The pattern of economic recovery has varied within developing Asia, with the larger economies (China, India and Indonesia) escaping a recession, and the smaller export¬oriented economies experiencing a sharp V-shaped business cycle. Overall, emerging Asia's GDP slowed to 6.6 percent growth from 7.9 percent in 2008. By the end of 2009, output in most of Asia had returned to pre-crisis levels, even in those economies hit hardest by the crisis.

As a result of a steep decline at the end of 2008 and early 2009, output in the Latin America and Caribbean (LAC) region contracted by 1.8 percent as a whole. The decline in U.S. activity heavily impacted Mexico, and GDP fell 6.5 percent in that country, while Brazil escaped with only a 0.2 percent contraction. The interconnectedness of European economies led to a rapid transmission of the collapse from developed Europe to developing Europe, resulting in an output contraction of 3.7 percent. Output contracted by 6.6 percent in the Commonwealth of Independent States, led by a 7.9 percent decline in Russia, while Africa and the Middle East managed to avoid the recession, growing by 2.1 percent and 2.4 percent, respectively.

Canadian economic activity was deeply affected by the global recession—real output contracted in the fourth quarter of 2008 and continued to fall over the first half of 2009 before returning to growth in the second half of the year. For the year as a whole, real GDP contracted by 2.6 percent in 2009. It was the second-largest decline in real output since the years of the Great Depression, and not far off from the 2.9 percent decline catalogued during the 1982 recession. Output fell in each province and territory, except Prince Edward Island and the Yukon. Provincially, the largest output declines occurred in the resource-intensive economies of Newfoundland and Labrador, Saskatchewan, and Alberta. Manufacturing output fell across most provinces and in all the territories. Job losses were widespread across Canada, with only three provinces—Saskatchewan, New Brunswick and Manitoba—posting gains over 2008 levels. The unemployment rate slipped 2.2 percentage points to 8.3 percent, as the economy shed some 276,900 jobs, the first setback after 16 years of growth. Lower energy prices exerted significant downward pressure on the CPI last year, as inflation expanded by only 0.3 percent, the lowest rate since 1994.

Nevertheless, relative to other advanced economies, Canada's downturn was short and mild. Measured from peak-to-trough, Canada experienced the smallest contraction within the G7, with a 3.3 percent decline in GDP. Moreover, after reversing the decline in the third quarter, the recovery has gained momentum over the fourth quarter of 2009 and into the first quarter of 2010.

The decline in economic activity triggered the sharpest decline in world trade in more than 70 years. In volume terms, global merchandise trade fell 12.2 percent; however, in value terms, the reduction was even steeper, at 23 percent. Falling energy and commodity prices were behind a significant portion of the trade losses, but declines were widespread, particularly in durable goods. All major countries and regions registered declines in both the value and volume of their merchandise exports in 2009. World services exports also declined 13 percent, marking the first time since 1983 that services trade declined. Echoing the better overall Asian economic performance in 2009, China displaced Germany as the world's leading merchandise exporter last year. For Canada, merchandise exports plunged 31 percent in US dollar terms, while imports were down 21 percent on the same basis. For services, Canadian exports and imports were off by 12 percent and 11 percent, respec-