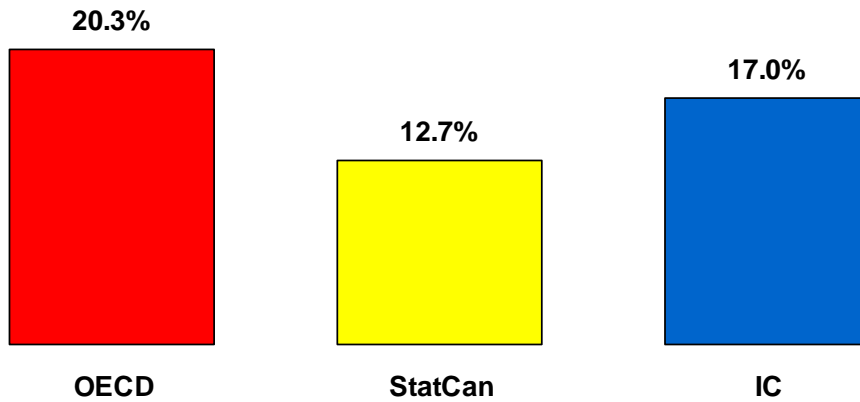


Estimates of the Canada-U.S. labour productivity level gap for the total economy differ, although they are all substantial



**Canada-U.S. Labour Productivity Level Gap in 2005:
Total Economy**



Sources:

Industry Canada: Industry Canada compilation based on official statistics from Statistics Canada, U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis

OECD: OECD Productivity database

StatCan: Maynard, Jean-Pierre, 2006, "The Comparative Level of GDP per Capita in Canada and the United States: A Decomposition into Labour Productivity and Work Intensity Differences," Catalogue No. 15-206-XIE, Statistics Canada.

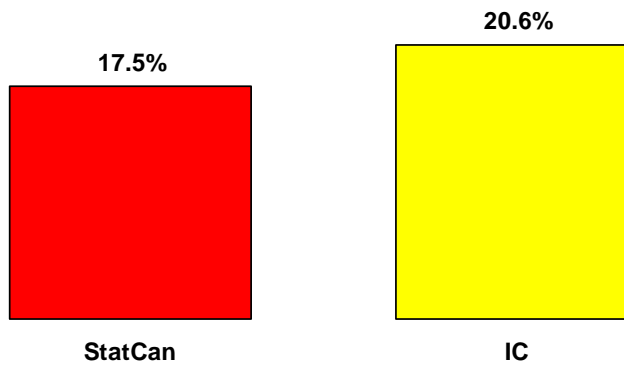


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Estimates of the productivity level gap for the business sector are closer and also substantial



**Canada-U.S. Labour Productivity Level Gap in 2002:
Business Sector**



Note: Business sector excludes health, education, other government services, non-profit organizations and owner-occupied dwellings.

Sources:

Industry Canada: Industry Canada compilation based on official statistics from Statistics Canada and U.S. Bureau of Labor Statistics.

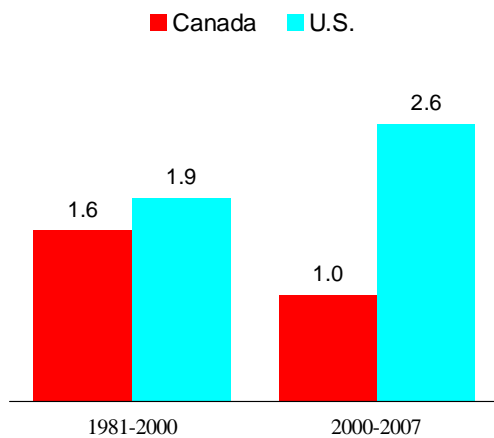
StatCan: Baldwin, Gu and Yan, 2006. "Relative Multifactor Productivity Levels in Canada and the United States: A Sectoral Analysis", Statistics Canada draft report, having not been released.



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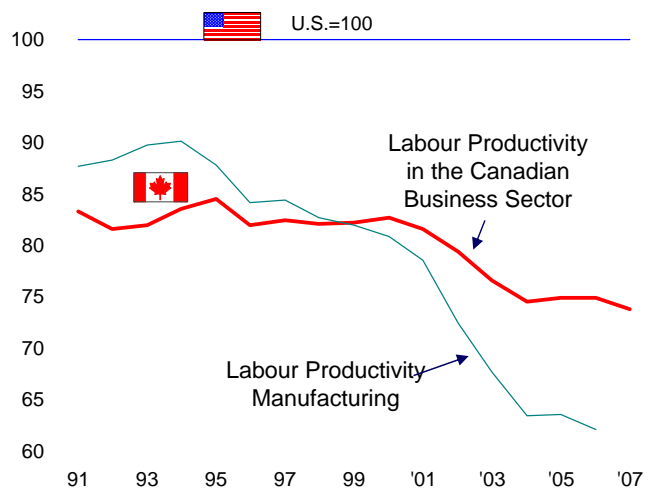
The Canada-U.S. productivity level gap in the business sector has trended up over the period 1981-2000 and widened substantially since

Labour productivity Growth in Canadian and U.S. Business Sector, 1981-2007



Source: Statistics Canada and U.S. Bureau of Labor Statistics

Relative Labour Productivity in Canada, 1991-2007



Labour productivity is defined as GDP per hour worked, PPP-based. The series are extrapolated based on 1999 benchmarking estimates of the Canada-U.S. labour productivity gap, using labour productivity indexes from Statistics Canada and U.S. Bureau of Labor Statistics.

