

# UNDERSTANDING CANADA'S GOODS EXPORTERS

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EDC Economics

April 22, 2021

From trends in mining to top growth sectors,  
tracing the history of the Canadian goods trade  
from 2005 to 2020

Canada

 EDC



# KEY FINDINGS

**EXPORTER COUNTS:** From a peak of 54,065 in 2005, the number of Canadian goods exporters fell sharply in the Global Financial Crisis to a low of 45,425 in 2010. Despite some gains, the exporter count inched up only to 50,542 in 2019.

**EXPORTERS BY FIRM SIZE:** Most goods exporters in Canada (about 80%) are firms with less than 50 employees, but most export value (nearly 60%) comes from large exporters with more than 500 employees.

- Medium-sized exporters (100-500 employees) experienced the strongest growth in population counts followed by large exporters (>500 employees). The number of small exporters (<100 employees) have fallen since 2005.

**EXPORTER PRODUCTIVITY:** Despite the decline in the number of exporters (by 7%) over the past 15 years, the value of Canada's goods exports grew significantly (by 37%). Medium-sized exporters led the growth in average export value per firm (up 75% notably higher than the growth of 47% for all firm sizes).

# KEY FINDINGS CONTINUED

**REGIONAL DIMENSIONS:** Ontario has the most goods exporters, but Western Canada has the highest average annual export value per exporter (\$14 million), related to oil and gas.

- The Territories (Yukon, Northwest Territories, and Nunavut) are the only region in Canada with growing exporter counts over the past 15 years.

**DIVERSIFICATION:** Well-diversified exporters made further strides expanding into new markets, but most small-medium enterprise (SME) exporters remain highly-reliant on the United States.

- The decline in exporter counts over the past 15 years is due to less diversified exporters with fewer than six export destinations.
- The number of exporters selling to advanced economies fell overall, but the number of exporters and the value of exports to China grew significantly over the past 15 years. Export values also grew quickly to Africa, the Middle East, the rest of Asia and Australia.

# KEY FINDINGS CONTINUED

**SECTORS:** Comparative advantage and competitiveness for Canadian goods exporters shifted in the past two decades. The biggest winners in terms of increased exporter counts, include retail trade, agriculture, forestry, and real estate. Sectors that lost ground include manufacturers of wood products, clothing, furniture and printing.

- Goods-producing sectors faced larger declines and slower recoveries than services sectors that exported goods.

**COVID-19:** The pandemic impacted exporters across all sectors and industries, with goods exporters in service sectors suffering the biggest declines. Small exporters were hit disproportionately hard, especially those in Quebec and Ontario.

- Canada experienced a significant decline in exporter count: 6% decline in March 2020 and a further 15% in April 2020. The initial impact of the pandemic caused a reduction of 4,000 exporters.

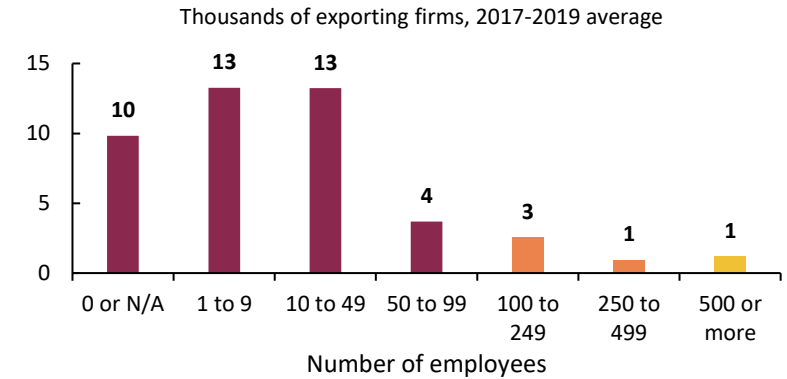
# OVERVIEW OF CANADIAN GOODS EXPORTERS

- In 2019, Canada had 50,542 goods exporters by establishment\*, who exported \$553 billion of goods. The average export value per exporter was \$11 million.
- Canadian exporter counts fell significantly in the 2008-2009 Global Financial Crisis and haven't recovered to previous levels.
- SMEs (with less than 500 employees), account for 97% of all Canadian goods exporters and 41% of total export value. Average export value per SME exporter is \$5 million. The number of small exporters (with less than 100 employees) has fallen since 2005, whereas medium and large exporters counts have increased.
- Large enterprises account for only 3% of exporters, but contribute 59% of total export value. Average export value per large exporter is \$255 million.

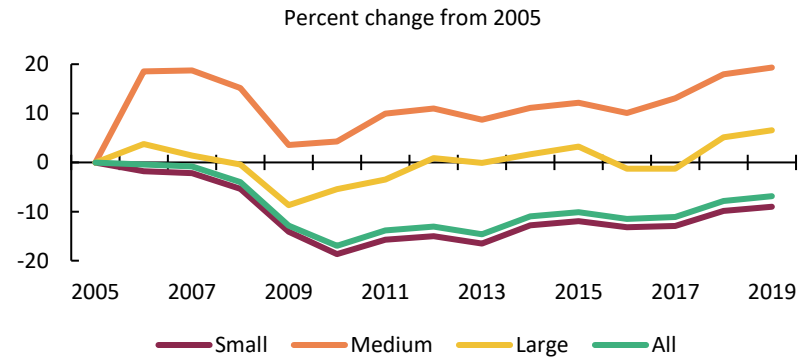
Export value rose over the past 15 years, while the number of exporters declined



