Northern Ontario Economic Overview

Prepared by Strategic Policy, FedNor

March 2026

Federal Economic Development Agency for Northern Ontario
Agence fédérale de développement économique pour le Nord de l'Ontario

Canada

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Cat. Number:

ISSN 3111-2641

Aussi offert en français sous le titre : Northern Ontario Economic Overview.

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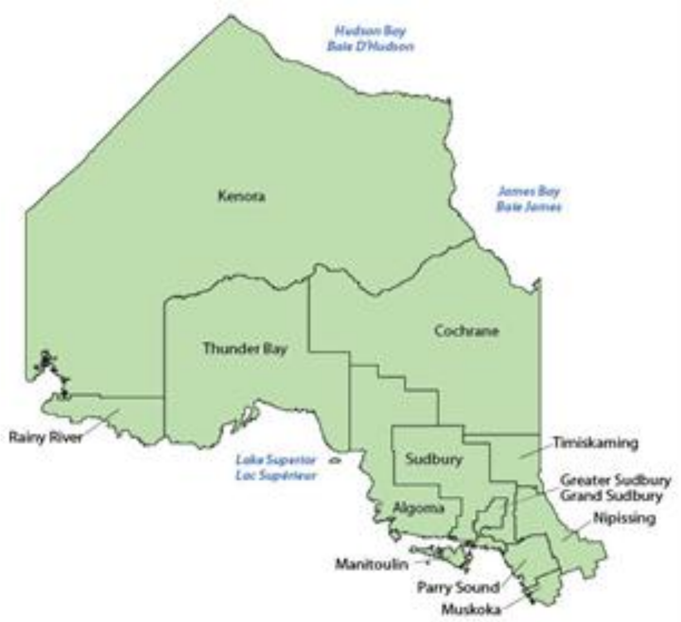

Key Facts	
Gross Domestic Product (2024)	**34.6 billion** – About **4%** of Ontario's total GDP
Population	**2021 Census: 856,193** (**6%** of Ontario's population)[i] **2024 Estimate: 943,899** (**6%** of Ontario's population)[ii]
Indigenous Peoples (2021)	**140,320** (**17%** of Northern Ontario's population; **35%** of Ontario's Indigenous population)[iii]
Francophone (2021)	**123,905** (**15%** of Northern Ontario's population or **21%** of Ontario's Francophone population[iv]
Number of Communities	**150** municipalities, **80%** with less than 2000 residents **23** official language minority communities **106** First Nation communities; **28** remote communities[v]
Largest Communities (2024 Estimates)	Greater Sudbury CMA (191,902) Thunder Bay CMA (133,063) Sault Ste. Marie CA (88,012) North Bay CA (84,076) Timmins CA (45,594)

Northern Ontario spans 90% of Ontario's landmass but is home to just 6% of its population.[vi] The region extends west to Manitoba, north to the Hudson and James Bay coasts, east to the border of Quebec, and south to the census divisions of Muskoka and Parry Sound. Northern Ontario is home to 856,193 people where more than half of the population (60%) are concentrated in one of its seven major centres.[vii]

The region is home to 150 municipalities, and nearly all (148) are considered rural. Over 80% of small and dispersed communities in the region have a population of fewer than 2,000 residents. Northern Ontario's dispersed population results in very low population density - 1 person per km^2 versus 132 people per km^2 in Southern Ontario [viii] [ix] as of 2024. This rurality and remoteness create significant challenges for mobility, market access, and service delivery.

Twenty-eight communities, 27 of which First Nations, are unconnected and accessible only by air travel or a combination of air travel and seasonal links – winter roads, ferries or boats.[x] Most of these communities are in the Northwestern region. These conditions create persistent challenges related to infrastructure, connectivity, and economic participation.

At the same time, Indigenous communities are active economic leaders across Northern Ontario, with significant and growing involvement in resource development, clean energy, infrastructure, and innovation. These conditions underscore both existing economic contributions and further opportunities to support Indigenous-led development and partnerships.

