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## Amazon to Open Center in Canada

By PHRED DVORAK

The Canadian government said Monday that it will let online book behemoth [Amazon.com](http://Amazon.com) Inc. start a distribution center in Canada, underscoring the country's recent push for open markets and freer trade.

Canadian Heritage Minister James Moore said the government approved Amazon's application in return for continued steps to promote Canadian culture, including increased exposure for Canadian authors abroad and a \$20 million investment — some of which will go toward cultural awards and events.

The decision is the biggest departure yet from Canada's long-standing policy that "cultural" industries like book and music publishing should be controlled by Canadian companies. Canadian booksellers have long argued that allowing big foreign retailers like Amazon to get a foothold up north will hurt local merchants and undermine the support they currently give Canadian writers.

In 2002, the Canadian government allowed Seattle, Wash.-based Amazon to start a Canadian Web site — [Amazon.ca](http://Amazon.ca) — but only because it had no physical presence in the country.

Eight years later, Canadian book publishers say Amazon handles up to 10% of their book sales, depending on the type of book. [Amazon.ca](http://Amazon.ca) also offers the electronics, housewares and other goods that now account for around half of Amazon's North American sales.

So far, though, the [Amazon.ca](http://Amazon.ca) orders have been handled by staff outside of Canada and shipped by a subsidiary of the Canadian post office. Offices and a warehouse in Canada will "enable us to even better serve our customers in Canada," said Paul Misener, Amazon's vice president for global public policy.

The move comes as Canada is trying to position itself as a champion of free trade and open markets — in contrast with the sometimes protectionist mood of its neighbor to the south.

In a March policy speech, Governor General Michaëlle Jean pledged to "open Canada's doors further to venture capital and to foreign investment in key sectors" — including satellite, telecommunications and uranium.

The pledge followed amendments last year that loosened Canada's foreign-investment rules in order to encourage competition and economic growth. Once the changes are fully implemented, Canada's government will in most cases have to review only foreign investments of \$1 billion or more — as opposed to those of a few hundred million dollars or less, depending on the industry — as well as those deemed to threaten national security.

"They're really opening the doors to foreign investment," said Joel Schacter, a partner at the Toronto-based law firm Goodmans LLP who specializes in cross-border deals.

Canada also announced last month that it plans to eliminate all tariffs on the import of machinery and other manufacturing parts, making it the first developed country to do so.

And in February, it persuaded the U.S. to exempt Canadian suppliers from many of the "Buy American" provisions in the U.S. stimulus package, letting them bid on state and local public-works projects they had previously been shut out of. In turn, Canada opened more of its provincial procurement markets to U.S. companies.

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