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Canada's Trade in AI

What Is It and How Much of It Is with the Indo-Pacific Region?

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Key Takeaways

This paper identifies several reasons why artificial intelligence (AI) policies are both important and timely for advancing Canada's trade. In particular:

- Canadian industries that have the highest AI intensity (highest share of firms using AI, including information services, computer services, research and development, financial services and professional services) all grew faster than Canada's goods exports over the last 10 years. These industries now make up a growing share of Canada's total exports, generating 8.6 per cent of all export revenue in 2024, up from six per cent in 2015.
- Canada is the world's 11th-largest exporter of these AI-intensive services. Canada's share of information-services exports has doubled from 2.3 per cent of world exports in 2015 to 4.7 per cent in 2024, and research-and-development-services exports have grown from 2.8 per cent to 4.1 per cent. Canada has a revealed comparative advantage in these AI-intensive services.
- At the firm level, Canadian exporters are more likely to use AI than non-exporters. In the third quarter of 2025, 33 per cent of services exporters used AI, compared to 30 per cent of all digital-services firms and 13 per cent of all in-person services firms. Of goods-producing firms, 10 per cent of exporters used AI, as did 15 per cent of indirect exporters, compared to eight per cent of goods sellers overall.
- Canada's AI-driven startups are better funded than startups in general, with companies like Cohere, Ada, BenchSci, and Waabi scaling quickly to offer their services in the U.S., Indo-Pacific, and European markets.
- AI-driven services have become more prominent as inputs into Canadian companies' supply chains and final products destined for export. For example, the AI-intensive industries' share of the value added in gross mining exports has expanded from 0.9 per cent in 2016 to 2.8 per cent in 2022 (the latest year for which data is available); in manufacturing, from 0.9 per cent to 2.1 per cent; and in financial services, from 3.5 per cent to 6.6 per cent. Most of these AI-intensive inputs are domestic, though a growing share are of foreign origin.
- Imports of various AI capabilities for Canada's AI development — such as information and communication technology (ICT) equipment, human capital and foreign direct investment (FDI) in cloud, compute, and AI labs — have been growing robustly in recent years, supporting Canada's AI development and exports of AI.

1. Introduction

Canada has a strong AI industry with excellence in research and several prominent AI startups. Recent federal government initiatives — including a five-year program to expand domestic compute capacity, upgrades to public research infrastructure, and the C$300-million AI Compute Access Fund launched in March 2025 — are designed to improve affordable access to graphic processing units (GPUs) and support commercialization across firms and research organizations.

AI is now emerging not only as a driver of domestic innovation and productivity, but also as a tradable asset. Canadian AI-driven startups export AI models, generative tools, and autonomous agents. AI solutions are also an indirect export, used in the production of Canada's manufacturing, agricultural, mining, and services exports. At the same time, Canadian firms also import essential AI inputs (such as ICT equipment, compute infrastructure, specialized services, skilled labour, and data) that underpin AI development and deployment.

However, there is still limited policy thinking around Canada's opportunities to grow "trade in AI," here broadly defined as trade by AI-driven businesses (such as AI startups, typically in computer services) and trade in services and goods industries in which firms use AI intensively, where a large share of firms use AI. There is also little thinking to date on trade policies that could promote AI exports in particular.

This paper — the first in a three-part series — seeks to fill that gap by examining how AI already features in Canada's trade performance and promoting thinking on Canadian policies that could grow Canada's trade in AI. This first paper proposes a working definition of "trade in AI" and examines the scale and characteristics of Canada's AI-related trade using industry, firm-level and value-chain evidence. Two subsequent papers will discuss how Canada's trade policy, especially in the Indo-Pacific, could promote greater trade in AI.

Indo-Pacific markets are still small but increasingly important destinations for Canada's AI-intensive exports. In 2023, the Indo-Pacific absorbed 5.4 per cent of Canada's total exports of AI-intensive services, up from 4.8 per cent in 2014. North American markets make up 62 per cent (U.S., 61 per cent; Mexico, one per cent) of the total. The share of exports to the Indo-Pacific has grown, especially in Canada's computer-services exports, from 3.3 per cent to six per cent from 2014–23, while North America's share has declined from 78 per cent to 68 per cent.

The following section defines trade in AI. Section 3 examines Canada's trade in AI, based on trade and value-chain data. Section 4 summarizes the paper's key points and outlines future research.

II. Thinking of AI as a tradable product

One way to consider trade in AI is through a value-chain perspective. Just like manufacturers need goods and services to produce their goods, AI startups and developers need certain inputs that can be imported, such as ICT goods, data, and labour. They then export certain types of products — AI models, application programming interfaces (APIs), AI agents, and so on — built with these inputs. These input and export products change as AI evolves, from basic AI to Generative AI and to Agentic AI (Table 1). For example:

- Basic AI refers here to narrow, task-specific systems, such as fraud-detection tools, spam filters, and diagnostic models that classify, predict, or recommend but do not create content or act independently. One Canadian AI company in this mould is BlueDot, which helps clients manage infectious-disease threats through outbreak alerts, data, and forecasting models.
- Generative AI enables the creation of entirely new outputs, such as drafting reports and generating images and coding software, guided by user prompts. Canada's BenchSci offers a Generative AI research and development platform as an assistant to the preclinical scientist.
- Agentic AI represents the next leap: systems that can take initiative, form plans, and execute multi-step actions without constant human direction, such as reordering stock and co-ordinating patient care. One example of an agentic AI company in Canada is Cohere, which uses multiple AI agents to support businesses with workplace productivity. Another, Auto Agentic, enables car-dealership teams to deploy agents to analyze customer interactions, personalize sales strategies, and prioritize leads.

This paper examines two types of firms: "AI-driven" firms that offer AI products as their core service and

Table 1: What is "trade in AI" — AI "products" for basic, generative, and agentic AI

AI type	Definition and examples	Inputs and imports needed to develop	Products to sell and export
Basic AI	Narrow, task-specific systems for prediction/ classification Examples of use cases: fraud detection, spam filters, radiology	• Data, including structured datasets, labelled examples, transaction histories, sensor data • Models and compute: training infrastructure, machine learning (ML) • Services and skilled labour in data science, ML engineering, domain expertise for feature design	**Product is a software tool, API, or enterprise service that improves accuracy, reduces cost, or automates tasks. Examples include:** • Predictive analytics tools: demand forecasting, risk scoring, credit scoring, churn prediction • Fraud and anomaly detection systems: banking, payments, cybersecurity • Recommendation engines: retail, media, marketplaces • Computer-vision: quality control, defect detection, security, inventory scanning • Automation workflows: back-office process automation, claims processing, routing • Custom AI models tailored for a client's data and operations • Model integration services: deploying ML into client systems • AI consulting/data-science services: strategy, modelling, evaluation
Generative AI	AI that creates new content: text, images, code, video Examples: ChatGPT, Midjourney	• Data: large and diverse training datasets • Data centres and compute capacity, such as GPUs, high-performance cloud infrastructure • ICT equipment, such as servers, networking, storage, specialized accelerators • Services and skilled labour, including foundation-model development, deep learning, prompt engineering, evaluation	**Product is a model, API, or domain-specific GenAI tool sold on a usage or subscription basis. Examples:** • Text-generation systems: summarization, writing, translation, knowledge extraction • Code-generation and debugging tools: developer co-pilots, automated test creation • Image-, audio- and video-generation tools • Enterprise assistants: customer support, legal research • Document automation: drafting contracts, reports, proposals • Synthetic data generation: model training, testing, compliance • Foundation models for industries: finance, health, cybersecurity • APIs for generative capabilities
Agentic AI	AI that takes the initiative, plans, and acts Examples: Enterprise task agents, AI scheduling assistants, autonomous warehouse agents	• Data: operational logs, workflow data, system-event data, domain-specific knowledge • Data centres and compute for real-time inference and orchestration • ICT equipment, such as cloud infrastructure, sensors, robotics • Services and skilled labour, such as agent architecture, reinforcement learning, workflow design, safety evaluation	**Product is an AI worker, a system that completes multi-step tasks. Examples:** • Autonomous enterprise agents: perform tasks like invoicing, procurement, and onboarding • Customer-service agents: resolve cases end-to-end (does not just generate responses) • Autonomous research agents: scan databases, extract insights • Workflow-orchestration agents: trigger and manage multiple software tools (e.g. CRM, ERP, email, payments) • AI-operations agents: monitor systems, detect outages • Sales and marketing agents: lead generation, follow-up, scheduling • Autonomous coding agents: generate, test, deploy code across steps • Robotic or physical agents: warehouses, assembly lines, quality control • Multi-agent teams: co-ordinated systems that complete complex processes, such as a "finance agent team" executing budgeting, reconciliation and reporting

