

# Vancouver Economy Report

Local focus:  
**Five ways to  
build resiliency  
for Vancouver's  
storefront businesses**

*Plus*  
**Latest employment  
numbers, business counts  
and downtown office  
vacancies**

International Trade and  
Free Trade Agreements Explained

**Spring 2023**



**VANCOUVER  
ECONOMIC  
COMMISSION**



## When it comes to the economy, we cannot think too small – nor can we think too big.

In each issue of the Vancouver Economy Report, we strive to share a balanced perspective on the needs of local businesses, the opportunities for economic transformation, and to spotlight the economy in action. We know that many people think of the economy as a concept that broadly affects – but does not usually directly impact – people’s lives, except in times of acute recessions or economic downturns.

In the recent [public consultation](#) for the Vancouver 2023 Budget, several thousand Vancouver residents suggested that their top three priorities are housing affordability (62%), climate action (42%), and community facilities (32%). However, of the 12 featured priorities, the local economy came in dead last, with just over one in 10 (11%) of respondents rating it a top concern.

The health of the local economy is deeply intertwined with all three of these priorities. Thriving, inclusive economies can influence the affordability of a region by providing good jobs for all with livable incomes. Businesses – and investors – have pivotal roles in taking meaningful climate action. And the availability of community facilities for recreation, social connection and learning can indicate whether an economy is prosperous enough to invest in this shared infrastructure for its residents.

Topics ordinarily considered the purview of social and cultural planners are essential to building inclusive economies.

Economic developers must account for issues like affordable housing, transportation, and childcare to create a thriving, more equitable economy that benefits everyone. The Vancouver Economic Commission and our peers in Vancouver’s economic development ecosystem must balance these considerations, growing and transforming Vancouver’s local market and strengthening its global position to build prosperity for all.

In this report, you'll find the latest insights on Vancouver employment, information about the diverse supporters of storefront businesses, and a primer on the significance and pitfalls of international trade and free trade agreements. As always, we hope this issue will provide valuable insights and spark important conversations about how we can build a more vibrant, inclusive, and sustainable economy for Vancouver.

### Tell us what you think

Thank you for downloading the Vancouver Economic Commission's latest economy report. As you read it, please note we are always open to feedback to improve this publication. We invite you to complete our brief survey on its value to you.

[Provide Feedback](#)

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VEC respectfully acknowledges that it is located on the unceded ancestral territories of the x̱m̱əθḵ'əy̱əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətaʔ / səliłwitulh (Tsleil-Waututh) Nations.



## Economic Snapshot

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## Storefront Businesses

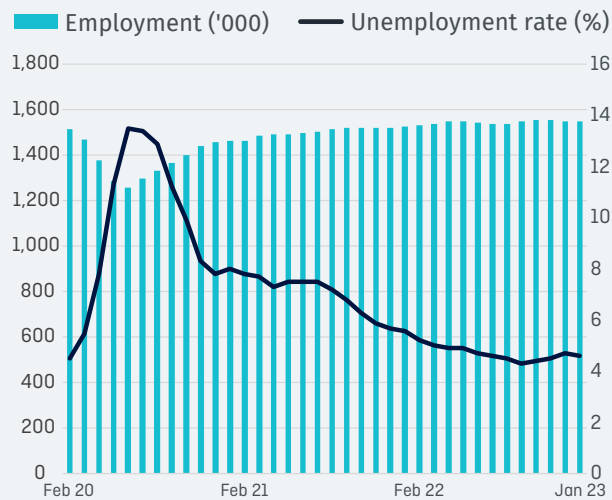
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## International Trade Explained

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### Metro Vancouver Employment



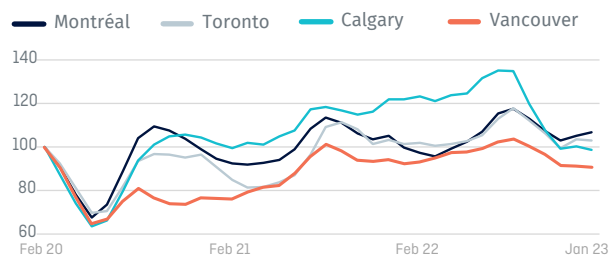
Source(s): [Labour Force Survey](#), Statistics Canada

## Metro Vancouver employment still strong

Despite layoffs in the local tech industry, total employment remains strong. Some industries that were hardest hit during the pandemic saw employment gains, including finance, insurance, real estate, rental and leasing (+3,600); and wholesale and retail trade (+2,800). Total employment in January 2023 jumped to 1,552,200 (+0.1% from December 2022). Vancouver has held the lowest unemployment rate among Canada's four largest cities for most of 2021 and 2022, hovering around pre-pandemic levels of 4.6% since last summer.

### Employment Indexes

Census metropolitan areas, 15 to 24 years, February 2020=100



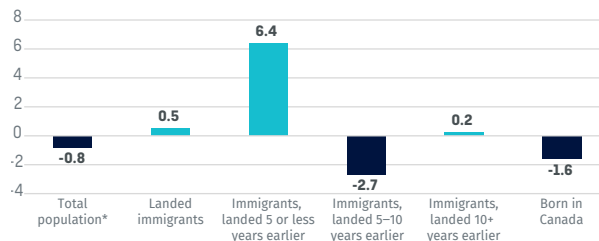
## Employment rebounding slowly for youth in Vancouver

Vancouver workers aged 15 to 24 years have struggled most to recover from the pandemic. This group's employment index (February 2020 = 100) hovered at 90.7 points in January 2023 – the weakest recovery across major cities in Canada. This contrasts with other age groups that have seen full-time job gains among workers aged 25 to 54 years and 55 years and over, and for women aged 55 years and over in particular (+14.3% from February 2020 to January 2023).

Source(s): VEC Analysis; [Labour Force Survey](#), Statistics Canada

### Employment Rates by Immigration Status

Metro Vancouver, February 2020 to January 2023, % change



## Newcomer employment rate makes strong gains

Employment data by immigration status shows that immigrants who have lived in Vancouver for five or fewer years saw a positive 6.4 percentage points gain in employment between February 2020 and January 2023 – the strongest gain when compared to other major Canadian metropolitan cities. It's suggested that this strong employment growth is attributable to newcomers entering the rapidly growing tech industry in Vancouver. However, Vancouver also saw a decline in employment rates for immigrants who landed between 5-10 years ago, where other major Canadian metropolitan cities all saw upshifts.

