Intrnational mkt research canada

Massasoit Machine, Inc. requested the Rhode Island Export Assistance Center to perform a research study of the Canadian market for its product as a first step in the consideration of an increased effort to expand their market in Canada. If successful this could provide a methodology to address other international markets. This report presents the results of this research study.

It includes an overview of Canada and of the market which Massasoit Machine, Inc. could address. It includes a comprehensive presentation of the North American Free Trade Agreement (NAFTA) which is an agreement between United States, Canada and Mexico that provides almost unlimited access to these markets for American manufacturers. It also provides details of the custom requirements and procedures for exporting to Canada. A number of key contacts, manufacturers', distributors are listed.

Also presented are details of the Canadian machine shop industry. Canada — USA's Largest Trading Partner The trading relationship between the United States and Canada is, by far, the largest in the world. Two-way trade in goods and services accounts for approximately US $1 billion per day, every day of the year.

The U.

S. share of total Canadian import is about 71 percent and the United States remains by far Canada's largest export market, taking 76 percent of total Canadian exports. Economic growth in Canada is projected in the 3 percent range in 1997 and 1998 — good news for U. S.

exporters! Housing starts, retail trade and automobile sales have been particularly strong sectors in the first quarter of 1997, and domestic demand is expected to be its strongest in years throughout the first half of 1997. In addition, machinery and equipment investment should remain strong as ongoing upgrading of Canadian manufacturing plants and equipment continues. Despite some well-publicized trade disputes, overall market conditions are unlikely to experience any significant changes. U. S.

Companies will continue to find Canada, the largest trading partner, an extremely attractive and easily accessible place to do business. With a population of about one tenth of that of the United States, the Canadian economy mirrors that of the United States in approximately the same ratio, and has developed in many ways along similar lines.

This has made Canada an ideal export and investment destination for many U. S. companies that have found an environment and marketplace very similar to that of the domestic United States. Country specific information about Canada has been annexed as Appendix A.

We believe that for the export-ready U. S. firm, “ Canada First” is an appropriate approach. Canada offers an ideal first stop for U. S.

businesses seeking to begin export marketing, with business practices, attitudes, conditions and environments here more similar to those found in the United States than in any other country in the world. Proximity to the United States also reduces a company’s time and expense while exploring opportunities in Canada. Notwithstanding these similarities, however, some cultural and linguistic differences, which vary across each of Canada’s five distinct regional markets, allow first-time U. S. exporters to develop an appreciation of the complexities of overseas marketing. Experience gained here can provide a solid basis for success in markets worldwide.

Canadian Domestic Economy – Appendix B gives a glimpse of the Canadian economy. Business opportunity in Canada falls within virtually the full spectrum of industry and agricultural sectors, and in virtually every business activity. More specifically, however, the five top best prospect sectors for U. S.

products include: computers and peripherals; computer software; telecommunications equipment; automotive parts and service equipment; and pollution control equipment. Geographic proximity, cultural and historic ties, and strong awareness of business and other developments in the United States are key accelerators for the sale of U. S. goods and services in the Canadian market. Third-country competition tends to be far less prevalent in Canada than in most other international markets. NAFTA helps U.

S. exporters in the Canadian market relative to their competitors from Europe, Asia and elsewhere. Beginning of January 1, 1998, there has been introduced a duty-free trade between the United States and Canada under NAFTA. Third-country competition is most often found in product areas where labor constitutes a significant part of the cost of production, and where domestic U. S. industries are less competitive.

In other sectors, however, U. S. dominance remains almost a fact of life, and third-country competition is most prevalent in specific cases rather than across the board.

Appendix C on Canadian Trade Statistics is attached as a ready reference.

Trade Summary between Canada and New England is presented as Appendix D. Generally, Canadians have strong national pride, and will often favor Canadian products, especially if they offer similar features at a similar cost to those from the United States. This is particularly true for any government procurement, local or federal, not covered under either World Trade Organization (WTO) or North American Free Trade Agreement (NAFTA) rules. Nevertheless, competition in Canada is generally fair and, as noted above, U. S. firms that can offer technical, cost or feature advantages over locally produced goods can do as well in the Canadian market as they can in the domestic U.

S. market. NAFTA (North American Free Trade Agreement) The North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico entered into force on January 1, 1994. Designed to foster increased trade and investment among the NAFTA partners, the Agreement contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area.

