

Catalogue no. 11-621-M
ISSN 1707-0503
ISBN 978-0-660-49083-0

Analysis in Brief

Exporters in Canada: Expected obstacles and perceived competitiveness in international markets, second quarter of 2023

by Shivani Sood and Chris Johnston

Release date: June 20, 2023



Statistics
Canada

Statistique
Canada

Canada

How to obtain more information

For information about this product or the wide range of services and data available from Statistics Canada, visit our website, www.statcan.gc.ca.

You can also contact us by

Email at infostats@statcan.gc.ca

Telephone, from Monday to Friday, 8:30 a.m. to 4:30 p.m., at the following numbers:

- Statistical Information Service 1-800-263-1136
- National telecommunications device for the hearing impaired 1-800-363-7629
- Fax line 1-514-283-9350

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, Statistics Canada has developed standards of service that its employees observe. To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on www.statcan.gc.ca under "Contact us" > "[Standards of service to the public](#)."

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.

Published by authority of the Minister responsible for Statistics Canada

© His Majesty the King in Right of Canada as represented by the Minister of Industry, 2023

All rights reserved. Use of this publication is governed by the Statistics Canada [Open Licence Agreement](#).

An [HTML version](#) is also available.

Cette publication est aussi disponible en français.

Table of contents

Obstacles expected by goods exporters over the next three months	4
Obstacles expected by service exporters over the next three months	5
Competitiveness of businesses that export to the United States	5
Competitiveness of businesses that export to the European Union and the United Kingdom	6
Competitiveness of businesses that export to China	6
Methodology	6
References	6

Exporters in Canada: Expected obstacles and perceived competitiveness in international markets, second quarter of 2023

by Shivani Sood and Chris Johnston

Canada is a modern, industrialized nation with abundant resources and a small domestic market, making international trade an important component of its economy. While Canadians represent 0.5% of the world's population, Canada accounts for roughly 2.5% of global merchandise exports.¹ As of 2022, Canada had over 48,000 enterprises exporting goods and over 160,000 enterprises importing goods.² Canada's trade in goods and services is valued at 61.4% of GDP with Canada's exports supporting more than one out of every six jobs.³

Amid the COVID-19 pandemic, businesses faced tremendous challenges, ranging from interrupted production and supply chain disruptions to rapid shifts in demand and elevated commodity prices. The impact on services industries was especially dire, particularly on those that depend on face-to-face interactions, like the tourism and hospitality industries. The value of Canada's annual goods exports decreased 12.3% to \$522.4 billion in 2020.⁴ Meanwhile, from 2019 to 2020, Canada's exports of services declined 12.7% to \$142.7 billion.⁵ Canada's total trade deficit widened from \$33.9 billion in 2019 to \$49.5 billion in 2020.

Exports of goods and services have since expanded to reach record highs — driven largely by surging prices, but also by broad-based demand for a variety of products.⁶ In 2022, the value of Canada's annual goods exports increased 22.5% to \$779.2 billion,⁷ while the value of Canada's annual service exports increased 15.6% to \$161.2 billion.⁸ In 2022, Canada had a trade surplus of \$4.1 billion.

The period since the initial shock of the pandemic was defined by strong economic recovery, including international trade, and this rapid recovery contributed to the emergence of collateral economic effects, such as the largest yearly increase in consumer prices in 40 years (8.1% in June 2022⁹) and the exacerbation of supply chain challenges,¹⁰ posing significant challenges for exporting businesses in Canada. Supply chain disruptions affect Canadian businesses of all sizes, including many small and medium-sized enterprises that are part of international supply chains.

From the beginning of April to early May 2023, Statistics Canada conducted the Canadian Survey on Business Conditions to better understand the current environment in which businesses in Canada are operating and their expectations moving forward. Data were collected from exporters in Canada on the obstacles they expect to face over the next three months as well as perceptions of their competitiveness when exporting to various regions. The findings are presented in this article.

