was partially offset by the negative contribution of exiters of 12.9 percentage points, resulting in a contribution from net entries of 11.5 percentage points.

5. Conclusion

The recent availability of export data at the firm level permits closer analysis of Canadian export performance than is possible with aggregated data. Linking these data with data from TCS client management database made feasible this first-ever econometric assessment of the impact of the Trade Commissioner Service (TCS) on Canadian exporter performance.

The estimation results show that TCS assistance has a consistently positive effect on the value of Canadian exports. Exporters that received assistance export almost 18 percent more on average than comparable exporters that did not receive such assistance. This finding is robust across a range of specifications and alternative methodologies. Furthermore, cost-benefit analysis suggests that every dollar spent on the TCS yields $27 in export sales. The assessment also finds that the TCS helps its clients export 15 percent more products to 36 percent more markets.

While the analysis shows that the typical Canadian firm has much to gain from TCS assistance, it also shows that some types of firms benefit more than others. Those that benefit more include firms that have been in business longer and are larger, which indicates that they are "export ready." These firms are also characterized by lower productivity, less export experience, and are less diversified in their products and markets, all indicators suggesting a greater need for assistance.

The firm-level data can also be used to analyze the dynamics underlying the diversification of Canada's exports away from the U.S. market. The average number of export destinations served per firm increased from 1.7 markets in 1999 to 2.5 markets in 2006, and the proportion of multi-market exporters in the total Canadian exporter population increased from 18 percent to almost 27 percent over the same period. The diversification was led by SME exporters, particularly towards Asia where SMEs now account for almost half of the value of exports to that region.

By tracking cohorts of market entrants, it is possible to identify the high attrition rate of firms that enter into export markets. Only a quarter of the 13,000 new entrants in 2000 were still exporting in 2006. However, these survivors had increased their export sales more than nine-fold from an average of about $150,000 to over $1.4 million.

Reflecting the rapid increase in export sales for firms that are able to establish themselves in export markets, new entrants play a significant role over time in driving the growth of Canadian exports, particularly in emerging markets, even after subtracting the negative impact of firms that exited markets. In Asia, net new entrants accounted for half of the growth in exports over the study period. In Latin America, new entrants accounted for almost 80 percent of export growth.

New entrants also played an important role in limiting the decline in Canadian export performance in the key U.S. market. Had it not been for the contribution of new entrants, exports to the U.S. between 2000 and 2006 would have declined by over 10 percent, rather than less than 4 percent as was actually the case.

Together, these findings with respect to the impact of new entrants on export growth underscore the vital importance of continuing export promotion aimed at helping new exporters overcome entry barriers, even in established markets. The analysis presented in this special feature demon-