

Greater Toronto Area (GTA) and Ontario Market Overview



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GTA and Ontario Introduction

Economy

Ontario is part of an integrated global economy, connected with the rest of Canada, the United States and the world. Ontario has access to open and efficient markets which connects the province to global capital and trade flows.

The projections in this report assume that over the long term, after the global economy recovers from the impacts of COVID-19, the external environment evolves in a manner consistent with trends leading up to the pandemic (alternative scenarios and risks are described later in the chapter).

The long-term projection assumes global real GDP growth to average 2.9 per cent annually while U.S. real GDP growth is expected to advance at an average annual pace of 2.0 per cent. Emerging market economies are expected to continue growing robustly but at a slightly more moderate pace than in the previous decade.

Other important external factors which impact the projections are the outlook for the Canada/U.S. dollar exchange rate, interest rates, oil prices and rest of Canada real GDP growth.

Source: Government of Ontario <https://www.ontario.ca/page/government-ontario>

Market Profile

Full Name: Ontario
Capital: Toronto
Population: 14,733,119 (2020 October est.)
Median Age :39.8 years (2020 est.)
Largest City: Toronto
Area: 1,076,395 sq km
GDP: 712.670 billion (2019 estimate)
GDP Growth Rate: 11.8 percent nominal, 9.4% real (third quarter 2020)
Unemployment Rate: 9.6 percent est.)
Monetary Unit:1 US Dollar is equal to 1.25 Canadian Dollars (CAD) (est. 2020)

US and Canada Trade Statistics (Imports from Canada)

Rank	HS Codes	Description	ANNUAL 2018	ANNUAL 2019	ANNUAL 2020
		TOTAL ALL COMMODITIES			
1	27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	88,877,891,067	89,633,754,363	62,806,257,251
2	87	Vehicles, Except Railway Or Tramway, And Parts Etc	53,431,385,523	53,571,897,110	40,646,389,985
3	84	Industrial Machinery, Including Computers	22,858,334,608	22,974,145,738	19,444,722,873
4	44	Wood And Articles Of Wood; Wood Charcoal	10,734,572,238	8,813,346,429	11,291,181,599
5	39	Plastics And Articles Thereof	11,848,443,387	11,098,940,954	10,816,769,455

Source: [WISERTrade](https://www.wisertrade.org): State HS Database <https://www.wisertrade.org>

Maine and Canada Trade Statistics (Exports to Canada)

Rank	HS Codes	Description	ANNUAL 2018	ANNUAL 2019	ANNUAL 2020
		TOTAL ALL COMMODITIES			
1	27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	256,560,126	172,518,767	185,378,861
2	44	Wood And Articles Of Wood; Wood Charcoal	185,505,316	169,684,975	139,569,771
3	48	Paper & Paperboard & Articles (Inc Papr Pulp Artl)	150,311,713	151,338,205	139,309,430
4	03	Fish, Crustaceans & Aquatic Invertebrates	386,823,119	377,286,658	281,250,869
5	88	Aircraft, Spacecraft, And Parts Thereof	111,299,466	153,122,446	142,880,648

Source: [WISERTrade](https://www.wisertrade.org): State HS Database <https://www.wisertrade.org>

Maine and Canada Trade Statistics (Imports from Canada)

Rank	HS Codes	Description	ANNUAL 2018	ANNUAL 2019	ANNUAL 2020
		TOTAL ALL COMMODITIES			
1	27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	400,258,632	1,269,818,065	1,548,323,441
2	44	Wood And Articles Of Wood; Wood Charcoal	153,282,243	145072806	226,504,060
3	47	Wood Pulp Etc; Recovd (Waste & Scrap) Ppr & Pprbd	202,144,168	213187581	226,743,198
4	03	Fish, Crustaceans & Aquatic Invertebrates	234,966,335	251,610,333	217,570,010
5	48	Paper & Paperboard & Articles (Inc Papr Pulp Artl)	106,258,772	99,963,886	93,903,552

Source: [WISERTrade](https://www.wisertrade.org): State HS Database <https://www.wisertrade.org>

US and Ontario Trade Statistics (Exports to the US)

Rank	HS Codes	Description	ANNUAL 2018	ANNUAL 2019	ANNUAL 2020
		TOTAL ALL COMMODITIES			
1	87	Vehicles, Except Railway Or Tramway, And Parts Etc	48,804,491,453	48,649,479,761	36,782,491,327
2	84	Industrial Machinery, Including Computers	12,889,671,894	12,887,423,778	11,258,637,655
3	71	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	2,801,609,722	3,929,473,700	6,157,675,475
4	39	Plastics And Articles Thereof	5,617,566,463	5,472,849,442	5,520,638,677
5	72	Iron And Steel	4,459,665,607	3,736,956,222	3,450,265,230

