

by-product of the continental restructuring effort seems to be the disappearance of Canadian production of trucks for export.

Another bright spot in Canada's trade performance in 2010, was the increase in exports of wood products after a five-year slide. Canadian exporters of wood and pulp are becoming more active in the fast-expanding Asian markets, after having suffered for years because of weak demand for their products resulting from the slump in the U.S. housing market.

Trade by Top Ten Partners

Merchandise Exports

After plunging by 25.6 percent, Canadian merchandise exports to the world rebounded in 2010, rising 11.0 percent to \$399.4 billion. This was a reflection of the tepid recovery from the world-wide recession experienced in 2009. For the most part, exports to Canada's largest partners remained below their pre-recessionary levels. However, 2010 exports to China and the United Kingdom were above their 2008 levels, while those to Brazil were virtually at par with 2008. Strong exports to Brazil essentially returned exports to that country to 2008 levels, while last year's growth in exports to the United Kingdom yielded exports to that country above their pre-recessionary levels. For China, exports continued to grow in 2009² and onwards into 2010.

In 2010, two countries—Brazil and Norway—joined the ranks of the top ten destinations for Canadian exports, at 9th and 10th place, respectively; they displaced France (which fell from the 9th to the 11th spot) and India (from 10th to 13th). Collectively, the top ten destinations accounted for 89.9 percent of total merchandise exports.

The **United States** remained Canada's largest export trading partner, accounting for 74.9 percent of total exports in 2010. This was marginally down from the 75.0-percent share registered a year earlier. Exports to the United States rose \$29.0 billion, or 10.8 percent, to \$299.1 billion. While the U.S. recession ended in June 2009, the recovery continued to be lacklustre by historical standards. Consumer confidence remained weak, affected by a prolonged fall in housing prices and high unemployment levels. Notwithstanding the increase in 2010, Canadian exports to the United States remained lower than in any year during the 1999-2008 period.

For 2010, the bulk of the gains in exports to the United States occurred in three categories: mineral fuels and oils, motor vehicles, and precious metals and stones. Together, these categories accounted for over 95 percent of the increase in bilateral exports during the past year. Buoyant energy prices helped push exports of mineral fuels and oils up by nearly \$12.6 billion. Crude petroleum led the advance, with a \$9.2-billion gain, followed by light and heavy oils (up \$3.4 billion), while natural gas exports were essentially unchanged from the previous year.

Automotive exports to the United States advanced for the first time following five years of consecutive decline. Exports of motor vehicles climbed \$11.9 billion to \$48.3 billion, with most of the gains coming from passenger vehicles (up \$11.4 billion). Automotive parts were also up by \$2.0 billion, while truck exports were down by over \$0.75 billion. Exports of trucks have fallen, on average, by about 60 percent annually over the past three years, and in 2010 represented less than one sixteenth of their 2007 amount.

² *Canada's State of Trade 2010 report.*