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SMALL *Business*

VOL. 6, NO. 1, May 2004

Q U A R T E R L Y

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PERFORMANCE

Trends

Between the fourth quarter of 2002 and the fourth quarter of 2003, small businesses (businesses with fewer than 100 employees) created approximately 35 500 jobs or almost 40 percent of net new jobs in the Canadian economy.

Between 1993 and 2003, the number of female self-employed workers increased by an average of 2.3 percent per year, while the number of male self-employed workers increased by an average of 1.5 percent per year.

There were 2141 bankruptcies in the fourth quarter of 2003, very similar to the number in the same quarter of 2002. Between the fourth quarter of 2002 and the fourth quarter of 2003, liabilities involved in bankruptcies dropped by 23 percent to an average of approximately \$307 000 per bankrupt business.

Total business loans outstanding¹ from chartered banks amounted to \$89.1 billion in the fourth quarter of 2003, a decrease of 4.5 percent from the same quarter in 2002. Business loans of less than \$500 000 accounted for 24 percent of the total.

All types and sizes of U.S. institutions participate in the market of private equity. By contrast, only Canadian public sector pension funds and Canadian institutions managing over \$5 billion are similarly active.

¹ Not including non-residential mortgages, agricultural loans and customer's liability under acceptances.

MANAGEMENT COMPETENCIES AND COMPANY PERFORMANCE:

A Pilot Study

Management Competencies and SME Performance Criteria: A Pilot Study, by Dr. Barbara Orser and Dr. Allan Riding, reports on two relatively unexplored aspects of firm performance: management competencies and the owners' perceptions of success. The study also piloted a management competency index, which measures the nature and diversity of owners' managerial skills and their relationship to firm performance. The study was based on a survey of 326 small business owners in Western Canada.

The study explores the links between firm performance and owners' management skills and perceptions of success while controlling for such variables as growth plans, the age of the owner, sector, the age of the firm, the gender of the owner and previous participation in business training.

The study provides new insight into the growth of Canadian small firms. It examines the differences in success criteria between employer and non-employer businesses and finds success has four underlying dimensions: market acceptance, self-fulfillment, personal welfare and financial performance.

(continued on page 2)

CONTENTS

<i>Job Creation</i>	3
<i>Business Bankruptcies</i>	4
<i>Self-Employment</i>	5
<i>Economic Snapshot</i>	5
<i>Financing</i>	6
<i>Recent Developments</i>	8

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(continued from page 1)

The study finds that firm growth is directly associated with the diversity of management experience and the owners' growth plans. These two factors underlie all other attributes of the owner and the firm that are usually associated with firm growth. Specifically, the report confirms that firms with owners who seek growth perform significantly better than firms with owners who do not.

A surprisingly high proportion of business owners responded "not applicable" when asked to consider their experience in management activities such as adopting new technology or electronic commerce, performing market research or financial analysis, or making use of industry information (see Table 1). It would appear that many business owners have different priorities and are comfortable operating in traditional ways.

Although the study relied on a small sample that does not fully represent Canadian SMEs, it points the way to future research in this area. The Small Business Policy Branch intends to determine stakeholder interest in a national survey on management skills and performance, as well as the feasibility of developing an on-line diagnostic tool based on the survey results.

The executive summary of *Management Competencies and SME Performance Criteria: A Pilot Study* is available on the Small Business Research and Policy Web site at <http://www.strategis.gc.ca/sbresearch/orser>

Table 1: Relative Frequency of "Not Applicable" Responses on Management Experience Scales

