


COMPETITIVENESS


How is Canada performing?

While a multi-partisan consensus around competitiveness from the mid-1980s has served Canada well for more than three decades, policy-makers now must wrestle with growing challenges, including demographic change and productivity stagnation, while adapting to the new drivers of the intangibles economy and preserving and strengthening Canada's position among the traditional factors of competitiveness and growth.

Consider the following:



The country's population aged 65 and older hit **17.2%** on July 1, 2018, compared with **14.4%** on July 1, 2011. That's an increase to 6.4 million people from 4.9 million in just seven years. According to the most recent demographic projections, one in five Canadians will be 65 and older in 2024.



The stock of foreign investment in Canada has grown by just **2%** a year since 2005, compared with an average of 7% for all OECD nations and 8% for Australia. A tiny sliver of sectors — mining, energy and manufacturing — received half of all inbound FDI.

A 2018 Brookings report concluded that our advanced industries — the high-value innovation and technology application industries that disproportionately drive regional and national prosperity — lag significantly compared to the U.S. The gap has widened over the last few years. Our auto sector, for instance, has been less productive compared to the U.S. and Mexico.

Our relative productivity is at its worst where it matters most.

On the trade front, the Fall Economic Statement notes that exports of non-energy goods have remained **stagnant for the last 10 years**, and that Canada's share of goods exports going to emerging economies is the lowest among the G7 (and one-quarter that of the U.S.).

In 2017/2018, Canada ranked **14th** on the World Economic Forum Global Competitiveness Index behind comparable jurisdictions such as Denmark and New Zealand.

Canada is losing the advantage of ...

- a young population
- large injections of foreign capital
- global demand growth for our goods
- of productivity gains in areas of increasing strategic importance.

The resulting lack of globally competitive firms condemns us to falling far behind.

The demographic trends alone are squeezing labour markets and talent pools while depressing tax revenues and increasing social and health spending.



Canada needs a sustained policy agenda that enhances our competitiveness in the intangibles economy



Get our new competitiveness report at ppforum.ca