



# Canada

## *A skilled workforce, but a cold climate for new technology*

Canada earned its spot as an Innovation Champion with mostly high marks across the board. The country excels in Human Capital, as nearly 45 percent of Canadian workers are highly-skilled, and more than 35 percent of graduates earn STEM degrees.

Short-term rentals have thrived in the country, and the Canada Mortgage and Housing Corp. has even turned to Airbnb as a potential partner for turning short-term rental units into affordable housing options for locals.

Other emerging technologies have received a chillier reception in the northern nation. Ontario is the only province that allows self-driving vehicle testing, and it initially did so only on closed roads without real-world conditions. On the other hand, Ottawa has partnered with Blackberry's self-driving vehicle arm to bring testing to the Canadian capital.

Commercial drone operators require certificates, and in October 2017, Transport Canada implemented an order that burdens recreational operators as well. New operators must obtain approval to fly drones, stalling widespread adoption.

Canada's poorest performance was in Ridesharing. In 2017, Uber announced it was pulling out of Quebec after provincial authorities approved a requirement that all rideshare drivers undergo background checks and 35 hours of training. Other provinces, such as British Columbia, have been slow to allow consumers to use ridesharing services, and an unwieldy patchwork of rules in other places has been a barrier to access.

Sources: (CBC) (CBC) (Transport Canada) (CNBC)

## WHAT DID WE DO RIGHT?

Canada maintains a low corporate tax rate and no streaming taxes, and ranks among the best countries on measures of diversity and freedom. High-skilled workers make up over 44 percent of the workforce, and more than 35 percent of all degrees granted are in STEM fields.

## WHAT CAN WE DO BETTER NEXT YEAR?

Canada can improve broadband speed and reduce cost, and ease restrictions on drones, ridesharing services and self-driving vehicles.

Diversity	A
Freedom	A+
Broadband	C+
Human Capital	A-
Tax Friendliness	A-
R&D Investment	B
Entrepreneurial Activity	B+
Drones	C
Ridesharing	C
Short-Term Rentals	B
Self-Driving Vehicles	C
Environment	A-



### R&D Investment

Invests just over 1.6 percent of its GDP in research and development, a respectable showing.



### Entrepreneurial Activity

Despite a relatively low new business entry rate of 1.28 per 1,000, Canada counts seven unicorns, including ecommerce site Shopify and social media platform Hootsuite.



### Short-Term Rentals

Canada has largely permitted short-term rentals, and provincial governments have cooperated with them. Quebec signed a tax deal with Airbnb.



## Tax Friendliness

Canada has a relatively low corporate tax rate of 26.5 percent, and many cities and provinces have their own tax-friendly policies, such as a digital media tax credit in Ontario that supports Toronto's thriving tech industry.

## MONTREAL

Canada is home to its share of technological and startup powerhouses, among them ubiquitous messaging program Slack and social media management system Hootsuite, both based in Vancouver.

At the other end of the country, Montreal is a burgeoning artificial intelligence powerhouse. Thanks in large part to educational institutions with a focus on AI, Montreal is fast becoming the artificial intelligence capital of Canada.



Capitalizing on a wealth of human capital from local educational institutions, Montreal has transformed itself into Canada's capital for artificial intelligence, a move that's attracted interest and investment from companies like Facebook and Google.

The sector has seen a recent swell of major investment. In 2016, Google pledged \$4.5 million over three years to the Montreal Institute for Learning Algorithms, and just a few months later, Microsoft announced that it would double its investment into AI development. Facebook has pledged \$7 million to fund AI research and is planning to open a research lab in the city.

Several local startups have helped push Montreal's AI industry to the forefront. Local standouts include Element AI, which aims to improve commercial access to artificial intelligence technology, and Maluuba, a startup that created an AI system capable of reading and comprehending text and was acquired by Microsoft.

Sources: (TechCrunch) (The Star) (The Star) (The Star) (TechCrunch) (The Verge) (The Verge)