

# EU TECHBRIDGE



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## Process Guides on internationalisation



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## Introduction

The EU Techbridge project (<https://www.eutechbridge.eu/>) matches innovative European SMEs with North American based end-users/corporate buyers looking for innovative water and energy solutions. By setting up an intensive match-making programme (virtual and physical), concrete challenges from North American corporate buyers will be matched with innovative solutions from European SMEs.

SMEs have a particular difficulty to conduct export activities when the customers are governments or businesses due to their little export experience or knowledge.

The objective of this document is to guide European SMEs on internationalization processes, specially to the North American markets USA and Canada.

## Aspects to consider

Expanding a business is a daunting step for any business owner or entrepreneur – but the decision is even more complex and risky when you are planning on expanding your business internationally whether you're only going into a single country, a region, or multiple countries. So many challenges arise when you expand your business internationally and the more thoroughly prepared you are, the greater your chances of success.

Specialization is often a key to success factor. At first glance, this strategy seems somewhat counter intuitive. How can limiting your client base to a sub-market be more successful than addressing the needs of the whole market? The short answer, because sub-markets are easier to penetrate and dominate.

When you specialize, you are able to provide your target market with a superior value proposition over companies that generalize in a related field. This specialization reduces the number of other companies that can compete with you for that work. Furthermore, you are able to offer services that are not replicated by automated tools or that justify being a permanent part of an in-house team.

Finally, specialization leads to better networking opportunities. This is simply a result of the circles your business runs in. You will also discover that you are interacting with people and organizations that are closely related to your specialty. This means you are more likely to strike up profitable relationships.

Choose the best configuration for your business. The success of internationalisation will depend on the correct optimisation of the company's resources. It is essential to choose the most advantageous set up at each stage of the internationalisation process to be economical with the company's personal and financial resources and to comply with the legal requirements in to avoid legal problems.

### Market entry strategies:

A market entry strategy provides the business with a roadmap to enter international markets. The cost and level of a company's control over distribution can vary depending on the strategy it chooses. Companies usually choose a strategy based on the type of product they sell, the value of the product and whether shipping requires special handling procedures. Companies decide whether to enter the market independently or partner with other businesses when presenting their products to international markets. Companies may also consider their current competition and consumer needs. There are different ways to bring the products and services to international markets e.g.:

1. Exporting
  - a. Direct exporting; selling the product without third-party involvement.
  - b. Indirect export; using the services of agents, such as international distributors.
2. Piggybacking. Involves asking other businesses whether you can add your product to their overseas inventory
3. Countertrade. A common form of indirect international marketing meaning companies trade each other's goods instead of offering their products for purchase.
4. Licensing. Transfers the right to use or sell a product to another company.
5. Joint ventures. Creating joint ventures with other companies that plan to sell in the global marketplace is an attempt to minimize the risk of entering an international market.
6. Company ownership. Owning a company established in your international market gives your organization credibility as a local business. Company ownership costs more than most market entry strategies, but it has the potential to lead to a high Return on Investment ROI.
7. Franchising. An individual or group buyer pays for the right to manage company branches on the company's behalf.
8. Outsourcing. Outsourcing involves hiring another company to manage certain aspects of business operations for your company.
9. Greenfield investments. Greenfield investments are complex market entry strategies that involve buying the land and resources to build a facility internationally and hiring a staff to run it.
10. Turnkey projects. The term "turnkey" refers to the idea that the client can simply turn a key in a lock and enter a fully operational facility. Turnkey projects apply specifically to companies that plan, develop and construct new buildings for their clients.

#### Economic aspects:

The world is unpredictable – both in terms of politics and economy. So, when you are planning to expand your business globally, you must ensure your business has fully considered the level of risk associated with expansion since higher levels of risk require higher levels of reward (profit) as compensation. Use prevailing and historical information, as well as forecasting to limit your risk when choosing market.

Market partnerships abroad: It is important to establish partnerships when exporting. The following topics should be considered:

- Local partnership and cases in which they are necessary
- How to engage with a local ecosystem
- Market entry strategies
- Funding instruments to export promotion. The EU Techbridge project has published the document [“Funding Navigator”](#) detailing the main entities that promote internationalization in Denmark, Italy, The Netherlands, Spain and Sweden.

