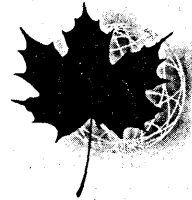


# Canadian Trade Review

## A Quarterly Review of Canada's Trade Performance Third Quarter 2000

*This trade and investment quarterly reports on Canada's economic growth in the third quarter of 2000, and highlights our trade and investment performance in key sectors and markets.*



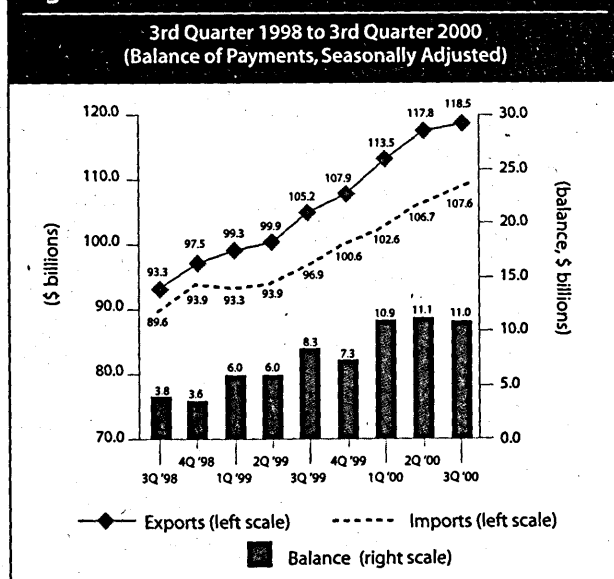
### Canada's Economic Performance Strengthened, Despite Restrained Growth in International Trade

During the third quarter of 2000, despite restrained growth in international trade, Canada's real gross domestic product (GDP) rose by 4.8% at an annual rate, which was somewhat higher than growth in the second quarter and twice the 2.4% real GDP increase in the United States. Robust consumer demand combined with business investment in plants and equipment were the principal driving factors behind this quarter's strong economic performance. On a quarter-over-quarter basis, consumer spending advanced by 1.3% (quarterly rate), while business investment rose by 3.8%, owing mostly to the 30.9% increase in investment in telecommunications equipment. Internationally, exports of goods and services edged down by 0.1% in real terms, and contributed negatively to the change in Canada's real GDP for this quarter, for the first time in three and a half years.

**Table 1: Canada's Economic and Trade Indicators**

	Percent Change at Annual Rates 3Q '00 over 2Q '00
Real GDP	4.8%
Employment (quarterly increase, level)	66,300
Consumer Price Index (October, year-over-year)	
All Items	2.8%
Core (excludes food and energy)	1.5%
Exchange Rate in US\$ (September, closing)	0.6651
Exports of Goods and Services (current dollars)	2.6%
Imports of Goods and Services (current dollars)	3.4%

**Figure 1: Canada's Trade in Goods and Services**



Source: Statistics Canada

### Trade and Investment Highlights

The quarterly growth of Canada's total trade emanated solely from the merchandise account, where a significant share of the gains in merchandise exports occurred in resource-based products. However, due to the faster growth of imports, the goods surplus narrowed on a quarterly basis to \$12.6 billion. Trade in services was weak, as exports and imports declined slightly. With respect to foreign direct investment (FDI) into Canada, acquisition activities played an important role once again, while investments in U.S. stocks accounted for much of this quarter's Canadian portfolio investments abroad.

### Gain in Canada's Merchandise Export Driven by Resources

Merchandise exports were valued at \$104.6 billion, up by 0.8% from the previous quarter. While energy exports were the principal source of the increase, exports of other resource-based products such as industrial goods, and agricultural and fishing products, also advanced in this quarter. The gains in exports of resource products and consumer goods offset the decline in other major products.

Higher energy prices continued to elevate the value of our exports. To some extent, however, export performance in the third quarter was adversely affected by temporary factors such as a plant shut-down due to fire, a period of change-over of models of motor vehicles, a platform-maintenance

Continued on page 2 — Highlights

Continued on page 2 — Economic Performance

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