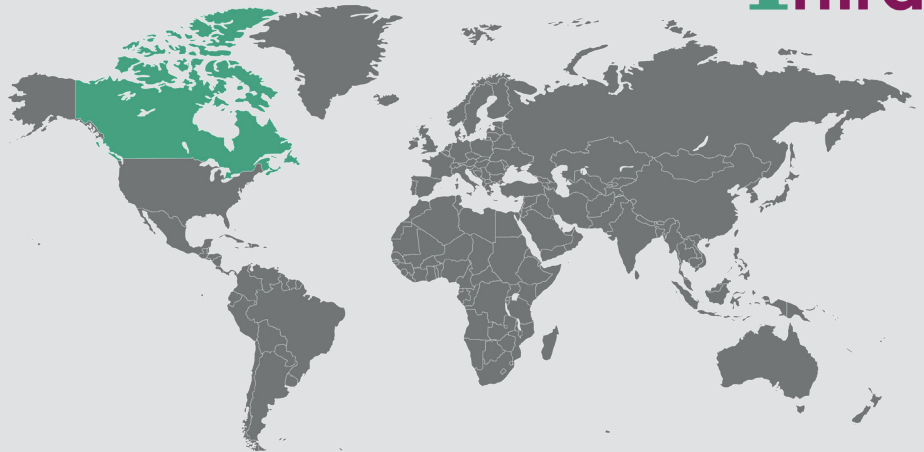


## CANADA

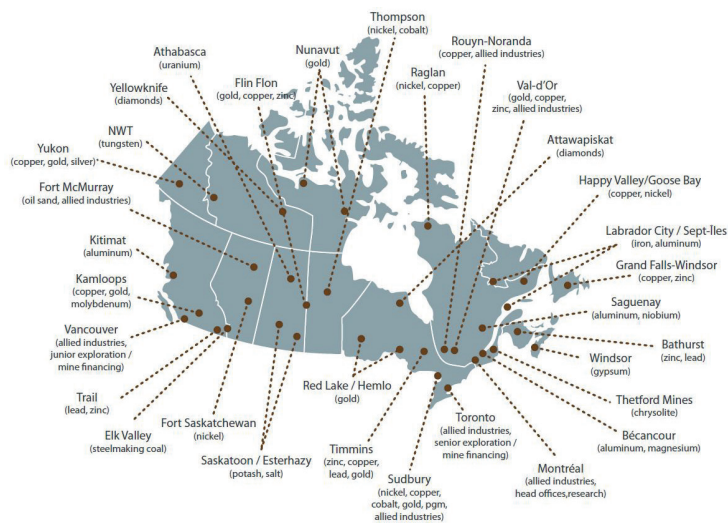
# Specific Conditions and Competitive Advantages #1



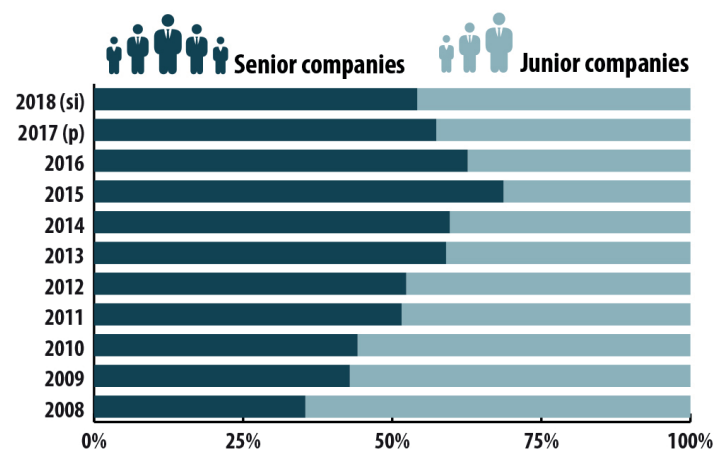
Canada is the **third largest producer in the world of minerals**, exporting 80% of all exploited ore. It ranks in the top five countries in the global production of 11 major minerals and metals: first in potash; second in uranium and cobalt; third in aluminium, diamond and tungsten; fourth in platinum group metals, sulphur, and titanium; fifth in nickel. It produces more than 60 elements of the periodic table, which contributes significantly to the national economy. In 2014, the Canadian economy was the **15th most competitive economy of the world**, according to the World Economic Forum (WEF, 2014).

The **regulatory framework of Canada is stable** and the **mining permitting process is relatively fast and simplified**. There is a distinction between the regulatory system for granting of mineral rights (which is mostly straightforward) and the regulatory system for environmental operating permits for a mine (which can be lengthy and expensive). Government policy has until relatively recently been a significant driver for Canada's mining industry, as the Government shared the costs of many large-scale regional infrastructure projects in remote areas. Since 2008, **Government fiscal policy mechanisms**, such as flow-through shares and loans from agencies, such as Export Development Canada, have become more important drivers for the development of the mining industry.

These tax mechanisms have supported the establishment of a **strong cluster of junior mining exploration firms**, providing to these companies (via the Canadian Mineral Exploration Credit and a flow-through shares mechanism), the capital they could otherwise not obtain from banks.



