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Development of an Industry Wise Sustainability Index for United States and Canada Trade

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Abstract:

The last year have had two major economic developments that have affected the Canadian economy; one being the depression of both the Canadian dollar and the price of Crude Oil. This has brought up the question of what will happen to certain industries and how will Canadian trading relations with the United States change? Canada and the United States total trade amount has topped $597 Billion in 2013 making them the world’s largest trading partners (Bloomberg, 2014). In the process, both American and Canadian governments are pressured to have a stronger environmental policy. This brings up the issue of sustainability of certain industries.

This paper will present a method in understanding the sustainability of Canadian industries and developing sustainability indicators (“sustainability index”) that addresses the financial performance with social and environmental factors included in these industries.
The objective of this paper is to introduce sustainability indicators that will determine changes to industry trade. Our purpose is to understanding the strengths and weaknesses of certain industries based on criteria that we developed. The criteria has been determined based on the effect it has on international trade. Analytical hierarchy process (AHP) is used to develop weighting for the criteria and to compare considered industries on each criteria. Based on the results, a regression formula is developed which can be applied to all industries.