Canadians investing in real estate in Canada.

- What is reviewable?

Pursuant to the Investment Canada Act (ICA), new thresholds for review for WTO member investors, or cases in which a Canadian business is ultimately controlled by a WTO member (other than a Canadian) prior to its acquisition, must be determined and become effective on January 1 of every year. The amount is equivalent to growth in nominal gross domestic product at market prices as published by Statistics Canada for specified periods, multiplied by the amount determined for the previous year. In 1999, the amount is C$184 million, up from C$179 million in 1998 and C$172 million in 1997.

Where control of the foreign investor is ultimately in a country that is not a WTO member, the direct acquisition of control of a Canadian business that has assets greater than C$5 million is reviewable, and the indirect acquisition of control of a Canadian business with assets greater than C$50 million is reviewable. As a result of Canada's implementation of its Uruguay Round commitments, NAFTA treatment was extended to all WTO investors in all sectors except those excluded under the NAFTA.

Acquisitions in cultural industries (i.e., publication and distribution of books, magazines, videos, music recordings, etc.) below the thresholds listed above and the establishment of new businesses in these cultural industries may be reviewable if the federal government so decides. Acquisitions in which the Canadian business is in one of three other sectors (financial services other than insurance, transportation services and uranium production) are subject to the lower thresholds regardless of nationality of the investor.

- If the transaction is not reviewable, does the government require anything from the Investor?

Yes, in the case of a direct acquisition of a Canadian business with assets under C$184 million by a WTO-investor, or under C$5 million in the case of a foreign, non-WTO investor, the investment is notifiable. All indirect acquisitions by WTO investors are notifiable as are indirect acquisitions by non-WTO investors where the Canadian assets to be acquired are less than C$50 million.

Also notifiable is the establishment of a new business in Canada by an investor making its first investment in Canada or the establishment of a new business by an existing investor where the new business is unrelated to any existing business in Canada. In these cases, the investor must notify Industry Canada and provide some details of the investment. For convenience, investors can use a two-page Notification Form.

- What is not reviewable or notifiable?

There are many types of investments to which the Investment Canada Act does not apply. For example, purchases of Canadian bonds, stocks or other investment instruments that do not involve the acquisition of control are not reviewable or notifiable, nor is the acquisition of assets that do not constitute a business. Investments in related businesses are neither reviewable nor notifiable. Thus, for example, a manufacturing business can expand a plant, or a mining company can open a new mine, without either review or notification. For greater certainty, investors and others should consult Section 10 of the Investment Canada Act.

- On what basis are investments reviewed?

Reviewable investments are allowed to proceed if they are likely to be of net benefit to Canada. Set out below are the six factors of net benefit:

(a) The effect of the investment on the level and nature of economic activity in Canada, including the effect on employment; resource processing; on the utilization of parts, components and services produced in Canada; and on exports from Canada;

(b) The degree and significance of participation by Canadians in the Canadian business and in any industry in Canada of which it forms a part;

(c) The effect of the investment on productivity, industrial efficiency, technological development, product innovation, and product variety in Canada;

(d) The effect of the investment on competition within any industry or industries in Canada;

(e) The compatibility of the investment with national and provincial industrial, economic, and cultural policies; and,

(f) The contribution of the investment to Canada's ability to compete in world markets.

- Who makes the decision on whether an investment can proceed?

Industry Canada makes a recommendation to the Minister of Industry, who in turn, makes the final decision. Since the passage of the Investment Canada Act in 1985, the Canadian Government has not formally rejected any reviewable foreign investment proposal. On several occasions the government required the foreign investor to re-work the proposal to meet Investment Canada's net benefit test. The mere existence of a review process, as well as sectoral restrictions, presumably discourages some foreign investors.

- o How long does the review process take?

The legislation gives the Minister an initial 45 days to make a decision. Most cases are decided within this time frame. However, there are provisions in the legislation to extend the review period.

4. Special Treatment for U.S. Investment

U.S. foreign investment in Canada is subject to the Investment Canada Act, but the NAFTA further defines the investment relationship between the two countries and adopts the principle of national treatment.

The basic obligation assumed by the two countries in Chapter Eleven of the NAFTA is to ensure that future regulation of Canadian investors in the United States and of U.S. investors in Canada results in treatment no different than that extended to domestic investors within each country -- "national treatment." Both governments are completely free to regulate the ongoing operation of business enterprises in their respective jurisdictions under, for example, anti-trust law, provided they do not discriminate. This basic principle is qualified on the basis of existing practice and is translated into the following specific undertakings:

Canada retains the right to review the acquisition of firms in Canada by U.S. investors, but agrees to phase in higher threshold levels for U.S. investors. The current review threshold (adjusted for inflation) for direct acquisitions is C$184 million. Indirect acquisitions by WTO member investors are not reviewable, but are nonetheless subject to notification. The exception for the four policy sectors that are governed by the C$5 million and C$50 million thresholds remains unchanged for all investors.

These undertakings are prospective; for example, they apply to future changes in laws and regulations only. Existing laws, policies and practices are "grandfathered", except where specific changes are required. The practical effect of this was to freeze the various exceptions to national treatment provided in Canadian and U.S. law (such as restrictions on foreign ownership in the communications and transportation industries). Additionally, both governments remain free to tax foreign-owned firms on a different basis than domestic firms, provided this does not result in arbitrary or unjustifiable discrimination, and to exempt the sale of crown (government-owned) corporations from any national treatment obligations. Finally, the two governments retain some flexibility in the application of national treatment obligations. They need not extend identical treatment, as long as the treatment is "equivalent."

The NAFTA also deals more specifically with the financial services sector. Chapter Fourteen on financial services eliminates discriminatory asset and capital restrictions on U.S. bank subsidiaries in Canada. It also exempts U.S. firms and investors from the federal "10/25" rule such that they will be treated the same as Canadians. The rule continues to prevent any single non-U.S. non-resident from acquiring more than ten percent of the shares, and all such non-residents in the aggregate from acquiring more than 25 percent of the shares of a federally regulated, Canadian-controlled, financial institution.

Both the ten percent and the 25 percent limitation were eliminated for U.S. investors as regards acquisitions of federally chartered non-bank financial institutions. Several provinces however, including Ontario and Quebec, have similar "10/25" rules for provincially chartered trust and insurance companies which were not waived under the FTA. The ten percent limitation on any individual shareholder -- whether Canadian or foreign -- will continue to apply to investments in Canadian banks. The federal government is proposing to raise the 10 percent ceiling to 20 percent, although legislation to do so had not been introduced as of June 30, 1999.

Bilateral services trade is largely free of restrictions. The NAFTA ensures that restrictions will not be applied in the future; however existing restrictions were not affected by the NAFTA. The services agreement is primarily a code of principles which establishes national treatment, right of establishment, right of commercial presence, and transparency for a number of service sectors specifically enumerated in Annexes to the NAFTA. The NAFTA also pledges both parties to expand the list of covered service sectors.

The NAFTA grants U.S. firms that operate from the United States national treatment for most Canadian federal procurement opportunities. However, inter-provincial trade barriers exist which often exclude U.S. firms established in one Canadian province from bidding on another province's procurement opportunities. As a first step in the ongoing and difficult process of reducing trade barriers within Canada, the federal, provincial and territorial governments negotiated an Internal Trade Agreement that came into effect on July 1, 1995. The Agreement provides a framework for dealing with trade in ten specific sectors and establishes a formal process for resolving trade disputes.

Besides the areas described above, the NAFTA includes provisions that enhance the ability of U.S. investors to enforce their rights through international arbitration; prohibit a broader range of performance requirements, including forced technology transfer; and expand coverage of the investment chapter to include portfolio and intangible investments as well as direct investment.

5. Investments in "Cultural Industries"

Canada's cultural industries include:

-- the publication, distribution or sale of books, magazines, periodicals or newspapers in print or machine-readable form, other than the sole activity of printing or typesetting of books, magazines, periodicals or newspapers;

-- the production, distribution, sale or exhibition of film or video recordings;

-- the production, distribution, sale or exhibition of audio or video music recordings;

-- the publication, distribution or sale of music in print or machine-readable form, or

-- radio communication in which the transmissions are intended for direct reception by the general public, any radio, television and cable television broadcasting undertakings and any satellite programming and broadcast network services.

The Investment Canada Act requires that foreign investments in the book publishing and distribution sector be compatible with national cultural policies and be of net benefit to Canada and to the Canadian-controlled sector. The federal government is currently in the process of revising its foreign investment policy in book publishing and distribution. An amendment to the

Investment Canada Act is scheduled to be introduced in Parliament before the end of 1999 empowering the Minister of Industry Canada to determine whether a business in the cultural sector which initially appears to meet the definition of "Canadian-controlled" under the Act, is indeed, Canadian-controlled.

As part of the measures to support an indigenous Canadian distribution industry, the government has also announced a new Investment Canada policy on foreign investment in the Canadian film distribution sector:

-- takeovers of Canadian-owned and controlled distribution businesses will not be allowed;

-- investments to establish new distribution businesses in Canada will only be allowed for importation and distribution activities related to proprietary products (the importer owns world rights or is a major investor);

-- indirect and direct takeovers of foreign distribution businesses operating in Canada will be allowed only if the investor undertakes to reinvest a portion of its Canadian earnings in accordance with national and cultural policies.

Broadcasting: The Broadcasting Act sets out the broadcasting policy for Canada, which lists among its objectives to serve, safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada. The federal regulator, the Canadian Radio-Television and Telecommunications Commission (CRTC), is charged with implementing the broadcasting policy. Under current CRTC policy, in cases where a Canadian service is licensed in a format competitive with that of an authorized non-Canadian service, the Commission can drop the non-Canadian service, if the new Canadian applicant requests it to do so. Licenses will not be granted or renewed to firms that do not have at least 80 percent Canadian control, represented both by shareholding and by representation on the Board of Directors. This requirement applies retroactively.

Cable Television and Other Broadcast Services: Under current policy, in cases where a Canadian service is licensed in a format competitive with that of an authorized non-Canadian service, the CRTC can drop the non-Canadian service, if the new Canadian applicant requests it to do so.

Newspapers and periodicals: All investments in newspapers and periodicals are reviewable, regardless of size. Authority for reviewing prospective foreign investments resides with the Minister for Canadian Heritage. In 1997, the United States successfully challenged Canada's protectionist magazine regime in the World Trade Organization. Under terms of an agreement signed on June 2, 1999, Canada committed to significantly lower its barriers to foreign magazines. Canada agreed to permit 51 percent foreign equity in a magazine enterprise, up from the previous 25 percent, within 90 days, and to permit foreign investors to own 100 percent of an enterprise after one year.

During the first eighteen months when this agreement is in effect, U.S. magazines exported to Canada are able to carry 12 percent of total ad space, with advertising aimed primarily at the Canadian market. Within three years, this percentage will grow to 18 percent. Canada also committed to provide non-discriminatory tax treatment under Section 19 of the Income Tax Act. Previously, Section 19 prohibited advertisers from receiving the standard business deduction if they advertised in foreign-owned publications. Under the agreement, Canada will eliminate the nationality requirement within one year. In addition, Canadian advertisers will now be able to place ads in any magazine regardless of the nationality of the publisher or place of production. Canadian advertisers, merchants, and service providers will be able to deduct one-half of their advertising costs (i.e. a tax deduction) if they place ads in foreign magazines with zero to 79 percent editorial content, or they will be able to deduct the full costs of their advertising if the magazine contains 80 percent or more original editorial content.

