



GOING GLOBAL **EXPORTING TO CANADA**

A guide for clients



Capital
Ottawa



Unemployment
6.9%
(2016)



Population
36.5m



EI Client Exports
€280m
(2015 +7%)



GDP Per Capita
\$60,000
(USD \$45,000)



6,000
people employed by
Irish companies in
Canada



GDP Growth
2.4%
(estimated 2017)



400
Companies actively
exporting

WHY EXPORT TO CANADA?

Canada is the 10th largest economy in the world and is ranked 22nd out of 190 countries for ease of doing business by the World Bank. A two trillion dollar economy (GDP \$CAD), it is forecast to grow at more than 2% per annum in 2017 and 2018, has a growing population of more than 35 million people and a positive and stable economic environment.

It sailed through the economic downturn almost unscathed, retaining its low unemployment, avoiding a mortgage crisis and experiencing not a single major bank failure.

Canada is an affluent, high-tech industrial society with a market-oriented economy, low inflation and high living standards. GDP for Canada was at approx. €1.45 trillion (\$2.06 CAD) in Q4 of 2016. The expected GDP growth for 2017 is estimated to be approximately 2.4%.

Canada is the second largest country in the world by landmass, with six time zones, ten provinces and three territories. Though its sheer scale can seem daunting, in fact 90% of the population lives within 200km of the United States border.

Canada offers good trade and investment opportunities for companies across a number of sectors. The services sector accounts for about 70% of GDP, with significant areas including financial services, real estate, entertainment and tourism.

Manufacturing has contributed significantly to GDP with aerospace and machinery industries overtaking the automobile sector in importance. Other sectors of opportunity include energy, food and drink, biotechnology, defence & security and business services.

Natural resources remain a major area of growth and opportunity and the growth of hi-tech industries often involving small dynamic companies, is of increasing significance.

Its appeal to internationally focussed Irish businesses is enhanced by the recent agreement of a trade deal with the EU and recovering global commodity prices.

The acceleration in economic activity in Canada is based on strong economic foundations and plans to invest more than \$180 billion in infrastructure projects, including transport and green technology,

as well as growing strengths in new sectors and technologies which complement a more favourable outlook for its important natural resources sector.

Canada is the third largest source of renewable fresh water in the world and is a leader in the supply of lumber, grain and a variety of metals and minerals, as well as having vast reserves of oil and gas.

It is a major manufacturer of machinery, automotive, electronics, chemicals, medical devices and pharmaceuticals.

Canada is also investing significantly in innovation and technology and is currently a world player in digital media, information communications and technology (ICT) and natural resources development.

English and French are its two official languages. Canada has three main economic centres; West Coast & Prairies, Ontario and Quebec. English speaking Ontario represents over 40% of total economic activity and is home to Toronto, the 4th largest metropolitan area in North America. Toronto is the commercial capital and is a one-hour flight from Montreal, Chicago, New York, and Boston.

Strong roots

Canada is well disposed to trade with Ireland. The attitude towards Ireland there is overwhelmingly positive. Relations between Ireland and Canada are close based on a longstanding combination of family ties, cultural affinities and shared democratic political traditions.

Almost 4.3 million Canadians claim some Irish ancestry. For exporters, this can help a great deal in terms of opening doors and establishing rapport.

This matters, because when doing business in Canada, developing good relationships is key. The decision-making process can be lengthy and often

is very collaborative, with relevant stakeholders from across the organisation serving as influencers to the final decision. Relationship building with multiple players within an organisation is therefore useful.

Canadians prefer to work with a company that has already established a presence in Canada. The importance of demonstrating local presence can be an important way to gain trust and to reassure potential customers of the availability of on-going on-the-ground support

A number of Irish trade groups are well established in Canada, including Ireland-Canada Chambers of Commerce in Montreal, Toronto, Edmonton, Calgary and Ottawa. The Ireland Canada Business Association is the representative body based in Ireland focused on promotion of bilateral trade and business relationships.

O'Canada

So why is Canada's market so attractive to Irish exporters?

- A two trillion dollar economy
- 10th largest in the world
- A market of almost 36m people
- Among the highest GDP per capita of any large developed economy
- After UK, it is the closest English-speaking market
- High disposable income levels
- Low trade barriers, with significant improvements anticipated under CETA
- A low cost gateway to the wider North American market
- Extensive direct flights connectivity
- Excellent structure of active industry networks & associations
- Strong business culture with many similarities to Ireland
- Strong in key knowledge-based sectors, similar to Ireland
- Partnership and collaboration opportunities in a diversified economy.
- Canadian dollar currently c. \$1.44 to €1 – year on year, this is an equivalent competitiveness gain of c. 12% (\$/€ January 2015 \$1.59/€1)

More than 400 EI client companies sell into Canada, so why aren't you?

