

CANADA

Business Conditions Snapshot

- With close cultural and social ties, similar business cultures, and a high degree of general openness to Australian goods, services and skills, Canada continues to be an important market for Australia.
- Understandably, Canada's economy contracted in 2020 as the COVID-19 pandemic gripped it, and the world. Heading into 2021, Canada's economic activity and employment rates remain below pre-pandemic levels, and the impacts of this downturn are being felt differently across the economy.
- Some sectors have been particularly hard hit by the pandemic, including tourism and air transport. With air routes between Australia and Canada stalled and restrictions on international travel, the movement of human capital and tourism has been particularly affected.
- Despite the downturn however, this economy has fared better than others, demonstrating signs of resiliency, adaptability and capacity to rebuild.
- Government support during the pandemic has reached C\$407 billion – nearly 19 per cent of Canada's GDP – to help cushion the blow and support individuals and business.
- The Canadian Government has laid out an ambitious agenda for pandemic recovery and beyond, with an emphasis on green technologies and social inclusion in Canada's 'building back better' plans. These build on the significant infrastructure investments announced in recent years.
- Unsurprisingly, the business mood will hinge on Canada finding success – and stability – in managing the pandemic and more fully reopening the economy. Business confidence throughout 2020 fluctuated in line with the cycles of imposition and relaxation of public health measures restricting personal movement and commerce.
- Despite the pandemic's effects, the fundamentals of this economy are sound. Canada is an open economy with a focus on services, goods, resources and innovation. It's advanced manufacturing capability, highly educated workforce and research nous make Canada a good place to do business.

Key facts and figures

- Population: 37.0 million (2018)
- GDP growth: 1.5% (2019)
- GDP per capita: US\$46,212
- Political system: parliamentary democracy
- Two-way trade: A\$8.1 billion (2018-19)
- Key goods and services traded: confidential items (estimated to be mainly alumina) A\$1 billion, alcoholic beverages A\$199 million, meat (excluding beef) A\$119 million, agricultural machinery (excluding tractors) and parts A\$149 million, passenger motor vehicles A\$144 million
- Total two-way investment: A\$125.9 billion (2018-19).



- Canada continues promoting and supporting free trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- Close integration with the United States economy underpins much of its trade and investment activity and brings both benefits and risks to the Canadian business environment. The benefits of the new Canada-United States-Mexico Agreement (CUSMA) build on the North America Free Trade Agreement.

Trade and investment opportunities

- More than 100 Australian companies maintain a significant presence in Canada, employing more than 20,000 people.
 - Australia is well represented in the energy and resources sector, including by BHP, Rio Tinto, Orica and WorleyParsons.
 - Canada’s energy and resources sectors continue to present opportunities for Australia’s mining, equipment, technology and services.
 - Canadian companies’ appetite for investment opportunities in Australia – particularly in infrastructure and agribusiness – is also likely to remain strong.
- Australian and Canadian business and industry groups are working to further deepen their ties.
 - The Business Council of Australia and Business Council of Canada are actively working to boost dialogue and cooperation.
- Australian companies are increasingly accessing the Canadian market across a range of sectors.
 - In 2020, Telstra announced it was expanding its international operations into Canada, boosting secure connectivity options across the Indo-Pacific.
- The Canadian Government is increasingly putting low emissions technology and energy at the forefront of its policy and infrastructure planning. Increased opportunities in clean technology are likely to grow.
- There continues to be opportunities for Australian business in in agribusiness, life sciences, AI, fintech, multimedia and aerospace.
- Investment continues to be a significant feature of the bilateral commercial relationship.
 - Major institutional investors, including Canadian pension funds are of significance to Australia. Infrastructure, real estate, agribusiness and technology sectors are a strong focus for these funds.
 - A stronger Canadian push on sustainability, including in Economic, Social and Governance (ESG) reporting and increased focus in renewables, will be of increasing importance in the future.
- Through 2020 Canada stepped up its focus on accelerating digital health transformation, with significant investment from the Federal and provincial governments in the health and digital services sectors.

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- Canada-based digital start-ups are raising significant funds and are expected to keep growing as the Canadian healthcare sector continues to adapt to new technologies.
- COVID-19 has also sharpened Canada's focus on novel industrial and innovation programs to address challenges arising from the pandemic.
 - One of Canada's superclusters, known as Next Generation Manufacturing Canada (NGen), dedicated C\$50 million to innovative manufacturing solutions related to the pandemic.
- While the COVID-19 pandemic has limited opportunities for traditional, large scale events, Canada continues to provide high profile platforms for business, industry and cultural engagement.
 - The Prospectors and Developers Association of Canada (PDAC) Convention, one of the world's largest and highest profile mineral sector industry conferences, is going virtual in 2021.
- Other events and opportunities in Canada for businesses to capitalise on include:
 - Australia Canada Leadership Forum (AUSCAN);
 - Canada Australia Chamber of Commerce (CACCC);
 - Canadian Association of Defence and Security Companies (CANSEC);
 - Vancouver International Wine Festival; and
 - Toronto International Film Festival (TIFF).
- Canada has maintained a strong focus on Indigenous business opportunities and hosted events such as the World Indigenous Business Forum (last held Vancouver 2019).

Trade policy focus

- Trade and export diversification are key drivers for the Canadian Government, which aims to broaden Canada's export reach by 50 per cent by 2025.
- Canada was one of the first six countries to ratify the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which came into force in December 2018.
 - Two years in, Canada has remained an active promoter of the CPTPP.
- The Canada-United States-Mexico Agreement (CUSMA) entered into force on 1 July 2020, preserving key elements of the former North America Free Trade Agreement (NAFTA).
- Canada is continuing to progress trade agreements across the Americas through the Pacific Alliance and Mercosur groups, and has announced exploratory discussions with ASEAN.
- Australia and Canada are both members of the WTO, APEC, G20 and the OECD.

Please visit the FTA Portal (ftaportal.dfat.gov.au) to discover the opportunities available under Australia's free trade agreements.



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