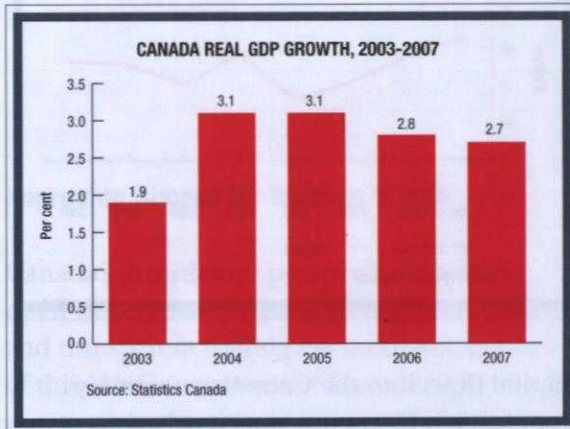
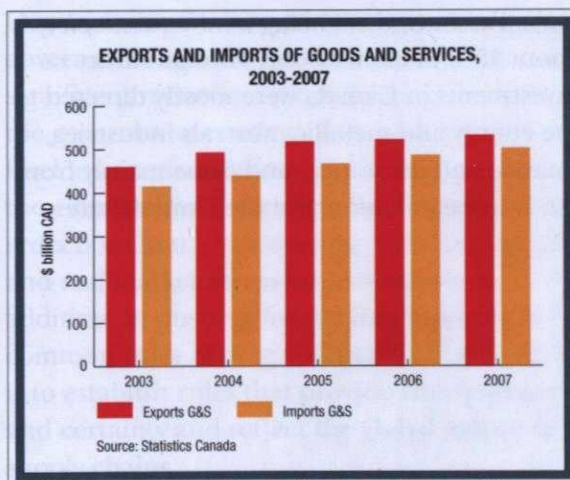


Trends in Canadian Trade and Investment

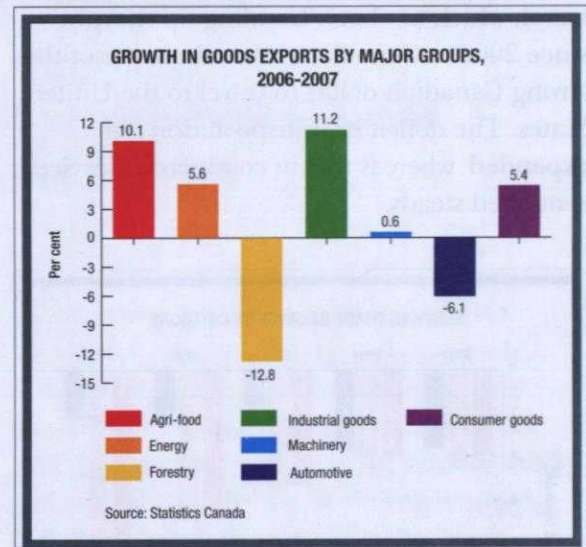
Canada's economy posted solid gains in 2007, with real gross domestic product (GDP) rising by 2.7%, driven by consumer spending, which expanded by 4.7%. GDP growth in 2007 matched average growth for the past five years. However, the appreciation of the Canadian dollar and slowdown in the U.S. economy began to show their impact in the fourth quarter of 2007.



Exports of goods and services increased by 1.9% to top \$532.7 billion in 2007, equivalent to about 34.8% of Canadian GDP.



While overall exports increased, the sectors showed varied performance, with brisk growth in industrial goods and materials and in agricultural and fisheries products, and declines in automotive and forestry products. Growth in industrial goods was fuelled by continued high world prices in metals and increased export volumes.



Imports of goods and services rose faster than exports, increasing by 3.2% to reach \$502.5 billion. As a result, the trade balance declined by \$6 billion to \$30.2 billion. The goods surplus with the U.S. dropped by about 11.5% to \$85 billion but, as in previous years, was still \$40 billion larger than the Canadian global trade surplus and the sole source of the overall trade surplus. Canada's goods trade deficit with non-U.S. destinations decreased slightly to \$35.3 billion, down from \$44.8 billion in 2006. By geographical area, 76.4% of goods exports were destined for the U.S., with about 8.5% and 2.2% of goods exports bound for the European Union and Japan, respectively.