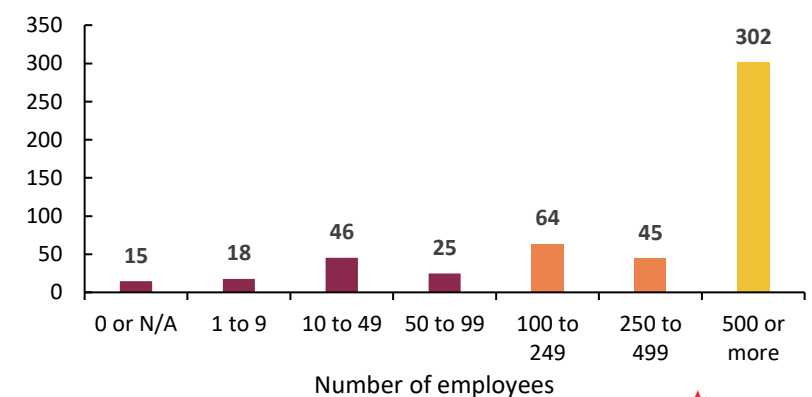
Most Canadian exporters have less than 50 employees



Since 2005, small exporter counts have lagged medium and large firms



Large firms export by far the most value



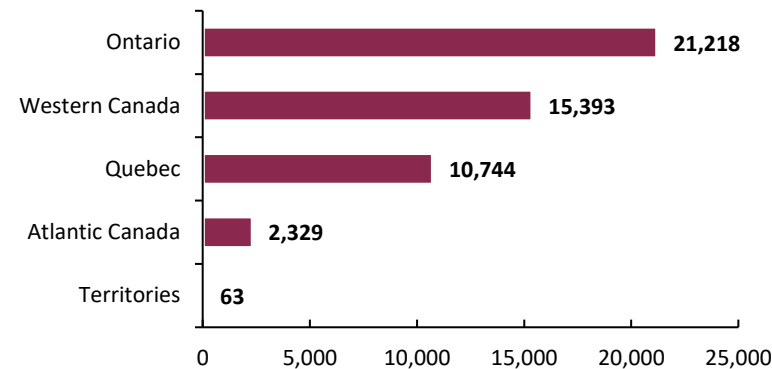
\*By establishment counts separate business units in the same enterprise as separate entities. An enterprise can have multiple establishments, but an establishment can't belong to multiple enterprises.

# PROVINCIAL PROFILE

- Ontario has the most exporters, followed by Quebec and British Columbia. Western Canada has the highest export value per exporter (\$14 million), followed by Atlantic Canada (\$12 million) and Ontario (\$10 million).
- Western Canada is especially reliant on SME exporters, related to oil and gas, wholesale trade and manufacturing.
- All Canadian provincial regional groupings experienced a decline in exporters since 2005, but the Territories saw modest growth (accounting for 0.4% of total exports by value).
- Western Canada experienced the highest growth by value (64%), followed by the Territories (61%) and Atlantic Canada (41%).
- The U.S., China and the United Kingdom are the Top 3 export destinations by exporter counts.

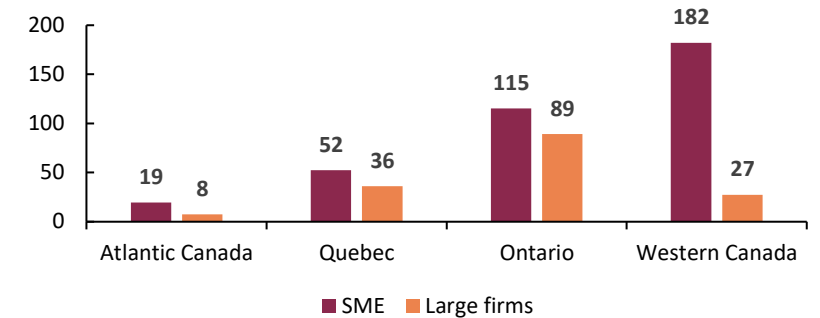
## Ontario has the most goods exporters

2017-2019 average exporter counts



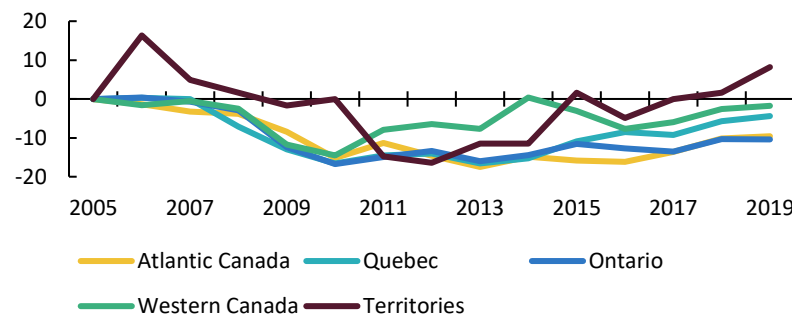
## Western Canada has the highest export value by SMEs

2019, billions of dollars



## Exporters counts declined for all provincial groupings

Percent change from 2005



## Quebec and Atlantic Canada have much higher shares exporting to France

Percent of exporters exporting to each destination, ex U.S.

