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ECONOMIC SURVEY OF CANADA
1998



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PRESENTATION

This report of the Canadian economy prepared by the Washington Office of the Economic Commission for Latin America and the Caribbean (ECLAC) makes available a set of basic economic information in a single document, drawn from the abundant public sources existent in Canada. Its structure follows, with some adaptations, the standard outline utilized for drafting ECLAC's yearly surveys of the Latin American and Caribbean economies. It is divided in three parts: first, Canada's recent economic performance; second, an overview of Canada's economic relations with Latin America and the Caribbean; and, third, a statistical appendix.

PART ONE

CANADA'S ECONOMY IN 1998

I. THE DOMESTIC ECONOMY

In 1998 Canada's real gross domestic product (GDP) grew at a healthy rate of 3.0 percent. The Canadian economy ended the year with more momentum than initially anticipated, as real GDP increased by a strong 4.6 percent annualized rate in the fourth quarter, after two consecutive quarters of moderate growth. Employment also grew by 5.1 percent in the fourth quarter, its strongest rate of growth since the last quarter of 1987. For the year as a whole, employment grew at a robust rate of 2.8 percent, bringing the unemployment rate down to 8.3 percent (appendix, table 1-1).

Overall, Canada's economic expansion in 1998 was accompanied by continued low and stable inflation and a declining debt-to-GDP ratio, which allowed the economy to better withstand the effects of the turmoil in world financial markets.

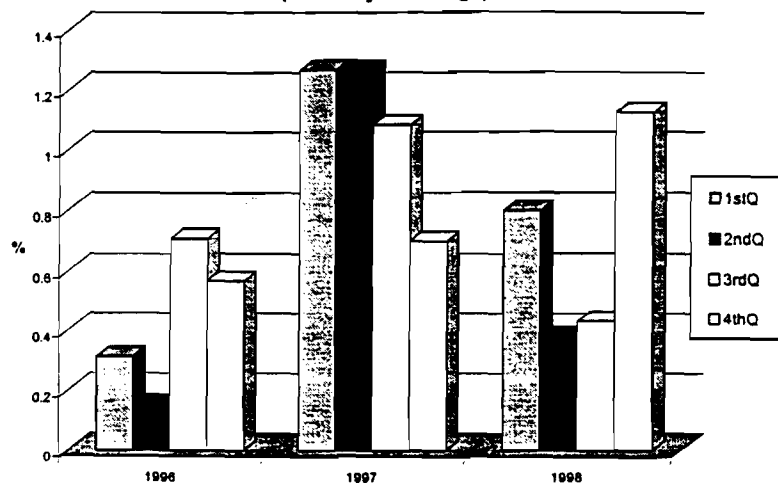
During the year, growth slowed to about 1½ percent annualized rate in the second and third quarters of 1998 (figure 1), due to the effects of the Asian crisis and several strikes, including the General Motors strike. A substantial decline in commodity prices and slower activity in a number of Canada's overseas markets also adversely affected growth.

Canadian exports of motor vehicles soared in the fourth quarter in response to stronger foreign demand, especially from the United States, and were a major force behind the quarter's strong growth rate. A large increase in inventory investment from the third to the fourth quarter also contributed to the increase in growth.

1. Macroeconomic Aggregates

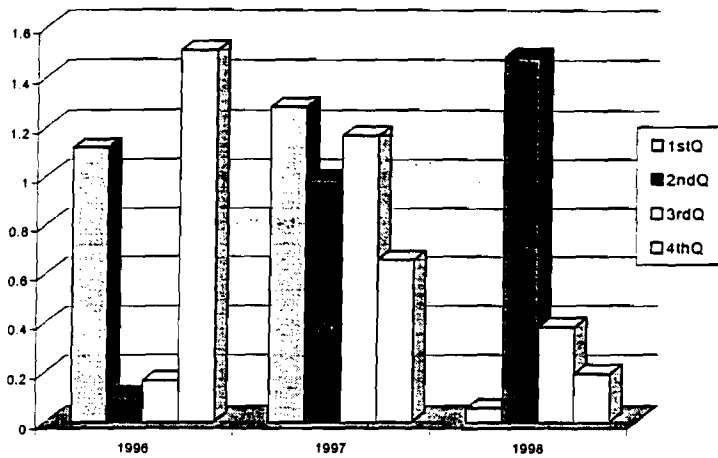
In 1998, growth in domestic demand remained modest, although investment in machinery and equipment continued to grow strongly (appendix, table 1-2).