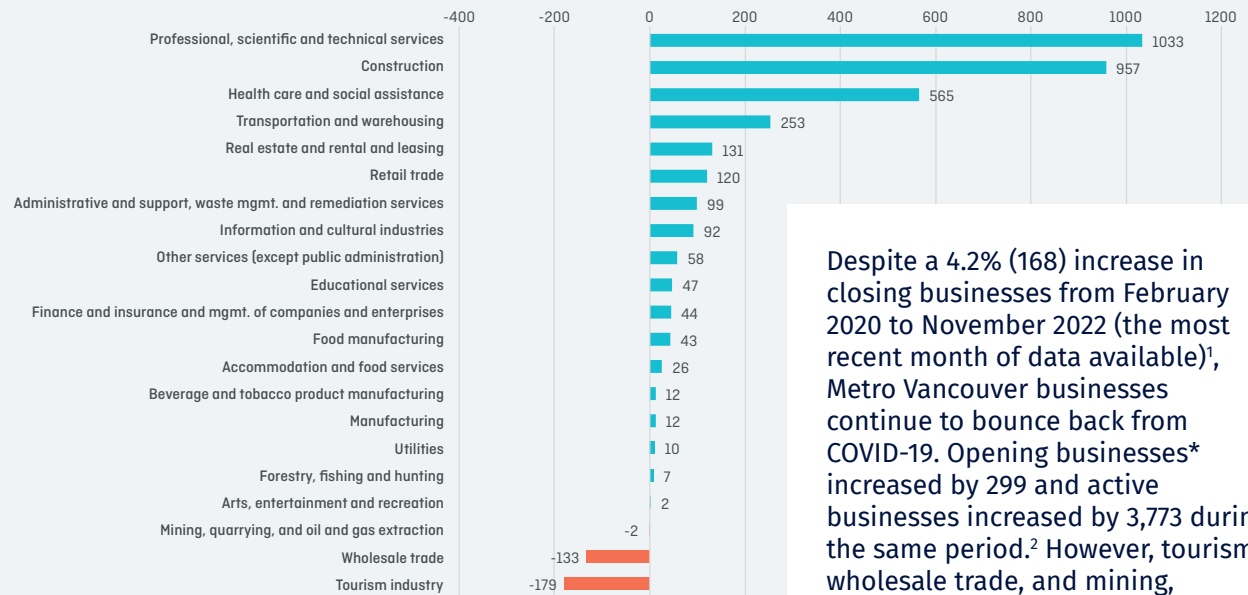
\* The sum of "Landed immigrants" and "Born in Canada" do not add up to the "Total". Included in the total are Canadian citizens born outside Canada and non-permanent residents

Source(s): VEC Analysis; [Labour Force Survey](#), Statistics Canada

# Active and opening businesses on the rise

## Metro Vancouver Business Numbers

Experimental estimates, Active Businesses, February 2020 to November 2022



Despite a 4.2% (168) increase in closing businesses from February 2020 to November 2022 (the most recent month of data available)<sup>1</sup>, Metro Vancouver businesses continue to bounce back from COVID-19. Opening businesses\* increased by 299 and active businesses increased by 3,773 during the same period.<sup>2</sup> However, tourism, wholesale trade, and mining, quarrying, and oil and gas extraction continue to suffer.

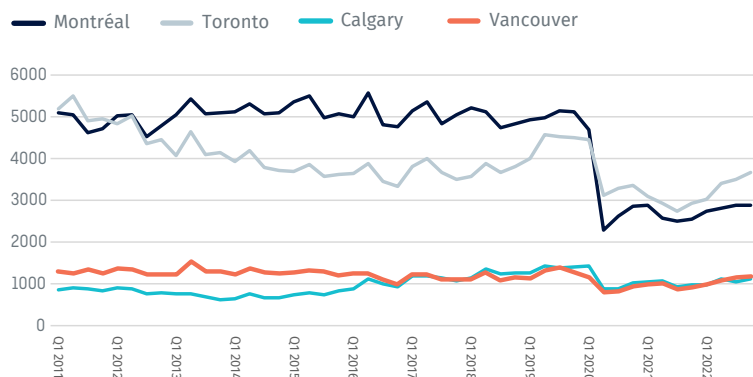
\*defined as businesses that transition from having no employees in the previous month to having at least one employee in the current month

Source(s): VEC Analysis, [Statistics Canada](#)

## Insolvencies remain stable in Vancouver

The total number of insolvencies (bankruptcies and proposals filed by both businesses and consumers)<sup>3</sup> in Metro Vancouver increased by 2.1% in Q4 2022 compared to the previous quarter. Bankruptcies decreased by 2.1% and proposals increased by 3.0%. Metro Vancouver's insolvency rates remain stable compared with other Canadian metropolitan cities. Business insolvencies in Q4 2022 dropped by 25% from the previous quarter, while consumer insolvencies increased by 2.7% during the same period.

**Total Insolvencies: Businesses and Consumers**  
Census metropolitan area, bankruptcies and proposals

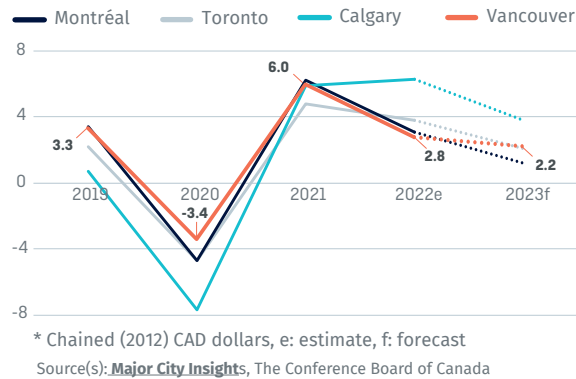


Source(s): VEC Analysis; [Government of Canada](#)

1 defined as businesses that transition from having at least one employee in the previous month to having no employees in the current month  
 2 those businesses that reported having one or more employees in a given month  
 3 Bankruptcy: the state of a consumer or a business that has made an assignment in bankruptcy or against whom a bankruptcy order has been made. Proposal: an offer to creditors to settle debts under conditions other than the existing terms. A proposal is a formal agreement under the [Bankruptcy and Insolvency Act](#).

## Real GDP\* Growth Rate Forecast

Census metropolitan area, (%)



## GDP set to decline due to economic pressures

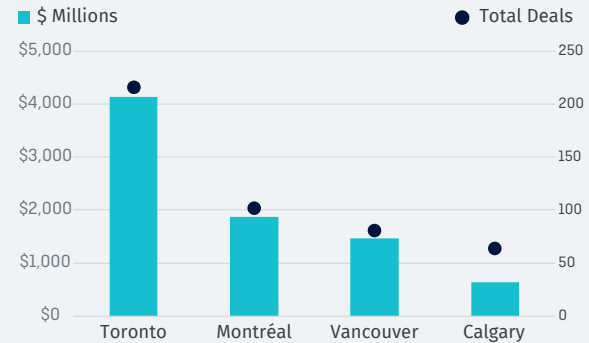
Metro Vancouver's real GDP is expected to hit \$159,895 million in 2022 (2.8% annual growth). According to the Conference Board of Canada, transportation and warehousing (+15.4%) and other services (+14.9%) saw higher GDP growth while there was negative growth seen in professional, scientific & technology services (-1.6%) and wholesale & retail (-2.0%). Metro Vancouver's economy remains less fragile compared with other Canadian metropolitan cities and is forecasted to achieve 2.2% annual growth in 2023.