#### Legal aspects:

Specific characteristics of each country and industrial sector play a critical role in internationalisation activities. While each country has different regulations with different aspects to consider, there are common or core areas that a company need to take into consideration. Some of the aspects that have to be taken into account are:

- Legal options for collaboration: There are different approaches and legal arrangements for companies to perform their activities.
- Selling to clients: legal issues to consider when selling products and services (i.e. participating in public tenders, making offers to commercial clients, product and service description, local agents, trade secrets).
- Legal conditions for the product/service: Discussion on the use of the term “product”, data license, service contract, service level agreement, general terms and conditions, selling through the cloud.
- Trade Restrictions: some products may need permits, for example weapons, food and animal products, medicines and chemicals, artefacts and antiques. Research local laws in the target country to understand what rules apply, and keep up to date as restrictions, tariffs and sanctions can change at short notice.
- Product standards and regulations: that the products are conform to EU and international rules and regulations may not be enough to meet local laws. The advice is to hire local experts to certify the products, particularly in

the case of foods, medicines and chemicals. Additional labelling in the local language using local weights and measures may be required.

### Intellectual Property Rights (IPR):

Protection of the IPR is one of the key elements to take into consideration while pursuing internationalisation activities.

- Intellectual Property Rights (IPRs) can increase the commercial value of your products/services because they are signifiers of ownership, quality, reputation and experience.
- Be certain about the IPR your company owns in both local and foreign export markets. It is important to keep in mind that IP are only valid in the country or region in which they have been granted. Therefore applying for IPR in other countries is important if there is an intention to export.
- Differentiate your IPR for the physical goods or the services, you export. To have exclusive rights it is generally necessary to register a patent, trademark or design. Keep in mind that IP Laws and procedures are not identical, it will vary from trademarks to a design, and there are deadlines for applying for IP protection abroad (e.g. patents 12 months and designs 6 months).
- Technology or know-how, such as products developed by yourself or others, that can be protected by patents, trademarks or industrial designs; IPR can facilitate consistency on which consumers can rely both locally and abroad.
- Consider creating a virtual presence for advertising, marketing and selling your products/services, or those of third parties. Your IPR is a key tool.
- Think beyond exclusivity through granting others abroad the right to sell your product/services (franchise). Owner of an IP right has greater bargaining power in entering into partnerships.
- Open innovation-based products, check whether licenses are valid in target markets.
- Through subsidiaries that manufacture and sell abroad, your IPR are the key tool that can facilitate the optimal customer value proposition and a profit formula in the country of export.

The European Commission's [IP Helpdesk](#) offers webinars free-of-charge.

## USA Market

### The United States market at a glance

The United States (U.S.) is a vast market of 332 million people, the world's largest economy, accounting for approximately 25% of total world output. The country absorbs 16% of world imports and is the largest exporter (19%) and destination for international investment (15%).

The U.S. market is made up of 50 states in which there are different laws, regulations and taxes that require an exhaustive study of the most interesting geographical areas to start the internationalisation process. In recent years there has been a shift in the weight of the U.S. economy from the East Coast and Great Lakes to the West Coast and South of the country.

The U.S. market is faster and more dynamic than the European market. The size of the market makes distribution more complex than in other markets. The company must be very analytical in choosing the distribution channel and the state it will use as a market entry point.

Combined, the IRA and the Bipartisan Infrastructure Law are estimated to direct more than \$800 billion in federal support to clean energy and sustainability technologies over the next ten years through a mix of grants, tax credits, loans, and direct federal program spending.

Despite the U.S. being the Europe's largest trade and investment partner, there is no dedicated free trade agreement between the EU and the US. After the 2021 EU-US summit, the European Union and the United States released a [Joint Statement](#) announcing a renewed transatlantic partnership for the post-pandemic era, including on trade. This agenda centres on global health challenges, green growth, strengthening trade relations, and fostering democratic values for a more secure world.

### Market Trends

The United States of America has a target to achieve net zero emissions by 2050 and carbon pollution-free electricity by 2035. Initiatives to adopt cleaner technologies sweep across the private and public sectors. Infrastructure laws in the USA are bringing upgrades to the power grid, a nationwide Electric Vehicle (EV) network, pollution management, clean water delivery and resilience to extreme weather events. The US Department of Agriculture has set a goal to boost production while reducing the sector's environmental footprint by 50%.

Biden's government acted, with actions such as the two-year suspension of anti-circumvention tariffs on solar panels, decisively with to fight these intersecting challenges by boosting Americas' clean energy supply chain, ensuring national energy security, and alleviating immediate pressures with a long-term shift in the industry's course.

Invoking the Defense Production Act to ramp up domestic manufacturing of clean energy technologies, including solar, heat pumps, and electrolyzers, supports the goal of 100 percent clean electricity by 2035 along with widespread electrification of zero-carbon transportation, buildings, and industry. Finally, by setting new federal procurement targets, the administration ensures a growing market for new, clean technologies.