Source: [WISERTrade](https://www.wisertrade.org): State HS Database <https://www.wisertrade.org>

US and Ontario Trade Statistics (Imports from the US)

Rank	HS Codes	Description	ANNUAL 2018	ANNUAL 2019	ANNUAL 2020
		TOTAL ALL COMMODITIES			
1	87	Vehicles, Except Railway Or Tramway, And Parts Etc	47,751,551,246	47,703,097,114	34,780,292,178
2	84	Industrial Machinery, Including Computers	32,924,574,869	32,994,478,230	27,888,004,847
3	27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	25,673,883,654	24,621,269,799	16,057,630,482
4	39	Plastics And Articles Thereof	12,103,148,580	11,400,574,300	10,740,885,519
5	85	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	12,610,871,164	12,124,733,496	10,320,975,148

Source: [WISERTrade](https://www.wisertrade.org): State HS Database <https://www.wisertrade.org>

US and Canada Relations

Canada and the United States enjoy a unique relationship. The Canada-United States partnership is forged by shared geography, similar values, common interests, deep personal connections and powerful, multi-layered economic ties. Canada and the United States enjoy the largest trading relationship in the world. A secure and efficient flow of goods and people across the border is vital to both countries' economic competitiveness and prosperity.

When Canada and the United States work together, they enhance their security and accelerate the legitimate flow of people, goods and services. Canada and the United States remain committed to close cooperation on issues facing our two countries and to jointly address challenges around the world.

Canada has an embassy in Washington, D.C. and consulates general in Atlanta, Boston, Chicago, Dallas, Denver, Detroit, Los Angeles, Miami, Minneapolis, New York, San Francisco and Seattle. The United States maintains an embassy in Ottawa and consulates general across Canada.

Source: Descartes CustomsInfo <https://syslp.customsinfo.com/Default.aspx>

Business Practices

Business Style

Canada is divided into two societies: Francophone and Anglophone. While there are cultural similarities that apply broadly to most Canadians, the Francophones are a more cohesive group who are more easily defined in terms of culture. Anglophone Canadians are a very diverse group spread out across wide geographic regions, and many identify more with their individual provinces than with Canadian culture as a whole.

The different regions of Canada tend to have different "personalities," which can affect business culture. For instance, eastern Canadians—those in the islands and on the Atlantic coast, such as in Nova Scotia, New Brunswick, and on Prince Edward Island—tend to be fairly reserved and conservative compared to other Canadians. In general, Ontario residents are business oriented and tend toward more formal corporate cultures.

Residents of western Canada tend to be more open and relaxed, with a friendly and direct communication style; their corporate cultures may be more casual than what you'd see on the eastern side of the country. Francophone Canadians are very proud of their culture, with a strongly felt connection to Europe; they tend to be more open, emotionally expressive, and gregarious than Anglophone Canadians, and their culture and etiquette sensibilities tend to be more Continental than North American.

Political and economic relations between Canada and America are generally good. However, Canadians will go out of their way to point out differences between themselves and their southern cousins—principal among them being that Canadians see themselves as more reserved and less aggressive. Canadians will take offense at remarks to the effect that they are the same as, or similar to, Americans.

Canadians tend to be cynical about those who have accumulated conspicuous wealth or power. Therefore, if you work with a large global company, you may have to work a little harder to win the trust of Canadian businesspeople than a smaller firm might. In addition, there can be some level of distrust for the motivations of American businesses. American businesspeople will need to take special care not to come across as aggressive, arrogant, or overbearing, and should avoid the hard sell.

Relationship Building

Canadians will make their business decisions based on your deal's merit, not on their relationship with you personally. However, building strong relationships with your Canadian counterparts can help your deal succeed. Your Canadian partners will not generally engage in

long rounds of small talk during meetings, but they may invite you out to a restaurant, home for a dinner party, or out to a cultural event as part of the process of getting to know you.

Canadians tend to be fairly reserved when getting to know others, and may not feel comfortable discussing their family and personal lives with you until you've established a strong relationship. Stick with sports, the weather, and favorable observations about your time in Canada for safe topics of conversation.

Canadians can be rather informal once they feel comfortable with you, and may tease you as the relationship progresses. If this happens, tease back in a friendly way. Humor is valued and will help you cement relationships.

Etiquette

Canadians usually shake hands upon meeting and departing. Handshakes should be firm and accompanied with strong eye contact. In Quebec, kissing on the cheeks is also a common form of greeting. Older French Canadian men may kiss a woman's hand in greeting; foreigners should not repeat this gesture with French Canadian women. Men should rise when a woman enters or leaves the room.

Canadians tend to be more formal than Americans when it comes to titles and modes of address. Always use last names and professional titles unless invited to address a colleague by his or her given name. Western Canadians may be less formal about this, while those in Ontario will be more so.

