in 2005, the deficit with non-OECD economies reached $24.9 billion. All major categories of exports increased (led by energy products at 27.9%), with the exception of forestry products, automotive products, and agricultural and fishery products, which declined 7.4%, 2.2% and 1.7%, respectively. By geographical area, 81.4% of goods exports were destined for the U.S. Only 6.3% and 2.3% of goods exports were bound for the European Union (EU) and Japan, respectively.

At an annual total of almost $76.4 billion, services imports outpaced services exports of $63 billion in 2005. As a result, the services deficit edged up to $13.4 billion from $12.7 billion in 2004. The travel deficit increased to $1.3 billion, with fewer Americans visiting Canada and Canadians spending more visiting both U.S. and non-U.S. destinations than in the previous year. The deficit in transportation services increased to $5.8 billion in 2005, up from $4.8 billion in 2004. Higher receipts, notably for financial services, combined with lower payments for management and communication services, accounted for most of the $1.4-billion reduction in the commercial services deficit for 2005.

In 2004, Canada was the eighth most important location for foreign direct investment (FDI), with its total stock of $365.7 billion amounting to 3.4% of the world total. The top three sources of FDI in Canada were the United States (65%), the United Kingdom (8%) and France (7.6%). At the same time, Canada was the world's ninth largest source of international direct investment, with stocks of Canadian direct investment abroad reaching $445.1 billion. The top three locations for Canadian direct investment abroad were the United States (43.5%), the United Kingdom (9.9%) and Barbados (6.9%). In 2005, Canadian direct investment in the U.S. increased by $15.5 billion, but declined by $3.3 billion in all other countries combined.

At an annual total of $39.9 billion, FDI flows into Canada reached a four-year high in 2005. Foreign investment flowing into Canada was led by U.S. investors, and over half was invested in companies in the energy and metallic minerals sector. In contrast, after surging in 2004, Canadian flows of direct investment abroad dropped sharply in 2005, falling to $37.8 billion, compared with $62 billion a year earlier. The main sectors for Canadian direct investment were energy and metallic minerals, and finance and insurance.

CONSULTATION AND OUTREACH ON CANADA'S TRADE AGENDA

Effective consultations with Canadians are essential to the development and implementation of all significant international trade policies and initiatives. This is why the Department of Foreign Affairs and International Trade has a long-standing framework for public consultations and outreach aimed at engaging Canadians in the development of trade policies and initiatives. For example, the Department manages a range of permanent and ad hoc consultative mechanisms to ensure that the views, priorities and interests of Canadians at large, other levels of government, industry, non-governmental organizations and public interest groups are taken into account in the development of Canada's trade agenda. For further information, please visit **http://www.dfait-maeci.gc.ca/tna-nac/consult-en.asp.**

The Department particularly welcomes direct input from Canadian exporters and investors describing barriers they have encountered in foreign markets. Individual companies, industry associations and other interested organizations are encouraged to contact us with specific information on tariff and non-tariff barriers, as well as other business irritants. Business people are invited to report any problems they are experiencing by communicating in strictest confidence to:

"Foreign Trade and Investment Barriers Alert"
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