



CENTRE FOR LOCAL PROSPERITY  
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## **Import Replacement: Local Prosperity for Rural Atlantic Canada**

### ***A two-year study uncovers the possibilities***

*“Economic life develops by grace of innovating; it expands by grace of import-replacement.”*

Jane Jacobs, *Cities and the Wealth of Nations: Principles of Economic Life*, 1985

In 2015, The Centre for Local Prosperity launched a 2-year project to explore the potential for import replacement in Atlantic Canada, particularly for small, rural and local populations, and to investigate how those communities could become more resilient and prosperous by including it in their economic strategy.

Atlantic Canada imported \$11 billion more than it exported in 2012, with each of the region’s four provinces running a negative trade balance. Currently, the provinces have the highest trade deficit in the country, with four out of every ten dollars generated within the region *leaking* out of the region.

The project focused on identifying where the leakage was occurring and then explored if or how the deficit could be reduced by plugging the leaks through local import replacement strategies. Simply put, instead of importing some of their goods and services, communities could produce them through local ownership, finance and production, keeping more dollars in the region.

The results demonstrated that targeting a 10% increase in local production of imported goods and services across the region could add more than 43,000 new jobs, \$2.6 billion in new wages, and \$219 million in new tax revenue, and in due time, help grow the region’s GDP significantly.

The study brought together data from two separate empirical investigations, a macro analysis to identify sources of economic leakage and a micro analysis to define and better understand the existing strengths and weaknesses within four communities in Atlantic Canada.

**On Monday, February 26<sup>th</sup> at the Shelburne, NS Fire Hall, from 6:30 – 8:30pm, the results of the study, *Import Replacement: Local Prosperity Report for Rural Atlantic Canada*, will be released.** The findings are compelling.

Atlantic Canada is home to the country's highest proportion of rural communities. The lifeblood of the region, these communities and their residents are known to be tenacious. They want to stay rural, and they're taking ownership of their economic futures, with a determination to remain vital and self-sufficient in spite of the challenges of less resources, depleting support systems and politics that often favour urban populations.

To their credit, these communities have long excelled in the art of reinvention, finding ways to overcome increasing economic pressures and the realities of climate change. By thinking outside the box, many are reclaiming their vibrancy and prosperity through local business and community initiatives, reenergizing their local economies.

The project's results show import replacement has the potential to help communities achieve greater long-term economic resilience and stability. By decreasing imports, they stand to experience considerable gains through business opportunities that encourage local production of goods and services. Further, these efforts can benefit through municipal and provincial policies that encourage import replacement with the same readiness given to current policies that favor export based economies.

Granted, each community is different, with different issues or problems to fix and different resources to fill those gaps. The implementation of import replacement strategies will need to suit the individual community's capabilities.

To that end, this report provides practical guidance tools ranging from immediately actionable items to techniques for aggregating community wealth through co-operation, buy-local campaigns, local business support systems and the roles for both municipal and provincial governments. The report also shares examples of best practices from some communities actively engaged in import replacement projects.

Absolutely, import replacement is a different way of thinking *and* doing, especially in light of more conventional tendencies that focus on exporting to accomplish growth. But new economic development paths and ideas are gaining attention and momentum, and it's easy to understand why. Relying on the export of natural resources is not enough for today, and in particular, for rural communities.

As Jane Jacobs pointed out, import replacement is a logical next step to expand economic growth. Targeting local production specifically to areas of leakage makes good business sense. Rural communities in Atlantic Canada are ready. Their steady revival of craft industries, independent business start-ups, local food, and community ownership models shows that Atlantic Canadians fully understand the benefits of increasing local production, ownership, and consumption. Balancing export growth with import replacement could generate new opportunities for communities to thrive, and in turn, ensure their self-reliance for the long-term.

I moved to Atlantic Canada thirty-one years ago. It is a precious and beautiful part of the world, and not just with its natural resources and scenery. We have something more important. This region has the right cultural DNA for looking after each other and for creating lively communities that take matters into their own hands. Communities are lifting up and getting going – everything we need is right here.

On behalf of The Centre for Local Prosperity, we invite you to join us in Shelburne for the release of the report - **Monday, February 26<sup>th</sup> at the Shelburne, NS Fire Hall, from 6:30 – 8:30pm.**

More information is also available on our website: [www.centreforlocalprosperity.ca](http://www.centreforlocalprosperity.ca)

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