



## Implications

- Canada's exports in 1997 have continued to expand, though at a slower rate than in banner years 1994 and 1995, but higher than in 1996, as overall economic growth in the EU, Japan and our other export markets decelerated. Canada continues to run a trade account surplus, primarily because of our strong, albeit declining, surplus with the U.S.
- The currently robust domestic economy is triggering strong import growth. A good part of these higher imports is due to purchases of foreign equipment and machinery products. Imports of capital goods increase our economic capacity, with prospects for higher productivity and jobs in Canada in the future.
- Profits earned by foreigners on past direct investment in Canada, combined with a declining trade surplus, are reflected in a widening current account deficit.