Canada At a Glance



POPULATION

Canada's total population grew by an annual average of less than 1% between 2001 and 2006, the second highest among the G7 industrialised countries and just behind the U.S. Immigration made up about two thirds of the increase in population between mid-2005 and mid-2006, with priority given to high-skilled workers. According to the 2006 World Competitiveness Yearbook, Canada has the highest percentage of individuals achieving at least college or university education among those 50 countries surveyed.

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Population

	2005
Total Population	32,270,507
Population Growth Rate	1.2%
Population Distribution by Sex	
Men	49.5%
Women	50.5%
Population Distribution by Age Group	
0-14	17.6%
15-64	69.3%
65+	13.1%
Population of Main Metro Areas	
Toronto	5,304,090
Montréal	3,635,733
Vancouver	2,208,333
Ottawa-Gatineau (Capital)	1,148,785
Calgary	1,060,007
Edmonton	1,016,007
Québec	717,641
Hamilton	714,935
Winnipeg	706,854
London	464,304



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 2005-06, Canada reported its ninth consecutive budget surplus and its tenth consecutive balanced budget. The surplus was used to bring the federal government's debt down to 35% of GDP, its lowest level in 24 years.

Canada was a top performer among the G7 in GDP growth over the 2002-05 period and is expected to continue its dynamic performance in 2006-08. With 54 per cent of its population employed, Canada's labour force to population ratio ranks ahead of all other G7 nations. The unemployment rate was 6.8% in 2005, remaining close to the lowest rate in 30 years, and having fallen gradually from around 8% at the beginning of 2002. Canada also enjoys the lowest overall labour costs in the G7.

Characteristics of the Main Productive Sectors

The economy is well diversified. Services provide the greatest contribution to GDP, accounting for 68.9% of GDP in 2005.

In 2006, Canada was the lowest-cost country in which to do business among the G7 for the sixth consecutive time, with costs significantly below those in the United States and Europe.

Labour Force Statistics (thousands)

	2005
	Value
Employed	16,169
Full-time	13,204
Part-time	2,965
Employed - Annual % change	1.4%
Participation rate	67.2%
Unemployment rate	6.8%

Prices

	2005
Industrial price index	1.6%
Congumer price index	2.20/

Canada is the lowest-cost G7 country in 12 of 17 industries analyzed in the 2006 KPMG Competitive Alternatives report, including aerospace, chemicals, electronics, medical devices, pharmaceuticals, clinical trials, precision manufacturing, telecommunications, biotechnology, software design, Web and multimedia and corporate service centres.

Gross Domestic Product by Sector

(chained 1997 dollars, millions of \$)

	2005			
	Value	%		
Goods sector	331,607	31.1%		
Services sector	733,291	68.9%		

Gross Domestic Product by Industry

(chained 1997 dollars, millions of \$)

	200	25%	
	Value	%	
Agriculture & fishing	25,488	2.4%	
Mining	38,865	3.6%	
Utilities	27,948	2.6%	
Manufacturing	174,987	16.4%	
Construction	63,689	6.0%	
Transportation	51,241	4.8%	
Wholesale trade	65,997	6.2%	
Retail trade	62,219	5.8%	
Finance	213,985	20.1%	
Administrative & support	24,183	2.3%	
Professional & related	47,535	4.5%	
Recreation	8,996	0.8%	
Info. & cultural	43,383	4.1%	
Accom. & food	23,221	2.2%	
Health & social	60,704	5.7%	
Educational	47,073	4.4%	
Public administration	59,462	5.6%	
Other services	26,225	2.5%	







Personal computer ownership in 2004 was 689 per 1,000 persons. Canadians used the Internet at a rate of 629 per 1,000 persons in 2004. For the same year, Canada ranked 3rd in a 60-country study of broadband subscribers, with a rate of 147 per 1,000 persons. The value of all business purchases by Canadians on the Internet totalled \$39.2B in 2005, an increase of 38% from \$28.3B in 2004. Among retail businesses, 42% had a website in 2005, up from 38% in 2004.

