

Canada At a Glance



POPULATION

Immigrants now account for more than 70% of all Canadian labour force growth, a proportion that will grow to 100% in the next 10 years. Canada's recent immigration levels have been double those of the United States, with priority given to high-skill workers. According to the 2004 *World Competitiveness Yearbook*, Canada has the highest percentage of individuals achieving at least college or university education among those countries surveyed.

Population

	2004
Total Population	31,946,300
Population Growth Rate	0.9%
Population Distribution by Sex	
Men	49.5%
Women	50.5%
Population Distribution by Age Group	
0-14	17.9%
15-64	69.1%
65+	13.0%
Population of Main Metro Areas	
Toronto	5,203,571
Montreal	3,607,150
Vancouver	2,159,994
Ottawa-Gatineau (Capital)	1,142,708
Calgary	1,037,136
Edmonton	1,001,636
Quebec City	710,801
Hamilton	702,396
Winnipeg	698,210
London	459,697



GEOGRAPHIC FEATURES

Canada is the second largest country in the world, covering the entire northern part of the North American continent except for Alaska (the provinces of British Columbia and Ontario are each four times as large as Great Britain). The land area is 9,093,507 sq. km (excluding freshwater areas). Surrounded by the Arctic, Atlantic and Pacific Oceans, Canada has the world's longest coastline (243,792 km). The southernmost point of land, Point Pelee in Ontario, is farther south than Rome while the northernmost tip of land on Ellesmere Island is close to the North Pole.

Canada shares a common border with the United States of America that stretches across 8,893 km. Of Canada's 20 largest cities, 17 are within an hour and a half drive of the U.S. border.

In the centre of the country, the climate is continental with warm summers (July average 15-25°C) and cold, snowy winters (January average -16 to -6°C). The maritime climates of the east and west coasts tend to be somewhat milder in winter and cooler in summer.



ECONOMIC ACTIVITY

In 2003-04, Canada reported its seventh consecutive budget surplus and its eighth consecutive balanced budget. The excellent fiscal situation and low inflation has led to lower interest rates.

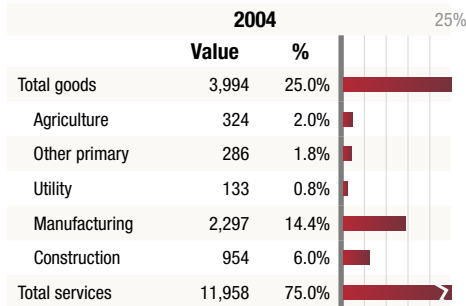
Canada achieved exceptionally strong employment growth between 1997 and 2004—by far the best in the G7 and nearly double the pace recorded in the United States. In 2003, Canada had the second highest employment rate (proportion of Canadians between ages of 15 and 64 with a job) in the G7.

Characteristics of the Main Productive Sectors

Canada led the G7 in terms of growth over the 2000-2003 period and is expected to remain a top performer over the 2004-06 period. Real gross domestic product advanced 2.7% in the first quarter of 2004 then strengthened to 3.9% in the second quarter and 3.2% in the third.

Federal government spending as a percentage of GDP reached a 50-year low in fiscal year 2000-01.

Employment by Industry (thousands)



Labour Force Statistics (thousands)

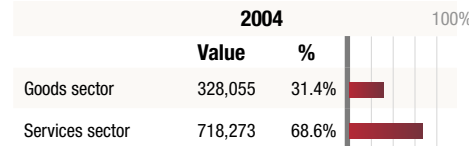
	2004
	Value
Employed	15,952
Full-time	13,001
Part-time	2,951
Employed - Annual % change	1.8%
Participation rate	67.6%
Unemployment rate	7.2%

The economy is well diversified. Services provide the greatest contribution to GDP, accounting for 68.9% of GDP in 2003.

