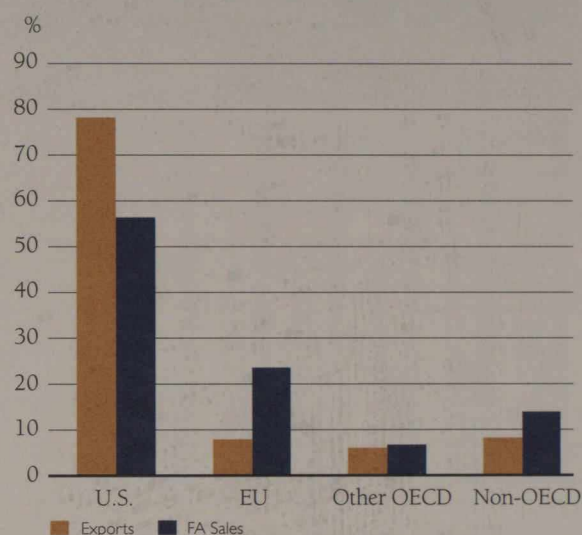


and sales by subsidiaries were fairly similar at around 6 percent. Finally, for the non-OECD countries, sales by affiliates captured about 13.7 percent of total foreign affiliate sales while Canadian exports to the regions were a more modest 8.2 percent of the total.

FIGURE 3

Shares in Canadian Exports and Foreign Affiliate Sales
(percent of total, 2005)



Goods trade

Exports of goods advanced 2.1 percent in 2007 to \$465.2 billion, an increase of \$9.5 billion over 2006 levels. Gains were led by exports to the European Union and the rest of the world. Partly offsetting the gains were declines in exports to the United States and Japan. Imports rose more strongly, by 2.8 percent, or \$11.2 billion.

Exports of goods to the U.S. fell 1.6 percent to \$355.3 billion whereas imports of goods from the U.S. rose by 2.1 percent to \$270.3 billion. The goods surplus with the U.S. thus retracted by about 11.5 percent to its lowest level since 1999, at \$85.0 billion, but was still \$35 billion greater than the Canadian global trade surplus and therefore the key contributor to our overall goods trade balance.

Exports of goods to the EU grew by 20.6 percent to \$39.6 billion in 2007, powered by a robust growth in goods exports to the U.K. The latter was Canada's second largest destination for goods in 2007. By a wide margin, growth in exports to the

EU outpaced the growth in imports (0.5 percent), resulting in a \$6.6 billion reduction in our bilateral goods trade deficit with this region as the deficit fell to \$2.6 billion.

Canadian goods exports to Japan fell by 3.4 percent to \$10.1 billion while imports of goods from Japan increased by 0.8 percent to \$12.0 billion. This resulted in a goods deficit with Japan that was nearly \$1.9 billion.

To the rest of the world, the rate of growth of exports more than doubled the rate for imports as Canadian goods exports advanced by 17.1 percent to \$60.2 billion while imports grew 6.4 percent to \$91.1 billion in 2007. The goods trade deficit with the rest of the world fell, shrinking to \$30.8 billion, compared with \$34.1 billion in 2006.

Sectoral performance of goods trade

As shown in Figure 4-4, with the exception of forestry and automotive products, which fell by 12.8 percent and 6.1 percent respectively, all major categories of exports increased in value terms, led