

## INTRODUCTION

Canada is a trading country, with the export of goods and services accounting for more than 40% of economy activity. International trade is integral to our continued prosperity. Canada's exposure to international competition has energized our economy, spurred innovation, attracted foreign investment and created hundreds of thousands of jobs for Canadians.

Although Canadians have been successful in selling to the world, our ability to fully exploit opportunities in key markets is often limited by a variety of barriers to trade. To ensure secure and predictable access to the world for Canadian traders and investors, the government will continue its efforts to bring down barriers to trade in key markets. This means strengthening the institutions and the rules that govern international trade and investment, forging relationships with new partners, and ensuring that other countries live up to their commitments.

*Opening Doors to the World: Canada's International Market Access Priorities – 2005* presents significant market-opening results achieved over the past year and outlines the government's priorities for 2005 to further improve access to foreign markets. The government will continue to pursue its goals multilaterally (through the World Trade Organization); regionally (through the North American Free Trade Agreement and negotiations towards the Free Trade Area of the Americas); and bilaterally with key partners, through the negotiation of free trade agreements (European Free Trade Association, Central America Four, Singapore), negotiations towards the Canada-European Union Trade and Investment Enhancement Agreement, and through exploratory talks toward the possible negotiation of free trade agreements (Korea, CARICOM, Andean Community and Dominican Republic), as well as other bilateral initiatives such as negotiations on Foreign Investment Protection and Promotion Agreements with China and India and the development of the Canada-Japan economic framework. In all cases, the government's objective will be to ensure that Canada's traders and investors benefit fully from international trade agreements.

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## TRENDS IN CANADIAN TRADE AND INVESTMENT

Canadian trade performance in 2004 rebounded from the relatively poor showing of the previous year. Merchandise exports on a balance of payments basis (or goods exports) advanced 7.6% (or \$30.3 billion) over 2003 levels, to \$430.3 billion. Merchandise imports posted a gain of 6.2% (or \$21.1 billion), to \$363 billion. Overall, the merchandise trade surplus with the world increased by nearly \$9.2 billion to \$67.3 billion.

Notwithstanding the 7.9% currency appreciation against the U.S. dollar over the year, coming on the heels of a 21.7% appreciation over the year before, there were across-the-board advances in exports in 2004, as all seven of the major commodity groupings recorded increases. Leading the gains were Industrial goods, which recorded both the largest export growth rate and the largest absolute gain in exports, at 16.6% and \$11 billion, respectively. Also registering