These include rules regarding investment, services, intellectual property, competition and the cross-border movement of businesspersons. . The NAFTA has improved Canadian access to the U. S.

and Mexican markets and enhanced the attractiveness of the Canadian economy to foreign investors. Since the NAFTAs entry into force, Canadian exports to those markets have shown impressive growth, and foreign direct investment in Canada from all sources has increased steadily. More importantly, the NAFTA and its predecessor, the Canada- U. S.

Free Trade Agreement (FTA), have stimulated significant advances in productivity and specialization within the Canadian economy, and have promoted greater economies of scale, product quality, and cost competitiveness. The result has been improved competitiveness of Canadian exports of both goods and services. Total trade is a key driving force for economical growth and employment creation in an open economy such as Canada's. The ratio of exports of goods and services to gross domestic product (GDP) in 1996 was 38. 4 percent, making Canada's economy the most globally integrated of all G-7 countries.

After three years of implementation, the NAFTA has further advanced existing trends toward market convergence in North America. This is demonstrated by the figures for 1996, which show $388. 3 billion in total Canadian two-way trade with our NAFTA partners, over $200 billion in outward and inward foreign direct investment, and over $50 billion in trade in services between Canada and the United States.

These figures indicate that important markets for a wide range of goods, services, financial resources, and technologies already exist and have prospered in a well-integrated commercial environment.

The detailed report " NAFTA: A PARTNERSHIP AT WORK" by the Department of Foreign Affairs and International Trade (DFAIT) of the Canadian Government is annexed as Appendix E. The Canadian Customs Service (Revenue Canada) requires the following documentation for export: ?

Customs Invoice or its equivalent (for imports valued over C$1, 200) Certain controlled imports are subject to import license requirements. Goods may be cleared at customs ports on the border or, if intended for inland destinations, may be forwarded in bonded carriers to the port or city nearest the destination at which customs examination may be made and duties and taxes paid. In addition, under Canada's Release on Minimum Documentation (RMD) Policy, shipments can be allowed into Canada to be released before goods is classified for duty. When a shipment arrives at a port, an RMD package is presented to Customs to obtain a release.

Fully rated documentation, with payment of duties and taxes must then be presented to Customs within five business days following release.

This facilitates rapid delivery since product classification and payment of duties and taxes can take places after the goods have been released from Customs. Tariff classification is based on the Harmonized Commodity Description and Coding System generally referred to as the Harmonized System. Canada has acceded to the GATT Customs Valuation Code that provides that the customs value of imported goods shall be the transaction value. The transaction value generally will be accepted by Canadian Customs if the goods are sold for export to Canada and if the price paid or payable for the goods can be determined.

Ad valorum duties are assessed on the CIF value of the imported merchandise. Revenue Canada has made specific provision for the temporary entry of certain goods into Canada for various purposes such as testing, demonstration, and display. Such goods may enter under an ATA

(Admission Temporary Admission) Carnet or under a Temporary Admission Permit (Revenue Canada, Customs and Excise Form E2913) and may require either a refundable deposit or a proportional duty deposit, depending on the appropriate classification determined by Canadian customs regulations.

Firms wishing to admit machinery and equipment, display equipment, and other items covered under Canadian temporary importation regulations are advised to contact Revenue Canada well in advance of shipment or arrival in Canada. ? Free Trade Zones and Warehouses Except for one special trade zone at the Sydport Industrial Park in Cape Breton, Nova Scotia, Canada has no free ports or free trade zones.

At present, there are no federal or provincial laws specifically governing the establishment and operation of such zones. Sufferance warehouses under private ownership have been established for the storage and deposit of all imports received by various transportation modes, pending customs examination and clearance. An entry for consumption or into bonded warehouse must be presented to Customs within 30 days. Goods may be entered into customs bonded warehouses without the payment of duty but must be cleared either for export or Canadian consumption within two years. Additional periods are provided for certain goods by regulation. Goods exported from bonded warehouses to third countries are subject to Canadian export regulations.

Repackaging and sorting can be carried out in customs bonded warehouses with the permission of Canada Customs, but assembly or other industrial activity is prohibited.