An overview of market trends in cleantech technologies in the U.S. indicates:

- Water treatment sector in the secondary treatment equipment has projected annual growth of 2.8% from 2020 to 2027 and the residential water sector will do so by 6.74% annually for the same period.
- Waste management sector has an estimated annual growth of 5.3% from 2020-2027:

- In the Renewable Energy Market. Supportive federal actions will help progress timelines for further expansion into new technologies, including:
  - Advanced batteries and other forms of storage: projected annual growth 12%, during 2021-2027
  - Floating offshore wind: The U.S offshore wind market in its infancy
  - Green hydrogen technology
  - 100% clean electricity by 2035

## Understanding US business culture

The cultures in countries such as the UK and Ireland are close to the US due to the language but each European nation has its own distinct business culture which can vary drastically from one to another. Broadly speaking, these are the most important differences between the US and European markets:

- Marketing is generally more aggressive. Americans have become acclimated to marketing tactics that other countries would consider invasive. Sports broadcasting is a great example: every stoppage has its own ad break, and every statistic is sponsored.
- Relationships take less time. While it's easy to strike up new relationships in the US, the ties between businesses tend to be looser, and never get in the way of pragmatic decision-making.
- The importance of not wasting time. Get straight to the point and even have the contract ready at the first meeting. In fact, if the central objective of the business meeting is not discussed at the first meeting, it is likely that there will not be a second meeting, closing the door to future business in the US.

Adapting to each culture is essential, so you will have to do a meticulous job of adaptation and preferably have a local team to give you local insights, showing how work is done in that country and interpreting customer feedback.

## Protecting your intellectual property (IPR) in USA

The United States is one of the most important operating and market areas for several European companies. A company operating in the United States must be familiar with the legislation and legal system in the country. Regarding patenting, the legislation and jurisprudence in the United States differ in many respects from the practice in European countries.

The European patent corresponds to "utility patent" and the design protection is called "design patent" in the USA. Do not confuse "utility patent" with the utility model, which can be granted on a technical invention in several countries. A protection that would correspond to the utility model does not exist in the United States.

Patents are applied for at the federal agency for granting U.S. patents and registering trademarks, United States Patent and Trademark Office ([USPTO](https://www.uspto.gov)), which, like the Chinese authority and the European Patent Office, is one of the largest patent authorities in the world. It is recommended that you hire an attorney who has experience with US legislation and procedures before the USPTO when applying in the US. The processing of a patent application can take several years at the USPTO, but there are at least two possibilities to speed it up.

For more information regarding speeding up the process see: <https://www.uspto.gov/patents/basics/international-protection/patent-prosecution-highway-pph-fast-track>.

## Product Liability Law

European companies selling products into the United States should consider legal risks related to product liability. Under U.S. product liability law, manufacturers, distributors, suppliers, retailers, and others who make products available to the



public can be held responsible for the injuries caused by those products. If a consumer, user or bystander gets injured by a product that is defective or unreasonably dangerous, the manufacturer or anyone else in the supply chain can be held responsible for that injury. Product liability lawsuits brought by individual consumers or groups of consumers can become costly and lengthy.

The consumer's cause of action may be based on;

1. Negligence means that the manufacturer or someone else within the chain of manufacture did not act with reasonable care to ensure the safety of the design and manufacture of product. What constitutes "reasonable care" depends upon the nature and risk of the harm that can be caused by the product. The higher the risk of bodily harm is, the stricter are the requirements in the manufacturing process. The consumer must prove a breach of duty on the part of the manufacturer and the causation of certain damage.
2. Breach of warranty. Express warranties can be created, for instance, by a salesperson's statements, or the literature distributed with the product or included in advertising materials. If the manufacturer does not fulfil the terms of the promise, claim or representation concerning the quality or type of product he breached the warranty. Implied warranties exist even if no such statements are made. Unless expressly excluded, a seller implicitly warrants that a product is merchantable and fit for the purpose for which the seller knows the buyer will use the product.
3. Strict liability makes a manufacturer or vendor responsible for all injuries that might be caused by a defective product that is unreasonably dangerous to the user, consumer or to his or her property. Unlike for warranty claims, it does not matter whether there is a connection between the user or consumer and the manufacturer. And unlike for negligence claims, it is not necessary to show that the manufacturer did not act with reasonable care. The consumer must only prove that the product was defective, that the defect existed when product left defendant's hands, and that the defect caused injury to the consumer, who must be a reasonably foreseeable user.

### How to register a company in U.S.

While the United States welcomes international business, U.S. subsidiary setup can be a complicated process. The process of setting up a subsidiary can vary based on several factors, including the state you choose as your company's headquarters. Each state has unique legal requirements that you will need to keep track of in addition to the federal laws. Knowing what to expect as you set up a subsidiary can help you avoid fines and ensure that the process is as smooth as possible. Accounting and tax laws in the U.S. are complicated, so most foreign businesses also hire an accountant during the process of setting up a subsidiary.

