

# Canadian Trade Review

## A Quarterly Review of Canada's Trade Performance Fourth Quarter 2000

*This trade and investment quarterly reports on Canada's economic growth in the fourth quarter of 2000, and highlights our trade and investment performance in key sectors and markets.*



## A Record Year for Canada's International Merchandise Trade and Investment

Canada's real gross domestic product (GDP) advanced in the fourth quarter of 2000 by 2.6 percent at an annual rate, a slowdown from the 4.5 percent rate in the third quarter. This slowdown was due to a relatively large 2.4 percent drop in business investment in plants and equipment. This drop was offset by increases of 0.6 percent in consumer spending, 1.1 percent in non-residential business investment and 0.3 percent in exports, all on a quarter-over-quarter basis. As Canada's real exports of goods and services rose in the face of a slower rate of growth in imports, the trade balance improved by \$10.8 billion in real terms. This improvement in net exports is about twice the growth of real GDP in the fourth quarter.

The expansion in Canada's goods and services exports for the last quarter of 2000 added to the already high level of increases recorded earlier in the year, resulting in double-digit growth for the year as a whole and setting a new record. Imports of goods and services experienced a more restrained growth in the fourth quarter, but still capped the year on a high note. As a result, Canada's merchandise trade surplus widened in the fourth quarter and was at its highest annual level ever.

Canada's current account also recorded a surplus between October and December, the fourth successive quarter in a row. For the year, the recorded surplus of \$18.9 billion was a reversal from the previous three years of deficit and was more than four times as large as the previous record high posted in 1996.

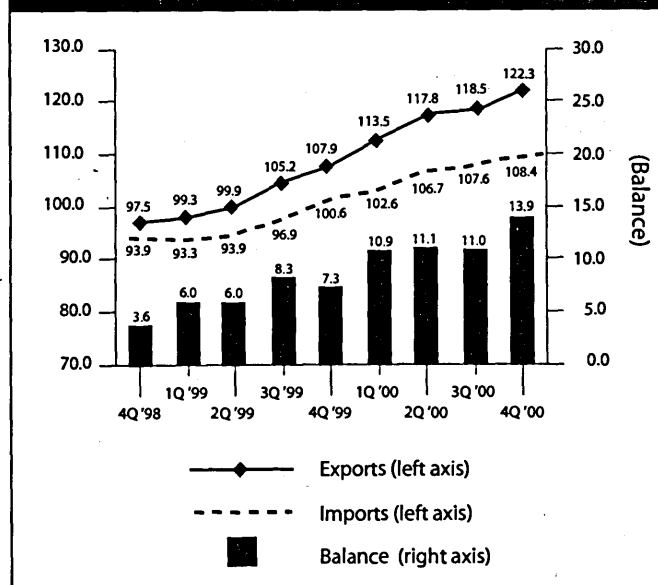
On the international investment front, a record level of foreign direct investment (FDI) in Canada was set, both in the fourth quarter and for the year as a whole. Canadian Direct Investment Abroad (CDIA) also surged in the last quarter of the year, outmatching previous annual highs.

**Table 1: Canada's Economic and Trade Indicators**

	Change at Annual Rates Fourth Quarter 2000 over Third Quarter 2000
Real GDP (annualized)	2.6%
Employment (quarterly increase, level)	109,600
Consumer Price Index (January 2001, year-over-year)	
All Items	3.0%
Core (excludes food and energy)	2.0%
Canadian \$ in U.S. funds (December, closing)	0.6669
Exports of Goods and Services (current dollars)	13.4%
Imports of Goods and Services (current dollars)	3.2%

**Figure 1: Canada's Trade in Goods and Services**

Fourth Quarter 1998 to Fourth Quarter 2000  
(Balance of Payments, Seasonally Adjusted, \$ billion)



Source: Statistics Canada

Prepared by the Trade and Economic Analysis Division (EET)



Department of Foreign Affairs  
and International Trade

Ministère des Affaires étrangères  
et du Commerce international

Canada