## Venture capital investment slows in 2022

Vancouver saw a total of 88 deals representing \$1,473 million in investment during 2022 – 8% up in deals but 35% down in investment year-over-year. Declines in investments were seen across all major Canadian metropolitan cities. Vancouver remained third in total investments behind Toronto and Montréal. Two companies from BC were listed in Canada's largest 10 deals in 2022 – [LayerZero Labs](#) (CA\$168 million, early stage) and the largest disclosed deal in Q4 across Canada by Burnaby-based carbon capture technology company [Svante](#) (CA\$434 million, later stage).

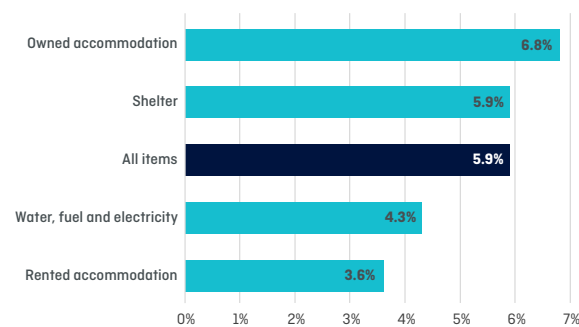
## Top Venture Capital Deals Year-End 2022

Census metropolitan areas



## Consumer Price Index (2002 =100)

Metro Vancouver, % change year-over-year, January 2023



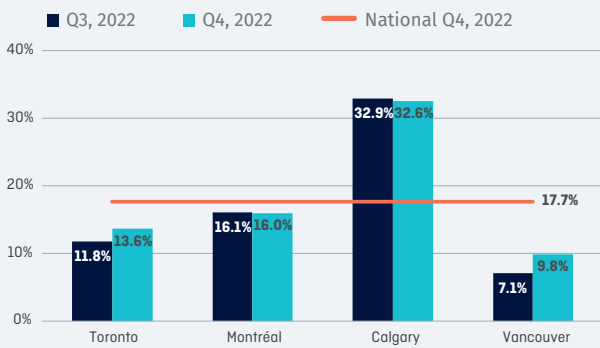
Source(s): VEC Analysis; Consumer Price Index, Statistics Canada

## Inflation finally slowing down

Canada's annual inflation rate (based on the Consumer Price Index) slowed to 5.9% in January 2023. However, this only means that the growth in prices will slow down; the goods and services we pay for will stay high. According to the Bank of Canada, inflation is forecasted to return to its 2% target by the end of 2024. BC saw a slightly higher consumer price index (6.2% in January 2023). Locally, inflation in Metro Vancouver peaked at 8.2% last May and declined to 5.9% in January 2023.

## Office vacancy rates remain lowest in Canada

### Downtown Office Vacancy Rate



Source(s): [Canada Office Figures](#), CBRE

According to CBRE, the office vacancy rate in downtown Vancouver jumped to 9.8% in Q4 2022 (up from 7.8% in Q3 2022), reaching the highest levels seen since the pandemic, and due in part to new supply that includes the Vancouver Centre II. This is a trend also observed in other major Canadian metropolitan cities. Net absorption within Metro Vancouver went up to above zero in Q2, meaning less space was vacated than occupied. Of the 1.9 million square feet under construction in downtown Vancouver, 95.4% is pre-leased. Vancouver maintains its position as the tightest major downtown office market in North America.

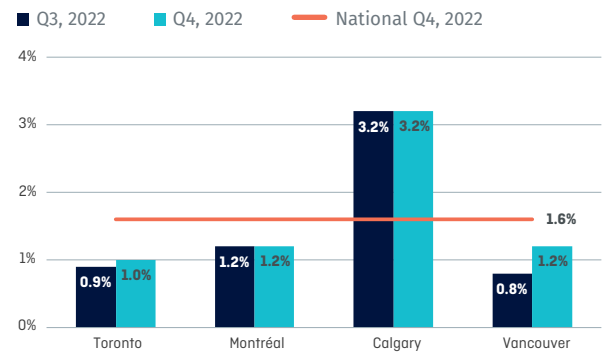
## Looking for more data?

Refer to our online **Economic Snapshot** for the latest data sets, rankings and economic metrics.

[Go to Snapshot](#)

## Industrial land availability remains low in Metro Vancouver

### Industrial Availability Rate



Source(s): [Canada Industrial Figures](#), CBRE

According to CBRE, industrial availability in Metro Vancouver went up to 1.2% in the last quarter of 2022, with vacancies up to 0.8%. Even though Vancouver no longer has the lowest vacancy rate in the country, the average asking rental rate and average sale price jumped to new highs of \$20.83 per square foot and \$650.00 per square foot, respectively, which remains the highest in Canada. Despite the new supply of 1,397,426 square feet added to the market in Q4, strong demand will mean Vancouver remains critically challenged in terms of industrial availability.

**Availability rate:** total available sq. ft. divided by the total building area (space ready for occupancy within 60 days; occupied or vacant).

**Vacancy rate:** total vacant sq. ft. divided by the total building area (space that can be occupied within 30 days).

# Beyond GDP Metrics

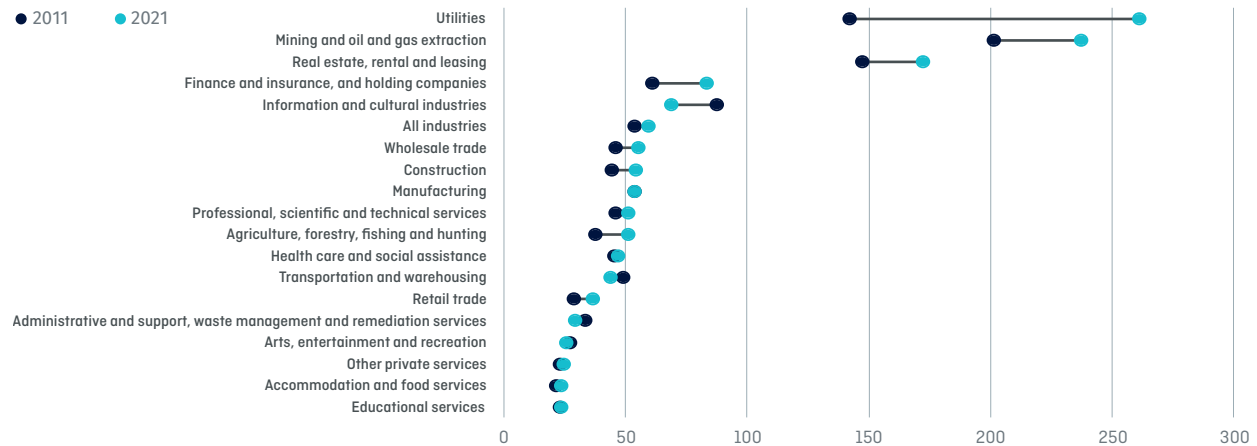
In addition to important economic indicators, such as GDP, employment and total business counts, each issue of the economy report curates the best of VEC's research into other indicators and metrics that are traditionally overlooked but help provide a more holistic view of economic health and prosperity. For more on this, please [download our report](#).

