

TABLE 6

Growth Decomposition by Market (%)

2000-06	Export Growth	Continuing Exporters	Contribution of:		Net Entrants
			Entrants	Exits	
Total	2.2	-1.4	9.4	-5.8	3.6
U.S.	-3.5	-5.6	7.6	-5.5	2.1
Asia	28.7	14.7	30.6	-16.7	13.9
Europe	33.5	21.9	24.4	-12.9	11.5
Latin America	23.2	5.4	33.1	-15.2	17.9

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

dynamics taking place during the period confirms that the extensive margin was far more important in explaining the overall export growth than the intensive margin.

Table 6 also reports the decomposition of Canadian export growth by region. Total Canadian exports to the U.S. market declined by 3.5 percent between 2000 and 2006. This reflected the fact that the positive contribution of new entrants of 7.6 percentage points was more than offset by the negative contribution of continuing exporters of 5.6 percentage points, together with the negative contribution of 5.5 percentage points from exiters. The decline in export sales by continuing exporters highlights the deterioration of the trading environment for Canadian firms in the U.S. market, which induced many exporting firms to exit the U.S. market, particularly those that were less competitive. That said, without the large contribution of new entrants offsetting the negative effects of these departures and continuers, the decline in export sales would have been significantly greater. This underscores the vital importance of continuing export promotion to encourage new entrants: countries that depend on their existing export bases will suffer a steady erosion of their export performance.

In Asia, total Canadian export growth was high, up 28.7 percent from 2000 to 2006. Of this, 14.7 percentage points can be accounted for by the expansion of existing trading relationships (i.e., growth at the intensive margin). New entrants contributed an even greater 30.6 percentage points, while exiters subtracted 16.7 percentage points, resulting in a contribution from net entry of 13.9 percentage points.

Total export growth to Latin America reached 23.2 percent during the study period. Growth at the intensive margin contributed 5.4 percentage points while gross entries contributed significantly more (33.1 percentage points). The contribution of net entries was 17.9 percentage points. Clearly, with respect to Canada's total export growth to Latin America, the extensive margin contributed much more significantly to growth than the intensive margin.

Europe accounted for the highest export growth among all of Canada's destination regions, increasing by 33.5 percent. Of this, 21.9 percentage points can be accounted for by export sales of continuing exporters. This result is consistent with the findings in the previous section that Europe recorded the greatest growth in the number of continuing exporters among all regions. The gross contribution of new entrants amounted to 24.4 percentage points; this