

AGN Global Business Voice: Business Alert

Canada – A Hotbed of Opportunity



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With a mightily impressive tech sector, a global oil reach and an upcoming election that may shift the balance for many, Canada is a hotbed of opportunity for foreign businesses, but with caveats. For example, each political party has their own plans for dealing with foreign buyers and the country's housing crisis, which would surely impact one's business should they choose to set up shop here. Whatever government is formed after the September 20th election will have a ripple effect across most Canadian industries, burgeoning and established. With the other ongoing concern being the pandemic, many companies across all industries including banking, airlines, transit and more have announced mandatory vaccination policies for their employees and clients. What's more is that as of writing, 66.8 per cent of its population has been fully vaccinated, the highest rate in the world.

Another aspect to consider is its proximity to the US, in that year after year its number one trading partner is the States, which itself presents plenty of opportunities for those looking to establish themselves in Canada.



Canada also has a number of programmes for foreign businesses interested in expanding or investing in it, including:

Scientific Research and Experimental Development: Companies of any size that invest in R&D can take advantage of this tax incentive.

Accelerated Investment Incentive: This provides companies an enhanced Capital Cost Allowance (CCA) on equipment purchases and full expensing in the first year for M&P and clean energy equipment purchases.

The **Net Zero Accelerator** provides \$8 billion over seven years to expedite decarbonization projects with large emitters, scale-up clean technology and accelerate Canada's industrial transformation. Additional support for projects across all sectors includes \$1 billion on a cash basis to support private sector investment in cleantech projects.

For those in artificial intelligence, the **Pan-Canadian AI Strategy** aims to increase the number of highly-skilled researchers and graduates, enhance research capabilities, demonstrate global leadership around the economic, ethical, policy and legal implications of AI, and support a national research community.

Other attractive sectors in Canada include:

TECH: Shopify, the homegrown e-commerce giant had its revenue cross the \$1-billion mark for the first time in a single quarter in June and the volume of goods sold through its offerings reached a record level. Toronto is also home to many conferences like Collision, known as the “Olympics of tech.”

NATURAL RESOURCES: Canada is home to the third-highest total of natural resources, as well as having the third-largest petroleum reserves. By extension, it’s also the fourth-largest exporter of petroleum and natural gas. Some of Canada’s biggest companies in this sector are Nutrien Ltd., a producer and distributor of potash, nitrogen, and phosphate products; Barrick Gold Corp., a gold mining company; and Teck Resources Ltd., which mines for zinc, copper, molybdenum, gold and metallurgical coal.

REAL ESTATE/HOUSING: Pre-pandemic, this sector was the biggest contributor to the country’s GDP at 12.7 per cent. Given the ongoing housing crisis, this pendulum could swing either way in the coming months.

COMMERCIAL BANKING: In 2021, however, the top industry so far has been commercial banking. Canada is seen as a safe place for banking thanks to its sound regulation. The top six commercial banks, which together account for 90 per cent of total revenue are Royal Bank of Canada, Toronto-Dominion Bank, the Canadian Imperial Bank of Commerce, Scotiabank, Bank of Montreal and the National Bank of Canada.



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