(down \$1.5 billion), and computer and electronic products (down \$1.5 billion). Partially offsetting the losses were gains to transportation equipment (up \$1.0 billion), paper manufacturing (up \$0.6 billion) and wood products (up \$0.6 billion).

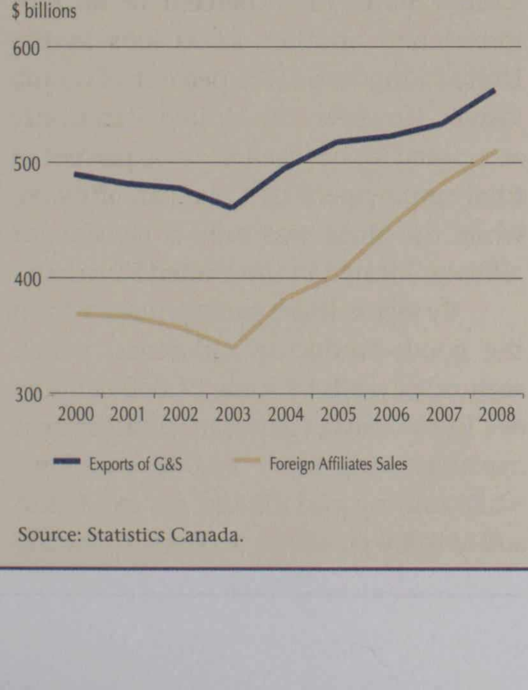
The 2008 Performance of Canadian Affiliates Abroad

Canadian goods and services can be sold abroad in two ways. First, they can be sold directly as an export from a Canadian company. Alternatively, they can be sold indirectly via a foreign-located subsidiary of a Canadian company. Sales by majority-owned foreign affiliates of Canadian businesses[1] are an increasingly important avenue by which Canadian companies engage in international commerce, having risen from the equivalent of three quarters of the value of Canadian exports of goods and services in 2000 to slightly over 90 percent in 2008, the latest year for which data are available.

Sales of goods and services by foreign affiliates of Canadian businesses rose to \$507.8 billion in 2008, up 5.5 percent (\$26.4 billion) over 2007 (Figure 1). This was the same rate of expansion as for Canadian exports of goods and services in 2008, and the fifth consecutive year of increase.

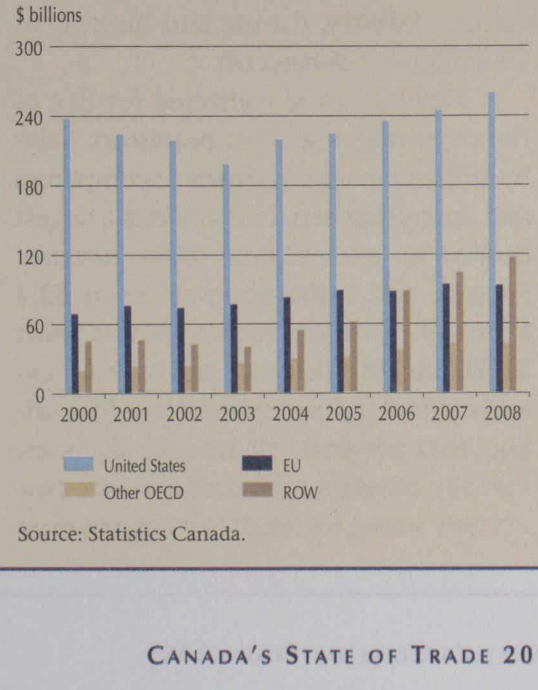
Gains were led by increased sales in the United States and the non-OECD rest of the world (ROW). For the United States, Canadian subsidiaries reported increased sales of \$15.4 billion (6.3 percent) to \$259.3 billion, or roughly the equivalent of 63.4 percent of total exports of goods and services to the United States in 2008 (Figure 2). Sales by subsidiaries grew faster in the ROW, although not by as much, as they were up 12.3 percent (\$12.7 billion) to \$115.8 billion. Subsidiaries are the preferred route of delivery

Sales by Canadian Foreign Affiliates Abroad vs Canadian Exports of Goods and Services, 2000-2008



Source: Statistics Canada.

Sales of Canadian Affiliates Abroad by Region, 2000-2008



Source: Statistics Canada.