

Welcome from Lesley Batchelor OBE, FIEEx (Grad) - Director General, Institute of Export & International Trade



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This Doing Business in Canada Guide looks at the world's second-largest country by surface area and the UK's eighth biggest export market. With a population of 37 million, Canada has historic ties to the UK as a former British Colony and English is one of its two official languages, alongside French. It is one of the world's richest nations, with vast oil reserves and significant exports of energy, food and minerals.

It has several economic ties with its neighbour, the USA, and is a member of several significant trade blocs, including the Asia-Pacific Economic Cooperation (APEC), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the recently agreed US-Mexico-Canada Agreement (USMCA) that has taken the place of the recently dropped North American Free Trade Agreement (NAFTA). Ranked 22nd in the World Bank's 'Doing Business' rankings in 2019, Canada also has a far-reaching trade agreement with the EU - the EU-Canada Trade Agreement, or CETA as it's more commonly known.

All this, alongside a stable political environment and solid recent economic growth, makes Canada a great market for UK businesses. Furthermore, it is considered to be one of the most transparent and least corrupt markets in the world, enabling UK businesses to export there with confidence and security. In 2016, the UK exported £8.2 billion of goods and services to Canada. Canada's top imports include vehicles, boilers and machinery, electrical and electronic equipment, and business and governmental services.

As with any market, there are certain challenges to doing business in Canada. If you are exporting to Canada, you will need to make an export declaration to HMRC through the National Export System (NES). Although the UK and Canada have a double taxation agreement and sales of goods can be zero-rated in terms of VAT, you need to ensure that you have evidence of the exporting of the goods within 3 months of the sale.

There is a Goods and Services Tax (GST) levied at 5% in most Canadian provinces which will often get passed onto the customer, while there is also a Harmonized Sales Tax in some provinces where federal GST is combined with local provincial sales taxes. Finally, if you are selling into Québec, be aware that French is the language of business under provincial law, so translation or an interpreter may be required. In terms of business culture, like the USA, Canadians are often very friendly and will deal in first-name terms in most situations. Their communication style is quite direct and you'll need to ensure you can be direct and succinct with prospective partners there.

Despite being on the other side of the Atlantic, Canada is probably one of the more approachable markets for UK exporters outside of Europe, due to a shared language, historic ties, and its pro-business culture. As ever, if you're looking to expand into the Canadian market, the Institute is more than happy to help you through our training, qualifications, technical helpline and other membership benefits.

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