Figure 1: Canada's Gross Domestic Product at 1992 Prices
(Quarterly % Change)



Source: ECLAC, on the basis of data from Statistics Canada.

Figure 2: Canada's Private Consumption at 1992 Prices (Quarterly % Change)



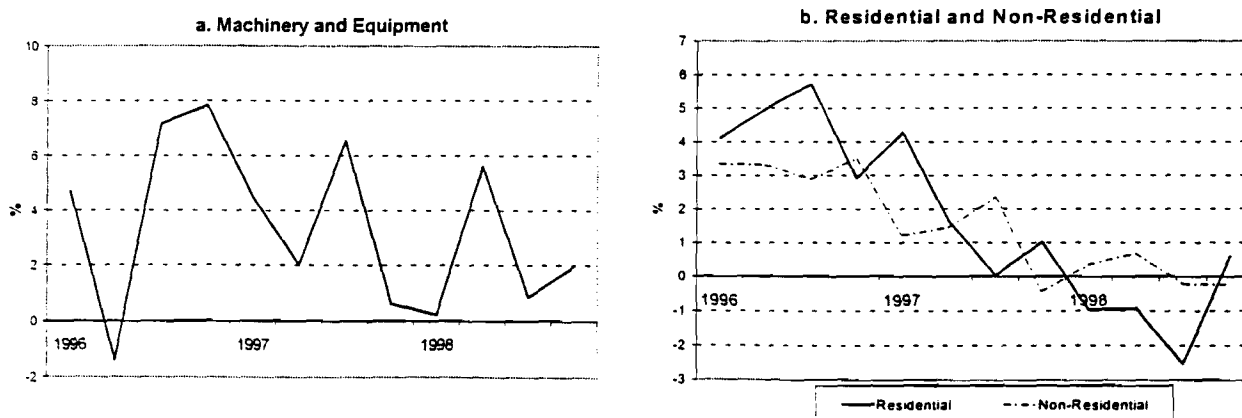
Source: ECLAC, on the basis of data from Statistics Canada.

Real consumer expenditure rose 2.7 percent in 1998, following growth of 4.1 percent in 1997. Consumer expenditure started to decelerate in the second half of the year, slowing to less than 0.2 percent in the fourth quarter (figure 2). The moderation in consumer spending was largely due to slower growth of spending on vehicles, which eased from 19.6 percent in 1997 to 4.8 percent in 1998. In addition, warmer-than-normal weather towards the end of the year dampened spending on seasonal goods and energy, contributing to slow growth in non-durable spending.

The slowdown in consumption expenditure was accompanied by a slowdown in business investment. Real business fixed investment rose only 4 percent in 1998, following an increase of over 14 percent in 1997. The 1998 rise in real business fixed investment was mainly explained by investment in import-intensive machinery and equipment (figure 3), which accelerated towards the end of the year, rising 9.7 percent for the year as a whole.

Residential investment decreased 1.7 percent in 1998, but showed a rebound in the last quarter of the year, largely due to a pick-up in new construction, which had been restrained by trade strikes in the Toronto area in the previous two quarters. Investment in non-residential construction grew only 1.8 percent in 1998 as a result of a drop in engineering projects, notably in the oil and gas industry.

Figure 3: Canada's Real Investment (Quarterly % Change)



Source: ECLAC, on the basis of data from Statistics Canada.