6. Investments in the Financial Sector

The banking industry in Canada is governed by the federal Bank Act. The Bank Act and other financial services laws are mandated for review every five years. Amendments to the Bank Act in 1992 and 1997 removed some irritants of doing business in Canada for U.S. and other foreign banks. Foreign banks can now opt out of Canada Deposit Insurance, and in February 1999, the federal government introduced legislation to allow foreign bank branching (Bill C-67), which addressed Canada's commitments in the WTO Financial Services Agreement to pass into law foreign bank branching by June 30, 1999. U.S. and foreign bankers found the deposit requirements and tax applications prohibitive, and the limitations on ownership restrictive. Consequently, the federal government agreed in May 1999 to amend C-67 to make foreign banking in Canada more viable, and the bill was passed by Parliament and received Royal Assent to come into force on June 17, 1999.

Bill C-67 is considered the first step in response to the stated intention of Finance Minister Paul Martin to "change the status quo" and "establish an appropriate policy framework for the financial sector for the twenty-first century." Martin made this statement when he turned down the proposed mergers of four Canadian chartered banks. Two types of foreign bank branches are permitted under the new legislation: full-service and lending. Full-service branches are authorized to take non-retail deposits of not less than C$150,000 (est. US$100,000), while lending branches are not allowed to take any deposits and can borrow only from other financial institutions. The purpose of lending branches is to provide new sources of funds to businesses and credit card users. Full-service branches and foreign bank subsidiaries are not allowed to own lending branches.

Canadian banks are federally chartered and regulated and may operate in all ten Canadian provinces and three territories, as well as overseas. At the end of 1998, there were about 8,100 branches throughout Canada, compared to 157 Schedule II bank branches. Of the 157 branches, 99 belonged to the Hongkong Bank. NAFTA-country Schedule II bank subsidiaries can set up inter-provincial branches in Canada the same as Schedule I banks. As of June 30, 1999, Non-NAFTA Schedule II banks no longer have to secure approval from the Minister of Finance to open more than one branch.

The financial services chapter of the NAFTA, which entered into force on January 1, 1994, establishes a comprehensive set of rules to govern trade and investment in financial services among the three signatory countries (U.S., Canada, and Mexico). U.S. banks now enjoy a right of establishment and a guarantee of national treatment in Canada. NAFTA also established a Financial Services Committee to supervise implementation of the chapter and deal with any banking issues that arise between the two countries. If differences of interpretation cannot be resolved by this committee, the NAFTA parties can take the issue to a dispute settlement mechanism.

7. Investments In Other Sectors

Commercial Aviation: Foreigners are limited to 25 percent ownership of Canadian air carriers.

Energy and Mining: Foreigners cannot be majority owners of uranium mines.

Telecommunications: Under provisions of Canada's new Telecommunications Act, foreign ownership of Type I carriers (owners/operators of transmission facilities) is limited to 20 percent. Ownership and control rules are more flexible for holding companies that wish to invest in Canadian carriers, because of the often international nature of their operations and sources of capital. Under these rules, two thirds of the holding company's equity must be owned and controlled by Canadians.

Fishing: Foreigners can only own 49 percent of companies that hold Canadian commercial fishing licenses.

Electric Energy Generation and Distribution: Electricity regulatory reform continues apace in Canada, motivated largely by the expectation that increased competition will lower costs of electricity supply, but also by the desire of provincially owned firms (especially in Quebec and Ontario) to gain greater access to the U.S. power market and increase exports. Since power markets fall into the competency of the Canadian provinces, they are at the forefront of the reform effort. The reforms will also help to integrate the U.S. and Canadian electricity markets more closely.

Health Services: Hospitals in Canada are integral parts of a public health system administered by the provinces. Private hospitals would not be eligible to receive payments from provincial health insurance funds, and therefore would not be financially viable in most cases.

Real Estate: Prince Edward Island and Saskatchewan limit real estate sales to out-of-province parties.

Privatization: Each specific privatization (at the federal provincial levels of government) is considered on a case-by-case basis and there is no overall limitations policy with regard to foreign ownership. As an example, the federal Minister of Transport has stated he does not intend to impose any limitations in the privatization of Canadian National (CN) railway.

8. Investment Incentives

Both federal and provincial governments in Canada offer a wide array of incentives (municipalities are legally prohibited from offering tax incentives). None of the federal incentives, however, is specifically aimed at promoting or discouraging foreign investment in Canada. Rather, the incentives are designed to accomplish broader policy goals, such as research and development, investment in machinery and equipment, and promotion of regional economies. They are available to any qualified investor, Canadian or foreign, who agrees to use the funds for the stated purpose.

Provincial incentives tend to be more investor-specific and are conditioned on applying the funds to an investment in the granting province. Provincial incentives may also be restricted to firms established in the province or who agree to establish in the province.

Incentives for investment in cultural industries, at both the federal and provincial level, are generally only available to Canadian-controlled firms.

Incentives may take the form of grants, loans, loan guarantees, venture capital, or tax credits. Incentive programs in Canada generally are not oriented toward the promotion of exports.

B. Right to Private Ownership and Establishment

Except as noted, Canadians and foreigners have the right to establish, own, and dispose of business enterprises and engage in all forms of remunerative activity. In those sectors where private enterprise coexists with public enterprise (for example, petroleum), the firms compete on a generally equal basis. The major exception is that public enterprises do not have to rely solely on self-generated funds or funds raised in the capital markets; they also have access to transfers from government budgets.

C. Protection of Property Rights

Private property rights are fully protected by Canada's legal system. Foreigners have full and fair access to Canada's legal system. Property rights are limited only by the rights of governments to establish monopolies and to expropriate for a public purpose.

D. Foreign Trade Zones/Free Ports

Detailed information regarding foreign trade zones/free ports can be found in Chapter VI, Section J.

E. Performance Requirements/Incentives

Canada does not explicitly negotiate performance requirements with foreign investors. For investments subject to review, however, the investor's intentions regarding employment, resource processing, domestic content, exports, and technology development or transfer can be examined by the Canadian Government. A special duty remission scheme exists for the automotive sector that makes certain benefits contingent on trade performance. The FTA prohibits the United States or Canada from imposing export or domestic content performance requirements.

Government officials at both the federal and provincial levels expect investors who receive investment incentives to use them for the agreed purpose, but no mechanism exists for enforcing any statement made by the investor during the review process.

F. Regulatory System: Laws and Procedures

Canada's regulatory system is similar to that of the United States in terms of its transparency, comprehensiveness and in the array of institutions involved. Proposed laws are subject to parliamentary debate and public hearings. Regulations are issued in draft form for public comment prior to implementation. The allocation of financial and real resources is generally accomplished by market forces rather than regulation. While federal and/or provincial licenses or permits may be needed to engage in economic activities, this kind of regulation is generally for prudential, statistical or tax compliance reasons rather than for resource allocation. Governments enter into the allocation of resources only in those sectors where resources are located in the public domain, such as logging on public land or commercial fishing.

Canada has an anti-trust law and an agency, the Bureau of Competition Policy, to enforce it. The Competition Tribunal, a quasi-judicial body, rules on anti-trust cases.

G. Labor

Labor, at all skill levels, is generally available in Canada. There are occasional reports of spot shortages of certain categories of labor, such as in computer software skills. Canadian wage and benefit levels for most non-executive job categories are somewhat lower than levels paid in the United States in U.S. dollar terms. Currently, the highest hourly minimum wage in Canada is in Yukon Territory (C$7.20; US$5.04). The highest provincial hourly minimum wages range from C$7.15 (US$5.00) in British Columbia to a low of C$5.00 (US$3.50) in Alberta. While it had earlier been the practice among most federal jurisdiction employers (banking, shipping, air transport, broadcasting, railways, grain elevators, and pipelines) to use provincial/territorial minimum wage rates, in 1996 the federal government passed legislation formally to align the federal rate with the provincial/territorial rates.

The proportion of paid nonagricultural workers who are union members is currently more than twice as large as in the U.S. -- 34 percent vs. 14 percent -- due in large part to higher unionization levels in the Canadian public sector.

Labor is strongly critical of some Canadian government policies and has focused most strongly on the FTA and the NAFTA, alleging that these agreements jeopardize Canadian jobs and threaten the country's social programs. The labor movement in Canada is closely associated with the New Democratic Party (NDP). The NDP currently controls provincial governments in British Columbia and Saskatchewan.

H. Conversion and Transfer Policies

The Canadian dollar is fully convertible. Canada has no restrictions on the movement of funds into or out of the country. Banks, corporations and individuals are able to deal in foreign funds or arrange payments in any currency they choose. An investor may liquidate his Canadian investment at any time and transfer the proceeds from Canada in whatever currency desired. During the life of the investment, profits, dividends and royalties may be remitted at will.

I. Expropriation and Compensation

Canadian federal and provincial laws recognize both the right of a government to expropriate private property for a public purpose, and the obligation to pay compensation. The federal government has not nationalized any foreign firm since the nationalization of Axis property during World War II. Both the federal and provincial governments have also assumed control of private firms -- usually financially-distressed ones -- after reaching agreement with the former owners.

J. Dispute Settlement

Canada is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. The Canadian government has made a decision in principle to become a member of the International Center for the Settlement of Investment Disputes (ICSID). However, since the legal enforcement mechanism for ICSID would be the provincial court system, the federal government must also get agreement from all the provinces that they will respect ICSID decisions. It is unlikely that this will happen in the foreseeable future.

Canada accepts binding arbitration of investment disputes to which it is a party only when it has specifically agreed to do so through a bilateral or multilateral agreement such as a Foreign Investment Protection Agreement. The resolution of investment disputes between the United States and Canada is guided by the provisions of the NAFTA Chapter 11.

The NAFTA encourages parties to settle disputes through consultation or negotiation, but the NAFTA also establishes special arbitration procedures for investment disputes separate from the NAFTA's general dispute settlement provisions (Chapter 20). Under the NAFTA, a narrow range of disputes between an investor from a NAFTA country and a NAFTA government (those dealing with government monopolies and expropriation) may be settled, at the investor's option, by binding international arbitration. An investor who seeks binding arbitration in a dispute with a NAFTA party gives up his right to seek redress through the court system of the NAFTA party.

K. Political Violence

Political violence is almost non-existent in Canada. There has been no violence directed at foreign investment in recent memory. There have been some violent incidents related to environmental disputes, but these were directed against Canadian-owned natural resource companies or against the Canadian government.

