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The Canadian Business and Investment Environment



The laws and political climate of a country work in tandem to create the environment within which business enterprises operate. Both Canada's federal and provincial governments have created an atmosphere where international businesses can flourish.

A strong resilient economy, stable political system, abundance of natural resources and the ability to foster and attract a skilled workforce make Canada one of the leading destinations for foreign investment.

Canada has an open, fair, and efficient system of making and administering its laws. Grounded in parliamentary democracy at both federal and provincial levels, the formation of Canada's commercial and common law has been greatly influenced by England and the United States. Canadian common law – both contract and tort – is administered through a civil court system. There are many specific mechanisms that have been put in place to encourage the early and efficient settlement of disputes.

The Canadian legal system offers fast and predictable outcomes, providing a reassuring environment for business transactions. These advantages apply equally under the distinct civil law system of Québec and the common law system in the rest of Canada.

In terms of dealmaking and transactional matters, foreign participants will find that the environment and approach is very similar to that of the United States.

Like all advanced countries, Canada has laws to protect consumers, investors, workers, inventors, and the environment. Canada's federal and provincial governments have moved to reduce their size and to use alternative systems – like public-private partnerships – to deliver public services. In addition, both levels of government have found more efficient ways to accomplish regulatory objectives. There are few restrictions on foreign investment and other business regulations have been liberalized through numerous free-trade agreements. The business tax system is competitive and conducive to foreign investment. Key sectors such as transportation, energy, communications, and financial services have been deregulated, and many government-owned corporations have been privatized. Canada has become a global leader in technology and innovation with significant domestic growth and foreign investment in recent years.

Canada has adapted the vast majority of government activities to respect the concerns of business and respond to market forces. The result is a business and investment environment that many foreign companies consider among the most hospitable in the world.

Canada is frequently recognized as having one of the most resilient economies in the world, including because of its regulatory banking framework. As a result, Canada's strong banking and financial services sector is a welcome environment for foreign investment, particularly during uncertain economic times.

This guide provides an overview, based on our cross-Canada, leading expertise in all relevant areas of business law, for those looking to do business in Canada, whether by establishing a new business here, expanding to Canada, growing by merger and acquisition activity or investing in an existing business.