The region is home to a large Indigenous population (17%), significantly higher than Ontario (3%) and Canada (5%).[xi] Northern Ontario also includes a substantial Francophone population, accounting for 21% of Ontario's Francophones.[xii] Immigration has increased in recent years, supported in part by the Rural and Northern

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Immigration Pilot (RNIP), which brought approximately 2,700 newcomers to the region between 2019-2023. Retention of this population cohort remains a priority for the region.

Economic growth in Northern Ontario has traditionally lagged the rest of Ontario and Canada. In 2024, regional gross domestic product (GDP) was estimated at $34.6 billion—about 4% of Ontario's total GDP. Most of the region's GDP stems from mining (15%), non-commercial services[xiii] (18%), finance, insurance and real estate (11%), and commercial services[xiv] (11%).[xv] [xvi]

As of December of 2025, the region had 76,200 businesses, approximately 25,600 of which had employees. Nearly all of these (>99%) were small and medium-sized enterprises (SMEs), with only 83 classified as large employers (500 or more employees).[xvii]

In 2024, Northern Ontario supported approximately 408,000 jobs.[xviii] Considering the region's abundance of natural resources, mining and forestry remain cornerstones of the regional economy, alongside agriculture, manufacturing, tourism, clean energy and the bioeconomy as priority sectors.

Northern Ontario continues to face persistent challenges, including labour-market pressures, slow business growth, low export levels, and limited technology adoption. The region's heavy reliance on primary industries makes it particularly vulnerable to global economic cycles and trade disruption. These impacts are felt most strongly in small and rural communities that depend on a single industry. Long distances between communities contribute to higher business and infrastructure costs, while limitations in key infrastructure such as broadband, housing and transportation, further constrain growth. Climate change adds additional pressures, with regional temperatures increasing at a rate three times faster than the global average.

At the same time, Northern Ontario boasts many opportunities, including a strong innovation ecosystem, and an abundance of natural resources, such as rare minerals, massive forests, and undeveloped agricultural land. Rising demand for natural resources, including precious and base metals, wood products, and biofuels, along with the transition to a low-carbon economy, and the need for responsibly sourced critical minerals present Northern Ontario with significant competitive advantages.

Population Growth

Northern Ontario has experienced steady population growth in recent years, despite declining natural growth. Between 2019 and 2024, the population increased by an estimated 7%. This represents a clear improvement for the region following marginal growth of 1% between 2011 and 2016, although still below population growth estimates for Ontario (10%) and Canada (11%).[xix]

Between 2019 and 2024, population growth was driven mainly by an influx of temporary residents (53%), followed by people moving in from Southern Ontario (35%), and new permanent residents (13%). In the seven major centres, the growth was primarily because of temporary residents (68%), while growth outside of these areas was driven heavily by in-migration from Southern Ontario (86%). Since 2023, these major centres in Northern Ontario have expanded much faster, with growth of 6% between 2022 and 2024, compared to approximately 1% growth across all other areas throughout the region.

These gains were offset by natural change, as deaths continued to outnumber births, and by outmigration to other provinces. Youth aged 15 to 29 accounted for 42% of those leaving the region for other provinces. These dynamics show that recent population growth has been driven mostly by an influx of temporary and mobile groups, while natural growth and retention of youth continue to decline.[xx]

At the same time, Northern Ontario has an older population than the rest of Ontario and Canada. In 2024, half of the region's residents were 43.7 years or older, compared with 39.6 years in Southern Ontario and 40.3 years nationally. [xxi] The median age is projected to rise to 45.4 by 2051, remaining above both provincial and national averages. [xxii] [xxiii] This aging trend, combined with a slight decline in the number of workers, has contributed to a rising Demographic Dependency Ratio, which measures the number of dependents relative to the working population. In 2021, every 10 workers supported 8.4 dependents, up from 7.6 in 2016. This ratio remains higher than Ontario and Canada overall, where every 10 workers supported 7.0 dependents in 2021. [xxiv] [xxv] [xxvi]

Indigenous

Indigenous peoples represent an important share of Northern Ontario's population. In 2021, they accounted for 17% of the region's population, compared to 3% in Ontario and 5% in Canada. Thirty-five percent of all Indigenous people in Ontario lived in Northern Ontario, with higher concentrations in the Northwest.[xxvii]

Northern Ontario is home to 106 of Ontario's 133 First Nations communities, and all but two First Nations having fewer than 2,000 residents.[xxviii] [xxix] This geographic distribution contributes to the region's unique demographic profile, with many communities located in rural, remote, or fly-in areas.