Personal computer ownership in 2002 was 487 per 1,000 persons. And Canadians use the Internet more than any other nationality—at a rate of 512 per 1,000 persons. Canada leads the G7 in broadband or high-speed Internet use. The

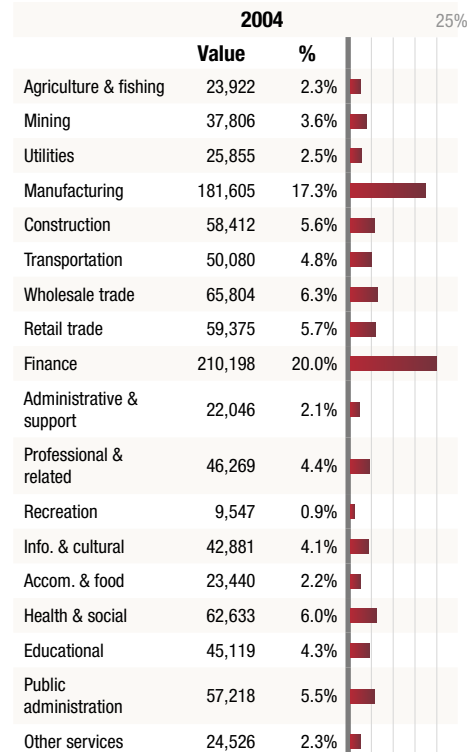
Gross Domestic Product by Sector

(chained 1997 dollars, millions of \$)



Gross Domestic Product by Industry

(chained 1997 dollars, millions of \$)



value of all business purchases by Canadians on the Internet rose by 40% in 2003, to \$19.1B. The federal government has invested heavily in the electronic infrastructure to encourage and facilitate e-commerce and e-government. For the fifth time in a row, Canada is ranked number one in the world in e-government (Accenture 2005) and three-quarters of Internet traffic runs on Canadian telecom/IT equipment. All federal government departments can be contacted for information or to make electronic filings through the main website (<http://www.canada.gc.ca>), which also provides links to every provincial government.

The country has a large industrial base and the manufacturing sector improved its competitiveness during the 1990s. In 2003, the industry sector equalled 28.9% of GDP (includes mining and oil and gas extraction; manufacturing; construction and utilities).

Balance of Payments

(millions of \$)

Current Account	2004
Current account balance	33,823
Goods & services exports	492,618
Goods & services imports	436,481
Investment income receipts	38,897
Investment income payments	61,336

Financial Account

Assets	2004
Direct investment abroad	57,454
Portfolio assets	16,174
Other investment	8,049
Total Canadian assets abroad	81,676
Liabilities	
Direct investment in Canada	8,547
Portfolio liabilities	53,209
Other liabilities	-8,942
Total Canadian liabilities to non residents	52,814
Capital account	4,415



The primary sector plays an important role, accounting for one-quarter of exports and 5.8% of GDP. Canada's resource sector has become extremely technologically advanced—this sector's exciting productivity gains are one reason that resource exports are still vital to the Canadian economy. In 2003, Canadian mineral production (in '000 tons) was: copper 543 (refined 455), nickel 153, lead 78 (refined 112), zinc 757 (refined 761), iron ore 33,214; and, (in tons) gold 141, silver 1,276 and uranium 9,906. The agriculture sector totalled 2.2% of GDP in 2003 with farm receipts for animal products totalling \$16,213M and \$13,055M for crops.

The sectors with the highest foreign investment in 2003 were finance and insurance (\$67,882M) and energy (\$61,690M).

Prices

	2004
Industrial price index	3.2%
Consumer price Index	1.8%

INCOME

Gross Domestic Product (current prices, million of \$)

	2004		100%
	Value	%	
GDP at market prices	1,293,289	100.0%	
Private consumption	722,631	55.9%	
Public consumption	249,771	19.3%	
Gross fixed capital formation	257,056	19.9%	
Change in stocks	7,240	0.6%	
Exports of goods and services	494,519	38.2%	
Imports of good and services	437,404	33.8%	
Real increase of GDP - 2004		2.8%	
Average GDP Growth - 1999-2004 (chained 1997 dollars, 2004)		3.1%	
GDP per capita (current prices, 2003)		38,533	

GENERAL INFORMATION

Languages

Federally, the two official languages are English and French. Federal agencies and some provinces provide bilingual service. The official language in the province of Quebec is French. Canada has one of the world's most multilingual societies. With over 100 languages identified as the mother tongue (Statistics Canada, 2001), the top 10 spoken in Canada are: English 58.6%, French 22.6%, Chinese (includes Mandarin and Cantonese) 2.9%, Italian 1.6%, German 1.5%, Punjabi 0.9%, Spanish 0.8%, and Portuguese, Polish and Arabic all 0.7%.

Religions

Roman Catholic 43.6%; Protestant 29.2%; Muslim 2.0%; Jewish 1.1%; Buddhist 1.0%; Hindu 1.0%; other 5.6%; no affiliation 16.5%.



