

Executive Summary

In 1997:

- Real Canadian exports of goods and services grew by 8.6%, which was higher than the 5.7% recorded in 1996.
- The growth of real imports of goods and services was 13.4%, a more than two and half fold increase over the 1996 growth of 5.2%.
- Canada's trade surplus in 1997 was \$23.4 billion, lower than the banner years 1995 and 1996, but much larger than that in the 1980s and the early 1990s.
- The growth of Canadian merchandise exports was led by the consumer goods sector, followed by a strong performance of the machinery and equipment, and the automotive sectors.
- Real exports of services advanced by 4.9% over the 1996 level.
- The share of knowledge-intensive commercial services exports in total service exports increased to 48%.
- The trade account surplus was more than offset by a higher deficit in net investment income flows resulting in a negative current account. Higher profits earned by foreign corporations in Canada and a net outflow of income on investment turned the current account surplus of 1996 into a \$17 billion deficit in 1997.
- The current account deficit was largely financed by short-term portfolio investment by foreigners in Canadian securities and bank deposits.

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