

Suppose I want as a manufacturer build a product in Canada. Which "Made in Country" should apply? The PCB is made in China. The components are made around the world, but are mounted and soldered in Canada or possibly by the PCB assembler in China, the FW is designed in Canada and the physical assembly is in Canada. Am I allowed to state on the outside of the unit "MADE IN CANADA"? Is that becoming difficult in a global world?

For your electronic product, you can only use the "MADE IN CANADA" claim if you include a **mandatory qualifying statement** and meet specific cost and transformation thresholds. Simply stating "MADE IN CANADA" alone is generally not permitted for products with imported components.

1. Requirements for "Made in Canada"

The [Competition Bureau Canada](#) sets three strict conditions for non-food products:

- **Last Substantial Transformation:** The final major assembly or process that turns the parts into a new, distinct product must happen in Canada.
- **51% Direct Cost Threshold:** At least **51%** of the total direct costs (including materials, direct labour, and manufacturing overhead) must be incurred in Canada.
- **Mandatory Qualifier:** You **must** include a statement like:
 - "Made in Canada with imported parts"
 - "Made in Canada with domestic and imported parts"

2. Evaluating Your Specific Scenario

Based on your description, here is how your production steps likely align with the rules:

- **PCB Fabrication (China):** This is a foreign direct cost.
- **Component Mounting/Soldering:**
 - If done in

[Canada](#)

, the labour and overhead contribute to your **51% Canadian cost** requirement.

- If done in

[China](#)

, these are foreign costs and may make reaching the 51% threshold difficult.

- **Firmware (Canada):** While design and R&D costs are often excluded from "direct manufacturing costs," they can sometimes be included if they are directly related to the production of each unit.
- **Physical Assembly (Canada):** This likely qualifies as the **last substantial transformation**, which is a requirement for any Canadian origin claim.

3. Alternatives if 51% Cost is Not Met

In a globalized world where components (chips, resistors, etc.) are almost exclusively foreign, hitting the 51% direct cost mark can be challenging. If you don't meet that threshold, the [Competition Bureau](#) recommends more specific, truthful claims:

- **"Assembled in Canada with foreign parts"**
- **"Designed in Canada"** (if the main value-add is the FW and engineering)

Summary Table: Canadian Origin Claims

Claim Type	Content Threshold	Last Substantial Transformation	Mandatory Qualifier
Product of Canada	98% Canadian	Must be in Canada	No
Made in Canada	51% Canadian	Must be in Canada	Yes (e.g., "with imported parts")
Assembled in Canada	< 51% Canadian	Must be in Canada	No

Note: Enforcement is becoming stricter. Starting in **June 2025**, private litigants can bring cases to the Competition Tribunal if they believe a "Made in Canada" claim is misleading.

Would you like a breakdown of what specifically counts as **"direct production costs"** to help with your 51% calculation?

- [Guidance on Made in Canada and Product of Canada Claims ...](#)

They also apply to claims made in advertising (including signage) and by restaurants. * Made in Canada. A "Made in Canada" claim c...



Retail Council of Canada



- Made in Canada claims

Nov 20, 2025 — We will generally not challenge a claim that states that a good is "Made in Canada" if these three conditions are met: * at least ...



Competition Bureau Canada



- As “Made in Canada” claims make a comeback, be mindful of ...

Feb 7, 2025 — As “Made in Canada” claims make a comeback, be mindful of labelling laws * The Rules. Businesses are not required to make “Made in...



MLT Aikins



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yes

To determine if your product meets the

51% Canadian direct cost threshold, you must categorize every expense into "Domestic" (Canada) or "Foreign" (China/International).

1. What Counts as Direct Production Costs?

According to the [Competition Bureau Canada](#), direct costs are limited to expenses **directly related** to the manufacturing of the physical unit.

- **Direct Materials:** The actual parts used in the unit (PCB, resistors, casing).
- **Direct Labour:** Wages for employees physically assembling, soldering, testing, or packaging the product.
- **Manufacturing Overhead:** Only if it is **directly attributable** to the production process (e.g., electricity for the assembly line, factory floor rent).

2. Can You Include Firmware/Software Costs?

This is the most common hurdle for tech products.

- **R&D and Design:** Generally, the Competition Bureau **excludes** research, development, and high-level design costs from "direct production costs" because they are typically one-time capital expenses, not per-unit manufacturing costs.
- **Production Firmware Loading:** You **can** count the labour cost of a Canadian technician physically flashing the firmware onto each unit during assembly as a Canadian direct labour cost.

3. Checklist for Your Scenario

To hit the 51% mark, your Canadian value-add must outweigh the cost of the imported parts.