The federal government has invested heavily in the electronic infrastructure to encourage and facilitate e-commerce and e-government. Over the past few years, Canada has ranked at or near the top in government Internet services among 22 countries (Accenture). All federal government departments can be contacted for information or to make electronic filings through the main website (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 2005, the industry sector

equalled 28.6% of GDP (includes mining and oil and gas extraction; manufacturing; construction and utilities).

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 2005, Canadian mineral production (in '000 tons) was: copper 573 (refined 515), nickel 182, lead 73 (refined 110), zinc 621 (refined 723), iron ore 30,125; and, (in tonnes) gold 119, silver 1,060 and uranium 12.6. The agriculture sector totalled 2.2% of GDP in 2005 with farm receipts for animal products totalling \$18,462M and \$13,500M for crops.

The sectors with the highest foreign investment in 2005 were finance and insurance (\$89,107M) and energy (\$81,887M).

COMMERCIAL AND BANKING SERVICES

Commercial

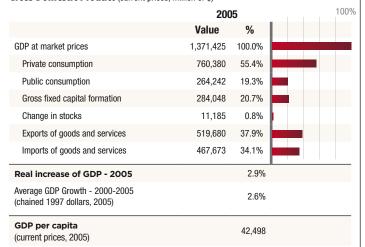
Rising employment and lower taxes have supported growth in consumer purchases. Statistics Canada reported in June 2004 that real consumer spending grew by an average of 3.1% from 2000 through 2003, faster than average GDP growth of 2.3%. Total retail sales in 2005 amounted to \$368B, a 4.7% increase over 2004. The automotive sector, including new-car dealers, suppliers of used vehicles and parts and petrol stations, accounted for about 24% of the total, followed by supermarkets at 17%.

Bank

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.

INCOME

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



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, Cantonese, Hakka and other Chinese languages) 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%; Christian Orthodox 1.6%; Christian not included elsewhere 2.6%; 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 lowest effective corporate income tax rates for research and development (R&D) operations in the G7 and one of the lowest corporate income tax rates for manufacturing operations. This low rate is the result of Canada's five-year tax reduction plan, which leveled the playing field between the manufacturing and service sectors and reduced the average corporate tax rate to 4.5 percentage points below the average American rate. Fiscal measures introduced in the 2006 federal budget will raise this rate advantage for manufacturing to 5.1% by 2010. 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 6% 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. 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. Some of this investment is motivated by one of the most generous R&D incentives in the world.

In 2005 exports of goods and services accounted for 38% of GDP and supported an estimated one third of all Canadian jobs.

Canada ranked first in the G7 as the best place in which to conduct business over the five-year period 2007-2011, according to the Economist Intelligence Unit. This ranking is based on the fact that Canada has world-class infrastructure, excellent market opportunities and sound business environment.

Exchange Rates

	Can. Dollar per U.S. Dollar	Can. Dollar per Euro
2000	1.49	1.37
2001	1.55	1.39
2002	1.57	1.48
2003	1.40	1.59
2004	1.30	1.62
2005	1.21	1.51

Foreign Trade by Industry (millions of \$)

Exports 2005			Imports 2005		
	Value	Share		Value	Share
Oil and gas extraction	66,243	15.2%	Automobile and light-duty motor vehicle manufacturing	29,568	7.8%
Automobile and light-duty motor vehicle manufacturing	54,026	12.4%	Oil and gas extraction	25,550	6.7%
Petroleum refineries	14,709	3.4%	Computer and peripheral equipment manufacturing	13,634	3.6%
Paper mills	11,916	2.7%	Other motor vehicle parts manufacturing	11,981	3.1%
Sawmills and wood preservation	11,189	2.6%	Pharmaceutical and medicine manufacturing	9,994	2.6%
Aerospace product and parts manufacturing	10,976	2.5%	Aerospace product and parts manufacturing	9,254	2.4%
Alumina and aluminum production and processing	8,300	1.9%	Motor vehicle gasoline engine and engine parts manufacturing	8,693	2.3%
Non-ferrous metal (except aluminum) smelting and refining	7,496	1.7%	Semiconductor and other electronic component manufacturing	8,345	2.2%
Resin and synthetic rubber manufacturing	6,834	1.6%	Navigational, measuring, medical and control instruments manufacturing	7,650	2.0%
Veneer, plywood and engineered wood product manufacturing	6,329	1.5%	Iron and steel mills and ferro-alloy manufacturing	7,188	1.9%
Other exports	238,175	54.6%	Other imports	248,904	65.4%

