☞ Current account

In most of the post-WWII period (1996 being an exceptional year), Canada has run a current account deficit because the surplus of exports over imports has not been sufficient to offset the investment income earned by foreigners in Canada. This long-term trend continued in 1997.

In 1997, strong demand in Canada resulting in imports outpacing exports, contributed to a smaller trade account surplus in goods and services. However, the higher deficit in net investment income flows due to higher profits earned by foreign corporations in Canada has turned the current account surplus of $3.7 billion in 1996 into a $17 billion deficit in 1997.

☞ Financial Account

A current account surplus/deficit (the net total of goods, services and investment income payments) has to be (by definition) offset by the financial/capital account (foreign direct and portfolio investment) or changes in official reserves.

Figure 10. Foreign investment in Canada and Canadian investment abroad, 1992-97