#### Benefits of Setting Up a U.S. Subsidiary

When you set up a U.S. subsidiary, you will be fully in control of your business and the risks that come with it. As a result, establishing a subsidiary when you are not familiar with the country's laws can be challenging. On the other hand, U.S. subsidiary outsourcing comes with several advantages for companies entering the U.S. market for the first time. When you partner with a global PEO (Professional Employer Organization). A PEO is a company that helps businesses to expand their workforce by offering professional assistance to hire, manage and pay both full-time employees and independent contractors from various countries across the world.) that has an existing U.S. subsidiary, you can manage your business without the stress of trying to stay compliant with unfamiliar state and federal laws.

#### Other Important Considerations

It takes a considerable amount of time, money, and other resources to set up a subsidiary in an unfamiliar country, and the U.S. is no exception. You will need to register your business name and type of entity with the state. You will also have to open a corporate bank account in the U.S. and find and register a physical office space for your business.

The process of setting up a subsidiary in the U.S. could take months from start to finish. The process can be especially lengthy since you will have to work with several different entities at the local, state, and federal levels. For this reason,



many foreign businesses prefer to partner with a global PEO that already has an established subsidiary in the United States.

What kind of legal entity you choose is influenced by your plans for today's business and for future business. It is also influenced by what kind of entity/representation your competitors have chosen. The choice of entity communicates what your plans for the market are.

To set up a subsidiary in the United States, you should take the following steps:

1. Decide what type of business organization is right for you. The SME will ideally choose the business entity that maximizes the protection of your personal assets while minimizing your tax burden. Most closely held businesses should be formed as either a limited liability company ("LLC") or a Subchapter S Corporation ("S Corp"), although some may also be formed as a C Corporation ("C Corp"). Each state has its own laws for businesses, so it is interesting to study up on what that means for the company before to set up a subsidiary.
2. Research the best place to locate your business. There are 50 states in the U.S., and some of them are more conducive to business than others. Each state has its own laws for businesses, so you should study up on what that means for your company before you set up a subsidiary. The decision should be one that will meet all the business objectives for your company in the most cost-effective manner without sacrificing quality. Big cities in the USA can bring more business to the company but there is more competition. Each business must analyse conditioning factors such as transportation, accessibility to skilled labour...
3. Find a local registered agent.
4. If applicable, register your LLC or S-corporation.
5. Apply for an EIN (Employer Identification Number). An EIN is also known as a Federal Tax Identification Number and is used to identify a business entity. Generally, businesses need an EIN. This is a free service offered by the Internal Revenue Service and you can get your EIN immediately. [Online form](#).
6. If necessary, get a US mailing address.
7. Open a bank account in the U.S. It can be challenging for foreign businesses to set up a bank account in the United States, but it's easier with a U.S. subsidiary. Partnering with a U.S. bank will make it less difficult to run payroll for the international team of the company.
8. It will be necessary to carry out several administrative formalities to finalise your establishment in the country, such as open a merchant account so you can accept payments from customers, purchase business insurance, get a local US phone number for your new business, research what your tax liability is going to be, pay annual fees and any other required fees or consult a US business lawyer licensed to practice in the state where your business is located in the US.

The steps for incorporating a company may vary from one type of business organization to another. The steps to set up one of the most common configurations, an LLC, can be found [here](#).

## Webinars

Webinar organized with Enterprise Europe Network and the European-American Business Organization, Inc. (13/10/2021): Energy, Water, Waste Management in the U.S. Economy – Opportunities for EU SMEs, 13/10 Webinar with a guide on how to internationalize to USA

<https://www.youtube.com/watch?v=yvct-AdwZol&t=21s>

## Entities that can help you

### Enterprise Europe Network (EEN)

EEN provides free services for European SMEs with international ambitions <https://een.ec.europa.eu/local-contact-points/us>:

- Support for business innovation:
  - Access to European, national and regional programs and funds
  - Support for the management of innovation process
  - Workshop and events on European activities
- Advice for international growth:
  - International B2B events
  - Company missions
  - Partners search database with more than 5000 international profiles
  - IPR support in collaboration with other international partners: Europe, Latin America, China, India, South-East Asia
- Regulatory assistance and policy making

### The European-American Business Organization (EABO):

EABO is supporting SMEs in transatlantic business since 1998 <http://www.eabo.biz>:

- Full-service consulting firm specializing in European and U.S business expansion for SMEs
- A "one-stop shop" for transatlantic business development with the following services:
  - Comprehensive support for Industry Delegations
  - Partner search
  - Customer Lead generation
  - Market Research & Competitive Analysis
  - Media & Visibility Campaigns
  - Public & Private Financing Search
  - Procurement & other government relations
  - Regulatory & compliance support
  - Legal and incorporation assistance
  - Business visas & immigration
  - Tax, Accounting, translation services
- They work for: SMEs, Government trade & investment agencies, Incubator & innovation centres, non-profit groups & foundations, Art & academic institutions