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

	Inward 2005		Outward	2005
	Value	Share	Value	Share
Wood and paper industry	13,474	3.2%	10,100	2.2%
Energy	81,887	19.7%	54,467	11.7%
Metallic minerals and metal products	26,433	6.4%	49,681	10.7%
Machinery and equipment	15,215	3.7%	5,971	1.3%
Transportation equipment	35,914	8.6%	17,493	3.8%
Finance and insurance industry	89,107	21.4%	206,753	44.5%
Services and retailing industry	41,943	10.1%	57,946	12.5%
Food, beverage and tobacco	24,077	5.8%	9,156	2.0%
Chemicals, chemical products and textiles	41,122	9.9%	13,577	2.9%
Electrical and electronic products	27,641	6.7%	20,838	4.5%
Construction and related activities	10,469	2.5%	7,694	1.7%
Communications	8,279	2.0%	11,382	2.4%

Foreign Trade by Country (millions of \$)

	Exports 2005		lm	ports 2005	
	Value	Share		Value	Share
United States	365,741	83.8%	United States	215,146	56.5%
Japan	9,170	2.1%	China	29,514	7.8%
United Kingdom	8,254	1.9%	Japan	14,788	3.9%
China	7,103	1.6%	Mexico	14,594	3.8%
Mexico	3,365	0.8%	United Kingdom	10,424	2.7%
Germany	3,236	0.7%	Germany	10,263	2.7%
South Korea	2,821	0.6%	Norway	6,061	1.6%
France	2,538	0.6%	South Korea	5,374	1.4%
Belgium	2,287	0.5%	France	4,994	1.3%
Netherlands	2,194	0.5%	Italy	4,584	1.2%
Rest of the World	29,486	6.8%	Rest of the World	65,018	17.1%

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

	Inward 2005			Outward 2005	
	Value	Share		Value	Share
United States	266,532	64.1%	United States	213,746	46.0%
United Kingdom	29,888	7.2%	United Kingdom	42,714	9.2%
France	28,442	6.8%	Barbados	34,726	7.5%
Netherlands	21,736	5.2%	Ireland	19,487	4.2%
Switzerland	13,048	3.1%	Bermuda	13,566	2.9%
Japan	10,804	2.6%	France	12,262	2.6%
Germany	9,356	2.3%	Cayman Islands	11,048	2.4%
Hong Kong	6,274	1.5%	Netherlands	9,912	2.1%
Brazil	3,667	0.9%	Australia	8,220	1.8%
Luxembourg	3,437	0.8%	Brazil	8,018	1.7%
Rest of the World	22,377	5.4%	Rest of the World	91,359	19.6%

MARKET ACCESSIBILITY

Canada is the top-ranked country in the OECD for both the lowest number of procedures (2) and the shortest duration for completion (3 days) of the process of establishing an industrial or commercial business, according to the World Bank Group.

Trade System

Under the North American Free-Trade Agreement (NAFTA), Canada has guaranteed access to the North American market, including Mexico-over 440M people with a combined GDP of over \$16.0 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. 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). Importers may choose to use customs brokers as agents to handle imports and to deal with the 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 Montréal Exchange specializes solely in trading derivatives. Shares of mining companies and other junior or speculative issues are generally traded on the TSX Venture Exchange.

Export Development Canada 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 was set at 1.1% in 2002. Products traded with the United States and Mexico fall under the terms of NAFTA and most tariffs were eliminated in 2004.