III. How much trade in AI is there in Canada?

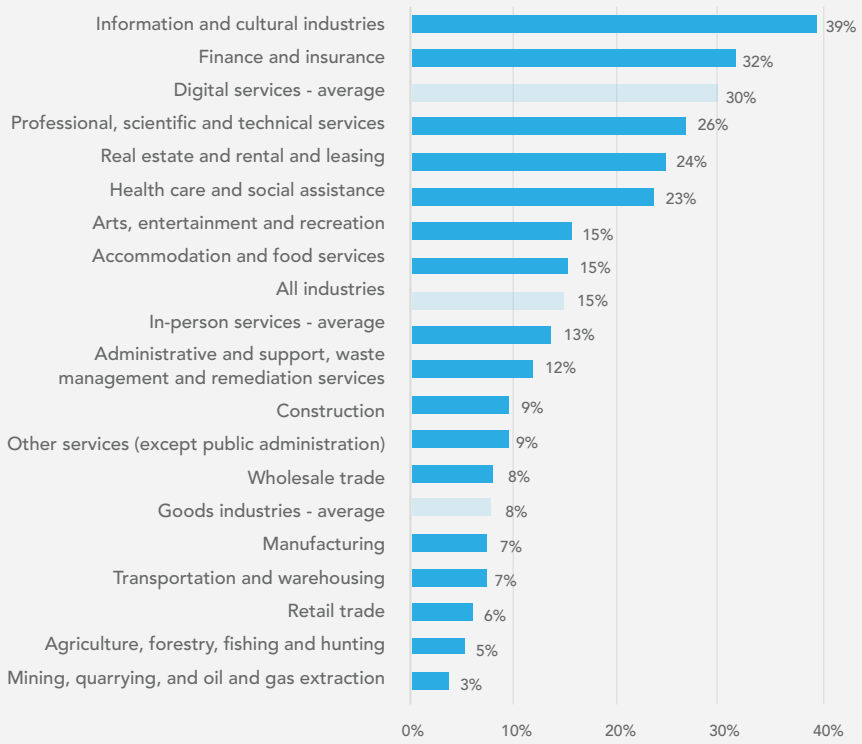
"AI-enabled" firms that use AI to generate new value in their products, services, customer service, and operations. How many of these firms are there in Canada, and how much do they export?

One way to answer this question is to identify industries with high concentrations of AI-driven and AI-enabled firms. According to the North American Industry Classification System (NAICS), AI-driven firms can fall into several categories, such as custom computer programming services (NAICS 541511), computer systems design services (NAICS 541512) and software publishers (NAICS 511210). The first two categories together consist of 73,223 firms with an average revenue of C$318,200. However, data at this level of disaggregation is sparse.

Statistics Canada, also using NAICS, provides more aggregate statistics on the share of firms that use AI in different industries. Information services (NAICS 51, which includes software publishers) and professional, scientific, and technical services (NAICS 54, which includes custom computer programming services and computer systems design services), along with financial and insurance services (NAICS 52), have considerable concentrations of firms that use AI. In the third quarter of 2025, 39 per cent, 26 per cent, and 32 per cent of firms in these industries, respectively, reported using AI (Figure 1). Some of these firms are "AI-driven;" many others are "AI-enabled."

FIGURE 1

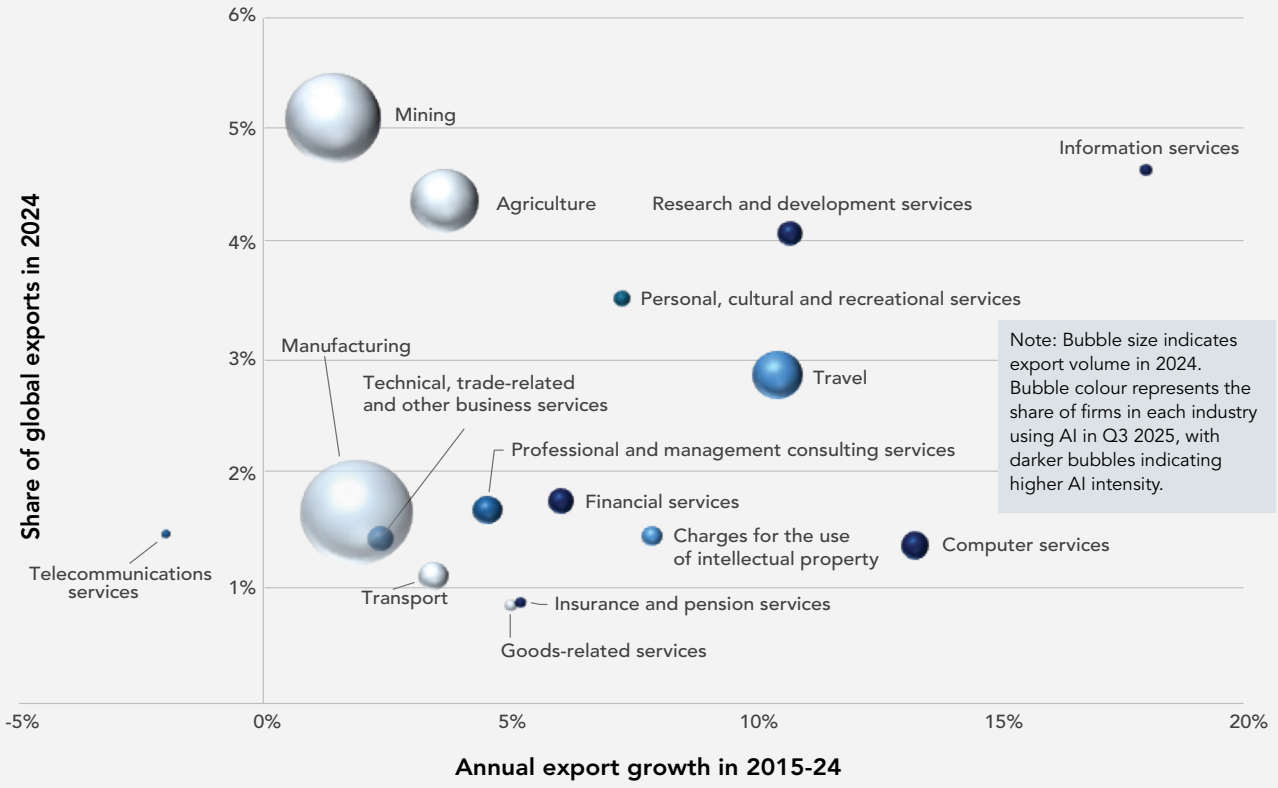
Share of Canadian firms using AI by industry, Q3



Source: Statistics Canada, Canadian Survey on Business Conditions, third quarter 2025 (Table 33-10-1045-01)

FIGURE 2

Export growth (2015–24), global export share (2024), revenue, and AI intensity in Canada's services industries



Source: For export data, World Trade Organization; for AI use, Statistics Canada, Canadian Survey on Business Conditions, third quarter 2025 (Table 33-10-1045-01)

The share of firms that use AI per industry is used here as a proxy for an industry's AI intensity.[1] Even though the industry classification system for Canada's trade data is somewhat different than it is for census or survey data, it is possible to estimate trade in these AI-intensive industries. The following offers seven observations about Canada's trade in AI."

1. *AI-intensive industries are increasingly driving Canada's trade and expanding their global market share*

Canadian industries with high AI intensity have had particularly rapid export growth. Canada's information-services exports grew by 18 per cent year-on-year from 2014–23 (here 2023 is the latest year for which data is available), while the exports of two industries that are part of professional, scientific and technical services — computer services and research and development services — grew by 13 per cent and 11 per cent, respectively, from 2015–24.

1 There are other ways to categorize industries by AI intensity. For example, the OECD discusses metrics such as AI talent, AI innovation, AI exposure and AI adoption as different dimensions to measure AI intensity. See https://www.oecd.org/en/blogs/2025/02/how-do-different-sectors-engage-with-ai.html.

Exports of financial services grew by six per cent and professional and management consulting services by five per cent from 2015–24.

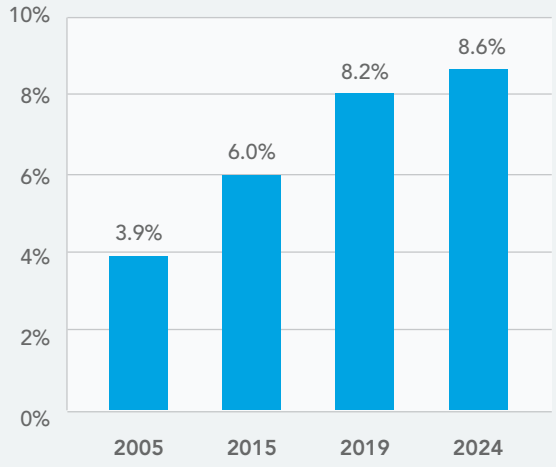
Export growth in most AI-intensive industries has been faster than in agriculture (3.7 per cent from 2015–24), mining (1.4 per cent from 2014–23), manufacturing (1.9 per cent from 2014–23) and overall services (4.9 per cent from 2015–23) (Figure 2).

The robust export growth in AI-intensive industries also means that a growing, if still small, share of Canada's export revenue stems from five AI-enabled industries: information services, computer services, research and development services, financial services, and professional and management consulting services. In 2024 (and for information services, 2023), these five industries accounted for US$60 billion or 8.6 per cent of total exports of goods and services, up from US$29.4 billion or six per cent in 2015 (Figure 3).

