

The current account deficit widened from \$43.5 billion in 2009 to \$50.0 billion last year, a \$6.5-billion deterioration in the balance. The bulk of the decline in the current account balance between 2009 and 2010 came largely from the \$4.6-billion widening of the deficit in goods and services trade. The \$4.0-billion decline in the goods trade balance accounted for roughly 62 percent of the overall decline in the current account balance, while the \$0.6-billion decline in the services trade balance was responsible for another 10 percent.

Canada has always run an investment income deficit. Growth in investment income payments was slightly greater than that for investment income receipts (7.8 percent for payments and 7.1 percent for receipts). As a result, there was an overall \$1.5-billion widening in the investment income deficit. Profits earned by Canadian direct investors were up by \$7.6 billion in 2010, while dividend and interest receipts to portfolio and other investment holders were down by \$2.7 billion and \$0.9 billion, respectively. At the same time, Canadian payments to foreign direct investors rose by \$5.4 billion and those to portfolio investors increased by \$2.4 billion compared to 2009, while payments to other investment holders were down by \$2.3 billion.

Current transfers are the smallest of the three main components of the current account. In 2010, current transfer receipts were up \$93 million to \$8.7 billion while current transfer payments increased to \$11.2 billion. The net result was a \$290-million increase in the current transfer deficit to \$2.4 billion in 2010 from \$2.1 billion the previous year.