



VI. WRAP UP

Canada outperformed its major trading partners in 2002, marking the eleventh consecutive year of economic growth in the process. This performance was made all that more impressive given the challenging external environment characterized by the intertwining of weak business investment, financial market and exchange rate volatility, corporate governance issues, and enormous geopolitical uncertainties. Indeed, Canada has led the other major economies, particularly the United States in output growth since 1999, with our performance gap widening to around a full percentage point over the past two years.

Canada's performance in 2002 was buoyed by a competitive exchange rate, fiscal stimulus, and strong demand for consumer durables. The economy posted robust job gains at a time when many of our international competitors, including the United States,

were shedding jobs. The relatively strong expansion of Canadian economic activity relative to the other countries was reflected in Canada's international statistics, as exports of goods and services fell, imports increased, and investment opportunities, both inward and outward, declined, as set out in some detail in this Report.

Looking forward to 2003, mediocre growth prospects in the Eurozone, the U.K., and Japan will limit prospects for trade expansion to these areas. The recent (and further expected) tightening of the monetary stance by the Bank of Canada will likely support an appreciation of our currency, which will also likely dampen Canadian trade growth prospects over the coming year.

Lingering geopolitical anxiety and uncertainty about global economic prospects could also affect direct investment flows around the world, including those to and from Canada, in the months ahead.