Real personal disposable income increased 1.9 percent in 1998, the first significant annual gain since 1995. Part of the income acceleration was due to the fact that more jobs were

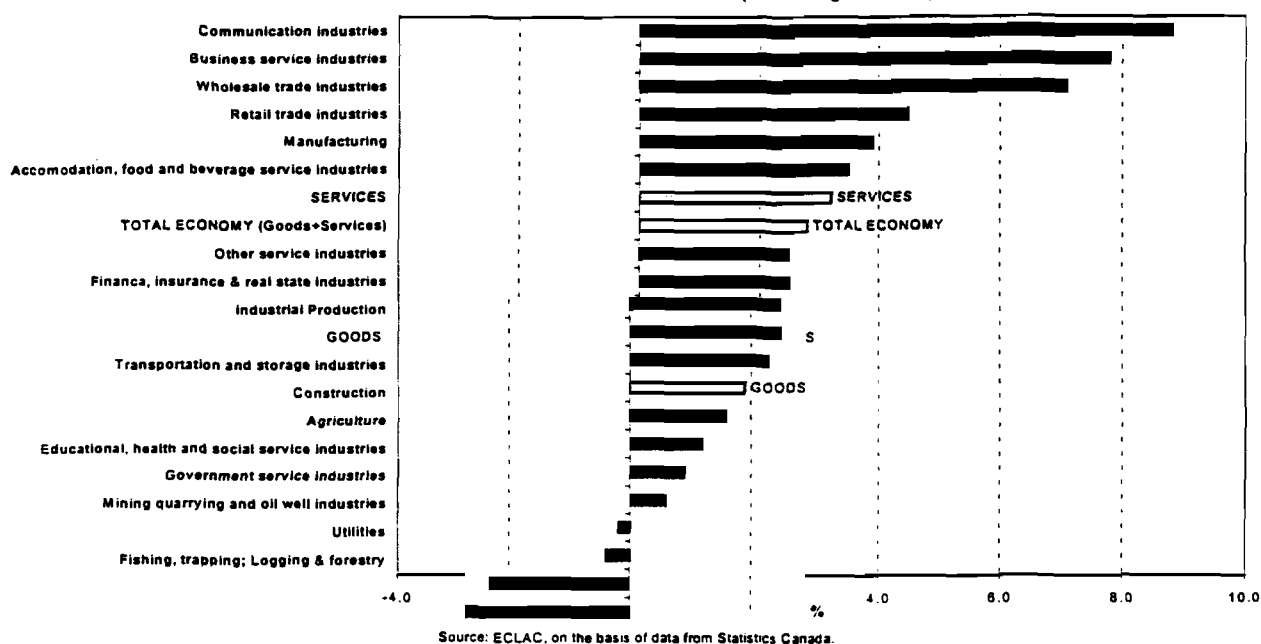
created in the fourth quarter of 1998 than in any quarter in record (since 1976), and full-time jobs rose sharply. As growth in nominal disposable income exceeded growth in nominal personal spending, the personal savings rate rose to 0.8 percent in the fourth quarter of 1998, from 0.4 percent in the third quarter. Despite the quarterly gain, the measure dropped in 1998 to a record low of 1.2 percent, its seventh consecutive annual decline (appendix, table 1-3).

Finally, real imports rose sharply towards the end of the year because of the stronger Canadian demand for import-intensive machinery and equipment and automotive products. The import rebound was more than offset by stronger real export growth, so the real trade surplus rose modestly.

2. Sectoral Evolution

In 1998, the services sector, led by communications services and business services, exhibited widespread dynamism (figure 4).

Figure 4: Canada's GDP at Factor Cost by Industry, in 1992 Prices
(% Change - 1998)



Communication services expanded rapidly, benefiting from robust growth of the demand for Internet services and increased competition in local telephone service. Business services (e.g., computer and related services, accounting and legal services, advertising, etc.), has been one of the fastest growing sectors in Canada in recent years, posting growth of more than 6 percent per year on average since 1994. Business services in 1998 were buoyed by the increased activity of computer services companies working in Year-2000 related projects.

