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CANADA IN THE GLOBAL ECONOMY *A NEW PERSPECTIVE*

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Telling Canada's
story in numbers

Canada 



Telling a new story

- Statistics Canada has developed a number of innovative data products that help tell the story of Canada's changing role in the global economy. These new products provide a new perspective by changing the focus of what we measure:
 - from trade in goods and services to trade in value added
 - from what we trade to who trades
 - from where we trade to how we trade
 - from simply measuring international transactions to measuring international interconnectedness

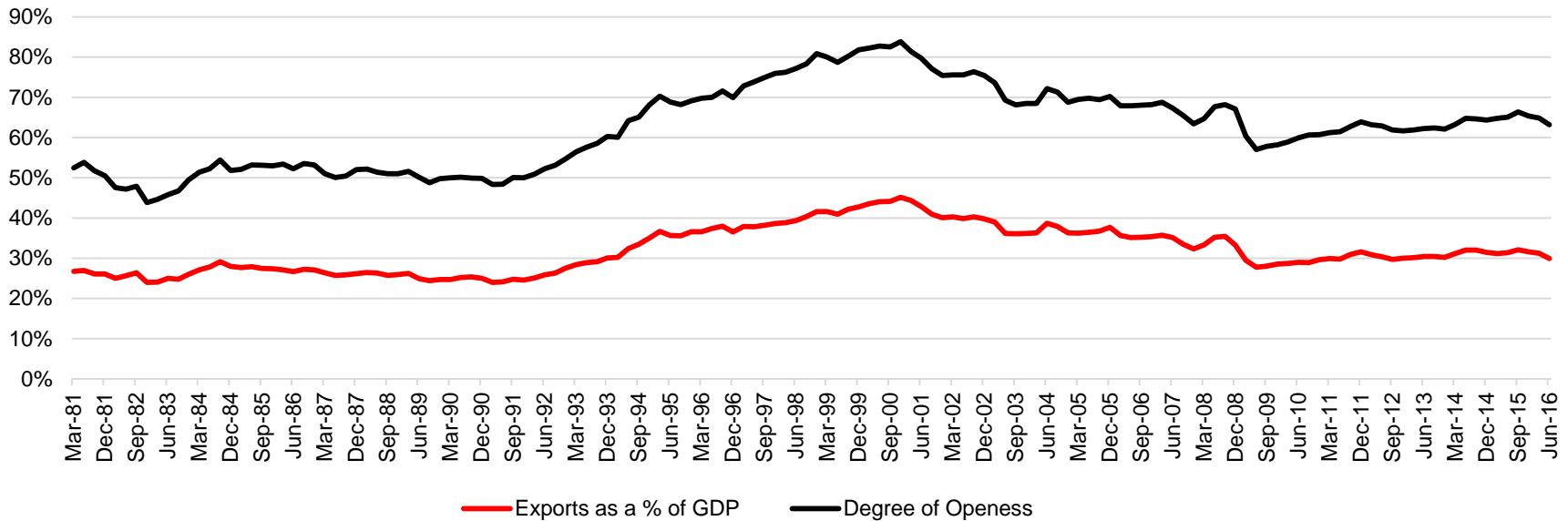


From trade in goods and services to... trade in value added



Traditional view - Canada in the global economy

Exports as a share of GDP / Degree of Openness



- Materials were sourced in Canada, goods were assembled in Canada and exported abroad. Export to GDP ratio, degree of openness were major indicators of global activity.



A new perspective – value added exports

Exports
less Imported intermediate inputs used in exports
equals Value Added Exports

\$43.9 billion of exports by the motor vehicle manufacturing industry

\$27.7 billion of these exports is imported content

64% of the value of an exported motor vehicle is attributable to imports from abroad

98% of the embedded imports come from the US

\$16.2 billion in value added exports

34% embedded Services

34% of the value added of an exported car represent embedded services such as design, marketing and other services.

64% Foreign Content



79% of all jobs in motor vehicle sector related to exports

34,995 Canadian jobs directly related to the export of motor vehicles

89,450 Canadian jobs indirectly related to the export of motor vehicles.

98% of the export related jobs are due to US demand for Canadian made motor vehicles