LEGAL FRAMEWORK

The legal system in Quebec is different from the rest of Canada, following a French-style civil code rather than British common law.

Tax System

Canada has the best corporate income tax rates for research and development operations and one of the lowest corporate income tax rates for manufacturing operations. In 2000, Canada introduced a Five-Year, \$100B Tax Reduction Plan, the largest tax cut in Canadian history. The Plan reduced the general rate of corporate income tax to 21%, down from 28%. Small businesses are taxed at much lower levels: federal tax in 2004 was 13.12% on income up to \$250,000 (rising to \$300,000 in 2005). Besides income and capital taxes, the federal government and nine of the 10 provinces collect a consumption tax on goods and services. The federal goods and services tax (GST) of 7% is a type of value-added tax.

Standardization and Certification of Products

Canada has no significant restrictions on transfers of technology. Regulatory agencies become involved if an industry or product is subject to broad regulation, such as food, drugs and textiles, in order to ensure they comply with national standards of quality and safety. Some goods are restricted or prohibited such as firearms and other weapons.

Protection of Patents and Trademarks

Patents, trademarks, copyrights, industrial designs (including integrated-circuit topographies) and plant breeders' rights are recognized in Canada. Trade secrets are also protected through provincial law. In 2001, the number of patent applications filed by residents totalled 5,737, while non-residents filed 92,752. Licensing of proven technology specifies whether patent rights are exclusive or non-exclusive, regional or national in scope, and whether there are restrictions on what can be produced with the technology. They also specify the kinds of defaults on payments that will result in cancellation of a licence.

Intellectual Property

Canada's level of protection for patents and trademarks conforms to general standards in Europe and the United States. Canada is a signatory to the Paris Convention on Intellectual Property, the International Patent Co-operation Treaty and the World Intellectual Property Organisation's treaties on copyright. The Canadian Intellectual Property Office (CIPO) is the main agency responsible for processing and registering intellectual property claims, however it is not an enforcement agency. As of July 2004, CIPO has operated as an International Searching Authority and International Preliminary Examining Authority under the Patent Co-operation Treaty.

POLITICAL FRAMEWORK

National Government

Canada is a constitutional monarchy. The prime minister is the head of government. The legislative branch comprises an elected House of Commons and an appointed Senate.



Provincial and Territorial Governments

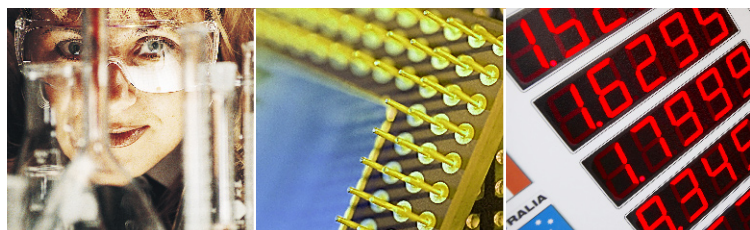
There are 10 provinces and three territories, with the provinces having wide jurisdiction in many areas, such as natural resources, education, healthcare, direct taxation, civil law and provincially incorporated companies. The two levels of government (federal and provincial) share power in some areas, such as agriculture, immigration and old-age pensions. Municipal governments operate under provincial jurisdiction.

Trade and Economic Organization Memberships

- Asia Pacific Economic Co-operation
- Commonwealth
- Group of Eight (G8)
- International Monetary Fund
- La Francophonie
- North Atlantic Treaty Organisation
- Organisation for Economic Co-operation and Development
- Organisation of American States
- United Nations (and its subsidiary agencies)
- World Bank
- World Trade Organisation

FOREIGN TRADE STRUCTURE

Foreign direct investment in Canada has more than doubled since 1990. Increasingly more foreign investment in Canada goes to knowledge-based industries in high-tech manufacturing such as electronics, communications and chemicals.