Goods subject to quotas or restrictions that require an import permit include: textiles and clothing; raw steel; farm products such as poultry, eggs, beef and veal, dairy products and some grains.

Canada-U.S. Border Issues

The North American market is serviced through a well-integrated transportation system, which is among the world's best. Automated permit ports, transponder identification systems and joint processing centres are being tested and deployed for easy movement of goods.

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. As a result, 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. Under the Canada-U.S. Smart Border Action Plan, Canada is working with the U.S. to strengthen the Government's capacity to deliver secure and efficient border services, including the secure flow of people, the secure flow of goods, secure infrastructure, and information sharing and coordination in the enforcement of these objectives.

Asia-Pacific Gateway

On October 11, 2006, Prime Minister Harper announced the Asia-Pacific Gateway and Corridor Initiative, an integrated set of investment and policy measures that is set to strengthen Canada's competitive position in international commerce. The Initiative delivers significant new public investment—\$1 billion overall, including \$321 million in immediate projects for a variety of infrastructure, transportation technology and border security projects.

The Initiative aims to address emerging bottlenecks and multi-modal transfer points, and cement the reputation of the Gateway and Corridor as a reliable, efficient and secure connection between North America and Asia.

Roads

Canada is ranked first for road provision among all of the G7 countries. In 2004, the Canadian road network consisted of 1.4M km of roadways, of which 85% are urban or local rural roads. The Trans-Canada Highway is the longest highway in the world at 7,821 km, linking all 10 provinces. Freight tonnage carried every year on Canadian highways is estimated to be close to 400M tonnes.

Railways

Canada's railway system is the third largest among OECD countries at 73,000 kilometres, 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 2004, Canadian railways moved 260.8M tonnes 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 and handles some 200M tonnes of cargo each year. There are 300 commercial ports and harbours handling many goods shipped in and through Canada. Major ports include Vancouver, Montréal, Halifax, Port-Cartier, Sept-Îles/Pointe-Noire, Saint John and city of Québec. Vancouver is Canada's largest port and the main terminal for goods being shipped to the Asia-Pacific region.

Airports

Canada's air transportation system includes 10 major international airports and over 300 smaller ones. In 2005, air traffic transported approximately 83.9M passengers and 1,379 metric tonnes of merchandise. Toronto is the busiest airport in the country, accounting for almost one-third of all traffic.

PRACTICAL INFORMATION

Currency

The currency is the Canadian dollar, divided into 100 cents. There are notes of 5, 10, 20, 50 and 100 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 first weekend of November to the second weekend of March standard time applies as below. The rest of the year Daylight Saving Time applies (except in Saskatchewan).

· Hours behind GMT

- Newfoundland (island) 3.5
- 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 except for statutory holidays; large cities have some 24hr supermarkets, drugstores 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 or 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.

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: 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 2006, KPMG studied the comparative cost of statutory benefits plus other employer-sponsored plans, as a percentage of payroll. This critical combination of costs was lower in Canada than in any other G7 country. The Government of Canada provides predictable support to provinces and territories through the Canada Health Transfer (CHT). Cash transfers are legislated to increase by 6 per cent annually up to 2013-14. This means an additional \$1.1 billion in 2006-07 and \$1.2 billion more on top of that in 2007-08 in support of provincial-territorial health systems, and growing every year thereafter. In addition to the CHT, \$5.5 billion in wait times reduction funding will be provided to provinces and territories from 2004-05 to 2013-14 as part of the 10-Year Plan.

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, Montréal 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

Invest in Canada Bureau

E-mail: investincanada@international.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.canadatourism.com

Citizenship and Immigration

www.cic.gc.ca

Foreign Affairs and International Trade Canada

www.international.gc.ca

Human Resources and Social Development Canada

www.hrsdc.gc.ca

Service Canada

www.servicecanada.qc.ca

Transport Canada

www.tc.gc.ca









ISBN 978-0-662-43142-8

^{*}Unless otherwise specified, all funds are in Canadian dollars,