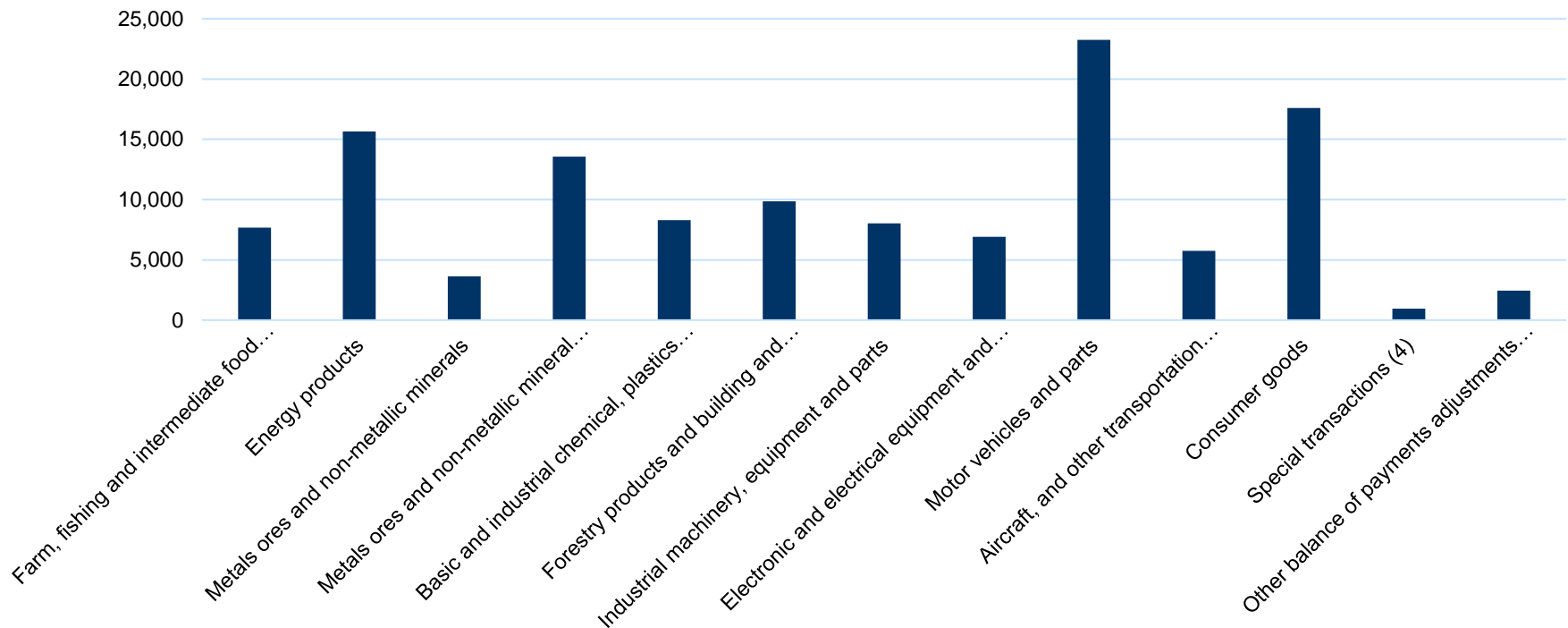


From what we trade to who trades



Traditional view - Canada in the global economy

Exports of goods, second quarter 2016

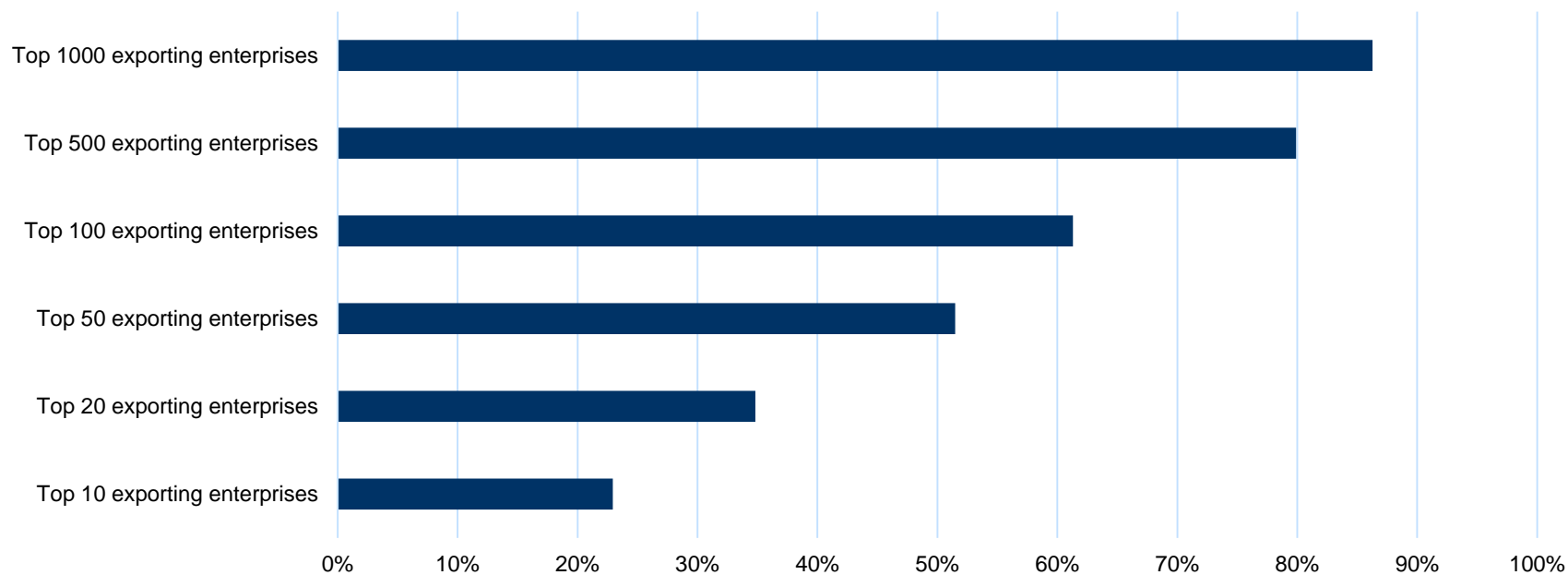


- The traditional view was to measure the “what” – we paid little attention to the “who.”