In Quebec, coworkers of the same status usually address each other by first name in private, but always by last name in public. In meeting settings, the formal *vous* (you) is almost always used.

Canadians prefer to keep a good deal of personal space between themselves and others, and will not touch frequently while in conversation. In Francophone Canada, people tend to be more animated in conversation than in Anglophone Canada; interruptions are common and should not be taken as a sign of rudeness. In Quebec, it's considered rude to talk with your hands in your pockets or sit with your legs apart.

While all Canadians speak English, French is the preferred language in French Canada. If you are doing business in cities such as Ottawa, Montreal, or Quebec City, be sure to have all written materials translated in French. If no one on your team speaks French, check ahead to find out whether the company you'll be working with would prefer that you hire an interpreter. Even if you don't speak French, French Canadians will appreciate it if you take the time to learn a few French words and phrases.

Source: International Trade Administration <https://www.trade.gov/>

Market Overview

The United States and Canada enjoy the world's largest and most comprehensive trading relationship that supports millions of jobs in each country and constitutes a \$1.6 trillion bilateral trade and investment relationship. Canada ranks as the top U.S. export market, accounting for 17.9% of all U.S. exports in 2019. Canada and the United States trade \$1.9 billion in goods and services daily. Two-way trade in goods and services totaled more than \$703.8 billion in 2019, and as of 2019 bilateral investment stock totaled more than \$982.8 billion.

U.S. exports to Canada were nearly \$357.1 billion in 2019. Over 30 U.S. states rank Canada as their number one export market. In 2018, U.S. exports to Canada exceeded total U.S. exports to China, Japan, South Korea, and Singapore combined. Whether your company is a first-time or seasoned exporter, Canada should be a key component of your company's export growth strategy.

In 2019, U.S. exports of goods to Canada totaled \$292.4 billion. The top export categories (2-digit HS) in 2018 to Canada were: vehicles (\$52 billion); machinery (\$45 billion), mineral fuels (\$27 billion), electrical machinery (\$26 billion), and plastics (\$14 billion).

U.S. exports of services to Canada were valued at \$64.7 billion in 2019. Leading services exports from the U.S. to Canada were in the travel, professional and management services, and intellectual property (computer software, audio visual) sectors. For travel across the border, approximately 380,000 people cross every day by all modes of transport. American travelers made 14 million trips to Canada in 2018, spending nearly \$10 billion, and Canadian travelers made 21 million trips to the United States, spending nearly \$22 billion. In fact, the United States is the top international tourism destination for Canadian travelers. In addition to travel and tourism, education remains a top service export sector in the bilateral trade relationship: Canada is the 5th largest source of international students to the United States, and 26,122 Canadian students attended U.S. schools in the 2018-19 academic year.

U.S. total exports of agricultural products to Canada totaled \$24 billion in 2018, our largest agricultural export market. Leading domestic export categories include prepared food (\$1.9 billion), fresh vegetables (\$1.9 billion), fresh fruit (\$1.5 billion), other snack foods (\$1.4 billion), and non-alcoholic beverages (ex. juices) (\$1.1 billion).

In most industry sectors, Canada is a highly receptive, open, and transparent market for U.S. products and services, with Canadians spending more than 60% of their disposable income on U.S. goods and services. The nations share a similar lifestyle, engendering a certain level of cultural familiarity; Americans and Canadians "speak" the same language, literally and figuratively. Canada's two official languages are English and French; however, English is almost universally spoken.

Investment also plays a significant role in the bilateral relationship. Canadian FDI in the United States was nearly \$580.8 Billion in 2019, making Canada the United States' second-largest source of FDI. The United States is a leading source of Canada's foreign direct investment (FDI), with investment stock from the United States totaling \$402 Billion in 2019. In 2017, U.S. affiliates of Canadian-owned firms employed 726,900 Americans, contributed over \$1 billion innovative research and development, and expanded U.S. exports by more than \$15 billion.

The United States, Mexico, and Canada are parties to the United States–Mexico–Canada Agreement ([USMCA](#)), which entered in to force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). USMCA is a 21st century, high-standard trade agreement, supporting mutually beneficial trade resulting in freer markets, fairer trade, and robust economic growth in North America. The Agreement modernizes and rebalances U.S. trade relations with Mexico and Canada, and it reduces incentives to outsource by providing strong labor and environmental protections, innovative rules of origin, and revised investment provisions. The Agreement also brings labor and environment obligations into the core text of the agreement and makes them fully enforceable.

General Market Opportunities

While U.S. exporters will find opportunities across best prospect sectors outlined in this guide, U.S. businesses are finding new business opportunities in several of Canada's key industrial, governmental, and consumer sectors.

