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Can the Canada-U.S. ICT Investment Gap Be Explained by Measurement Issues?

The Centre for the Study of Living Standards (CSLS) today released a report entitled [“Can the Canada-U.S. ICT Investment Gap be Explained by Measurement Issues?”](#)

In 2011, information and communications technology (ICT) investment per worker in Canada was only 57.8 per cent of the U.S. level. The report investigates whether this investment gap is an artifact of methodological differences between Statistics Canada and the U.S. Bureau of Economic Analysis, finding that measurement issues account for only 10 per cent of the gap. This indicates that the Canada-U.S. investment gap is a real phenomenon. Furthermore, the report finds that the gap is heavily concentrated in software investment and in a small number of ICT-intensive industries, particularly in information and cultural industries. Details on these and other findings in the report are outlined below:

- In 2011, business sector ICT investment per worker in Canada was US\$2,273, only 57.8 per cent of the U.S. level of US\$3,931. The investment gap was heavily concentrated in software investment, which explained 92 per cent of the gap. In fact, Canada’s level of software investment per worker was only 40 per cent of the U.S. level. Software investment accounted for nearly two-thirds of ICT investment in the United States but only half of ICT investment in Canada.
- In addition to being concentrated largely in software investment, the Canada-U.S. ICT investment per worker gap is also heavily concentrated in a few industries. Information and cultural industries was responsible for 39.1 per cent of the difference in ICT investment per worker in 2011, while professional, scientific, and technical services were responsible for 22.3 per cent of the gap. Seven out of 17 industries in Canada actually had greater ICT investment per worker than their U.S. counterpart, which suggests that the Canada-U.S. ICT investment per worker gap is largely due to industry-specific factors that affect software investment.

- The report identifies no significant inconsistencies in the definition of ICT assets or the survey and data collection methodology for ICT investment data in Canada and the United States. Furthermore, the methodology for data collection, quality control, and the entities surveyed are largely the same for the data produced by the two countries.

In addition, the CSLS has also recently released two other major research reports:

- ["Labour Market Prospects for the Métis in the Canadian Mining Industry"](#) The report argues that the Métis population has unique demographic characteristics – such as their youthfulness and their overrepresentation in rural and remote areas – that could create competitive advantages for employment in the mining industry in the medium-term. The report provides an overview of Métis participation in the Canadian mining industry, discussing potential barriers to Métis employment and highlighting actions and strategies that could help the Métis overcome these barriers and maximize their opportunities in the sector.
- ["Labour Market Information for Employers and Economic Immigrants in Canada: A Country Study"](#) The report, prepared for the International Organization for Migration, draws lessons from the Canadian immigration experience, examining the services provided to immigrants by the federal and provincial governments, and identifying best practices, which include: establishing national standards for the recognition of foreign qualification; simplifying the delivery of services by using one-stop shops or single-points-of-contact; involving local stakeholders in the development of policy and delivery of service; and maintaining a flexible immigration policy.

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The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards and economic wellbeing in Canada through research.