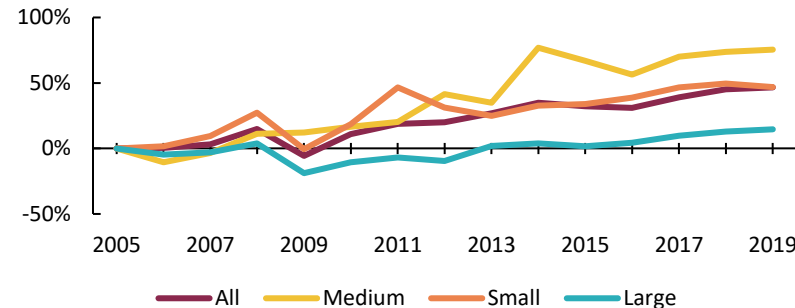


# PRODUCTIVITY

- **Medium-sized exporters (100-499 employees) led the growth in average export value per exporter, growing by 75% from 2005 to 2019. Over the same period, large exporters grew by 15%.**
- **Most SME exporters exported less than \$1 million of goods in 2019. The top 23% of SME exporters accounted for 98% of total SME export values.**
- **SME exporters with two or more export destinations have a significantly higher export value per firm (\$17 million) than those with only one export market (\$4 million). Exporters with two or more markets grew their export value at a faster rate (66%) than their one market counterparts (32%) in the past 15 years.**
- **With the exception of medium-sized enterprises, there's a positive relationship between the number of export destinations and the export value per firm. More export destinations means higher export value per firm.**

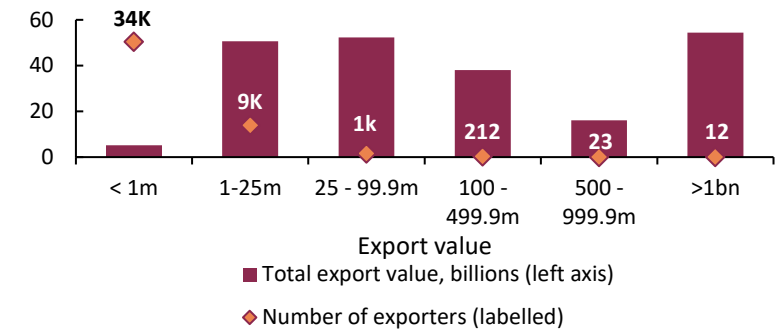
## Medium-sized exporters led the growth in export value per firm

Percent change since 2005, by enterprise employment size



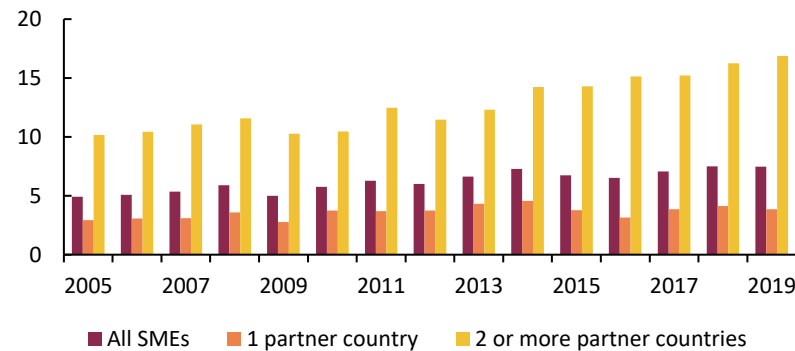
## 23% of SME exporters account for 98% of total SME export value

2019, enterprise employment size



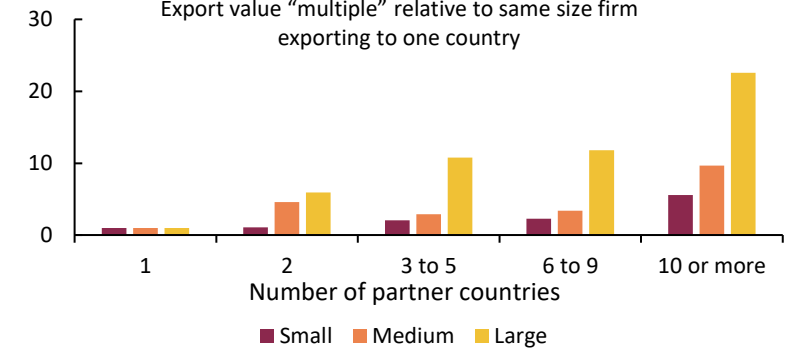
## SMEs with multiple destinations grew faster

Millions of dollars, by establishment firm size



## More export destinations often means more export value

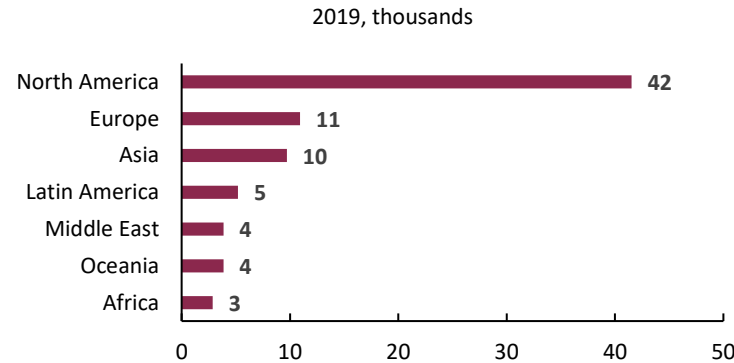
Export value "multiple" relative to same size firm exporting to one country