Within the regional Indigenous population, First Nations represent the largest group (69%), followed by Métis (29%), and a small proportion of Inuit (<1%).

Between 2016 and 2021, the Indigenous youth population aged 15 to 29 grew by 2% and now accounts for close to one quarter (23%) of Northern Ontario's youth population. This reflects a young and growing demographic that is increasingly entering the workforce.[xxx]

The Indigenous population plays an essential role in the region, helping to shape the regional labour force, advancing land stewardship, and contributing to resource development and project decision.

Francophone

Northern Ontario is home to approximately 124,000 Francophones, of which 75% (92,500) reside in the 23 official language minority communities (OLMCs) found in the region.[xxxi] [xxxii] [xxxiii] [xxxiv] Francophones represented 15% of the region's population in 2021, compared to 4% in Ontario and 4% in Canada outside of Quebec, with the highest concentrations found in the Northeast.

However, OLMCs have been experiencing significant out-migration. The Francophone population declined by approximately 6% from 2016 and 2021, even as the overall population grew by 2% during the same period. It is estimated that Northern Ontario would need up to 12,391 French-speaking immigrants every year for the next decade to maintain current population levels.[xxxv]

Immigrants and Visible Minorities

Immigrants make up 6% of Northern Ontario's population, a much smaller share compared to Ontario (30%) and Canada (23%) as of 2021. Between 2016 and 2021, immigration growth was modest at one percent, well below the increases seen provincially (9%) and nationally (11%).[xxxvi] Immigrants are generally younger than the local population, and most (77%) newcomers settle in one of the region's seven larger centres.

Retention of this population cohort remains a priority for the region. The one-year retention rate for immigrants admitted into the region in 2021 was approximately 64% for the Northeastern Ontario and 61% in

Northwestern Ontario. These rates are below peak levels observed with 2013 as the year of admission, when one-year retention rates reached 74% in the Northeast and 83% in the Northwest. Local one-year retention rates available for the 2021 base year are comparable to that observed in the Territories (61%), but below that of the Côte-Nord region of Québec (73%).

Longer-term retention also remains a challenge. The five-year retention rates for immigrants admitted into the region in 2017 were 52% in the Northeast and 48% in the Northwest - Both below the peak levels observed with 2013 as the year of admission (60% and 68%, respectively). Local five-year retention rates available for the 2017 base year are comparable to the Côte-Nord region of Québec (50%) but below the rate of the Territories (63%).[xxxvii]

In more recent years, immigration has risen, supported in part by the Rural and Northern Immigration Pilot (RNIP), which brought approximately 2,700 newcomers to the region between 2019 and 2023. The number of new permanent residents rose sharply between 2021 and 2022, a noticeable change from earlier years when growth was more gradual. Although the RNIP ended in August 2024, immigration continues through two new pilots: the Rural Community Immigration Pilot and the Francophone Community Immigration Pilot.

Visible minorities account for 4% of the region's population, a much smaller share compared to Ontario (34%) and Canada (27%) as of 2021. Recent increases in immigration have contributed to the growth of visible minority populations. Between 2016 and 2021, the number of visible minority residents rose sharply in 67%, outpacing provincial (24%) and national (26%) increases.[xxxviii]

Labour Force

Northern Ontario's labour force was composed of over 400,000 people aged 15 years and over between 2024 and 2025.[xxxix]

From 2019 to 2024, the region's population over the age of 15 grew by 8%, lagging Ontario (12%) and Canada (11%). Employment and participation rates are also below provincial and national levels. In 2024-2025, 58% of the working-age population was either employed or actively seeking work (participation rate). but only 55% was employed (employment rate) both lower than in Ontario and Canada.[xl] These differences reflect a combination of demographic pressures, including an aging population, as well as broader structural labour market conditions, rather than a shortage of jobs.[xli]