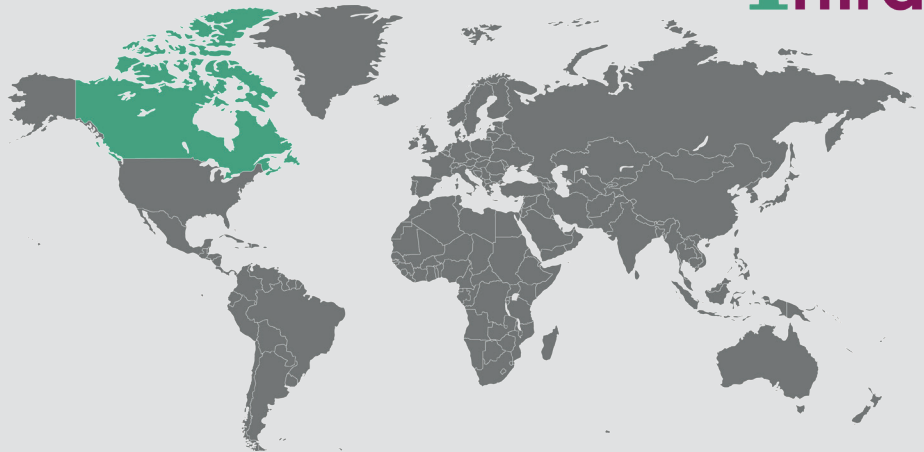
Canadian mining clusters. Source: Canadian Mining Industry Clusters-2013 data, The Mining Association of Canada, Facts and Figures 2015 ([http://mining.ca/sites/default/files/documents/Facts\\_and\\_Figures\\_2015.pdf](http://mining.ca/sites/default/files/documents/Facts_and_Figures_2015.pdf)).



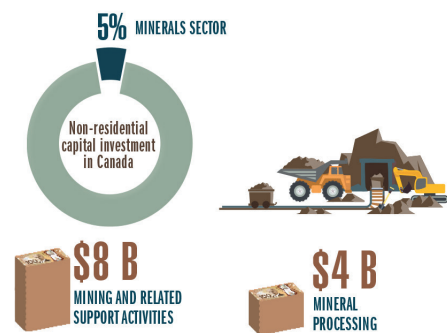
Canadian mining clusters. Source: Canadian Mining Industry Clusters-2013 data, The Mining Association of Canada, Facts and Figures 2015 ([http://mining.ca/sites/default/files/documents/Facts\\_and\\_Figures\\_2015.pdf](http://mining.ca/sites/default/files/documents/Facts_and_Figures_2015.pdf)).

## CANADA

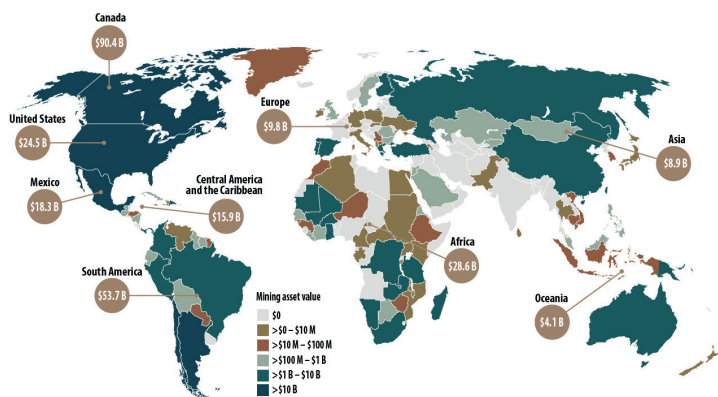
# Specific Conditions and Competitive Advantages #2



The industry structure is consolidated, with a **large number of multi-national and junior companies of Canadian origin working worldwide**. Canada is the country with the most exploration enterprises operating overseas, having about 800 firms active in more than 100 countries in 2016. The Canadian mining cluster includes integrated global miners, specialist investors and financial services, several industries and professional associations, a large mining supply sector (equipment, technology, services), many processing plants, and specialist government agencies acting at provincial or territorial levels. This cluster is a **knowledge-based cluster, covering the entire value chain** with geographic specialisations on specific minerals or activities, spreading all over Canada.



Mineral sector investment (2017). Source: NRCAN (<https://www.nrcan.gc.ca/mining-materials/facts/minerals-economy/20529#investment>).



Canadian mining assets, 2016. Source: NRCAN (<https://www.nrcan.gc.ca/mining-materials/facts/minerals-economy/20529#assets>).

Canada **attracts investment to the minerals sector by providing full access to geoscience information and statistics on minerals and metals**. Foreign investors can also repatriate profits, have no currency restrictions, no import or export restrictions, and benefit from low withholding taxes. Investment flows are facilitated through the Toronto Stock Exchange. The majority (57%) of the world's public mining companies are listed on the TSX and TSX-Venture Exchanges (2016). Together, the two exchanges handled 48% of global mining equity transactions in 2013, and accounted for 46% of global mining equity capital for that year.

With the CETA trade agreement, Canada becomes **one of the world's countries with most free trade agreements**, leveraging its capacity to supply mineral raw materials to all developed and developing countries.

Canada's **metals recycling sector** is mature and extensive and includes capital-intensive primary and secondary smelters. Primary smelters are well equipped to recycle complex metallic composite materials, such as e-Waste, and this will undoubtedly foster the recycling of electronic waste in the near future.

The primary concerns for Canada's mineral raw materials sector include its **strong inter-dependence on the USA market and the weakening demand from China**. To deal with rising concerns over **sustainability issues**, the industry developed an externally verified performance system for sustainable mining practices with the launch of the Mining Association of Canada's (MAC) initiative Towards Sustainable Mining, reinforcing Canadian miners' reputation in safety and sustainability.