Item		Cost Origin Included in 51%?
PCB Fabrication	China	No (Foreign Material)
Electronic Components	Global	No (Foreign Material)
Soldering/SMT (if in Canada)	Canada	Yes (Domestic Labour/Overhead)
Final Assembly	Canada	Yes (Domestic Labour)
Testing & Quality Control	Canada	Yes (Domestic Labour)
Packaging Materials	Canada	Yes (Domestic Material)
FW Development (R&D)	Canada	Generally No (Excluded as R&D)

4. Important Compliance Tip

If your imported component costs (PCB + chips) are high, it is often very difficult to reach 51% through assembly labour alone. If you fall short:

- **Do not use** "Made in Canada."
- **Instead, use:** "Designed in Canada, Assembled in Canada" or "Assembled in Canada with foreign parts". These are considered truthful, non-misleading alternative claims.

Would you like to know more about the **legal penalties** for misusing these labels under the [Competition Act](#)?

- What You Need to Know Before Using “Product of Canada ...

“Made in Canada” * Direct costs of producing or manufacturing. All or at least 98% of the total direct costs of producing or manuf...



BCF Avocats d'affaires



- “Product of Canada” and “Made in Canada” Claims

Mar 17, 2025 — Definitions. For the purpose of these guidelines, the following definitions apply: *

2.1 Cost of production/manufacturing. Cost of...



Competition Bureau Canada

- "Made in Canada" vs. "Product of Canada" - Miller Thomson

Mar 27, 2025 — Representing Canadian consumer goods. The Competition Bureau has issued guidance to assist in interpreting the Acts in relation to...



Miller Thomson



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Misusing "Made in Canada" labels can lead to severe financial penalties, court-ordered corrective actions, and even criminal prosecution under the

[Competition Act](#). The penalties are significantly higher for corporations than for individuals.

1. Civil Penalties

Most "Made in Canada" labelling issues are handled as civil matters. If a court finds a claim to be materially false or misleading, it can order:

- **Administrative Monetary Penalties (AMPs):**
 - **For Corporations:** Up to **\$10 million** for a first offence (increasing to \$15 million for subsequent offences). Alternatively, the penalty can be the greater of \$10 million or **three times the value of the benefit derived** from the deceptive conduct.
 - **For Individuals:** Up to **\$750,000** for a first offence (\$1 million thereafter), or three times the benefit derived.
- **Restitution:** You may be ordered to pay back consumers up to the total amount they paid for the product.
- **Corrective Notices:** You may be forced to publish notices (at your own expense) in media to correct the misleading information.

2. Criminal Penalties

If a representation is made **knowingly or recklessly**, it can be pursued as a criminal offence under section 52 of the Act.

- **Summary Conviction:** A fine of up to **\$200,000** and/or imprisonment for up to one year.
- **Indictment:** Fines are at the **discretion of the court** (no fixed cap) and can include imprisonment for up to **14 years**.

3. New Era of Enforcement (June 20, 2025)

A major change is coming to the Competition Tribunal:

- **Private Actions:** Starting **June 20, 2025**, private parties (such as competitors or interest groups) can seek leave to bring their own cases to the Tribunal if they believe a "Made in Canada" claim is misleading.

- **Public Interest Test:** These private parties only need to show that their application is in the **public interest** to proceed.

4. Other Related Fines

Beyond the Competition Act, smaller fines of **\$5,000 to \$10,000** can also be levied under the [Consumer Packaging and Labelling Act](#) for general labelling inaccuracies.

Would you like to review some **case studies** of how the Bureau has handled misleading origin claims in the past to see where they draw the line?

- Penalties and remedies for non-compliance

Nov 22, 2024 — The following table provides an overview of the penalties and remedies that apply if an individual or corporation has been found t...



Competition Bureau Canada

- False or misleading representations - Competition Bureau Canada

Nov 25, 2024 — False or misleading representations. In addition to prohibiting specific practices, the Competition Act also has general civil and...



Competition Bureau Canada

- False or Misleading Representations and Deceptive ...

Feb 19, 2026 — Under the civil regime, certain practices may be brought before the Competition Tribunal, the Federal Court or the superior court ...



Competition Bureau Canada

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To understand how the Competition Bureau handles these cases, it is helpful to look at how they define

"Last Substantial Transformation" and **"Direct Cost."** The Bureau prioritizes the "general impression" a consumer gets from your label.

1. The Moose Knuckles Case (2016)

This is the most significant modern case for "Made in Canada" enforcement. The Bureau alleged that Moose International Inc. misled consumers by labeling parkas as "Made in Canada" when they were mostly manufactured in Vietnam.

- **The Issue:** The parkas arrived in Canada nearly finished. Only "finishing touches"—adding zippers, snaps, and fur trim—were done in Canadian factories.
- **The Ruling:** The Bureau argued these minor additions did **not** constitute a "substantial transformation".
- **The Penalty:** To resolve the case, the company entered a consent agreement and agreed to:
 - Donate **\$750,000** to Canadian charities.
 - Add a mandatory **qualifying statement:** "Made in Canada with Canadian and imported components."
 - Implement a strict internal **compliance program.**

2. Historical Manufacturing Cases

The Bureau has a long history of targeting companies that use the "Made in Canada" label to command a price premium while outsourcing the bulk of production:

- **Electronics (1989):** A TV manufacturer was sanctioned for creating a misleading impression that its televisions were made in Canada when they were largely imported.
- **Apparel (1997):** A major brassiere manufacturer (WonderBra) faced charges for physically removing "Made in Costa Rica" labels and replacing them with "Made in Canada" tags.