2016 was a positive year for Irish companies exporting to Canada. Enterprise Ireland clients exported €280m of goods and services to Canada in 2015 which represented a 7% year on year increase over 2014.

Canada is Enterprise Ireland's 11th largest market (and is the largest outside the EU, USA and China). The region has experienced good export growth rates over the last few years including 15% growth in 2014.

More than 400 Enterprise Ireland client companies are doing business in Canada with a significant number having a local presence, employing some 6000 people across Canada. Leading sectors include **Financial Services** and **Fintech**, **Education**, **Software**, **Digital Media** and **Animation**, **Engineering**, and **Food**.

Key growth opportunities

Enterprise Ireland's Canada team has identified opportunities for Irish companies in the following sectors:

- Financial services and Software / Fintech
- Telecoms and Internet of Things (IoT)
- Natural Resources, Construction
- Digital Media, Content and Gaming
- Education and E-Learning
- Agritech/Engineering
- Lifesciences and Digital Health
- Consumer retail

All set for CETA

The Comprehensive Economic and Trade Agreement, or CETA, is a trade agreement between the EU and Canada due to come into effect this year.

Ireland and Canada already have a close trading relationship. CETA will give it a big boost.

It will do so by:

- Scrapping customs tariffs for Irish exporters and importers
- Creating new opportunities for exporters
- Open up the Canadian services market to Irish firms
- Enable Irish firms to bid for more Canadian public contracts
- Make it easier for Irish professionals to work in Canada
- Encourage more investment between Ireland and Canada

GET READY TO DO BUSINESS IN CANADA

Canada is a well-developed and highly sophisticated market so to succeed there, you're going to have to provide a compelling differentiator in relation to your product or service. The key to becoming established in the Canadian market therefore is to be innovative, particularly in knowledge based sectors such as information technology, and to be able to clearly establish your commitment to servicing the market.

Products that compete purely on price are unlikely to be well received. Preference is given to companies with a local presence. Differentiate on the basis of professional service, better back-up services and more innovative products, and clearly define your vendor capabilities in the Canadian market.

Be clear about your market proposition; why is your product or service the best solution for your market? If you are targeting the public procurement market, understand the government's very specific and formal requirements.

Do your market research thoroughly and avail of local resources and partners to assist you in more detailed research and networking.

Canadian culture

Canadians are, overall, polite though typically slightly more reserved than their US neighbours. While they may be relaxed and approachable in their business dealings, relationship building is crucial to success. Trust is built through multiple meetings, providing reassurance that vendors will be available for ongoing support.

The decision-making process can be lengthy and is often very collaborative, with relevant stakeholders from across the organisation serving as influencers to the final decision. Relationship building with multiple players is therefore useful.

Canadians prefer to work with a company that has already established a presence in their country. Demonstrating a local presence can reassure potential customers of your ongoing support.

Be aware of the regional differences relative to language and culture. English is the primary language of business in most of Canada but French is prevalent in Quebec, and as such, language skills or translation services may be required.

Get the memo on meetings

Where possible, schedule face-to-face meetings as this is the best way to build rapport.

Canadians typically prefer to do business with people they have encountered previously. Introductions from a known third party can help you reach key decision makers.

Initial meetings are unlikely to lead to decisions. On occasion, these can be attended by a large number of people, making it difficult to establish who in attendance has the final say.

Business cards are vitally important at the introduction stage and, when presented with one, take a moment to study it before putting it carefully into a jacket pocket.

Expect to exchange pleasantries for a few minutes at the start of a meeting, but not a lot of small talk thereafter. Meetings are generally well organised and follow a strict time schedule.

When presenting information, have clearly stated facts and figures to validate your claims. Canadians are essentially rational and logical business people and unlikely to be convinced by emotion, passion or feelings.

Send a follow-up email summarising what was decided and the next steps agreed.

Consider getting some local representation on board, if it isn't feasible for Irish personnel to attend, as a display of commitment.

If you are working in Quebec or Ottawa, include both French and English translations.

Schedule your business appointments in advance, preferably several weeks to a month. Bear in mind there are around 10 statutory holidays during the year and that many businesses adopt summer hours from May to August which sees them close early on Friday.