Activity in Canada's service sectors as a whole expanded 3.2 percent during the year (appendix, table 1-4). Led by strong auto exports, *wholesaling* activity grew in 1998 by 7.1 percent over the previous year, while *retailing* activity posted growth of 4.5 percent. The *finance* industries were lifted by increased activity by banks and other financial institutions.

Manufacturing activity increased 3.9 percent for the year and the increase was broadly based. Industries with a strong U.S. market orientation reported the largest gain, particularly automotive, primary metal products and makers of pulp and paper.

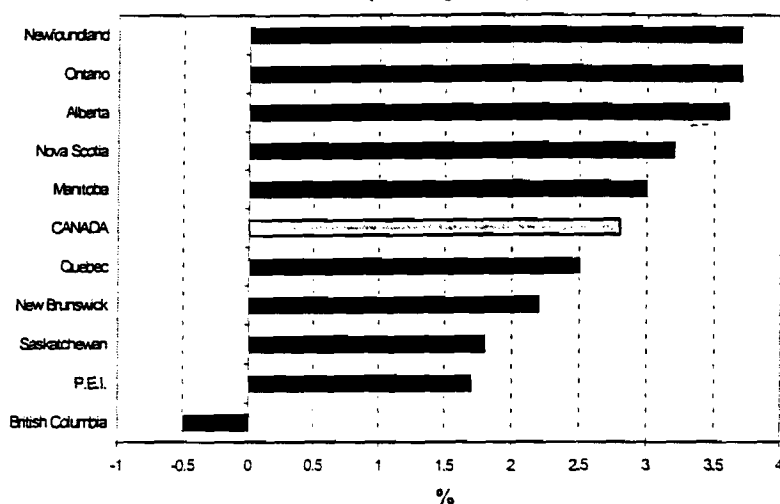
By contrast, Canada's resource-based industries languished in 1998, when commodity prices hit a six-year low. All of Canada's primary industries - *agriculture, fishing and logging, and mining* - were hard-hit in 1998.

By region, growth in 1998 was led by Newfoundland and Ontario. Conditions in the economies and job markets of Newfoundland and Nova Scotia improved considerably in 1998, bolstered by large-scale energy projects. Cushioned by the diversity of their economies and relatively low dependence on resource production, the provinces of Ontario, Quebec and Manitoba recorded a year of healthy growth in 1998, helped by their close trade ties to the United States. In Ontario, growth accelerated to an estimated 3.7 percent in response to increased activity in the automotive sector.

The economies of Alberta and Saskatchewan lost momentum in 1998, since the low price of crude oil led to declines in cash flows in the oilpatch, curtailing overall production and drilling activity.

British Columbia, with almost one-third of its exports to Asia, was the hardest-hit by the recession in the Asian economies and the steep drop in world commodity prices since mid-1997, recording negative growth in 1998.

Figure 5: Canada's GDP at Factor Cost by Province
(% Change - 1998)



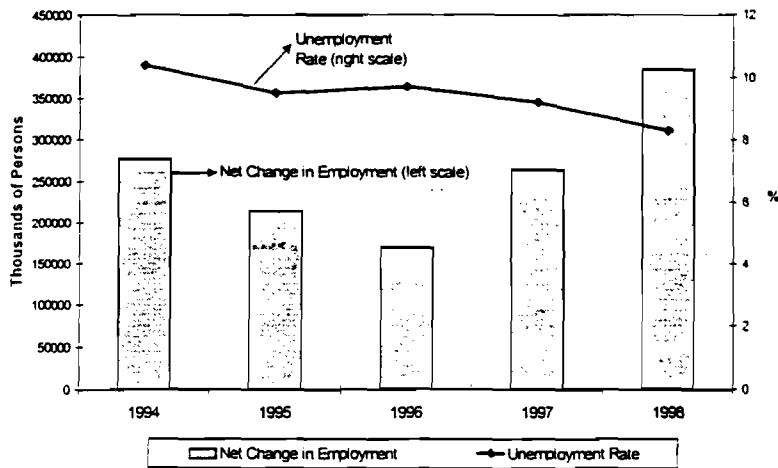
Source: ECLAC on the basis of estimates by TD Economics as at March 1999. Real GDP in 1992

Overall, the brunt of the economic slowdown in 1998 was borne by the western provinces, as their more resource-based economies continued to adjust to the slump in world commodity prices. In contrast, provinces less reliant on natural resource production and resource-based manufacturing activity - especially those in Central Canada - posted relatively faster economic growth and declines in their unemployment rates in 1998.