L. Bilateral Investment Agreements

While the terms of the FTA and the NAFTA guide investment relations between the United States and Canada, Canada has two kinds of international investment agreements with non-NAFTA parties, Foreign Investment Protection Agreements (FIPAs) and Foreign Investment Insurance Agreements (FIIAs). A FIPA is a comprehensive bilateral investment promotion and protection agreement containing, inter alia, the broad principles that should guide investment between the two partners. Canada negotiated five FIPAs under a 1988 model, with Poland, Czechoslovakia, Hungary, USSR, and Argentina. While these agreements continue in force (for Russia only in the case of the former Soviet Union), the model was revised in 1994 to bring it into conformity with the NAFTA. Canada has signed 24 FIPAs to date. FIIA is essentially an agreement that allows the Export Development Corporation (EDC) to pursue any claims arising from a Canadian investment insured by the EDC. Canada has signed 43 FIIAs to date. Canada also has tax agreements with 65 countries currently in force, including the United States; 11 waiting to go into force, and 30 currently under negotiation.

M. OPIC and Other Investment Insurance Programs

Overseas Private Investment Corporation (OPIC) programs are not available for U.S. investors in Canada. Canada is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA). The Export-Import Bank is not off-cover for Canada.

N. Capital Outflow Policy

As discussed in the "Transfer Policy" section, the Canadian dollar is fully convertible. The Canadian Government provides some incentives for Canadian investment in developing countries through Canadian International Development Agency programs. Canada's official export credit agency, the EDC provides OPIC-like insurance coverage for Canadian foreign investment.

O. Major Foreign Investors

(Private Companies)
(Ranked by December 1997 Revenues in Billions of Canadian Dollars)

RANK	NAME	NATIONALITY	REVENUE
1	General Motors of Canada	U.S.	34.2
2	Ford Motor Co. of Canada	U.S.	27.9
3	Chrysler Canada	U.S.	16.7
4.	Sun Life Assurance of Canada	Policyholders	12.2
5.	Manulife Financial	Policyholders	10.4
6.	McCain Capital Corp.	Canadian	7.8
7.	IBM Canada	U.S.	7.4
8.	Canada Life Assurance	Policyholders	7.3
9.	London Life Insurance	Canadian	5.8
10.	Amoco Canada Petroleum Co.	U.S.	4.5
11.	McCain Foods	Canadian	4.2
12.	Jim Pattison Group	Canadian	4.0
13.	Mutual Life Assurance	Policyholders	3.9
14.	Zellers Inc.	Canadian	3.8
15.	Honda Canada	Japanese	3.8
16.	Canadian Pacific Railway	Canadian	3.7
17.	Mitsui & Company	Japanese	3.6
18.	Mobil Oil Canada	U.S.	3.4

19.	Sobeys Inc.	Canadian	3.0
20.	Cargill Ltd.	U.S.	2.8

Source: www.robmagazine.com, May 1999

CHAPTER VIII. TRADE AND PROJECT FINANCING

A. Canadian Banking System

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

The financial services chapter of the NAFTA, which entered into force on January 1, 1994, establishes a comprehensive set of rules to govern trade and investment in financial services among the three signatory countries (U.S., Canada and Mexico). U.S. banks now enjoy a right of establishment and a guarantee of national treatment in Canada. NAFTA also established a Financial Services Committee to supervise implementation of the chapter and deal with any banking issues that arise between the two countries. If differences of interpretation cannot be resolved by this committee, the NAFTA parties can take the issue to a dispute settlement mechanism.

B. Foreign Exchange Controls Affecting Trading

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

The Canadian dollar is fully convertible. Canada has no restrictions on the movement of funds into or out of the country. Banks, corporations and individuals are able to deal in foreign funds or arrange payments in any currency they choose.

C. General Financing Availability

The financial markets in Canada are stable, mature, and accessible to everyone. There are two primary methods of financing a business: equity financing and debt financing. Most businesses obtain their financing using these two sources of funds. However, there are a number of other sources of financing, such as leasing, fixed asset financing, accounts receivable financing, and inventory financing. There are also extensive government financial assistance programs available to business at the federal and provincial levels.

In addition, consumer credit is used extensively, and several systems facilitate consumer borrowing in Canada. Revolving charge plans are issued on approximately the same terms as in the United States. Also, Canadian banks have become sensitive to the growing financial needs of franchised operations. Various loan and repayment plans for franchise operations are now offered by Canadian chartered banks. Depending on the need of the franchise or business in question, bank services can also include payroll and cash management services.

D. How to Finance Exports/Methods of Payment

1. Export Financing

(a) Sources of Financing

There are no U.S. Government programs available for financing U.S. exports to Canada. Neither the Export-Import Bank of the United States (EXIMBANK) nor the Overseas Private Investment Corporation (OPIC) maintains programs for the Canadian market. However, the political, economic and commercial systems in Canada are so stable and similar to those in the United States that the lack of government financing should pose virtually no problem to the overwhelming majority of U.S. firms seeking to export to Canada. Private financing should be easily available from a U.S. firm's own bank in the United States, or from a Canadian bank with branch operations in the United States or associations with U.S. banks, under terms similar to those a firm would generally find in the U.S. financial market.

Historically, venture capital has not been readily available in Canada, particularly for non-Canadian firms. In the technology sector, however, there recently has been a dramatic increase in the availability of venture capital available to start-up companies. Nonetheless, U.S. firms seeking sources of funding are more likely to find success with those efforts in the United States. In general, U.S. exporters may find the financing of exports to Canada in many ways similar to financing of shipments to another state in the United States.

(b) Credit Information

Credit information on Canadian firms is readily available from a number of private sector credit reference companies. To obtain information on these companies, contact any of the Commercial Service offices in Canada (see Appendix E for contact information).

(c) Consumer Financing

Consumer credit is used extensively, and several systems facilitate consumer borrowing in Canada. Revolving charge plans are issued on approximately the same terms as in the United States, and all major U.S. credit card companies are active in Canada. Canadian banks have become sensitive to the growing financial needs of franchised operations, with various loan and repayment plans for franchise operations now offered.

2. Methods of Payment

Although terms vary from one industry to another and among trading channels, U.S. manufacturers exporting to Canada generally give a discount for cash purchases of one or two percent of the invoice if paid within ten days. U.S. firms exporting to department stores tend to offer 8.5 percent to ten percent cash discounts for settlement within ten days. Normal precautions in dealing with a first-time customer should be exercised, and safeguards instituted wherever possible, at least until a satisfactory relationship has been established. The many bank branch offices in Canada and the United States should help maintain maximum flexibility for methods of payment, and facilitate the settlement of accounts.

The disposition of charges on export collections or letters of credit through normal banking channels should be resolved between the exporter and the buyer at the time of sale. Canadian buyers will often accept these charges, but an unexpected bill may cause irritation and, if there has been no prior consent to the charge, the foreign buyer has the right to refuse to pay. When this happens, banks are entitled to deduct the collection charges from the remittance under the terms of the "Uniform Rules for the Collection of Commercial Paper" developed by the International Chamber of Commerce.

E. Types of Available Export Financing and Insurance

U.S. firms exporting to Canada will not find any strong need for government-operated or backed financing and insurance against exigencies that may typically be found in many third-country markets. EXIMBANK is not active in financing U.S. exports to Canada, nor are OPIC programs available in Canada. With proper application of sound business principles, however, U.S. firms should be able to avoid most of the problems that require extensive export financing insurance, and rely on commercial banks as they do in the U.S. domestic market.

U.S. firms established in Canada are eligible to participate in the export credit and insurance programs of Canada's official export credit agency, the Export Development Corporation (see Appendix E for contact information).

F. Project Financing Available

Canada is not eligible to receive financing from multilateral development banks such as the World Bank or the Inter-American Bank for Reconstruction and Development. Commercial Banks in Canada and large U.S. banks with a Canadian presence have project financing teams that put together financing packages for large-scale, commercially viable capital projects for which the credit is repayable from the proceeds of the project, once it goes on stream and generates revenues.

G. List of Canadian Banks with Correspondent U.S. Banking Arrangements

This section was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

All of Canada's largest banks have branches in the United States. Ten U.S. banks have subsidiaries in Canada, with nine currently engaged in active banking business. With this kind of physical presence, correspondent banking relationships are less important. A list of Schedule I banks in Canada can be found in Appendix E.

CHAPTER IX. BUSINESS TRAVEL

A. Business Customs

Business customs in Canada closely mirror those of the United States. This is not to say, however, that doing business in Canada is exactly the same as doing business in the United States. U.S. business travelers to Canada should be sensitive to cultural and language differences and allow adequate time for the development of personal contacts in business dealings.

B. Travel Advisory and Visas

Citizens or legal, permanent residents of the United States do not require passports or visas and can usually cross the border between the United States and Canada with minimal difficulty or delay. However, to assist officers in expediting border crossings, and particularly re-entry into the United States, native-born U.S. citizens should carry identification papers showing their citizenship. Examples of such documents include passports as well as birth, baptismal, or voter's certificates. A driver's license is not considered an acceptable document for this purpose. Proof of residency may also be required. Naturalized U.S. citizens should carry a naturalization certificate or some other evidence of citizenship. Legal permanent residents of the United States who are not U.S. citizens are advised to carry their Alien Registration Receipt Card.

International agreements, like the FTA/NAFTA, facilitate the movement of U.S. and Canadian business travelers across each country's borders through streamlined procedures. These procedures assure that qualified persons will be permitted entry into Canada on a temporary basis. Business persons applying under any of the four categories (Professional, Trader/Investor, Business Visitor, and Intra-Company Transferee) must be U.S. citizens. At the time of entry, a verbal declaration of citizenship may be sufficient. In those cases where business travelers are required to show proof of citizenship, a passport, citizenship certificate, or a birth certificate is acceptable. Business persons and dependents must also satisfy any other necessary admission requirements of the Canadian Immigration Act.

U.S. citizens and other visitors to Canada may bring certain personal goods into Canada duty and tax-free provided that all such items are declared to Canada Customs upon arrival and are not subject to restriction. The temporary entry of business material (printed material, commercial samples, blueprints, charts, audio-visual material, and play-back or projection equipment) may either be subject to the full rate of duty and tax, a portion thereof, or free of duty and tax. The amount of duty and tax payable depends on the length of the visit, the items entered, and the end use. If the goods are eligible for free entry, a refundable security deposit -- in the form of cash or bond -- may be required by Canada Customs.

C. Holidays

Following is a list of Canadian holidays through December 2000:

Monday, October 11, 1999	Thanksgiving Day
Thursday, November 11, 1998	Remembrance Day
Saturday, December 25, 1999	Christmas Day* (observed Monday, December 27)
Sunday, December 26, 1999	Boxing Day** (observed Tuesday, December 28)
Saturday, January 1, 2000	New Year's Day
Friday, April 21, 2000	Good Friday
Monday, April 24, 2000	Easter Monday
Monday, May 22, 2000	Victoria Day
Saturday, June 24, 2000	St. Jean Baptiste Day (Quebec only)
Saturday, July 1, 2000	Canada Day
Monday, August 7, 2000	Civic Holiday (most provinces)
Monday, September 4, 2000	Labour Day
Monday, October 9, 2000	Thanksgiving Day
Saturday, November 11, 2000	Remembrance Day
Monday, December 25, 2000	Christmas Day
Tuesday, December 26, 2000	Boxing Day

* In Canada, when a holiday falls on a Saturday or Sunday, it is observed the following Monday

** Boxing Day observed on the Tuesday after the observance of Christmas Day on Monday

D. Business Infrastructure

The Canadian economy is highly developed, giving Canadians one of the highest standards of living in the world. Primary industries built on Canada's abundant natural resources remain an important part of the economy and are a major source of exports. Manufacturing industries, predominantly located in the provinces of Ontario and Quebec, are concentrated in transportation and communications equipment, as well as in consumer goods, engineering and steel industries. The Canadian economy is closely linked by trade and investment with other countries, especially the United States.