Labeling, Marking and Packaging Requirements The three main pieces of legislation that regulate almost all product labeling and marking in Canada include: the Consumer Packaging and Labeling Act; the Weights and Measures Act; and the Agricultural Product Standards Act. Canada requires bilingual labeling (English and French) for most products. Bilingual designation of the generic name on most prepackaged consumer products is required by the federal Consumer Packaging and Labeling Act identified above. Under this act the following information must appear on the label of a consumer good sold in Canada: ? Product Identity Declaration ? Dealer's Name and Principal Place of Business Canada Customs also requires an indication of the country of origin, such as " Made in the USA," on several classes of imported goods and on all printed matter.

Goods not properly marked cannot be released from Customs until suitably marked.

The goods can be marked, at the importer's expense, either on Canada Customs premises or on the importer's own premises under the supervision of Canadian customs officials. The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers sold in Quebec stores. The Charter of the French Language requires the use of French on product labeling, warranty certificates, directions for use, public signs and written advertising. Under the aegis of the Standards Council of Canada (SCC), several private standards writing organizations administer technical codes and standards for areas ranging from electrical and plumbing products to health care technology.

These organizations include: ? The Canadian General Standards Association ? Underwriter's Laboratories of Canada ? The Canadian General Standards Board ? The Canadian Gas Association The Canadian federal government also has numerous commodity standards to safeguard the public welfare.

Standards organizations try to avoid duplication of responsibility, but there is some overlap. Under NAFTA, the basic rule is that standards must not create unnecessary barriers to trade. To reduce such barriers, the NAFTA applies basic principles to bilateral trade: ? Testing facilities and certification bodies are treated in a nondiscriminatory manner ? Federal standards-related measures will be harmonized to the greatest extent possible ? Greater openness will be provided in the regulatory process Certain commodity such as oleomargarine, reprints of Canadian copyrighted work, and some game birds cannot be imported into Canada.

Other goods are controlled, regulated, or prohibited under legislation failing within the jurisdiction of other government departments.

Examples of regulated goods include: food products, clothing, drug and medical devices, hazardous products, some offensive weapons and firearms, endangered species, and motor vehicles. Other items are regulated under the Export and Import Permits Act and require an import permit or certificate to be eligible for importation into Canada. The Act lists various agricultural products, a number of clothing and textile items, and certain steel products. Canada limits the export of goods in circumstances of surplus supply or depressed prices; restricts the export of softwood lumber products; ensures that there is an adequate supply and distribution of any article; enacts intergovernmental arrangements or commitments; and ensures that military or strategic goods are not exported to countries or destinations representing a strategic threat to Canada. Canada, the U.

S., and Mexico are members of the North American Free Trade Agreement (NAFTA) which took effect on January 1, 1994.

One of the main provisions of NAFTA is the elimination of tariffs on goods qualifying as North American under the rules of origin. Canada is a member of the World Trade Organization (WTO) and is a founding member of its predecessor, the General Agreement on Tariffs and Trade (GATT).

Canada Customs honored two types of drawback for US exporters. The first, a home consumption drawback, was designed to help manufacturers meet foreign competition by granting them relief from a portion of duties on specific imported good’s used in Canada. The second type of drawback, an export drawback, was designed to help Canadian manufacturers compete in foreign markets, by removing internal Canadian duties and taxes from the cost of Canadian goods exported. Drawback of 100% duties and sales taxes is granted on imported goods reexported in an unused condition and on imported goods incorporated into Canadian manufactured goods that are subsequently exported.

This is calculated by adding manufacturing shipments to imports an subtracting total exports. However, readers should note that significant caution should be exercised when interpreting “ total apparent domestic market”.

While in most cases an industry's total production plus imports minus exports should reflect a country's demand for a particular industry's goods. Statistical anomalies may distort the final figure. Many of these discrepancies are often the result of combining manufacturing production data, which is collected from a survey of production plants, with trade data collected from customs receipts. Major difficulties are most often attributable to large plants.

Some of these plants produce significant amounts of two or more products, which belong in different industry classifications. However, Statistics Canada's data collection methodology identifies a primary product (the product with the largest shipments) and classifies total plant production to that product, and hence to a single industry. In 1995, Canada's apparent domestic market for products manufactured by the Machine Shop Industry was estimated to be $2. 3 billion (up 14. 8% from the 1994 level of $1.

9 billion). Over the 1990 to 1996 period, the Canadian market had a CAAGR of 5. 3%. The apparent domestic market in the U.

S. was estimated to be $3. 8 billion in 1996. Since 1990, the U.

S. market had a CAAGR of 11 %. The graph below shows the top 10 countries of destination for Canadian and U. S. domestic exports in Machine Shop Industry in 1996.

