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**The Productivity Advantage of Multinationals in Canada**

Canada is an important host and home country of multinationals that have become increasingly important in the world economy. Using a rich micro dataset covering all industries for 2000-2014, this paper provides a systematic analysis of the economic performance of multinationals in Canada, with a focus on productivity. It shows that multinationals are about 23 percent more productive than non-multinationals in Canada and that Canadian multinationals are as productive as foreign multinationals. The productivity advantage of multinationals is due to both selection and learning effects, that is, firms are more productive before turning into multinationals and become even more productive after. In addition, the paper shows that new multinationals are less productive than old multinationals as learning is a long process and it takes time for firms to capture the full benefits of multinationality. Furthermore, it finds that the productivity advantage of multinationals is due to their conscious selection behaviour in investments and their ability in generating higher productivity dividend from their investments in R&D than non-multinationals.