



Canada's Trade in a Digital World

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What is the Digital Economy?

- Digitization converts information into 0s and 1s
- Not just digital media, not just the Internet
- All activities digitization permits – including digital-using, mobile



Does Digitization Boost Global Trade?

- “The Death of Distance”
- “The Flat World”
- “The Borderless World”



Borders Still Matter

- Local preferences
- Trade and investment barriers
- But digitization
 - means that distance matters less
 - creates possibilities
 - changes the nature of trade and investment







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Digitization

- Creates trade possibilities
 - Virtual trade
 - Services trade
 - Trade in tasks
 - Trade in digital products
 - Electronic trade (digital or physical)
- Fundamental to all trade and investment



What Does Digitization Change?

- Large productivity gains
- Speed
- Fewer barriers to entry
- Role for SMEs - born globals
- Increased competition
- Physical networks still matter



2010 Digital Economy Rankings (maximum score = 10)

1	Sweden	8.49
2	Denmark	8.41
3	U.S.	8.41
4	Finland	8.36
5	Netherlands	8.36
6	Norway	8.24
7	Hong Kong	8.22
8	Singapore	8.22
9	Australia	8.21
10	New Zealand	8.07
11	Canada	8.05

Source: Economist Intelligence Unit.

Canada's Relative Strengths

- Digital producing activities
 - Wireless tech
 - Digital media and content
 - E-health tech
- Digital using activities
 - Traditional strengths e.g., resources, banking
 - Making cross-border supply chains work



Digitization and Trade Barriers

- Tariffs and other goods barriers still matter
- But other barriers matter more than before
 - Bans or threats to digital information flows
 - Barriers to services trade
 - Barriers to trade in new technologies
 - Investment barriers
 - Cybersecurity threats



A Digital Trade and Investment Strategy

- At Home
 - Infrastructure, skills, clear regulations
 - Broad strategy for all economic activities
- Abroad
 - Rethink trade policies in a digital world
 - Take principles-based approach
 - Balance against privacy and security



A Digital Trade and Investment Strategy

- Reduce barriers to information flows
- Reduce barriers to people, investment flows
- Eliminate “traditional” barriers
- Eliminate barriers on digital technologies
- Use digital tools to streamline trade
- Define and move to global standards
- Recognize the limits of policy



Positioning Canada for Success

- World is not flat, but digitization changes trade
- Businesses need to
 - Protect digital ID
 - Build on strengths, best practices, networks
 - Invest in tech and skills, be more agile
 - Re-examine assumptions
- Governments need to lead at home and abroad
 - Canada's chance to influence global agenda





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