



- Energy products led Canada's exports growth in 2005, increasing 27.9 per cent. The Canadian energy products sector has been booming, thanks to historically high commodity prices and increased global demand, particularly in the U.S., China and India.
- At an annual total of almost \$63 billion, services exports were surpassed by services imports of \$76.4 billion. This resulted in an increase in the services deficit to \$13.4 billion from \$12.7 billion in 2004.
- The travel deficit increased by \$1.3 billion and the deficit in transportation services increased by \$1.0 billion in 2005.
- Higher receipts, notably for financial services, combined with lower payments for management and communication services, accounted for most of the \$1.4 billion reduction in the commercial services deficit for 2005.
- By geographical area, 83.9 per cent of merchandise exports were destined for the U.S. in 2005, followed by the EU (5.7 per cent), Japan (2.1 per cent), the UK (1.9 per cent) and China (1.6 per cent).
- Canada's top-five merchandise exports to the world in 2005 were mineral fuel and oil (\$88 billion), motor vehicles and parts (\$78.2 billion), machinery (\$33.7 billion), electrical machinery and equipment (\$20.5 billion), and wood (\$20.3 billion). The top-five merchandise imports were motor vehicles and parts (\$65.7 billion), machinery (\$62.2 billion), electrical machinery and equipment (\$37.6 billion), mineral fuel and oil (\$35.6 billion), and plastics (\$13.7 billion).
- Of the major destinations, the growth of Canada's merchandise exports was the strongest with respect to Korea (23.7 per cent), Germany (21.0 per cent), the Netherlands (13.6 per cent), and Mexico (8.7 per cent). Canada's exports to China rose only by 6.0 per cent in 2005.

#### OVERVIEW OF CANADA'S INVESTMENT PERFORMANCE

- New UNCTAD estimates suggest that global foreign direct investment inflows climbed by a robust 29.0 per cent to reach US\$896.7 billion in 2005. FDI flows to developed economies jumped 38.2 per cent to US\$573.2 billion in 2005. The United Kingdom led the world for FDI inflows at US\$219.1 billion. FDI inflows to the developing world reached an estimated record of US\$274 billion, with increases in all regions. Notwithstanding the spectacular growth in inflows to the developing economies in recent years, 70 per cent of all FDI flows are still bound for the developed economies.
- Canada's inward FDI stock grew 9.1 per cent to \$415.6 billion in 2005, up from \$381.0 the year before. The bulk of the increase came from acquisitions and injection of funds from the parents into the working capital of their Canadian affiliates.
- With respect to sectors; finance and insurance captured 21 per cent of all foreign direct investment in Canada at the end of 2005, followed by energy at 20 per cent, machinery and transportation equipment at 12 per cent, and services and retailing at 10 per cent.