

## THE YEAR IN TRADE 2001

## HIGHLIGHTS OF CANADA'S INTERNATIONAL TRADE AND ECONOMIC PERFORMANCE

For Canada, 2001 was a noticeably slower year of economic growth. Nevertheless, it marked the tenth consecutive year of economic expansion, the longest and most stable economic expansion since the 1960s.

**2001 Trade and Economic Highlights<sup>1</sup>**

- ◆ **Gross domestic product** at current prices rose to \$1.08 trillion in 2001, or \$36,128 per capita for a population of just over 30 million.
- ◆ **Real GDP** (adjusted for inflation) grew by 1.5 percent in 2001.
- ◆ **Consumer price inflation** on an annual basis edged down to 2.6 percent in 2001, from 2.7 percent in 2000. Core inflation, which excludes food and energy, was 2 percent in 2001, up from 1.5 percent in 2000.
- ◆ **Job growth** in 2001 as a whole was 1.1 percent (167 thousand), with more than 80 percent of the increase occurring in full-time employment.
- ◆ **However, the unemployment rate** rose to 7.2 percent for 2001 as a whole, after having fallen to 6.8 percent in 2000, the lowest since 1974. The rise in the unemployment rate in 2001 was due to increased participation in the labour force
- ◆ **Exports of goods and services** decreased by 2.1 percent in 2001, following a dramatic increase of 14.6 percent in 2000. This decline was the first since 1991. By major groups, the decline in exports in 2001 was confined to machinery and equipment, forestry and automotive products, as well as to freight and shipping services.
- ◆ **Imports of goods and services** declined by 2.9 percent in 2001, after rising by 10.5 percent in 2000. This was the first such decline since 1982. The decline in imports was widespread among most major groups such as machinery and equipment, industrial materials, automotive and forestry products. Services imports associated with foreign travel and freight and shipping also fell.
- ◆ **The current account balance** established a new record surplus of \$29.1 billion in 2001, up from \$26.9 billion in 2000, because of the smaller decline in exports than in imports. This included a merchandise trade surplus of \$61.5 billion in 2001
- ◆ **Canada's net foreign liability** fell to 18.8 percent of GDP, the lowest since mid-1940.
- ◆ **The Canadian dollar** closed the year 2001 at US\$0.634, down from US\$0.667 at the close of 2000. For 2001 as a whole, it averaged US\$0.6458, down 4.1 percent from US\$0.6733 in 2000. Against the euro, its average value was down by 1.2 percent to 0.72 euro per dollar. Against the Japanese yen, however, the average value of the Canadian dollar strengthened by 8.0 percent in 2001.

**International trade affected by the substantial slowdown in global economic growth in 2001.**

- ◆ In 2001, the economies of a number of Canada's trading partners lapsed into recession. In this unfavourable international environment, Canada's exports of goods and services declined slightly by 2.1 percent to \$467.6 billion after increasing by 14.6 percent in 2000. Exports of goods and services represented 43.1 percent of Canada's nominal GDP in 2001, down somewhat from the peak level of 45.3 percent in 2000.
- ◆ Imports of goods and services declined by 2.9 percent in 2001 to \$412.9 billion, after a 10.5 percent jump in 2000. The ratio of imports of goods and services to GDP fell to 38.1 percent in 2001, after reaching a peak of 40.3 percent in 2000.

<sup>1</sup> All monetary amounts throughout this report are expressed in Canadian dollars, unless otherwise indicated.