

Foreign exchange services CCC clients

In February 2002, the Canadian Commercial Corporation (CCC) signed a service agreement with the Toronto-Dominion Bank to provide foreign exchange services to CCC clients — where CCC is the prime contractor on an exclusive basis.

This service agreement will provide companies, in particular small and medium-sized exporters (SMEs), with access to highly competitive rates, "spot" and "forward" transactions.

Managing risks

"In the past, SMEs often ignore foreign exchange risk or used means to offset the risk," said Chief Financial Officer, Paul Thibault. "Our service agreement with the Bank will help clients take an active role in managing foreign exchange risks and, at the same time, gain access to near wholesale level pricing on foreign exchange and forward instruments."

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For more information about participating in the SMP program as a presenter or a panelist, contact Neil Swain, DFAIT, tel.: (613) 944-6576, e-mail: neil.swain@dfait-maeci.ca. Note that space is limited and engagement is by reservation only.

For more information about the June 11 VC networking reception, contact Jim Burt, Trade Commissioner, U.S. Business Development Division, DFAIT, tel.: (613) 944-6576, e-mail: jim.burt@dfait-maeci.ca.

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S U P P L E M E N T
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Canadian Trade Review

A Quarterly Review of Canada's Trade Performance

Fourth Quarter 2001

This trade and investment quarterly reports on Canada's economic growth in the fourth quarter of 2001, and highlights our trade and investment performance in key sectors and markets.

Trade Sector Is Essential for Economic Turnaround in the Fourth Quarter

Canada's real gross domestic product (GDP) increased by 2.0% (on an annualized basis¹) in the fourth quarter of 2001, reversing an annualized decline in real GDP by 0.6% in the third quarter. The trade sector was the main contributor to this reversal of GDP growth, as imports declined more substantially than exports. A rebound of consumer spending in the fourth quarter helped to stimulate domestic demand, which otherwise was negatively affected by a slump in business fixed capital and inventory investment in the quarter. For the year as a whole, real GDP grew by 1.5% in 2001 over 2000.

Job creation increased during the quarter—a net increase of 40,000 jobs was reported, up from 12,300 in the third quarter, although a large share of the jobs created in the fourth quarter were part-time jobs. The average unemployment rate rose to 7.6% from 7.1% in the previous quarter.

The twelve-month overall inflation was 1.3% in January 2002, and core inflation (excluding food and energy) was 1.7%, down from 3.1% and 2.0%

Table 1: Canada's Economic and Trade Indicators

Percent Change at Annual Rates Fourth Quarter 2001 over Third Quarter 2001	
Real GDP (annualized)	2.0
Employment (quarterly increase, level)	40,000
Rate of Unemployment (fourth quarter average in percent)	7.6
Consumer Price Index (January 2002, year-over-year percent change)	
All Items	1.3
Core (excludes food and energy)	1.7
Canadian \$ in U.S. funds (average for 2001)	0.6458
Exports of Goods and Services (based on current dollars)	-14.4
Imports of Goods and Services (based on current dollars)	-15.1

Source: Statistics Canada

respectively a year ago. Thus, year-over-year inflation in January 2002 remained comfortably within the target range of 1% to 3% that has been established by the Bank of Canada.

The average U.S. dollar value of the Canadian dollar in 2001 was US\$0.6458—a 4.1% depreciation from US\$0.6734 in 2000.

¹ To make quarterly data comparable to annual data, the quarterly figures for trade in goods and services are adjusted for seasonality and are expressed at annual rates by raising them four times, i.e. seasonally adjusted annual rates - s.a.a.r. All figures, with the exception of investment figures, are expressed on a s.a.a.r. basis, unless otherwise noted.

Prepared by the Trade and Economic Analysis Division (EET)



Department of Foreign Affairs
and International Trade

Ministère des Affaires étrangères
et du Commerce international

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