

- ◆ The current account surplus rose to a new record of \$29.1 billion in 2001 or 2.7 percent of GDP, from \$26.9 billion or 2.5 percent of GDP in 2000. This improvement reflected the increase in Canada's merchandise trade surplus to a new record high of \$61.5 billion in 2001 from \$59.3 billion in 2000.

On a regional basis:

- ◆ Exports of goods and services to the United States were hurt by the decline in economic growth in that country accentuated by trade interruptions associated with the September 11 terrorist attacks. Growth in real GDP in the United States moderated sharply, from 4.1 percent in both 1999 and 2000 to 1.2 percent in 2001. Canada's exports of goods and services to the United States fell by 2.2 percent to \$382.6 billion in 2001 from a record high of \$391.2 billion in 2000.
- ◆ Sales to the European Union declined by 2.4 percent in 2001, following a 13.2 percent jump in 2000, as growth in several major Western European economies slowed, especially in the second half of the year.
- ◆ Exports of goods and services to Japan fell sharply by 8.9 percent, a continuation of the steady declines observed between 1994 and 1998. This occurred as Japan slid back into recession for the third time in a decade, with three quarterly declines in GDP starting with the second quarter of 2001.
- ◆ Exports of goods and services to countries other than the United States, the EU, and Japan rose by 0.4 percent to a record high of \$43.2 billion in 2001.
- ◆ Trade with most East Asian economies outside of Japan was little changed. In the case of the People's Republic of China, however, Canada's merchandise exports grew strongly, by 14.6 percent in 2001, reflecting continued robust growth in the Chinese economy.
- ◆ Merchandise exports to most major Latin American destinations grew further in 2001, with much of the increase concentrated in shipments to Mexico and Venezuela.
- ◆ Canada's merchandise trade with most African economies rose in 2001. However, since exports to several of Canada's major African trading partners such as Algeria and South Africa fell sharply, exports to the African region as a whole declined (see Box B on page 14).

The product mix of Canada's merchandise exports experienced significant shifts in 2001.

- ◆ Exports of machinery and equipment, automotive, and forestry products dropped sharply in 2001. On the other hand, a number of other major exports, such as agricultural products, consumer goods and energy products, increased strongly. Energy trade played a particularly dominant role in Canada's merchandise trade performance. In 2001, the energy surplus reached a new record high of \$37.6 billion, building on the strength of high energy prices, accounting for 61.1 percent of Canada's 2001 merchandise trade surplus of \$61.5 billion. (Box C on page 19 reviews Canada's energy trade from a global perspective.)
- ◆ While exports of machinery and equipment fell by 7.6 percent in 2001, more sharply than that of 5.3 percent for exports of automotive products, this sector's exports continued to be the most important among all major sectors in Canada's export sales at 24 percent of total Canadian goods exports. The decline in the value of machinery and equipment exports was led by exports of high-tech products such as telecommunications equipment, which dropped by more than 60 percent in the year.
- ◆ Exports of agricultural and fishing products increased by 12.6 percent in 2001, reflecting widespread gains in shipments of live animals, meat products, beverages, food, feed and tobacco products.
- ◆ Exports of services edged down by 0.4 percent in 2001, as exports of freight and shipping services fell along with the decline in merchandise exports. Interestingly, tourism receipts rose by 2.8 percent in the fourth quarter, even though tourism was hurt by the September 11 terrorist attacks. (See Box D on page 27 for a review of potential growth in services trade.)