3. Employment

Employment grew 2.8 percent in 1998 (appendix, table 1-5), as over 450,000 net new jobs were added during the year. Employment gains toward the end of the year were broadly based on both the goods and service-producing sectors. The manufacturing sector recorded strong gains, while *business & personal services, transportation, storage & communications* and *trade* led employment growth in the services sector.

Figure 6: Canada's Job Market



Source: ECLAC, on the basis of data from Statistics Canada.

The second half of 1998 also marked the first period of significant youth employment growth in the decade, with an increasing share of the 15 to 24 years olds being drawn into the labor market. Part of the reason for the recent pick-up in youth employment may be the declining supply of unemployed adults. The resulting robust growth of youth employment reduced the youth unemployment rate by 1.8 percentage points compared to 1997, despite higher youth participation.

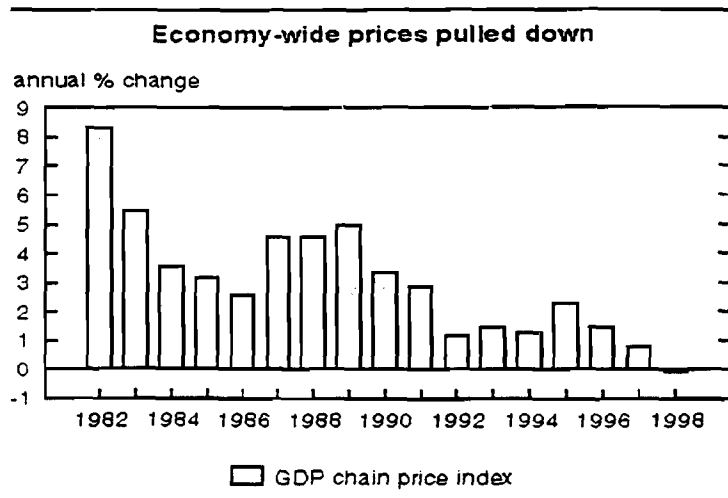
The labor force participation increased from 64.8 percent in 1997 to 65.1 percent in 1998. Labor force expanded by 1.8 percent, while unemployment decreased throughout 1998, as job creation outpaced labor force growth. The unemployment rate fell to 8.3 percent in 1998, the lowest rate since mid-1990.

4. Prices

Throughout 1998 inflation pressures remained subdued, with the economy operating at a level of production below potential. Inflation, as measured by the consumer price index (CPI) on a year-to-year basis, increased only 0.9 percent in 1998, declining from 1.6 percent in 1997. Excluding food and energy, CPI inflation was 1.3 percent (appendix, table 1-6).

The aggregate price level, as measured by the GDP chain price index, declined 0.1 percent in 1998 (figure 7), the first annual price decline in decades. Weakened international demand pulled down prices of many primary products. Crude oil prices, for example, fell 27.4 percent in 1998, largely due to oversupply in world markets. Non-ferrous metal prices fell 13.4 percent, and wood prices slipped 15.0 percent over the year. Prices of agricultural products, particularly grains and hogs, also had important declines.

Figure 7: Canada's GDP Chain Price Index



Source: The Daily, Statistics Canada, March 1, 1999.

Import prices in 1998 were comparatively strong (+3.8 percent), largely due to exchange rate effects, which is reflected in the chain price index for final domestic demand, up 1.2 percent for the year. Despite the depreciation of the Canadian dollar during 1998, however, inflation remained modest.

