



ONTARIO



Ontario.

Updated 03 August 2022.

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What is this?

This article provides the history, key information, and commercial prospects for the Canadian province of Ontario.

Why do we need this?

In North America, Canada is often the top choice for global exporters to market their products, and this preference is well-founded. Canada offers numerous benefits for new and existing exporters, such as a common language, similar culture, and strong economic ties. However, many exporters overlook that Canada is a federation of diverse provinces, each with unique export rules. This article focuses on Ontario and aims to inform businesses that export or plan to export goods or services to Ontario about the specific industry conditions relevant to selling their products or services in this province. Fortunately, this article is designed to provide exactly that information!

TL; DR.

Ontario, located in east-central Canada, shares borders with the United States and the Great Lakes. Its diverse industries range from agriculture and mining to automotive manufacturing and advanced technology development. This blend of natural resources, manufacturing expertise, export capabilities, and commitment to innovation creates a dynamic economic environment, making Ontario an attractive destination for business opportunities.

Contents.

1. Introduction to Ontario.
2. History.
3. Geography.
4. Natural Resources.
5. Ontario's Economy.
6. Exporting to Ontario.
7. Cryptocurrency and taxes.
8. Government Assistance.
9. Conclusion.
10. Sources.

1. Introduction to Ontario.

Ontario, with nearly 14 million residents, is Canada's most populous province. Located in the east-central part of the country, it is the second-largest province by land area after Quebec. Bordered by Hudson and James Bays in the north and the St. Lawrence River and Great Lakes in the south, Ontario is home to Canada's capital city, Ottawa, known for its Victorian architecture on Parliament Hill and the National Gallery with its Canadian and Indigenous art. Toronto, Ontario's largest city and the provincial capital, is a major urban center. The province is recognized as Canada's wealthiest, boasting abundant natural resources and the most advanced and diverse industrial sector.

2. History.

The area now known as Ontario has been inhabited for over 12,000 years by various Aboriginal groups. French and British explorers began to colonize the region in the 17th century. The name "Ontario" comes from the Iroquois word "kanadario," meaning "sparkling water," first used in 1641 to describe a large territory along the north coast of the easternmost part of the Great Lakes.

Before European settlement, Ontario was home to Algonquian and Iroquoian Aboriginal tribes. In 1604, Samuel de Champlain was part of a group that established a French colony in North America at Sainte-Croix Island and River. By 1608, he founded Quebec, and the first French explorers reached present-day Ontario in 1610. At this time, the British controlled most of Canada, referring to the area including Quebec, Ontario, and parts of the United States as the province of Quebec.

The Quebec Act of 1774 expanded the territory governed by Quebec, incorporating Ontario. After the American Revolution, many British-loyal colonists, known as United Empire Loyalists, moved to Ontario. The British divided Quebec into two in 1791 with the Constitutional Act, creating Upper Canada (Ontario) and Lower Canada (Quebec), named for their positions relative to the St. Lawrence River.

In 1841, Lower and Upper Canada united, with Upper Canada becoming Canada West. The Canadian Confederation of 1867 established Ontario and Quebec as separate provinces, with Canada West becoming the province of Ontario. Toronto was designated the provincial capital, while Ottawa was chosen as the federal capital, with Sir John A. MacDonald as Canada's first prime minister.

2.1 Economic History.

In the 1850s, Ontario laid the foundation for its educational system and modern municipal government. This period was marked by extensive railway construction and the beginning of industrialization. The expansion of manufacturing and industry in Ontario gained momentum

with the building of the Canadian Pacific Railway through Northern Ontario to the Canadian Prairies and British Columbia.

Late in the 19th century, the province saw a surge in mineral extraction, leading to the establishment of major mining centers in the northeast. The government established the Hydro-Electric Power Commission of Ontario, later known as Ontario Hydro, to capitalize on the province's water resources for hydroelectric power. The availability of affordable electric power significantly boosted industrial growth.

In the 20th century, the automobile industry, exemplified by the establishment of the Ford Motor Company of Canada and General Motors Canada Company, emerged as a key driver of Ontario's economy. These developments played a crucial role in realizing Ontario's economic potential.

3. Geography.



Map of Ontario

As Canada's second-largest province in land area, Ontario spans over 415,000 square miles (1 million square kilometers) and is located in East/Central Canada. It shares borders with Quebec to the east, Manitoba to the west, Hudson Bay and James Bay to the north, and the St. Lawrence River, Great Lakes, and the United States to the south. Ontario comprises two distinct regions: Northern and Southern Ontario.

Northern Ontario, covering about 350,000 square miles, forms part of the ancient Canadian Shield, known for its abundance of lakes, rivers, muskegs, and rugged, heavily forested terrain. This Shield covers two-thirds of the province, except for the Hudson Bay Lowlands in the north.