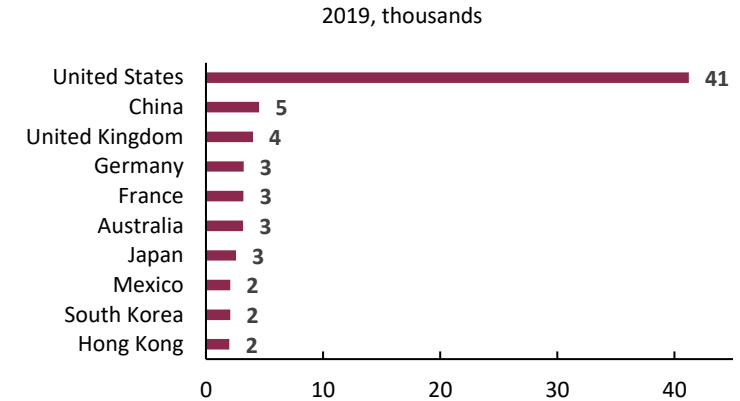
# KEY EXPORT DESTINATIONS

- The United States remains by far the most popular export destination with 92% of all Canadian exporters exporting there, followed by Europe and Asia.
- Between 2005 and 2019, export markets with the fastest growth are in Africa, the Middle East, Asia and Australia. Growth in Africa is driven by Nigeria, Senegal, Côte d'Ivoire and Burkina Faso.
- By value, export growth was strongest since 2005 to Africa (compound annual growth rate, CAGR 7%), Asia (6%), and Europe (5%).
- Exporter growth to the U.S. and EU suffered from a weak recovery after the Global Financial Crisis.
- While most exporter counts to popular destinations stagnated or declined, China is a key exception, growing by 37% from 2005 to 2019, as the value of exports grew at an annual average rate of 9%.

Exporters are focused on North America and the EU as their export destination

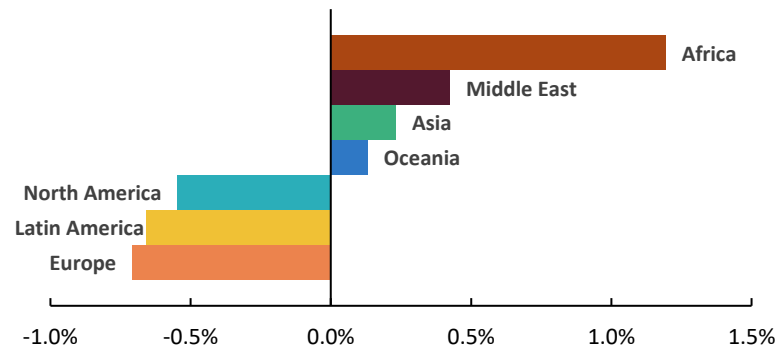


U.S. remains the most popular destination



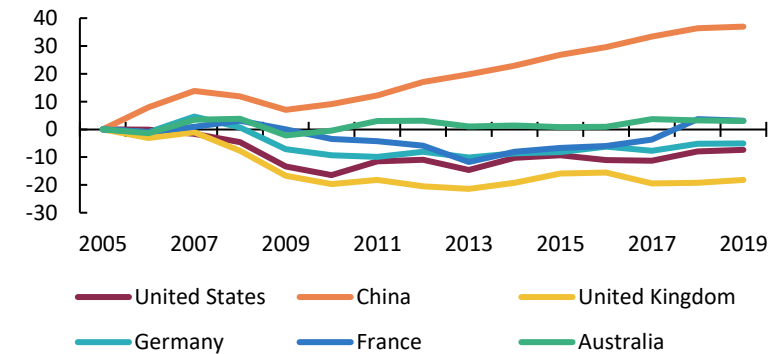
Growth is focused in Asia and MENA

CAGR of exporter counts between 2005-2019, percent



Exporter growth: The China story

Percent change in exporter counts since 2005



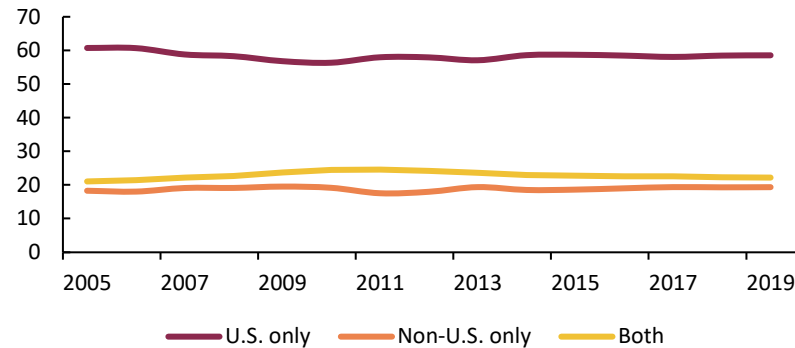


# EXPORTER DIVERSIFICATION PATTERNS

- Smaller Canadian goods exporters have historically relied on the U.S. as their major export market, with half of SMEs exclusively exporting there. While large exporters have more diversified export destinations, a substantial number of them export only to the U.S.
- More than 70% of small Canadian exporters only exported to one market. Whereas only 35% of large firms exported to a single market.
- Over the past decade, there has been an increase in the number of Canadian exporters that reached at least six different export markets annually.

