

Overview of Canada's Trade Performance

IV

The solid growth in the global economy and in Canada created a favourable environment for the expansion of international trade in 2006. Canada saw another record trade performance with natural resources playing a key role in this strong performance.

Despite a further 6.8 per cent appreciation in the Canadian dollar against the US dollar, exports of goods and services increased 1.1 per cent to

\$523.7 billion in 2006. This was equivalent to 36.4 per cent of Canadian gross domestic product. Using the exports of goods and services-to-GDP-ratio and the total trade of goods and services-to-GDP-ratio as indicators of openness, Canada ranked second among the G8 countries in 2006 (see Table 4-1). However, using the Herfindahl index¹, OECD data for 2005 shows that Canada's exports were the second least diversified in terms of destinations in OECD countries, behind only Mexico.

TABLE 4-1
Indicators of Openness to Trade

Exports of Goods and Services as a Proportion of GDP, 2004-2006

	2004	2005	2006
Canada	38.2	37.8	36.4
France	25.7	26.1	27.5
Germany	38.2	40.7	44.9
Italy	25.4	26.1	n.a.
Japan	13.4	14.3	n.a.
U.K.	25.4	26.4	28.5
U.S.	10.1	10.5	11.1
Russia	34.4	35.1	33.9
Memorandum			
Mexico	29.6	29.9	n.a.

Total Trade of Goods and Services as a Proportion of GDP, 2004-2006

Canada	72.3	71.8	70.2
France	51.2	53.1	56.5
Germany	71.5	76.2	84.5
Italy	50.0	52.2	n.a.
Japan	24.8	27.2	n.a.
U.K.	53.7	56.5	61.4
U.S.	25.4	26.7	27.9
Memorandum			
Russia	34.4	35.1	33.9
Mexico	61.2	61.4	n.a.

Source: IMF international Financial Statistics

n.a.: not available

¹ The Herfindahl index of geographical concentration for a country's exports is the sum of the squares of the export shares of each country of destination in that country's total world exports expressed as percentages.