This region significantly contributes to Ontario's prosperity through its rich mineral deposits, extensive forest reserves, and potential for hydroelectric power generation from its fast-flowing rivers.

Southern Ontario, occupying only about 15% of the province's land area, is further divided into four sub-regions: Central Ontario, Eastern Ontario, the Golden Horseshoe, and Southwestern Ontario. Despite its smaller size, Southern Ontario is densely populated, housing a significant portion of the province's population, with 9,765,188 residents recorded in the 2021 census.

4. Natural Resources.

Ontario's varied landscape is rich in natural resources, encompassing agricultural land, forests, lakes, rivers, hydroelectric power, minerals, and sources of wind and solar energy. It holds the largest market in Canada for products and services derived from these natural resources, boasting a substantial abundance of both renewable and non-renewable resources. In terms of agricultural productivity, Ontario ranks fourth in the country, following Saskatchewan, Alberta, and Manitoba, highlighting its significant contribution to Canada's agricultural sector.

4.1 Agricultural Land and Forests.

Forest land comprises 66 percent of Ontario's total land area, representing about 18 percent of Canada's total forest area and 2 percent of the world's forests. In 2016, Ontario accounted for approximately 10 percent of the total volume of timber harvested in Canada. This harvested timber is utilized in manufacturing a range of products, including furniture, flooring, pulp and paper, building materials, and other high-value goods.

In addition to their economic value, many of Ontario's accessible forested areas, along with its numerous lakes and rivers, offer a variety of recreational opportunities. These natural settings provide residents and visitors alike with a multitude of options for leisure and outdoor activities.

4.2 Rivers and Lakes.

The development and history of Ontario are deeply connected to its extensive freshwater systems, including lakes, rivers, and streams. These waterways have significantly influenced patterns of settlement and industrialization, acting as vital conduits for connecting different regions. The substantial water resources of the Great Lakes and the Saint Lawrence River serve multiple crucial roles. They are key channels for transporting people and goods, significant sources of hydroelectric power, and popular sites for recreational activities.

The Great Lakes and St. Lawrence River Basin play a pivotal role in Canada's economy, accounting for more than 75 percent of the country's manufacturing output. Additionally, this

basin supports a significant portion of the agriculture and food processing sectors, providing about a third of the jobs in these industries nationwide. This highlights the immense economic and social impact of Ontario's water resources on both the province and the country as a whole.

4.3 Minerals.

Ontario holds a prominent position in Canada's mining sector, standing as the country's top producer of metallic minerals such as nickel, gold, and silver. It ranks second in copper production, following British Columbia. The province's mining industry is diverse, producing more than 25 different types of metal and non-metal mineral products.

4.4 Wind and Solar Energy.

Ontario leads Canada in the capacity to generate wind and solar power, playing a significant role in the country's renewable energy sector. The province produces more than one-third of Canada's total wind-generated electricity and nearly 99 percent of all solar-generated electricity in the country.

The power infrastructure in Ontario is comprehensive and diverse, connecting over 120 generating stations. These stations utilize a variety of energy sources, including nuclear, hydroelectric, natural gas, wind, and bio-energy. Combined, these power plants can generate approximately 35,000 megawatts of electricity, showcasing Ontario's robust and multifaceted approach to energy production.

5. Ontario's Economy.

Ontario's economic growth is primarily driven by its abundant natural resources, skilled manufacturing workforce, strong export performance, and a culture of innovation. It stands as Canada's largest provincial economy, contributing 37 percent to the national gross domestic product. The province is a hub for knowledge-intensive industries, hosting approximately half of Canada's employees in high technology, financial services, and related sectors.

Several factors contribute to Ontario's economic productivity. Its central location within Canada, proximity to U.S. markets and coal supplies, access to affordable power, and a large, skilled labor force are all pivotal. Moreover, Ontario benefits from rich natural resources, extensive transportation networks, and a favorable environment for both domestic and international investment, which collectively bolster its economic strength.

5.1 Industries.

Ontario boasts a diverse array of industries, encompassing sectors like agriculture, mining, automobile manufacturing, service industries, and the development of innovative software and

technology. In the following sections, we will explore some of these key industries in more detail, providing insights into how they contribute to the province's dynamic economic landscape.

5.2 Manufacturing.

Ontario holds a prominent position as Canada's leading producer of manufactured goods. It is responsible for about half of the country's manufacturing jobs and contributes approximately 50% to the total value of Canada's manufacturing production. Key sectors within Ontario's manufacturing industry include automotive, information and communications technology (ICT), biotechnology, pharmaceuticals, and medical device manufacturing. These industries play a vital role in the province's economy, highlighting Ontario's strength and diversity in manufacturing and technological innovation.