United States on the official EU website: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en)

European American Chamber of Commerce:

- New York: <https://eaccny.com/>,
- Greater Cincinnati: <https://www.europe-cincinnati.com/>,
- Carolinas: <https://www.eacc-carolinas.com/>,
- Florida: <https://eaccfl.com/>
- Texas: <https://www.eacctx.com/>
- New Jersey: Ms Camille Sailer, President, Phone: +1 609-226-2531

SBA U.S. Small Business Administration <https://www.sba.gov/business-guide/launch-your-business/register-your-business>

Apply for licenses and permits <https://www.sba.gov/business-guide/launch-your-business/apply-licenses-permits>

ANSI American National Standards Institute [https://www.standardsportal.org/usa\\_en/resources/sdo.aspx](https://www.standardsportal.org/usa_en/resources/sdo.aspx)

The United States Patent and Trademark Office (USPTO) <https://www.uspto.gov/trademarks/search>

# Canadian Market

## The Canadian market at a glance

Canada has a population of 38 million people across a huge land mass, and as a result most of foreign companies are located at regional level. Even in regional terms, the populations are very dispersed, so these are factors that must be taken into account from the outset in our process of accessing the Canadian market.

The Canadian market accounts for approximately 2% of total world output. The country absorbs 2,5% of world imports and is the eleventh exporter (2,3%).

Another important aspect is the coexistence of the two languages, English and French. Francophones are in the majority in Quebec, representing about 83% of the population, but are in the minority in the remaining nine provinces and in the rest of Canada, where they represent only 24% of the population.

Canada has a large and open economy that relies on international trade, introducing products and services into this market is relatively straightforward. The adoption of digitalisation and e-commerce is strong and growing in both the public and private sectors of the economy.

Canada is a federation composed of ten provinces and three territories. In turn, these may be grouped into four main regions: Western Canada, Central Canada, Atlantic Canada, and Northern Canada. Provinces and territories have responsibility for social programs such as health care, education, and welfare, as well as administration of justice (but not criminal law).

When exporting to Canada it is important to know that it is divided into five regional markets:

- Central Canada: Ontario and Quebec account for about 60% of the country's population. This area has a particular characteristic, which is that it could be considered to have two different markets, since English is spoken in Ontario and French in Quebec.
- Atlantic Canada: 6.8% of the population.
- The Prairies: Home to almost 17% of the population, it is booming economically following the discovery of oil deposits.
- British Columbia: Canada's third most populated region (13%). It enjoys a highly diversified economy.
- Northern Territories: Virtually unpopulated.

Canada is the eighth-largest economy in the world and is a leading exporter of mineral fuels, mineral oils, distillation products and land vehicles (Canada's total trade is worth more than two-thirds of its GDP). Since the early 20th century, the growth of Canada's manufacturing, mining, and service sectors has transformed the nation from a largely rural economy to an urbanized, industrial one. Like many other developed countries, the Canadian economy is dominated by the service industry, which employs about three-quarters of the country's workforce. Among developed countries, Canada has an unusually important primary sector, of which the forestry and petroleum industries are the most prominent components. Canada has strong R&D, a well-educated workforce, a good quality of life and the lowest tax rate on new business investment in the G7.

Standards and technical regulations in Canada follow the basic principles of the WTO Agreement on Technical Barriers to Trade ("TBT Agreement") and, as such, must not create unnecessary barriers to trade.

Canada's National Standards System (NSS) develops, promotes, and implements standards in Canada. The NSS includes more than 400 organizations accredited by the Standards Council of Canada. These organizations are involved in activities such as standards development, product testing and quality (conformity assessment), product or service certification, and environmental management and production systems registration.

Canada's economic integration with the United States has increased significantly since World War II. The Canada-United States Free Trade Agreement (FTA) of 1988 eliminated tariffs between the two countries, while the North American Free Trade Agreement (NAFTA) expanded the free-trade zone to include Mexico in 1994 (later replaced by the Canada–United States–Mexico Agreement). As of 2018, Canada has also concluded two other significant multilateral trade agreements: the Comprehensive Economic and Trade Agreement (CETA) with the European Union and the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with 10 other Pacific-Rim countries. On 21 September 2017, CETA was provisionally applied, immediately eliminating 98% of EU's tariff lines on Canadian goods. Canada is currently the only G7 country to have free trade agreements in force with all other G7 countries. Free trade with the final G7 country, Japan, commenced when the CPTPP entered into force on 30 December 2018. For more information reg. The Free Trade Agreements – see <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/index.aspx?lang=eng>.

