



# DOING BUSINESS IN CANADA

Updated 22.4.2024



## Market profile

Canada boasts a vibrant and competitive economy, supported by a transparent regulatory framework that enables dynamic business creation and operation. The country scores highly on both the World Bank's scale for ease of doing business and on the Index of Economic Freedom.

Canada's tax treatment for new business investment is the lowest among G7 countries, and below the OECD average, making it an attractive destination for foreign direct investment. Through, Canada's Accelerated Investment Incentive businesses can recover the initial cost of their capital investment and reduce their risk when investing.

As a member of the G7, Canada is one of the world's top ten trading nations. The country possesses a multifaceted competitive advantage that drives sustainable economic growth. Key aspects include preferential global market access, a stable economy, a sound financial sector, abundant natural resources, a highly educated workforce, an innovation friendly ecosystem, and strategic positioning as a gateway to North America.

Nearly 90% of Canada's population resides within 200 km of the U.S. border. This proximity has fostered a robust trade relationship between the two nations, making it the largest of its kind globally. This economic partnership supports millions of jobs in both countries through direct foreign investment, cross-border trade, and integrated economies. The Canada-U.S. trade relationship is built on longstanding binational supply chains, whereby roughly 80% of Canadian exports to the U.S. are incorporated in U.S. supply chains.

## Economy and business structure

Canada is one of the world's largest economies and is currently ranked 9th in terms of GDP. It has a market-oriented economic system and is ranked 4th among G20 countries in terms of the least complex jurisdiction for conducting business. Moreover, it ranks 3rd among G7 countries with respect to the ease of starting a business.

Economic activity in Canada slowed in 2023 as businesses and households adapted to higher borrowing costs. Employment growth also slowed, and business labour productivity trended lower. Low growth rate is expected at 1% for 2024. Despite this, Canada has avoided a recession, and inflation has fallen from its peak of 8.1 percent in mid-2022 to 2.8 percent in February 2024. Interest rates are expected to fall, leading to higher economic growth in the last half of 2024 and into 2025.

### FACTS

- Merchandise exports: €1.368 billion
- Service exports: € 319 million
- Capital: Ottawa
- Official language: English & French
- Area: 9,984,670 sq km
- Population: 38.5 million

The country boasts a well-educated workforce and has immigration programs that allow Canadian employers to access highly skilled talent from around the world. In addition, under a new Canada-Finland Youth Mobility Agreement, Canadian and Finnish nationals aged 18-35 can work for up to 12 months in each other's countries.

Canadian companies actively engage in research and development. Collaborations with universities, research institutions, and government programs foster innovation and technological advancements.

Canada offers some of the lowest corporate tax rates in the Western world. Its banks have strong balance sheets due to regulation, ensuring a stable foundation for business operations.

The country is actively committed to building a green economy and promoting sustainability by phasing out coal, embracing renewable energy, and providing initiatives to reduce emissions.

As a gateway to North America and the world, Canada has 15 free trade agreements covering 50 countries. In 2020, the Canada-United States-Mexico Agreement (CUSMA) was ratified, replacing NAFTA. In addition, EU-Canada Comprehensive Economic and Trade Agreement (CETA) is provisionally applied, removing 98% of preexisting tariffs between the two parties. CETA creates a favorable environment for Finnish companies by reducing trade barriers, enhancing market access, and promoting economic cooperation.

In summary, with Canada's highly skilled workforce, market access, competitive corporate tax rates, R&D ecosystem, solid banking structure, and green economy policies, makes it an appealing choice for Finnish companies looking to expand their operations.

## Key industries and their trends

Canada's economy is highly diversified with various industries contributing to its GDP. Key trends shaping Canadian business landscape include technology as a dominant driver for growth, innovation, and efficiency; an aging population leading to a growing dependence on immigration to fulfil labour shortages; sustainability prioritization across industries; market dynamics shifting towards a service-based economy; and evolving customer needs and consumer preferences.

**Energy:** Canada's energy mix is diverse, and it relies mainly on clean hydro energy. Electricity generation composition is as follows: hydro (61.3%), nuclear (12.9%), fossil fuels (19.2%), wind (6.1%), and solar (0.5%). Canada is among the top four oil producers worldwide. Hydrogen production in Canada is among the top 10 worldwide with grey hydrogen being the primary type of hydrogen produced in the country. The three major sectors that utilize hydrogen are industrial feedstock, fuel refining, such as cracking bitumen, and fertilizers production, such as ammonia. Based on the net zero goal established for 2050 and the growing concern about developing cleaner ways of producing and utilizing energy, Canada has started to focus on producing green and blue hydrogen, also known as low-carbon intensity hydrogen.

