Canadian exports and will assist in the identification of appropriate industries to target for export initiatives.

The strength of the relationships between various columns is tested by calculating a correlation coefficient. Given two sets of data, a correlation coefficient will reveal whether a linear relationship exists between them. Its range of values lies between negative one and positive one. A value of negative one indicates perfect negative correlation, meaning as one set of numbers increases, the other declines. A value of one indicates perfect positive correlation, meaning both sets of numbers advance and decline together. A value of zero indicates no correlation. Values between zero and one, and zero and negative one, indicate the relative strength of positive and negative correlations, respectively.

All correlation coefficients were calculated using data in the World Total derived table, and are assumed to hold for each geographic region.

Since the purpose of this Section is to investigate the existence of intuitive relationships, each test will be introduced by an intuitive question concerning the tables. In brackets are the corresponding columns of the derived tables.

- Intuitive question: Do industries that export more of their output use fewer imported inputs?

  Exports/Industry Output and Imports/Commodity Inputs (7 & 5)

It has been suggested that export initiatives should focus on industries that export a relatively large portion of their output, as measured by a high export/industry output ratio. One of the main justifications for preferring such industries is that their exports would stimulate domestic production in other industries that supply intermediate inputs in a type of chain-reaction. In order for that justification to hold, it must first be determined whether those exporting industries tend to rely on imported inputs. If so, the chain-reaction involving domestic suppliers is weakened considerably, as is the positive domestic economic impact of the export.

The correlation coefficient between imports/commodity inputs and exports/industry output is 0.39, indicating a weak, positive relationship. Thus, there is some evidence to indicate that industries that export relatively large shares of their output rely on foreign inputs. As a result, the justification for favouring industries with high exports/industry output ratios has been weakened.