

INTRODUCTION

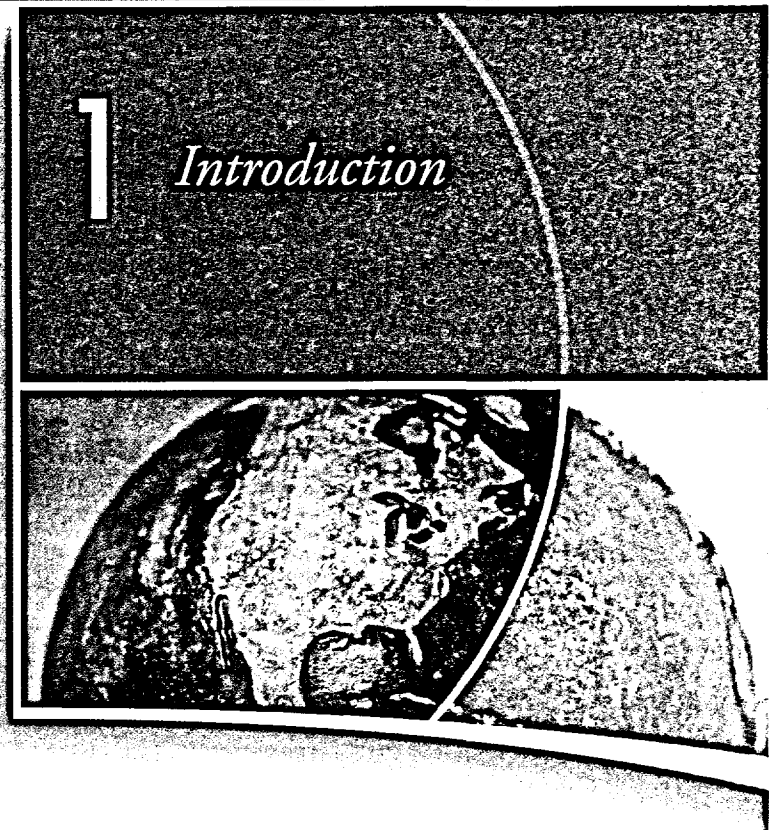
Canada is a trading country, with the export of goods and services accounting for more than 40% of economy activity. International trade is integral to our continued prosperity. Canada's exposure to international competition has energized our economy, spurred innovation, attracted foreign investment and created hundreds of thousands of jobs for Canadians.

Although Canadians have been successful in selling to the world, our ability to fully exploit opportunities in key markets is often limited by a variety of barriers to trade. To ensure secure and predictable access to the world for Canadian traders and investors, the government will continue its efforts to bring down barriers to trade in key markets. This means strengthening the institutions and the rules that govern international trade and investment, forging relationships with new partners, and ensuring that other countries live up to their commitments.

Opening Doors to the World: Canada's International Market Access Priorities – 2004 presents significant market-opening results achieved over the past year and outlines the government's priorities for 2004 to further improve access to foreign markets. The government will continue to pursue its goals multilaterally (through the World Trade Organization); regionally (through the North American Free Trade Agreement, the Asia-Pacific Economic Cooperation forum, and the negotiations on the Free Trade Area of the Americas and the Canada-European Union Trade and Investment Enhancement Agreement); and bilaterally with key partners, including through the negotiation of free trade agreements (Central America Four (El Salvador, Guatemala, Honduras and Nicaragua) and Singapore). In all cases, the government's objective will be to ensure that Canada's traders and investors benefit fully from international trade agreements.

Trends in Canadian Trade and Investment

While 2003 ended with merchandise exports and imports increasing in the month of December, both exports and imports for the year as a whole fell from 2002 levels. Canada's trade performance for 2003 as a whole suffered from the effects of BSE, SARS, the blackout, forest fires, floods, hurricanes, currency appreciation, and weak global economic conditions.



Over the year, Canadian exports of goods totalled \$381 billion, down 4% from 2002, while imports were off by 3.9% to \$335 billion. Canada's annual merchandise trade surplus fell \$2 billion to \$46 billion in 2003. On average, Canada traded approximately \$2 billion per day with the world – a remarkable testament to our ability to compete, even in difficult times. The number increases to \$2.3 billion per day if services trade is also included.

Energy products were the only major commodity group to record an increase in exports in 2003. This sector posted an impressive 23.7% increase over the previous year to \$61.3 billion, accounting for 15.3% of total Canadian exports in 2003 compared to a 12% share one year earlier. Exports in other sectors declined in 2003 for the year as a whole: machinery and equipment (8.3% to \$89.2 billion, accounting for 22.2% of total exports); automotive products (9.4% to \$87.9 billion, accounting for 21.9% of total exports); forestry products (7.2%); industrial goods and materials (5.2%); agriculture and fishing products (5.2%); and consumer goods (3.1%).