

Technology-enabled small business—the new face of Canadian trade.

Online businesses have been making huge leaps in their global trade activity, significantly surpassing their traditional offline counterparts in many aspects of their trade activity. However, these businesses typically receive only marginal attention from policies related to trade across Canada's borders. Given Canada's current emphasis on trade, these enterprises and their focus on going global should be given greater consideration.

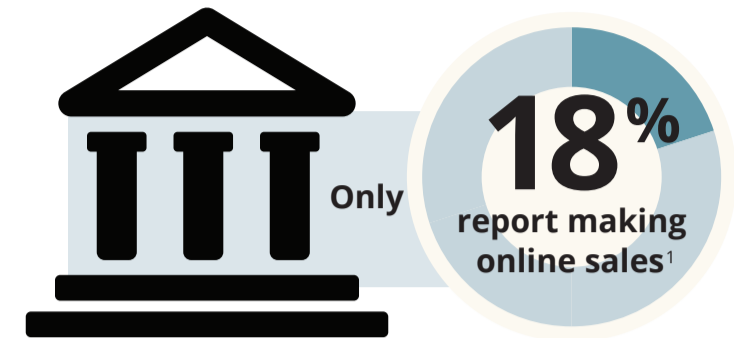
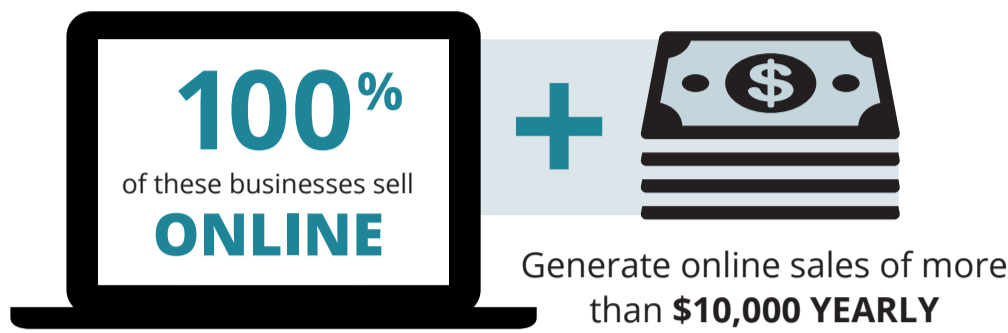


TECH-ENABLED BUSINESSES

Small businesses taking full advantage of the Internet to drive sales.

TRADITIONAL BUSINESSES

Traditional businesses much less engaged in e-commerce.

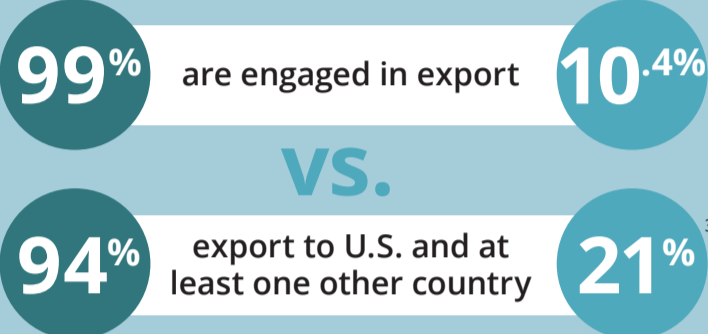


¹ Report of the Standing Committee on Industry, Science and Technology, House of Commons, *e-commerce in Canada: Pursuing the Promise* (May 2012)

Export Patterns

Tech-enabled businesses are far more globally engaged than their traditional business counterparts.

TECH-ENABLED BUSINESSES



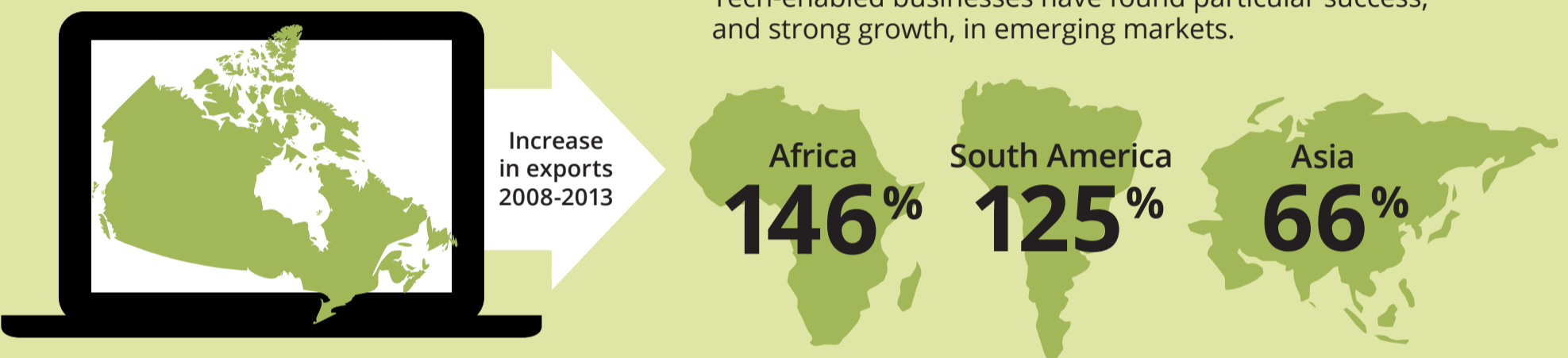
TRADITIONAL BUSINESSES



² Industry Canada, *Small Business Branch, Key Small Business Statistics*, August 2013
³ Statistics Canada, *A Profile of Canadian Exporters, 1996-2009* (2011)

Emerging Markets

Tech-enabled businesses have found particular success, and strong growth, in emerging markets.



