World trade was characterized by highly volatile prices for primary commodities in 2008. The value of world merchandise trade grew by 15 percent in U.S. dollar terms and world services trade increased by 11 percent. On this basis, Canadian merchandise exports grew at roughly half the pace of world trade—by 8 percent—while Canadian services exports grew by one fifth the world average, or by 2 percent. However, in volume terms world merchandise trade expanded by only 2.0 percent in 2008, down from 6.0 percent in 2007, and well below the 5.7 percent annual average rate registered over 1998-2008. Moreover, much of the decline was concentrated in the second half of the year—the months since September have seen precipitous drops in global trade.

In Canadian dollar terms, the value of Canada's exports of goods and services advanced by 5.2 percent in 2008, with goods exports expanding by 5.8 percent and services exports up by 1.1 percent. On the import side, imports of goods and services grew by 6.3 percent, with goods imports ahead by 6.3 percent and services imports up by 4.7 percent. Over the first half of the year, trade values were greatly influenced by rising commodity prices. However, demand weakened as the global recession became entrenched, commodity prices fell, and trade began to weaken towards the end of the year.

For the year as a whole, exports and imports of goods and services to and from all major markets increased, with the exception of imports of goods and services from Japan, which declined. For merchandise exports, Japan regained third position in the ranking of Canadian export destinations, and China moved back to fourth position, while South Korea moved up three places to become Canada's seventh-largest export destination.

Gains in export values were price driven, as volumes fell 7.7 percent in 2008. The effects of the strong price increases that dominated commodity markets over much of the year were particularly reflected in the trade performance of the resource-based sectors. With the exception of the forestry sector, where the downturn in U.S. housing activity clearly impacted Canadian exports, increases in the value of exports were restricted to energy products, industrial goods and materials, and agricultural and fishing goods, as exports of machinery and equipment and consumer products declined. The slowdown in the U.S. economy created severe difficulties in the automotive sector as Canadian manufacturers and auto parts industries experienced plant closures and cutbacks in production, output, and exports last year.

On the import side, most sectors recorded increases in 2008. The growth was attributable to a combination of higher prices and volumes. The increase in prices was the result of rising commodity prices over the first part of the year and the depreciating value of the Canadian dollar vis-à-vis the U.S. dollar in the second half of the year. Only forestry products and automotive products experienced lower imports in 2008.

In terms of specific products driving Canadian trade performance in 2008, crude oil, non-crude oil, and other petroleum gases (primarily natural gas) dominated Canada's trade in energy products in 2008, accounting for much of the growth in both trade levels and in the trade surplus. Trade with the United States was the driver behind the growth for much of the 2008 energy trade; however, for coal, it was strong demand from Asia due to regional supply difficulties. In the automotive and automotive-related sectors, again it was trade with the United States driving the changes; however, in this case, trade was contracting and there was a sharp deterioration in the trade balances for passenger cars and motor trucks.

Outside of energy products, other resource products that had considerable influence on Canadian trade in 2008 included wheat and canola, where strong price increases and good harvests in Canada along with poor harvests elsewhere helped boost export levels, but strong prices also raised import values. Gold enjoyed a banner year, as prices reached record highs and demand was strong, boosting both exports and imports, and sulfur also boosted mineral and metal exports. Exports of potash rose