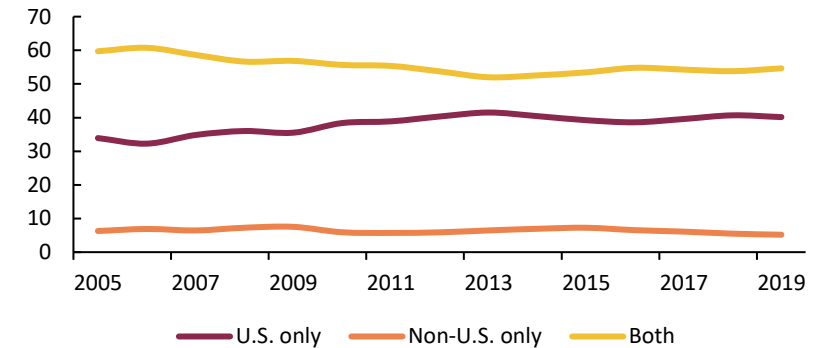
Reliance on the U.S. for SME exporters

Share of total exporter count



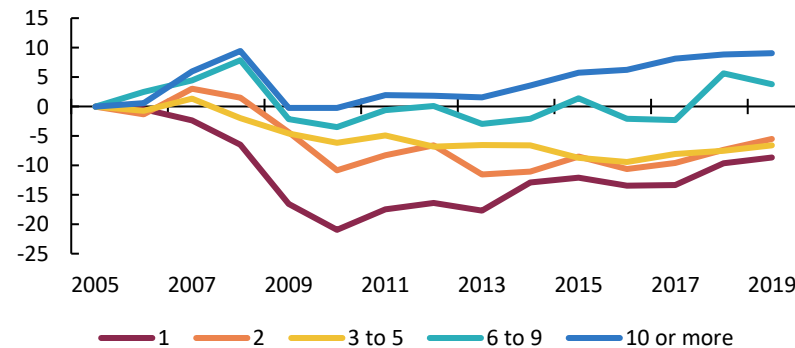
Reliance on the U.S. for large exporters

Share of exporter count



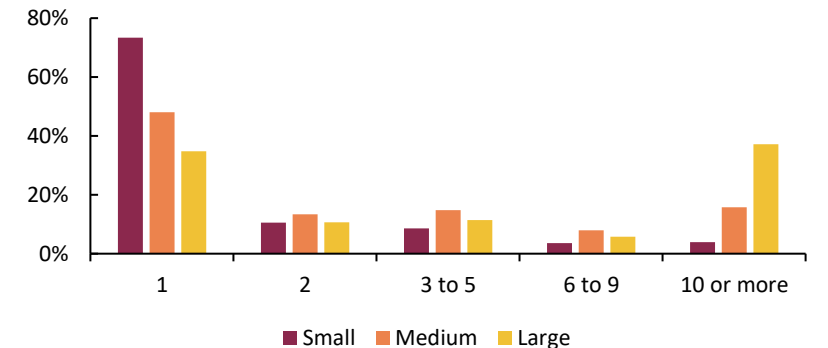
Exporter counts by number of export countries

Percent change in exporter count since 2005



Small firms remain reliant on a single market

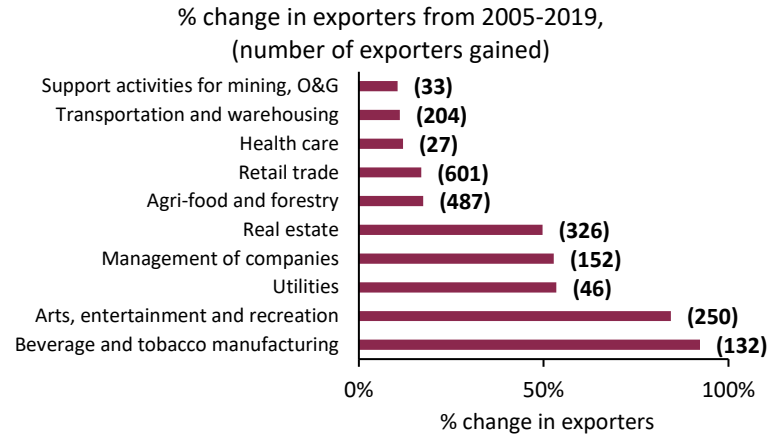
Share of exporter count by size, 2019



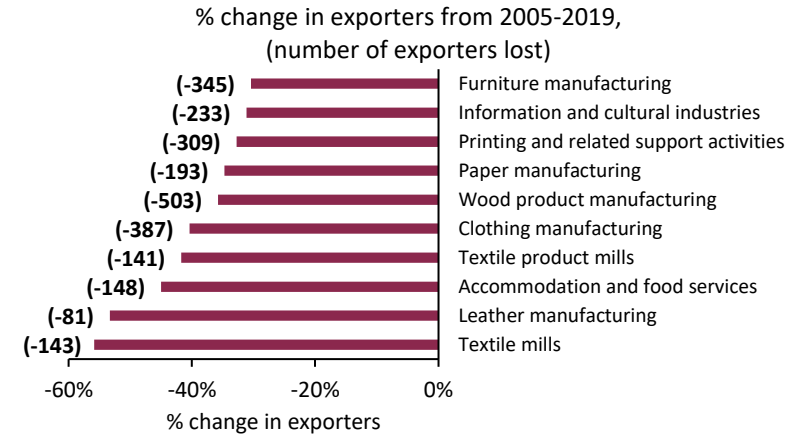
# GROWING AND DECLINING SECTORS

- By establishment count, high-growth sectors over the past 15 years include beverage and tobacco manufacturing, arts, entertainment, and recreation, management, utilities and agriculture.
- By export value, high growth sectors include management of firms (CAGR 40%), finance and insurance (12%), real estate and leasing (8%).
- By establishment count, sectors that saw the greatest export declines include wood manufacturing, clothing, furniture, printing, textiles and leather as Canadian firms lost competitiveness in these industries.
- By export value, sectors with large declines include petroleum and coal manufacturing (CAGR -14%), accommodation and food services (-10%), and public administration (-10%).
- After 2008, the number of exporters in goods-producing sectors fell more than those in services sectors.
- While agriculture and oil and gas sectors experienced exporter gains, most other industries saw declines.

