

Everywhere you do business
**The Canadian Trade
Commissioner Service**

Opportunities for Canada and Vietnam through CPTPP

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TCS

 Global Affairs Canada Affaires mondiales Canada
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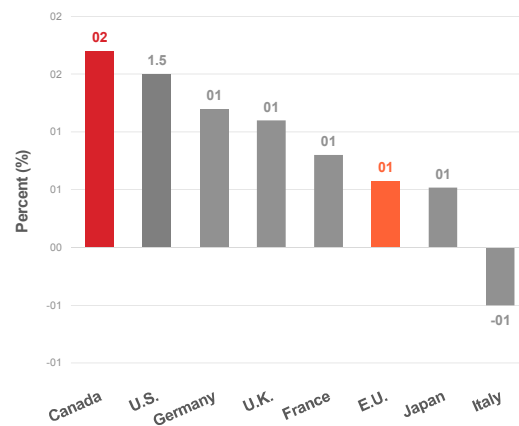
 Canada

Despite the global slowdown Canada leads G7 countries in long-term GDP growth...

- Long-term real GDP growth statistics from the OECD place Canada at the top of the G7 over the last decade.
- Canada's real GDP growth is also well above the EU average.



Real GDP Growth in G7 Countries (%)
2008-2017



Source: OECD Economic Outlook, No.104, November 2018.

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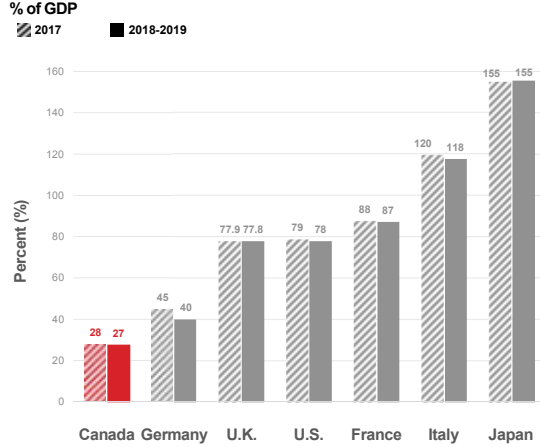
...and the lowest net debt in the G7

- In 2017, Canada had the lowest net debt-to-GDP ratio in the G7. It will continue to hold this standing during the 2018-2019 forecast period.



Source: IMF World Economic Outlook, October 2018.

General Government Net Debt 2017-19



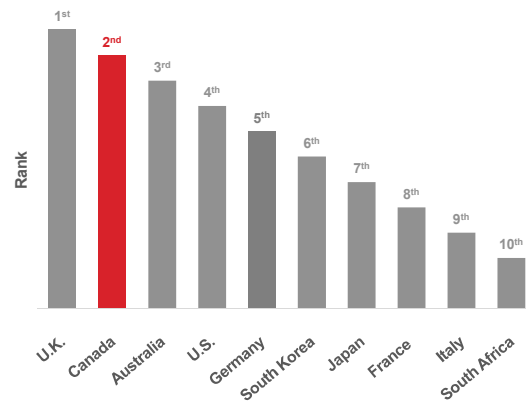
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Canada is ranked 2nd by Forbes for doing business

- Canada ranked second in the G20 and stood fifth overall in Forbes' latest 153-country annual study, *The Best Countries for Business*.
- Canada ranks particularly well on several study elements, including degree of personal freedom (first overall) and red tape involved in starting a business (second overall).



Top 10 Countries in the G20 for Business 2018*



*Chart based on analysis of country rankings. Country rankings are based on the following eleven categories of quantitative and qualitative indicators: trade freedom, monetary freedom, property rights, innovation, technology, red tape, investor protection, corruption, personal freedom, tax burden and market performance.
Source: Forbes Publishing, December 2017.

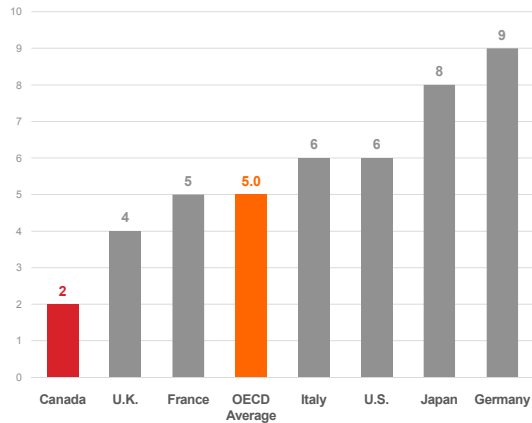
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Establishing a business in Canada involves relatively few steps...

