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Canada vies with US as top destinations for international business expansion

The latest HSBC 'Navigator: Now, next and how' survey of over 9,100 companies in 35 markets finds that 11% of international business leaders identified Canada for expansion in the next three to five years, coming close second to the United States, the most popular destination at 14%. Businesses see Canada as an attractive market due to favourable partnership opportunities and proven customer demand. The country is also seen as a gateway to nearby markets by nearly a third (29%) of those planning to expand there.

"Canada outperforms its peers thanks to its open economy," said Linda Seymour, Head of Commercial Banking at HSBC Canada. "After having signed several new trade agreements with regions across the globe, including CETA and CPTPP, Canada's interconnectedness and preferential access to a wide market are getting noticed by companies around the world."

Research released today shows that high-growth businesses are focused on finding new markets. Canadian companies are no exception: they now have preferential access to Japan - the world's third-largest economy – as well as fast-growing markets such as Malaysia and Vietnam.

Despite moderate growth in sales, Canadian business confidence jumps 19 percentage points on cross-border commerce compared to 2018

Close to 9 out of 10 (86%) Canadian businesses are positive in cross-border business outlook, up 19 percentage points from last year, even as 68% think governments around the world are adopting increasingly protectionist trade policies.

Businesses in Canada anticipate growth in sales to be moderate over the next 12 months. 84% of Canadian businesses expect their sales to grow, slightly higher than global average (79%) and the United States (80%). However, only one in five businesses (21%) are expecting to grow their business by more than 15%, below the levels projected for the United States (34%) and globally (22%).

Businesses anticipating sales growth in the next year view both internal and external factors as key drivers: "Internally, companies are looking at improving their business' productivity (30%), investing in technology (29%) and motivating their workforce (28%). Externally, new market opportunities (33%) coupled with better quality and availability of suppliers and raw materials (27%) are the top drivers of sales growth," added Linda Seymour.

Top 10 current trading partners for Canadian businesses

United States	69%
Mainland China	17%
United Kingdom	14%
Mexico	12%
France	12%
Germany	8%
India	5%
Austria	5%
Belgium	4%
Italy	4%

Top 10 markets for Canadian business expansion in next 3-5 years

United States	48%
Mexico	16%
Mainland China	11%
France	8%
United Kingdom	7%
Germany	5%
Australia	4%
Brazil	3%
Hong Kong	3%
Israel	3%

Top 10 markets identifying Canada for trading expansion in next 3-5 years

Mexico	37%
United States	30%
India	17%
Brazil	16%
United Kingdom	12%
Sweden	12%
Mainland China	11%
Spain	10%
Ireland	9%
South Africa	9%

The full report can be accessed here: www.business.hsbc.com/trade-navigator

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Note to editors:
HSBC Navigator: Now, next and how for business

HSBC's Navigator report comprises a global survey gauging business sentiment and expectations on trade activity and business growth from 9,131 decision-makers in 35 markets. Canadian sample is 200. Research was conducted by Kantar for HSBC between August and September 2019. HSBC's Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade.

Interviews for the Navigator: Now, next and how survey were conducted in Argentina, Australia, Bangladesh, Belgium, Brazil, Canada, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, mainland China, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, the UAE, the UK, the USA and Vietnam.

Over half (55%) the companies interviewed were SMEs making annual sales of between US\$5m and US\$50m, with the remainder being larger enterprises.

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