A new perspective - trade by exporter characteristic

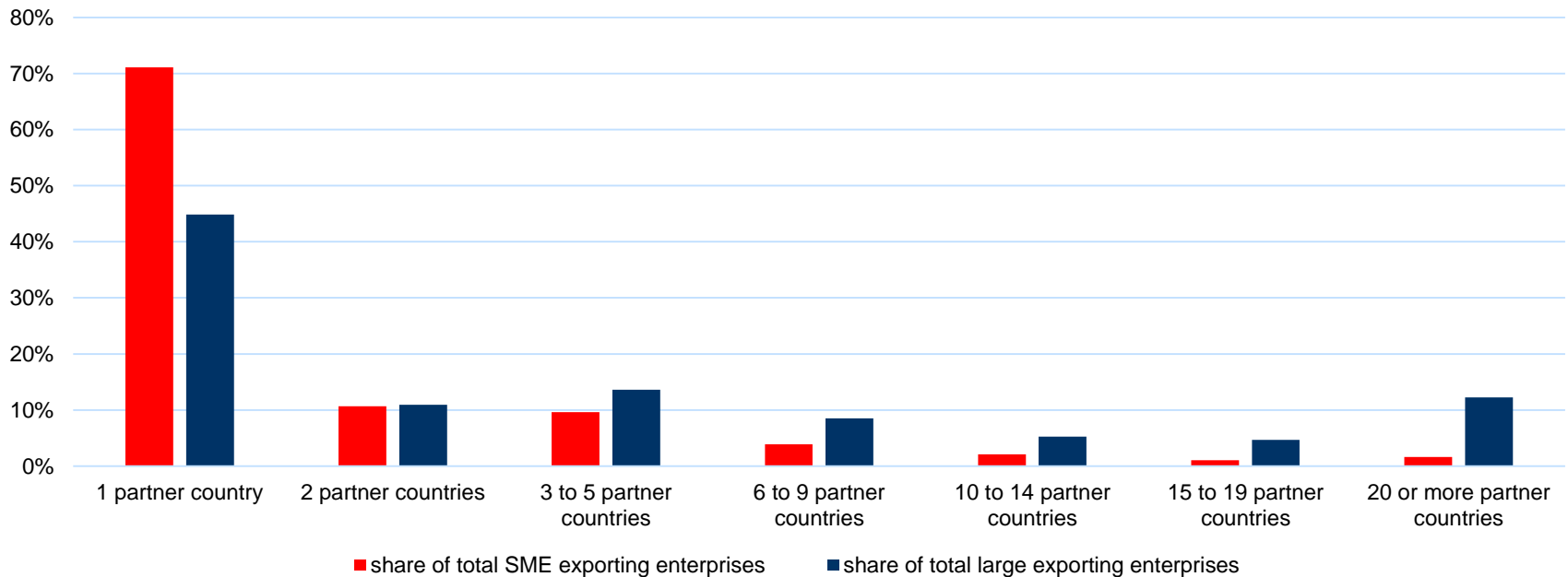
Exports by exporting firm category as a share of total exports



- In 2014, the top 10 exporting enterprises accounted for almost a quarter of total exports, while the top 50 generated more than half. The top 100 exporting enterprises, in turn, were responsible for nearly 61% of total sales.

A new perspective - trade by exporter characteristic

Number of trading partners by firm size as a share of total exports



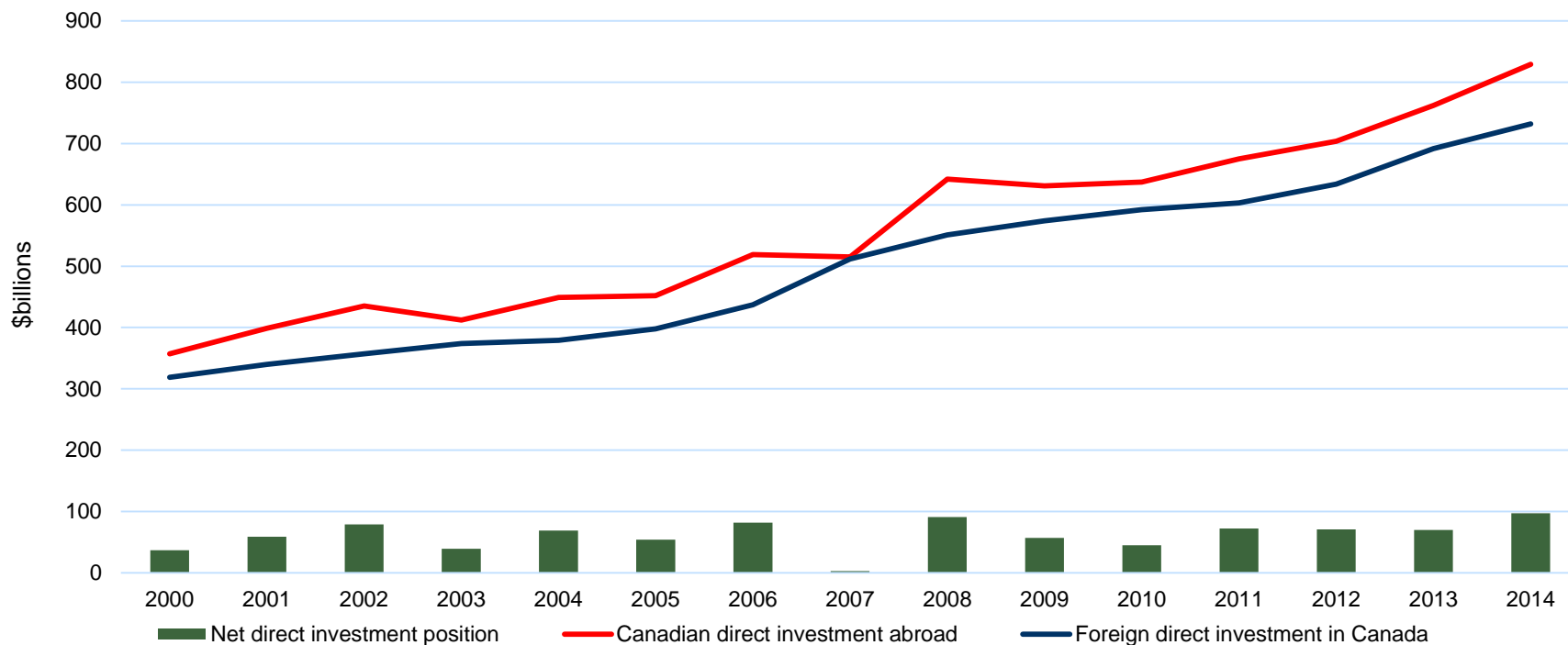
- The larger the enterprise, the more likely it was to have multiple trading partners. More than 70% of small and medium-sized enterprises exported to only one partner country in 2014 – in most cases, to the United States.