Canada has also increased its share of the global market in two of the five most AI-intensive services. Canada's share of global information-services exports doubled from 2.3 per cent in 2015 to 4.7 per cent in 2024, and its share of research-and-development-services exports rose from 2.8 per cent to 4.1 per cent (Figure 4). By contrast, Canada's share of computer-services exports remained steady at 1.4 per cent of

FIGURE 3

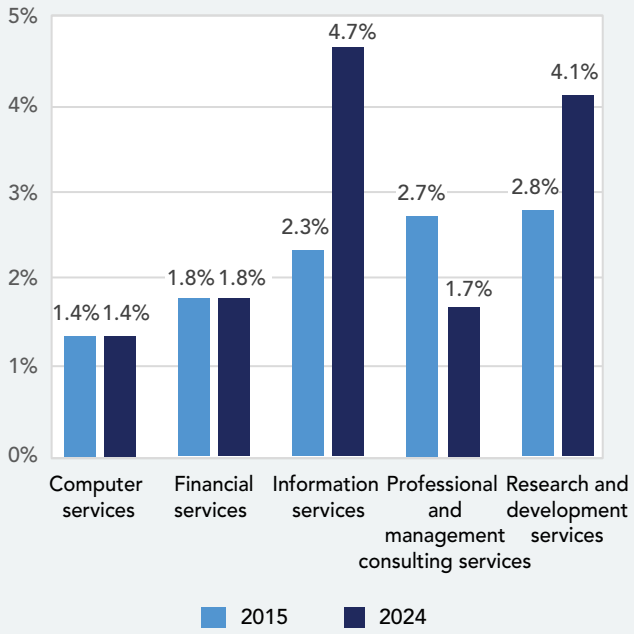
Share of Canada's total exports accounted for by the top-five AI-enabled industries



Source: Author's calculation, on the basis of World Trade Organization data

FIGURE 4

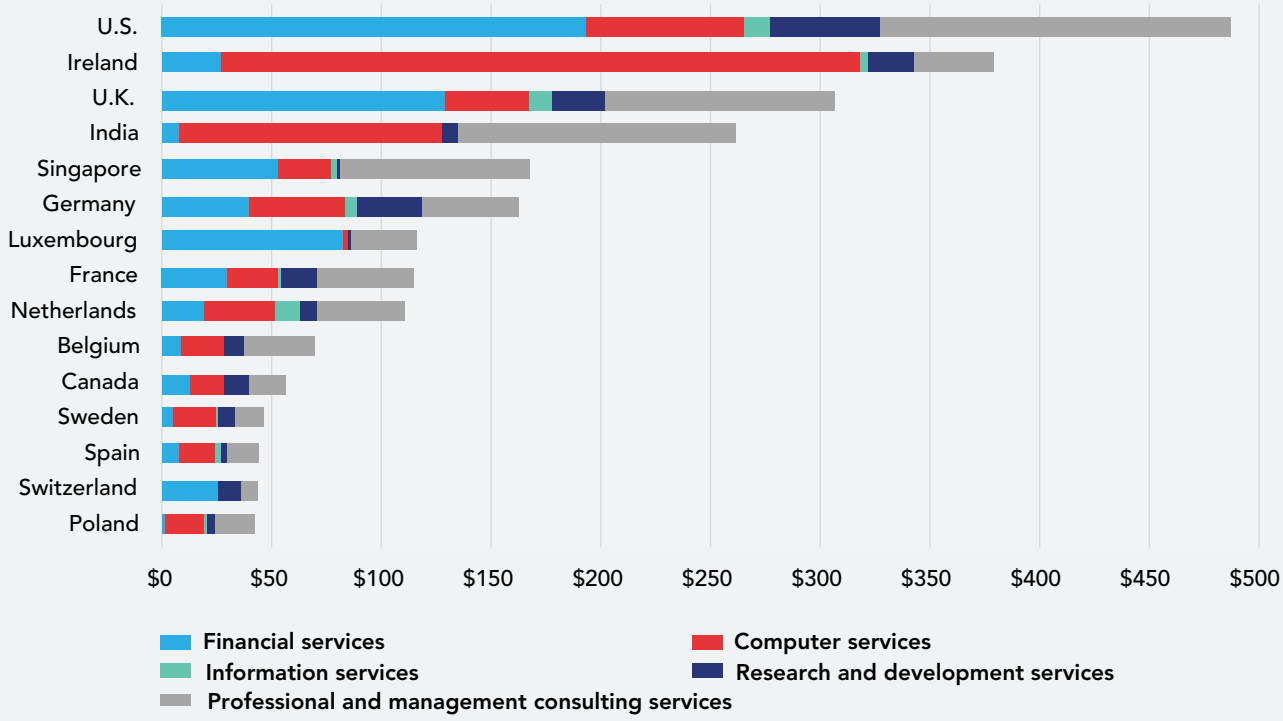
Canada's share of global exports in select AI-intensive industries



Source: Author's calculation, on the basis of World Trade Organization data

FIGURE 5

Exports of select AI-intensive industries, in billions of US dollars (2024)



Source: Author's calculation, on the basis of World Trade Organization data

global exports. Canada's share of AI-driven services contrasts with its two per cent global market share of total services, at US$159 billion in 2024.

Canada is the world's 11th-largest exporter of these five AI-intensive services, just above Sweden and with about a tenth of U.S. export volume (Figure 5).

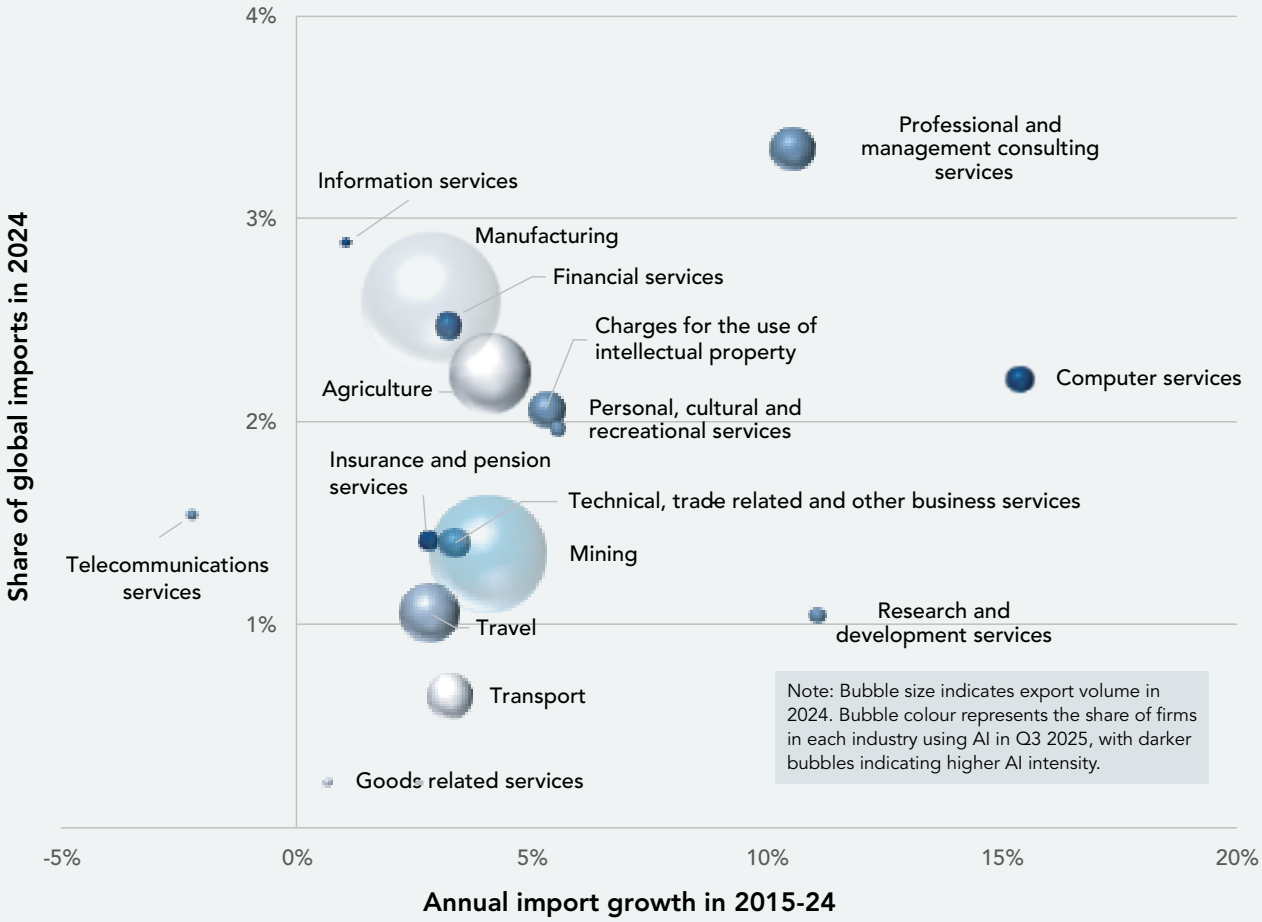
Industries with high AI intensity also make up a growing share of Canada's imports; notably, computer-services imports have grown by 15 per cent per annum since 2015, indicating the need across Canadian industries for specialized AI-driven services (Figure 6).

Canada's share of global information-services imports fell from 4.4 per cent in 2015 (and 15.9 per cent in 2005) to 2.9 per cent in 2023, but Canada's share of global imports of computer services rose from 1.3 per cent in 2015 to 2.2 per cent in 2024.

Though Canada's AI-driven digital-service exports have grown, the share of these services of total services exports is still lower than in some peer economies. While the five most AI-driven services made up 36 per cent of total Canadian services exports, in the U.K., they made up 47 per cent; in Singapore, 43 per cent; and in the U.S., 42 per cent.

