The identification of Canadian industries that can provide and/or reflect the merchandise gains associated with trade -- whether they be high-tech, medium-tech or low-tech industries -- is the crux of this study. It is not, however, a "picking winners" approach to trade policy. Using the Statistics Canada National Input-Output (I-O) model, it is an analysis of the relationships between Canadian industries, their suppliers (both domestic and international) and their interactions in producing exports. The relationships are complex and do not lend themselves to simple comparisons or a simple selection process in terms of the "best" industries to target for export initiatives.

It is important to recognize up front precisely what the input-output analysis of industrial interactions can tell us, and what it cannot, about the Canadian export sector. With regard to industries that export goods and/or are affected by merchandise exports, this Paper will show the extent to which different Canadian industries rely on imported inputs, how export-intensive different industries are, the employment impact of exports by industry, the GDP impact of exports by industry, the average wage of exporting industries and how these relationships can change by exporting to different geographic regions.[2] The upshot is not quite a ranking of "preferred" industries, but it does provide insight into the different domestic economic impacts that are the results of different industries' exports.

This Paper will point out how Canadian industries measure up to a number of prescribed criteria that will identify which industries' exports have a large and distinctly positive impact on the domestic economy. It will not explain how to favour some industries over others in terms of export initiatives. Instead, it will talk of favouring, focusing on, encouraging or preferring certain industries for export in an abstract sense. The details, such as whether favouring certain industries is feasible, as well as larger questions, such as whether export enhancement programs are in fact an appropriate public policy, are left aside.

Another question unaddressed by the Paper is whether the industries pointed out in the course of the analysis can actually compete internationally. The input-output approach is strictly domestic, and only part of a larger process that should be undertaken before public attention is directed to the promotion of particular domestic industries abroad. In addition to analyzing the structure of domestic industries, it is essential to analyze foreign markets separately to determine their likely receptiveness to Canadian exports.

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[2] The relationships themselves do not really change, but industries change their product mix when exporting to different regions, resulting in an apparent change in some of the relationships.