From where we trade to how we trade

Traditional View – Canada in the global economy

Foreign direct investment

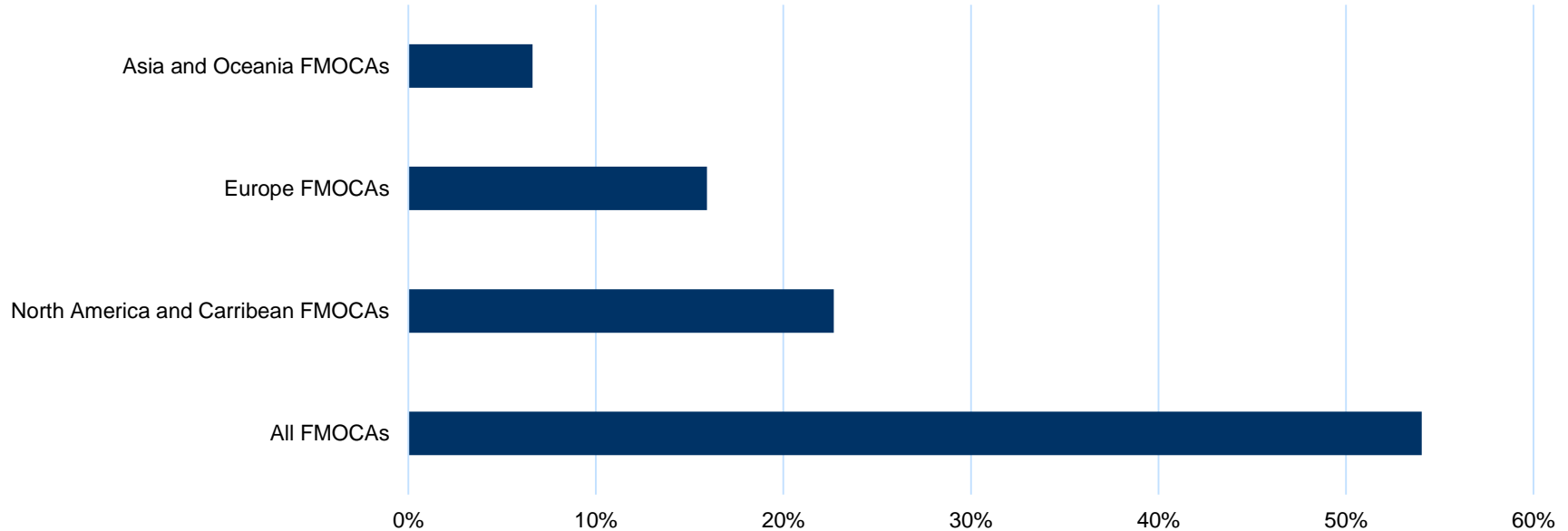


- The traditional view of measuring foreign direct investment was to measure the origin and level of foreign investment, not the impact of foreign direct investment on employment, sales and financial stability.



A new perspective – activities of foreign majority-owned affiliates operating in Canada (FMOAC)