1. Transportation

Except in remote areas of the north, Canada possesses an advanced transportation system comparable to that of the United States. An extensive air network links all major, and many minor, traffic points with adequate connections to the United States and the rest of the world. Travel between the United States and Canada has been enhanced with the implementation of the Open Skies Agreement between the two countries. Domestic air fares per mile in Canada are generally higher than U.S. fares, and distances between population centers are considerably greater.

Likewise, a good highway system (with somewhat less emphasis on interstate roads) exists within 200 miles of the U.S. border and supports extensive truck, bus and automobile traffic. Canada also has an extensive railway system connecting the country from sea to sea. The Canadian National Railway deals exclusively with cargo, whereas VIA Rail offers passenger service. Furthermore, all large cities have a public transit system, generally buses. The operation of public transport is frequently subsidized by provincial and local governments, making most fares reasonable.

In spite of extensive public transport arrangements, Canada is as much an automobile society as is the United States. Gasoline is sold in liters in Canada, and Canadian safety standards for cars are similar to those in the United States. Left-hand-drive vehicles are standard; traffic moves on the right side of the road. International highway symbols are used in Canada, and distances are in the metric (or metric and miles) system. Seat belts and infant/child seat restraints are mandatory in all Canadian provinces. Fines are imposed for non-use of seat belts and child restraints.

2. Language

Canada is a bilingual country with two national official languages, English and French. English is the language spoken in the geographical majority of the country. It is also the generally accepted language of business. French is spoken primarily in Quebec and is the official language of that province. The province of New Brunswick is bilingual, with the largest French-speaking population outside of Quebec.

3. Communications

Communications are highly sophisticated in Canada and comparable with those of the United States. Canada is integrated with the U.S. direct-dial long-distance telephone system (simply dial one, the area code and the number). All forms of communication and transmission are possible (including voice, text, data, and video), and worldwide telecommunications services are available.

4. Housing

Canadians, in general, enjoy a high standard of living, with housing conditions similar to those found in the United States readily available. Generally, relative costs of housing in Canada are, at minimum, approximately 40 percent higher than those in the United States, and in some urban centers housing costs are double.

5. Health and Food

Canada has no special health risks. Standards of community health and sanitation are comparable to those in the United States. Competent doctors, dentists, and specialists of all types are available, and medical training is equivalent to that in the United States.

Most food and other consumables available in the United States can be found in Canada, and no food shortages or problems exist. Canadian prices for food and general consumer goods are often higher than those in the United States, but this may be offset by a favorable U.S.-Canadian dollar exchange rate.

CHAPTER X. APPENDICES

APPENDIX A. COUNTRY DATA

Population: 30,482,900 (Official estimate as of April 1, 1999)

Population Growth Rate: .8% (estimate)

Primary Religions: Catholic 46%; Protestant 36% (estimate)

Government System: Confederation with Parliamentary Democracy

Prime Minister: Mr. Jean Chretien (Liberal Party)

Official Languages: English and French

Work Week: Monday to Friday, 9:00 a.m. to 5:00 p.m.

Source: Statistics Canada

APPENDIX B. DOMESTIC ECONOMY

This appendix was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

(In billions of Canadian dollars unless otherwise indicated, because foreign exchange conversion causes distortions in actual trends and growth rates.)

ECONOMIC INDICATOR	1997	1998	1999

Real GDP (Based on 1992 C$)	813.0	838.3	862.6
GDP Growth Rate (%)	4.0	3.1	2.9
Real GDP Per Capita (C$ 000s)	26,750	27,600	27,950
Federal Govt. Spending (as a percent of GDP)	12.3	12.4	12.0
Inflation (%)	1.6	0.9	1.1
Unemployment (%)	9.2	8.3	7.6
Foreign Exchange Reserves (Reported in Billions of US$)	18.0	23.4	25.2/1
Average Exchange Rate (C$1 = UScents)	72.23	67.43	70.00
Net Public Debt to GDP Ratio (%)	70.4	66.9	65.3
U.S. Economic/Military Assis	N/A	N/A	N/A

Footnote 1/: As at May 31, 1999.

Sources: Statistics Canada; FY1999-2000 Federal Budget; Conference Board of Canada

APPENDIX C. TRADE

This appendix was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

CANADIAN TRADE STATISTICS
(Balance of Payments Basis)

(In billions of Canadian dollars unless otherwise indicated, because foreign exchange conversion distorts actual trends and growth rates.)

	1997	1998	1999
Exchange Rate	72.23	67.43	70.00

(C$1 = UScents)

Total Canadian Exports (Goods and Services)	342.7	367.1	376.0
Total Canadian Imports (Goods and Services)	327.2	356.3	362.0
Canadian Exports to the U.S. (Goods and Services)	267.8	297.2	308.3
U.S. Imports into Canada (Goods and Services)	241.5	266.4	271.5
U.S. Share of Canadian Exports Of Goods and Services (%)	78.1	81.8	82.8
U.S. Share of Canadian Imports of Goods and Services (%)	73.8	74.8	75.0
Total Trade with the World (Goods, services, transfers and investment income)	767.3	823.4	840.7
Total Trade with the U.S. (Goods, services, transfers and investment income)	564.2	619.2	632.2

Canadian Merchandise Trade Balance With Three Leading Trade Partners in 1998 (Balance of Payments Basis):

United States:	+ C$30.9 Billion
Japan:	+ C$ 0.4 Billion
United Kingdom:	+ C$ 0.2 Billion

Principal Canadian Exports to the United States in 1998 (Billions of Canadian Dollars)

Automotive Products	75.3
Machinery and Equipment	56.4
Industrial Goods	42.0
Forestry Products	28.5
Energy Products	23.2
Agricultural and Fishing	14.2

Principal Canadian Imports from U.S. in 1998
(Billions of Canadian Dollars)

Machinery and Equipment	65.9
Automotive Products	55.8
Industrial Goods	43.6
Consumer Goods	18.9
Agricultural/Fishing Products	10.1
Energy & Forestry Products	3.6

Source: Statistics Canada

APPENDIX D. FOREIGN DIRECT INVESTMENT STATISTICS

This appendix was prepared by the Economic Section of the United States Embassy in Ottawa using Department of State resources.

TABLE 1: Stock of FDI in Canada by Country of Ownership
1988-1998
(in billions of Canadian dollars)

YEAR	UNITED STATES	UNITED KINGDOM	OTHER	TOTAL
1988	76.0	15.7	22.4	114.2
1989	80.4	15.6	26.7	122.7
1990	84.1	17.2	29.7	130.9
1991	86.4	16.2	32.6	135.2
1992	88.2	16.8	33.0	137.9
1993	90.6	15.9	35.0	141.5
1994	102.6	14.7	37.3	154.6
1995	113.2	14.1	41.1	168.4
1996	120.4	14.2	44.9	179.5
1997	131.9	15.1	49.7	196.7

1998	147.3	17.7	52.0	217.1

Source: Statistics Canada

TABLE 2: Stock of FDI in Canada by Industry Group
1993-1998
(in billions of Canadian dollars)

SECTOR	1993	1994	1995	1996	1997	1998
Finance/ Insurance	25.9	26.9	27.0	28.5	29.8	32.9
Energy	31.7	30.1	30.9	29.8	28.7	30.1
Machinery & Transportation Equipment	18.2	18.5	20.6	24.5	26.4	27.7
Services and Retailing	10.4	10.8	10.9	14.4	16.6	17.9
Wood and Paper	7.9	8.9	9.1	9.6	10.5	10.4
Other Industries 1/	41.1	42.8	42.9	46.9	56.0	61.3
Total	135	138	141	154	168	180

Footnote 1/: Other Industries includes general services to business, government services, education, health and social services, accommodation, restaurants and recreation services, food retailing.

Source: Statistics Canada

TABLE 3: The United States's International Investment Position in Canada
1993-1998
(in billions of Canadian dollars)

COMPONENT	1993	1994	1995	1996	1997	1998
Total U.S. Investment In Canada	305.6	353.7	381.3	436.8	490.2	535.2
Of Which:						
Direct Investment	90.6	102.6	113.2	120.4	131.9	147.3
Portfolio Investment In:						
Canadian Bonds	115.9	132.4	147.5	166.3	181.1	196.7
Canadian Stocks	21.8	28.6	34.1	42.3	45.1	48.7
Canadian Money Market	21.5	19.4	18.2	20.7	23.2	23.5
Other Investments In Canada:						
Loans	16.6	16.2	17.5	20.9	19.0	18.8
Deposits	33.3	47.4	43.7	59.8	82.5	92.3

Source: Statistics Canada

TABLE 4: Canada's International Investment Position
in the United States
1993-1998
(in billions of Canadian dollars)

COMPONENT	1993	1994	1995	1996	1997	1998
Total Canadian Investment in the United States:	170.2	199.4	224.4	263.5	277.1	317.1
Of Which:						

Direct Investment 1/	67.7	78.0	87.6	95.0	102.8	126.0
Portfolio Investment In:						
U.S. Bonds	12.3	11.9	11.2	12.5	17.5	23.1
U.S. Stocks	40.7	44.7	44.6	51.2	45.7	59.8
Other Investments in the U.S.:						
Loans	4.0	4.0	14.2	17.4	27.9	23.8
Deposits	18.7	30.1	34.7	44.1	37.8	42.6

Footnote 1/: Includes investments from Canadian Holding Companies in the Netherlands.

Source: Statistics Canada

TABLE 5: Stock of Canadian Direct Investment Abroad by Location
1988-1998
(in billions of Canadian dollars)

YEAR	UNITED STATES	UNITED KINGDOM	OTHER EUROPE	OTHER OECD 1/	TOTAL ALL COUNTRIES
1988	51.0	8.8	5.3	3.6	79.8
1989	56.6	11.1	6.2	4.2	89.9
1990	60.0	13.5	7.1	4.9	98.4
1991	63.4	15.3	8.5	5.7	109.1
1992	64.5	12.3	9.1	6.5	111.7
1993	67.7	12.9	11.5	7.2	122.4
1994	78.0	15.0	15.6	10.1	146.3
1995	87.6	16.5	18.1	9.9	164.2
1996	95.0	17.8	19.3	11.0	181.4

1997	102.8	21.8	22.3	12.2	205.7
1998	126.0	22.7	23.6	12.9	239.8

Footnote 1/: Includes Japan

Source: Statistics Canada

TABLE 6: Stock of Canadian Direct Investment Abroad
by Industry Group
1993-1998
(in billions of Canadian dollars)

Sector	1991	1992	1993	1994	1995	1996
Finance/ Insurance	37.4	44.7	48.4	57.3	65.9	79.8
Energy	27.0	32.2	37.1	43.6	51.0	54.1
Machinery & Transportation Equipment	4.0	4.7	4.9	5.4	7.0	8.2
Services and Retailing	10.4	12.1	22.0	23.0	22.9	26.4
Wood And Paper	3.7	4.4	5.3	4.8	6.2	6.5
Other Industries 1/	39.9	48.3	46.6	47.4	52.8	64.7
Total	122.4	146.3	164.2	181.4	205.7	239.8

Footnote 1/: Other Industries includes general services to business, government services, education, health and social services, accommodation, restaurants and recreation services, food retailing.