- Regulations pertaining to the creation of new businesses are considerably more flexible in Canada than in other G7 countries.
- Canada ranks first among the G7 and OECD countries for the lowest number of procedures required to establish a new business.



Number of Procedures*



Source: Doing Business in 2019 - The World Bank Group, November 2018. *A "procedure" is defined as any interaction of the company founder with external parties (government agencies, lawyers, auditors, notaries, etc). Interactions between company founders or company officers and employees are not considered as separate procedures. For example, an inauguration meeting where shareholders elect the directors and secretary of the company is not considered a procedure, as there are no outside parties involved.

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...giving you direct access to the North American market...

- Canadian-based businesses have access to one market of over 486 million consumers with a combined GDP of over US\$22 trillion.*
- Many Canadian production hubs are very close to U.S. markets with 16 of Canada's 20 largest cities within a 1.5-hour drive of the U.S. border.



* Source: IMF World Economic Outlook, October 2018.



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Canada is also a world leader in academic performance

- Among the three subject areas (reading, science and mathematics) surveyed in the OECD Program for International Student Assessment (PISA), Canadian schoolchildren rank first in the G7 in reading and second in each of science and mathematics.
- Among the 72 countries and economies that participated in PISA 2015, Canadian schoolchildren ranked 3rd in reading, 9th in science and 10th in mathematics. The rankings compare to 9th, 10th and 13th, respectively, in 2012.
- The annual PISA survey involves a total of over 540,000 pupils in 72 countries and evaluates the capacity of 15-year olds to understand and solve academic problems.

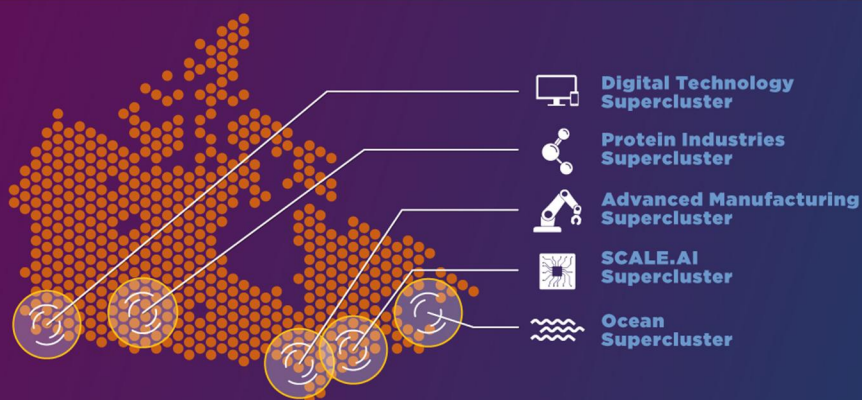
PISA Score (Points – Standing Among G7 Countries)

Country	Reading	Country	Science	Country	Mathematics
Canada	527	Japan	538	Japan	532
Japan	516	Canada	528	Canada	516
Germany	509	United Kingdom	509	Germany	506
France	499	Germany	509	France	493
United Kingdom	498	United States	496	United Kingdom	492
United States	497	France	495	Italy	490
Italy	485	Italy	481	United States	470

Source: OECD: Program for International Student Assessment (PISA) 2015 – Released December 6, 2016

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Canada's Innovation Supercluster Initiative



Superclusters represent more than 450 businesses, 60 post-secondary institutions and 180 other participants in sectors covering 78 percent of Canada's economy.

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Canada: Solid Reasons to Invest

Canada's economic fundamentals and relative cost advantages provide a first-rate business environment.

Excellent Economic Fundamentals

- Low inflation
- One of the strongest economies in the G7

A Dynamic Workforce

- One of the world's best-educated internationally-oriented workforces
- Quality management training

Easy Access to Markets

- Geography provides easy access to the world's prosperous markets.
- Efficient transportation linkages with Asia and Europe

A Highly Competitive Business Environment

- Ease in establishing and operating a new business
- Competitive tax system
- Strong financial environment

A Promising Venue for Innovation and Investment

- World leader in post-secondary research

An Excellent Place to Live

- Superb overall quality of life
- A society rich in multiculturalism

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The Canadian Trade Commissioner Service

Canada and Vietnam

- Bilateral merchandise trade topped CAD 6.1 billion (#1 in ASEAN)
- Comprehensive Partnership 2017
- Positive reputation – trusted partner
- Perception of high product quality and reliability
- Large diaspora in Canada (> 250,000)