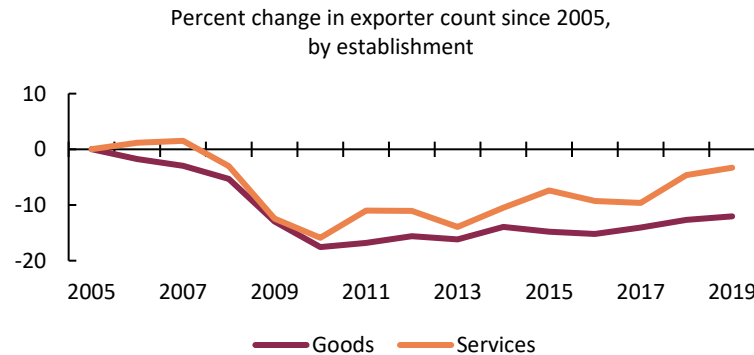
## Top 10 winners by establishment



## Top 10 losers by establishment



## Goods-producing firms declined more than services-producing firms



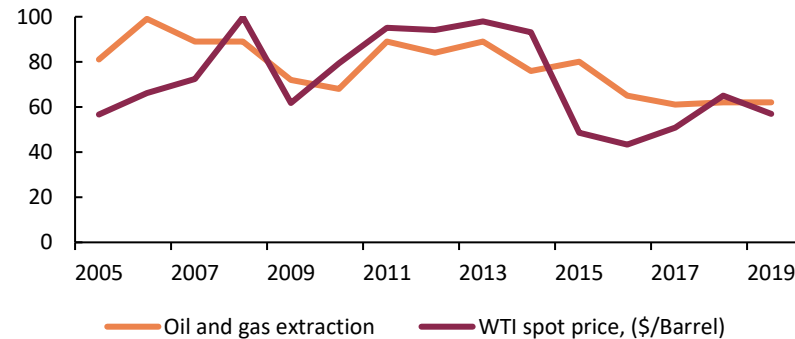
## Exporter growth in agriculture leads the pack



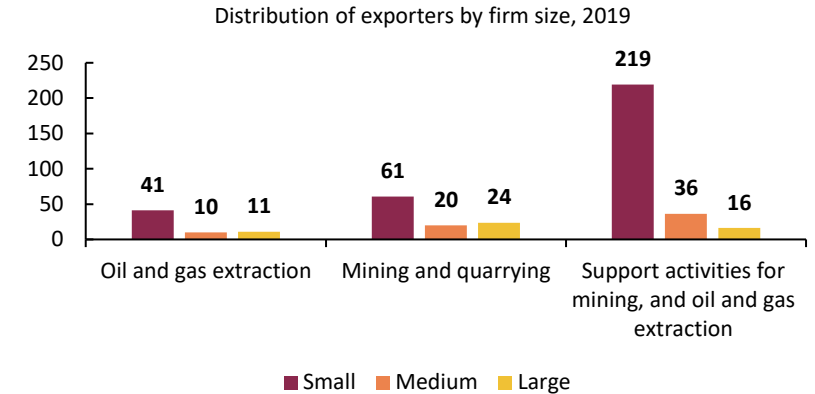
# TRENDS IN ENERGY AND MINING

- Oil and gas exporter counts broadly track oil price movements, as the 2014-2016 oil price crash led to a significant drop in the number of oil and gas exporters.
- Similarly, the number of mining exporters roughly follow metal prices, remaining relatively stable.
- There are many small exporters in supporting activities for oil and gas, and their operations increased significantly over time, likely related to large oil sands projects.
- The COVID-19 pandemic severely impacted the supporting activities sector, although there have been signs of regaining momentum as oil prices recover.

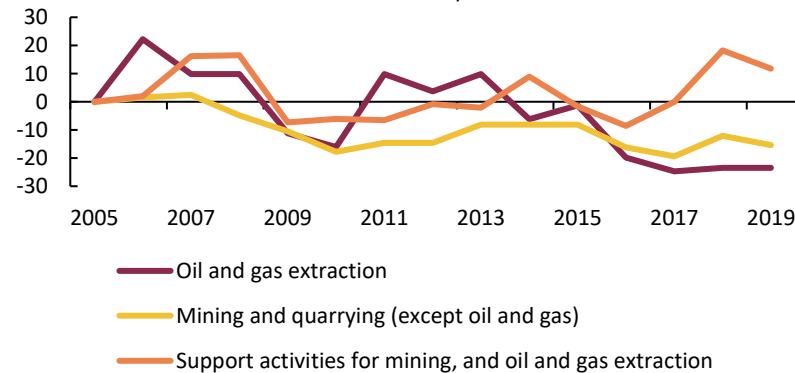
Falling oil prices placed downward pressure on oil exporter counts



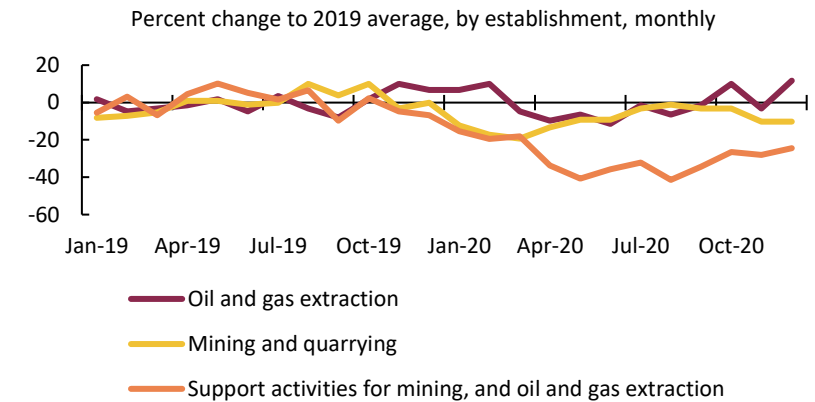
Supporting activities dominated by small players