5.3 Services Industry.

While Ontario is well-known for its manufacturing strength, the service sector stands out as the province's most significant economic driver. Since the 1930s, Toronto, Ontario's capital, has been the center of Canada's primary financial services industry. The Toronto Stock Exchange, located there, is the largest in the country. Additionally, the city is home to the headquarters of Canada's major financial institutions, along with numerous insurance companies, brokerage firms, and professional service providers specializing in legal, accounting, and management consulting.

5.4 Agriculture.

Ontario plays a crucial role in Canadian agriculture, just as it does in many other economic sectors across the country. The province, particularly its southern region, hosts much of Canada's prime agricultural land, making it one of the key agricultural areas in the nation.

6. Exporting to Ontario.

Ontario is Canada's most productive province in terms of exports and imports, reflecting the significance of trade in maintaining the earnings and living standards of Canadians, as well as the country's overall success. The potential benefits of exporting to Ontario likely outweigh any potential challenges faced by exporters. Since the end of World War II, there has been significant expansion in Canada's manufacturing, mining, and service sectors which has transformed the country's economy from predominantly rural to primarily industrial and urban.

Ontario's most promising industry sectors include.

- Aerospace.
- Agriculture.
- Automotive.
- Military.
- All forms of Renewable energy such as; Hydro, wind, solar, biomass, geothermal, and marine energy.
- Technology.
- Public-private collaborations on government and infrastructure initiatives.

Under the Federal Consumer Packaging and Labelling Act of Canada, labels on goods exported for sale in Ontario must comply with the Act's stipulations. It's crucial to understand the distinctions between foreign and Canadian labeling requirements and to be familiar with the steps needed for selling and marketing products in Ontario. Products such as firearms, textiles, agricultural goods, steel, apparel, and natural or non-prescription health treatments often pose significant challenges in the province. Therefore, many manufacturers find it advantageous to collaborate with a customs broker.

Lastly, the following are the major products and services exported to Ontario, along with their overall percentage share.

- Vehicles (13.7 %).
- Machinery including technological devices (14.4%).
- Electrical machinery (9.4 %).
- Mineral fuels (6.2 %).
- Plastics (2 %).
- Pharmaceuticals (3.8 %).
- Iron, steel (2.1 %).

7. Cryptocurrency and taxes.

In Ontario, the rise of cryptocurrency as a recent innovation has prompted the need for tax regulations. In Canada, cryptocurrencies are not considered fiat currency but are treated as capital assets, akin to stocks or rental properties. Cryptocurrency, a digital representation of value, functions as a medium of exchange for goods and services but is not yet recognized as legal tender.

In Ontario, revenue from cryptocurrency transactions is categorized as either capital gains or business income, depending on specific transaction details. Even if you engage in buying, trading, and selling cryptocurrency solely as an investment, the profits may be considered business income by the Bank of Canada, especially if these activities are frequent and aimed at making a profit.

If cryptocurrency is used exclusively as a medium of exchange without generating capital gains or income, it does not need to be declared on tax returns. Taxes must only be declared when income or capital gains arise from crypto transactions. It's important to record and report all capital gains and losses to effectively manage tax liabilities. The Canada Revenue Agency (CRA) allows cryptocurrency losses to be carried over to subsequent tax years, offsetting them against cryptocurrency gains.

For UBI tokens used as a payment method, you only need to declare their equivalent value in Canadian dollars (CAD). Transactions exchanging UBI tokens for Euros (€) do not require declaration if they are simple swaps without capital gains. Since there are no tax implications when transacting directly in UBI tokens, their use is highly recommended.

8. Government Assistance.

The Ontario government supports both new and existing exporters in the province by assisting them in establishing business relationships and pursuing new business opportunities. Additionally, export professionals based in major international markets are available to help Ontario businesses connect with local partners.

Here are a few examples of Ontario's government resources:

1. Export Development Canada (EDC): EDC is a government-owned corporation dedicated to helping Canadian businesses expand their export operations globally. They offer expertise and insights on exporting through webinars and virtual events.
2. Ontario Ministry of Economic Development, Job Creation, and Trade (MEDJCT): The mission of MEDJCT includes fostering innovation, business expansion, and enhancing Ontario's competitiveness as an investment destination. They provide information on increasing export revenues and expanding into international markets. MEDJCT regularly hosts webinars covering various topics relevant to international expansion.

These resources play a crucial role in supporting Ontario businesses in navigating global markets and expanding their export activities effectively.

9. Conclusion.

This article, supported by revealing statistics, illustrates how Ontario has significantly advanced in building global trade networks over the past few decades. These developments have streamlined the process for enterprises to export goods to Ontario. The rapid growth of Ontario's economy presents another strong reason for businesses to consider expanding their operations into the province.

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