



*Table 1: Trade as a percent of GDP, 1989-2000*

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total exports	25.6	25.7	25.0	27.0	30.1	34.0	37.3	38.4	39.1	41.2	43.1	45.6
Goods	22.4	22.4	21.6	23.4	26.2	29.7	32.9	33.6	34.3	35.8	37.6	40.2
Services	3.2	3.3	3.4	3.6	3.9	4.3	4.4	4.8	4.8	5.4	5.4	5.4
Total imports	25.6	25.7	25.7	27.4	30.2	32.9	34.3	34.4	37.5	39.8	40.2	41.0
Goods	21.2	20.8	20.6	22.1	24.4	27.1	28.5	28.6	31.6	33.6	34.1	35.0
Services	4.4	4.9	5.1	5.3	5.8	5.8	5.7	5.8	5.8	6.2	6.0	6.0

Source: Statistics Canada, *National Income and Expenditure Accounts*, Catalogue no. 13-001-PPB, Fourth Quarter 2000. Statistics Canada, *Canada's Balance of International Payments*, Catalogue no. 67-001-XPB, Fourth Quarter 2000.

*The long-standing economic relationship with the United States continued to be the dominant factor in Canada's trade and investment performance.*

- In 2000 two-way trade in goods and services with the U.S. grew by 11.7 percent, with goods trade up 12.3 percent and services up 7 percent. The reduction/removal of trade barriers through trade agreements has encouraged consolidation and mass production of specific goods and services on one side of the border to take advantage of efficiency gains. As considerations based on comparative advantage alter the pattern of production, international trade has expanded rapidly.
- Two-way trade in goods and services jumped from \$626.7 billion in 1999 to 700 billion in 2000, representing more than \$1.9 billion of business per day. For the last decade as a whole, two-way trade grew at an average annual pace of 11.4 percent.
- With this performance, Canada turned a small but persistent deficit on the bilateral current account over the period 1988 through 1993 into a rapidly growing surplus in the years since. This reflected both an expansion of the traditional bilateral surplus in merchandise trade, as well as a substantial reduction in the long-standing deficit in services trade.
- Canada's current account surplus with the U.S. increased to an all-time high of \$63.5 billion in 2000 from \$32.4 billion in 1999.
- From a Canadian perspective, the trading relationship with the U.S. dominates the statistics: the U.S. accounts for 82.9 percent of Canada's exports of goods and services and 72.1 percent of our imports.
- However, data on Canada's exports to the United States include shipments to third countries via the United States, and this understates the share going to countries outside of the United States. For instance, our trading partners' import data reveal that Canada's exports to these countries are invariably higher than are indicated by our own export statistics. Ongoing work on data reconciliation with Canada's major trading partners such as Japan, the EU, Mexico, China and Korea will improve our knowledge of the distribution of Canadian exports.<sup>2</sup>

<sup>2</sup> "The Impact of Transshipments on Canada's International Trade Statistics," *Canadian Trade Review*, Department of Foreign Affairs and International Trade, Third Quarter 2000.