Canada is the world's fifth largest aerospace market with \$22.4 billion in revenues in 2017 supporting 190,000 jobs. Canada ranks first worldwide for civil flight simulator production, third in civil aircraft production and third in civil engine production. Montréal is the world's third largest aerospace hub after Seattle, Washington and Toulouse, France. Canada is the number one export destination for U.S. farm and food products. Last year, the U.S. was the top supplier of agricultural products to Canada, with a 58% share of the country's agricultural import market. More than 75% of U.S. exports were high-value, consumer-oriented products, including prepared foods, fresh vegetables and fruits, snack foods and non-alcoholic beverages.

Canada is the second largest automotive market in North America, highly integrated with the U.S. and Mexico through the United States-Mexico-Canada Agreement (USMCA). Imports represent approximately three quarters of the market. Most global vehicle manufacturers are present in Canada including five of them with local assembling lines: Ford, General Motors, FCA, Toyota, and Honda. In addition to auto sales, the automotive aftermarket annual retail value is estimated by the industry at over US\$19 billion.

In 2019, Canada was the 14th largest military spender worldwide. Within NATO, Canada contributed an estimated US\$22,485 billion, accounting for an estimated 1.31% of Canada's GDP. Total exports of U.S. defense products to Canada increased from US\$638 million in 2018 to US\$679 million in 2019.

Public-Private Partnership opportunities exist within Canada's public infrastructure and government projects. In 2016, the Government of Canada unveiled the Investing in Canada to invest over US\$139B in key infrastructure sectors through 2028. This plan is underway and investments in infrastructure projects are expected to support the growth of Canada's construction industry. As of mid-2019, over 48,000 projects, with combined investments of over US\$32B, have been approved for communities across the country. In consumer product sectors, Canada's wide ethnic diversity and high level of consumer disposable income provide broad food and consumer goods selling opportunities. Bridging all the country's industrial, governmental, and consumer buying channels is eCommerce, a large opportunity for U.S. exporters who seek to access the Canadian market. For example, Canadian SMEs are shifting rapidly to the Internet for business purchases with approximately 34% of office supplies online.

Mechanisms for facilitating trade at the U.S. – Canada border include pre-inspections and associated technological advances that streamline regulatory processing making "just-in-time" delivery of goods and services more efficient and strengthening cross-border supply chains. This provides enhanced opportunities for U.S. firms seeking to enter the Canadian aerospace and automotive sector supply chains.

Source: Descartes CustomsInfo <https://syslp.customsinfo.com/Default.aspx>

Industry Spotlights

While Ontario's economy is highly diversified, it has undergone a major restructuring over the past two decades. The most significant change has been the decline in the proportion of output and employment in the manufacturing sector, as services sectors have been growing at a relatively stronger pace. Since 1999, the health care and social assistance share of total Ontario employment has increased 3.1 percentage points and the professional, scientific and technical services share has increased 2.2 percentage points over the same period. In comparison, the manufacturing share of total Ontario employment has declined 8.2 percentage points between 1999 and 2019.

The GTA is a global economic powerhouse that consistently outperforms other cities, with the most diverse economy in North America supporting a variety of key business sectors. From food processing and financial services to technology and energy; and from fashion and film to tourism and life sciences, the region's multi-sector strength drives growth and innovation, helping to keep the economy resilient to economic downturns. The region is also a leader in the manufacturing, digital, and research and development sectors.

Anchored by the one of the most stable financial systems in the world for the last ten years, the GTA is home to burgeoning subsectors, with new innovations in the fintech, cybersecurity, artificial intelligence, and smart cars sectors, just to name a few.

The region is home to more than six million people, 38 percent of Canada's business headquarters, one-fifth of Canada's Gross Domestic Product (GDP) and nearly half of Ontario's GDP.

Source: Toronto Global <https://torontoglobal.ca/>

Source: Government of Ontario <https://www.ontario.ca/page/government-ontario>

Source: Reuters <https://www.reuters.com/article/canada-banks-outlook-idCAKBN28E1CI>

Business Opportunities in the GTA

Advantages	Challenges
Rapidly growing export market, especially in the automotive and manufacturing sectors	Slower real GDP growth due to the challenges posed by COVID-19 which will affect various industries
More than 75 percent of all agricultural products grown on farms outside the area are processed within the region. Food processing costs are among the lowest in the G7 and it is cheaper to process food in the GTA than anywhere in the U.S	Canada's six biggest banks set aside more than \$16 billion to cover the expected increases next year in loan impairments, which have so far remained near pre-pandemic levels, due to payment deferrals and a government assistance programs.
Weak Canadian dollar compared to the US dollar (\$1USD = \$CAD1.25)	Differences in the tax system compared to the US
Innovative financial services and tech sector: an ever-increasing market demand, a large, relevant pool of talent and an ecosystem of potential partners.	Shortage of unskilled labor force especially in the GTA.