Foreign Trade by Industry (millions of \$)

Exports 2004			Imports 2004		
	Value	Share		Value	Share
Automobile and light-duty motor vehicle manufacturing	56,712	13.8%	Automobile and light-duty motor vehicle manufacturing	28,787	8.1%
Oil and gas extraction	52,440	12.7%	Oil and gas extraction	18,669	5.3%
Sawmills and wood preservation	12,273	3.0%	Computer and peripheral equipment manufacturing	13,038	3.7%
Paper mills	11,967	2.9%	Other motor vehicle parts manufacturing	12,548	3.5%
Petroleum refineries	11,809	2.9%	Pharmaceutical and medicine manufacturing	9,485	2.7%
Aerospace product and parts manufacturing	10,751	2.6%	Motor vehicle gasoline engine and engine parts manufacturing	8,870	2.5%
Alumina and aluminum production and processing	7,572	1.8%	Navigational, measuring, medical and control instruments manufacturing	7,939	2.2%
Non-ferrous metal (except aluminum) smelting and refining	7,330	1.8%	Semiconductor and other electronic component manufacturing	7,934	2.2%
Pulp mills	7,154	1.7%	Aerospace product and parts manufacturing	7,243	2.0%
Veneer, plywood and engineered wood product manufacturing	6,993	1.7%	Motor vehicle transmission and power train parts manufacturing	7,132	2.0%
Other exports	226,354	55.0%	Other imports	233,593	65.8%

Foreign Trade by Country (millions of \$)

Exports 2004			Imports 2004		
	Value	Share		Value	Share
United States	348,186	84.6%	United States	208,873	58.8%
Japan	8,529	2.1%	China	24,084	6.8%
United Kingdom	7,608	1.8%	Mexico	13,404	3.8%
China	6,614	1.6%	Japan	13,366	3.8%
Mexico	2,975	0.7%	United Kingdom	9,646	2.7%
Germany	2,660	0.6%	Germany	9,416	2.7%
France	2,372	0.6%	South Korea	5,822	1.6%
South Korea	2,256	0.5%	France	5,326	1.5%
Belgium	2,105	0.5%	Norway	4,954	1.4%
Netherlands	2,009	0.5%	Italy	4,570	1.3%
Rest of the World	26,041	6.3%	Rest of the World	55,777	15.7%

Exchange Rates

	1999	2000	2001	2002	2003	2004
Can. Dollar per U.S. Dollar	1.49	1.49	1.55	1.57	1.40	1.31
Can. Dollar per Euro Dollar	1.59	1.37	1.39	1.48	1.59	1.62

Foreign Direct Investment Stocks by Industry (millions of \$)

	Inward 2003		Outward 2003	
	Value	Share	Value	Share
Wood and paper industry	15,159	4.2%	8,315	2.1%
Energy	61,690	17.3%	40,210	10.1%
Metallic minerals and metal products	21,780	6.1%	47,675	11.9%
Machinery and equipment	11,672	3.3%	4,475	1.1%
Transportation equipment	35,487	9.9%	18,262	4.6%
Finance and insurance industry	67,882	19.0%	168,501	42.2%
Services and retailing industry	28,267	7.9%	47,422	11.9%
Food, beverage and tobacco	38,292	10.7%	10,155	2.5%
Chemicals, chemical products and textiles	33,130	9.3%	12,087	3.0%
Electrical and electronic products	26,522	7.4%	22,329	5.6%
Construction and related activities	10,647	3.0%	7,616	1.9%
Communications	7,019	2.0%	12,088	3.0%

Foreign Direct Investment Stocks by Country (millions of \$)

Inward 2003			Outward 2003		
	Value	Share		Value	Share
United States	228,383	63.9%	United States	164,874	41.3%
France	31,630	8.8%	United Kingdom	40,703	10.2%
United Kingdom	27,066	7.6%	Barbados	24,690	6.2%
Netherlands	15,280	4.3%	Ireland	18,226	4.6%
Japan	9,686	2.7%	France	11,619	2.9%
Switzerland	7,502	2.1%	Bermuda	10,845	2.7%
Germany	7,348	2.1%	Netherlands	10,658	2.7%
Hong Kong	4,731	1.3%	Cayman Islands	10,619	2.7%
Belgium	3,727	1.0%	Hungary	9,467	2.4%
Luxembourg	3,473	1.0%	Japan	9,123	2.3%
Rest of the World	18,722	5.2%	Rest of the World	88,310	22.1%

MARKET ACCESSIBILITY

Trade System

Under the North American Free-Trade Agreement (NAFTA), Canada has direct access to the North American market, including Mexico—over 430M people with a combined GDP of over US\$11.4 trillion. In addition to eliminating tariffs, NAFTA provides procedures for border facilitation; movement of personnel; investment and intellectual property protection; and, product certification. Canada has adopted the international Harmonized Coding System to classify goods. Products imported into Canada may be subject to 11 different tariff agreements. Two programs help importers recover duties paid in certain circumstances: the Duty-Drawbacks Program and the Duty-Relief Program. More information is available through the Canada Border Services Agency (CBSA).

