

Global Circulation of Business Activities



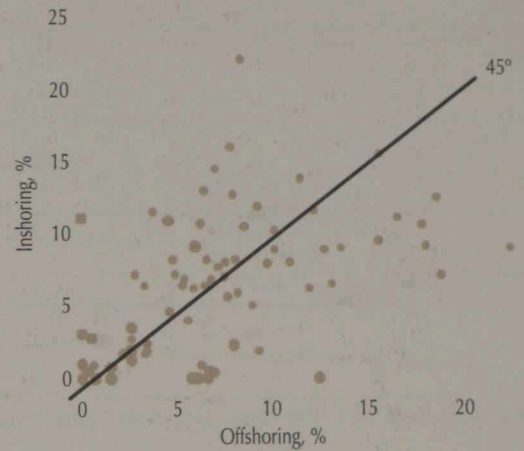
Data: Statistics Canada – SIBS Survey.

Between 2007 and 2009, only 1.9 percent of companies located in Canada (including foreign companies) offshored a business activity. In the manufacturing sector, the rate was 5.2 percent— more than twice as great, but still small. More striking, however, is that the movement is circular: nearly the same proportion (1.8 percent) of firms located in Canada and 5.0 percent of manufacturers moved activities into Canada (i.e. inshored).¹⁴

Within individual industries, there is a high degree of correlation between offshoring and inshoring. This suggests that some industries are simply more footloose than others and as a result are more likely to move activities both out of Canada as well as into Canada.

Within the manufacturing sector, these industries include those producing electronics and related products, such as household appliances, telephone apparatus and radio

Offshoring and Inshoring in Canadian Manufacturing (percent of firms by industry)



Data: Statistics Canada – SIBS Survey.

and television broadcasting equipment, as well as transportation equipment, and some specialized machinery.

The number of industries for which there is net offshoring (percent of firms indicating that they offshore is greater than the number that inshore) only slightly outweighs the number of industries for which there is net inshoring. Within manufacturing the number of firms moving activities into Canada is greater than those moving activities out of Canada in motor vehicle, broadcasting equipment, communications equipment, pharmaceuticals as well as a number of resource processing sectors. The reverse is true (net offshoring) mainly in electronics producing industries.

Larger firms¹⁵, are far more likely to move activities...both in and out of Canada. From 2007 to 2009, 17.6 percent of large manufacturing firms relocated activities out of Canada while 12.1 percent moved activities into Canada, compared to only 3.5 percent

14 The data do not allow us to know the actual value of what was offshored or inshored or the employment associated with those movements and therefore we cannot know to what extent the scale of one is greater or less than the other.

15 Large firms are those with more than 500 employees, while medium employ between 100 and 500 and small firms less than 100.