This edition looks at three important metrics: labour productivity, active transportation and voter turnout.

## Labour productivity

How much GDP value does each worker generate in British Columbia?

**Labour Productivity, British Columbia**  
Chained (2012) dollars per hour

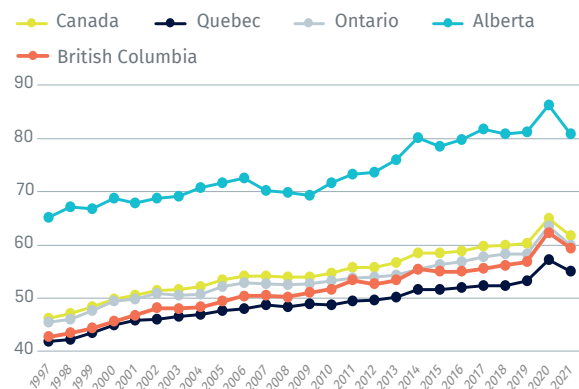


Source(s): [Statistics Canada](#)

According to Statistics Canada's new data, labour productivity (a measure of real GDP per hour worked) in British Columbian businesses increased by 11.2% from 2011 to 2021 – slightly faster than the national growth rate of 10.8%.

From 2011 to 2021, three main industries in British Columbia saw labour productivity growth by more than 30%: utilities (+84.3%), finance and insurance, and holding companies (+37.0%) and agriculture, forestry, fishing and hunting (+35.9%). Meanwhile, significant drops were observed in some industries such as information and culture industries (-21.2%) and administrative and support, waste management and remediation services (-12.0%).

**Labour Productivity**  
Chained (2012) dollars per hour



Source(s): [Statistics Canada](#)

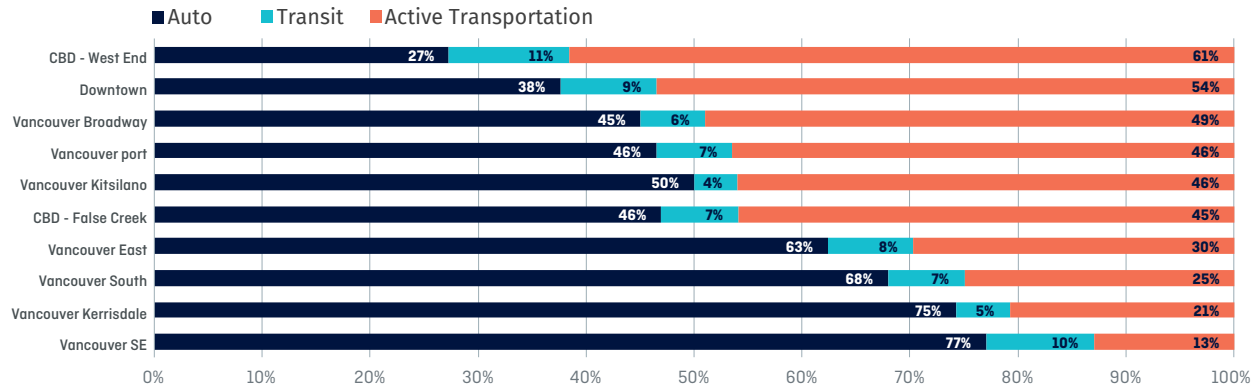


# Urban Mobility

## How are people moving around the city?

### Trip Mode, Municipality of Vancouver

By residents' home transportation zone, 2020



### Active transportation & transit

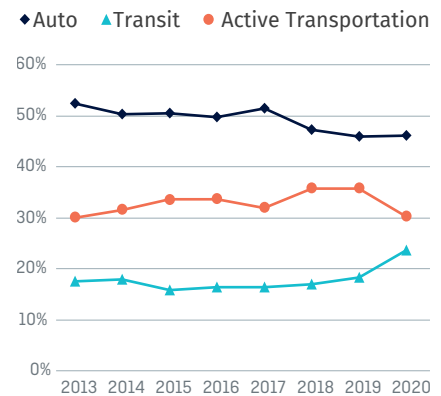
#### Are we moving people out of cars effectively?

Vancouverites are increasingly opting for active (or human-powered) transportation, and other alternatives to private automobile ownership. Trips by transit have increased by 24% since 2013 with car use declining by 6 percentage points. However, active transportation in the City of Vancouver declined to just 30% in 2020 – the lowest levels since 2013.

Despite this, some areas still scored well for this metric. The West End and Downtown saw higher than 50% active transportation in 2020. Assets like Stanley Park, the Coal Harbour seawall and well-maintained paved streets have also helped make Vancouver one of the most walkable cities in the world.

### Total Trips by Mode

#### Municipality of Vancouver



Source(s) for both transportation charts: VEC Analysis; Transportation panel survey 2020, City of Vancouver

# Voter Turnout

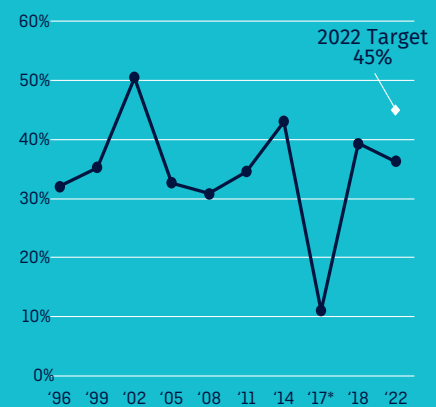
## Did you vote in the last election?

Participation in civic processes is a vital part of any functioning democracy, and voter turnout is one way to gauge civic engagement. In last November's Vancouver municipal election, residents cast 171,494 ballots, representing an approximate 36.3% voter turnout – slightly higher than the average voter turnout of 34.5% between 1996 and 2022. Voter turnout in general remained low across Lower Mainland, with some political commentators urging action to try and increase turnout. The City of Vancouver has a target turnout level of 45%.

\* Municipal by-election  
Source(s): [Open Data Portal](#), City of Vancouver

### Voter Turnout

#### Municipality of Vancouver Elections



# Storefront Businesses

## Storefront businesses play a crucial role in building a sense of place and community

Vancouver's splendid surroundings frame a world-renowned lifestyle. This reputation could not have gained a foothold without the heart and place created by the city's storefront businesses, which contribute to building culturally, economically and socially significant communities that draw locals and international visitors.

Well-known storefront neighbourhoods include historic Gastown, Yaletown and Chinatown, Mount Pleasant, Kerrisdale, Commercial Drive, Kitsilano, the Granville Entertainment District and Robson Street. Industrial business districts, such as those close to Powell Street and along Clark Drive, are less retail-focused, but similarly serve primarily local residents and businesses with manufacturing, distribution/wholesale, and repair services.

## What are storefront businesses and why are they important?

Storefront businesses refer to establishments with a physical bricks-and-mortar location. Many reports or studies limit their scope or definition to focus on retail or consumer-facing storefronts (B2C) that can be viewed from street level. VEC takes the view that storefronts also provide wholesale or trade sales and services (B2B).

