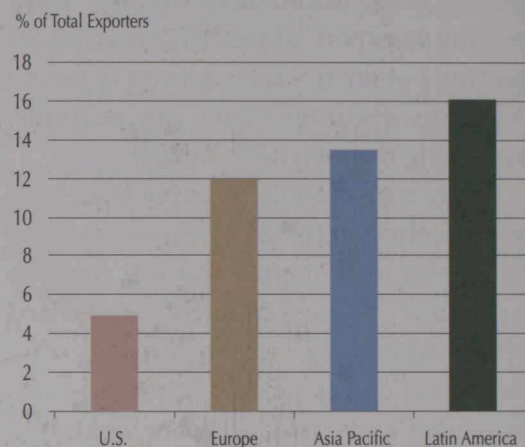


FIGURE 3**Characteristics of TCS and Non-TCS Exporters (Annual Average)**

Source: Statistics Canada's Exporter and Business Register/Authors' calculations

The likelihood that firms will seek TCS assistance also rises with the age of the firm (number of years in business), the number of markets it serves and the number of products it sells. TCS clients also have slightly higher productivity than the average exporter, and slightly more exporting experience (See Figure 3).

Firms that export to non-U.S. markets rely more frequently on TCS assistance (See Figure 4). Only 5 percent of firms that exported to the U.S. market accessed TCS assistance, compared to 12 percent of those that exported to Europe, 13.5 percent of those that exported to Asia-Pacific and 16 percent of those that exported to Latin America. This confirms that market entry costs are higher for Canadian firms in non-U.S. markets, and therefore the incentive to lower these costs by accessing TCS assistance is greater.

FIGURE 4**Distribution of TCS Clients by Region**

Source: Statistics Canada's Exporter and Business Register/Authors' calculations

Note: The sum of number of clients across regions does not equal to the total number of clients as some firms export to more than one region at the same time.

Firms operating in the food and beverage and in the computer, electronic and electrical equipment sectors are more likely to seek TCS assistance. This suggests that for more differentiated products, TCS assistance is more valued. Table 1 shows the sectoral distribution of TCS clients and non-client exporters. The sectoral distribution of TCS client exporters was fairly stable in the sample years. The wholesale & retail and other services sectors had the largest number of exporters, but these firms were proportionately less likely to seek TCS assistance. Firms in these sectors would normally be providers of import/export services, acting as intermediaries for the goods producers.

Assessing the impact of the TCS: the methodology⁴

The average treatment effects method has been adopted as the empirical framework for the present analysis. This approach is an adaption of experimental trials that involve a treatment group and a randomly

4 See Van Biesebroeck, Yu and Chen (2010).