Obstacles expected by goods exporters over the next three months

Rising inflation, the rising cost of inputs and challenges related to recruiting skilled employees were the top obstacles expected by businesses that had exported goods¹¹ outside Canada in the past year. Goods exporters were more likely than all businesses to expect to face each of these obstacles. Almost two-thirds (63.5%) of goods-exporting businesses expected rising inflation to be an obstacle over the next three months, compared with less than three-fifths (56.0%) of all businesses. Nearly three-fifths (59.7%) of goods exporters expected the rising cost of inputs to be an obstacle over the next three months, compared with two-fifths (40.3%) of all businesses. Almost half (46.0%) of goods exporters expected obstacles related to recruiting skilled employees, compared with under two-fifths (36.0%) of all businesses.

1. Government of Canada. (2020). [Trade policy 101](#).

2. Statistics Canada. (2022). [Trade by exporter and importer characteristics: Goods, 2022](#). *The Daily*, May 18, 2023.

3. Government of Canada. (2022). [State of Trade 2022: The Benefits of Free Trade Agreements](#).

4. Statistics Canada. Table 12-10-0011-01 [International merchandise trade for all countries and by Principal Trading Partners, monthly \(x 1,000,000\)](#).

5. Statistics Canada. Table 12-10-0157-01 [Balance of international payments, current account, trade in services by principal trading partners, quarterly \(x 1,000,000\)](#).

6. Government of Canada. (2022). [State of Trade 2022: The Benefits of Free Trade Agreements](#).

7. Statistics Canada. Table 12-10-0011-01 [International merchandise trade for all countries and by Principal Trading Partners, monthly \(x 1,000,000\)](#).

8. Statistics Canada. Table 12-10-0157-01 [Balance of international payments, current account, trade in services by principal trading partners, quarterly \(x 1,000,000\)](#).

9. Statistics Canada. (2022). [Consumer Price Index, June 2022](#). *The Daily*, July 20, 2022.

10. Statistics Canada. (2022). [Canadian international merchandise trade: Annual review 2022](#). *The Daily*, May 9, 2023.

11. Please note that goods exporters are more likely to be part of the manufacturing and wholesale trade sectors and therefore results could be driven by compositional differences.

Businesses that exported goods were also more likely to expect difficulty acquiring inputs, products or supplies from within Canada (28.5%) and abroad (26.0%) than all businesses (16.5% and 8.0%, respectively). In fact, 43.4% of goods exporters expected to face supply chain obstacles over the next three months, almost double the proportion of all businesses that expected the same (22.9%).

Obstacles expected by service exporters over the next three months

Rising inflation, the rising cost of inputs and challenges related to recruiting skilled employees were also the top obstacles expected by businesses that had exported services¹² outside Canada in the past year. Almost three-fifths (57.7%) of businesses that exported services expected rising inflation to be an obstacle over the next three months, similar to the proportion of all businesses (56.0%). Nearly half (47.2%) of services exporters expected the rising cost of inputs to be an obstacle over the next three months compared with two-fifths (40.3%) of all businesses. Over two-fifths (41.6%) of services exporters expected obstacles related to recruiting skilled employees, compared with under two-fifths (36.0%) of all businesses.

Competitiveness of businesses that export to the United States

The United States remained Canada's top trading partner in 2022, accounting for 76.4% (\$595.1 billion) of the total value of goods exports¹³ and 53.7% (\$86.6 billion) of the total value of services exports.¹⁴ Nearly 1 in 10 businesses (9.8%) reported exporting goods or services to the United States over the previous 12 months, led by businesses in manufacturing (35.9%), wholesale trade (27.3%), information and cultural industries (24.0%) and transportation and warehousing (21.8%). Close to three-fifths (57.3%) of exporting businesses reported that other businesses in the United States were their primary competition when selling goods or services in the United States, while over one-quarter (25.3%) reported that other businesses in Canada were their primary competition.

Over one-third (34.3%) of exporting businesses reported that their most important competitive strength when exporting goods or services to the United States was the quality of their products or services, while one in five (20.6%) reported that it was the value of the Canadian dollar.