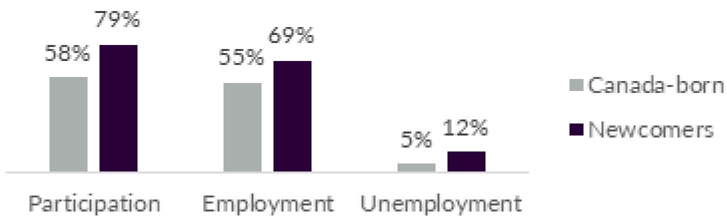
Table 1. Labour force characteristics, Labour Force Survey estimates, March 2024 to February 2025[xlii]

	Employment Rate	Participation Rate	Unemployment Rate
Northern Ontario	55%	58%	6%
Ontario	60%	65%	7%
Canada	61%	65%	7%

The region has a shrinking share of workforce entrants (15–29) and a rising retiree population (55+). In 2024, 44% of workers were set to retire in the next 10 years (aged 55 and over), compared to 36% in Ontario and 37% in Canada. From 2019 to 2024, the share of workforce entrants decreased by 13%, with similar decreases seen in the province (15%) and nationally (12%) during the same period.[xliii]

Newcomers and immigrants to the region have higher labour force participation and employment rates than the Canadian population born in Canada, but experience unemployment rates more than twice as high suggesting greater barriers to securing employment.

Figure 1. Participation, employment, and unemployment rates for newcomers and Canada-born population (2024–2025)[xliv]



Regionally, Indigenous people experience comparable rates of workforce participation, employment, and unemployment to the non-Indigenous population, while gaps remain in Ontario and Canada as of 2024–2025.

Table 2. Labour market indicators for the Indigenous and non-Indigenous population in Northern Ontario, Ontario, and Canada (2024–2025)[xlv]

Labour force indicator	Northern Ontario		Ontario		Canada	
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous
Participation	60%	58%	62%	65%	63%	65%
Employment	55%	55%	55%	61%	57%	61%
Unemployment	6%	5%	10%	7%	10%	6%

Communities outside of the seven major centres in Northern Ontario face distinct challenges. Participation and employment rates are lower in these areas at 54% and 50%, compared with 60% and 57% in the seven major centres, while unemployment rates remained similar across both settings.[xlvi] Youth residing outside of these centres continue to experience the largest gaps in participation, employment, and unemployment, highlighting the additional barriers smaller communities face throughout the region.[xlvii]

Education

Northern Ontario is home to six universities and six colleges, as well as four Indigenous owned and controlled post-secondary institutions, with campuses spread across the region in all major centres. This includes the Université de Hearst and Collège Boréal, both institutions focused on providing education in the French language, and the Northern Ontario School of Medicine, which has campuses in Sudbury and Thunder Bay. Post-secondary institutions play a pivotal role in the region's efforts to improve talent attraction and retention and are a key stakeholder in the regional innovation ecosystem.

However, access to post-secondary education is limited in rural and remote communities, especially for First Nations. In 2021, highest educational attainment levels for those 25 to 64 years of age generally lagged provincial and national averages.

Table 3. Education attainment levels of the population aged 25 to 64 years in Northern Ontario, Ontario and Canada (2021)[xlviii]

Highest educational attainment level	No certificate, diploma or degree	High school (secondary diploma or equivalency certificate)	Apprenticeship or trades certificate or diploma	Post-secondary certificate or diploma below bachelor level	Bachelor's degree or higher	Master's degree or higher
Northern Ontario	12%	28%	8%	40%	20%	4%
Ontario	9%	23%	5%	31%	37%	10%
Canada	10%	23%	10%	34%	33%	8%

Northern Ontario has a larger share of residents with a post-secondary certificate or diploma below the bachelor's level (40%) compared to 31% on Ontario and 34% nationally. The region also has a higher share of individuals with trades certificates (8%) compared to 5% in Ontario, although this remains slightly below the national average (10%).[xlix]

Only 10% of post-secondary graduates in Northern Ontario held a STEM credential in 2021, compared with 15% in Ontario and 14% nationally.[l] However, among those with STEM credentials, a larger share specialized in engineering and engineering technology (55%), exceeding provincial (47%) and national (48%) levels. Northern Ontario also shows relative strengths in specific fields, including natural resources, conservation, services, and trades (18% of graduates, compared to 12% provincially and 14% nationally), as well as health care, the region's largest employment sector, at 10%, compared to 8% in Ontario and Canada.

