

HIGHLIGHTS OF CANADA'S TRADE AND ECONOMIC PERFORMANCE

For Canada, 2000 marked the ninth consecutive year of economic growth, the longest and most stable expansions since the 1960s.

Second Annual Report on
Canada's State of Trade

2000 Economic Highlights and Prospects¹

- ❑ *Gross domestic product* at current prices, reached the one trillion dollar mark (\$1,039 billion) for the first time in history, or \$33,727 per capita.
- ❑ *Real growth* (adjusted for inflation) in GDP accelerated to 4.7 percent from 4.5 percent in 1999. This was the highest growth rate in the last decade. In the context of a slowdown in economic growth in the United States, most analysts are expecting Canada's real GDP to increase at a more moderate rate of between 2.5 percent and 3 percent this year. This projected growth is of the same order of magnitude as that of 2.5 percent recorded over 1989 and 2000.
- ❑ *Consumer price inflation* rose to 2.7 percent in 2000, from 1.7 percent in 1999, with all of the acceleration accounted for by the increase in energy prices. Nevertheless, it remained within the Bank of Canada's 1 percent to 3 percent target band. Excluding energy, the all-item index rose by 1.5 percent in 2000, the same as increases seen since 1996. Core inflation, which excludes food and energy, was 1.4 percent in 2000, about the same as the 1.5 percent recorded in 1999.
- ❑ *Job growth* in 2000 was 2.2 percent (319,000), with all of the increase occurring in full-time employment.
- ❑ *The unemployment rate* fell from an average of 7.6 percent in 1999 to 6.8 percent in 2000, the lowest since 1974.
- ❑ *The Canadian dollar* closed the year 2000 at US\$0.667, down from US\$0.693 at the close of 1999. For 2000 as a whole, it averaged US\$0.6733, virtually unchanged from its annual averages in both 1998 and 1999. Against the European common currency, however, the average value of the Canadian dollar strengthened by 11.5 percent to 0.73 euro in 2000. It appreciated against the pound sterling by 6.8 percent.

International trade played an important role in sustaining Canada's economic growth in 2000.

- ❑ Exports of goods and services increased 14.9 percent to reach \$473.9 billion, equivalent to 45.6 percent of GDP, up from 25 percent in 1991.
- ❑ Imports of goods and services increased 10.8 percent to reach \$426.0 billion, equivalent to 41 percent of GDP.
- ❑ Canada's rising outward-orientation is also evident in indicators such as tariff rates and duty-free imports entering Canada. Average Canadian tariff rates have come down substantially during the last decade, from 3.7 percent in 1989 to 0.9 percent by 1999. At the same time, imports entering Canada duty free rose from 65.7 percent of total imports in 1989 to 90.6 percent by 1999.
- ❑ The current account balance swung from a deficit of \$3.4 billion or 0.4 percent of GDP in 1999 to a surplus of \$18.9 billion or 1.8 percent of GDP in 2000 reflecting an increase in the merchandise trade surplus to \$54.4 billion from \$33.8 billion in 1999.

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

