

tively, again in US dollar value terms. Weakness was evident throughout much of the year, but began to pick up in the second half of the year as the global economy moved into recovery phase.

Canadian exports and imports of goods and services to and from all major markets declined between 2008 and 2009. In Canadian dollar terms, exports of goods and services to the world fell by 22.1 percent, while imports declined by 13.6 percent. The bulk of the decline was disproportionately attributable to trade with the United States, as that country was responsible for 82.0 percent of the overall decline in exports and 65.2 percent of the decline in imports from 2008 to 2009.

The effects of the global economic downturn were pervasive in Canada's goods trade. Exports of Canadian goods experienced a 24.5 percent drop, the result of declining volumes and values. Export volumes were down 16.7 percent over 2008 levels, and export prices fell by 9.3 percent. All but five of some 62 major export commodities posted losses over the year. Energy products led the downward movement in Canada's exports trade in 2009, accounting for 37.0 percent of the decline. A 35.6 percent cut in prices was the main driver behind the declines in energy trade, although volumes experienced slight declines as well. Industrial goods and materials were responsible for about 25 percent of the overall decline, with automotive products (down 14.3 percent) and machinery and equipment (down 10.3 percent) accounting for the bulk of the remaining losses.

At the same time, import volumes were down 16.0 percent while prices squeezed out a slight increase of 0.6 percent, resulting in a 15.5 percent decline in total imports. All imports sectors also declined, with the exception of agricultural and fishing products. The losses were fairly evenly divided

among energy (27.7 percent), automobiles (24.2 percent), industrial goods (24.1 percent), and machinery and equipment (21.3 percent). Of the 61 major import commodities, only fifteen commodities posted gains over 2008 values.

Drilling down to the more specific products driving Canadian trade, other petroleum gases (primarily natural gas) and crude oil accounted for about one third of the total decline in exports, one fifth of the decline in imports, and over half the decline in the trade balance in 2009. Falling energy prices (down well over 30 percent) lay at the heart of the decline, as they retreated from their historical highs recorded a year earlier. However, volumes were also down, likely reflecting the tough economic climate. On the export side, lower trade with the United States was behind the decline, while for imports, Canada purchased less crude oil from Algeria, the United Kingdom, Norway and Angola.

The financial difficulties experienced by major North American auto manufacturers and falling demand in the U.S. and Canadian markets curtailed trade in the automotive sector, further exacerbating a downward trend that began in 2005. Passenger vehicles and automotive parts bore the brunt of the declines. At the same time, exports of trucks were more than halved, while imports declined at much lower rates. In addition, imports of piston engines fell at more than twice the rate of exports, reflecting the malaise in the sector.

For non-energy resource products, both prices and volumes fell across most commodities helping to lower the value of exports for the year. In agriculture, beef exports continued to be hampered by trade restrictions and pork exports experienced headwinds via an association with the swine flu. Wheat was responsible for well over half the decline in cereals exports, with barley,