

mode of transportation. By U.S. regional destination, there has been a shift away from the Great Lakes and Mid-East regions toward faster-growing markets in the South and West. This trend continued during the recession, notwithstanding that these regions were among the hardest hit by the U.S. housing crisis. The industry mix of the Great Lakes region, home to much of the troubled U.S. auto industry, has been a drag on Canadian exports, especially in the present decade.

At the same time, the share of Canada-U.S. trade that is intra-firm continues to trend downward, particularly due to a decline in trade in automotive products and less intra-firm trade within the auto sector. Nonetheless, among the G7, Canada has the highest share of trade in goods with the United States accounted for by U.S. affiliates. Finally, examining where and how Canadian goods cross the U.S. border reveals that the concentration of goods entering the United States by border crossings has decreased. This is attributed to a decline in the share of Canadian goods moved by truck via the Detroit-Windsor crossing over this decade, and, in particular, to the collapse in auto trade.

Special Feature: The Impact of Trade Commissioner Service on Canadian Exporter Performance

Until the recent development of new data bases, little was known about the characteristics and dynamics of Canadian exporters at the firm level. This year's feature article marries the Statistics Canada Exporter Registry database with the Foreign Affairs and International Trade Canada (DFAIT) Trade Commissioner Services (TCS) client management database to examine linkages between exporter performance and the TCS, which is the Government of Canada's export promotion service.

This feature article presents the first-ever econometric assessment of the impact of the TCS on Canadian exporter performance: the results show this impact is consistently positive. Exporters that receive assistance have an average export value 18 percent higher than comparable exporters that did not access this service. TCS assistance also plays a very strong role in helping firms to diversify into new markets: TCS clients export to 36 percent more markets than non-clients. In addition, the TCS has a positive impact on product diversification.

The article also explores exporter performance more generally and shows that the entry of firms into new markets, rather than growth in sales by existing exporters, has been the growth engine for Canada's exports in recent years. New entrants drove the increase in exports to Asia and Latin America. In the U.S. market, the entry of new exporters was critical in offsetting the exit of many firms from this market. Small and medium-sized firms have been at the forefront of the entry into new markets. Their share of every regional market has increased, and in Asia, they account for nearly half of export sales.