

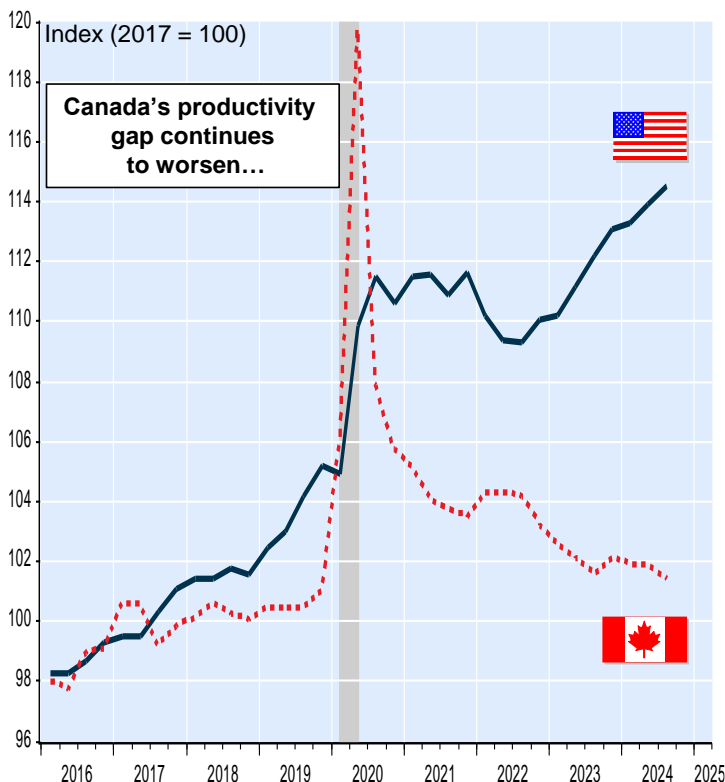
Canada Watch

By Stéfane Marion and Ethan Currie

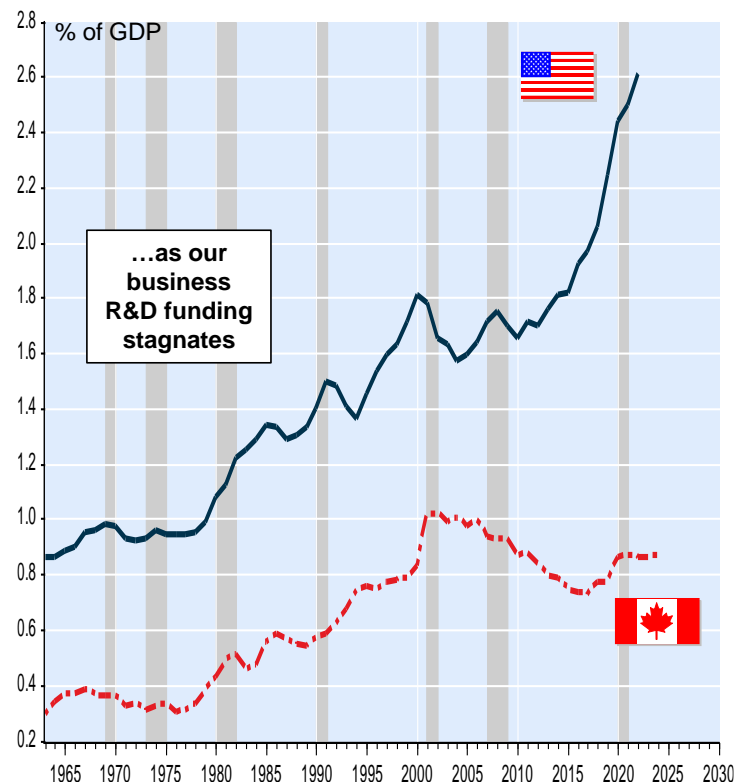
Canada's productivity downturn persists. **Newly released data** shows that business sector productivity contracted at an annualized rate of 1.5% in Q3 2024—the third consecutive quarterly decline and the ninth drop in the past ten quarters. In contrast, U.S. productivity surged by a robust 2.2% in Q3 2024, marking the eighth consecutive increase. As illustrated in today's Hot Chart, the Canada-U.S. productivity differential has become outright obscene. So, what's holding our country back? **Statistics Canada** reported earlier this week that R&D spending intentions for 2024 remain lackluster, with the business sector allocating just under 0.9% of GDP. In comparison, this figure stands at 2.6% **in the U.S.**, a stark contrast for a factor widely recognized as a key driver of productivity. In fact, going back to 1963, the gap between R&D spending by Canada's business sector and that of the U.S. has never been as wide as it is today. It goes without saying that Canada must urgently develop policies to incentivize businesses to increase their investments domestically if we hope to enhance our standard of living.

Canada: Addressing this obscene productivity gap is imperative

Business sector:
Labour productivity



Business sector:
R&D funding



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