FIGURE 6

Import growth (2015-24), global import share (2024), import value, and AI intensity in Canada's services industries



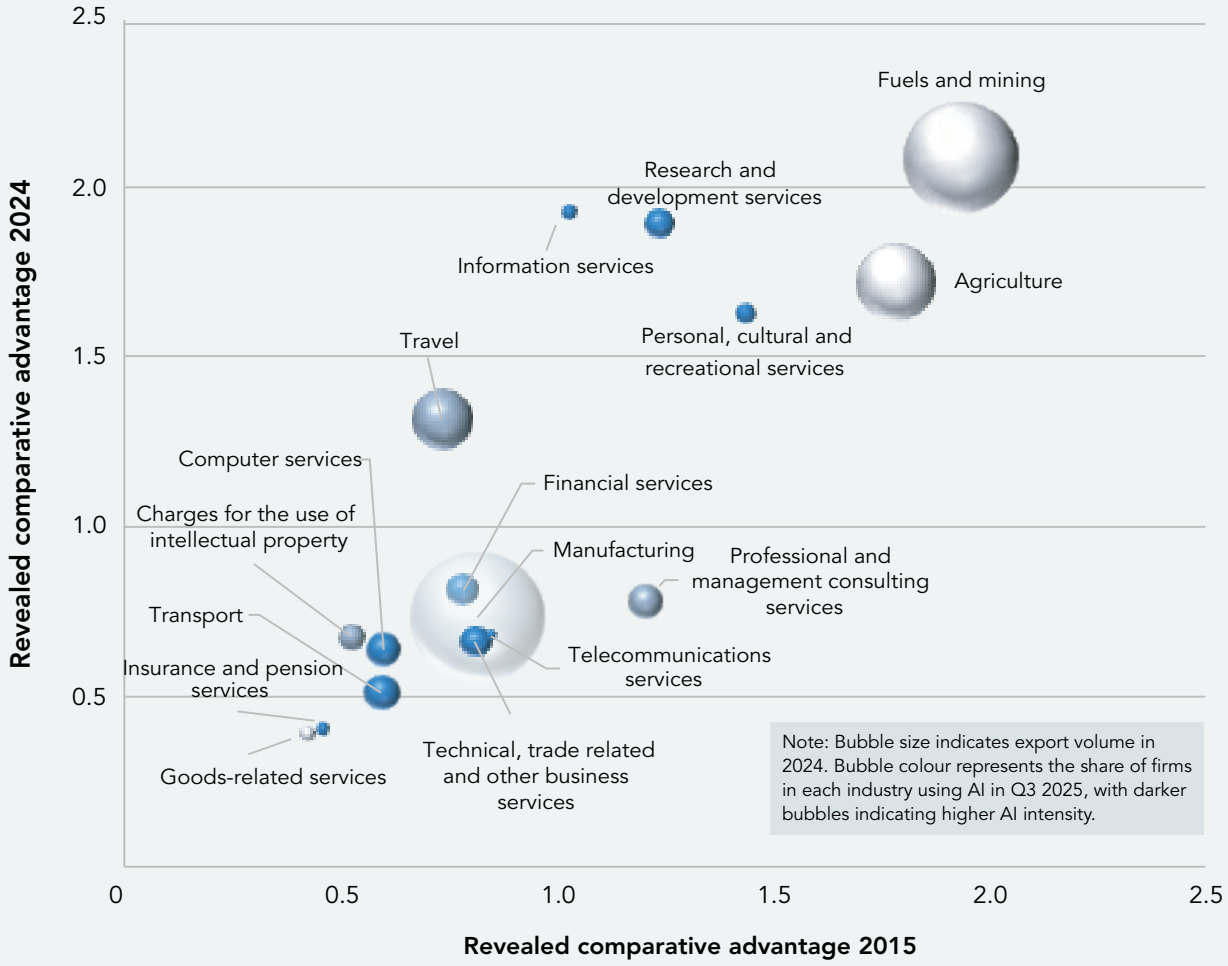
Source: Source: For import data, World Trade Organization; for AI use, Statistics Canada, "Canadian Survey on Business Conditions, third quarter 2025 (Table 33-10-1045-01)

2. *Canada has a revealed comparative advantage in select AI-enabled industries*

Canada has a growing comparative advantage in select AI-driven services industries. Measured using the Revealed Comparative Advantage (RCA) index, where a score of 1.0 indicates a comparative advantage, Canada's information services and research and development services enjoy a comparative advantage, along with traditional export industries, such as agriculture, mining, and travel services (Figure 7).

FIGURE 7

Revealed comparative advantage and AI adoption in Canada's export industries, 2015 and 2024

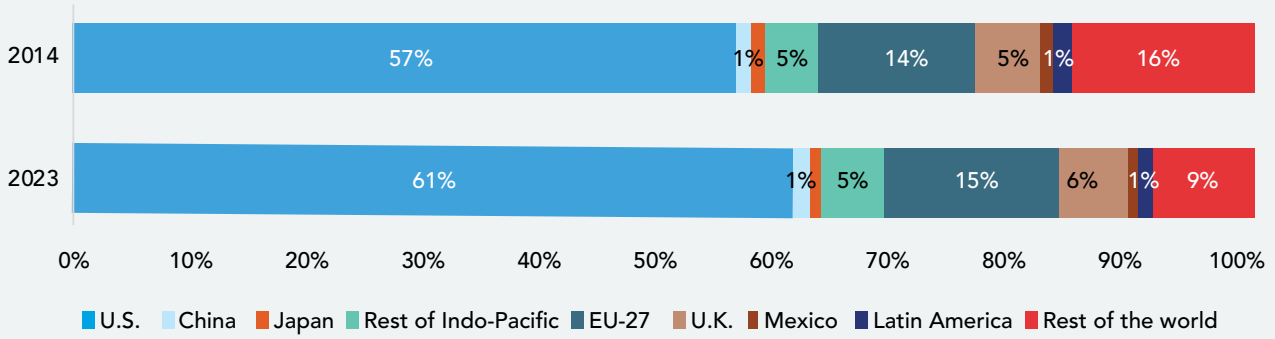


3. *Indo-Pacific markets absorb five per cent of Canada's AI exports, while the United States makes up 61 per cent*

The U.S. is the leading market for Canada's AI-intensive industries at 61 per cent of the total in 2023, up from 57 per cent in 2014 (Figure 8). Indo-Pacific markets made up 5.4 per cent of Canada's exports of AI-driven services in 2023, up slightly from 4.8 per cent in 2014, while the European Union accounts for 15 per cent; the United Kingdom, for six per cent; Mexico, for one per cent; and the rest of Latin America, for one per cent.

FIGURE 8

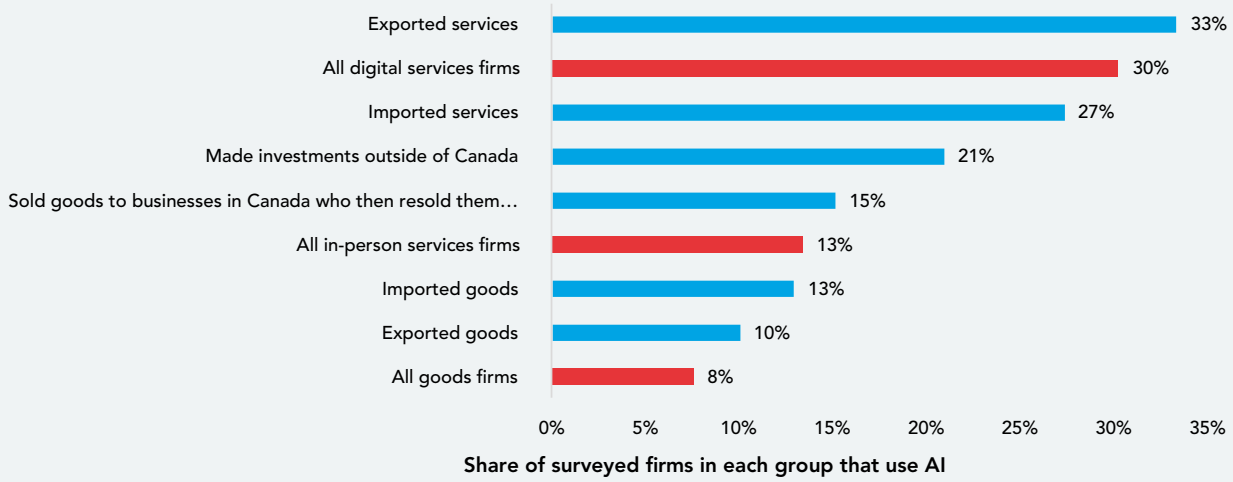
Canada's export markets for AI-intensive services, 2014 and 2023



Source: Author's calculation, on the basis of OECD-WTO Balanced Trade in Services (BaTiS) Dataset EU-27 refers to 27 members of the European Union.