Economic Growth

In 2024, Northern Ontario's gross domestic product (GDP) was estimated at $34.6 billion, representing about 4% of Ontario's total GDP despite the region representing 6% of the province's population.[li] [lii] Most of the region's GDP stems from mining (15%), non-commercial services[liii] (18%), finance, insurance and real estate (11%), and commercial services[liv] (11%).

Between 2019 and 2024, regional GDP grew by 3%, below growth rates in Ontario (7%) and Canada (6%). growth.[lv] [lvi] [lvii] Nearly all (86%) of Northern Ontario's GDP gains came from just three sectors: construction (42%), non-commercialized services (25%), and mining (19%).

Among all industries, the primary sector, grew the fastest at 34%, followed by construction at 27%. In contrast, the transportation, warehousing, wholesale, and retail trade sectors observed the steepest declines, accounting for 58% of region's overall slowdown in GDP growth.

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Businesses and Entrepreneurship

Small businesses play a vital role in communities across Northern Ontario, shaping local identity while contributing to economic resilience and long-term growth. In December of 2025, there were approximately 25,600 businesses with one or more employees.[lviii]

Nearly all businesses in the region, more than 99%, are small and medium-enterprises (SMEs) employing between 1 to 499 employers. Northern Ontario has a smaller share of micro-businesses with 1 to 4 employees compared with Ontario and Canada, but a larger share of mid-sized firms with 5 to 499 employees. As of December 2025, the region was home to 83 large enterprises (500+ employees).

Table 4. Share of SMEs with employees by size (number of employees), December 2025[lix]

Number of Employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499
Northern Ontario	47%	21%	16%	10%	4%	2%	1%
Ontario	59%	17%	11%	8%	3%	1%	1%
Canada	57%	18%	12%	8%	3%	1%	1%

The number of businesses increased by only 1% between 2019 and 2024, a rate considerably lower than Ontario (6%) and Canada (4%) over the same period.

SMEs are crucial to Northern Ontario's economy, yet they face unique challenges that hinder growth and competitiveness. Geographic isolation from major economic hubs and professional networks limits access to information, investment, and market opportunities. At the same time, higher costs for energy and transportation, combined with long distances to large centres and limited access to financial institutions, place additional strain on operations. These pressures were reflected in the top obstacles to growth reported by Northern Ontario SMEs in 2023, which included rising input costs (38%), difficulty recruiting and retained skilled employees (30%), and transportation costs (23%).[lx]

Industry Characteristics

Northern Ontario's employment landscape is shaped by a mix of service-producing and goods-producing industries, with most jobs concentrated in a small number of key sectors. In 2024, industries across the region supported approximately 408,000 jobs.[lxi] Employment grew by 10% between 2019 and 2024, adding about 31,100 jobs, with goods-producing industries growing by 6% and services-producing industries by 9%.

Much of this employment is concentrated in a small number of sectors. The five largest industries were:

- **Health care & social assistance** (73,000 jobs, 17%);
- **Retail trade** (46,800 jobs, 12%);
- **Public administration** (43,900 jobs, 11%);
- **Educational services** (34,500 jobs, 8%); and
- **Accommodation & food services** (33,000, 8%)

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Together, these sectors accounted for 57% of all jobs, underscoring the extent to which Northern Ontario relies on labour-intensive, service-oriented employment industries. In contrast, capital-intensive industries like mining and manufacturing generated 22% of the region's estimated GDP in 2024[lxii], but accounted for only 10% of jobs, with each sector representing about 5% of total.[lxiii]

Priority and Emerging Sectors

While the region's primary sector is vulnerable to external pressures related to global economic cycles and trade disruptions, Northern Ontario features a competitive advantage in its abundance of natural resources. Mining and forestry remain cornerstones of the regional economy, while agriculture, manufacturing, tourism, clean energy and the bioeconomy also play important roles as priority sectors.