Storefront businesses are usually thought of as being highly retail and commercial-oriented, but they can also support industrial, community and arts activities. Examples of categories include shopping, food and hospitality, entertainment, cultural, and commercial services.

VEC estimates that storefront businesses across the city collectively employ about 60,000 workers, a calculation based on data available on jobs in retail, food and restaurants and restaurants. The sector could add as many as 20,000 more jobs in the city from now through to 2032.

**11.9%**  
high street  
vacancy rate  
(-0.2%, 2021)

City of Vancouver, 2022

**60K**  
approx. jobs in  
City of Vancouver

VEC Analysis, City of Vancouver,  
WorkBC, Statistics Canada,  
Dec 2022

**19.3%**  
increase in retail  
sales in Metro  
Vancouver

Statistics Canada,  
Feb 2020 to Dec 2022



## Many hands to lighten the load

Vancouver's storefront businesses are championed by a diverse set of actors. The city is home to [22 business improvement areas](#), each with distinct character and business communities, as well as numerous shopping destinations like the Granville Island Market district. Business improvement associations (BIAs) are not-for-profits that promote and improve their business district through tourism and the visitor economy, while providing services related to safety, cleanliness and beautification.

The City of Vancouver provides direct support to businesses through various departments, including the [Business Communications and Support Office](#), and conducts an annual citywide storefront inventory (see page 9). Organizations such as the [Black Business Association of BC](#) and [Youth Collaboration for Chinatown](#) also serve select bricks-and-mortar businesses with initiatives that further support a broader neighbourhood- or demographic-specific community.

The success of storefront businesses in Vancouver is intertwined with numerous industries, including tourism, accommodation, retail, hospitality, transportation, and major events.

Organizations such as [Destination Vancouver](#) showcase Vancouver's storefront businesses to the visitor economy and locals alike, producing annual events including [Dine Out Vancouver Festival](#). [Sport Hosting Vancouver](#) is an industry-funded department in the City of Vancouver that proactively attracts large events that help stimulate visits, spending and placemaking.

Street, cultural and music festivals are also a prime method of driving visitor traffic to high streets. [Car Free Day Vancouver](#) is a not-for-profit that organizes street parties along Main Street, Denman Street, and Commercial Drive. The [Vancouver Mural Festival](#) employs artists – with attention to artists from underrepresented populations – to beautify buildings, alleys and other public spaces and imbue them with a sense of place.



[LOCO BC](#) leverages research to monitor the health of local independent businesses and encourage BC residents and businesses to purchase from local independent businesses. An organization funded by the Province of BC, [Small Business BC](#) provides aid, programming and resources to local entrepreneurs and business operators so they can grow successful and sustainable enterprises.

## Robust but unequal recovery

The ongoing struggles of storefront businesses are due to a confluence of factors that existed prior to the pandemic, such as difficulties in hiring and retaining workers, the steep rise of e-commerce, and rising, volatile rents. The pandemic accelerated some of these pressures, making it difficult for many storefront businesses to stay competitive.

Some businesses were able to pivot quickly and adopt new services like curbside pickup, delivery services and multimodal points of sale. However, all businesses were forced to navigate unexpected increases in operating costs, such

as inflationary pressures on goods and services, mandatory sick leave, rising minimum (and living) wages, and unanticipated statutory holidays.

While many of these expenses translate to positive outcomes for workers, the added costs have proved to be a death knell for some businesses, particularly those in the [food and beverage](#) industry. The restaurant and food sector operates on [razor-thin margins](#) and is hard-pressed to withstand even modest cost fluctuations in supply and payroll.



### Deeper Dive

## Additional Resources

For more information and support, refer to the following sources:

- [Business Improvement Areas \(BIAs\)](#)  
City of Vancouver
- [Canada 2022 Impact Report](#)  
Deloitte
- [Vancouver Commercial Real Estate Outlook 2023](#)  
CBRE Insights
- [Vancouver Retail Report Fall/Winter 2022 Report](#)  
Colliers
- [City of Vancouver 2022 Storefront Report](#)  
(November 2022), City of Vancouver
- [Downtown Van Annual Report 2022](#)  
Downtown Vancouver BIA
- [Impact of E-commerce](#)  
Metro Vancouver Regional District and Colliers
- [Accessing Digitalization Supports](#)  
Small Business BC
- [Community Impact Assessment](#)  
LOCO BC
- [Recruitment and Retention](#)  
Retail Council of Canada
- [Research](#), Restaurants Canada

# Pulse Check:

## City of Vancouver’s Annual Storefront Inventory

The City of Vancouver’s annual storefront inventory survey documents changes in storefront businesses, with an emphasis on businesses that can be seen from street level and accessed by retail (non-trade) clients. The project team shares its preliminary survey counts with each BIA to validate observed trends and insights.

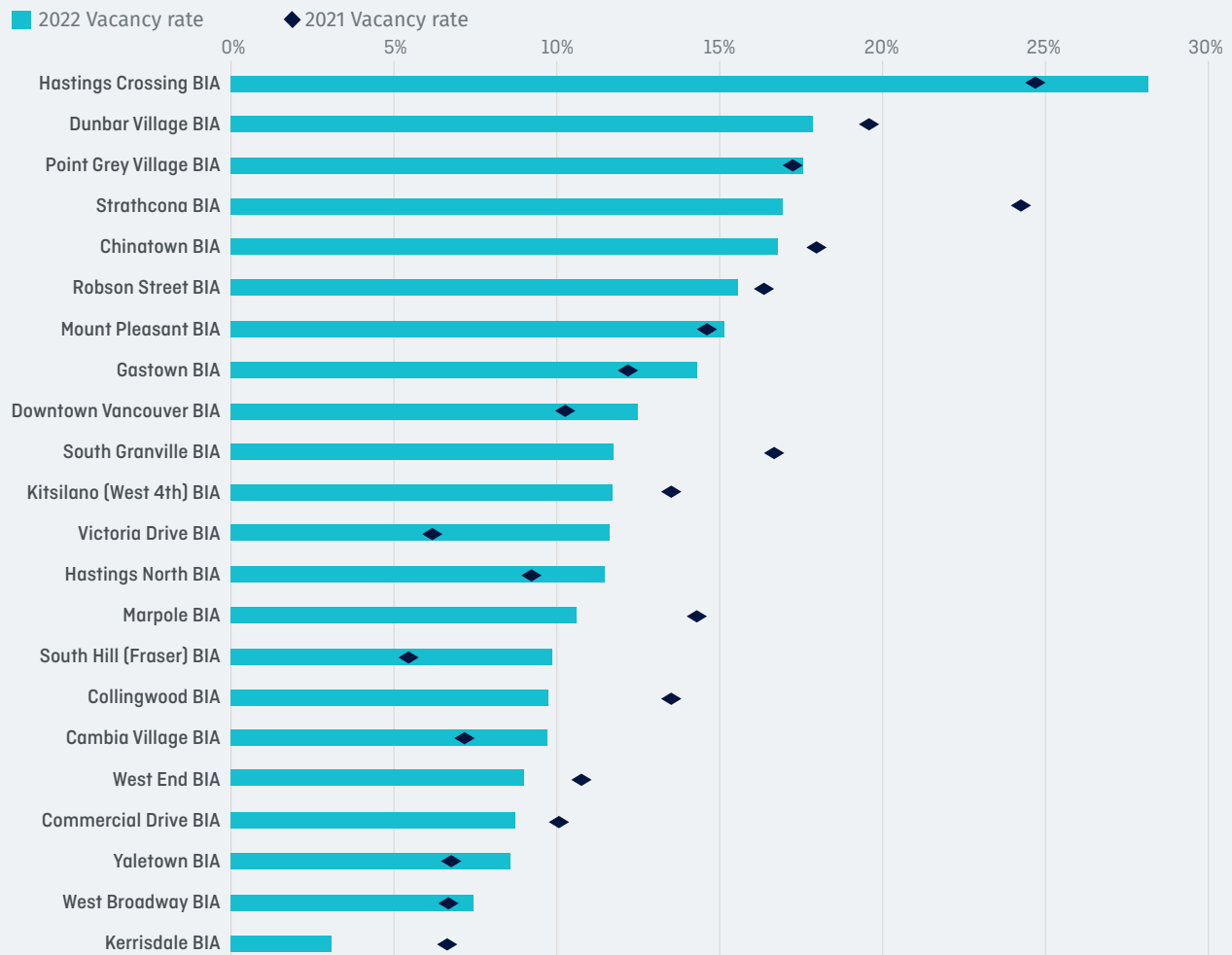
The [2020 Retail-Commercial District Small Business Study](#) recommended storefront vacancy as a notable indicator of retail health. It identifies 5-7% as the target range of healthy vacancy, and suggests 10% or higher as being unhealthy.