Scale	Non-employers (%)	Employers (%)	Total ¹
Electronic commerce	53.9	39.0	142
Adopting new technology	54.9	29.1	121
Accessing industry information	30.4	17.0	69
Financial analysis	28.4	14.8	62
Using market research	28.4	14.8	62
Software skills	27.5	13.5	58
Accessing fields of knowledge	26.5	13.0	56
On-line communications	25.5	13.0	55
Industry standards	19.6	14.8	53
Operations management	28.4	8.5	48
New product development	19.6	12.1	47
Delegating	36.3	1.8	41
Sources of capital	12.7	10.8	37
People management	29.4	1.8	34
Financial reporting	7.8	10.3	31
Project management	5.9	10.8	30
Promotion and advertising	9.8	4.9	21
Professional networks	9.8	2.2	15
Small business regulation	1.0	3.1	8
Personal career management	1.0	2.7	7
Business plans	2.9	1.3	6
Pricing	3.9	0.9	6
Small business management	0.0	0.4	1
Personal time management	0.0	0.4	1
Supplier-client relationships	0.0	0.0	0

Source: Barbara Orser and Allan Riding, *Management Competencies and SME Performance Criteria: A Pilot Study*, 2003. <http://www.strategis.gc.ca/sbresearch/orser>

¹ Total of "Not Applicable" responses. A total of 326 owners responded to the survey.

JOB Creation

Data for the fourth quarter of 2003 from Statistics Canada's *Survey of Employment, Payrolls and Hours* (SEPH) indicate that nearly 89 000 new payroll jobs were created compared with the fourth quarter of 2002. This is down almost 45 000 jobs compared with the third quarter's year-over-year job creation. Table 2 shows that nearly 40 percent of new jobs were created in small firms (those with fewer than 100 employees), which contributed more to job creation than did both medium-sized and large firms.

Table 3 breaks down net changes in average payroll employment by industry and firm size between 2002 and 2003. Close to 234 000 new jobs were created in 2003, with the largest job gains occurring in firms with more than 500 employees

(47 percent of total job creation) and firms with between 20 and 99 employees (31 percent). Firms with 5 to 19 employees suffered more than 5000 net job losses.

Three industries contributed to nearly 60 percent of total job creation: health care and social assistance (21 percent of total job creation), retail trade (20 percent), and public administration (17 percent). The major small business job gains were in the following industries: construction (27 percent), health care and social assistance (19 percent), and retail trade (18 percent). The accommodation and food services, forestry, manufacturing, and transportation and warehousing industries suffered job losses during this period.

Table 2: Year-over-year Quarterly Net Change in Payroll Employment by Firm Size, Canada, Q1 2001 to Q4 2003

Quarter	Total Net Change		% Contribution to Total Net Change by Size of Firm (Number of Employees)								
	%, y/y	Jobs, y/y	0-4	5-19	20-49	50-99	0-99	100-299	300-499	100-499	500+
Q1 2001	3.7	445 716	10.2	1.3	8.2	6.1	25.8	11.4	3.6	15.0	59.2
Q2 2001	2.8	344 534	2.0	8.8	13.3	12.1	36.2	11.0	2.7	13.7	50.1
Q3 2001	1.8	220 349	30.4	2.6	17.3	15.8	66.1	0.1	-1.0	-0.9	34.8
Q4 2001	0.9	118 891	33.4	39.9	36.0	13.9	123.2	-18.7	-39.8	-58.5	35.3
Q1 2002	0.9	109 548	-10.5	32.4	43.3	37.1	102.3	-8.6	-26.8	-35.4	33.1
Q2 2002	1.7	219 942	-2.2	5.4	36.9	37.7	77.8	14.1	-16.4	-2.3	24.5
Q3 2002	2.9	371 463	-0.5	1.0	24.1	25.5	50.1	16.7	-8.7	8.0	41.9
Q4 2002	3.7	468 364	-1.0	2.0	22.3	23.7	47.0	13.1	-1.9	11.1	41.9
Q1 2003	3.3	417 855	1.6	-0.2	17.6	19.7	38.7	13.1	2.8	15.9	45.4
Q2 2003	2.3	295 447	4.5	0.3	9.6	9.5	23.9	12.4	4.5	16.9	59.2
Q3 2003	1.0	133 500	9.0	-5.9	14.3	15.7	33.1	16.6	11.4	28.0	38.9
Q4 2003	0.7	88 971	7.3	-15.3	18.5	29.4	39.9	17.6	13.8	31.4	28.7

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), March 2004.

