



## HIGHLIGHTS

### GLOBAL ECONOMIC PERFORMANCE

- Global economic growth was solid at 3.5 per cent in 2005 but weaker than the 4.2 per cent witnessed in 2004.
- High oil prices clearly played a large role in moderating growth in 2005 but did not inflict more serious economic damage on the world economy.
- In spite of a number of natural disasters, the U.S. real GDP growth was solid at 3.5 per cent, fuelled by domestic demand and private domestic investment.
- The turnaround in Japan continued as it posted solid real GDP growth of 2.7 per cent in 2005.
- Growth in the major EU economies was rather weak, even for the United Kingdom.
- Economic activity was buoyant in the major emerging economies. China, India and Russia recorded real GDP growth rates of 9.9, 8.3 and 6.4 per cent, respectively.

### OVERVIEW OF WORLD TRADE DEVELOPMENTS

- World merchandise exports rose by 13 per cent in 2005. For the first time, world merchandise exports exceeded the US\$10 trillion mark.
- Commercial services exports are estimated to have increased by 11 per cent at current prices to US\$2.4 trillion in 2005.
- Benefiting from rising oil prices, regions such as Africa, the Middle East and Russia recorded a strong merchandise export growth in 2005, ranging from 29 per cent to 36 per cent.
- Europe's trade performance was sluggish in 2005, reflecting their overall economic performance.
- The share of fuels and other mining products in world merchandise trade rose to 16 per cent, the highest level since 1985. On the other hand, the share of agricultural products in world merchandise exports decreased to a historic low of less than 9 per cent.
- Within the manufacturing sector, iron and steel products and chemicals registered the highest export growth rates.

### CANADIAN ECONOMIC PERFORMANCE

- Canadian economic performance has been solid with real GDP growth of 2.9 per cent in 2005. This growth has been primarily driven by strong personal expenditure on goods and services, investment in residential and non-residential structures, investment in machinery and equipment, and by net exports.