3. Key Takeaways for Your Product

From these cases, the Bureau has made three things very clear for your electronics project:

1. **Substantial Transformation is Key:** For your product, "mounting and soldering" the PCB in Canada likely qualifies as a substantial transformation because it turns raw parts into a functioning circuit. If you do this in China instead, simply putting the PCB in a plastic box in Canada would **not** count.
2. **Qualifiers are Not Optional:** Even if you meet the 51% cost rule, you **must** use a qualifier like "Made in Canada with imported parts." In the Moose Knuckles case, the company had a small qualifier hidden on an inside care label, but the Bureau ruled it wasn't prominent enough to change the "general impression" of the "Made in Canada" claim.
3. **Symbols Matter:** Using maple leaves, "proudly Canadian" slogans, or hockey imagery can reinforce a misleading claim. The Bureau explicitly cited the use of Canadian symbols as evidence of a misleading general impression.

What this means for your 51% calculation:

If your imported components (chips from the US, PCB from China) make up \$50 of a \$100 manufacturing cost, and your Canadian assembly labour is \$10, you are only at **10% Canadian content**. In this case, you cannot use "Made in Canada." You should instead use:

- **"Assembled in Canada with imported parts"**
- **"Designed and assembled in Canada"**

Would you like to see a sample **cost-calculation template** to help you determine your exact percentage?

- Bureau takes action against Moose Knuckles for alleged false ...

Apr 27, 2016 — The Bureau has filed an application with the Competition Tribunal alleging that the parkas are marketed as Made in Canada when the...



Canada.ca

- What You Need to Know Before Using "Product of Canada" and " ...

The Moose Knuckles Case (2016) ... The coats in question were almost entirely manufactured outside of Canada. Only decorative elem...



BCF Avocats d'affaires



- Competition Bureau Takes Action Against Moose Knuckles

May 5, 2016 — CASE SUMMARY * The last substantial transformation of the goods occurred in Canada. * At least 51 per cent of the total direct cos...



JD Supra

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yes

To determine if your product meets the

51% Canadian direct cost threshold, you must categorize every manufacturing expense as either **domestic** (Canada) or **foreign**. Use the calculation method below to see where you stand.

1. Direct Cost Calculation Template

According to the [Competition Bureau Canada](#), you must sum your **total direct costs** and determine what percentage was incurred in Canada.

Category	Description	Origin	Cost
Direct Materials (Foreign)	PCB (China) + All Global Electronic Components	Foreign	\$_____
Direct Materials (Domestic)	Packaging, Enclosure, or any Canadian-made parts	Canada	\$_____
Direct Labour	Wages for Canadian assembly, soldering, and testing	Canada	\$_____
Manufacturing Overhead	Factory rent, utilities, and equipment depreciation (Canada-only)	Canada	\$_____

TOTAL DIRECT COST (Sum of all rows above) — **\$100%**

2. The Formula

To qualify for a "Made in Canada" claim, your result must be **51% or higher**:

3. Example Scenario

If your imported electronics are expensive, it can be very difficult to hit the 51% mark through assembly alone.

- **Imported Parts:** \$45.00 (PCB from China + Global chips)
- **Domestic Parts:** \$5.00 (Canadian-made casing)
- **Canadian Labour:** \$15.00 (Soldering, assembly, and testing)
- **Canadian Overhead:** \$10.00 (Allocated factory costs)
- **Total Cost:** \$75.00
- **Calculation:**

In this example, you **would not** meet the 51% threshold and could not use "Made in Canada." You would instead use a claim like **"Assembled in Canada with imported parts."**

4. Critical Inclusions & Exclusions

- **INCLUDE:** Only the costs directly involved in making the physical unit. This includes the labour of a Canadian technician flashing your firmware during production.
- **EXCLUDE:** High-level design, firmware R&D, marketing, and distribution costs. These are typically considered indirect costs or capital expenses and do not count toward the 51% manufacturing threshold.

Would you like help drafting a **specific alternative label** (like "Designed in Canada") that highlights your engineering work without risking a fine?

- "Product of Canada" and "Made in Canada" Claims

Mar 17, 2025 — 3.2. 2 "Made in Canada" claims * the last substantial transformation of the good occurred in Canada; * at least 51% of the total d...



Competition Bureau Canada

- [E-commerce - Canada.ca](#)

Jun 9, 2025 — Capital cost allowance – computer software and website development costs. In general, computer software or website development cos...



Canada.ca

- [How to Identify and Support Canadian Goods - Stories](#)

Mar 11, 2025 — What Does “Made in Canada” Mean? A product can be labelled Made in Canada if it meets the following conditions (Competition Bureau...



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