Support for mining and oil and gas grew...  
Thousands of exporters



... until COVID-19 hit

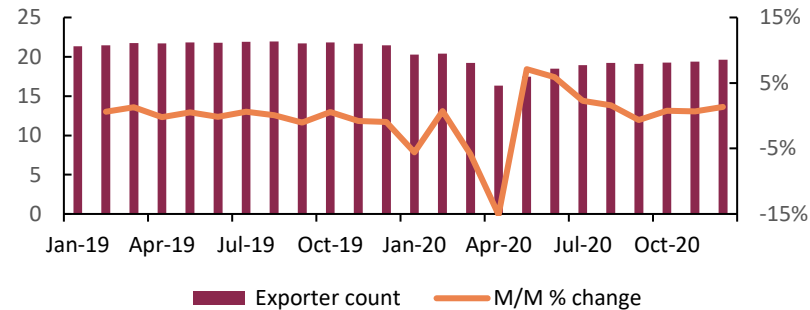


# IMPACT OF COVID-19

- The COVID-19 pandemic severely impacted the economy as governments issued social distancing orders and global supply chains were tested.
- Canada experienced a significant decline in exporter count: 6% decline in March 2020 and a further 15% in April 2020. The initial impact of the pandemic caused a reduction of 4,000 exporters.
- Exporters to India were hit hardest given government restrictions. However, the recovery was swift as exporter counts have returned to pre-pandemic levels.
- Small exporters have been hit especially hard during the pandemic, perhaps related to more difficulties accessing financing.
- Quebec and Ontario were severely impacted, with exporter counts falling one-third at the height of the pandemic.
- Atlantic Canada has suffered fewer COVID-19 cases, and exporter counts have almost recovered to pre-pandemic levels.

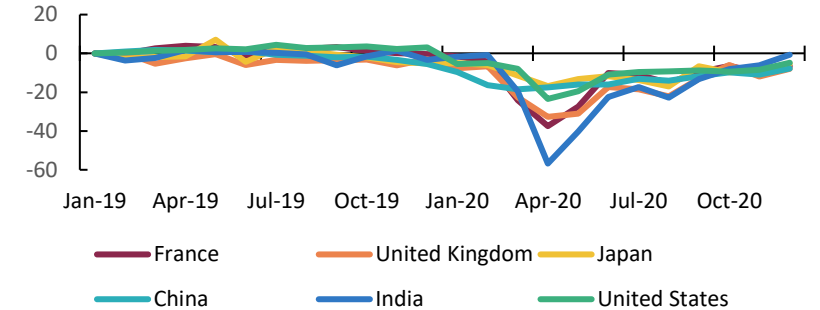
**Exporter counts plummeted at the start of pandemic**

Thousands, monthly



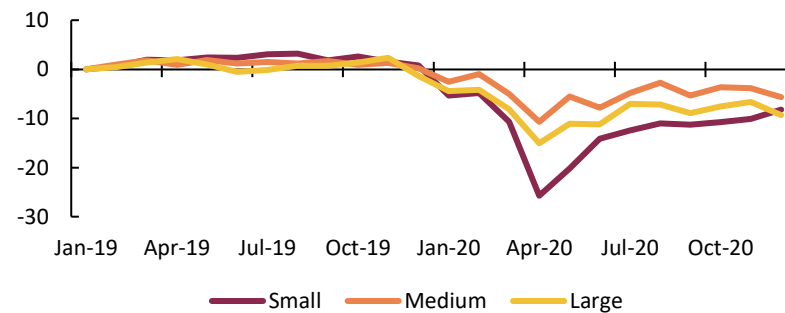
**Exporter counts dropped significantly as countries went into lockdowns**

Percent change in exporter count since January 2019, monthly



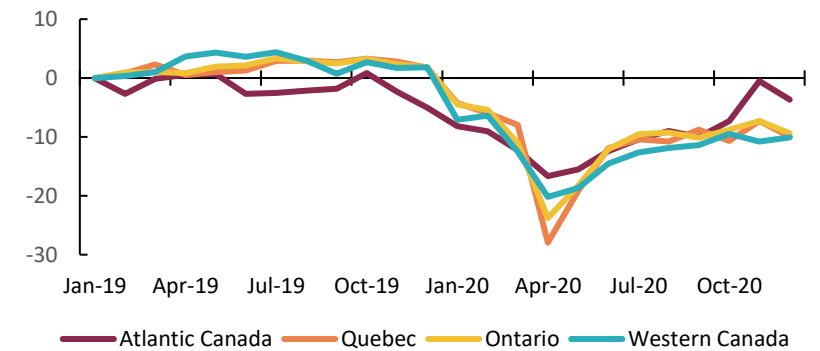
**Small exporters were disproportionately impacted**