Source: Industry Canada calculation based on data from Statistics Canada and U.S. Bureau of Labor Statistics

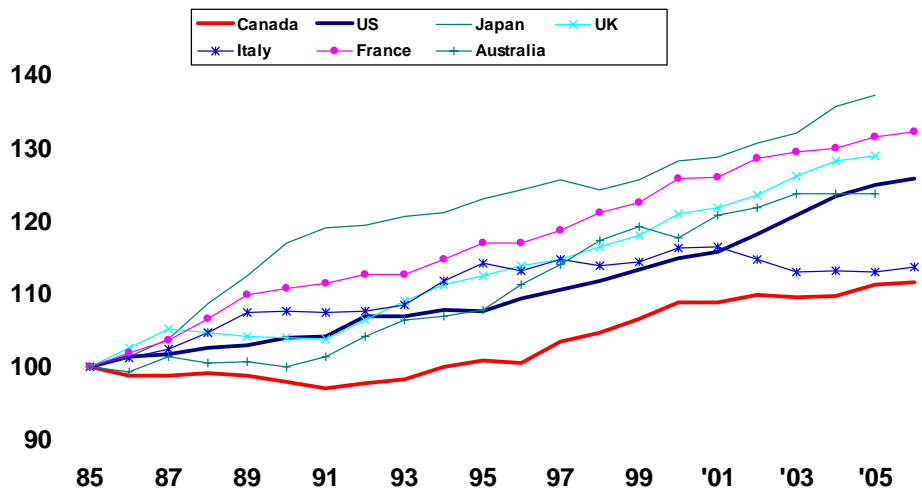


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Canada's MFP growth has been weaker compared to other OECD countries



Multifactor Productivity in Selected OECD Countries
(1985-2006, 1985=100)



Note: MFP is based on harmonized price indexes for ICT capital goods.
Source: OECD, Productivity Programme.

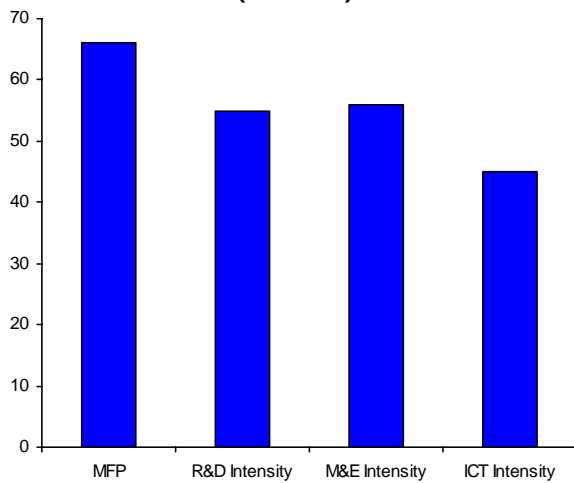


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Canadian businesses are not as “innovative” as businesses in other countries



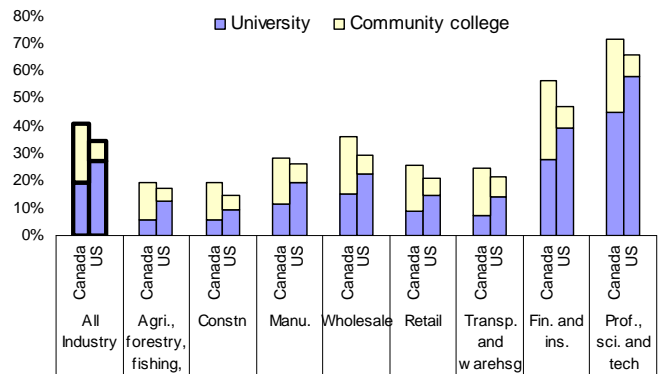
MFP and R&D and M&E Intensity in the Canadian Business Sector, 2004 (US=100)



R&D intensity (2002): R&D stock (assuming a depreciation rate of 0.15) per worker.
 M&E capital intensity: M&E capital stock per worker.
 ICT capital intensity (2003): ICT capital stock per worker.

Sources: Industry Canada calculations based on data from Statistics Canada, U.S. Bureau of Economic Analysis and OECD.

Percentage of Post-Secondary Graduates in Selected Industries



Source: Canadian Census of Population 2001, U.S. Census of Population 2000.



Canadian companies seem not to value business models based on innovation strategies

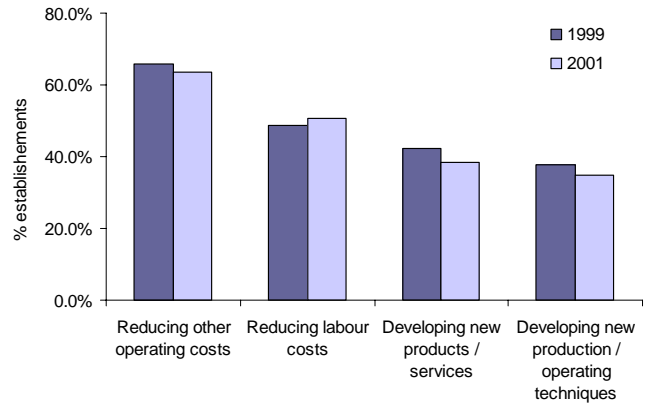


Company Operations and Strategy Index Ranking*
(out of 121 countries)

Country	Ranking
U.S.	1
Germany	2
Japan	5
U.K.	9
France	11
Canada	18
Australia	23
Italy	32

* The company operations and strategy index measures the extent to which company strategies and operating practices are oriented toward innovation versus other modes of competing. The ranking is over 121 countries.
Source: World Economic Forum, Global Competitiveness Report, 2006-2007.

General Business Strategy in Canada, 1999, 2001



Source: Employer portion of the Workplace and Employee Survey, Statistics Canada.

