

The economic downturn in Japan, Canada's largest Asian trading partner, had a strong affect on Canada's trade performance with the Asia-Pacific region. Merchandise exports to Japan dropped 31.7 per cent in the first nine

Canadian Direct Investment Abroad Reaches All-time High

The third quarter witnessed a rise in CDIA to a record level of \$16.1 billion, largely due to Canadian takeovers of high-technology companies in the United States.

Incoming FDI also increased substantially, from \$4.5 billion in the second quarter to a near-record \$7.2 billion in the third quarter. This investment came mainly from the U.S., and was directed primarily to wood and paper firms and the finance and insurance industries.

Change in Canadian Trade, from January to September 1998 over Corresponding Period in 1997, with Selected Central & South American Countries

| | Exports to Central & South America (%) | Imports from Central & South America (%) |
|-----------|--|--|
| Mexico | 11.8 | 9.7 |
| Argentina | -14.8 | 16.9 |
| Brazil | -12.5 | 6.0 |
| Chile | -20.7 | 10.7 |
| Colombia | -8.2 | 16.0 |
| Venezuela | -17.5 | -5.7 |
| Total | -7.2 | 8.2 |

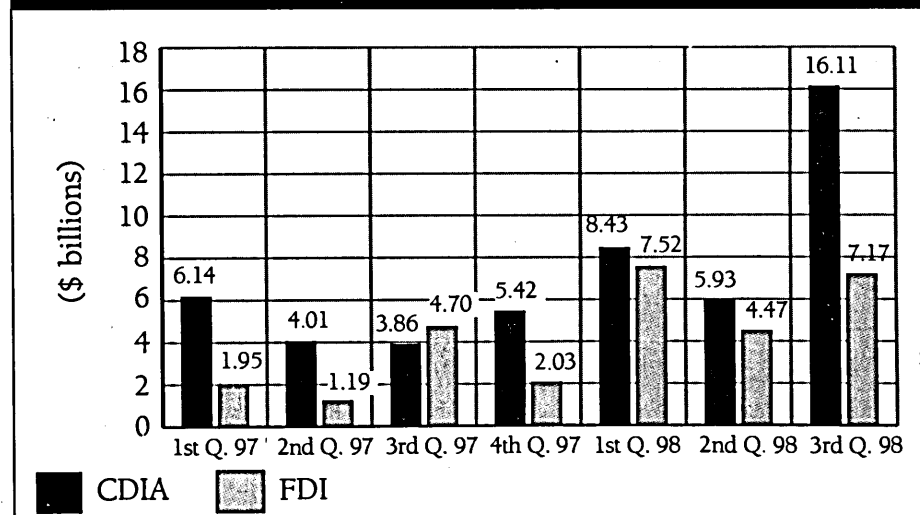
Source: Statistics Canada

months of 1998 compared to the same period in 1997, while merchandise imports from Japan gained 16.4 per cent.

The spread of the economic crisis from Asia to other emerging markets had a significant impact on Canada's trade performance. In particular, exports to South and Central American economies, apart from Mexico, declined, while imports grew considerably.

finance and insurance industries.

Foreign Direct Investment (FDI) and Canadian Direct Investment Abroad (CDIA)



Source: Statistics Canada