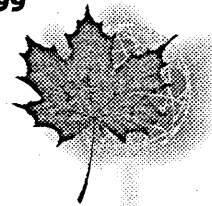


# CANADIAN TRADE REVIEW

## A Quarterly Review of Canada's Trade Performance

Third Quarter 1999

This trade and investment quarterly reports on Canada's economic growth in the third quarter of 1999 and highlights our trade and investment performance in key sectors and markets.



### Moving in Tandem: Canada's Economic and Trade Figures

Canada's economy continued its robust performance in the third quarter of 1999 as real gross domestic product (GDP) advanced at an annualized rate of 4.7%, well above its pace in the previous quarter. Third-quarter expansion was driven largely by export growth but domestic demand was also brisk, led by consumer spending.

Slowdowns in housing and in business investments had a moderating effect on third-quarter results. Consumer prices increased at an annual rate of 2.6%, while core inflation remained in the middle of the Bank of Canada's target band of 1% to 3%.

Canada's Economic and Trade Indicators	
	Change/Level 3Q over 2Q '99
Real GDP (annualized change)	4.7%
Employment (level of gain)	+96,800
CPI (quarter-over-quarter change)	
All Items	2.6%
Core (excludes food and energy)	1.7%
Canadian \$ in US funds(3Q level)	0.6718
Exports of goods and services (quarter-over-quarter change)	5.1%
Imports of goods and services (quarter-over-quarter change)	3.0%

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### Trade and Investment Highlights

The latest quarterly figures reflected a surge in Canadian merchandise trade in the third quarter of 1999, resulting in new record highs being set in a number of categories. These results follow several consecutive years of outstanding growth, culminating in Canada's exports and imports of goods for the first three quarters of 1999 surpassing total merchandise trade for all of 1995. On the services front, Canada's two-way trade rose at a robust pace of 1.8% over the previous quarter.

#### Canada-U.S. two-way merchandise trade now more than \$1.5 billion per day

Canada-U.S. two-way trade in the third quarter was valued at \$142.5 billion, with exports reaching \$79 billion and imports totalling \$63 billion. The brisk pace of sales to the United States accounted for \$4.6 billion of the overall \$4.8-billion increase in Canadian merchandise exports on a quarterly basis. This was the largest quarterly gain in absolute value terms that Canada has had with the U.S. since the 1960s (in spite of the marginal decline in September due to the impact of Hurricane Floyd).

On a year-to-date basis, the strength of Canada's automotive exports to the U.S. dominated the bilateral trade picture, although exports of all major sectors posted generally healthy gains. January-to-September 1999 automotive product exports