Source: Statistics Canada

APPENDIX E. U.S. AND CANADIAN CONTACTS

1. U.S. Embassy/Consulate Trade-Related Contacts Located in Canada

Commercial Service Canada's Home Page address on the Internet is:
http://www.ita.doc.gov/cscanada

U.S. Embassy -- Ottawa
Commercial Service (MS 35)
United States Embassy
PO Box 866, Station "B"
Ottawa, Ontario
K1P 5T1
Tel: (613) 238-4470, ext. 219
Fax: (613) 238-5999
Contact: Dolores Harrod, Minister-Counselor for Commercial Affairs
E-mail: Ottawa.office.box@mail.doc.gov

U.S. Consulate General -- Calgary
Commercial Service
615 Macleod Trail SE, Suite 1000
Calgary, Alberta
T2G 4T8
Tel: (403) 265-2116
Fax: (403) 266-4743
Contact: Dean Peterson, Principal Commercial Officer
Sharon Atkins, Commercial Specialist (FSN)
E-mail: Calgary.office.box@mail.doc.gov

U.S. Consulate General -- Halifax
Commercial Service
2000 Barrington Street, Suite 910
Halifax, Nova Scotia
B3J 3K1
Tel: (902) 429-2482
Fax: (902) 429-7690
Contact: Richard Vinson, Commercial Specialist (FSN)
E-mail: Halifax.office.box@mail.doc.gov

U.S. Consulate General -- Montreal
Commercial Service
455 Rene Levesque Boulevard West, 19th Floor
Montreal, Quebec
H2Z 1Z2
Tel: (514) 398-0673

Fax: (514) 398-0711
Contact: Donald Businger, Principal Commercial Officer
E-mail: Montreal.office.box@mail.doc.gov

U.S. Consulate General -- Quebec City
2 Place Terrasse Dufferin, C.P. 939
Quebec City, Quebec
G1R 4T9
Tel: (418) 692-2087
Fax: (418) 692-4640
Contact: Martin Landry, Commercial Assistant
E-mail: Quebec.office.box@mail.doc.gov

U.S. Consulate General -- Toronto
480 University Avenue, Suite 602
Toronto, Ontario
M5G 1V2
Tel: (416) 595-5406, ext. 221
Fax: (416) 595-5419
Contact: Stephan Wasylko, Principal Commercial Officer
E-mail: Toronto.office.box@mail.doc.gov

U.S. Consulate General -- Vancouver
Commercial Service
1095 W. Pender Street, 21st Floor
Vancouver, British Columbia
V6E 2M6
Tel: (604) 685-3382
Fax: (604) 687-6095
Contact: John Avard, Principal Commercial Officer
E-mail: Vancouver.office.box@mail.doc.gov

2. U.S.-Canadian Bilateral Business Councils and Chambers of Commerce in the United States

Canada-U.S. Relations Committee of the
U.S.-Canadian Chambers of Commerce
1615 H Street N.W.
Washington, D.C. 20062
Tel: (202) 463-5460
Fax: (202) 463-5947
E-mail: sakelly@uschamber.com
Internet website: www.uschamber.com

Canadian-American Business Council
1629 K Street N.W., Suite 1100

Washington, D.C. 20006
Tel: (202) 785-6717
Fax: (202) 331-4212
E-mail: canambusco@aol.com
Internet website: www.canambusco.org

North American Committee
National Policy Association
(former National Planning Association)
1424 16th Street N.W., Suite 700
Washington, D.C. 20036
Tel: (202) 265-7685
Fax: (202) 797-5516
Internet website: www.NPA1.org

Pacific Corridor Enterprise Council (PACE)
720 Olive Way, Suite 1300
Seattle, Washington 98101
Tel: (206) 626-5474
Fax: (206) 223-8984
E-mail address: cfraser@rcia.com

Pacific Northwest Economic Region
999 – 3rd Avenue, Suite 1080
Seattle, Washington 98104
Tel: (206) 389-3226
Fax: (206) 464-6859
Internet website: www.pnwer.org

Red River Trade Council
PO Box 685
Crookston, Minnesota 56716-0685
Tel: (218) 281-8452
Fax: (218) 281-8457
Internet website: www.rrtrade.org

Rocky Mountain Trade Corridor
P.O. Box 143
Helena, Montana 59624
Tel: (406) 442-4413
Fax: (406) 449-9599
Internet website: www.info@rmtc.org

3. Canadian Trade and Industry Associations

Aerospace Industries Association of Canada

60 Queen Street, Suite 1200
Ottawa, Ontario
K1P 5Y7
Tel: (613) 232-4297
Fax: (613) 232-1142
Internet website: www.aiac.ca

Alliance of Manufacturers and Exporters Canada
5995 Avebury Road, Suite 900
Mississauga, Ontario
L5R 3P9
Tel: (905) 568-8300
Fax: (905) 568-8330
Internet website: www.the-alliance.com

Automotive Industries Association of Canada
1272 Wellington Street
Ottawa, Ontario
K1Y 3A7
Tel: (613) 728-5821
Fax: (613) 728-6021
Internet website: www.aftmkt.com

Business Council on National Issues
90 Sparks Street, Suite 806
Ottawa, Ontario
K1P 5B4
Tel: (613) 238-3727
Fax: (613) 236-8679
E-mail: global@bcni.com
Internet website: www.bcni.com

CATA Alliance (Canadian Advanced Technology Association)
388 Albert Street
Ottawa, Ontario
K1R 5B2
Tel: (613) 236-6550
Fax: (613) 236-8189
Internet website: www.cata.ca

Canadian Bankers Association
Commerce Court W., 30th Floor
P.O. Box 348
Toronto, Ontario
M5L 1G2
Tel: (416) 362-6092
Fax: (416) 362-7705
Internet website: www.cba.ca

Canadian Chamber of Commerce
350 Sparks Street, Suite 501
Ottawa, Ontario
K1R 7S8
Tel: (613) 238-4000
Fax: (613) 238-7643
Internet website: www.chamber.ca

Canadian Council for International Business
350 Sparks Street, Suite 501
Ottawa, Ontario
K1R 7S8
Tel: (613) 230-5462
Fax: (613) 230-7087
E-mail: bcni@flexnet.com

Canadian Importers Association, Inc.
438 University Avenue, Suite 1618
PO Box 60
Toronto, Ontario
M5G 2K8
Tel: (416) 595-5333
Fax: (416) 595-8226
Internet website: www.importers.ca

Conference Board of Canada
255 Smyth Road
Ottawa, Ontario
K1H 8M7
Tel: (613) 526-3280
Fax: (613) 526-4857
Internet website: www.conferenceboard.ca

Information Technology Association of Canada (ITAC)
2800 Skymark Avenue, Suite 402
Mississauga, Ontario
L4W 5A6
Tel: (905) 602-8345
Fax: (905) 602-8346
Internet website: www.itac.ca

Ottawa Board of Trade
130 Albert Street, Suite 910
Ottawa, Ontario
K1P 5G4
Tel: (613) 236-3631
Fax: (613) 236-7498

Internet website: www.board-of-trade.org

Ottawa Economic Development Corporation (OED)
Box 50, 350 Albert Street, Suite 1720
Ottawa, Ontario
K1R 1A4
Tel: (613) 236-3500
Fax: (613) 236- 9469
Internet website: www.ottawaregion.com

Packaging Association of Canada
2255 Sheppard Avenue East, Suite E-330
Toronto, Ontario
M2J 4Y1
Tel: (416) 490-7860
Fax: (416) 490-7844
Internet website: www.pac.ca

4. Federal Canadian Government Contacts in Canada

Department of Agriculture and Agri-food Canada
Sir John Carling Building
930 Carling Avenue
Ottawa, Ontario
K1A 0C5
Tel: (613) 759-1000
Fax: (613) 759-6726
Internet website: www.agr.ca

Environment Canada
Terrasses de la Chaudiere
28th Floor, 10 Wellington Street
Hull, PQ
K1A 0H3
Tel: (819) 997-2800
Fax: (819) 953-2225
Internet website: www.ec.gc.ca

EDC - Export Development Corporation
Place Export Canada
151 O'Connor Street
Ottawa, Ontario
K1A 1K3
Tel: (613) 598-2500
Fax: (613) 237-2690
Internet website: www.edc.ca

Department of Fisheries and Oceans
200 Kent Street
Ottawa, Ontario
K1A 0E6
Tel: (613) 993-0999
Fax: (613) 990-7292
Internet website: www.dfo-mpo.gc.ca

Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 944-4000
Fax: (613) 944-6500
Internet website: www.dfait-maeci.gc.ca

Health Canada
Brooke Claxton Building
Tunney’s Pasture
Ottawa, Ontario
K1A 0K9
Tel: (613) 957-2991
Fax: (613) 952-5366
Internet website: www.hc-sc.gc.ca

Industry Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 954-2788
Fax: (613) 954-1894
Internet website: info.ic.gc.ca/pub/ic-data

Industry Canada (for federal labeling requirements)
Consumer Packaging and Labeling Section
Merchandise Standards Division
Consumer Products Branch
Place du Portage, 16th Floor
50 Victoria Street
Hull, Quebec
K1A 0C9
Tel: (819) 953-3650
Fax: (819) 953-2931

Office de la Langue Francaise

(Office of the French Language – for Quebec labeling requirements)
Public Relations Services
125 Sherbrooke Street East
Montreal, Quebec
H2X 1X4
Tel: (514) 873-6565
Fax: (514) 873-3488
Internet Website: www.olf.gouv.qc.ca

Public Works and Government Services Canada
Place du Portage, Phase III
11 Laurier Street
Hull, Quebec
K1A 0S5
Tel: (819) 997-6363
Fax: (819) 953-1908
Internet website: www.pwgsc.gc.ca

Revenue – Customs, Excise and Taxation
Connaught Building
Ottawa, Ontario
K1A 0L8
Tel: (613) 957-1382
Fax: (613) 952-6608
Internet website: www.revcan.ca

Standards Council of Canada
45 O'Connor Street, Suite 1200
Ottawa, Ontario
K1P 6N7
Tel: (613) 238-3222
Fax: (613) 569-7808
Internet website: www.scc.ca

Statistics Canada
R.H. Coats Building
Tunney's Pasture
Ottawa, Ontario
K1A 0T6
Tel: (613) 951-8116
Fax: (613) 951-0581
Internet website: www.statcan.ca

Department of Transport
Transport Canada Building
Place de Ville
330 Sparks Street

K1A 0N5
Tel: (613) 990-2309
Fax: (613) 995-0351
Internet website: www.tc.gc.ca

5. Provincial Canadian Government Contacts in Canada

Following are the telephone numbers for general inquiries in each of the Canadian provinces and territories:

Alberta	(403) 427-2711
Internet Website:	www.gov.ab.ca
British Columbia	(604) 660-3759
Internet Website:	www.gov.bc.ca
Manitoba	(204) 945-3744
Internet Website:	www.gov.mb.ca
New Brunswick	(506) 453-2525
Internet Website:	www.gov.nb.ca
Newfoundland	(709) 729-2300
Internet Website:	www.gov.nf.ca
Northwest Territories	(867) 920-8691
Internet Website:	www.gov.nt.ca
Nova Scotia	(902) 424-5200
Internet Website:	www.gov.ns.ca
Nunavut (territory created on April 1, 1999)	(867) 979-5071
Internet Website:	Not yet available
Ontario	(416) 326-1234
Internet Website:	www.gov.on.ca
Prince Edward Island	(902) 368-4000
Internet Website:	www.gov.pe.ca
Quebec	(514) 873-2111
Internet Website:	www.gouv.qc.ca
Saskatchewan	(306) 787-2232
Internet Website:	www.gov.sk.ca/econdev

Yukon   (867) 667-5811
Internet Website: www.gov.yk.ca

6. Market Research Firms in Canada

Following are some of the major market research firms, both Canadian and American, in Canada, listed alphabetically. A more complete list of firms can be obtained by contacting the Canadian Professional Marketing Research Society, also listed below.

