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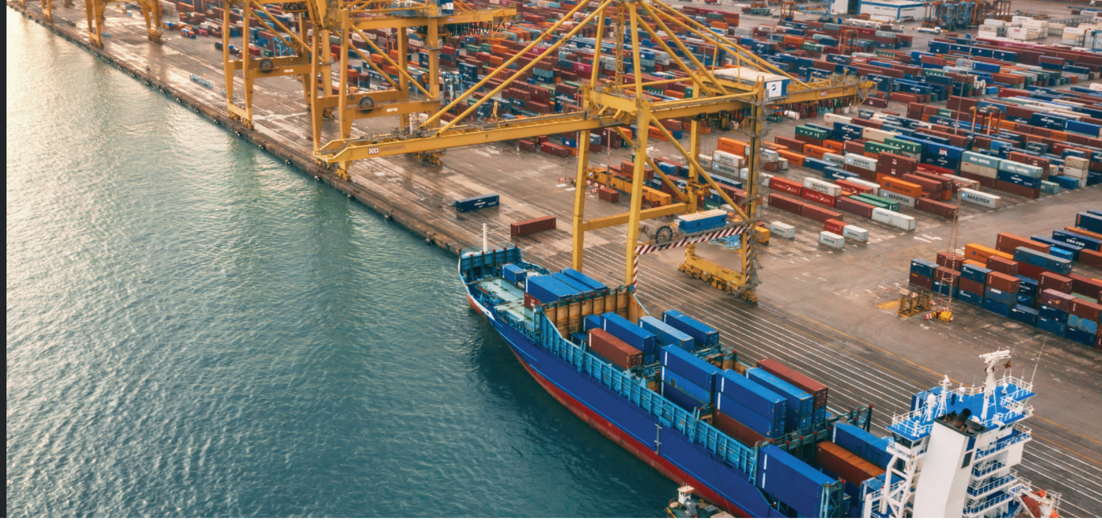


Encourage Domestic Production and Value-Added Exports

OVERVIEW

Despite Canada's status as a trading nation with exports accounting for more than 30 per cent of GDP, export performance in recent years has been lagging. In fact, over the past 20 years, Canada has posted the slowest growth in exports of manufactured goods among G7 countries. Partly as a result, the country's trade deficit in manufactured goods continues to balloon, hitting a record high in 2022. While action by governments to encourage investment in manufacturing and domestic production will improve the country's export performance, more needs to be done to enable Canadian companies, especially SMEs, to go global.

WHY IT MATTERS

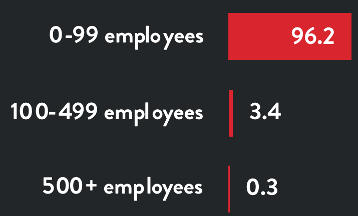
Canada has a small domestic market, making international trade a critical component of the economy and a primary way for Canadian companies to grow their business. By providing export incentives and assistance to companies looking to go global and by increasing access to foreign markets, governments can drive economic growth, innovation, and job creation.

SOLUTIONS

To provide more support and incentives to encourage domestic manufacturing production and value-added exports, governments should:

1. Accelerate commitments to improve the reliability of our transportation system by investing more heavily in and proactively preventing disruptions of critical infrastructure
2. Increase funding, expand awareness, and make it easier for SMEs to access programs that help them go global
3. Leverage CUSMA and other policy tools to maintain market access and better protect Canadian manufacturers from unfair trade practices
4. Introduce government procurement reforms that promote domestic innovation and production by eliminating the lowest bidder rule
5. Ensure Canadian industry has access to predictable, reliable and affordable energy to power its operations

Most manufacturers are small businesses (% of total)

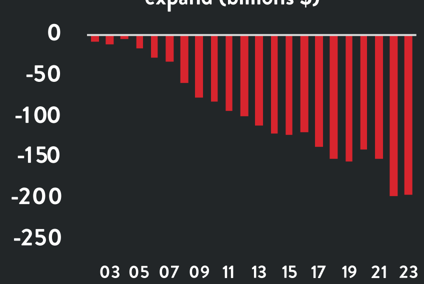


Source: Statistics Canada.

Large manufacturers create lion's share of export value (% of total)

Source: Statistics Canada.

Canada's trade deficit in manufactured goods continues to expand (billions $)



Source: Statistics Canada.

HELPING MANUFACTURERS GROW.

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CANADIAN
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