(continued on page 4)

(continued from page 3)

Table 3: Year-over-year Annual Net Change¹ in Payroll Employment² by Industry and Firm Size, 2002 to 2003

Industry	Total Net Change		Total Net Change by Size of Firm (Number of Employees)								
	% y/y	Jobs, y/y ⁴	0-4	5-19	20-49	50-99	0-99	100-299	300-499	100-499	500+
Forestry ³	-10.3	-6 422	-597	-1 064	16	962	-683	798	—	—	—
Mining and oil and gas extraction	7.1	9 923	269	-186	169	543	795	2 387	231	2 618	6 511
Utilities	0.7	766	-18	-31	-323	286	-86	199	-698	-499	1 351
Construction	4.5	27 930	4 700	5 643	7 711	3 153	21 207	5 557	1 104	6 661	63
Manufacturing	-0.3	-5 261	-967	-2 537	127	4 110	733	8 615	7 045	15 660	-21 655
Wholesale trade	2.0	14 849	-563	-1 849	2 733	883	1 204	854	44	898	12 746
Retail trade	3.0	46 895	-316	-2 379	5 852	10 861	14 018	6 255	-610	5 645	27 232
Transportation and warehousing	-0.3	-1 980	-166	259	1 730	2 402	4 225	-1 444	1 460	16	-6 221
Information and cultural industries	2.8	9 401	257	246	1 482	1 591	3 576	2 968	-1 491	1 477	4 348
Finance and insurance	1.0	5 846	-214	-675	-529	2 409	991	633	-765	-132	4 985
Real estate and rental and leasing	0.3	620	1 278	-605	709	1 157	2 539	-2 058	878	-1 180	-738
Professional, scientific and technical services	0.3	1 710	2 916	-18	360	-1 440	1 818	-1 535	574	-961	852
Management of companies and enterprises ³	1.7	1 483	-473	-179	-377	69	-960	-767	—	—	—
Administrative and support, waste management and remediation services	6.6	36 910	216	1 648	4 230	3 783	9 877	6 792	678	7 470	19 565
Educational services	0.0	33	270	145	934	1 223	2 572	-227	3 079	2 852	-5 391
Health care and social assistance	3.8	50 169	1 067	2 694	7 512	3 910	15 183	136	2 717	2 853	32 135
Arts, entertainment and recreation	4.6	10 804	232	852	984	835	2 903	2 203	1 487	3 690	4 214
Accommodation and food services	-2.0	-19 435	2 114	-10 139	-2 232	1 814	-8 443	-5 564	-2 983	-8 547	-2 447
Other services (excluding public administration)	1.8	8 977	-443	3 027	4 103	989	7 676	3 505	-882	2 623	-1 320
Public administration	5.6	40 728	48	-231	-802	-245	-1 230	2 979	-388	2 591	39 366
Canada total⁴	1.8	233 943	9 609	-5 380	34 388	39 296	77 913	32 285	13 181	45 466	110 565

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), March 2004.

¹ The year-over-year change in net payroll employment is calculated as the difference between the average level of employment in the four quarters ending the fourth quarter of 2003 and the average level in the preceding four quarters.

² SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

³ Data for firms with 300 or more employees are suppressed because of confidentiality restrictions but are included in the size category and industry totals.

⁴ Total net change in employment within each industry and by firm size may not add up due to rounding.

BUSINESS Bankruptcies

There were 2141 commercial bankruptcies reported in Canada in the fourth quarter of 2003, very similar to reports from the same quarter of 2002 (2151) but an increase of approximately 7 percent from the previous quarter (2006). The industries most affected were retail trade (15 percent of bankruptcies), construction (15 percent), and accommodation and food services (12 percent). Retail trade and accommodation and food services have had the highest bankruptcy rate for at least the last two years.