Angus Reid Group, Inc.
1400 - One Nicholas Street
Ottawa, Ontario
K1N 7B7
Tel: (613) 241-5802
Fax: 241-5460
Internet Website: www.angusreid.com

The Price Waterhouse, Coopers Consulting Group
77 King Street West, Suite 2900
Toronto, Ontario
M5K 1G8
Tel: (416) 869-1130
Fax: (416) 365-8215
Internet Website: Not available yet

Decima Research
2 Bloor Street West, Suite 2500
Toronto, Ontario
M4W 3E2
Tel: (416) 413-1724
Fax: (416) 962-0505
Internet Website: www.decima.ca

Deloitte & Touche - Consulting and Market Research
98 Macdonnell Street, Suite 400
Guelph, Ontario
N1H 8L1
Tel: (519) 822-1090
Fax: (519) 822-0247
Internet Website: www.deloitte.ca

Dun & Bradstreet Canada
Dun's Marketing Services

5770 Hurontario Street
Mississauga, Ontario
L5R 3G5
Tel: (905) 568-6000
Fax: (905) 568-6197
Internet Website: www.dnb.ca

Environics Research Group Limited
33 Bloor Street East, Suite 900
Toronto, Ontario
M4W 3H1
Tel: (416) 920-9010
Fax: (416) 920-3299
Internet Website: www.environics.ca

The Gallup Organization - Canada
170 University Avenue, Suite 703
Toronto, Ontario
M5H 3B3
Tel: (416) 586-0808
Fax: (416) 586-0808
Internet Website: www.gallup.com

Goldfarb Consultants
4950 Yonge Street, 17th Floor
North York, Ontario
M2N 6K1
Tel: (416) 221-9200
Fax: (416) 221-2214
Internet Website: www.goldfarbconsultants.com

Professional Marketing Research Society
2175 Sheppard Avenue East, Suite 310
Toronto, Ontario
M2J 1W8
Tel: (416) 493-4080
Fax: (416) 491-1670
Internet Website: www.pmrs-apmrs.com

Southam Marketing Research Services
1450 Don Mills Road
Don Mills, Ontario
M3B 2X7
Tel: (416) 445-6641
Fax: (416) 445-3508
Internet Website: www.southam.com

7. Canadian Commercial Banks in Canada

Following is the contact information for the "Big Six" Canadian Schedule I Banks.

Bank of Montreal
First Bank Tower
1 First Canadian Place
Toronto, Ontario
M5X 1A1
Tel: (416) 867-5000

Bank of Nova Scotia
Scotia Plaza
44 King Street West
Toronto, Ontario
M5H 1H1
Tel: (416) 866-6161

Canadian Imperial
Bank of Commerce (CIBC)
Commerce Court
Toronto, Ontario
M5L 1A9
Tel: (416) 980-2211

Royal Bank of Canada
200 Bay Street
Royal Bank Plaza
Toronto, Ontario
M5J 2J5
Tel: (416) 974-5151

Toronto Dominion Bank
P. O. Box 1
Toronto Dominion Center
55 King Street
Toronto, Ontario
M5K 1A2
Tel: (416) 982-8222

National Bank of Canada
50 O'Connor Street
Suite 1224
Ottawa, Ontario
K1P6L2
Tel: (613) 238-8385

8. U.S. Commercial Banks in Canada

Mr. John C. Masters
Chairman and CEO
Bank of America Canada
200 Front Street West, Suite 2700
Toronto, Ontario
M5V 3L2
Tel: (416) 349-4100
Fax: (416) 349-4285
Internet website: www@bankamerica.com

Mr. Dale Blue
President & CEO
The Chase Manhattan Bank of Canada
First Canadian Place
Suite 6900 - 100 King Street West
Box 106

Toronto, Ontario
M5X 1A4
Tel: (416) 216-4100
Fax: (416) 216-4164
Internet website: Not available yet

Mr. Michael Roberts
CEO
Citibank Canada
Citibank Place
123 Front Street West, Suite 1900
Toronto, Ontario
M5J 2M3
Tel: (416) 947-5500
Fax: (416) 947-5813
Internet website: www.citibank.ca

Mr. Adam Howard
President
Morgan Bank of Canada
P.O. Box 80
Suite 1800, Royal Bank Plaza
South Tower
Toronto, Ontario
M5J 2J2
Tel: (416) 981-9200
Fax: (416) 981-9278
Internet website: www.jpmorgan.com

Mr. William J. Buchanan
President
First Chicago N.B.D. Bank, Canada
BCE Place, P.O. Box 613
161 Bay Street, Suite 4240
Toronto, Ontario
M5J 2S1
Tel: (416) 865-0466
Fax: (416) 363-7574

Mellon Bank Canada
Mr. Thomas C. MacMillan
Chairman, President & CEO
P.O. Box 320, Royal Trust Tower, Suite 3200
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K2
Tel: (416) 860-0777
Fax: (416) 860-2409

Bank of America Canada
Mr. D. B. Linkletter
Vice President/Manager, Calgary Office
1900, 855 - 2nd Street S.W.
Calgary, Alberta
T2P 4J7
Tel: (403) 269-4909

Citibank Canada
Mr. Douglas Allen
Vice President
4210, 400 - 3rd Avenue S.W.
Calgary, Alberta
T2P 0L7
Tel: (403) 261-5100

Republic Bank Of New York (Head Office)
Mr. Allan Schouela
President & Chief Executive Officer
1981 McGill College
Montreal, Quebec
H3A 3A9
Tel: (514) 288-5551
Fax: (514) 286-4577

Bank Of America Canada (Head Office)
Mr. Hany Naguib
Vice-President
1250 René-Lévesque West, Suite 4335
Montreal, Quebec
H3B 4W8
Tel: (514) 938-1600
Fax: (514) 938-1601

Citibank Canada (Corporate Financial Office)
Mr. Vincent Joelicoeur
Vice President Corporate Finance
630 René-Lévesque West, Suite 2450
Montreal, Quebec
H3B 1S6
Tel: (514) 393-7500
Fax: (514) 393-7545

Bank of America
Contact: Mr. Neil Alexander
Managing Director
1055 Dunsmuir

Vancouver, B.C.
V7X 1L3
Tel: (604) 684-7281
Fax: (604) 683-1940

9. U.S. Government Contacts in the United States

Trade Information Center
1-800-USA-Trade

U.S. Department of Commerce
International Trade Administration
Office of International Operations - Western Hemisphere
Room 1202
14th and Constitution Avenue, NW
Washington, DC 20230
Tel: (202) 482-2736
Fax: (202) 219-9207
Contact: Dorothy Lutter, Regional Director

U.S. Department of Commerce
International Trade Administration
Office of NAFTA and Inter-American Affairs
Room H-3022
14th and Constitution Avenue, NW
Washington, DC 20230
Tel: (202) 482-2314
Fax: (202) 482-5865
Contact: Juliet Bender, Acting Director

U.S. Department of Agriculture
Foreign Agricultural Service
14th and Independence Avenue, SW
Washington, DC 20250
Tel: (202) 720-3935
Fax: (202) 720-7729
Contact: Trade Assistance and Promotion Officer
E-mail: www.fas.usda.gov

U.S. Department of State
Bureau of Canadian Affairs
2201 C Street, NW
Washington, DC 20520
Tel: (202) 647-2079
Fax: (202) 647-3953
Website address: www.state.gov

U.S. Information Agency
Office of Public Liaison
Patrick Henry Building, Room 5118
301 4th Street, SW
Washington, DC 20547
Tel: (202) 619-4355
Fax: (202) 619-6705
Contact: Public Liaison Officer
Website address: www.usia.gov

Multilateral Development Bank Office
U.S. Department of Commerce
Room H-1107
14th and Constitution Avenue, NW
Washington, DC 20230
Tel: (202) 482-3279
Fax: (202) 273-0927
Contact: Michael Fuchs, Director

10. Canadian Government Contacts in the United States

Embassy of Canada
501 Pennsylvania Avenue, NW
Washington, DC 20001
Tel: (202) 682-1740
Fax: (202) 682-7726
Territory: Delaware and Eastern Pennsylvania, Maryland, Virginia and the District of Columbia

Canadian Consulate General - Atlanta
1175 Peachtree Street, NE
100 Colony Square, Suite 1700
Atlanta, Georgia 30361-6205
Tel: (404) 532-2000
Fax: (404) 532-2050
Territory: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Puerto Rico, Tennessee and the U.S. Virgin Islands

Canadian Consulate General - Boston
Three Copley Place, Suite 400
Boston, Massachusetts 02116
Tel: (617) 262-3760
Fax: (617) 262-3415

Territory: Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

Canadian Consulate General - Buffalo
One Marine Midland Center, Suite 3000
Buffalo, New York 14203-2884
Tel: (716) 858-9500
Fax: (716) 852-4340
Territory: Western, Central and Upstate New York, West Pennsylvania and West Virginia

Canadian Consulate General - Chicago
Two Prudential Plaza, Suite 2400
180 N. Stetson Avenue
Chicago, Illinois 60601
Tel: (312) 616-1860
Fax: (312) 616-1878
Territory: Illinois, Missouri and Wisconsin

Canadian Consulate General - Dallas
St. Paul Place, Suite 1700
750 North St. Paul Street
Dallas, Texas 75201
Tel: (214) 922-9806
Fax: (214) 922-9815
Territory: Arkansas, Kansas, Louisiana, New Mexico, Oklahoma and Texas

Canadian Consulate General - Detroit
600 Renaissance Center, Suite 1100
Detroit, Michigan 48243-1798
Tel: (313) 567-2340
Fax: (313) 567-2164
Territory: Michigan, Indiana (except the five N.W. counties), Kentucky and Ohio

