

CANADA



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Canada is the second-largest country in the world, with an area of approximately 10 million square kilometres and a population of just over 36 million. Roughly 50% of its population resides within about 150 kilometres of its southern boundary with the United States, much of it in the highly industrialized corridor between Windsor, Ontario and Québec City, Québec. Canada's two official languages are English and French.

As one of the 10 largest economies of the industrialized countries, Canada is a member of the world's Group of Eight (G8) industrialized nations. Currently, approximately three quarters of Canada's exports go to the United States, and under 5% to each of the European Community, the United Kingdom and China. Canada is the largest importer of goods and services from the United States, with imports from the U.S. comprising approximately two-thirds of all Canadian imports.

The Toronto Stock Exchange (TSX) and the TSX Venture Exchange rank third among North American exchanges and eighth among world stock exchanges in terms of market capitalization. More resource company stocks are listed on the TSX than anywhere else in the world.

Canada is a federal state, with governmental jurisdictions divided among a national government, 10 provincial governments and three territorial governments. The *Constitution Act, 1867* provides the federal and provincial governments with exclusive legislative control over enumerated lists of subjects, and also provides exclusive legislative control to the federal government over residual subjects not clearly assigned to the provincial governments. Each of Canada's two levels of government is supreme within

its particular area of legislative jurisdiction, subject to the limits provided by the *Canadian Charter of Rights and Freedoms*, which forms part of the *Constitution Act, 1982*.

The federal government has legislative jurisdiction over, among other matters, the regulation of trade and commerce, banking and currency,

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bankruptcy and insolvency, intellectual property, criminal law and national defence. The provincial governments have legislative jurisdiction over, among other matters, real and personal property, civil rights, education, health care and intra-provincial trade and commerce. Certain aspects of these provincial powers are delegated to municipal governments, which enact their own bylaws.

Both levels of government are based on the British parliamentary system. At the federal level, the prime minister is the head of government; at the provincial level, the premiers. These individuals are the leaders of the political parties that have either the greatest number of seats in the House of Commons or the provincial legislatures, respectively — or that have, at a minimum, the support of a majority of the members of the House of Commons or provincial legislatures, respectively.

When establishing or acquiring a business in Canada, one must be concerned with the federal laws as well as the laws of the provinces or territories within which the business will be conducted. In nine of the 10 provinces and in the three territories, the legal systems are based on common law. In Québec, the legal system is based on civil law. In this publication, we have chosen to refer primarily to Ontario legislation, but the legislation and programs of the other common law provinces are similar to those of Ontario. We have included references to Québec legislation — in particular, under the heading **Language**. Lawyers in the various offices of McCarthy Tétrault would be pleased to conduct a review of the federal and provincial laws and regulations and municipal bylaws relevant to your particular business operation.