Percent change in exporter count since January 2019, monthly



**Exporters in Quebec were hit hardest**

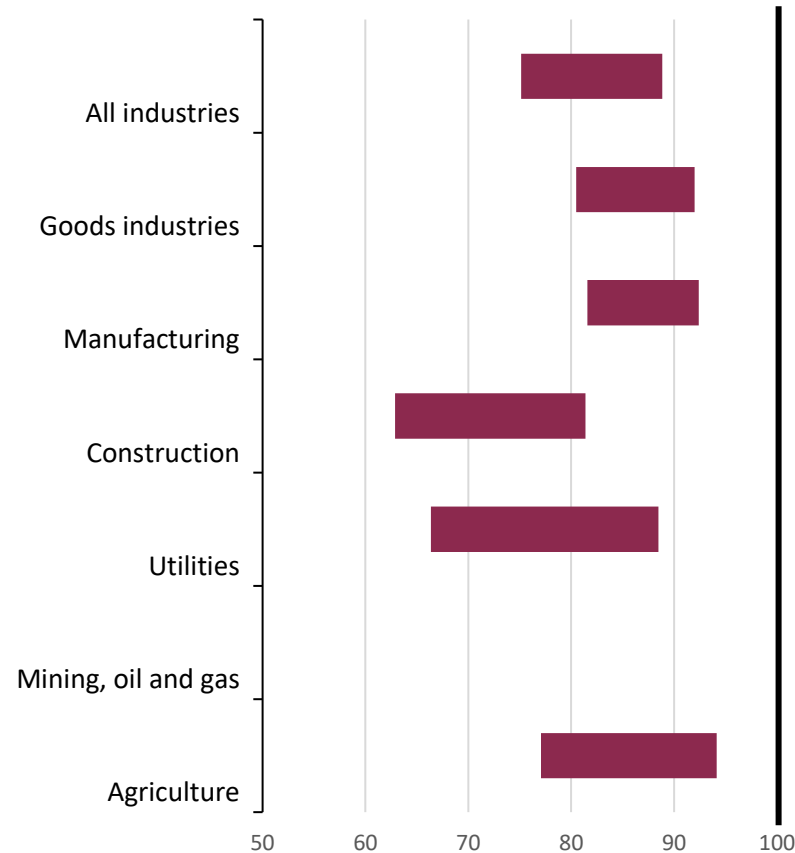
Percent change in exporter count since January 2019, monthly



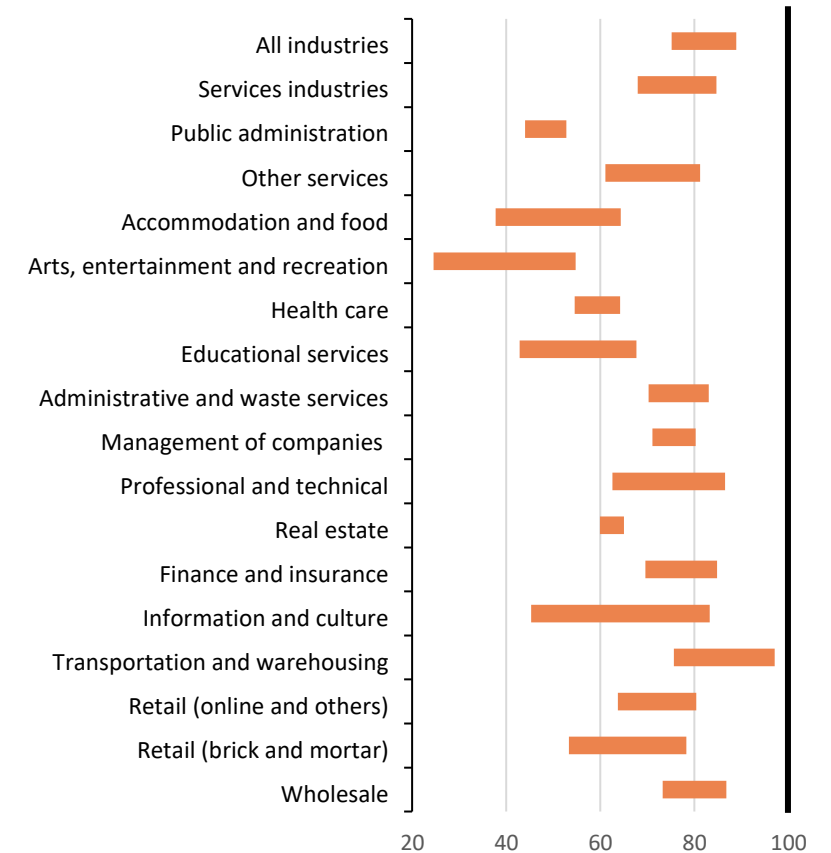
# IMPACT OF COVID-19

- Transportation and warehousing is the sector closest to recovering to pre-pandemic levels.
- Finance and insurance, professional services and health care had stronger recoveries and are all above 80% of pre-pandemic levels
- Arts, entertainment and recreation were hit hardest, losing 75% of all exporters. Other service industries such as accommodations and food services, education services, and public administration were also hit hard.
- Retail trade is recovering due to e-commerce, although brick and mortar suffered a bigger decline than online.
- Mining, oil and gas were mixed, mostly due to the decline in supporting activities.

**Goods-producing sectors**  
Percent change in exporter count, relative to 2019 average



**Service-producing sectors**  
Percent change in exporter count, relative to 2019 average



# ABOUT THIS REPORT

This report examines key trends in Canada's goods exporter population from 2005 to 2020. The analysis uses data from Statistics Canada's trade in goods by exporter characteristics (TEC) database, annual for years 2005-2019, and seasonally adjusted monthly data for 2019 and 2020.

This report was written by Jerry Wang, reviewed by Michael Borish, directed by Stephen Tapp, copy-edited by Janet Wilson. The author thanks reviewers at Statistics Canada for their helpful suggestions. The views expressed are those of the author and shouldn't be attributed to Export Development Canada (EDC) or its board of directors.

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