Canadian Consulate General - Los Angeles
550 South Hope, 9th Floor
Los Angeles, California 90071-2627
Tel: (213) 346-2700
Fax: (213) 346-2767
Territory: Arizona, California, Hawaii, Nevada and Utah

Canadian Consulate General - Miami
Suite 1600, First Union Financial Center
200 South Biscayne Boulevard
Miami, Florida 33131
Tel: (305) 579-1600

Fax: (305) 374-6774
Territory: Florida

Canadian Consulate General - Minneapolis
701 Fourth Avenue South, Suite 900
Minneapolis, Minnesota 55415-1899
Tel: (612) 332-7486
Fax: (612) 332-4061
Territory: Colorado, Iowa (except the Quad-Cities), Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming

Canadian Consulate General - New York
1251 Avenue of the Americas
New York City, New York 10020-1175
Tel: (212) 596-1628
Fax: (212) 596-1793
Territory: Southern New York State, Connecticut and New Jersey

Canadian Consulate General - Seattle
412 Plaza 600
Sixth and Stewart Streets
Seattle, Washington 98101-1286
Tel: (206) 443-1777
Fax: (206) 443-9662
Territory: Alaska, Idaho, Oregon and Washington

Source: Foreign Affairs & International Trade

APPENDIX F.   MARKET RESEARCH

Market research is available from a wide variety of sources in Canada, including: federal and provincial governments; advertising agencies; accounting firms, government relations consultants and market research companies. Lists of firms specializing in market research activities may be obtained by contacting the Canadian Professional Marketing Research Society. In Canada, the primary source of federal government statistics is Statistics Canada, which is roughly comparable to the U.S. Bureau of the Census. Statistics Canada collects a wide variety of detailed statistical data on national income accounts, balance of payments, industrial production, imports and exports, demographics, inflation rates, wages, etc. As a starting point for collecting detailed market research on specific industry subsectors and market intelligence on emerging business developments in Canada, U.S. companies should contact their local Export Assistance Center (EAC) of the U.S. Department of

Commerce (locate your nearest EAC by calling 1-800-USA-TRADE), or the Commercial Service office of the U.S. Embassy in Ottawa, Canada at (613) 238-4470 ext. 217.

A complete list of all USDOC market research reports on Canada is available on the National Trade Data Bank.

1. U.S. Department of Commerce/CS Commercial Reports

During FY 2000, CS Canada will prepare a minimum of 16 Industry Sector Analysis (ISA) reports. These reports will cover a variety of topics, most falling within the Best Prospect industries for Canada identified earlier in this report. Following are the sectors which will be studied, along with expected submission dates for each ISA:

Industry Sector: Architectural, Construction and Engineering Services
Industry Subsector: ARC Services in Ontario
ITA Industry Code: ARC
Submission Date: November 1999
Analyst/Post: Rita Patlan/Toronto

Industry Sector: Pleasure Boats and Accessories
Industry Subsector: Pleasure Boats and Motors
ITA Industry Code: PLB
Submission Date: December 1999
Analyst/Post: Richard Vinson/Halifax

Industry Sector: Oil and Gas Field Machinery
Industry Subsector: Pipeline Corrosion Control
ITA Industry Code: OGM
Submission Date: December 1999
Analyst/Post: Sharon Atkins/Calgary

Industry Sector: Financial Services
Industry Subsector: Insurance
ITA Industry Code: FNS
Submission Date: February 2000
Analyst/Post: Annie Crombie/Ottawa

Industry Sector: Films, Videos and Recordings
Industry Subsector: Internet Entertainment
ITA Industry Code: FLM
Submission Date: March 2000
Analyst/Post: Ottawa

Industry Sector:	Travel and Tourism Services
Industry Subsector:	Canadian Business Travel
ITA Industry Code:	TRA
Submission Date:	March 2000
Analyst/Post:	Peter Dykeman/Toronto

Industry Sector:	Telecommunications Equipment
Industry Subsector:	Wireless Telecom
ITA Industry Code:	TEL
Submission Date:	April 2000
Analyst/Post:	Viki Palfi/Toronto

Industry Sector:	Plastic Materials and Resins
Industry Subsector:	Packaging Materials
ITA Industry Code:	PMR
Submission Date:	April 2000
Analyst/Post:	Martin Landry/Quebec City

Industry Sector:	Aerospace/Defense Industries
Industry Subsector:	Navigation Equipment
ITA Industry Code:	AIR
Submission Date:	May 2000
Analyst/Post:	Rick Tachuk/Ottawa

Industry Sector:	Drugs and Pharmaceuticals
Industry Subsector:	Natural Health Products and Vitamins
ITA Industry Code:	DRG
Submission Date:	June 2000
Analyst/Post:	Pierre Richer/Montreal

Industry Sector:	Toys & Games
Industry Subsector:	Educational Toys
ITA Industry Code:	TOY
Submission Date:	June 2000
Analyst/Post:	Lucy Latka/Ottawa

Industry Sector:	Security and Safety Equipment
Industry Subsector:	Access Control Systems
ITA Industry Code:	SEC
Submission Date:	July 2000
Analyst/Post:	Connie Irrera/Montreal

Industry Sector:	Sporting Goods and Recreational Equipment
Industry Subsector:	Sporting Goods
ITA Industry Code:	SPT
Submission Date:	July 2000
Analyst/Post:	Suke Jawanda/Vancouver

Industry Sector:	Pet Food and Supplies
Industry Subsector:	Pet Food and Supplies
ITA Industry Code:	PET
Submission Date:	August 2000
Analyst/Post:	Crystal Roberts/Calgary

Industry Sector:	Consumer Products
Industry Subsector:	Lawn and Garden Equipment
ITA Industry Code:	LGE
Submission Date:	August 2000
Analyst/Post:	Cheryl Schell/Vancouver

Industry Sector:	Automobiles and Light Trucks/Vans
Industry Subsector:	Automotive Trailers and Accessories
ITA Industry Code:	AUT
Submission Date:	September 2000
Analyst/Post:	Madellon Lopes/Toronto

2. U.S. Department of Agriculture (USDA)/Foreign Agricultural Service (FAS) Commodity Reports and Market Briefs

To obtain a copy of Marketing in Canada: A Guide for U.S. Food and Agricultural Products Exporters visit the Foreign Agricultural Service's homepage at www.fax.usda or contact:

Office of Agricultural Affairs
c/o U.S. Embassy
P.O. Box 5000
Ogdensburg, N.Y.
13669-0430
Tel: (613) 238-4470; Ext. 267
Fax: (613) 233-8511

Following is a list of upcoming USDA/FAS Commodity Reports and Market Briefs scheduled for submission in FY99, which can be obtained via the Internet at: http://www.fas.usda.gov

As Available	Grain & Feed Export Trade Data Monthly
As Available	Oilseed Export Trade Data Monthly
As Available	Oilseeds Import Trade Data Monthly
01/01/99	Fresh Deciduous Fruit Semi-Annual
01/31/99	Grain Voluntary Update
01/31/99	Oilseeds Voluntary Update

01/31/99	Planting Seeds Annual
02/01/99	Livestock Semi-Annual
02/28/99	Grain Voluntary Update
02/28/99	Oilseeds Voluntary Update
03/15/99	Strawberry Annual
03/31/99	Grain Voluntary Update
03/31/99	Oilseeds Voluntary Update
04/05/99	Grain & Feed Annual
04/10/99	Sugar Annual
04/30/99	Grain Voluntary Update
04/30/99	Oilseeds Voluntary Update
05/01/99	Oilseeds & Products Annual
05/31/99	Grain Voluntary Update
05/31/99	Oilseeds Voluntary Update
06/30/99	Grain Voluntary Update
06/30/99	Oilseeds Voluntary Update
07/15/99	Foreign Agricultural Import Regulations and Standards Report
07/31/99	Grain Voluntary Update
07/31/99	Oilseeds Voluntary Update
08/01/99	Livestock Annual
08/15/99	Poultry Annual
08/25/99	Honey Annual
08/31/99	Grain Voluntary Update
08/31/99	Oilseeds Voluntary Update
09/10/99	Fresh Deciduous Fruit Annual
09/15/99	Seafood Annual
09/30/99	Agricultural Situation Annual
09/30/99	Grain Voluntary Update
09/30/99	Oilseeds Voluntary Update
10/01/99	Sugar Semi-Annual
10/15/99	Forest Products Annual
10/15/99	Frozen French Fry Annual
10/31/99	Grain Voluntary Update
10/31/99	Oilseeds Voluntary Update
11/30/99	Dairy Annual
11/30/99	Grain Voluntary Update
11/30/99	Oilseeds Voluntary Update

12/10/99	Brandy Annual
12/10/99	Wine Marketing Annual
12/31/99	Grain Voluntary Update
12/31/99	Oilseeds Voluntary Update

Other:	Retail Food Sector Report
(dates	HRI Sector Report
unconfirmed)	Food Processing Sector Report
	Organics Report

APPENDIX G. TRADE EVENT SCHEDULE

Please note that because Trade Event Schedules are subject to change, interested companies should consult the U.S. Department of Commerce Export Promotion Calendar available on the National Trade Data Bank or contact the Commercial Section of the U.S. Embassy in Ottawa, Canada at the following telephone number (613) 238-4470 ext. 217 for the latest information or to arrange individual trade programs.

1. Commercial Events

(a) Trade Events

1. Event: NATIONAL SAFETY COUNCIL CONGRESS AND EXPOSITION
   Event Type: Reverse Gold Key Mission
   Sector: SEC
   Date: October, 1999
   Location: New Orleans, LA
   Contact: Connie Irrera
   Tel: (514) 398-9695
   USG Involvement: Post Recruited

2. Event: BIOCONTACT TRADE MISSION AND MULTI-GOLD KEY
   Event Type: Gold Key Trade Mission
   Sector: BTC
   Date: October 1-3, 1999
   Location: Montreal and Quebec City, Quebec,
   Contact: Pierre Richer, Martin Landry
   Tel: (514) 398-9695
   USG Involvement: Post Recruited

3. Event: ARCHITECTURE, CONSTRUCTION AND

		ENGINEERING SERVICES EXHIBIT AND STRATEGIC ALLIANCE SEMINAR
	Event Type:	Trade Mission
	Sector:	ACE, BLD
	Date:	December 1-3, 1999
	Location:	Toronto, Ontario
	Contact:	Rita Patlan
	Tel:	(416) 595-5412 ext. 223
	USG Involvement:	Post Recruited
4.	Event:	ADVERTISING SERVICES AND PROMOTIONAL PRODUCTS DEALMAKER
	Event Type:	Dealmaker Trade mission
	Sector:	ADV
	Date:	February 6-9, 2000
	Location:	Toronto, Ontario
	Contact:	Peter Dykeman
	Tel:	(416) 595-5412, ext. 226
	USG Involvement:	Post Recruited
5.	Event:	2ND ANNUAL U.S. INFORMATION TECHNOLOGY DEALMAKER
	Event Type:	Dealmaker Trade Mission
	Sector:	CPT, CSF
	Date:	February 9-10, 2000
	Location:	Toronto, Ontario
	Contact:	Viktoria Palfi
	Tel:	(416) 595-5412, ext. 229
	USG Involvement:	Post Recruited
6.	Event:	BUSINESS FINANCING NETWORKING MISSION
	Event Type:	Reverse Trade Mission
	Sector:	FIN, INV, LES
	Date:	March, 2000
	Location:	Ottawa, Ontario
	Contact:	Annie Crombie
	Tel:	(613) 238-5335 ext. 409
	USG Involvement:	Post/EAC Recruited, Partner Organizations
7.	Event:	GLOBE 2000 AND DEALMAKER
	Event Type:	Certified Trade Fair, Dealmaker
	Sector:	ENV, POL
	Date:	March 2-24, 2000
	Location:	Vancouver, British Columbia
	Contact:	Cheryl Schell
	Tel:	(604) 685-3382
	USG Involvement:	Show Organizers, Post Recruited