The significance of these priority sectors is evident in community-level employment patterns. In 2021, 38 small, rural or remote communities (13% of community census subdivisions) were reliant on a single industry under one of the priority sectors or an essential services sector such as public administration, educational services or health care and social services[lxiv] [lxv]. This concentration underscores both the economic importance of these sectors and the need for continued diversification. Despite these challenges, there are opportunities for growth across Northern Ontario's priority and emerging sectors.

Mining and Critical Minerals

The mining and critical minerals sector is a cornerstone of Northern Ontario's economy. As of 2024, the region is home to more than 30 active mines and over 900 mining supply and service companies[lxvi], and it hosts 27 of Ontario's 28 metal mines.[lxvii] Together, these activities contributed an estimated $5.2 billion to GDP in 2024, representing 15% of the regional economy.[lxviii]

In 2024, Northern Ontario supported 24,200 or 64% of all provincial jobs in mining, quarrying, and oil and gas.[lxix] This concentration highlights the sector's central role in employment and economic activity across the region.

Northern Ontario's Ring of Fire region represents one of the most significant opportunities for future mineral development. This area holds major deposits of critical minerals needed for electric vehicle battery production, positioning the region as a key contributor to Canada's transition to a low-carbon economy. In Northwestern Ontario, 41 potential mines are projected to start by 2033, requiring an estimated 250 megawatts of energy.

The region is also home to the Crawford Nickel Project – One of the Government of Canada's major projects - highlighting the region's strategic role in advancing Canada's critical minerals and resource development priorities.

Manufacturing

Manufacturing is a key pillar of Northern Ontario's economy. In 2023, the region was home to 1,522 manufacturing establishments, with 80% of these firms concentrated in value-added processing related to mining, forestry, equipment and food.

In 2024, the sector contributed an estimated $2.4 billion to regional GDP, representing 7% of the regional economy[lxx], and supported over 21,700 jobs.[lxxi]

Global trends in nearshoring, clean technologies and critical mineral processing are creating an opportunity for the region to expand its advanced manufacturing capacity, including the production of battery components and bio-based materials.

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Forestry

Northern Ontario's geography includes 50 million hectares of the world's largest intact forest, forming an important part of Canada's forest landscape.[lxxii] As of 2024, Northern Ontario supported nearly 2,700 jobs or 60% of all provincial jobs in forestry, logging and forestry support activities in the forestry sub-sector - 31% in the Northeast region and 29% in the Northwest.[lxxiii]

Advancements in technology are also driving change across the forest industry. These include improvements in market development, operational efficiency, business processes, and the development of new forestry and biobased products. These shifts are reshaping how the sector operates and how it competes within domestic and global markets.

Despite these developments, forestry employment in Northern Ontario has declined significantly over the past two decades due to structural and market pressures. The sector continues to face challenges related to fibre supply constraints, automation, global competition and tariffs contributing to mill closures and job losses. These impacts disproportionally impact small towns and Indigenous communities reliant on the forestry sector for employment and economic stability.

Tourism

Tourism is a major economic driver in Northern Ontario and has shown strong post-pandemic recovery, with sustained long-term growth potential, particularly in Indigenous and nature-based tourism. In 2024, the sector supported approximately 54,000 jobs.[lxxiv] Throughout the region, tourism has a strong business presence, with 1 in 5 businesses being tourism related.[lxxv]

In 2022, Northern Ontario welcomed 9 million visitors, the equivalent of approximately 10 visits per capita, generating $2.7 billion in spending.[lxxvi] Given the breadth of outdoor recreation activities in the region, nature and conservation are central to both the visitor experience and to the long-term sustainability of the tourism economy.

