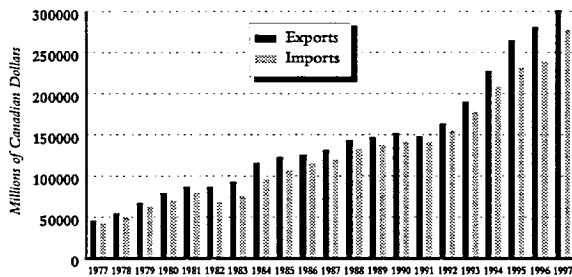




Figure 1

**MERCHANDISE TRADE GROWING RAPIDLY**



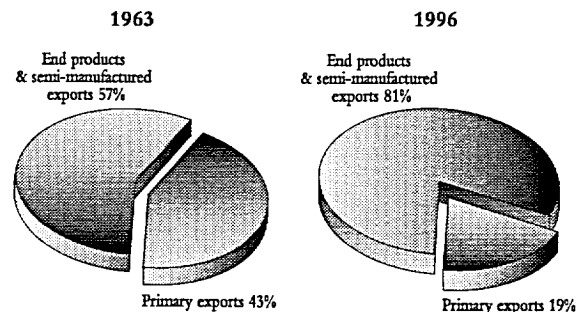
Source: Statistics Canada

The total value of Canada's goods exports in 1997 reached its highest level ever, growing 7.4% over the record set the previous year. As a percentage of Canada's gross domestic product (GDP), the total value of all exports has grown from just 18% in 1977 to about 41% in 1997. This rapid growth has been a significant factor in the creation of jobs: 39% of net new jobs created between 1990 and 1995 resulted from exports.

Trade is a two-way street. In 1997, Canada's imports amounted to \$278.2 billion. Imports play a critical role in Canada's economy and are vital to the success of our overall trade picture. One of Canada's main import policy objectives is to maintain and strengthen the competitiveness of Canadian business. For example, unilateral tariff reductions on goods used as production inputs help to reduce costs of Canadian businesses and make them more competitive in domestic and global markets. Improved access to

Figure 2

**CHANGING COMPOSITION OF CANADIAN GOODS EXPORTS**



Sources: DFAIT and Statistics Canada

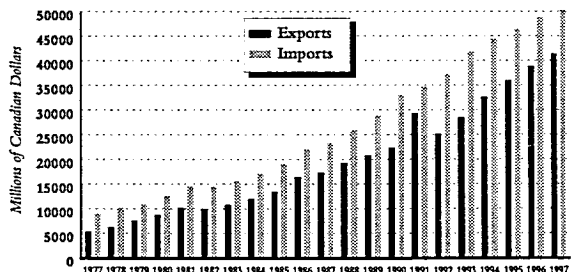
foreign markets through participation in international trade agreements and negotiations also helps to further improve the competitiveness of Canadian exports in these markets. These policies combined help to make Canada's economy more robust, our industries more competitive, exports more successful and consumer goods cheaper for Canadians.

**No Longer Just Hewers of Wood and Drawers of Water**

Many believe that Canada's exports are dominated by primary products, such as coal, wheat and lumber. In fact, in 1996, primary goods accounted for just 19% of the total value of our exported goods. End products and semi-manufactured exports accounted for the other 81%. Figure 2 shows the important shift in the profile of Canada's exports since 1963, when primary products accounted for 43% of total exports. While exports of natural resources will continue to be extremely important to the Canadian economy, the expansion of our export-oriented manufacturing and service industries increasingly supports high-wage and knowledge-intensive jobs in Canada.

Figure 3

**SERVICES TRADE GROWING RAPIDLY**



Source: Statistics Canada

**Services Exports Also Growing Rapidly**

Services account for close to three quarters of employment and production in Canada, and in recent years, global trade in services has grown faster than trade in goods. Over the past 20 years, from 1977 to 1997, Canada's services exports grew from \$4.9 billion to \$41.38 billion (see Figure 3). The total value of Canada's services exports in 1997 reached its highest level ever, growing 6.38% over the record set the previous year.