Despite the increase in bankruptcies, liabilities involved in bankruptcies amounted to \$658 million in the fourth quarter of 2003, a drop of 21 percent from the previous quarter. The average liability was approximately \$307 000 per bankrupt business, a significant drop compared with the average in the previous quarter (\$418 000) and the same quarter of 2002 (\$394 000). With liabilities of \$99 million and \$97 million respectively, the manufacturing and wholesale trade industries alone accounted for close to 30 percent of the fourth-quarter liabilities.

SELF-Employment

Statistics Canada's *Labour Force Survey* distinguishes five categories of self-employed workers:

- workers with incorporated businesses that use paid help;
- workers with incorporated businesses that don't use paid help;
- workers with unincorporated businesses that use paid help;
- workers with unincorporated businesses that don't use paid help; and
- unpaid family workers.

Table 4 shows the distribution by gender for each category of self-employed worker from 1993 to 2003, along with annualized growth rates. For both men and women, self-employment grew continuously from 1993 until 1999, fell over the next two years, and only partially recovered between 2001 and 2003.

Among the self-employed without paid help, men and women displayed similar growth patterns. Those whose businesses were incorporated had very strong growth before 1999 and continued their growth after 1999: men in this category grew at an annualized rate of 6.6 percent and women at 4.9 percent per year. Of all self-employed workers, the percentage with incorporated businesses that don't use paid help more than doubled over the decade; for men, the share grew from 5.5 percent to 11.0 percent by 2003. Similarly, self-employed women with an incorporated business but no paid help increased their share from 1.6 percent to 3.7 percent.

Self-employed men and women with an unincorporated business without paid help had positive growth between 1993 and 1999 and negative growth from 1999 to 2003.

In contrast, self-employed men and women with paid help had very different growth patterns. The number of incorporated self-employed men with paid help declined over the entire decade by 0.3 percent per year; their share of all self-employed workers shrank from 20.3 percent in 1993 to 16.5 percent in 2003. The number of their female counterparts, on the other hand, grew by 2.6 percent per year from 1993 to 2003; their share of the self-employed rose from 4.8 to 5.2 percent. Among the unincorporated with paid help, male self-employment fell throughout the decade by 2.0 percent per year, while female self-employment grew by 1.0 percent per year.

The number of unpaid family workers, both men and women, declined throughout the decade.

(continued on page 6)

Data as of April 14, 2004

Canada's real Gross Domestic Product (GDP)... increased by 3.8 percent (annualized) in the fourth quarter of 2003, following a 1.3 percent rise in the third quarter. The acceleration of growth, however, was mainly driven by a replenishment of inventories as growth in final demand moderated to 1.2 percent from 5.8 percent in the third quarter. This drop in final demand was largely attributable to a slowdown in real consumer spending, led by a sharp reduction in automobile purchases. For 2003, real GDP growth was 1.7 percent, down from 3.3 percent in 2002. On the income side, corporate profits rose further in the fourth quarter and hit a record high in 2003. Real personal disposable income rose 1.1 percent in the fourth quarter, after an increase of 1.5 percent in the third.

Monthly real GDP... slipped 0.1 percent in January, after rising by a strong 0.5 percent in December. This was the first decline since the drop of 0.7 percent in August caused by the power blackout in Ontario. Goods-producing output fell 0.4 percent, after rising 1.0 percent in December. Manufacturing GDP fell, ending two consecutive increases; utilities posted a 4.1-percent increase. Output in the services sector was unchanged, after rising 0.3 percent in December. Activities in wholesale and transportation fell as a result of a drop in motor vehicle sales. Weak foreign travel to Canada reduced output by the accommodation and food industry, but small gains in the rest of the service industries helped to offset these losses.

The economic outlook... has been revised downward slightly, but prospects remain for acceleration of growth. The *Consensus Forecast* survey of April expects real GDP growth in Canada to rise from 1.7 percent in 2003 to 2.7 percent in 2004 (down from 3.0 percent in December) and 3.3 percent in 2005. Meanwhile, real GDP growth in the United States is forecast to rise from 3.1 percent in 2003 to 4.6 percent in 2004, before moderating to 3.7 percent in 2005.

