textiles, apparel & footwear, computers, aerospace and communication equipment & semiconductors, were found to rely heavily on imported intermediate manufactured inputs in all countries. Without discounting the importance of such industries, which is reflected in their employment and GDP statistics, their export figures tend to hide a sizeable foreign content.

All other things being equal, exports with a large foreign content do not contribute as much to domestic GDP or the employment of domestic resources as exports with less foreign content. While recognizing that, without their foreign content, certain export industries would not be competitive internationally (as the small Canadian economy cannot be a world-class producer of all input components), and there would be a loss of the domestic economic benefits that accompany even those industries that rely heavily on imported inputs, it would be interesting to remove the foreign component to ascertain how much Canadian content is embodied in internationally integrated industries' exports. Only then can it be determined which industries will provide the most employment and GDP gains from trade. Again, other things equal, the higher the degree of input transformation that takes place domestically, the greater the domestic economic impact of exports.

The input-output model does not explicitly provide a Canadian share of the value of exports by industry. It does, however, reveal the import share of commodity inputs in the production of exports, indicating which industries tend to rely more (or less) heavily on imported inputs. The average share of imported commodity <u>inputs</u> in total inputs used in the production of Canadian exports is 27.7%. By industry, the figures range from 5.8% for Tobacco Products Industries to 59.6% for Electrical & Electronic Products Industries.

The model also provides data on imported inputs as a share of gross industry <u>output</u>. In our use of the model, gross industry output is defined as production destined for export plus production destined for other domestic industries (as intermediate inputs) whose output is stimulated by an increase in exports. A specific industry's output is the sum of its inputs, its own value-added (or GDP) and indirect taxes less subsidies. The imported input share of gross industry output for export is 15.4%. If we assume that imported commodities account for the same shares of output destined for export and for intermediate inputs, then 15.4% of exports is imported commodity inputs. If the imported commodity input component of exports