8. Event: AIAC SEMI-ANNUAL MEETING AND AEROSPACE DEALMAKER
   Event Type: Dealmaker Trade Mission
   Sector: AIR
   Date: April, 2000
   Location: Toronto and Montreal
   Contact: Rick Tachuk
   Tel: (613) 238-5335 Ext. 388 or (514) 398-0673
   USG Involvement: Team Recruited

9. Event: CANADIAN INTERNATIONAL AUTOMOTIVE SHOW 2000
   Event Type: U.S.A. Pavilion
   Sector: AUT, APS, TRK
   Date: April 14-16, 2000
   Location: Montreal, Quebec
   Contact: Pierre Richer
   Tel: (514) 398-9695 ext. 261
   USG Involvement: Post Recruited

10. Event: NATIONAL PETROLEUM DEALMAKER
    Event Type: U.S.A. Pavilion, Dealmaker)
    Sector: OGM
    Date: June 12-15, 2000
    Location: Calgary
    Contact: Sharon Atkins
    Tel: (403) 265-2116
    USG Involvement: Post Recruited

11. Event: REPCAN 2000 DEALMAKER AND EXHIBITION
    Event Type: Dealmaker
    Sector: Horizontal
    Date: June 12-15, 2000
    Location: Toronto and Montreal
    Contact: Madellon Lopes
    Tel: (416) 595-5412
    USG Involvement: Post Recruited

12. Event: WESTERN CANADA FARM PROGRESS SHOW
    Event Type: U.S.A. Pavilion, Dealmaker
    Sector: AGM
    Date: June 21-24, 2000
    Location: Regina, Saskatchewan
    Contact: Sharon Atkins
    Tel: (403) 265-2116
    USG Involvement: Post Recruited

13. Event: AEROSPACE NORTH AMERICA
Event Type: U.S.A. Pavilion
Sector: APG, AIR
Date: August 2000
Location: Vancouver, British Columbia
Contact: Cheryl Schell
Tel: (604) 685-3382
USG Involvement: Show Organizer

14. Event: EQUIFAIR 2000
Event Type: U.S.A. Pavilion
Sector: SPT, VET, APP
Date: September, 2000
Location: Calgary, Alberta
Contact: Sharon Atkins
Tel: (403) 265-2116
USG Involvement: Post Recruited

15. Event: SOFTWORLD 2000 DEALMAKER
Event Type: Dealmaker
Sector: CSF
Date: September, 2000
Location: Halifax, Nova Scotia
Contact: Richard Vinson
Tel: (902) 429-2482
USG Involvement: Post Recruited

(b) Trade Days

U.S. Trade Days are outreach events to the Canadian business community, organized by CS Canada staff with no Washington involvement, which are designed to increase awareness of CS Canada programs and services available to Canadian companies. Events may be organized in cooperation with Canada's Department of Foreign Affairs and Trade, provincial government agencies, or local business development associations and chambers of commerce.

1. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: October 1999
Location: Truro, Nova Scotia

2. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: October 1999
Location: Windsor, Ontario

3. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: October 1999
Location: Saskatoon and Prince Albert, Saskatchewan

4. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: November 1999
Location: Sherbrooke/Granby/Bromont, Quebec

5. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: November 1999
Location: Sault Ste Marie, Ontario

6. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: November 1999
Location: Burnaby, British Columbia

7. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: January 2000
Location: St. Catherines, Ontario

8. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: February 2000
Location: Moncton, New Brunswick

9. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: February 2000
Location: Edmonton, Alberta

10. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: February 2000
Location: Richmond, British Columbia

11. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: March 2000
Location: St. Laurent, Quebec

12. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: April 2000
Location: Oshawa, Ontario

13. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: April 2000
Location: Regina, Saskatchewan

14. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: April 2000
Location: Winnipeg, Manitoba

15. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: May 2000
Location: Charlottetown, Prince Edward Island

16. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: May 2000
Location: Beauce/Apalaches, Quebec

17. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: May 2000
Location: Vancouver, British Columbia

18. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: July 2000
Location: Red Deer, Alberta

19. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: September 2000
Location: St. John's, Newfoundland

20. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: September 2000
Location: Drummondville, Quebec

21. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: September 2000
Location: Kingston, Ontario

22. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: September 2000
Location: Peterborough, Ontario

23. Event: U.S. Trade Day
Event Type: Trade Day
Sector: Horizontal
Date: September 2000
Location: Chilliwach, British Columbia

(c) International Buyer Program Events

CS Canada will promote and facilitate participation by Canadian business visitors in the following major U.S. trade shows.

1. Event: WEFTEC
Date: October 9-13, 1999

Location: New Orleans, LA
Sector: WRE

2. Event: PACK EXPO WEST
Date: October 18-20, 1999
Location: Las Vegas, Nevada
Sector: PKG

3. Event: SUNBELT AGRICULTURAL EXPOSITION
Date: October 19-21, 1999
Location: Moultrie, Georgia
Sector: AGM

4. Event: WORLDWIDE FOOD EXPO
Date: October 28-31, 1999
Location: Chicago, Illinois
Sector: FOD

5. Event: AUTOMOTIVE AFTERMARKET WEEK
Date: November 2-5, 1999
Location: Las Vegas, Nevada
Sector: APS

6. Event: MEDTRADE
Date: November 3-6, 1999
Location: New Orleans, LA
Sector: MED

7. Event: COMDEX FALL
Date: November 15-19, 1999
Location: Las Vegas, Nevada
Sector: CPT

8. Event: NEW YORK DENTAL SHOW
Date: November 26-December 1, 1999
Location: New York, New York
Sector: DNT

9 Event: INTERNATIONAL AUTOBODY CONGRESS
Date: December 2-5, 1999
Location Atlanta, Georgia
Sector: PLB

10. Event: INTERNATIONAL BUILDERS SHOW
Date: January 14-17, 2000
Location: Dallas, Texas
Sector: BLD

11.	Event:	INTERNATIONAL CONSUMER ELECTRONICS SHOW
	Date:	January 17-21, 2000
	Location:	Las Vegas, Nevada
	Sector:	TEL
12.	Event:	COMNET/DC 2000
	Date:	January 25-28, 2000
	Location:	Washington DC
	Sector:	CPT
13.	Event:	THE SUPER SHOW/2000
	Date:	February 10-13, 2000
	Location:	Atlanta, Georgia
	Sector:	SPT
14.	Event:	MAGIC (WINTER) INTERNATIONAL
	Date:	February 14-17, 2000
	Location:	Las Vegas, Nevada
	Sector:	APP
15.	Event:	WIRELESS 2000
	Date:	February 28-March 1, 2000
	Location:	New Orleans, LA
	Sector:	TEL
16.	Event:	INTERNATIONAL FRANCHISE EXPO
	Date:	March 2000
	Location:	Washington, DC
	Sector:	FRA
17.	Event:	NATIONAL MANUFACTURING WEEK
	Date:	March 20-23, 2000
	Location:	Chicago, Illinois
	Sector:	MHM
18.	Event:	NAB 2000
	Date:	April 19-22, 2000
	Location:	Las Vegas, Nevada
	Sector:	TEL
19.	Event:	NATIONAL RESTAURANT ASSOCIATION SHOW
	Date:	May 20-23, 2000
	Location:	Chicago, Illinois
	Sector:	HTL
20.	Event:	SUPERCOMM 2000
	Date:	June 4-8, 2000
	Location:	Atlanta, Georgia

Sector: TEL

21. Event: NATIONAL PLASTICS EXPO 2000
Date: June 19-23, 2000
Location: Chicago, Illinois
Sector: PME

22. Event: CLINICAL LABORATORY EXPOSITION
Date: July 23-27, 2000
Location: San Francisco, California
Sector: LAB

23. Event: INTL. HARDWARE WEEK & NATIONAL HARDWARE SHOW
Date: August 13-16, 2000
Location: Chicago, Illinois
Sector: TLS

24. Event: PERSONAL COMMUNICATIONS SHOWCASE
Date: September 27-29, 2000
Location: Chicago, Illinois
Sector: TEL

2. Agricultural Events

(a) Canadian Produce Marketing Convention & Trade Show

Date: Annual Trade-Only Show
2000 - February 2-5
2001 - January 31-Feb.3
2002 - January 30-Feb.2

Locations: 2000 - Banff, Alberta
2001 - Vancouver, B.C.
2002 - Niagara Falls, Ont.

Sponsor: Canadian Produce Marketing Association
310-1101 Prince of Wales Drive
Ottawa, Ontario K2C 3W7

Contact: Tel: (613) 226-4187
Fax: (613) 226-2984

(b) Grocery Showcase Canada (Central Canada grocery show)

Date: Annual Trade-Only Show

End of October

Location: Toronto, Ontario

Sponsor: Canadian Federation of Independent Grocers
2235 Sheppard Avenue, East
Suite 902
Willowdale, Ontario M2J 5B5

Contact: Tel: (416) 492-2325
Fax: (416) 492-2347

(c) Grocery Showcase West (Western Canada grocery show)

Date: Annual Trade-Only Show
(Spring)

Location: Vancouver, British Columbia

Sponsor: Canadian Federation of Independent Grocers
2235 Sheppard Avenue, East
Suite 902
Willowdale, Ontario M2J 5B5

Contact: Tel: (416) 492-2325
Fax: (416) 492-2347

(d) Canadian Fine Food Show (Specialty Foods Show)

Date: Annual Trade-Only Show
(Late Spring)

Location: Toronto, Ontario

Sponsor: Canadian Association of Specialty Foods
1 Eva Road, Suite 409
Etobicoke, Ontario M9C 4Z5

Contact: Meteor Show Productions Inc.
298 Sheppard Avenue, East
Willowdale, Ontario M2N 3B1
Tel: (416) 229-2060
Fax: (416) 223-2826

(e) Canadian Food & Beverage Show (Food Service Show)

Date: Annual Trade-Only Show
(Mid-February)

Location: Toronto, Ontario

Sponsor: Canadian Restaurant & Food Service
316 Bloor Street West,
Toronto, Ontario M5S 1W5

Contact: Tel: (416) 923-8416
Fax: (416) 923-1450

(f) Hostex '99

Date: Annual Trade-Only Show
October 17-19, 1999

Location: Toronto, Ontario

Sponsor: Canadian Restaurant & Food Service
316 Bloor Street West,
Toronto, Ontario M5S 1W5

Contact: Tel: (416) 923-8416
Fax: (416) 923-1450