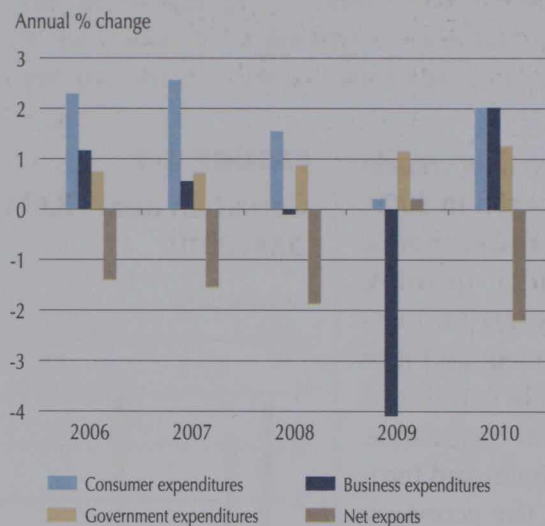


FIGURE 3-2
Contribution to Real GDP Growth,
2006-2010



Source: Statistics Canada.

(up 5.2 percent). With the upturn in spending, personal consumption contributed slightly over 2.0 percentage points to real GDP growth in 2010, up from 0.2 percentage point in 2009.

Real business investment was up 7.1 percent in 2010, after having declined by 16.0 percent the year before. Investment in machinery and equipment rebounded after two years of decline, up 11.2 percent in 2010. Computer and other office equipment, telecommunications equipment, industrial machinery, and trucks all experienced double-digit rates of increase to lead the way. Investment in plants was down by 0.5 percent, as a 1.3-percent gain in investment in engineering structures was not enough to offset a 4.8-percent reduction in investment in buildings.

Investment in residential construction, which includes new housing construction, resales, and renovation activity, rose by 10.4 percent in 2010 following two years of decline. New housing construction was up

15.5 percent in real terms, and renovation activity posted a gain of 10.9 percent, while resale activity was down 1.7 percent.

Businesses were actively re-stocking inventories in 2010 as there was a net \$7.7-billion addition (in constant 2002 dollars) to the inventories for non-farm businesses. At the same time, farm inventories were reduced by a net \$341 million in real terms last year.

Overall, business activities added another 2.0 percentage points to economic growth in 2010, after having removed 4.1 percentage points from growth in 2009. Business investment accounted for the larger share of the increase, at nearly 1.3 percentage points, while changes in inventories accounted for 0.8 percentage point of the increase.

The volume of exports and imports of goods and services rose by 6.4 percent and 13.4 percent, respectively. Overall, the increase in real exports added 1.8 percentage points to growth in 2010 while the advance in real imports removed 4.0 percentage points from growth over the year. As a result, trade was a drag on growth in 2010, removing a net 2.2 percentage points from growth for the year.

Overall, the volume of exports of goods and services was up by \$26.7 billion in chained 2002 dollars. The overwhelming majority (97.5 percent) of the increase in the volume of exports in 2010 occurred on the goods side, with nearly 80 percent of the increase originating from automotive products (up \$20.7 billion). The transportation services sector was largely responsible for the gains in services exports in 2010 as a gain in travel was more or less offset by declines in commercial and government services exports.

Likewise, at 86.4 percent, the bulk of the increase in the volume of imports came on the goods side, led by machinery and equipment (up \$22.8 billion), automotive