FIGURE 9

Use of AI by businesses or organizations to produce goods or deliver services, exports and imports, Q3 2025



Source: Statistics Canada, "Canadian Survey on Business Conditions, third quarter 2025" (Table 33-10-1045-01)

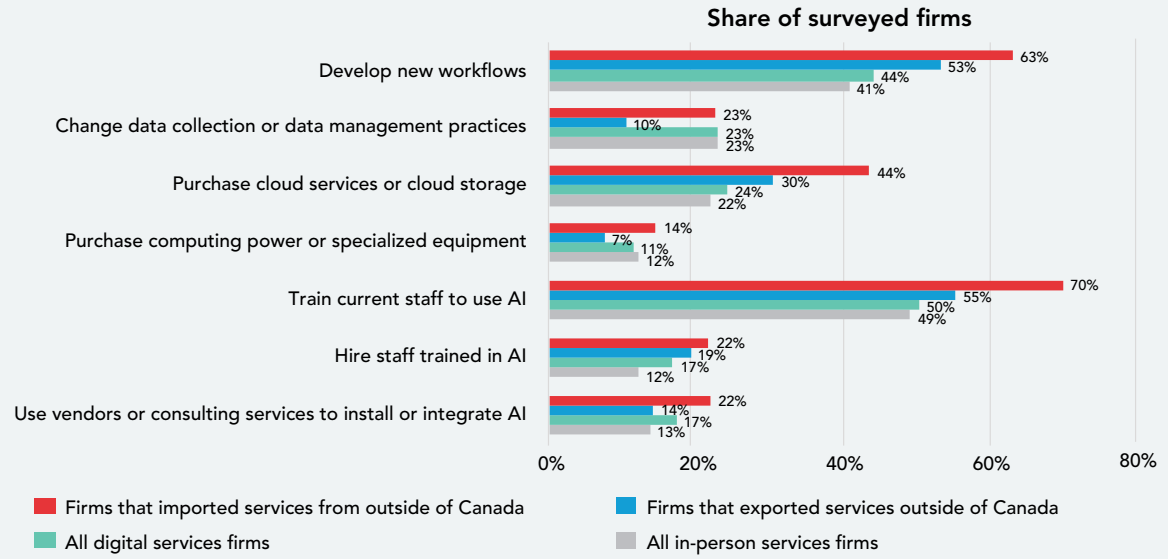
4. *AI use and export participation correlate at the firm level: Canada's exporters are more likely to use AI and include AI in their workflows than their non-exporter peers*

Canadian exporters have embraced AI more than their non-exporter peers. In Q3 2025, 33 per cent of exporters of services used AI, compared to 30 per cent of all digital-services firms and 13 per cent of all in-person services firms (Figure 9).[2] With respect to goods, 10 per cent of exporters used AI, as did 15 per cent of indirect exporters, compared to eight per cent

2 These groups include both exporters and non-exporters. Statistics Canada does not offer data on non-exporters' use of AI.

FIGURE 10

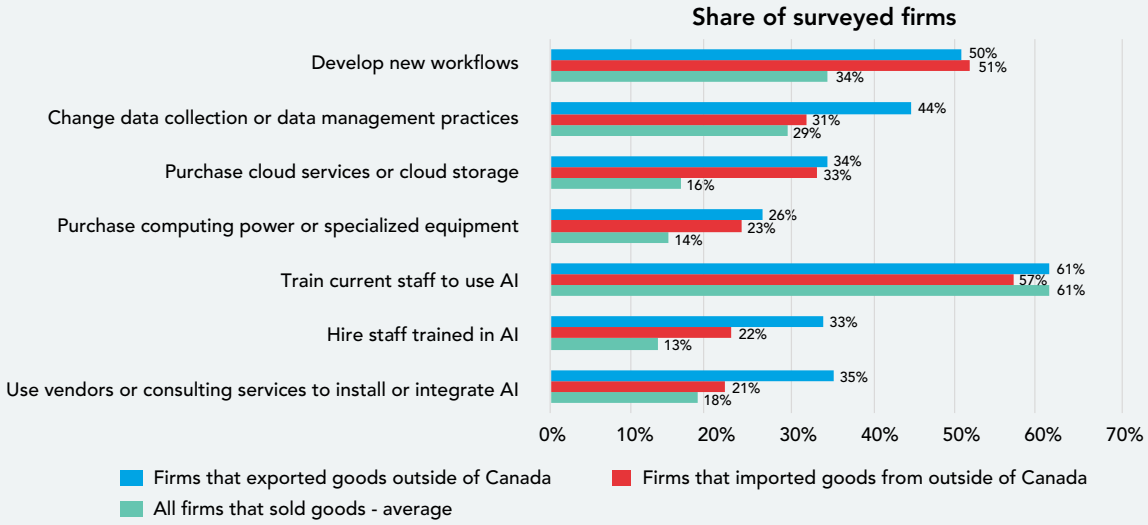
AI capabilities of and skill training by Canadian services exporters and importers vs. all services firms, Q3 2025



Source: Statistics Canada, "Canadian Survey on Business Conditions, third quarter 2025" (Table 33-10-1045-01)

FIGURE 11

AI capabilities and skilling by Canadian goods exporters and importers vs. goods sellers in general, Q3 2025



Source: Statistics Canada, "Canadian Survey on Business Conditions, third quarter 2025" (Table 33-10-1045-01)

of firms in the broader market. Firms engaged in trade are also more likely to have trained their staff in AI, developed new workloads thanks to AI and invested in assets that enable them to make use of AI, such as cloud storage or compute (Figures 10 and 11). The box below reviews four Canadian AI-enabled exporters.

Examples of AI use cases driven by Canadian firms

Canadian firms today use AI to create new efficiencies and value propositions, including:

- **Shopify** is an Ottawa-based global e-commerce platform for millions of merchants worldwide. The company integrates Generative AI across commerce workflows under Shopify Magic and the Sidekick assistant. Sidekick acts as an AI co-pilot that drafts product copy, answers administrative questions, summarizes analytics, and supports merchandising to reduce routine work and enhance store optimization.

  In June 2024, Shopify expanded access to Sidekick and AI-image tools, alongside over 150 platform updates. Beyond innovation, Shopify enables merchants to sell in over 150 countries using local currencies and payment methods through its Managed Markets offering. By early 2025, the platform reported usage in 175 countries, with a merchant distribution of roughly 54 per cent in North America, 27 per cent in Europe, the Middle East and Africa, and 14 per cent in the Indo-Pacific. Shopify's AI-enhanced workflows are embedded in a platform that is exporting Canadian digital-commerce infrastructure and AI tools to businesses and consumers around the world.

- Royal Bank of Canada's investment-banking arm, **RBC Capital Markets**, launched the AI-powered trading platform Aiden in October 2020. Today, Aiden is a globally exported AI-driven trade-execution service embedded in a global trading business. The initial version targeted volume-weighted average price execution, using deep reinforcement learning to adapt in real-time and improve execution performance.

  In November 2022, RBC introduced Aiden Arrival to address the "arrival price" slippage challenge, enhancing the real-time adaptation of the system. Aiden's purpose is to deliver measurable improvements in execution quality, reducing slippage and improving outcomes for institutional clients. Developed in partnership with Borealis AI (RBC's in-house AI research lab), the platform utilizes hundreds of data inputs, real-time feedback and region-agnostic learning across markets. RBC Capital Markets operates globally, with 55 offices in more than a dozen countries across North America, Europe, and the Indo-Pacific. Aiden has been deployed for clients in multiple regions and is capable of learning "with every order received across different regions and market events."

- **Thomson Reuters**, a Toronto-headquartered global information and technology provider for legal, tax, news, and business professionals, launched its Generative-AI legal assistant product (CoCounsel Core) in Canada and Australia in February 2024, following an earlier deployment in the U.S. in late 2023. Its core legal research platform, Westlaw, is used in over 60 countries. The new AI-driven solution combines Westlaw's content base with the CoCounsel Core AI assistant, enabling features such as AI-assisted research (in natural-language chat) and high-productivity drafting workflows, such as document comparison and summarization. CoCounsel Core has been exported internationally, beginning with

the U.S. and Australia, and Thomson Reuters had continued broader expansion of newer CoCounsel Core generations through 2025. The company has positioned these AI features as a key value driver — Generative AI features contributed materially to contract value and revenue momentum in 2025.

- **TELUS**, a major Canadian telecommunications provider, built a Customer Network Experience Score (CNES), an AI system that predicts perceived service quality hourly to prioritize fixes. CNES enables smarter capital-expenditure decisions and proactive issue resolution and serves as a strong churn predictor: customers with low CNES scores were found to be 34 per cent more likely to end their service contracts. While TELUS's core consumer-network business is in Canada, the company also exports its advanced digital and connectivity service globally. For example, TELUS launched its Global Connect internet of things (IoT) connectivity platform, enabling customers to connect IoT devices across nearly 190 countries and 700 global networks in partnership with Eseye. In addition, its digital-services arm, TELUS Digital, runs delivery centres and provides AI and digital-transformation services in over 30 countries across five continents.

It is well-established that exporters are larger and more productive firms than non-exporters and, as such, also more likely to adopt technology; it is thus no surprise they are also farther along in adopting AI. However, the relationship between AI use and trade is not merely a correlation: Nextrade Group's econometric evidence based on survey data of Indo-Pacific firms suggests that investment in AI is a strong predictor of whether firms export, how much they export, how fast they grow, and how long they maintain client relationships. A logistic regression using the survey data found that, compared to firms that invest one to two per cent of their revenue in AI, firms that invest three to five per cent or more are:

- 2.6 times more likely to grow at double digits;
- 4.1 times more likely to earn at least a quarter of all revenue from exports;
- 6.4 times more likely to sell to at least three foreign markets, and;
- 1.6 times more likely to maintain long-term supplier relationships (of six years or longer on average).