If you are conducting business meetings while dining, remember Canadians tend to eat early – 12 noon for lunch and 6.30pm to 7pm for dinner.

The decision making process tends to be collaborative, can involve many competitors and so can be quite a lengthy process. There is a strong preference for consensus so be patient and be prepared to attend multiple meetings and provide follow up information.

When negotiating a deal, start with realistic figures. Be clear and concise and document the agreed deliverables, milestones and dates. If you are unsure about any formal agreements, get legal advice.

Getting to grips with the geography

Canada is a vast country. The distance between Ireland and Canada is the same as from Halifax in Eastern Canada to Vancouver in Western Canada. While the capital is Ottawa, each of the 10 provinces and three territories has governments based in either provincial or territorial capitals.

Regional activity is concentrated in the province of Ontario, which is home to both national capital Ottawa and economic powerhouse, and largest city, Toronto.

The provinces of Quebec, Ontario, British Columbia and Alberta together contribute more than 85% of Canada's GDP. Where you set up depends on the sector you are in. For example, Toronto in Ontario is the financial services centre, while natural resources are the mainstay in British Columbia and Alberta.

Regulations and industry leaders vary across the country, so bear this in mind when looking to secure initial Canadian reference sites.

Break it down

Canada is too big to tackle all at once. Narrow your focus and increase your chances of success by asking yourself these key questions:

Do you have relationships with multinationals in Europe that also operate in Canada?

Does a particular province have legislation or regulation that supports your offering?

Is there a particular hub in the country for your sector?

Which part of Canada offers less competition, or a more attractive target market?

Canada is Ireland's

7th

biggest trade partner
outside the EU



€1.59bn

value of Ireland's trade
surplus (estd) with Canada



€2.35bn

value of Irish exports to
Canada



€763m

value of Irish imports
from Canada



€2.2bn

Irish foreign direct
investment in Canada



€1.6bn

Canadian foreign direct
investment in Ireland



HELPING YOU WIN IN CANADA

A new trade agreement means diversifying into Canada could prove a winning strategy for Irish exporters, says Neil Cooney, Enterprise Ireland manager for Canada.

“The EU-Canada Comprehensive Economic Trade Agreement (CETA) is a new generation agreement that will remove tariffs between the EU and Canada and will create sizeable new market access opportunities,” he says.

“It will end limitations in access to public contracts, open up markets for services and offer predictable conditions for investors.”

CETA will save on duty costs as 99.6% of all industrial tariffs will be eliminated on entry into force. “Irish firms will also benefit from the recognition of product standards and certification, thus saving on ‘double testing’ on both sides of the Atlantic. These are some of the benefits of the trade deal with Canada as well as providing new market opportunities in many sectors for Irish firms.”

The procurement chapter in CETA alone will be of particular interest to Irish exporters. “It eliminates the major asymmetry between the EU and Canada, given that the EU procurement market is already de facto open to Canadians, including at the sub-federal level, while in Canada the access for EU firms is very limited,” says Cooney.

“For the first time, Canadian provinces, territories and municipalities will open their procurement markets to a third country, going well beyond what Canada has offered in the GPA (the multilateral Government Procurement Agreement) or under NAFTA (the North America Free Trade Agreement).”

This is key because Canada’s provincial procurement market is estimated to be double the size of its federal equivalent.

“Canada will also create a single electronic procurement website that combines information on all tenders, which corresponds to existing intra-EU arrangements, and would greatly facilitate the effective access of firms, especially small and medium sized enterprises, to procurement opportunities in Canada,” he says.

“Making the trading landscape easier and more predictable is particularly important in helping SMEs to internationalise and grow exports, given that trade barriers tend to disproportionately burden smaller firms, who have fewer resources to overcome them than larger firms.”

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- Natural Resources, Construction
- Digital Media, Content and Gaming
- Education and E-Learning
- Agritech/Engineering
- Lifesciences and Digital Health
- Consumer retail

Before you go...

The Market Landscape - What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends - What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target Market - How does your target market make buying decisions? Who are the relevant decision-makers – what are their job title and responsibilities?

Market Segmentation - Who are your most probable customers, where they are located, how and what else do they currently buy, who are their influencers and what ‘need’ are you fulfilling?

Market Competition - Who are your rivals in the market and how do their offerings compare with and differ from yours?

Market Research Resources - Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the Canadian market.

*Enterprise Ireland's **Market Research Centre** offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.*

See www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information on the market research facilities available, and for a database of sector-specific information that will indicate whether there is research available for the market you wish to target.