Share of total merchandise exports – 2014

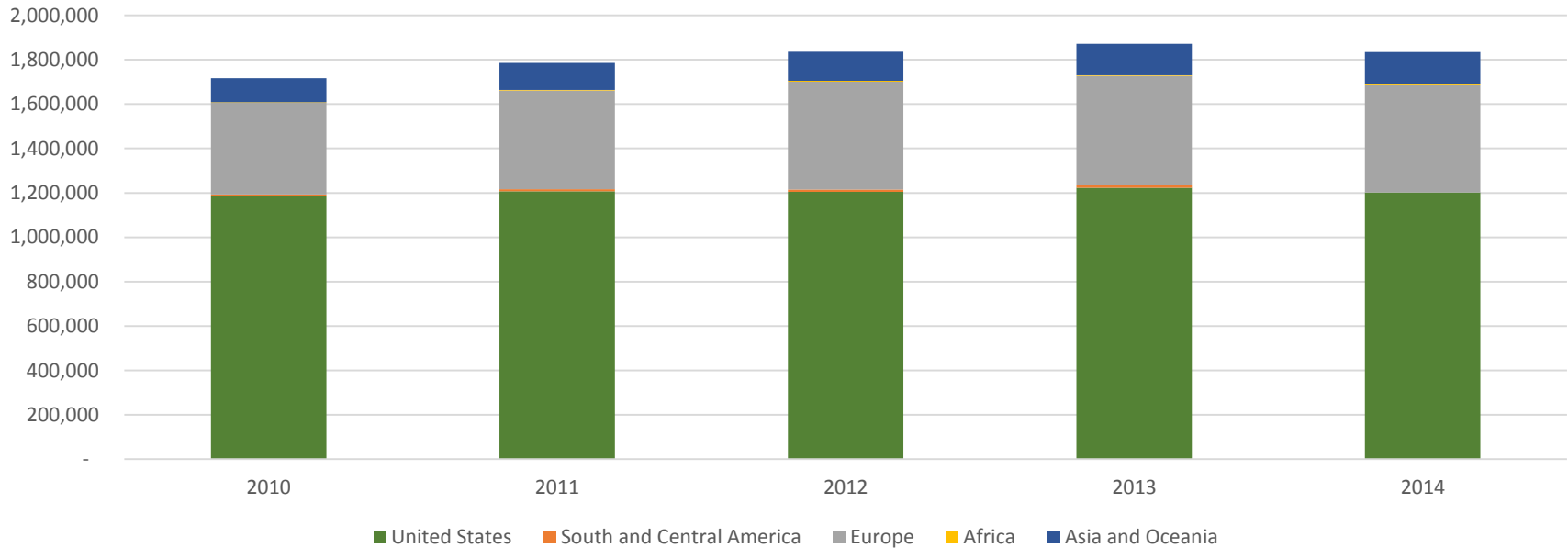


- Foreign majority-owned affiliates operating in Canada account for more than 53% of total Canadian merchandise exports. North American and Caribbean affiliates account for nearly 25% of exports. This share has been stable over the last four years.



A new perspective – activities of foreign majority-owned affiliates operating in Canada

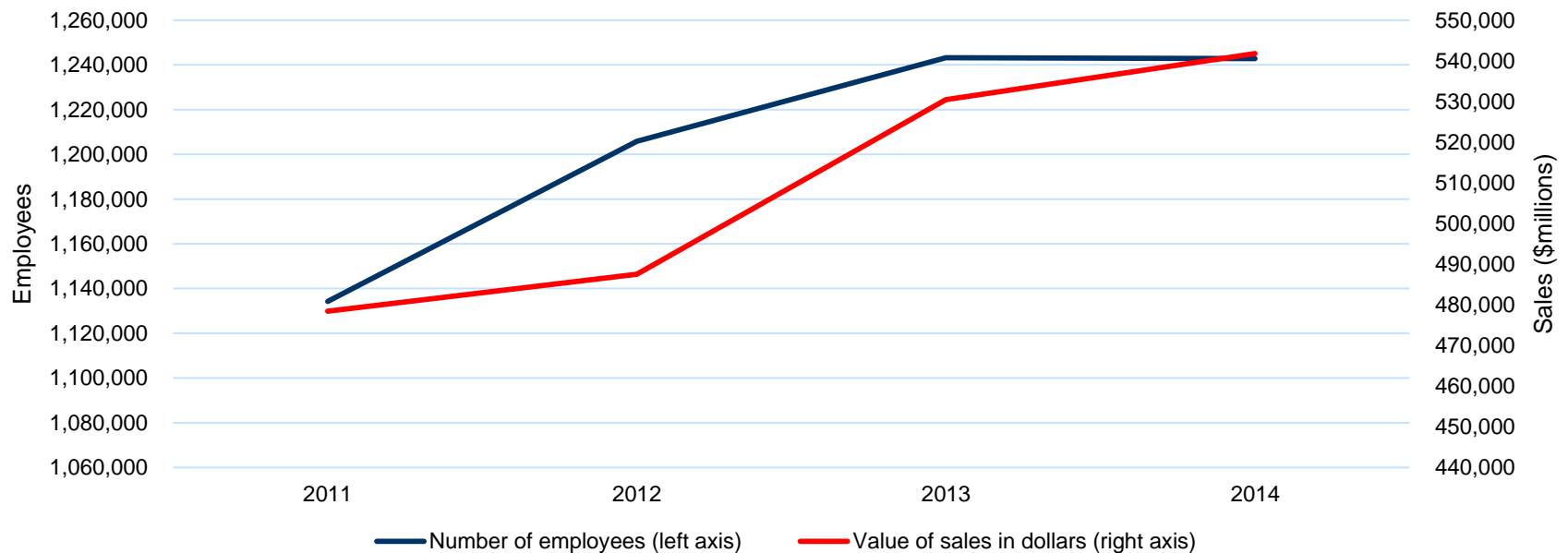
Number of employees - FMOCA by region



- Of the Canadians employed by FMOCA, the vast majority are employed by U.S. majority-owned affiliates operating in Canada.