Canada - Vietnam Trade Snapshot

Canada's Top Exports to Vietnam (2015-2017 average)

- Total exports to Vietnam: \$742 million
- Agricultural products (wheat, flax, and pork): \$297 million
- Fish and seafood products (frozen lobster, crab, halibut): \$119 million
- Metals and minerals: \$79 million
- Fertilizers: \$65 million
- Industrial machinery: \$36 million

Canada's merchandise imports from Vietnam (2017)

- Total imports nearly \$5.1 billion
- Electrical and electronic machinery and equipment: \$1 billion ,
- Footwear: \$579 million,
- Knitted apparel: \$510 million,
- Woven apparel: \$464 million
- Industrial machinery: \$406 million
- Furniture: \$400 million

What does the CPTPP do?

1. Offers preferential access
2. Creates more certainty and predictability and transparency by establishing agreed-upon rules and standards
3. Allows greater dialogue and cooperation in the Asia-Pacific region

Agriculture and Seafood

- Represents nearly 60% of Canada's total exports to Vietnam in 2017 (\$612.4 M out of \$1.051 billion of all exports)
- Canada has positive reputation (quality and reliability)
- Growing middle & high income earners
- New focus on food safety and adoption of EU standards
- CPTPP levels playing field for Canada with regional competitors (Australia, New Zealand, Japan, Korea, Russia, etc)
- Distinctive advantage for Canada over USA

Agriculture (cont'd) - Vietnam CPTPP tariffs elimination

- Pork: 27% eliminated in Year 9
- Maple syrup: 3% eliminated at EIF
- Blueberries: up to 30% eliminated in Year 2
- Chocolate and confectionary: 25% eliminated in Year 6
- Live and frozen seafood: up to 18% eliminated at EIF
- Prepared seafood: up to 35% eliminated in Year 3
- Apples: tariff 10% eliminated in Year 2
- Milk powder: 5% eliminated EIF



Infrastructure

- Vietnam spends **5.7%** GDP on infrastructure (highest in SEA), due to rapid urbanization and industrialization
- Expanding capacity of **power grids** in major cities
- Complete planned **mass transit** systems (\$8bil)
- Expansion of existing **port** capacity
- **Airports** – Long Than International Airport (\$15bil)
- Opportunities for engineering and project management
- CPTPP opens up government procurement

Information and Communications Technology

- A key industry contributing **7% to Vietnam's GDP**
- Total industry topped US\$74.1 billion in 2017, +13.15%
- Strong local capabilities in software/engineering
- Opportunities for Canadian companies
 - Broadband/wireless network management (4G, 5G, satellite)
 - Smart Cities (intelligent monitoring, planning, control, transport)
 - IoT, Cloud Services, Big data analytics
 - Cybersecurity
 - Enterprise Software Solutions (ESS) including for healthcare, government, education

Clean Technologies

Waste and wastewater Management

- Only 10% of wastewater is treated
- No recycling or treatment of MSW – all going to landfills
- 2025: plan for 70% of wastewater and 90% of MSW to be treated

Clean Energy

- Heavy reliance on coal (30%) – increase solar, wind, waste to energy
- Energy efficiency – industrial applications
- Power management (e.g. cross-border transmission, safety standards)
- Need air quality monitoring & control
- Climate resiliency planning (e.g. flood control)

Aerospace

- Currently ranks fifth among ASEAN countries and aims to have advanced industry by 2020 – top 3 of ASEAN with 10 airlines
- GoV's top priority for development and restructure
- More private sector's participation: Vietjet Air, Bamboo Airways, etc.
- Opportunities for Canadian companies:
 - Pilot, crew and technical staff training
 - Aircraft maintenance and overhaul services
 - Airport infrastructure upgrade for air traffic management
 - Expansion of aircraft fleet

Other sectors of interest

Wood and Forestry Products

- Vietnam is 2nd largest furniture maker in Asia (after China) exporting US\$7 billion in 2016; need raw materials
- CPTPP tariff reductions in newsprint, household paper, carton, printed material

Life Sciences

- 95% of medical devices in Vietnam need to be imported
- Growing middle class aging population, interest in Western medicines

Education

- Fastest growing market for student recruitment for Canada (5th overall)
- Opportunities for partnerships/capacity building at university and college level

Advice for Market Entry

- Local partnership is important (e.g. partner, consultant with relevant expertise/network)
- Business can be done by e-mail/phone
- Value of fairness, transparency and rule-of-law
- Contracts and regulations are strictly enforced
- Most international business done in English



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Partout où vous faites des affaires
**Le Service des délégués
commerciaux du Canada**


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