Consumer spending growth... moderated from 4.6 percent in the third quarter to 0.1 percent in the fourth, the smallest increase since the fourth quarter of 1995. The slowdown mainly reflected a decline of 17 percent in spending on durables. In 2003, consumer spending grew by 3.3 percent, little changed from a rise of 3.4 percent in 2002. An acceleration in spending on services (4.1 percent) compensated for a slowdown in spending on durables (2.3 percent) in 2003.

Housing investment... and activity remained strong in the fourth quarter, as residential investment increased 10.0 percent, after rising 18.6 percent in the third. In 2003, growth in residential investment dropped to 7.5 percent from the remarkable growth of 2001 (10.3 percent) and 2002 (14.2 percent).

Business investment in machinery and equipment (M&E)... rose only 1.1 percent in the fourth quarter after increasing by a two-year high of 19.2 percent in the third quarter. Stimulated by lower prices associated with the appreciation of the Canadian dollar, M&E investment increased 5.0 percent in 2003, following a decline of 3.2 percent in 2002.

Corporate profits... rose 14.7 percent (annualized) in the fourth quarter, posting double-digit growth for two consecutive quarters and nearly recovering from their second-quarter drop. In 2003, corporate profits rose 10.1 percent to \$146.4 billion, despite setbacks (e.g., SARS, the Ontario power blackout and the rapid appreciation of the Canadian dollar).

The current account... posted its 18th consecutive surplus (\$6.7 billion) in the fourth quarter. This surplus was \$1.2 billion lower than in the third quarter because of lower surplus on the merchandise trade (-\$0.6 billion to \$15.1 billion) and higher deficit in investment income (\$0.6 billion to \$5.6 billion). Nonetheless, the current account surplus rose by \$2.4 billion in 2003, to \$25.8 billion. The goods surplus increased as imports fell more than exports, while the investment deficit decreased.

(continued on page 7)

(continued from page 5)

Table 4: Self-employed in Canada, Shares and Annual Growth Rates by Category of Worker and Gender, 1993–2003

	Men (Percentage of All Self-employed)						Women (Percentage of All Self-employed)					
	All Self-employed Men	No Paid Help		With Paid Help		Unpaid Family Workers	All Self-employed Women	No Paid Help		With Paid Help		Unpaid Family Workers
		Incorporated	Unincorporated	Incorporated	Unincorporated			Incorporated	Unincorporated			
1993	67.7	5.5	28.8	20.3	12.2	0.9	32.3	1.6	19.3	4.8	3.8	2.8
1994	66.6	5.9	29.2	18.5	12.5	0.6	33.4	1.9	20.7	4.6	4.0	2.2
1995	66.3	6.0	28.9	19.2	11.6	0.7	33.7	2.1	20.7	5.2	3.7	2.1
1996	65.8	6.6	29.6	17.9	11.0	0.6	34.2	2.1	21.5	4.8	3.8	2.0
1997	64.8	7.8	29.8	17.3	9.0	0.8	35.2	2.9	21.9	5.3	3.2	2.0
1998	64.4	7.5	31.0	16.3	8.9	0.7	35.6	2.8	22.6	5.0	3.4	1.8
1999	65.0	8.3	30.6	16.8	8.6	0.6	35.0	3.0	22.1	5.2	3.5	1.2
2000	64.8	9.0	29.9	16.4	8.9	0.6	35.2	3.2	21.4	5.7	3.7	1.2
2001	66.1	10.0	29.7	16.7	9.2	0.5	33.9	3.3	20.6	5.2	3.8	1.0
2002	65.0	10.4	29.0	16.4	8.8	0.5	35.0	3.6	21.4	5.4	3.7	0.9
2003	65.8	11.0	29.4	16.5	8.3	0.6	34.2	3.7	20.8	5.2	3.5	0.9
Growth rates												
1993–2003	1.5	9.0	2.0	-0.3	-2.0	-3.6	2.3	10.9	2.5	2.6	1.0	-8.8
1993–1999	2.6	10.6	4.4	0.1	-2.6	-3.2	4.7	15.0	5.6	4.5	1.6	-9.5
1999–2001	-2.4	6.1	-4.6	-3.5	-0.1	-15.8	-4.7	1.6	-6.5	-2.9	0.9	-13.8
2001–2003	2.0	7.1	1.8	1.4	-2.5	9.0	2.7	8.3	2.6	2.7	-0.8	-1.1
1999–2003	-0.2	6.6	-1.5	-1.1	-1.2	-4.2	-1.1	4.9	-2.1	-0.1	0.1	-7.7