## Market Trends

Regarding the Cleantech sector, Canada is one of the fastest growing markets for clean energy and clean technologies. According to Canada's Department of Environment and Climate Change, Canada's clean energy sector has 20 times as much wind energy capacity and 125 times as much solar electricity capacity as it did a decade ago.

The Government of Canada recognises that clean, innovative technologies are central to successfully addressing climate change and to growing a clean global economy. To this end, Canada is strengthening efforts to support clean growth and innovation through the Pan-Canadian Framework on Clean Growth and Climate Change ("Pan-Canadian Framework") adopted in 2016. The Pan-Canadian Framework promotes a cleaner and greener economy, with strong commitments to support clean growth and innovation by making Canada a leader in the development and deployment of 'breakthrough' clean technologies. It aims to:

- Position Canadian clean technologies for success around the world through skills development and training.
- Support the adoption of clean technologies through government procurement working with northern, remote, and Indigenous communities, and by reducing regulatory barriers; and
- Improve Canadians' access to information on clean technology activities in Canada.

## Understanding Canadian Business Culture

Business culture in Canada is a blend of American, British, and French tendencies; that is, practices vary depending on the region. Most Canadians identify themselves very strongly with their province. Respect for opinions, equality, diversity, and justice are, however, the values governing the business environment.

Business meetings in Canada tend to be more formal than in the United States. Developing a personal relationship to strengthen the business relationship is not usually necessary. As a rule, privacy is separated from professional life. Having small talk at the beginning of the meeting is common. Communication is somewhat indirect. Disagreement is allowed but should be done so respectfully and diplomatically. Francophones are generally more open to interrupting other people talking than Anglophones.

Canadian businesses had traditionally been hierarchical, but flattened hierarchy are gaining ground. Thus, research into a company's structure is required before engaging in negotiations. The managers are going to be in charge of making the final decision. However, they seldom make the decision without consulting the opinions of the subordinates.

For the Canadian consumer, quality and composition are very important. They are generally very demanding in terms of sales and after-sales services.

## Protecting your intellectual property (IPR) in Canada

It is important to have an overall strategy to protect your IP. IP may be protected differently in Canada and in the United States, and the scope of protection may be different. Rights must be registered and enforced in Canada under local laws.

The Canadian Intellectual Property Office (CIPO) is a special operating agency of Innovation, Science and Economic Development Canada. Trademarks, designs, patents and copyrights are the main forms of intellectual property available under Canadian common law, and all are registered under specific legislation.

CIPO operates as a Special Operating Agency, which is associated with Innovation, Science and Economic Development Canada and provides its clients with high quality IP products and services, and increases awareness, knowledge and effective use of IP by Canadians.

An accelerated process is available for patent applications related to clean technologies. The fast-track service is intended to help reduce the time it takes to patent clean technology inventions, allowing companies to bring them to market more quickly, without the need to pay an additional fee.

Canadian Intellectual Property Office (CIPO) grants IP rights such as trademarks, patents, industrial designs and copyright.

## Product Liability Law

Product regulation and product liability laws in Canada are diverse but well developed. There is significant federal and provincial legislation and regulation relating to products in most major industries.

The source of legislation and regulation depends on whether the industry falls within federal or provincial jurisdiction. In common law provinces (all provinces except Québec), product liability law is mainly governed by the common law (as opposed to legislation) of each province, which in relation to product liability is generally consistent throughout the common law provinces.

Product regulation in Canada falls within the jurisdiction of both the federal and provincial governments. Certain industries are federally regulated, such as aviation, maritime, automotive, health product, drug and medical device, food, and consumer products.

Provincial legislation and regulation relates primarily to the sale of goods, construction, buildings, certain types of equipment and machinery, and consumer transactions/protection. These statutes commonly define the types of parties and transactions being regulated, including the definition of "consumer" which is generally considered to be an individual involved in a consumer (not business) transaction.

In Québec, private civil law is governed not by the common law but by the written Québec Civil Code (QCC), with a comprehensive set of legal principles covering all aspects of civil law. Provincial statutes complete this legal framework. The general principles of Québec product liability law are contained in the QCC. Specific provisions only applicable to consumers are contained in the Consumer Protection Act (Québec CPA).

Products can be governed by both the common law (or QCC) and the applicable regulating statute, if any. Minimum regulatory standards for a product can be set by statute or regulation. Imposed on top of statute or regulation is a general common or civil law duty on the manufacturer requiring the product to be reasonably safe and without defects. While proof that a product meets the regulatory standard can be found to be prima facie evidence that the product is reasonably designed and manufactured, it is not definitive proof that the product is reasonably safe. The law recognises that regulatory standards may not apply to every situation, or may be lower than the common law standard of care. For those products regulated by statute, breach of the statute can give rise to criminal or quasi-criminal offences under federal or provincial law.