Routes to market

In some cases, for very early stage exporters, the Canadian market can be served remotely. There is roughly a four to eight hour time difference, depending on the region you are calling. However, given the preference among many Canadian organisations to work with local providers, a local presence will soon be required.

Working with partners

Experienced partners know the territory, have brand recognition and can introduce you to clients. They are particularly useful if you plan to tender for Government contracts as the process can be complex and subject to regional variations.

Third-party distribution

In Canada this can take a number of forms, the optimal structure being dependent on factors such as the complexity of your product, the extent of brand control you require and familiarity with the end-customer environment.

After you get there...

As a first time exporter your brand is most likely largely unknown. Expect to have to spend more on marketing than competitors, especially domestic ones.

Be strategic about your marketing budget and test the Canadian market for a specified time using an integrated marketing approach including a localised .ca website that is optimised for search engine marketing.

Include customer endorsements and photographs of your products or services in use.

Provide personalised contact details, with a direct email to a named member of staff and a picture, rather than an "info@" address.

Join an industry forum and engage in discussions and developments in Canada, especially if your business is about selling knowledge or technically sophisticated products or services.

Attend trade shows and conferences to build networks.

Identify and engage with key Canadian opinion leaders in your sector.

If you have worked with partners who are well known in Canada it may be useful to go to market with them initially to build credibility.

As soon as you have at least one satisfied customer, put out a media release announcing your entrance to the market, targeting trade magazines, business-press and industry associations.

Leverage social media to promote your brand.

Consider engaging a Canadian direct marketing agency to generate warm leads.

Host webinars – they are particularly well suited to Canada's vast geography.

Building market presence

Corporate marketing material should be visually attractive and tailored to the Canadian market in terms of language subtleties, format and relevance to actual processes and practices. This is important in establishing credibility in the market.

Gift-giving is not done outside of nominal pen, mouse pad or other modest marketing materials.

Brochures do not need to be elaborately produced but only include relevant company background, a product overview and your contact details. As a high number of Canadian businesses are becoming paper-free, send a follow up copy of your brochure rather than bringing a hard copy to the meeting as a 'leave-behind'.

Electronic marketing material is used extensively in Canada. Take advantage of this to tailor materials to specific business needs where possible.

Canadians are active users of social media, including Facebook, YouTube, LinkedIn and Twitter, so be prepared to engage via these channels.

Helping you succeed in Canada

Enterprise Ireland assists clients entering new markets with

Pre Visit Support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-market support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International trade events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional supports

- Access to translation and interpreting services
- Introductions to specialists in all areas, including legal, recruitment, PR and taxation

Access to mentors

Enterprise Ireland has also built up an excellent network of individuals in Canada who are available to work with Irish client companies looking to develop their business. It includes market and sector specialists, business accelerators and members of Irish business associations.

KEY EXPORT STATISTICS

Total Ireland exports to Canada

>€2.2bn

in 2015



€891m

of goods to Canada in 2015 (CSO)



€1.4bn

of services to Canada in 2015 (CSO)



2015 EI client exports exceeded

€280m+

(+7%) (Growth in 2014 was 14%)



Chemicals, pharmaceutical/medical products, electronic components, machinery and beverages dominate Irish exports to Canada



Transport Equipment and **pharmaceutical/medical products** account for the bulk of Canadian exports to Ireland



At the end of 2015, **Ireland's Foreign Direct Investment (FDI) stocks in Canada** amounted to over

\$6 billion,

making Ireland the thirteenth largest source of FDI



400+

EI Client Companies doing business in Canada



50+

companies with a local presence



c. 6,000 people

employed by EI clients including **Kingspan, Leading Edge, Keywords Studios, Kerry Group** in Canada

Among Irish companies present in Canada are **Ward & Burke Construction Ltd, Monaghan Mushrooms, Allied Irish Banks Group, Bank of Ireland, CRH, Kerry Group, Leading Edge, Lincor, Lotus Works, SureSkills, Fyffes, and Open Hydro**

At the end of 2015, the stock of **Canadian Direct Investment Abroad (CDIA) in Ireland** was near

\$14 billion,

ranking Ireland as the **tenth largest destination** of CDIA

\$16.05 billion -

estimated value of **Canadian government purchasing** each year on behalf of federal departments and agencies



For further information on the services of Enterprise Ireland overseas, please go to

<http://www.enterprise-ireland.com/en/Export-Assistance/>

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