

Support for Saint Lucia to Implement the Gender-Responsive National Strategy for the Development of the Four Priority Services Sub-Sectors

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Market Pointer – Exporting “ICT” Services to Canada

Demand

The bulk of world ICT imports in 2019 were into the United States (\$43.7Bn.) followed by Germany (\$41.7Bn.); China (\$26.8Bn.); France (\$22.8Bn.); Japan (\$19.9Bn.); and the Netherlands (\$18.8Bn.). In terms of regional economic groupings, the EU28 accounted for \$183.5Bn.; and CARICOM accounted for \$235Mn.

Canada’s ICT import demand decreased slightly in 2019 relative to 2018, falling from \$6.1Bn. to \$5.9Bn. or by -3.3%. When compared to the previous year growth was stagnant with 2017 reflecting imports of \$6.1Bn. as well. Notwithstanding, as discussed in the future trends the ICT market in Canada portends significant opportunity for Saint Lucian ICT service providers.

Market entry requirements

Market entry requirements for the *Canadian* market are exceptionally good. As a high demand Federal Skilled Worker occupation, experts practicing as computer and information systems managers could enter Canada very easily. Under Express Entry, Federal Skilled Workers across 347 eligible occupations who meet minimum entry criteria, submit an expression of interest profile to the Express Entry Pool. The profiles of candidates in the pool are ranked under a Comprehensive Ranking System. The highest-ranked candidates will be considered for an invitation to apply for permanent residence. Candidates receiving an invitation must submit a full application within a delay of 60-days.¹

¹ <https://www.immigration.ca/fast-track-high-demand-occupations>

Current trends

Canada's ICT (Information and Communications Technologies) sector posted strong growth in 2019, and outperformed the overall Canadian economy in output, employment, and innovation growth. The sector is estimated to have contributed 4.8% of GDP or \$94.1Bn. in 2019. In terms of employment, the sector is estimated to have employed 666,540 workers in 2019, growing by 2.1% compared to 2018 and the average annual salary paid in the sector was \$82,221 in 2019, representing an increase of 5.7% over the average salary paid in the sector in 2018. Notably, the average annual salary paid in the sector is approximately 53.7% higher than the Canadian average making it an extremely attractive sector for workers.²

In revenue terms, the Canadian Average Growth Rate (CAGR) over the last five years to 2019 has been strongest for software & computer systems (8.2%); followed by ICT wholesaling (4.7%); and communications services (2%). Similarly, in employment terms the CAGR over the last five years to 2019 has been strongest for software & computer systems (5.5%); followed by ICT wholesaling (2.5%). In terms of contribution to GDP, the strongest subsector contribution to GDP was software & computer systems (6.1%); followed by communications services (3.5%); and ICT wholesaling (3.5%). Importantly, the largest spending in the area of research and development is in Communications Services (14.8%); followed by software & computer systems (5.6%); and ICT wholesaling (4.7%).³

Future trends

In the *Canadian* market, by 2021, 50% of companies will have matured their digital KPIs to align to business value measures. Also, the AI Hype reaches breaking point in 2020 - creates new foundation for Canadian market growth. Expected increases in productivity fuel significant investments in "Digital Coworkers" in 2020. Edge marketing went mainstream in 2019, but adoption ramps up in 2020.

By 2024, half of enterprise applications will be deployed in a containerized hybrid cloud/multi-cloud environment. By 2022, 75% of Canadian partners will have created or acquired the ability to develop custom or packaged software. Third-party partner cybersecurity risk assessments become critical in 2020 and Ubiquitous Internet of Things (IoT) is expected to be the new normal for 2020. Also, 2020 is expected to see the start of new smart home reality in Canada.⁴ Finally, 5G Splash in 2020 is expected to lead to rollout of commercial services in 2021 in Canada.⁵

The trends of the ICT sector of the 2010s have been interrupted by the global COVID-19 pandemic and the full severity of the impact is yet to be determined. While the ICT sector is likely to weather this storm better than most sectors, it is still expected to see a significant decline in sales (IDC estimates a fall of 7.0% in Canada) creating challenges for many ICT firms. Even though all firms are not facing reduced sales, all are challenged by shifting demand, strained supply chains and altered working arrangements. Fortunately, the ICT sector is well positioned to benefit from the economy-wide recovery as demand is expected to reflect accelerating adoption of technology solutions and private and public investments in digital infrastructure.⁶

² http://www.ic.gc.ca/eic/site/ict-tic.nsf/eng/h_it07229.html

³ Ibid.

⁴ <https://www.idc.com/>

⁵ <https://www.idc.com/getdoc.jsp?containerId=CA44463319>

⁶ http://www.ic.gc.ca/eic/site/ict-tic.nsf/eng/h_it07229.html