## How to register a company in Canada

Canada subsidiary setup is a complicated process that depends on the type of setup you choose, as well as federal or provincial laws. Each province has critical legal distinctions, and you need to stay well-versed on all of them to avoid fines or longer wait times. The Government of Canada provides a [guide](#) to register your business with the government.

Before you register your business, you will need to know:

- where your main office will be located

- which other provinces and territories you plan to operate in
- your proposed business name. In most cases, if someone is already using a name, you cannot legally use it. By law, the name of your business can't be the same as or very similar to an existing corporate name or trademark. There are two national databases that each cover most of the jurisdictions you may want to search in Canada.
  - Canadian corporate names and trademarks database ([Nuans](#))
  - [Canada's business registries](#)
- Name your corporation (Naming a corporation – [Overview](#))
- the type of business that best suits your needs (see sole proprietorship, partnership, corporation or co-operative for help determining which structure is right for you).

To learn about your registration requirements and start the registration process, choose your planned business type: You can choose from three options for setting up a Canada subsidiary - establish a presence as a corporation, a partnership, or an extra-provincial corporation. Here are the differences between the three.

- [Corporations](#): Incorporation is done at either the federal or provincial level. Your business is considered a legal entity separate from shareholders, and shareholders are not personally liable for any debt, acts, or other obligations.
- [Partnerships](#): The two forms of partnerships include general or limited. Your business can also later get incorporated into a limited liability partnership in some instances.
- [Extra-Provincial Corporation](#): Incorporation is only at the provincial level, and each province has its own requirements. Your company will not have a minimum requirement on the number of Canadian workers, so it can be wholly foreign-owned and directed.

Canada subsidiary laws vary based on the province you are working in. If you want your subsidiary to operate under certain conditions, you should find a region that has a climate conducive to your business. For example, Ontario, Alberta, Manitoba, Saskatchewan, Newfoundland, and Labrador require that at least 25% of the subsidiary's directors be resident Canadians.

Consider exactly where you will conduct business in Canada. You need to register in every province in which you plan to do business if you are incorporated under the country's federal laws.

When setting up your subsidiary, it is also helpful to review certain business factors such as any existing trade agreements and the nationality of your headquarters. Although English is Canada's national language, different provinces may have various dialects such as French.

Although Canada subsidiary laws can often be confusing for businesses new to the country, you will find numerous benefits through the Canada subsidiary setup process. The biggest is that you can continue to grow your company while avoiding liability issues.

Subsidiaries typically operate under a parent company in the US that has control over all branch locations. If your Canada subsidiary faces any litigation, fines, or compensation issues, the parent company is responsible for dealing with them as the Employer of Record. The Canadian facility will still operate as part of the company - it will merely have decreased liability as opposed to the US location.

While parent companies shoulder liability, subsidiaries can still retain some independence. You choose how you want your Canada subsidiary to operate - whether the same or different from your US location. You can take the country's laws and culture into account and can even tailor operations to fit the specific province where your business is located.

You will need a significant amount of time, money, and energy to go through the Canada subsidiary setup process. First, you will register your business name and file articles of incorporation. You will also need to find and register a physical office space and open a corporate bank account in Canada. The entire process can take months, during which you could lose valuable candidates who do not want to wait for a job.

Instead, you can work with a global PEO, that may "boil the process down" to days instead of months by recruiting your talent and hiring them on your behalf. They act as the Employer of Record, so the liability falls on their shoulders instead of yours.

## Webinars

Webinar organized by EU Techbridge (04/05/2022): Canadian Market Opportunities in Energy Efficiency, Water & Waste Management.

[https://www.youtube.com/watch?v=uzGG\\_Aa4CKM&t=1790s](https://www.youtube.com/watch?v=uzGG_Aa4CKM&t=1790s)

## Entities that can help you

Canada-EU Free Trade Agreement: [Guide to the CETA Rules of Origin](#)

Canada on the official EU website: <https://ec.europa.eu/trade/policy/countries-and-regions/countries/canada/>

EU trade relations with Canada. Facts, figures and latest developments: [https://policy.trade.ec.europa.eu/eu-trade-relations-country-and-region/countries-and-regions/canada\\_en](https://policy.trade.ec.europa.eu/eu-trade-relations-country-and-region/countries-and-regions/canada_en)

European Union Chamber of Commerce in Canada (EUCCAN) <https://euccan.com>

Enterprise Europe Network Canada. The EEN Canada works closely with both Canadian and European colleagues to advance opportunities for SMEs by providing business and innovation support services that help to strengthen companies' competitiveness and sustainability. <https://een-canada.ca/>

Services include:

- Identifying and promoting business, R&D and joint venture opportunities in Canada and EU.
- Providing advisory services in accessing finance, loans and equity capital in all phases of SMEs' lifecycle.
- Assisting SMEs in finding business opportunities and partners in Canadian/European markets, understanding Canadian/EU legislation, and providing practical information on how to do business within Canada/Europe.
- Increasing SMEs' competitiveness by exchanging best practices and market intelligence among Enterprise Europe Network members.
- Supporting entrepreneurs and their businesses (especially women, youth and minorities).

