

The direction of Canada's exports in 2000 was significantly affected by the dichotomy in global economic performance.

- ❑ Exports of goods and services to the United States grew much more strongly than did overall trade, as the U.S. economy advanced at a robust rate of 5 percent in 2000 up from 4.2 percent in 1999 the tenth year of economic expansion. The share of the U.S. in Canada's exports of goods and services rose to a record high of 82.9 percent, up from 82.6 percent in 1999. In particular, the U.S. share of Canada's merchandise exports rose to 86.1 percent in 2000 up from 85.8 percent a year earlier.
- ❑ The bulk of Canada-U.S. trade is concentrated in a limited number of regions, reflecting geographical proximity and complementarity in the mix of production (Box A). In recent years, Ontario accounted for about 60 percent of Canada's exports to the United States and three quarters of Canada's imports from the United States.
- ❑ Exports of goods and services to Japan posted an increase of 7.4 percent in 2000 a reversal of the steady decline observed between 1995 and 1999.
- ❑ Sales to the European Union picked up momentum in 2000 as growth in major Western European economies such as Germany and the U.K. firmed.
- ❑ Exports to most other major markets were, for the most part, up sharply on the year as well:
 - The strong economic rebound in Southeast Asia in 2000 was reflected in a general recovery in Canada's exports to the region. In particular, double-digit rates of increases were recorded in merchandise exports to the Peoples' Republic of China (up 39.3 percent), the Philippines (up 30.7 percent), Thailand (up 22.7 percent), and South Korea (up 12.3 percent).
 - Merchandise exports to most major Latin American destinations recovered smartly in 2000, reflecting an improvement in general economic conditions in the region. Exports to Canada's free trade partners in the region staged impressive gains, with Mexico up 26.5 percent, Costa Rica up 25.2 percent and Chile up 23.6 percent.
 - Canada's merchandise trade with member countries of the FTAA (Free Trade Agreement of the Americas) is dominated by trade with the United States, which accounted for 98.4 of exports and 92.7 percent of imports in 2000. This leaves 1.6 percent and 7.3 percent for exports and imports, respectively, for countries outside of the United States (Box C).

The product mix of Canada's exports experienced significant shifts in 2000.

- ❑ The highlight of 2000 was the spectacular growth in energy exports such as crude petroleum, natural gas, electricity and petroleum products. The gains in the export volume of energy and energy products were magnified by steep increases in the price of energy in world markets. As a net exporter of energy, Canada has benefited substantially from the escalation in the world price of energy, even if the high cost of energy adversely affects both manufacturing activity in Canada and consumers across the country. Canada's surplus in energy trade rose to \$34.8 billion in 2000, up from \$19 billion in 1999.
- ❑ Exports of machinery and equipment (M&E) increased sharply through 2000 to regain the position as the most important among all major sectors in Canada's export sales. The 22.8 percent increase in the value of M&E exports was led by exports of high-tech products such as telecommunications equipment, which shot up by 59.1 percent in the year. In 2000, exports of M&E represented 25.3 percent of goods exports, somewhat higher than the automotive sector's share of 23.1 percent.

