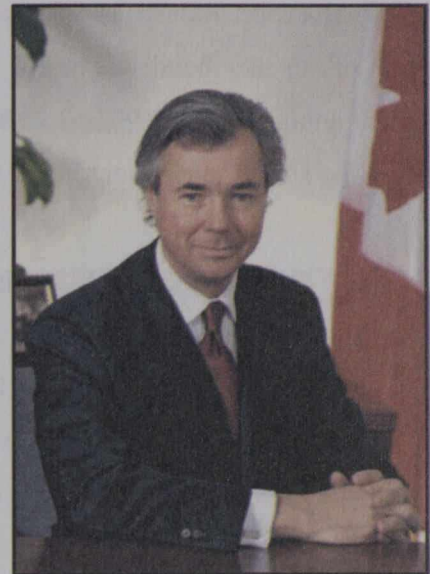


**A MESSAGE FROM THE
HONOURABLE PIERRE S. PETTIGREW,
MINISTER FOR INTERNATIONAL TRADE**



Buffed by dramatic downward evaluations in technology stocks and rocked by terror attacks, the North American and global economy in 2001 seemed very vulnerable indeed. While Canada's prospects appeared equally uncertain, one word – resilience – best describes Canada's economy and its trade and investment performance last year. Far from succumbing to these and other negative forces, Canada posted a surprisingly strong performance on the international trade and investment fronts. This year's Trade Update report highlights two impressive realities about Canada's international performance in 2001.

First, Canada recorded strong trade and investment results last year despite the global economic slowdown. Our exports and imports of goods and services with the world totalled \$880.5 billion for the year, on average \$2.4 billion per day in 2001. About \$43 billion in new direct investment flowed into Canada in 2001, bringing the stock of foreign direct investment (FDI) in Canadian wealth-creating enterprises to \$320.9 billion. Canadians invested more abroad in the form of both direct and total investment flows in 2001 reflecting the mature state of our economy.

Taking exports and imports separately, Canadians in 2001 exported nearly \$468 billion in goods and services, about 43.1 percent of Canada's gross domestic product (GDP) and imported \$413 billion in goods and services or 38.1 percent of GDP. This impressive trade performance had immediate job-creating benefits for Canadians. A total of 167,100 net new jobs were created in Canada last year, linked in part to trade and investment with the world. In fact, an estimated one of every four jobs in Canada has been linked to our export success in global markets.

Second, Canada's 'new economy' played an increasingly important part in our overall trade success. New or knowledge-based industries are now more prominent than ever in our exports. Moreover, the widespread application of new technology has enhanced Canadian productivity, improving our capabilities even in many of