

THE PAST YEAR IN TRADE

HIGHLIGHTS OF CANADA'S TRADE AND ECONOMIC PERFORMANCE

For Canada, 1999 marked the eighth consecutive year of economic growth in what is emerging as one of the longest and most stable expansions of the postwar era.

First Annual Report on
Canada's State of Trade
Second Edition

Box 1: 1999 Economic Highlights¹

- ❑ *Gross domestic product* at current prices, reached \$957.9 billion, or \$31 332 per capita.
- ❑ *Real growth* (adjusted for inflation) in GDP accelerated to 4.5 percent from 3.3 percent in 1998. This was the highest growth rate in the 1990s, apart from the 4.7 percent recorded in 1994 during the early phase of the recovery from the 1991 recession.
- ❑ *Consumer price inflation* remained moderate at 1.7 percent, with most of the acceleration from 1998's 0.9 percent rate accounted for by the increase in energy prices. Core inflation of 1.5 percent was comfortably below the mid-range of the Bank of Canada's 1 percent to 3 percent target band.
- ❑ *The unemployment rate* averaged 7.6 percent in 1999, the lowest in the 1990s. By December, the unemployment rate had fallen to 6.8 percent, the lowest level since April 1976.
- ❑ *Job growth* in 1999 hit 3 percent, the highest rate since 1988 when employment expanded by 3.2 percent. The 427 000 net new jobs created were the highest total since 1979, when a record 445 000 new jobs were created.
- ❑ *The sum of the inflation and unemployment rates* remained in single digits at 9.3 percent, marginally above the recent low of 9.2 percent in 1998 and well down from the 16 percent recorded in the recession year 1991.
- ❑ *The Canadian dollar* continued to rebound over the course of 1999 from the historic low of US\$0.638 recorded on August 27, 1998 at the height of the economic and financial crisis that roiled global markets that year. The dollar closed 1999 at US\$0.693. For the year as a whole, it averaged US\$0.673, virtually unchanged from its annual average in 1998.
- ❑ *Exports* were up strongly in 1999, with robust gains wide spread among most provinces in Canada.

International trade played an important role in sustaining Canada's economic growth in 1999.

- ❑ Exports of goods and services increased 11.3 percent to reach \$412.4 billion, equivalent to 43.1 percent of GDP.
- ❑ Imports of goods and services increased 7.4 percent to reach \$384.6 billion, equivalent to 40.2 percent of GDP.
- ❑ The current account deficit narrowed to \$3.4 billion or 0.4 percent of GDP (down from \$16.3 billion or 1.9 percent of GDP in 1998). The main factor underpinning this improvement was the increase in the merchandise trade surplus to \$33.8 billion from \$19.1 billion a year earlier.

¹ All monetary amounts are expressed in Canadian dollars, unless otherwise indicated.