Source: Statistics Canada, Labour Force Survey.

FINANCING

Report on Canadian Institutional Investors and Private Equity

A new study,¹ commissioned by the federal government and six provincial governments and conducted by Macdonald & Associates Limited, explores the role of institutional investors with regard to private equity.

Extensive interviews were held with representatives of 74 institutional funds with headquarters in all regions of Canada. These interviewees were asked about their interest or involvement in private equity at home and abroad. Senior managers of 20 of the largest pensions, endowments and funds-of-funds in the United States were also interviewed about their market experience and interest in Canadian private equity opportunities.

The resulting report, entitled *Finding the Key*, reveals that American institutions have a very strong appetite for private equity across the market spectrum, expressed by the substantial volume of assets committed by U.S. institutions and what they intend to

(continued on page 7)

(continued from page 6)

commit in the coming years. In the United States, all types and sizes of institutions participate in the market; in Canada, only public sector pension funds and institutions sized over \$5 billion are active in private equity (see Table 5).

Finding the Key concludes that Canada faces several fundamental challenges to the participation of Canadian institutions in domestic and global private equity.

Canadian and U.S. respondents indicated that the first step in effecting change should be increased communication and education. Specifically, respondents saw the need for more interaction between Canadian institutions and private equity communities to correct misinformed impressions and to collaborate to meet shared objectives.

Finding the Key therefore proposes multi-stakeholder discussions, the most important of which would be cross-country seminars organized by federal and provincial governments and by industry associations such as Canada's Venture Capital & Private Equity Association (CVCA), Réseau de capital de risque du Québec, and the Pension Investment Association of Canada. The report also proposes that these organizations take part in developing new strategies for building awareness among American institutions of distinctive private equity investment opportunities in Canada.

Finding the Key also proposes that industry associations continue their work on behalf of institutions, private equity professionals and entrepreneurs to encourage the federal Department of Finance and other government bodies to make tax and regulatory changes.

For more information on this report, please contact Anthony Haddad at (613) 946-2549 or Christine Soucy at (418) 648-4848.

¹ Macdonald & Associates Limited, *Finding the Key: Canadian Institutional Investors and Private Equity*, report prepared for Industry Canada, December 2003.

Table 5: Institutional Allocations (Actual) to Private Equity¹

Canada and the United States, 2002				
United States				
Fund Size (US\$)	>\$5 billion	\$1-5 billion	\$501 million to \$1 billion	<\$500 million
Percentage of total assets	3.4	2.6	1.5	1.5
Canada				
Fund Size (CAN\$)	>\$5 billion	\$1-5 billion	\$501 million to \$1 billion	<\$500 million
Percentage of total assets	3.2	0.5	0.1	0.1

Source: Greenwich Associates, 2003.

¹ Includes available data for endowments/foundations and corporate and public sector pension funds.

(continued from page 5)

The January Business Conditions Survey... indicated that manufacturers' outlook on production prospects for the first quarter was cautiously optimistic. This suggests that manufacturing growth should continue in the first quarter, albeit at a slower pace than in the fourth quarter. Fifty-five percent of manufacturers expected to keep their production unchanged and 30 percent expected to raise it. Eighty-three percent of producers stated that their work force would remain the same or increase. Fifty-four percent of manufacturers reported no production impediments. Impediments included the shortage of skilled labour, a rising Canadian dollar, a shortage of orders and the impact of the softwood lumber dispute.