As shown, in 1996 Canada exported [no data available]% of domestic exports to [no country available], [no data available]% to [no country available], and no data available]% to [no country available]. While in the U.

S., the top three domestic export destinations consisted of 43. 7% to Canada, 10. 3% to Mexico and 5.

8% to United Kingdom (U. K.) The chart below lists the top 10 countries of origin for Canadian and U. S. imports for products manufactured by the industry during 1996. The top three exporters to Canada within this industry were [no country available], [no country available] and [no country available], whose exports comprises [no data available]%,[no data available] % and [no data available]% of total Canadian imports respectively.

In the U. S. the top three origins of imports were: Japan, Germany, and United Kingdom (U. K.), comprising 46.

2%, 10. 2% and 9. 2% of total U. S – imports in 1996. List of Major Industries for SIC-3081 (Machine Shop) Engine Rebuilders LtdEdmonton7 Moire's Engine Professionals Ltd, Calgary5 Rebound Rig International Ltd. Calgary5 Reliable Engine Services Ltd.

Edmonton5 Universe Machine Corpcration. Edmonton5 Armor Machine & Manufacturing Ltd, Edmonton4 Domino Machine Company Limited. Edmonton4 Grenco Industries Limited. Edmonton4 Industrial Machine Shop Ltd. Edmonton4 J & K Engine Repairs Ltd. Edmonton4 Mastco Derrick Service Ltd.

Edmonton4 Steel Industries Of Grande Prairie Ltd. Grande Prairie4 D & D Machine Works Ltd. Lethbridge4 Medicine Hat Machine Works (1977) Ltd. Medicine Hat4 Morrison Metal Industries Ltd.

Calgary3 0 S M Calgary Industries Ltd. Calgary3 Camrose Machine & Welding Ltd. Camrose3 Drayton Valley Machine And Welding Ltd, Drayton Valley3 Condor Machinery (1985) Ltd. Edmonton3 Csm Compressor Supplies & Machine Work LtdEdmonton3 Lennox Welding & Supply Ltd, Edmonton3 Oxford Machine & Welding Ltd.

Edmonton3 Internet Access for International Business, Economics, Marketing and Trade Alberta’s business directory; online Yellow Pages and more. Official publication of the U. S. Department of Commerce.

Export marketing magazine featuring American products and services; also includes trade leads and a directory of exporters on the CNUSA site. Free Trade Area of the Americas 2005.

An overview of the regional government initiative to achieve Western Hemisphere economic integration. Global Trade Center. Excellent information for people interested in global trade. Includes links to trade resources and sites worldwide as well as international business opportunities. How-to resources to help companies establish global businesses and offices, start import/export ventures, and understand international business practices.

URL: http://www. smartbiz. com/sbs/cats/ie. htm International Import/Export Directory: International Trade and Transportation. The Directory contains links to the best international trade and transportation resources on the web. It is designed to be a home base for firms or individuals involved in international business.

Provides sources of mostly free government information covering trade leads and financing sources for the benefit of small-medium-sized business. URL: http://users. aol. com/tradedesk/trade. html Office of Export Promotion, U. S.

Department of Commerce. TRADEBASE is an Electronic Trade Information Sharing Center designed to serve as a clearinghouse to merge the vast array of trade information available from both the public and private sectors. URL: http://www. ita.

doc. gov/tradebase/ Weekly entrepreneurial talk radio show on international global trade. Trade Talk is owned/produced by the New York Currency Exchange, Inc. URL: http://www.

audionet. coni/tradetik/tradetlk. htm Assists U. S.

companies pursuing overseas business opportunities Canada- Department of Foreign Affairs and International Trade http://www. dfait-maeci. gc. ca/english/menu.

htm NAFTA on-line Homepage-North American Free ‘ Trade Agreement Includes text of NAFTA. Markets research and top 50 exports by commodity http://www. itaiep. doc.

gov/nafta/nafta. html Small Business Exporters Association http://www. sbea. com/sbeacontent.

html U. S. Council for International Business The Federation of International Trade Associations gopher://umslvma. umsl. edu: 70/1 I/library/subjects/business/intmktg/egbreak http://www. et. byu. edu/-

eliasone/mai8n. htmI http://www. tradefair. coni/TradeFair. htmI

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