

TRADE & INVESTMENT HIGHLIGHTS

Canada's Goods Exports Rebound

Canada's merchandise exports increased by 2.9 per cent in the third quarter of 1998. Equipment and machinery exports, expanded by 4.6 per cent, while consumer goods exports grew by 5 per cent, continuing the solid gains made in the first half of the year.

Imports of goods increased at a much slower pace, growing 0.8 per cent. Merchandise import prices rose 3.7 per cent, reflecting the depreciation of the Canadian dollar, while import volumes declined by 2.0 per cent. The reduction in merchandise imports reflected a sharp drop in imports of automotive products.

With these developments, the quarterly surplus on goods trade grew by \$1.6 billion, reaching \$5.3 billion in the third quarter. The balance on goods trade with the U.S. was \$10.4 billion.

Asian Crisis Weakens Exports

The Asian economic and financial crisis continued to drive down Canadian exports to East Asia. Through the first nine months of 1998, exports to all of Canada's key markets in this region fell steeply compared to the same period the year before. Of particular note was the shift from positive to negative growth of exports to China in the third quarter. By contrast, Canadian imports from most

key East Asian economies maintained their steady rise.

Change in Canadian Trade, from January to September 1998 over Corresponding Period in 1997, with Selected Asian Economies

	Exports to Asia (%)	Imports from Asia (%)
China	-6.3	21.9
Hong Kong	-30.5	3.2
Indonesia	-43.1	13.0
Japan	-31.7	19.3
Malaysia	-39.2	3.5
Philippines	-60.8	45.7
Singapore	-29.0	0.9
South Korea	-47.7	12.8
Taiwan	-33.8	20.1
Thailand	-41.9	9.5
Total	-32.7	15.1

Source: Statistics Canada

Canadian Exports to Japan, from January to September (Billions of Dollars)

	Agriculture & Fishery	Energy Products	Forestry Products	Industrial Goods	Finished Goods	Total
1997	2.30	1.05	3.01	1.45	0.74	8.59
1998	1.49	0.90	1.91	0.99	0.52	5.87
Change (%)	-35.22	-14.29	-36.54	-31.72	-29.73	-31.69

Canadian Imports from Japan, from January to September (Billions of Dollars)

	Industrial Goods	Machinery & Equip.	Automotive Products	Consumer Goods	Other Goods	Total
1997	0.73	1.05	4.41	2.92	0.90	9.05
1998	0.95	0.90	5.15	3.30	1.08	10.54
Change (%)	-30.14	-14.29	16.78	13.01	20.00	16.38

Source: Statistics Canada