A new perspective – Canadian majority-owned affiliates abroad

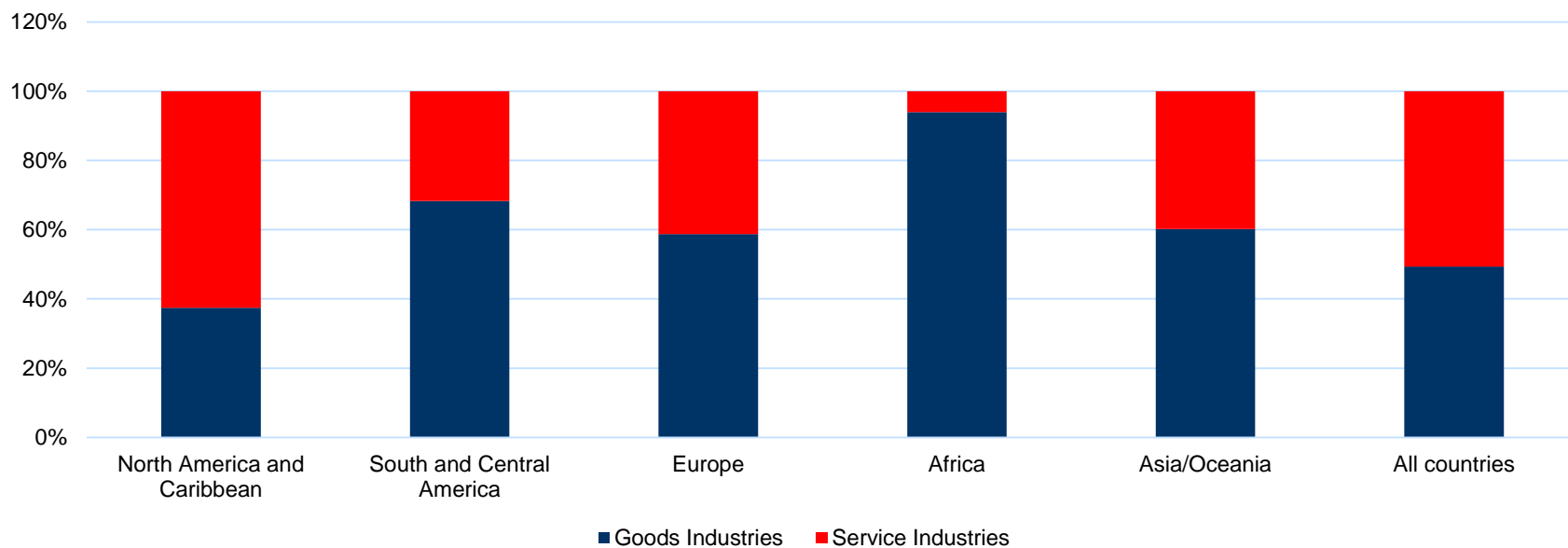
Value of sales and number of employees - Canadian majority-owned affiliates abroad



- Both sales and employment of Canadian majority-owned affiliates operating abroad have increased since 2011.

A new perspective – Canadian majority-owned affiliates abroad

Employment in goods industries and service industries by region



- The majority of employment in Canadian majority-owned affiliates operating in the United States is in the service sector. In all other regions, the majority of employment is attributable to enterprises in the goods industries.