Market Reach

Tech-enabled businesses reach far more markets than larger traditional exporters.

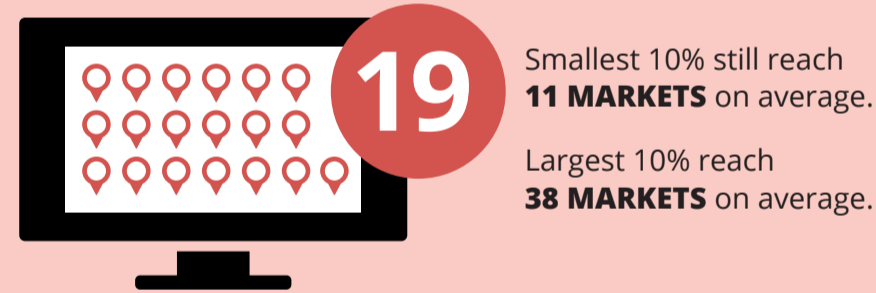
TECH-ENABLED BUSINESSES

Reach on average 19 different markets.

VS.

ESTABLISHED TRADITIONAL EXPORTERS

Reach on average only 2.5 different markets.

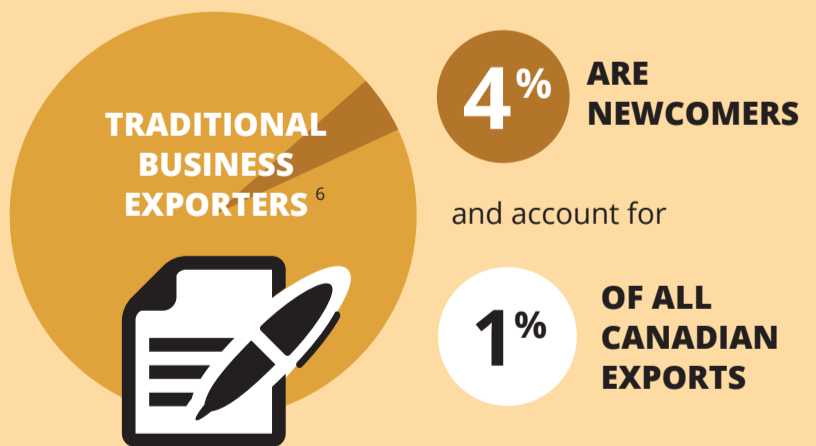
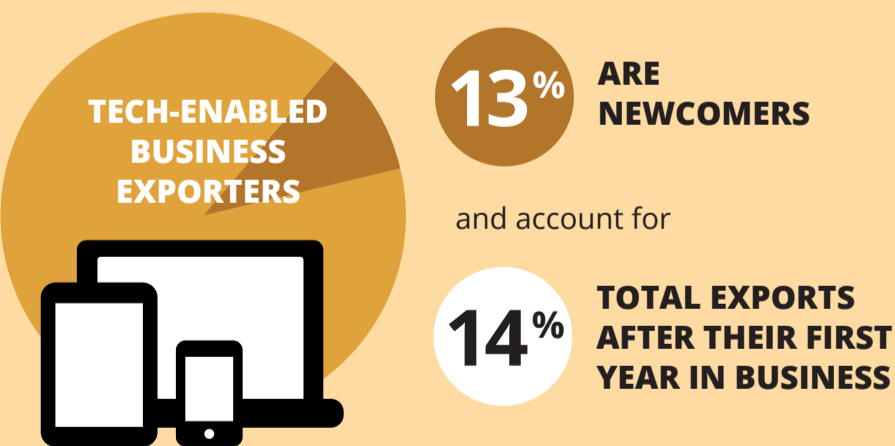


⁴ Statistics Canada, *A Profile of Canadian Exporters, 1996-2009* (2011)
⁵ Chen, S., & E. Yu, *Export Dynamics in Canada: Market Diversification in a Changing International Economic Environment*. Office of the Chief Economist, Foreign Affairs and International Trade Canada (2010)

Higher Market Share for New Exporters

TECH-ENABLED BUSINESSES take advantage of the Internet to easily reach customers in foreign markets, meaning export newcomers can quickly gain export share.

Most exports are made by **TRADITIONAL BUSINESSES** that are long-established exporters.



⁶ Statistics Canada, *A Profile of Canadian Exporters, 1996-2009* (2011)

Policy Implications

One of the greatest policy barriers affecting technology-enabled businesses is the personal exemption limit or PEL, a measurement that determines the maximum value of goods that can be shipped without duties. Canada's PEL is much lower than those of other nations, limiting businesses' ability to access low-cost international supply chains and increasing the costs of selling in global marketplace.