Agriculture

Agriculture is a key contributor of economic growth, innovation, trade, and investment in the region. In 2024, the sector generated an estimated $303 million in farm cash receipts, driven largely by dairy, livestock, grains, and other crops such as soybeans, canola, and potatoes. Despite facing significant challenges, such as harsh climate conditions, limited infrastructure, and small local markets, farm cash receipts by local farms supported $575 million in GDP in 2023.[lxxvii]

Although farm cash receipts increased from an estimated $214 million in 2019 to $303 million in 2024[lxxviii], the number of farms declined from 2,400 to 2,100 [lxxix] between the 2016 and 2021 census periods. This trend indicates increasing income concentration, with fewer farms accounting for a larger share of total revenue.[lxxx]

The sector employed over 6,750 people in 2024, representing a 15% increase over a decade, with strong long-term demand expected.[lxxxi] However, aging operators and limited succession planning pose major risks. In 2021, 62% of farmers were aged 55 or older, only 8% were under 35[lxxxii], and more than 71% of farms reported having no succession plans in place.[lxxxiii]

There are also opportunities for growth. The region holds up to three million acres of developable farmland at a lower cost than in Southern Ontario. This includes significant potential for expansion in the Great Northern Clay Belt in Northeastern Ontario.[lxxxiv]

Clean Energy and Bioeconomy

Northern Ontario has increasingly become a focal point for sustainable energy solutions, particularly in solar, wind, biomass, and untapped hydroelectric potential. However, these emerging clean energy projects also require resilient and strong transmission infrastructure to connect power generation sites to the provincial grid. Currently, the transmission system in the region is underdeveloped and struggles to efficiently transport electricity from remote areas to population centres.

At the same time, First Nation communities are increasingly participating in renewable energy projects across Northern Ontario. In 2022, First Nations, Métis, and Inuit entities were partners or beneficiaries in nearly 20% of Canada's existing electricity-generating infrastructure, most of which produce renewable energy.[lxxxv]

Exports and Interprovincial Trade

Northern Ontario's export performance continues to play a central role in the region's economic strength and resilience, despite fluctuations in global markets and trade conditions.

In 2023, Northern Ontario exported $10.1 billion in goods - down 9% from 2022 but still 33% above 2021 and 17% higher than 2019. Export growth since 2021 (33%) has outpaced Southern Ontario by 4 percentage points and Canada by 11 percentage points, though total growth since 2019 (17%) lagged provincial (21%) and national (32%) levels.[lxxxvi]

The United States remained the most common export destination, with 92% of Northern Ontario exporters having shipped there, higher than Southern Ontario (89%) and Canada (85%). Northern Ontario produces 26% of Canada's minerals, with 56% exported to the U.S., and 96% of Ontario's forestry exports also going south. Given this reliance, U.S. tariffs and global trade disruptions present ongoing risks to regional exporters.

At the same time, Northern Ontario's export profile is notably diverse. Regional SMEs are 60 percentage points more likely to export to non-U.S. destinations than SMEs in Southern Ontario, and 37 points more likely than SMEs nationwide. Beyond the U.S., the most common export destinations include Europe (24%), the United Kingdom (20%), and Mexico (17%). Continued diversification will help position Northern Ontario to attract new investment and remain competitive during periods of global trade volatility.

Interprovincial trade also contributes to the region's economic activity. In 2023, approximately 20% of Northern Ontario SMEs reported sales to customers elsewhere in Canada—slightly below the national rate of 25%, but a substantial improvement from 11% in 2017 and 15% in 2020.

In 2023, Northern Ontario SMEs were also more likely to engage in business-to-consumer sales than business-to-business sales, regardless of whether transactions were interprovincial (57% B2C versus 38% B2B) or export based (54% B2C versus 41% B2B). This contrasts with Ontario and Canada, where business-to-business sales make up most of the interprovincial trade (60% Southern Ontario; 55% Canada) and export sales (68% Southern Ontario; 63% Canada).[lxxxvii]

Innovation

Northern Ontario is home to a growing and comprehensive innovation ecosystem that supports SMEs and entrepreneurs. This ecosystem includes regional innovation centres, post-secondary institutions, ICT networks, business accelerators and incubators, and other partners that help bring new ideas to market. Together, individuals, institutions, businesses, and communities collaborate to turn ideas into marketable products, processes, and services.

