

The Daily

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Small and medium-sized businesses, those with fewer than 500 employees, accounted for 54.2% of gross domestic product in the non-agricultural business sector in Canada in 2005, and 50.7% in the United States in 2004.

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Study: Contribution of small and medium-sized businesses to gross domestic product: Canada-United States comparison 2004 and 2005

Small and medium-sized businesses, those with fewer than 500 employees, accounted for 54.2% of gross domestic product (GDP) in the non-agricultural business sector in Canada in 2005.

In the United States, they accounted for 50.7% of GDP in the non-agricultural business sector in 2004.

In both countries, small and medium-sized businesses accounted for the majority of GDP in most service industries. They also accounted for more than half of the GDP in finance; professional services; health; arts, entertainment and recreation; as well as accommodation and food, and other services.

Industries in which large businesses accounted for the majority of GDP in both countries included utilities; mining and manufacturing; information and cultural industries; as well as transportation and warehousing.

In the United States, large businesses also accounted for the majority of GDP in trade, administrative services and educational services.

Contribution closer in goods-producing industries

The contribution of small and medium-sized firms to industry GDP in Canada and the United States was similar in the goods-producing industries. On the other hand, small and medium-sized firms in Canada tended to make larger contributions to GDP in the service industries.

This is consistent with market size being a key determinant of firm size and with goods being more likely to be traded across borders than services.

In some service industries, such as information and cultural industries, finance and other services,

Note to readers

This study presents estimates of the contribution of small and medium-sized businesses to Canada's gross domestic product (GDP) that are methodologically comparable to those produced for the United States.

In this study, a firm is defined as an aggregation of all enterprises controlled through majority ownership by a parent enterprise.

Estimates for the United States reported in this study come from a report prepared by K. Kobe. See Kobe, K., 2007. "The Small Business Share of GDP, 1998 to 2004," Economic Consulting Services, LLC for the Small Business Administration-Office of Advocacy.

the relative importance of small and medium-sized businesses was similar between the two countries.

In others, such as health services, educational services, administrative services, and professional services, small and medium-sized businesses were relatively more important in Canada.

The greater importance of small and medium-sized businesses in education and health in Canada was driven by the fact that government plays a much more direct role in these industries in Canada than in the United States.

When education and health are excluded, the share of GDP for small and medium-sized businesses falls to 52.9% in Canada and 50.3% in the United States.

The study "The Contribution of Small and Medium-sized Businesses to Gross Domestic Product: A Canada-United States Comparison" is now available as part of the Economic Analysis Research Paper Series (EA) (11F0027M2011070, free) from the *Key resource* module of our website under *Publications*.

Similar studies from the Economic Analysis Division are available at (www.statcan.gc.ca/economicanalysis).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Danny Leung (613-951-2574) or Luke Rispoli (613-951-6407), Economic Analysis Division.

Business-sector gross domestic product by size of business, Canada (2005) and the United States (2004)

	Canada	United States	Canada	United States
	\$ billions		%	
Total	1,063,666	9,310,743	100.0	100.0
Small and medium-sized businesses	576,929	4,717,708	54.2	50.7
Large businesses	486,737	4,593,035	45.8	49.3

Flows and stocks of fixed residential capital

2010 (revised)

The revised annual fixed residential capital flows and stocks series at the provincial level are now available for 2010.

Note: Data have also been revised from 2007 to 2009.

Available on CANSIM: table 030-0002.

Definitions, data sources and methods: survey numbers, including related surveys, 5016 and 5169.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Mariane Bien-Aimé (613-951-7520; bdp_information@statcan.gc.ca), Investment and Capital Stock Division. ■

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