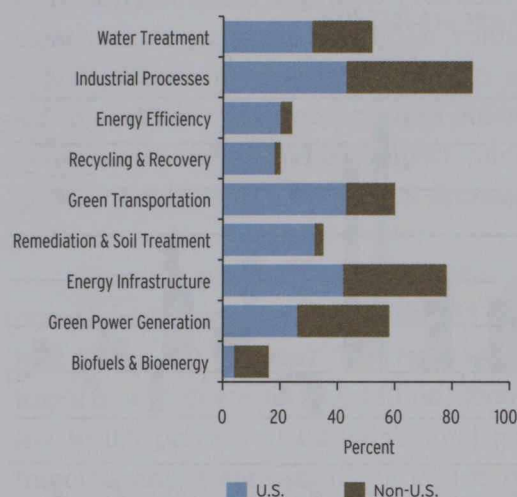


percent of their revenues. This is likely a sign that these industries hold strong niches in their respective industries supported by proprietary technologies.

The clean technology sector is also R&D intensive. As a group, the sector invested an estimated \$985 million in R&D in 2010, or approximately 11 percent of revenues. The scale of this investment is similar to that of the Aerospace sector.

Overall, clean technology is a fast-growing sector of the Canadian economy. Although currently small by international standards, its strength lies in exploiting niches built on technological advantage and innovation. To do so, growing internationally will be a key dimension of that strategy. This in turn will allow Canadian firms to spread their costs of R&D over

Exports Share of Revenues



international markets, enable them to attract globally competitive levels of capital and allow them to grow to scale.

Total imports of goods grew 10.2 percent last year as the domestic economy continued on its recovery path, with most of the increase accounted for by increased volumes, which went up 8.1 percent. Imports increased by \$42.3 billion to reach \$456.1 billion in 2011, their highest recorded value. Six out of seven major sectors increased their import values last year.

**Machinery and equipment** was the largest import category and exceeded its pre-recession record level to reach \$124.7 billion on the strength of a 9.5-percent increase in 2011 (a gain of \$10.8 billion). Prices dropped 4.3 percent overall, but import volumes increased much faster at 14.4 percent. Over half of the increase was accounted for by industrial and agricultural machinery, where imports rose \$5.5 billion, or 18.4 percent.

That category now accounts for \$35.7 billion, or well over a quarter, of Canada's machinery and equipment imports. Last year, increases were driven by large volumes of drilling and mining equipment purchased abroad—with volumes up 76.9 percent and prices down 8.8 percent, import values grew 61.4 percent and added \$1.1 billion to the year's growth. Imports of excavating machinery also grew strongly, at 30.5 percent, as did other industrial machinery at 17.9 percent (with all gains caused by increased volumes). Other industrial machinery accounted for over half of the category of industrial and agricultural machinery, and added \$2.7 billion to its growth. Imports of other transportation equipment grew 20.1 percent on the strength of volumes, adding \$1.1 billion to imports in this sector. Prices for office machines