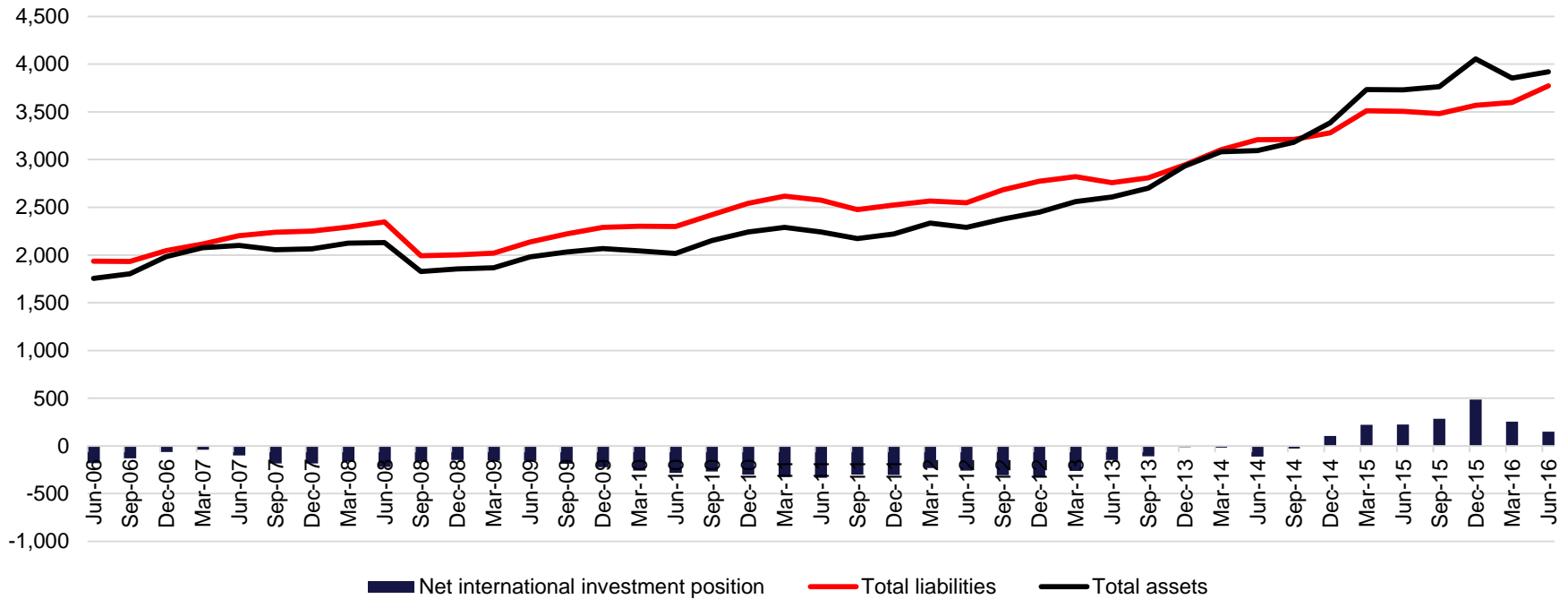


From international financial transactions to international interconnectedness



Traditional view – Canada in the global economy

Canada's international investment position

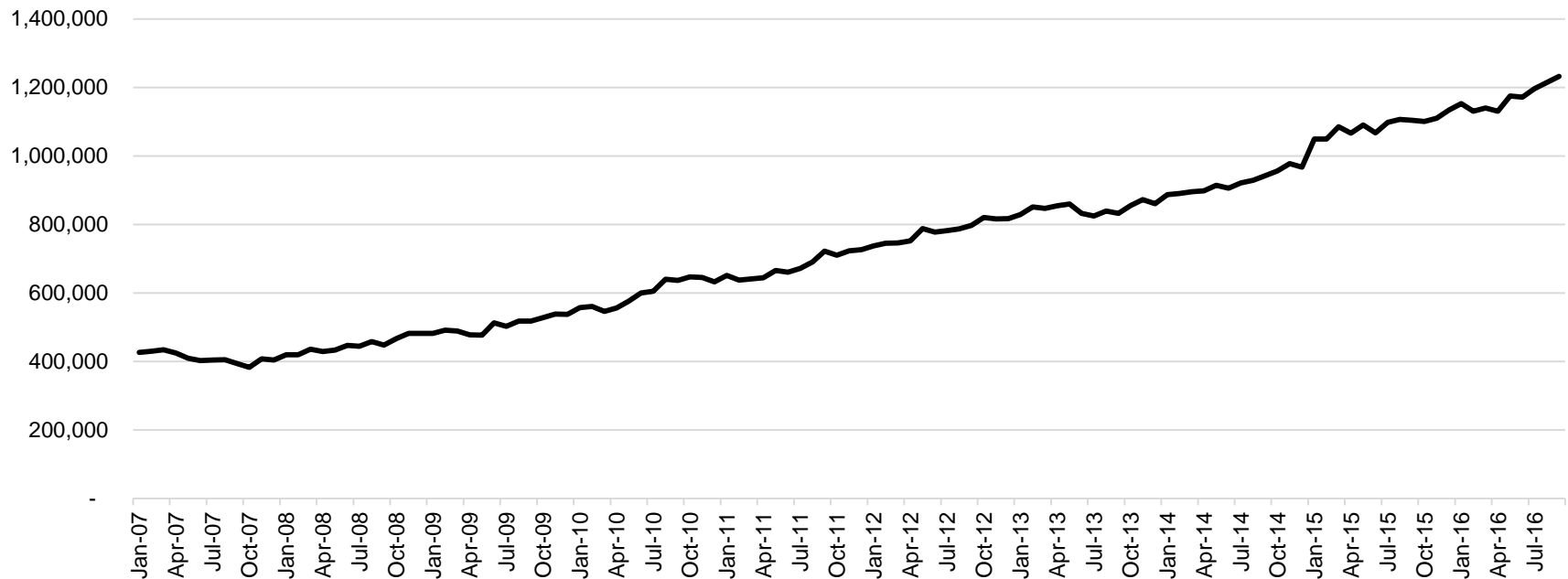


- Despite the persistent current account deficit, Canada is in a net asset position with the rest of the world.



A new perspective – international connectedness

Foreign holders of Canadian bonds, millions of dollars



- For example, this aggregate measure of Canadian bonds held by foreigners does not reveal anything about exposure to currency risk or maturity risk.



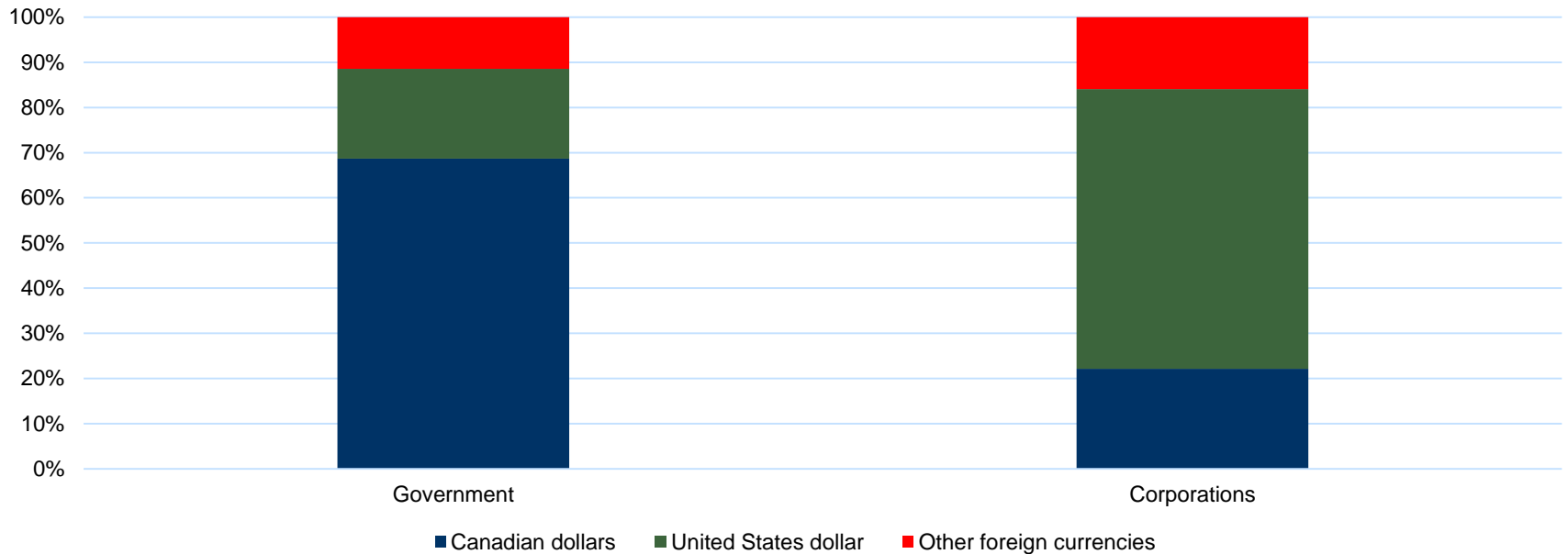
A new perspective - Foreign holdings of Canadian debt securities, by detailed characteristics of issuers and instruments (nominal value) – June 2016