This implies that the export competitiveness of Canadian firms is greatly affected by domestic and international AI policies.

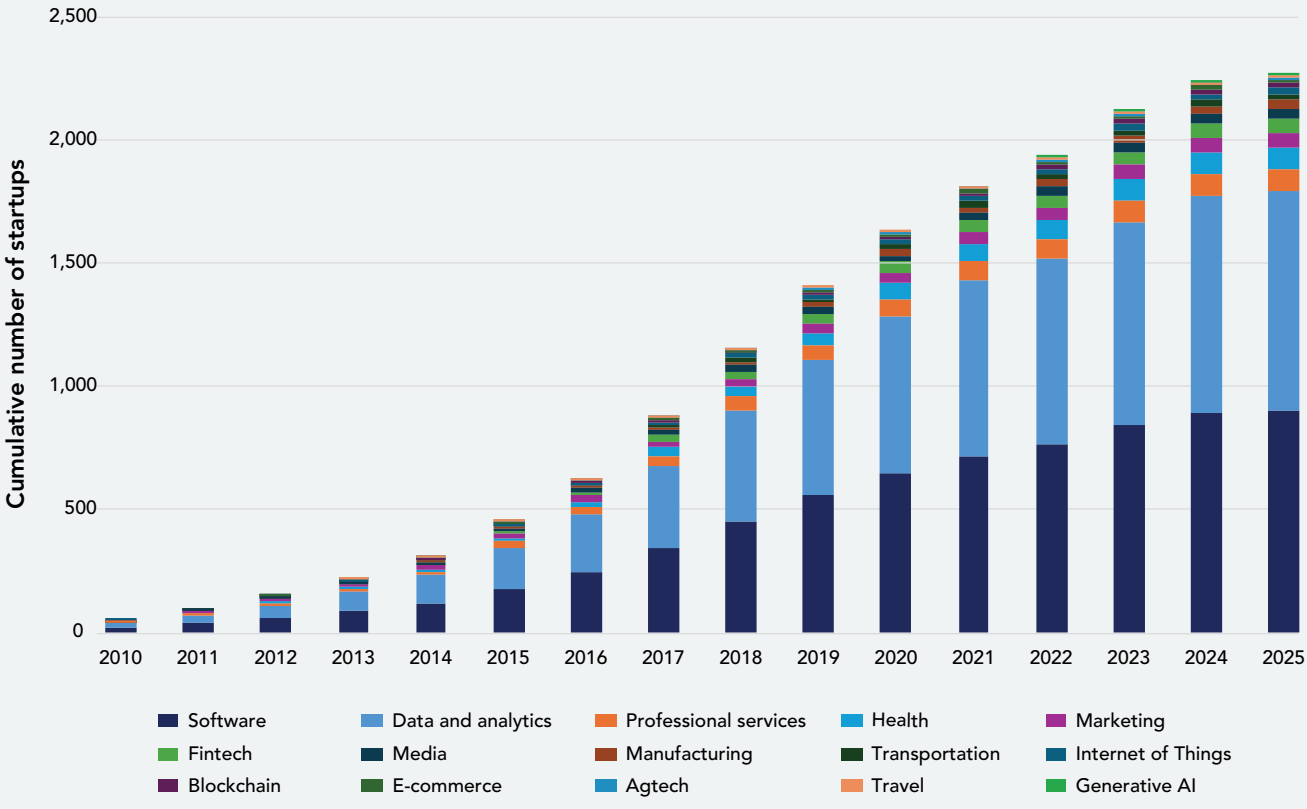
5. *Canadian AI startups are better funded and more internationalized than other startups*

Based on estimates from Crunchbase, a database cataloguing startups around the world, AI-driven startups in Canada have surged from fewer than 100 in 2010 to over 2,400 by 2025 (Figure 12). Growth was initially led by AI-driven software and data-analytics startups; AI-driven health, fintech, manufacturing, and transportation startups have also gained momentum.

By contrast, AI-driven startups are increasingly prevalent in Canada's startup scene. In 2025, 25 per cent of all startups formed in Canada were AI-driven, up from nine per cent in 2021–22 (Figure 13). This share is still lower than that in many peer economies. For example, in Singapore, AI-driven startups made up 42 per cent of all startups launched in 2025, while in South Korea, they made up 36 per cent; in the U.K., 27 per cent; and in the U.S., 33 per cent.

FIGURE 12

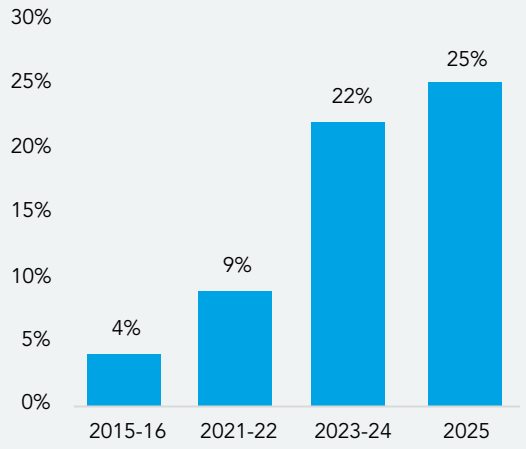
Number of Canada's AI-driven startups by sector, 2010-25



Source: Author`s calculation, on the basis of CrunchBase, 2025

FIGURE 13

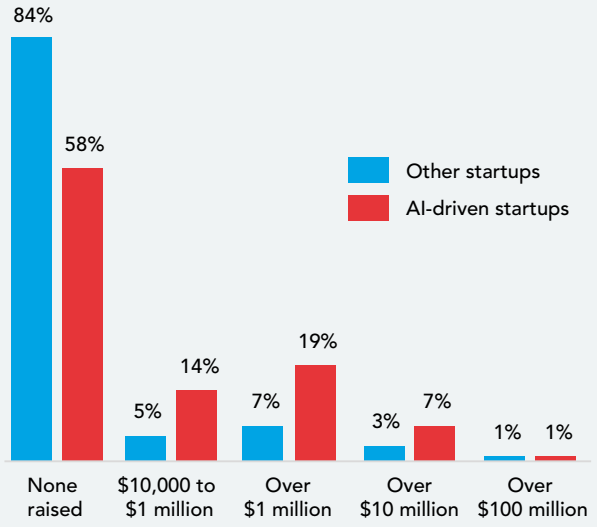
Share of AI-driven startups of all startups launched in Canada, 2015-25



Source: Nextrade Group's calculation, on the basis of CrunchBase, 2025

FIGURE 14

Share of Canadian AI-driven startups vs. other startups with different



Source: Nextrade Group's calculation, on the basis of CrunchBase, 2025

The AI-startup ecosystem is more robust in terms of funding than the overall startup ecosystem: 41 per cent of AI-driven companies have raised funding, compared to just 16 per cent of all startups; and seven per cent of AI-driven startups have raised more than US$10 million, compared to three per cent of all other startups (Figure 14). Startups with the largest funding include Cohere (US$1.7 billion), which helps companies safely deploy generative AI for search, content creation and agentic workflows, and Clio (US$1.3 billion), which makes cloud software for running law firms.

Canada's AI-driven startups also appear to internationalize rapidly. While there is no comprehensive data on the internationalization of Canadian startups, case studies speak to the rapid internationalization and diversification of export markets (Table 2):

- Cohere has become a leading provider of enterprise-grade large language models and tooling. Its platform helps companies safely deploy generative AI for search, content creation, and agentic workflows, driving faster customer support and higher employee productivity. The company has offices in Toronto, New York, San Francisco, London, Montreal, Paris, and Seoul and distributes globally through partnerships with various channels (e.g. Oracle Cloud Infrastructure Generative AI, SAP ecosystem integrations).
- Ada, built in Toronto, provides AI customer-service agents that autonomously resolve routine inquiries across channels, reducing costs while maintaining brand voice. Ada has its headquarters in Toronto and a worldwide client base. Customers span the United States, Europe, the Middle East, and Africa, showing exports to multiple regions without a large physical office footprint in the U.S.

- BenchSci applies AI to accelerate preclinical research by surfacing high-value evidence from a vast collection of scientific literature and data. By uncovering the most relevant data from scientific literature, it reduces trial and error, shortens timelines and boosts the probability of success in drug discovery. BenchSci sells its services internationally across North America, Europe, and the Indo-Pacific and maintains a physical presence in Canada (Toronto) and the U.K. (Cambridge), with roles and marketing operations in the U.S. Its recent three-year global licence with Sanofi deploys BenchSci's ASCEND platform across Sanofi's research sites worldwide.
- Waabi is commercializing an end-to-end autonomous trucking "Waabi Driver," using a simulation-first approach. The simulator acts as a teacher, creating realistic, adversarial driving situations to train and validate the (student) driver off-road, so most learning happens virtually before limited on-road testing. Waabi's operations are predominantly in the U.S.: it opened a flagship autonomous-trucking terminal in the Dallas, Texas, area and runs a multi-year commercial program with Uber Freight on the Dallas–Houston route, with plans to expand.
- Clio is a Vancouver-based legal-tech company that provides a cloud-based legal operating system for law firms in over 130 countries for practice management, client intake, billing, and payments. It is used by hundreds of thousands of legal professionals. Clio Duo/Manage AI enables lawyers to ask natural-language questions, analyze and summarize documents, draft communications, and automate tasks and time entry within workflows. In 2025, Clio broadened its global reach and AI capabilities further by acquiring vLex and its Vincent AI assistant.