According to the [2022 Storefront Report](#), storefront vacancies have remained stable at 11.9% (a 0.2% drop over 2021 levels), but remain almost 3 percent higher than the 9.3% recorded at the start of the pandemic (2020). The worst vacancy rates were seen in the business improvement areas of Hastings Crossing at 28%, a number more than 10 percentage points higher than the second-highest vacancy rate in Dunbar Village BIA.

The annual storefront inventory becomes more comprehensive with each iteration. The next storefront inventory count commences in March 2023, and will be published later in 2023.

### BIA Storefront Vacancy Rates

2021–2022



Source(s): [City of Vancouver 2022 Storefronts Report](#), City of Vancouver

# Drivers and Trends

A snapshot of notable or systemic trends and pressures that contribute to storefront business successes and challenges:



## Hiring and retaining workers

The rising cost of living in Vancouver and low unemployment rate have made it particularly challenging for businesses to recruit and retain entry-level workers.

## Hybrid and remote working

The rise of hybrid and remote working has significantly impacted storefront businesses whose primary clientele were office workers. This trend has been most impactful in the downtown core.

## E-commerce

Until the rise of e-commerce, storefront businesses accounted for the vast majority of sales of consumer-facing products, general services, goods, and cultural experiences for both local and international visitors. Increasingly Canadians are purchasing more goods online, spending a total of **\$85B in 2020**.

## Independent and multinational businesses

Storefront businesses owned and operated by multinational, franchise or chain businesses can serve as community and anchor tenants in commercial properties and among high streets. However, small-to-medium independent businesses also play a critical role in the economy.

A 2019 [LOCO BC Indie Impact Study](#) demonstrated that every dollar spent at local businesses can recirculate up to \$0.63 in the community – this is 4.6 times the average return of money spent at non-local businesses. The same study found that dollars spent at local restaurants have twice the impact as those spent at those of multinational chains (67.9% over 30.4%).

## Climate action and decarbonization

Today, every business is operating in a policy and market context that's driving towards net zero. Small, storefront businesses selling retail goods are often on the receiving end of the movements of larger businesses – like their goods suppliers – and the governments that surround them.

For example, many large property owners are making commitments to decarbonize their buildings. The majority of storefront retailers do not own their spaces and may face costs or complications as those buildings are retrofitted. Similarly, many supply chains are being shaken up by geopolitical shifts and efforts to reduce the environmental impacts of each part of the process. Supply interruptions, increased measurement and transparency needs (e.g. reporting on greenhouse gas emissions) can increase the workload and costs for storefront retailers.

Ultimately, the consumer and political commitment to net zero is growing – even in the face of recession and inflation. Storefront businesses that draw on government support and incentives and those that learn to quickly innovate will ultimately come out ahead.

For more information, refer to [VEC's Zero Emissions Economic Transition Action Plan](#).

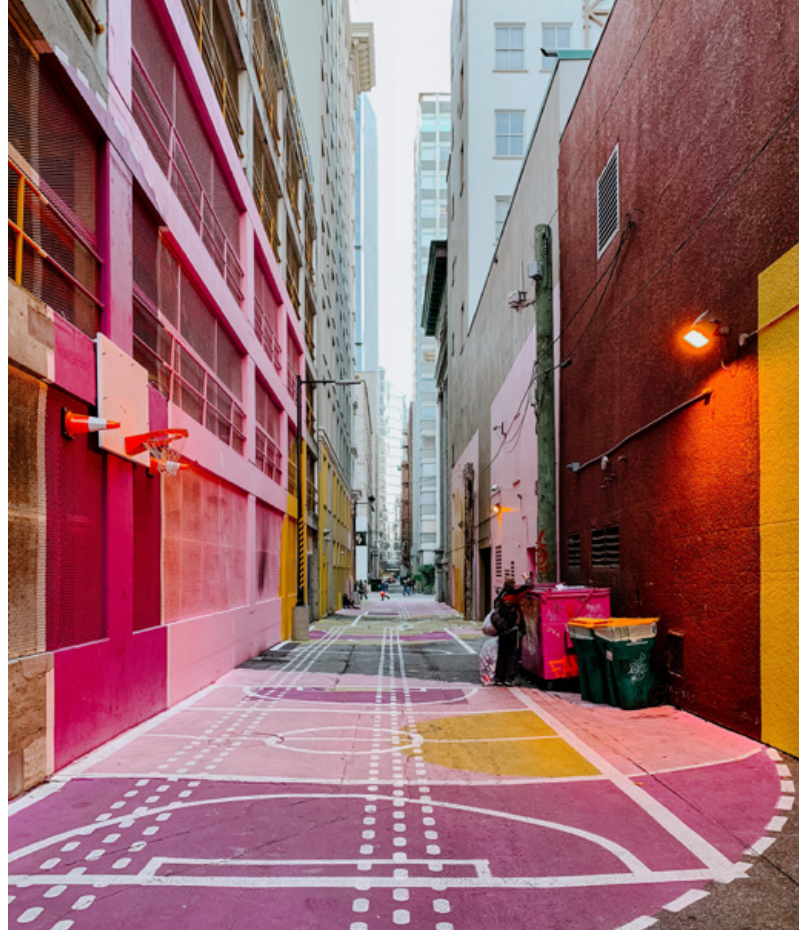
## Digitalization

Digitalization refers to systems transformation from analog to digital. Internet and web infrastructure has almost universally shifted the way people manage information, including information, logistics, payrolls, correspondence, and points of sale.