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In 2023, approximately 1 in 4 SMEs in the region introduced at least one type of innovation within the previous three years, a rate that is consistent with Ontario and Canada. This represents an improvement from 2020, when 1 in 5 SMEs reported innovation activity.

As is the case in many rural regions across Canada, SMEs in Northern Ontario are less likely to engage in innovation activities such as holding intellectual property or adopting advanced technologies. Only 9% of SMEs in the region reported holding at least one type of intellectual property in 2023, compared to 15% nationally. Adoption of advanced technologies was lower, with 43% of regional SMEs reporting adoption in 2023 versus 51% across Canada.[lxxxviii]

It is important to note that innovation in Northern Ontario often looks different from innovation in more populated regions. Rural innovation tends to be smaller in scale, tailored to local needs, and focused on customized solutions, process improvements, and low barrier technologies rather than large, high-tech breakthroughs.

Infrastructure

Infrastructure plays a fundamental role in supporting economic growth, community well-being, and long-term development across Northern Ontario. However, the region's infrastructure base is under increasing strain, as municipalities and First Nations face rising costs to maintain, upgrade, and expand essential systems. These pressures are particularly acute in rural and remote communities, where aging assets, limited funding capacity, and vast distances complicate planning and delivery.

Northern Ontario anchors key east–west national transportation routes. Highways 11 and 17 support national traffic flows and resource supply chains, freight rail connects the region to neighbouring provinces, and the Port of Thunder Bay serves as a major gateway for Prairie grain and other bulk exports. Despite its strategic position, the region continues to experience significant transportation challenges. Long travel distances, predominantly two-lane highways, inconsistent cell coverage, and stretches of up to 210 km without rest or fuel stops all contribute to elevated safety risks. In 2020, the region's fatality rate was 7.8 per 100,000 residents, compared with 3.7 in Ontario and 4.7 nationally.[lxxxix]

Accessibility challenges are even more pronounced for Northern Ontario's 28 unconnected communities—most of them First Nations—that rely on year-round air access.[xc] [xci] Many remote First Nations also depend on winter roads when conditions allow, but climate change is shortening these operating seasons, increasing isolation and raising transportation costs for essential goods and services. In addition to this, as of 2024, there are 20 First Nations communities that are dependent on diesel for power generation.[xcii]

Beyond transportation, the region faces persistent gaps in broadband and housing infrastructure. Broadband access remains uneven: while 76% of households have access to adequate service, this drops to just 57% outside the region's five largest communities, compared with 96% in Ontario overall.[xciii] Reliable connectivity is increasingly essential for education, health care, business operations, and community sustainability—making these gaps especially challenging.

Housing affordability is generally better than the provincial average, yet the region faces its own unique pressures. Northern Ontario has a higher share of older homes and a greater proportion requiring major repairs (8% versus 6% in Ontario).[xciv] Construction costs are also significantly higher—about 33% more in urban northern centres and up to 230% higher in remote areas compared to Southern Ontario—due to difficult terrain (Canadian Shield), transportation distances, and supply chain limitations.[xcv] Combined with low population density, these factors result in slower project timelines and higher per-unit costs relative to Southern Ontario.

[i] Statistics Canada. Table 98-10-0002-03 Population and dwelling counts: Canada, provinces and territories, census divisions and census subdivisions (municipalities)
[ii] Statistics Canada. Table 17-10-0152-01 Population estimates, July 1, by census division, 2021 boundaries
[iii] Statistics Canada. Table 98-10-0293-01 Indigenous identity population by gender and age: Canada, provinces and territories, census divisions and census subdivisions
[iv] Statistics Canada. Table 98-10-0173-01 Mother tongue by knowledge of official languages: Canada, provinces and territories, census divisions and census subdivisions
[v] Communities accessible by air travel only, or a combination of air travel and alternate modes of travel such as winter roads, when conditions allow.
[vi] Statistics Canada. Table 17-10-0152-01 Population estimates, July 1, by census division, 2021 boundaries
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