Issuer Currency Maturity Interest rate	Residents (S1)									
	Non-financial corporations (S11)	Financial corporations (S12)				General (S13)	government	Memo item: public sector	Households and NPISH (S14+ S15)	All resident issuers (S1)
Column number	1	2	4	6	8	9	10	11	12	13
Total	255,901	503,245	196,027	307,174	44	396,121	202,538	566,159	0	1,155,267
By domestic currency	24,893	155,479	23,495	131,940	44	268,206	187,366	376,594	0	448,579
By foreign currency	231,008	347,766	172,532	175,234	0	127,915	15,172	189,565	0	706,688
Total	255,901	503,245	196,027	307,174	44	396,121	202,538	566,159	0	1,155,267
Short term at original maturity	2,126	57,652	25,915	31,737	0	37,014	24,579	49,181	0	96,792
Long term at original maturity	253,775	445,593	170,112	275,437	44	359,107	177,959	516,978	0	1,058,475
Long term at original maturity, with a remaining maturity up to and including 1 year	12,985	51,558	15,142	36,416	10	53,241	36,932	76,928	0	117,794
Total	255,901	503,245	196,027	307,174	44	396,121	202,538	566,159	0	1,155,267
Fixed interest rate	254,408	442,335	172,870	269,421	44	389,813	201,295	527,556	0	1,086,556
Variable interest rate	1,493	60,910	23,156	37,754	0	6,308	1,243	38,603	0	68,711



A new perspective – international connectedness

Stock of Canadian bonds held by foreigners, by sector and currency
September 2016



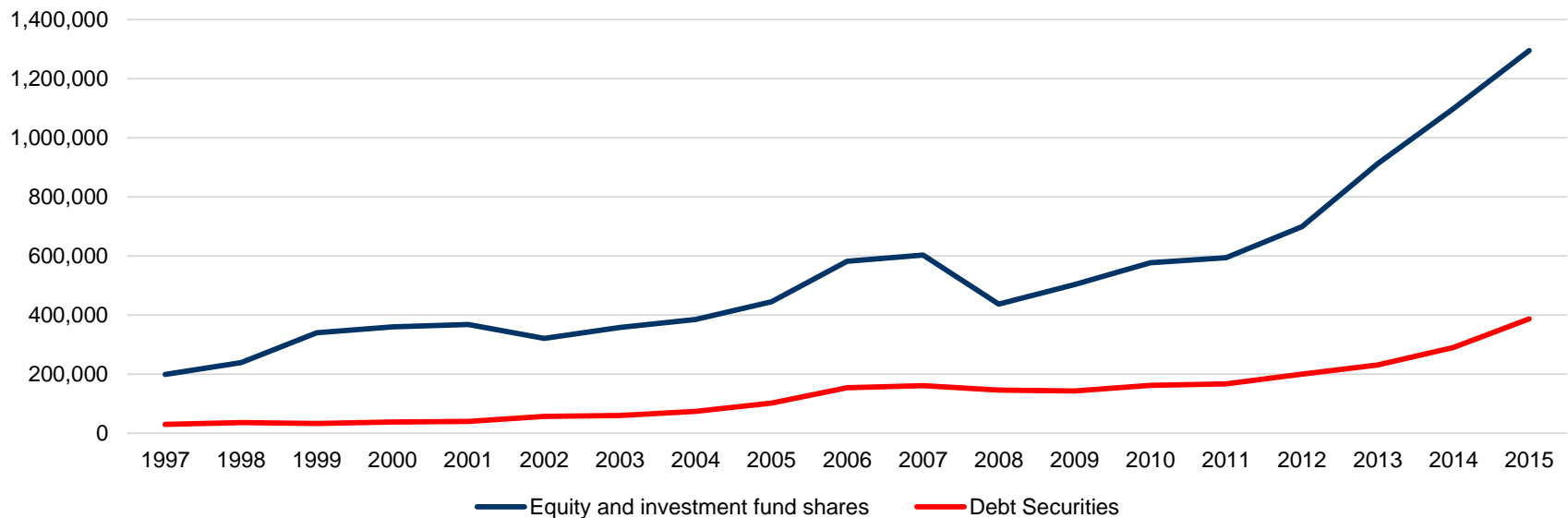
- Breaking down Canadian bonds by currency and sector reveals a lot more information about which Canadian sector is exposed to currency fluctuations.



A new perspective – international interconnectedness

Canadian holdings of foreign equities

Canadian portfolio investment abroad by instrument, millions of dollars



- In order to better understand the risk facing Canadian investors, we require information about the investment vehicle.



New perspectives – future work

- Improve timeliness of TiVA statistics
- Trade by importer characteristic
- Improve foreign affiliate statistics detail (value added, compensation of employees, gross fixed capital formation, sales back to ultimate country)
- Activities of domestic multinational enterprises
- Improve timeliness, instrument detail and geographic detail related to international financial transactions
- Development of micro-macro globalization database to facilitate extended SUTs, GVC analysis, better understand firm behavior.