

States, of roughly the same magnitude as the overall decline. This result is hardly surprising given that large firms account for the vast majority of Canada's exports to the United States. For Canada's small businesses, exports to the United States also fell, by 30 percent between 2008 and 2009, while medium-sized firms were slightly less affected—down by 25 percent over the same period.

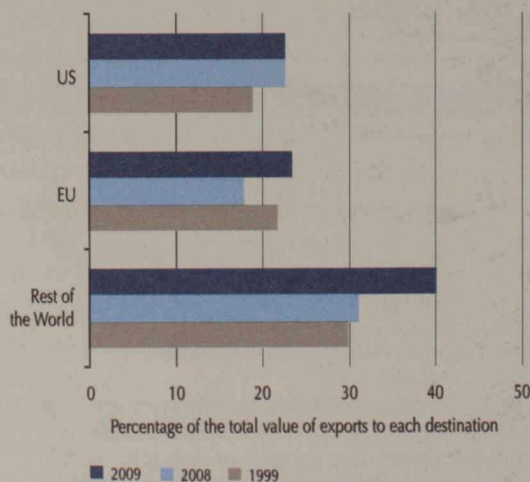
The somewhat different performance among different sized firms can partly be explained by relating the size of a firm to the industry to which it belongs. For example, transportation equipment and mining and oil and gas extraction accounted for about 45 percent of Canadian merchandise exports to the United States in 2008. One feature of the oil and gas and other resource-related sector is that it is more likely to be populated by large firms, which would in turn have been subjected to the sharp declines in resource prices during the global crisis. Large firms are also major participants in the automotive sector, which was already

declining but then fell sharply during the crisis. By contrast, small and medium-sized enterprises typically serve niche markets or provide intermediate inputs as part of integrated North American value chains. These activities were likely less impacted by the crisis.

Small Business and Other Export Destinations

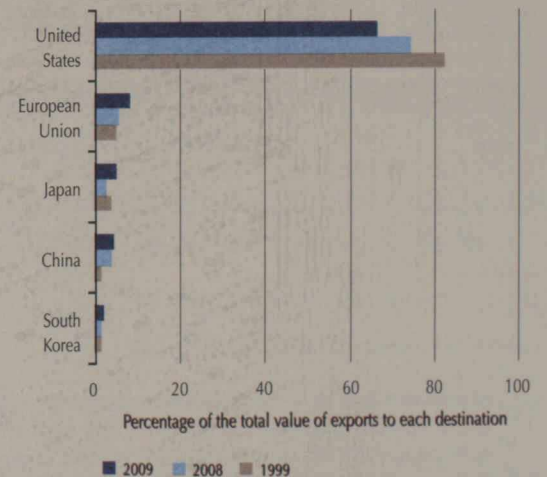
Small firms are particularly important for exports to non-traditional markets. Canada's small firms accounted for just over 20 percent of total merchandise exports to both the United States and the EU in 2009; however, they accounted for over 30 percent of exports to the rest of the world before the global financial crisis, and subsequently saw that share shoot up to 40 percent in 2009. The absolute value of their exports also increased slightly. Meanwhile, the shares and the absolute value of exports for both medium-sized and large firms declined during the crisis.

Small Business Exports by Destination



Source: Statistics Canada, Exporter Register.

Main Export Destinations for Canadian Small Businesses



Source: Statistics Canada, Exporter Register.