Investment System

The chartered banks own the largest investment dealers, which are also the largest underwriters of new securities. Canada has three specialized securities-trading markets. The largest is the Toronto Stock Exchange (TSX). The Montreal Exchange specializes solely in trading derivatives. Shares of mining companies and other junior or speculative issues are generally traded on the TSX Venture Exchange.

Canada's Export Development Corporation (EDC) provides trade finance and risk management services to Canadian exporters and foreign investors, including loans to foreign buyers, accounts receivable insurance to protect against non-payment, as well as other types of financing products.

Tariffs

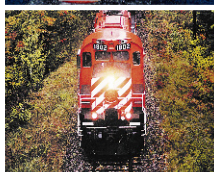
Canada has a harmonized tariff system. The mean tariff rate for all goods in 2002 was 1.1%. Products traded with the United States and Mexico fall under the terms of NAFTA and most tariffs were eliminated in 2004.

Canada-U.S. Border Issues

The FAST and NEXUS programs that were developed under the 2001 Canada-U.S. Smart Border Declaration ensure that trade and investment continue to flow easily between the two countries. There are 12 dedicated FAST lanes open at major border crossings. As a result of these types of initiatives and commitment between both government, border wait times today average less than 10 minutes—one of the most efficient systems in the world.

TRANSPORT INFRASTRUCTURE

Canada's truck, air and rail services are fully integrated with U.S. networks, providing efficient access to consumers and suppliers throughout North America. Approximately 70% of Canada's trade with the United States is moved by truck. Under the Canada-U.S. Smart Border Action Plan, Canada will provide \$433M over five years to strengthen the Government's capacity to deliver secure and efficient border services.



Roads

The Government of Canada is working with the provinces and territories to implement a five-year Strategic Highway Infrastructure Program (SHIP) with the following components: \$500M for strategic highway construction improvements on the National Highway System (NHS); and \$100M for national system integration initiatives, including \$65M for improvements at or near border crossings (2006 completion target).

In 2004, the Canadian road network consisted of 1.4M km of roadways, of which 115,000* are major roads. The Trans-Canada Highway is the longest highway in the world at 7,821 km, linking all 10 provinces. In 2003, domestic freight on Canadian highways amounted to 219.8M metric tons*.

Railways

Canada has 75,000* kilometres of rail lines, with significant links into the United States. There is also easy access to Canada's major ports and to interior communities through truck-rail intermodal service. In 2003, Canadian railways moved 234.9M tonnes (201.8M domestic)* of freight.

Ports

Canada has the world's longest inland waterway open to ocean shipping—the Great Lakes/St. Lawrence Seaway System. The Seaway provides a direct route to the industrial heart of North America. There are 230* (2002 data) commercial ports and harbours handling many goods shipped in and through Canada. Major ports include Vancouver, Montreal, Halifax, Port Cartier, Sept Iles/Pointe Noire, Saint John and Quebec City. Modern container facilities at major ports connect with inland container trains to ensure rapid movement of goods throughout North America.

Airports

Canada's air transportation system includes 1,106* airports of which 10 are major international airports. In 2003, air traffic transported 59.5M passengers and 1,420 metric tons of merchandise. Toronto is the busiest airport in the country, handling 24.7M passengers in 2003.

(*Source: North American Transportation Statistics Database)

COMMERCIAL AND BANKING SERVICES

Commercial

Rising employment and lower taxes have supported growth in consumer purchases. Statistics Canada reported in June 2004 that real consumer spending grew by an average of 3.1% from 2000 through 2003, faster than average GDP growth of 2.3%. Total retail sales in 2003 amounted to \$330,503M, a 3.7% increase over 2002. Supermarkets and others accounted for \$64,956M, clothing and footwear stores \$19,471M, electronics and appliance stores \$10,970M, pharmacies and personal care stores \$21,267M, furniture and home furnishings stores \$11,895M, and general merchandise retailers \$40,011M.