**Maritime:** Shipbuilding plays a crucial role in Canada's economy, creating jobs and directly contributing to the country's GDP. With the ongoing demand for multipurpose vessels, icebreakers, grey ships and ferries in Canada, the shipbuilding industry has become an essential part of the country's economic infrastructure. In 2010, the Canadian government created the National Shipbuilding Strategy (NSS) to restore Canada's maritime industry and shipyards and to renew the fleets of the navy and coast guard. Three major Canadian shipyards are partners to the NSS tasked with the construction of the required vessels.

**Ports:** Canadian ports serve as major hubs for Canada's international and domestic commodity flows. Canada's Port Authorities handled over 340 million tonnes of cargo in 2020, traded with more than 170 nations, generated billions of dollars in economic output and supported hundreds of thousands of jobs. It is top priority for the Government of Canada to build the resilience, efficiency, and adaptability of Canada's maritime supply chains. In 2022 the Canadian Government announced the Ports Modernization Review, which aims to advance the role of Canada Port Authorities and optimize their current and future

roles. As such all major Canadian ports are investing heavily in upgrades and looking for solutions addressing sustainability, connectivity, and digitalization.

**Biocircular:** The accelerated adoption of the circular bioeconomy is integral to Canada's net-zero economy future with a projected \$240 billion market size in Canada alone by 2030. Environmental regulation, the promise of a net-zero economy and the rising power of the eco-conscious consumer are moving corporations like IKEA, Ford Motor Company, Lafarge Canada and many others to include renewable based materials in their products.

**Mining & Critical Minerals:** Canada is a global mining powerhouse, with 60 types of metals and minerals, extensive mining expertise, and a firm commitment to environmental, social and governance (ESG) standards. The Toronto Stock Exchange (TSX) is home to 43% of the world's public mining companies, making Canada a leading destination for international mining finance.

Canada is a key producer of critical minerals and specifically: copper, nickel and cobalt and hosts advanced mineral projects for rare earth elements, lithium, graphite, and vanadium. Canada's Critical Minerals' Strategy aims at increasing the supply of responsibly sourced critical minerals and support the development of domestic and global value chains for the green and digital economy.

**Technology:** Canada has a thriving tech ecosystem, boasting a robust landscape in AI, cybersecurity, fintech and gaming. With renowned institutions like the Vector Institute and the Montreal Institute for Learning Algorithms (MILA), Canada has positioned itself as a global leader in AI research and development. Organizations like the Canadian Centre for Cyber Security contribute significantly for securing digital infrastructure. With a focus on payments, lending and wealth management, Canada's fintech industry is poised to reshape the financial landscape. The gaming sector is home to major game development studios, indie developers, and supportive government policies.

**Healthcare:** Canada has a publicly funded healthcare ecosystem, and is committed to improving patient outcomes, and enhancing healthcare delivery and efficiencies. Trends include aging in place technologies, telemedicine expansion, personalized medicine, healthcare data analytics, and wellness technologies.

**Forestry:** The forestry sector is a vital component of Canada's economy, contributing significantly to employment and GDP. Climate change, a diminishing workforce, environmental concerns, and market volatility has impacted the industry leading to a greater interest in innovation, digital solutions, improved forest management practices, bioenergy production and advanced manufacturing processes.

## Important things to consider when doing business in Canada

Canadian provinces differ in terms of business behavior and industrial segmentation. Toronto (Ontario) and Montreal (Quebec) in the East, as well as Vancouver (British Columbia) in the West, stand out as the most important trade centres in Canada. Toronto serves as the financial and tech hub of Canada while Montreal is renowned for aerospace, pharmaceuticals, and telecommunications. Vancouver situated on the Pacific coast, serves as a crucial port for international trade.

Every province except for Quebec uses a legal system based on British common law. Quebec's legal system is unique as it is based on French civil law.

Canada has two official languages: English and French. The Province of Quebec is primarily French speaking and therefore, when doing business in Quebec French language skills is essential. Official documents are in both languages, and labeling on packages must be in both French and English.

## Market data sources and other useful links

- [Finland abroad Canada](#)
- [Starting a business](#)
- [Immigrating to or Investing in Canada](#)
- [Canada Business Corporation Act](#)
- [Investment Canada Act](#)
- [Export and Import Controls](#)
- [Canada Finland Chamber of Commerce](#)
- [Embassy of Finland, Ottawa](#)