Although many storefront businesses today – particularly multigenerational or heritage small businesses – continue to operate using legacy or analog systems, digitalization can increase the resilience of a business by improving efficiency, reach, and agility or quality of client, guest and consumer services. However, not all businesses can afford the time or financial investments necessary to digitalize, but resources are available for [those who need support](#).



Simon Fraser University's [Digital Innovation and Leadership program](#) – an initiative supported by VEC and funded by Canada's Digital Technology Supercluster – aims to provide professional education to prepare Canadian workers and business leaders for the digital economy.



## Safety, cleanliness, and crime

Graffiti, litter, sharps, and other symptoms of urban decay can negatively affect perceptions of safety and disorder; managing them can go a long way toward helping sustain a safe and welcoming environment for residents, shoppers, and visitors. For this reason, BIAs and their business community stakeholders place a strong emphasis on managing cleanliness to help create a sense of safety and community pride, deter break-ins, and reduce health risks.

Criminalized behaviours and associated indicators of urban decay are caused by deep and systemic issues, including mental health, housing, cost-of-living and toxic drug crises plaguing many urban centres in North America.

With no easy solutions to these crises, businesses in most neighbourhoods continue to request financial support from BIAs and governments to help manage these issues, including the installation of more security camera systems, increased street-level presence of [safety ambassadors](#) and [community-based policing](#), security officers, beautification and repair, and proactive waste removal.

## Vancouver Spotlight

# Five ways to build resiliency for Vancouver's storefront businesses

Initiative	Vancouver solutions that are making a difference
<b>1. Activate underused storefronts</b>	The <a href="#">Vancouver Mural Festival Residency Program</a> is a pilot project delivered by <a href="#">Hessey Consulting + Architecture</a> that creates temporary artist studio and exhibition spaces for BIPOC and emerging artists by activating underused storefronts.
<b>2. Retain and revitalize heritage businesses</b>	The City of Vancouver's <a href="#">Special Enterprise Program</a> (SEP) is a five-year pilot project that supports the Vancouver Chinatown Foundation and <a href="#">Community Impact Real Estate Society</a> (CIRES) with launching programs to support the retention of heritage businesses while addressing vacant storefronts in the Downtown Eastside. An early success story of SEP is the <a href="#">refurbishment and revitalization of Kam Wai Dim Sum</a> , with support from the Strathcona Business Improvement Association and Dunefield Consulting.
<b>3. Engage visitors and residents in celebrating Vancouver</b>	Destination Vancouver's <a href="#">Dine Out Vancouver Festival</a> promotes community, collaboration and appreciation of Vancouver's diverse culinary scene and local restaurants. Major cultural celebrations and parades, such as the Vancouver Pride and Lunar New Year parades, draw annual crowds to neighbourhoods like Davie Street and Chinatown.
	
<b>4. Help businesses meaningfully adopt zero-carbon practices</b>	<a href="#">BMO Radicle</a> helps businesses understand, track and reduce their emissions in order to improve their accountability. <a href="#">Ostrom Climate</a> works with businesses to quantify and manage their carbon footprints and support them in taking measurable climate actions.
<b>5. Support business owners with digitalization and multiplatform sales or service options</b>	<a href="#">Small Business BC</a> (SBBC) manages the <a href="#">Canada Digital Adoption Program</a> (CDAP) to support businesses with micro-grants, e-commerce advisory support and improved digital strategies to help small businesses build resilience in the digital era.

Pictured: Lunar New Year celebrations in Vancouver's historic Chinatown  
Photo: Ingrid Valou



# International Trade

“Trade, by being mutually beneficial, gives each party a stake in the well-being of the other”

Prime Minister Justin Trudeau

## What is international trade and why is it important?

International trade is the purchase and sale of goods and services by companies in different countries. Specifically, it allows countries to specialize in the production of certain goods and services and exchange these with other nations. This exchange can lead to increased efficiency and greater economic growth, as measured by

GDP, and reduced prices and a wider range of goods for consumers. However, there can be downsides to international trade, such as job displacement and less resilient supply chains – for example, when countries have to rely on other countries for crucial supplies such as COVID vaccines.

### Benefits of International Trade

#### Increased economic growth

Countries can specialize in the production of goods and services in which they have a comparative advantage, leading to greater efficiency and higher output.

#### Diversification of markets

Countries can access new markets and reduce their dependence on any one market, helping to insulate them against economic downturns.

#### Improved competitiveness

Competition from foreign producers can drive domestic firms to become more efficient, innovative, and competitive, leading to lower prices, higher quality products, and increased consumer choice.

#### Increased job opportunities

Creates jobs in exporting industries and related support industries, such as transportation and logistics.

### Challenges of International Trade

#### Loss of knowledge and business capacity

Becoming overly reliant on international trade risks decreasing the capacity of a region or country to produce critical goods, such as vaccines.

#### Dependence on other countries

By becoming too reliant on foreign markets, countries can become vulnerable to economic and political changes beyond their control.

#### Income inequality

Can disproportionately benefit the owners of capital and skilled labour, while hurting unskilled workers in industries that face competition from abroad.

#### Job displacement

Increased competition from foreign companies can place pressure on local enterprises, in turn leading to unemployment and wage stagnation.

## Free Trade Agreements

Free trade agreements (FTAs) are agreements between two or more countries with the intent to reduce or eliminate trade barriers and promote the free flow of goods, services, and investments between signatories.

Despite their name, governments with FTAs in place do not usually abandon all control of imports and exports or eliminate all protectionist policies. Certain economic sectors or elements may be protected; Canada's dairy and automobile industries are notable examples. In modern international trade, few free trade agreements result in completely free trade.

Canada is a major trading nation and has been active as a signatory and pursuer of FTAs over the last few decades.

Currently, **Canada has 15 FTAs** in place, the most notable of which are the Canada-United States-Mexico Agreement (**CUSMA**), Canada-European Union: Comprehensive Economic and Trade Agreement (**CETA**), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (**CPTPP**).

---

**In Canada...**

**15** = **1.5B**  
**Trade Agreements**      **Global Consumers**

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## Cities and International Trade

Cities are vital to international trade, with the vast majority of trade flowing at a sub-national level.<sup>4</sup> However, cities often have very little say in the signing or contents of free trade agreements – a situation that the Vancouver Economic Commission and economic development peers across the country advocate for being addressed in any future FTAs. In some other parts of the world – such as the EU – all impacted regions must agree to FTAs before they are signed.<sup>5</sup>

As one research paper put it, “Cities have not been central to public policy discussions on trade growth and diversification, which have centred in large measure on trade agreements between countries. We suggest that while trade agreements between countries are important, the role of cities in driving trade in services should be [more] fully explored.”<sup>6</sup>

This same paper also pointed out that supporting cities in their trade promotion activities, such as those undertaken by the VEC and our regional peer **Invest Vancouver**, helps diversify national economies due to cities' importance in innovation and knowledge-based activities.



