

TABLE 1
Geographic distribution of Canadian foreign affiliate sales and employment, 2005

	Sales			Employment		
	\$millions	2004/05 growth (%)	share (%)	'000's	2004/05 growth (%)	share (%)
World	384,955	6.9	100.0	1,029	9.6	100.0
United States	216,717	4.5	56.3	597	10.4	58.0
European Union	89,742	10.3	23.3	211	7.1	20.5
Other OECD	25,659	9.0	6.7	62	6.9	6.0
Non-OECD	52,837	10.8	13.7	159	11.2	15.5

Canadian-owned foreign affiliates employed an additional 90,000 persons in 2005, bringing employment to 1,029,000, an increase of 9.6 percent over the previous year. Retail trade (+35,000), manufacturing (+28,000), mining and oil and gas extraction (+12,000), and finance (+11,000) were the key sectors contributing to the rise in employment over the year.

Over 1999-2005, the share of the U.S. in employment by Canadian foreign affiliates has fallen from over 62 percent to 58 percent. At the same time, the share for countries other than the US and the EU has held fairly steady between 21 and 22 percent. Thus, the EU has captured most of the employment share lost by U.S. affiliates of Canadian operations abroad.

Value of foreign affiliate sales compared to exports

Total sales by foreign affiliates were equivalent to 74.2 percent of Canadian exports of goods and services in 2005 (Figure 2). As Canadian firms are much more likely to serve the U.S. market through exports than through affiliate sales, this share was only 53.4 percent in the U.S. However, foreign affiliate sales play a more important role among Canadian firms serving more distant

markets, with foreign affiliate sales in 2005 at a level more than twice the value of exports to the EU and exceeding the value of exports to non-OECD countries by 25 percent.

In 2005, the U.S. accounted for 78.2 percent of Canadian world exports, but only for 56.3 percent of foreign affiliate sales (Figure 3). On the other hand, the EU accounted for only 7.8 percent of exports, but a much greater 23.3 percent of foreign affiliate sales. For the non-U.S., non-EU OECD countries, the shares of both exports

FIGURE 2
Foreign Affiliate Sales as Share of Total Exports
(percent of Goods and Services Exports, 2005)