Services, programmes and support available on how to set up a business in Canada, business taxes, permits and regulations, and how to sell to the government <https://Canada.ca/business>

Different business structures and how to register with provincial and territorial governments. <https://www.canada.ca/en/services/business/start/register-with-gov.html>

Specific regulations in force and the permits/licences needed <https://www.canada.ca/en/services/business.html>

Canada's four accredited standards development organisations

- Canadian Standards Association (CSA) <https://www.csagroup.org/>
- Underwriters Laboratories of Canada (ULC) <http://canada.ul.com/>
- Canadian General Standards Board (CGSB) <https://www.tpsgc-pwgsc.gc.ca/ongc-cgsb/index-eng.html>
- Bureau de Normalisation du Québec (BNQ) <https://www.bnq.qc.ca/en/>

Where to access business support, services, networks and training in each region.

- Atlantic Canada Opportunities Agency ([ACOA](#))
- Canada Economic Development for Quebec Regions ([CED](#))
- Canadian Northern Economic Development Agency ([CanNor](#))
- Federal Economic Development Agency for Southern Ontario ([FedDev Ontario](#))
- Federal Economic Development Agency for Northern Ontario ([FedNor](#))
- Prairies Economic Development Canada ([PrairiesCan](#))
- Pacific Economic Development Canada ([PacifiCan](#))

If you need help figuring out the business registration process you can access support by region

- [British Columbia](#)
- [Alberta](#)
- [Saskatchewan](#)
- [Manitoba](#)



- [Ontario](#)
- [Quebec](#)
- [New Brunswick](#)
- [Prince Edward Island](#)
- [Nova Scotia](#)
- [Newfoundland and Labrador](#)
- [Yukon](#)
- [Northwest Territories](#)
- [Nunavut](#)

Canadian Intellectual Property Office: <https://ised-isde.canada.ca/site/canadian-intellectual-property-office/en>

## References

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<https://www.eutechbridge.eu/funding-navigator-download/>
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<https://www.iprhelpdesk.eu/home>
- speeding up the process  
<https://www.uspto.gov/patents/basics/international-protection/patent-prosecution-highway-pph-fast-track>
- Ways to bring the products and services to international markets.  
<https://www.oneskyapp.com/blog/strategies-for-entering-foreign-markets/>
- Intellectual Property Issues in Exporting (WIPO)  
[https://www.wipo.int/edocs/mdocs/sme/en/wipo\\_smes\\_co\\_11/wipo\\_smes\\_co\\_11\\_ref\\_theme\\_12\\_01.pdf](https://www.wipo.int/edocs/mdocs/sme/en/wipo_smes_co_11/wipo_smes_co_11_ref_theme_12_01.pdf)
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<https://www.forbes.com/sites/energyinnovation/2022/06/08/americas-clean-tech-industrial-revolution-is-underway-thanks-to-president-biden/?sh=2c1856ea6be1>
- How to Set Up a U.S. Subsidiary  
[https://www.globalization-partners.com/globalpedia/united-states-employer-of-record/subsidiary/?utm\\_source=Adwords&utm\\_medium=cpc&utm\\_campaign=Search\\_|Nordics-HP-Subsidiary-Countries\\_\[en\]&utm\\_term=usa%20company%20formation&gclid=Cj0KCQiA1NebBhDDARIsAAN-iDD1Qsiyoe0CigN7uHaUbXEgS-6uVkl5TQ11XbkfZWBFaPt3BxTS04aAtFKEALw\\_wcB#content](https://www.globalization-partners.com/globalpedia/united-states-employer-of-record/subsidiary/?utm_source=Adwords&utm_medium=cpc&utm_campaign=Search_|Nordics-HP-Subsidiary-Countries_[en]&utm_term=usa%20company%20formation&gclid=Cj0KCQiA1NebBhDDARIsAAN-iDD1Qsiyoe0CigN7uHaUbXEgS-6uVkl5TQ11XbkfZWBFaPt3BxTS04aAtFKEALw_wcB#content)
- Apply for a patent in the United States (USA)  
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- How to Register Company in USA  
<https://www.upcounsel.com/how-to-register-company-in-usa>
- Canada: Business culture  
<https://santandertrade.com/en/portal/establish-overseas/canada/business-practices>
- How to Establish Your Company in Canada  
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- Registering your business with the government  
<https://www.canada.ca/en/services/business/start/register-with-gov.html>
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