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Title	Trade-induced Innovation: Measuring the Impact of Chinese Import competition on innovation in Canadian Manufacturing using a new Canadian Firm-level Data
Abstract	A key economic issue in Canada is the declining Business Enterprise Research and Development (BERD) since the early 2000s. Especially, in manufacturing, BERD started to decline after 2000 both in levels and as a share of output. In line with this, the multifactor productivity (MFP) growth in manufacturing also slowed after 2000. However, there hasn't been a definitive explanation for these trends. To explain this phenomena, we focus on the increasing Chinese import share in the total domestic consumption in Canada from the early 2000s, which appear to be driven by positive supply shocks within Chinese manufacturing. In this paper, we estimate the impact of increasing Chinese import competition on the R&D investment and TFP growth in manufacturing. We rely on relatively new firm-level data constructed based on the tax data (T2 and SR&ED claims) and Statistics Canada's Longitudinal Employment Analysis Program (LEAP). The data contain rich firm-level information including R&D investment, covering all incorporated firms in Canada for the period of 2000-2012.
Primary Area	International Trade and Investment
Methodology	Primarily Empirical