Table 2: Select Canadian AI startups

Startup	Year founded	Customers	Value proposition	International footprint
Cohere	2019	**Enterprises, software vendors, cloud platforms**	Builds and hosts large language models and tools so enterprises can add generative and agentic AI to their products and internal workflows	Operates across North America, Europe, and the Indo-Pacific, with major offices in Toronto (HQ), Montreal, San Francisco, New York, London, Paris (Europe, Middle East, and Africa hub; opened 2025) and Seoul (Asia Pacific hub; opened 2025), serving enterprise customers globally
Ada Support	2016	**Consumer-facing enterprises, fintechs, marketplaces, support teams**	Automates customer service with AI agents that resolve inquiries across chat, email, and voice	Provides customer-service AI to enterprises worldwide, with clear deployments in Canada, the U.S., and Southeast Asia, supporting customers globally via a cloud platform
BenchSci	2015	**Pharmaceutical companies, biotech R&D teams, research institutions**	Uses AI to help R&D teams design experiments and find relevant evidence to speed up preclinical drug discovery	Sells to multinational biopharma companies globally; BenchSci expanded international deployment via Sanofi's (HQ in France) preclinical R&D sites in North America, Europe, and the Indo-Pacific
Waabi	2021	**Freight carriers, shippers, original equipment manufacturers in trucking and logistics**	Develops an end-to-end autonomous trucking system trained in high-fidelity simulation for commercial-freight operations	Sells in Canada and the U.S., with autonomous trucking pilots and a flagship terminal in Texas (e.g. Dallas-to-Houston lane)
Clio	2008	Legal professionals	Offers a cloud-based "legal operating system" that streamlines law-firm work, such as documents, time, billing, and payments in one secure platform	Serves legal professionals in over 130 countries worldwide, with major adoption outside Canada in markets like the U.S., U.K., Ireland, Australia, and New Zealand
Auto Agentic	2024	Automotive dealerships and dealer groups	Supports dealership teams by automating and optimizing sales, marketing and operational workflows in real time	Operates primarily in North America
BlueDot	2013	Public health agencies, governments, airlines, hospital systems	Provides AI-driven infectious-disease intelligence to detect outbreaks early and inform response planning	Operates internationally with public-sector and corporate clients in North America (e.g. City of Chicago) and the Indo-Pacific (e.g. Taiwan Centers for Disease Control) and positions its disease-intelligence platform as global in scope
MindBridge	2015	Audit firms, corporate finance teams, financial institutions	Analyzes financial data with AI to surface anomalies and risks for audits and continuous monitoring	Operates in Canada, the U.S., and the U.K; uses partners to scale more widely.
Sanctuary AI	2018	Manufacturers, logistics and warehouse operators, retailers	Builds general-purpose humanoid robots that can be trained to perform a wide range of physical tasks	Operates in Canada and the U.S., with European expansion in progress through a humanoid-robot pilot at Magna's manufacturing facility in Austria

Passage	2023	International students and skilled immigrants, schools and licensing bodies, employers	Uses AI to process education and work applications and financing, connecting global talent with Canadian university programs and employers	Recruits international talent from over 100 countries for study in North America
StackAdapt	2013	Advertisers, media agencies, brand marketing teams	Offers an AI-driven programmatic advertising platform to plan, buy and optimize cross-channel campaigns while reducing fraud and waste	Operates in over 15 countries, serving advertisers internationally, with a large customer concentration in Canada, the U.S., and the U.K., and running campaigns worldwide
Owl.co	2018	IInsurance carriers, claims and Special Investigation Units teams	Detects and investigates potential insurance fraud with AI across claims and external data	Operates mainly in North America, with offices in Vancouver and Toronto (Canada) and New York City (U.S.), and a customer focus on Canadian and U.S. insurers and financial institutions

Source: Nextrade Group's calculation, on the basis of CrunchBase and companies' website

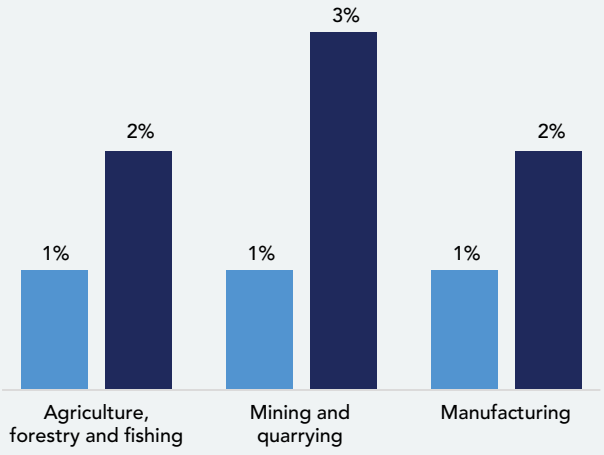
6. *Canada's agricultural, mining, and manufacturing industries use AI-intensive services in their supply chains for domestic consumption and exports*

AI-intensive industries are increasingly used as inputs and thus exported indirectly in such traditional Canadian export sectors as agriculture, mining, and manufacturing. Based on data from the OECD Trade in Value Added (TiVA) database, which presents global input-output tables through 2022, the share of AI-driven industries' value added has grown in the gross exports of Canada's agricultural, mining, and manufacturing products (Figure 15). For example, the share of the value added by AI-intensive industries in gross agricultural exports expanded from 0.6 per cent in 2016 to 1.9 per cent in 2022; in mining exports, from 0.9 percent to 2.8 per cent; and in manufacturing, from 0.9 per cent to 2.1 per cent.

Of the total value added by AI-intensive industries, the share of Canadian domestic value added has declined somewhat across sectors (for example, from 75 per cent to 69 per cent in mining), suggesting that Canadian exporters source value-added services in AI-intensive industries from around the world (Figure 16). The share of value added by U.S.- and European-origin AI-intensive industries has grown in manufacturing and agriculture, while that of Asia-Pacific Economic Cooperation (APEC) forum members located in the Indo-Pacific region has grown somewhat in agriculture.

FIGURE 15

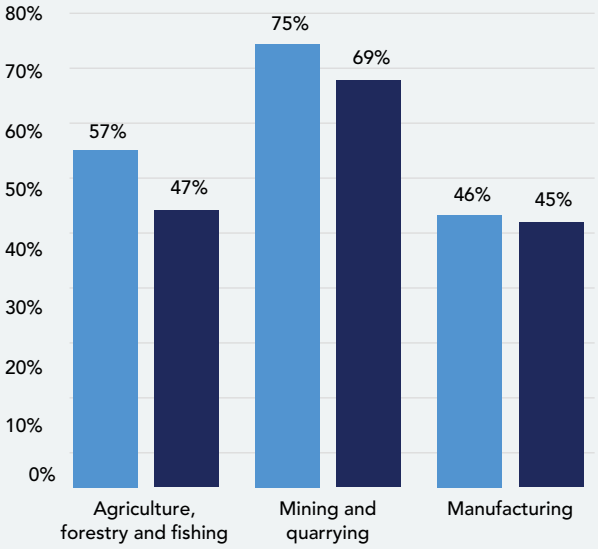
Computer-programming and information-service industries' share of total value added of Canada's gross agriculture, mining, and manufacturing exports, 2016 and 2022



Source: Author's calculation, on the basis of the OECD's Trade in Value Added (TiVA) database, 2025

FIGURE 16

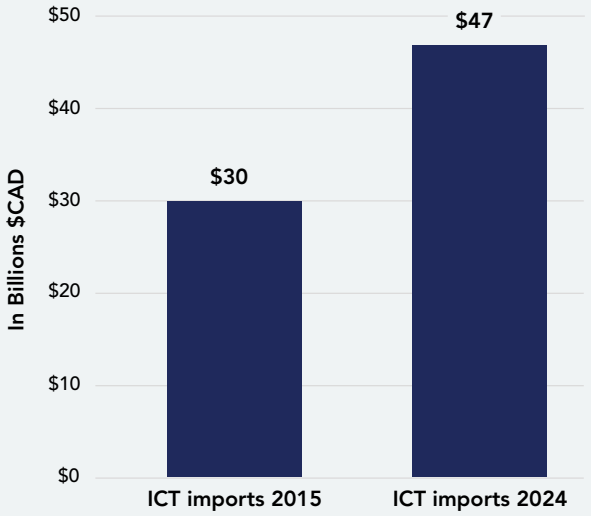
Share of Canadian domestic content of all value added of computer-programming and information-services activities in key sectors in Canada, 2016 and 2022



Source: Author's calculations, on the basis of the OECD's Trade in Value Added (TiVA) database, 2025

FIGURE 17

Canada's imports of ICT equipment, 2015 and 2024



Source: Author's calculation, on the basis of WTO Statistics, using classification of UNCTAD, Trade in ICT goods statistics: Impacts of the 2022 update to the Harmonized Commodity Description and Coding System

