

TABLE OF CONTENTS

A MESSAGE FROM THE MINISTER	1
TRADE AND ECONOMIC HIGHLIGHTS, 2003	3
Total Trade	3
Trade by Regions	4
Trade by Commodities	4
Foreign Direct Investment	5
Trends	6
Table: Canada's Trade and Investment over 2001-2003	7
I. MERCHANDISE TRADE	9
Overview	9
The Canadian Macro Situation in 2003	9
Box A: How Does International Trade Effect Business Cycles Synchronization in North America?	11
Figure A-1: Changes in Canadian and U.S. GDP	11
Figure A-2: Correlation of Changes in Real GDP Between Canada and the U.S., 1950-99	12
Canadian Merchandise Trade in 2003	13
Figure 1-1: Merchandise Trade, 1990-2003	13
Figure 1-2: Merchandise Export Shares by Region, 2002 and 2003	13
Figure 1-3: Merchandise Import Shares by Region, 2002 and 2003	14
Figure 1-4: Merchandise Trade Balances by Region, 2001-2003	14
Merchandise Trade by Major Commodity Groupings	14
Box B: Effects of a Stronger Dollar	15
Figure 1-5: Merchandise Trade by Major Categories, 2002-2003	16
Box C: Misallocation and Undercoverage in Merchandise Trade Statistics	19
Figure C-1: Canadian Exports to Mexico: Canadian Statistics vs. Mexican Statistics	19
Table C-1: Estimated Misallocation and Undercoverage for Selected Countries: as a Percentage of Reconciled Imports	21
Table C-2: Selected Countries Share of Canadian Exports: Published Data vs. Reconciled Data	22
Table C-3: Canadian Merchandise Trade Balance with Selected Countries: Published Data vs. Reconciled Data	23
Merchandise Trade by Principal Trading Regions	24
Box D: New and Emerging Markets	27
Box E: NAFTA@10	28
Figure E-1: Canada-U.S. Trade in Goods and Services	28
Figure E-2: U.S. Share of Canada's Trade in Goods and Services	28
Figure E-3: Exports to U.S. Share of Total Canadian Shipments	28
Figure E-4: Canadian Regional Distribution of Merchandise Trade with the U.S.	29
Figure E-5: Services as a Share of Total Canada-U.S. Trade	29
Figure E-6: Canada-U.S. FDI Stocks	30