Banks

The Bank of Canada is the central bank. According to Moody's Financial Strength Ratings, Canadian banks stand first among G7 countries in credit worthiness. The financial services sector

is dominated by six large domestic banks: Bank of Montreal, National Bank of Canada, Royal Bank, ScotiaBank, TD Bank, CIBC. All of these have offshore branches or affiliates. In addition to domestic banks, 70 foreign banks operate in Canada.

Degree of Market Openness

	2004
Foreign Trade (Exports + Imports) /GDP	72.1%
Imports/GDP	33.8%
Exports/GDP	38.2%
2003	
Total Imports/World Imports	3.2%
Total Exports/World Exports	3.7%

PRACTICAL INFORMATION

Currency

The currency is the Canadian dollar, divided into 100 cents. There are notes of 5, 10, 20, 50, 100, 500 and 1,000 dollars; and coins of one, five, 10, 25 and 50 cents as well as one and two dollar coins.

Standard Time

Canada has six time zones. From the last weekend of October to the first weekend of April standard time applies as below. The rest of the year Daylight Saving Time applies (except in Saskatchewan).

• Hours behind GMT

- Newfoundland (island) 3.5
- Other Maritime Provinces 4
- Eastern zone 5
- Central zone 6
- Mountain zone 7
- Pacific zone 8

Working Hours

• Banks

Generally, banks are open Monday to Friday from 8 or 9 a.m. to 6 p.m. Some banks (or branches) have extended hours during the week and are open part of the day on Saturdays.

• Public Offices

Office hours for all levels of government tend to be 8:30 a.m. – 4:30 p.m.

• Shops

Shopping hours vary widely from province to province and within municipalities. Generally, food stores have the longest hours (e.g., 8 a.m. - 8 p.m.) and are open daily; large cities will have some 24hr supermarkets and convenience stores.

Vacations and Holidays

Vacations: Governed by provincial labour laws and union contracts. Many employees receive only two weeks annual vacation but those with longer service may receive four or five weeks.

Holidays: January 1st, Easter Friday and Monday, Victoria Day (May), July 1st (Canada Day), first Monday in September, second Monday in October, November 11th, December 25th and 26th. Additional holidays apply in specific provinces, notably June 24th in Quebec and the first Monday in August in most provinces.

**Unless otherwise specified, all funds are in Canadian dollars.*

Entrance Requirements

Visitors arriving from abroad require a valid passport. Visitors from many countries will also need a Temporary Resident's Visa (TRV) to enter or transit Canada. It is best to check with the nearest Canadian embassy or consulate, or check the Citizenship and Immigration Canada website at: <http://www.cic.gc.ca>

Health Care System

Canada has a national health care system for citizens and permanent residents. The system benefits business in two ways: it helps maintain a healthy work force, and it drastically reduces employee benefit costs. In 2004, KPMG studied the comparative cost of statutory benefits plus other employer-sponsored plans. This critical combination of costs was lower in Canada than in any other G7 country.

- Health Precautions for Visitors: None.

Connections from Canada

• By Air

Most major international carriers have direct or connecting flights to Canada. The majority of visitors arriving on overseas flights will enter via Toronto, Montreal or Vancouver airports.

• By Sea

Passenger traffic via sea to Canada is somewhat limited by the number of carriers, but there is a fair amount of cruise ship traffic in summer.

• By Land

There are 12 major road border crossings with the United States and a host of smaller ones. Many CBSA customs offices offer service 24 hours a day.

Electrical Current

All of North America uses 110 volts for most residential and commercial purposes.

FEDERAL GOVERNMENT CONTACTS IN CANADA

Government of Canada

www.canada.gc.ca

Investment, Science and Technology Branch

Telephone: (613) 954-5031

Fax: (613) 954-2340

E-mail: investincanada@ic.gc.ca

www.investincanada.gc.ca

Bank of Canada

www.bankofcanada.ca

Canada Border Services Agency

www.cbsa-asfc.gc.ca

Canada Revenue Agency

www.cra-arc.gc.ca

Canadian Tourism Commission

www.travelcanada.ca

Citizenship and Immigration

www.cic.gc.ca

Foreign Affairs Canada

www.fac-aec.gc.ca

Human Resources and Skills Development Canada

www.hrsdc.gc.ca

International Trade Canada

www.itcan-cican.gc.ca

Transport Canada

www.tc.gc.ca

To find out more about investment opportunities in Canada:

www.investincanada.gc.ca

Canada