<sup>4</sup> <https://blogs.lse.ac.uk/management/2018/11/23/global-cities-multinationals-and-trade-in-the-age-of-brexit/>

<sup>5</sup> <https://www.euractiv.com/section/trade-society/news/belgium-cannot-sign-ceta-pm-michel-admits/>

<sup>6</sup> <https://theconversation.com/how-global-cities-are-changing-international-trade-114273>

## Foreign direct investment

Very much connected to international trade is the concept of cross-border or foreign direct investment (FDI). Foreign direct investment refers to the ownership stake that an investor, company or government makes in a project or company in a foreign country. FDI has enormous potential to stimulate economic growth and job creation and enhances competitiveness, but can lead to economic dependence on foreign firms.

Global companies invested **\$75.5 billion in Canada in 2021**, bringing FDI to a 15-year high nationally. Although numbers are not available at a city level, Vancouver receives a significant percentage of this FDI each year.

**\$75.5B**  
total FDI in  
Canada in 2021

[Invest in Canada](#)

**90%**  
of FDI lands  
in Cities

[CCCA](#)

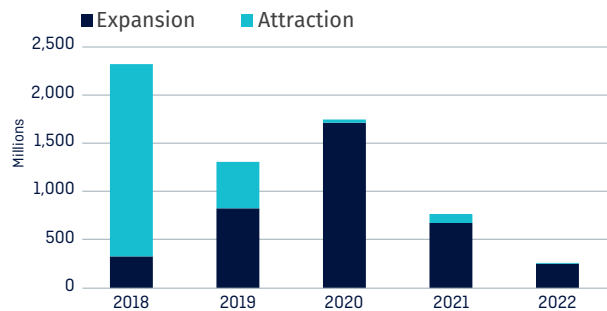
Since its founding, the Vancouver Economic Commission has been actively facilitating the flow of FDI into our city, with notable influences on [Amazon's expansion of 3,000 jobs in 2018](#), [Samsung's R&D centre in 2013](#), [Fujitsu's worldwide centre of excellence for AI](#), and Double Negative – the Oscar winning VFX company [opening its first studio in North America](#) in Vancouver.



Metro Vancouver Regional District's regional economic development service, [Invest Vancouver](#), has taken the lead on most of the region's investment attraction work as of 2021. VEC will continue to work closely with Invest Vancouver and facilitate inbound FDI, as well as deliver on certain strategic investment goals, such as the attraction of heat pump manufacturers to Vancouver – an initiative critical to the success of the City of Vancouver's Climate Emergency Action Plan and Province of British Columbia's CleanBC roadmap.

### VEC FDI Wins

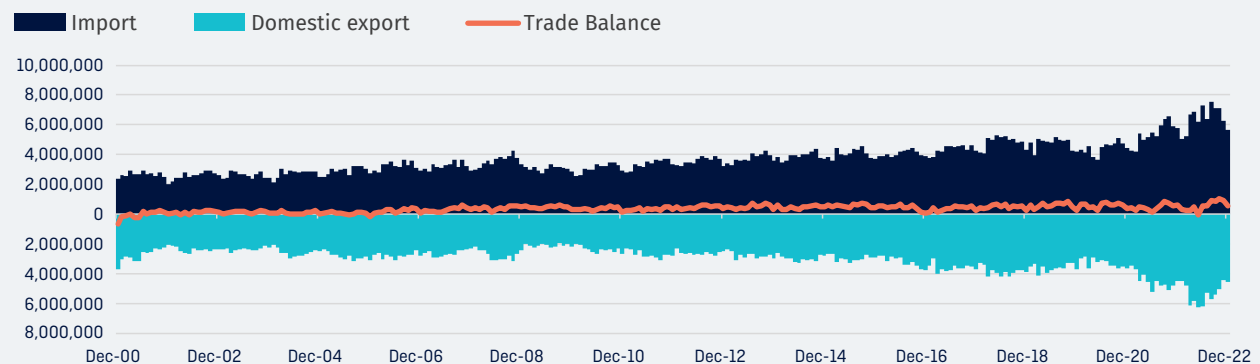
In 3-year deal values, (\$ millions)



Source(s): VEC Analysis

## International Merchandise Trade, BC

December 2022, (\$1,000)



Source(s): VEC Analysis; [Statistics Canada](#)

## VEC Highlights

### PROGRAM

#### **Angels for Climate Solutions Pitch Finale**

Mark your calendars for April 25 and join us for the live Angels for Climate Solutions Pitch Finale, in which the five most promising new climate solution startups in Vancouver and BC pitch for \$150,000 in investment. This event is part of Angels for Climate Solutions, a program designed to accelerate investment into climate solutions by connecting startups with investors who share similar values.

April 25, 2023 | [Register now](#)

### REPORT

#### **Circular Food Innovation Lab**

This report will share the outcomes and findings from the Circular Food Innovation Lab, a 10-month project developed and realized with the VEC, City of Vancouver's Solutions Lab, and Emily Carr University of Art & Design. The participatory action research lab worked with 18+ businesses across the food sector in Vancouver to improve circularity in Vancouver's food system, and tested solutions to prevent and reduce wasted food in Vancouver food businesses and organizations.

Coming soon!

### RECAP

#### **Vancouver-to-Copenhagen Green Building Learning Tour**

VEC shared out learnings from the 2022 Learning Tour with the Danish Trade Council to Copenhagen. The event featured over 60 attendees and offered the chance for Danish architects and energy policy leaders to share their successes and challenges and help inspire and provoke dialogue with local audiences.

Check out this new [online resource](#).

### RECAP

#### **Outcomes of Tech Bootcamp Design Labs**

The VEC and Immigrant Employment Council of BC (IEC-BC) have concluded preliminary design labs to shape a series of bootcamps focused on "soft skills" for newcomers to Canada. These bootcamps are designed to be a learning experience for both newcomers and tech employers, with an emphasis on acknowledgement and appreciation of cultural diversity.

Learn more about the [process and outcomes](#).

## Additional Economic Development Reports and Resources

- [Real Incomes Continue to Fall in Canada and B.C.](#)  
BCBC
- [T-Net](#)  
BC Technology
- [Canada Real Estate Market Outlook 2023](#) CBRE
- [Economic Outlook for 2023](#)  
CBOC
- [North American Supply Chains: Will Reshoring Actually Happen?](#)  
EIU
- [City Competitiveness Index](#)  
KPMG
- [Women in the Workplace 2022](#)  
McKinsey & Company
- [Generative AI is Here: How Tools Like ChatGPT Could Change Your Business](#)  
McKinsey & Company
- [Understanding Social Mobility](#)  
OECD
- [OECD-UNSD Multinational Enterprise Information Platform](#)  
UNStats

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