intermediate inputs used by other countries in the production of their exports to Canada, a type of "Canadian value-added balance" can be calculated. Following this approach, this Paper estimates that Canada's 1993 trade surplus of $19.7 billion with the U.S. can be transformed into a value-added deficit of approximately $4 billion. The Canadian export sector relies much more on imported intermediate inputs than that of the U.S., indicating that trade statistics can be misleading in terms of the contribution of trade to the domestic economy.

In terms of employment, the I-O reveals that in 1990, 1,708,580 Canadian workers were engaged either directly or indirectly in the production of exports. In other words, in 1990 $1 billion worth of exports supported 11,658 total jobs in Canada. Nearly 10% of all export related jobs are in the Transportation Equipment Industries, which include aircraft industries and motor vehicles and parts industries.

In analyzing the I-O model's industry results in some detail, and keeping in mind the fundamental economic objectives of international trade (being higher national income and economic well-being), industries are judged to be best suited to export if, in response to a positive merchandise export shock to the model, they:

- have a low propensity to import intermediate inputs;
- export most of their output;
- have a high domestic value-added content of exports;
- create a significant number of jobs relative to domestic value-added in the production of exports; and
- create jobs with relatively high average salaries.

The overarching principle that guides the above criteria is that, all other things being equal, the higher the degree of input transformation that takes place domestically, the greater the domestic economic impact of exports. Simply put, internationally competitive exports that rely more on an extensive and competitive domestic input transformation process will stimulate greater production and employment in domestic supplier industries. This Paper is careful, however, not to suggest that internationally integrated industries (i.e., those that rely extensively on imported inputs in order to remain internationally competitive) are any less important to the development of a competitive export sector, nor that there should be a domestic content requirement for such industries, nor that there is a lack of obvious