deficit (see Table 6.1). Once again, this exercise should not be regarded as producing a precise measure of the Canadian value-added balance. It is based on simple assumptions and extrapolations, and is meant only as an approximation of the effects of international sourcing on a concept (the value-added balance) that is by no means a widely accepted analytical tool.

6.3 Individual Industry Results

Table 6.2 lists which industries fared the best and worst in the comparison of economic impacts caused by merchandise exports.[20] A complete list of how each industry fared is available in the Industry Export Impact Table (Annex 2).

Not every industry listed in Table 6.2 should be regarded as among the most desirable export industries or among the most suitable for the targeting of export initiatives. Problems immediately come to mind with the service industries, which are primarily support industries for goods exporters in the model used in this Paper. Generally, the output of service industries as recorded in this study is not directed abroad, so their inclusion in a list of industries with the best export impacts must be interpreted carefully. The economic benefits associated with services output are stimulated in the first instance by exports from the goods sector. The "five star" and "four star" industries of Table 6.2 are those for which the relative domestic impact of exports is largest, as measured against the criteria listed at the start of Section 6. The inclusion of services implies that the industries that experience the largest positive domestic economic impact from merchandise exports are not necessarily only merchandise exporters themselves. Moreover, a few of the goods industries listed (especially Tobacco Products) are modest exporters whose inclusion is perhaps less justifiable because of low export values. Nonetheless, the inclusion of most of the other higher ranking goods industries found in Table 6.2 is considerably more robust. High export volumes coincide with the positive domestic impact criteria identified above.

Only the Wood Industries and Educational Services Industries recorded better than average gains for each of the five industrial criteria. They use very few imported inputs, export most of their output, have a high value-added share of exports, employ a significant number of people per dollar of value added and pay relatively high

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[20] In the I-O model, economic activity is attributed to 13 separate industries, 47 separate industries or 209 separate industries, depending on the aggregation level selected by the user. In this Paper, the middle aggregation of 47 industries was used. The relationships between industry aggregations are shown in Annex 4.