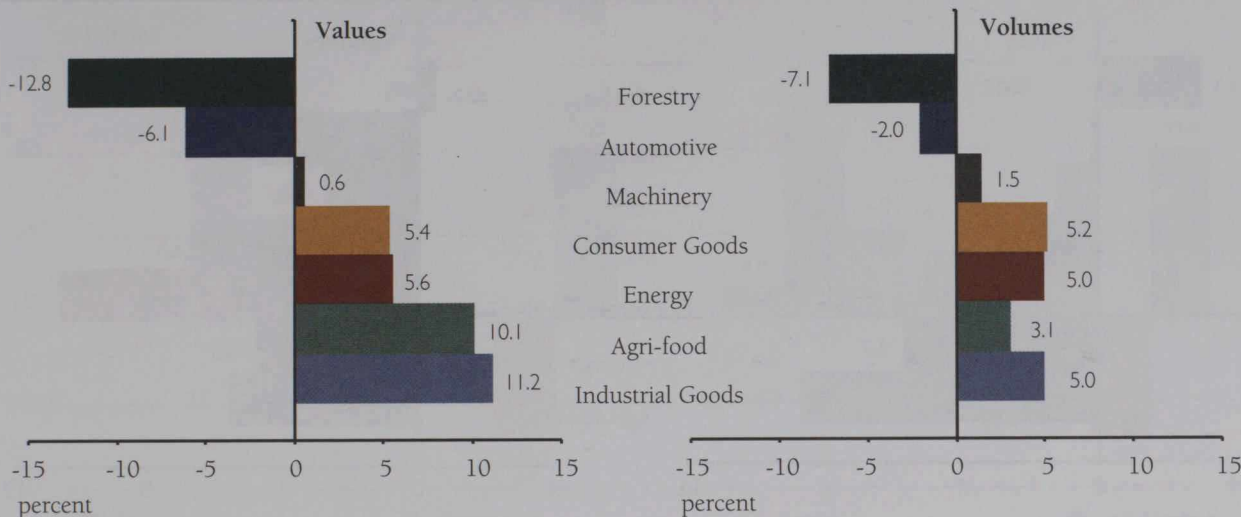


FIGURE 4-4
Growth in Goods Exports by Major Groups, 2007 (annual percent change)



Source: Statistics Canada

by industrial goods and materials³ and agri-food products. Growth in industrial goods exports was fuelled by the continued strength in both demand and prices for metal ores and alloys, driving up the value and volume of sales. The export value of industrial goods and materials reached \$104.5 billion in 2007, marking a fourth consecutive year of expansion for this category. Rapid industrialisation of Asian emerging economies has played a key role in the increase of prices for primary metals (nickel, copper, zinc, and iron ore).

Exports of agricultural and fish products benefited from resumption of cattle exports to the United States and new markets for wheat and canola. Rising food prices ensured that growth in the value of agri-food exports outpaced the increase in volume by a considerable margin. Energy exports also expanded, largely through increased volume, as the appreciating Canadian dollar offset most of the increase in U.S. dollar-denominated energy prices. The United States remained the biggest consumer of Canada's energy products, while new demand for crude oil from China and Singapore boosted Canada's energy exports to Asia. Consumer goods exports also experienced strong growth.

The U.S. accounted for 71.5 percent of Canadian exports of forestry products and 95.3 percent of exports of automotive products, so conditions in that country have affected our exports of these products. Specifically, the deep and ongoing correction in the U.S. housing market has been at the root of a contraction in demand for Canadian lumber from that country and the value and volume of Canadian exports of forestry products have fallen sharply as a result.

Likewise, falling wealth, tighter credit conditions, and moderating labour market conditions along with rising gasoline costs and a weaker U.S. dollar have combined to reduce U.S. demand for Canadian automobiles and trucks, resulting in a 6.1 percent decline in the value of Canadian automotive exports. The volume of automotive exports declined by less, as export prices fell. Machinery exports were virtually flat in value terms, rising slightly more in volume terms, as export prices for this category also fell. Two-thirds of Canadian exporters overall are also importers, and almost half imported more than they exported⁴, so these firms could offset reduced export prices with lower import costs in Canadian dollars.

³ Industrial goods and materials are comprised of metal ores, chemicals, plastics, and fertilizers, and metals and alloys.

⁴ Statistics Canada Catalogue no. 65-208-XIE (2008). International Merchandise Trade: Annual Review 2007.