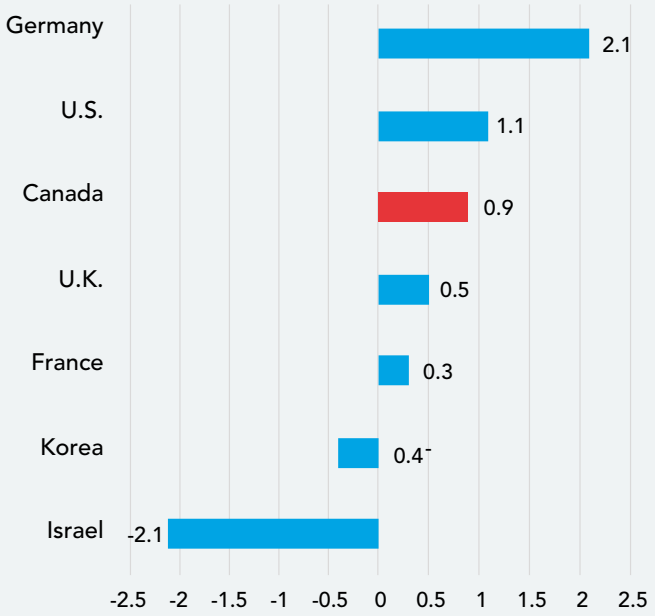
7. *Imports and foreign investment supporting Canada's AI ecosystem have been growing*

AI development and exports require a range of inputs, some of which are imported: ICT infrastructure, human capital, data, services, and compute. Canada has grown its imports and inbound investments of these capabilities. For example, ICT-equipment imports have grown by 4.9 per cent year-on-year from 2015–24, from US$22.3 billion to US$34 billion (Figure 17).

As for human capital, LinkedIn data suggests that Canada is a net importer of AI-skilled workers, with a similar level of net immigrants as the United States (0.9 per cent vs. 1.1 per cent) (Figure 18). Canada is on par with European economies in terms of the density of AI talent in various industries, but trails the U.S. (Figure 19). A recent Fraser Institute study indicates that Canada has been more successful than the U.S. in attracting immigrants who are most likely to have AI competencies (i.e. those with a bachelor's degree or higher). In addition, immigrant STEM workers in Canada account for a greater share of the country's STEM workforce than they do in the United States.

FIGURE 18

AI-skills migration in Canada, the U.S., Israel, Germany, France, South Korea, and the U.K., 2025 (net % of immigrants of all LinkedIn members with AI skills, from highest to lowest)

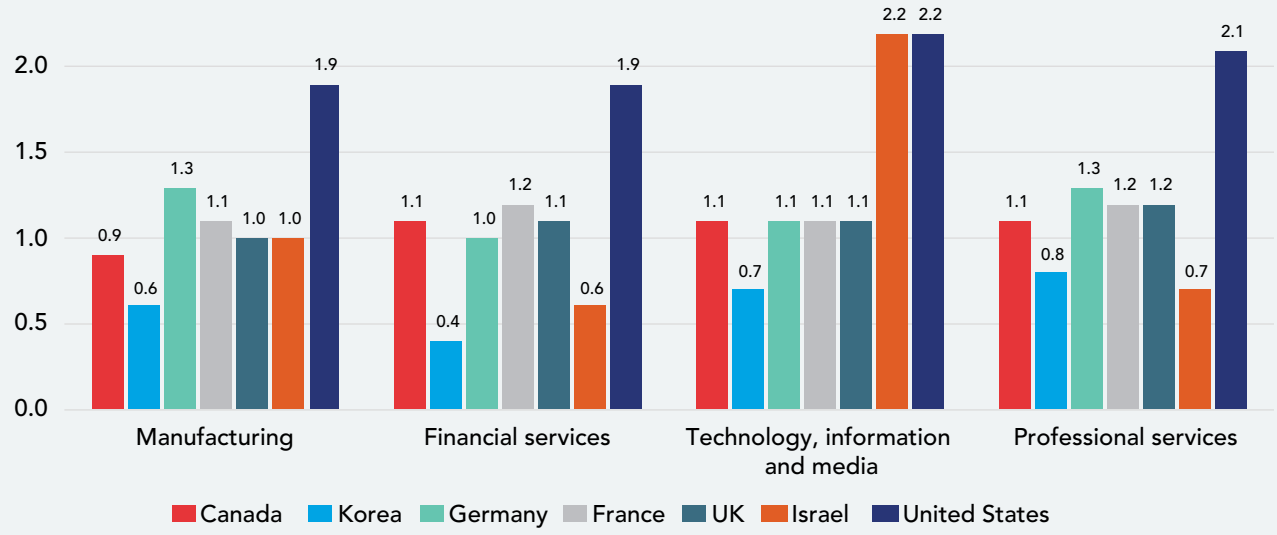


Source: OECD.AI (2025), data from LinkedIn Economic Graph, last updated April 7, 2025, https://oecd.ai/

In addition, Canada has attracted significant FDI into AI-intensive industries and AI capabilities, such as cloud infrastructure, semiconductors, and AI research labs (Table 3). AI and cloud-related inflows over the past three years amount to at least C$7 billion. Investors are likely driven in part to invest in Canada by trade agreements and conducive trade policies that enable the import of hardware and services into Canada, which helps Canada's AI-driven firms export. There have also been foreign investors in Canadian AI startups, such as Fujitsu's 2024 investment in Cohere, and investments by Volvo, Scania, and Porsche in Waabi.

FIGURE 19

Density of AI talent (employees with AI skills as % of all employees in industry) employees by industry in Canada, the U.S., Israel, Germany, France, South Korea, and the U.K., 2025



Source: OECD.AI (2025), data from LinkedIn Economic Graph, last updated April 7, 2025, \ https://oecd.ai/

Table 3: Major FDI flows into AI and cloud-computing infrastructure in Canada

Investor	Amount invested (USD)	Year	Investment focus	Users
Microsoft	US$500 million	2023	Hyperscale cloud (massive, highly scalable, distributed computing environments designed by major providers) and AI infrastructure in Québec; add training and skilling initiatives	Québec public/private sector; Canadian Azure/Microsoft 365/ Copilot customers
AWS	US$2.9 billion	2023	Data centre buildout and management in Calgary	Canadian AWS customers; Alberta's economy/workforce
IBM and Governments of Canada and& Québec	~US$137 million	2024	Semiconductor assembly and packaging expansion	Canadian chip ecosystem; cloud/AI hardware value chain
OVH Cloud	~US$107 million	2024	New/expanded cloud and data- centre in Ontario to grow European sovereign-cloud capacity in Canada	Canadian enterprises and public sector that need non-U.S. cloud options; international customers with operations in Canada
Fengate Asset Management on behalf of partners Group and Pantheon	Part of US$1.3 billion investment	2024	Capital backing data centre expansion across Canada	Hyperscalers, AI firms, and Canadian enterprises needing large-scale compute and co-location inside Canada
Google	US$13 million	2025	AI Opportunity Fund for workforce upskilling with training via Canadian partners	Canadian workers and small and medium businesses gaining AI skills; local training organizations
UAE investment framework led by XRG/ADNOC and& G42 ecosystem	Up to US$50 billion	2025	Government-to-government/ sovereign-linked framework targeting AI, digital infrastructure, and data-centre capacity in Canada	Canadian AI sector, compute-infrastructure developers, and end-users across industries; details to be allocated project -by -project

IV. Conclusion

This paper, the first in a series of three, examines the growth of Canada's trade in AI and the internationalization of Canada's AI-driven companies.

Canada's trade in AI is expanding rapidly, driven by the strong performance and increasing internationalization of its AI-intensive services sectors. Between 2015 and 2024, the exports of five industries with particularly high AI intensity (information services, computer services, research and development, financial services, and professional services) grew faster than traditional exports, reaching C$80 billion, or 8.6 per cent, of total exports in 2024. The United States and Europe are the largest export markets for these services; the Indo-Pacific makes up about five per cent.

Canadian exporters are more likely to use AI than non-exporters, indicating that AI adoption may enhance export readiness and competitiveness. At the same time, Canada has increased its imports and inbound investment in core AI enablers, such as ICT equipment, talent, and cloud infrastructure, and remains a net importer of AI expertise. Still, in comparative terms, Canada's AI-driven industry exports as a share of all services exports are lower than those of peer economies, indicating room for growth.

All in all, this review suggests that AI-driven industries are growing in importance in Canada's trade and that AI-driven startups and AI-enabled companies are scaling beyond Canadian borders faster than industries and firms that have been less focused on using AI.

As such, domestic and foreign AI and trade policies are critical for the future of Canada's gains from trade.

The next paper will explore how trade policies currently enable Canada's AI exports. It reviews how well existing and emerging Indo-Pacific trade agreements address the needs and challenges of AI-driven industries, and what new or adapted trade provisions are required to support the responsible and scalable growth of AI and cloud services across borders. This paper will also address the concerns policymakers in Canada and around the world have about responsible uses of AI and national-security issues around AI.

The third paper will offer recommendations for both domestic and international action, identifying how the Canadian government and businesses can seize the opportunities created by trade in AI, while addressing barriers to growth and market expansion.

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The John H. McArthur Research Fellowship, established by the Asia Pacific Foundation of Canada in 2021, honours the legacy of the late Dr. John H. McArthur — a distinguished Canadian, former Chair of APF Canada's Board of Directors, and Dean Emeritus of Harvard Business School. Since its launch, the Fellowship has supported mid-career scholars conducting original, policy-relevant research to deepen Canada's understanding of the Indo-Pacific region.

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