Employment... edged down by 13 000 in March, raising job losses since the beginning of 2004 to 20 000. This entailed the loss of 81 000 part-time jobs, while 61 000 full-time jobs were created. Employment growth moderated to 1.7 percent in 2003, down from 3.7 percent in 2002. However, 197 000 of these jobs were created from August to December. The unemployment rate has risen from 7.4 percent in recent months to 7.5 percent in March.

The Consumer Price Index (CPI)... posted a year-over-year increase of 0.7 percent in February. Inflation has been dropping since a February 2003 peak, when higher energy prices pushed inflation up to 4.6 percent, the highest since September 1991. "Core" inflation, which excludes the most volatile components of the overall CPI and indirect taxes and is the target for monetary policy, fell from 1.5 percent in January to 1.1 percent in February, below the midpoint of the official 1-3 percent target range.

The Bank of Canada... reduced the overnight rate by an additional 25 basis points (bps) to 2.0 percent on April 13 to facilitate adjustments to developments in the global economy and support aggregate demand. Since last July, the Bank has cut its overnight rate by a total of 125 bps. The U.S. Federal Reserve left its federal funds rate unchanged at 1.0 percent on March 16. Consistent with these developments, the spread between the 90-day corporate paper rate and its U.S. counterpart has narrowed by about 120 bps since June to about 101 bps on April 14.

The Canadian dollar... closed at US\$0.743 on April 14, 2004. It has averaged around US\$0.75 in recent months after hitting a 10-year high of US\$0.788 in early January, partly reflecting the narrowing of short-term interest rates between Canada and the United States.

The "Economic Snapshot" is prepared by the Micro-Economic Policy Analysis Branch of Industry Canada. Please address comments to Joseph Macaluso at 613-954-3495 or at macaluso.joseph@ic.gc.ca

RECENT *Developments*

APEC Small and Medium Enterprises Working Group Meeting, Vancouver

On behalf of Chile, the lead economy for 2004, Industry Canada hosted the 18th Asia-Pacific Economic Cooperation (APEC) Small and Medium Enterprises Working Group and the second meeting of the Sub-group on Micro-enterprises. The meetings took place in Vancouver on March 8–10, 2004.

Discussions focussed on the theme for APEC SME 2004, “Entrepreneurship.” Meeting participants agreed to develop this theme over the next few months within a framework of four policy priorities: entrepreneurship and regulation, innovation and technology, finance, and education and training.

Results of this work will be presented to APEC SME Ministers at the 11th APEC SME Ministerial Meeting in Santiago, Chile, on October 6–7, 2004. Further information on the 2004 APEC meetings may be found at www.apec2004.cl

Annual Conference of the Administrative Sciences Association of Canada in Quebec, June 5–8, 2004

The annual conference of the Administrative Sciences Association of Canada (ASAC) will be held in Québec City at Laval University in June 2004. Under the theme “Research Agenda for the Next Decade,” the conference will focus on three areas of research that deal with the challenges facing businesses over the next 10 years: adjusting rapidly to market shifts, identifying new market opportunities and developing business skills.

In the “Entrepreneurship and Family Business” division of the conference, the Small Business Policy Branch will present results of its research project on growth firms in Canada. The research paper submitted to the ASAC review committee was selected as this year’s best paper. Highlights of this research project may be viewed at <http://strategis.ic.gc.ca/sbresearch/growthfirms/highlights>. The Branch also expects to present its second report to Parliament on the financing of SMEs, which will be released soon.

For further information about ASAC and the June conference, please visit the Association’s Web site at <http://www.asac.ca>

Small Business Quarterly Small Business Policy Branch

The *Small Business Quarterly* (SBQ) provides a quick and easy-to-read snapshot of the recent performance of Canada’s small business sector. The SBQ is published by the Small Business Policy Branch of Industry Canada.

Please send your comments to the editor:

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ISSN 1205-9099

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