Table 1
Most important competitive strength when exporting to or selling in the United States, second quarter of 2023

	Businesses that exported goods or services percent
Quality of the products or services	34.3
Value of the Canadian dollar	20.6
Cost advantage	15.4
Market-leading innovation or intellectual property	11.2
Canada's free trade agreement with the United States	6.6
Quality of the Canadian workforce	3.2
Recognition as a Canadian company	2.2
Solid understanding of market in the United States	1.9
Other strength	4.5

Note: Respondents were asked: What would this business or organization describe as its most important competitive strength when exporting to or selling in the United States?

Source: Statistics Canada, Canadian Survey on Business Conditions, second quarter of 2023 (Table 33-10-0675-01).

12. Please note that goods exporters are more likely to be part of the professional, scientific and technical services, information and cultural industries, and finance and insurance sectors and therefore results could be driven by compositional differences.

13. Statistics Canada. Table 12-10-0011-01 [International merchandise trade for all countries and by Principal Trading Partners, monthly \(x 1,000,000\)](#).

14. Statistics Canada. Table 12-10-0157-01 [Balance of international payments, current account, trade in services by principal trading partners, quarterly \(x 1,000,000\)](#).

Competitiveness of businesses that export to the European Union and the United Kingdom

In 2022, exports of goods to the European Union and the United Kingdom accounted for 7.2% (\$56.3 billion) of the total value of goods exports¹⁵ and 16.6% (\$26.7 billion) of the value of service exports.¹⁶ Over the past 12 months, 2.9% of businesses exported goods or services to Europe or the United Kingdom, led by businesses in manufacturing (11.7%) and information and cultural industries (10.6%).

Nearly one-third (32.0%) of exporting businesses reported that other businesses in Europe or the United Kingdom were their primary competition when selling goods or services to Europe or the United Kingdom. Meanwhile, over one-third (35.7%) of exporting businesses reported that their business has unique offerings and that there was little to no direct competition for their products in Europe or the United Kingdom.

Over one-third (34.9%) of exporting businesses reported that their most important competitive strength when exporting goods or services to Europe or the United Kingdom was the quality of their products or services.

Competitiveness of businesses that export to China

In 2022, exports of goods to China accounted for 3.8% (\$29.3 billion) of the value of goods exports¹⁷ and 4.7% (\$7.6 billion) of the value of service exports.¹⁸ Over the previous 12 months, 6.0% of businesses in manufacturing and 4.7% of businesses in wholesale trade exported goods or services to China. Overall, 1.0% of businesses exported goods or services to China.

Over one-third (35.0%) of businesses exporting to China reported that other businesses in China were their primary competition when selling goods or services to China, while nearly one-quarter (24.2%) reported other businesses in Canada to be their primary competition.

Over one-quarter (27.7%) of businesses exporting to China reported that market-leading innovations or intellectual property was their most important competitive strength when exporting goods or services to China, and one-quarter (25.5%) reported that it was the quality of their products or services.

Methodology

From April 3 to May 8, 2023, representatives from businesses across Canada were invited to complete an online questionnaire about business conditions and business expectations moving forward. The Canadian Survey on Business Conditions uses a stratified random sample of business establishments with employees. Data is available at the national, provincial and territorial levels by industrial sector, employment size, type of business and majority ownership. An estimation of proportions is done using calibrated weights to calculate the population totals in the domains of interest. The total sample size for this iteration of the survey is 30,554 and the results are based on responses from a total of 15,401 businesses or organizations.

References

Statistics Canada. 2023. Canadian Survey on Business Conditions, second quarter of 2023.

15. Statistics Canada. Table 12-10-0011-01 [International merchandise trade for all countries and by Principal Trading Partners, monthly \(x 1,000,000\)](#).

16. Statistics Canada. Table 12-10-0157-01 [Balance of international payments, current account, trade in services by principal trading partners, quarterly \(x 1,000,000\)](#).

17. Statistics Canada. Table 12-10-0011-01 [International merchandise trade for all countries and by Principal Trading Partners, monthly \(x 1,000,000\)](#).

18. Statistics Canada. Table 12-10-0157-01 [Balance of international payments, current account, trade in services by principal trading partners, quarterly \(x 1,000,000\)](#).