



A MESSAGE FROM THE
HONOURABLE JAMES S. PETERSON,
MINISTER OF INTERNATIONAL TRADE

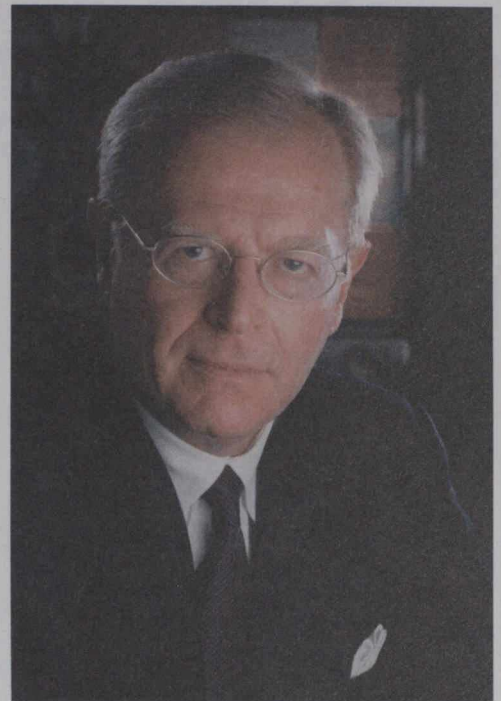
The year 2004 was a good year for Canada in international markets. Canada took advantage of stronger and more balanced growth internationally to post a substantial increase in overall exports last year. Together with improvements in our terms of trade as prices of our exported goods and services increased relative to the prices of our imports, this contributed to a record current account surplus for Canada of \$33.8 billion, \$10 billion more than in 2003.

As I reported in last year's State of Trade, our economy and particularly all those involved in every aspect of our international commerce weathered a difficult period in the early years of this decade which featured slow and inconsistent international economic growth, a cascade of economic shocks both domestic and international, and a steep rise in the international value of our dollar. With our economic fundamentals solidly based on balanced budgets, low inflation, declining domestic and international debt loads, a highly profitable corporate sector, and sound microeconomic policies that make Canada one of the best places in the world to do business, I am confident that Canada is poised for further solid performance in 2005.

But we cannot afford to be complacent. The reward for success in the global economy is that markets raise the bar. As our companies know full well, the international marketplace is constantly throwing up new challenges from old and from new quarters. The strong growth of Canadian exports particularly to our key US market shows that Canadian exporters are adjusting to the tougher competitive situation created by the appreciation of the Canadian dollar and heightened competition from other US trading partners. But China, India, and Brazil are growing forces in global production, trade, and foreign direct investment. This and other significant developments abroad emphasize the need for Canadian companies to take advantage of growth opportunities everywhere in the world, especially those beyond our traditional markets.

To respond to these changing circumstances, my Department has recently set up a World Markets Branch, and developed as well within that context an Emerging Markets Strategy, to reinforce Canada's focus on dynamic new markets. In addition, Canada is currently negotiating both improved air transportation protocols and Foreign Investment Promotion and Protection Agreements with China and India to assist Canadian businesses to protect their investments and to seize opportunities in these economies. And, as a prime beneficiary of and advocate for the multilateral rules-based system, Canada is an active participant in the current Doha Round of multilateral trade negotiations aimed at the further opening up of global markets, promoting economic development, and strengthening the world-wide trade rules-based system.

Trade, investment and all aspects of international commerce represent a cornerstone of Canada's economic success. They are vital to the continued development of Canada's economy as a flexible, adaptive, 21st century economy. I look forward to working with all Canadians in shaping our trade and investment policies and programs of support to contribute to Canada's prosperity and improved standard of living in an ever-challenging global environment.



James S. Peterson