Wages, the largest component of the total costs of producing goods and services, rose at a moderate pace. Total wage settlements averaged 1.6 percent in 1998 and exceeded the CPI inflation rate by 0.8 percentage points, implying real consumer wage gains and a positive effect on consumer spending. The year-over-year increase in the average hourly wage, for example, was 1.2 percent in 1998 (appendix, table 1-7). As a result of the wage gains, unit labor costs increased 0.9 percent in 1998. However, with the economy operating below potential and with declining world commodity prices, price pressures remained subdued in Canada.

5. Fiscal Policy

In 1998, for the second consecutive year, the combined government sector was a net lender to the rest of the economy. The surplus (on a national account basis) was C\$11.8 billion, higher than in 1997. As a share of GDP, the surplus stood at 1.3 percent (appendix, table 1-8).

The 1999 budget presented to Parliament built on the record of maintaining sound economic and fiscal management. Over three-quarters of the spending initiatives announced in the 1998 and 1999 budgets were related to increased funding for health care and access to knowledge and information. The 1999 budget was also structured to provide tax relief and improve tax fairness. The Canadian government continues committed to budgets that are "balanced or better" for 1999-2000 and 2000-2001.

Assisted by a growing economy and no new borrowing requirements, and in response to the fiscal actions taken to date, the debt-to-GDP ratio recorded a decline from about 67 percent in 1997 to 65 percent in 1998. The government has continued to build in a C\$3-billion contingency reserve against unforeseen developments, which will go towards paying down debt if not used – and help reduce the debt-to-GDP ratio even further.

6. Monetary Policy

A slowing economy and heightened financial uncertainties were the background for the conduct of monetary policy during most of the year. During the second and third quarters of 1998, the Bank of Canada placed particular emphasis on calming financial markets, thus helping to restore confidence. Monetary conditions fluctuated widely, but eased considerably with the sizeable decline in the Canadian dollar over the period. The depreciation of the Canadian dollar since the Fall of 1997 was a key contributing factor to accommodating monetary conditions, helping the Canadian economy to adjust to the declines in commodity prices and the Asian crisis, by supporting Canadian exports and by favoring the substitution of

domestic production for imports. Overall, the Bank of Canada has adopted a generally accommodative monetary policy since mid-1995, given the strong fiscal adjustment and sluggish aggregate demand.

In the last quarter of 1998 the Canadian economy regained momentum, driven by buoyant U.S. demand. The healthier global financial climate allowed the Bank of Canada to refocus its attention on the objective of keeping inflation inside its target range¹. Inflation remained near the bottom of the Bank's 1 to 3 percent inflation-control target, at levels slightly lower than expected.

In August 1998, as the Canadian dollar posted record lows after Russia's decision to declare a debt moratorium, expectations of further declines began to hold. The reactions of nervous investors resulted in risk premiums being built in interest rates. Thus, Canadian medium- and long-term interest rates were rising at a time when comparable U.S. rates were falling. The Bank of Canada, in an attempt to shore up confidence, bought Canadian currency in foreign markets and then raised the Bank Rate by 1 percentage point on 27 August.

Confidence in Canadian financial markets improved after the Bank Rate increase and as expectations of lower U.S. rates spread. Following the Federal Reserve, the Bank of Canada slightly reduced its rate by $\frac{1}{4}$ percentage point on 29 September and by another $\frac{1}{4}$ of a percentage point on 15 October and 18 November. The Bank Rate was at 5.1 percent for 1998 as whole, compared to only 3.5 percent in 1997 (appendix, table 1-9). Short-term interest rates were higher in 1998 than in 1997, but the long-term rates continued to decline. Canadian bond yields, after spiking during the Russian crisis in August 1998, fell to historically low levels, and negative differentials between Canadian and U.S. bonds could be re-established later on, reflecting Canada's good inflation performance.

In credit markets, the recorded growth of total credit market debt of domestic non-financial sectors (appendix, table 1-10) was 3.2 percent, 0.4 percent higher than in 1996 and 1997. The federal government reduced its credit market debt for the year, due to the excellent shape of its finances. However, the decline in the government's credit market debt was accompanied by growth in household credit aggregates. The personal sector increased borrowing, largely in the form of consumer credit and mortgages. Consumer credit rose 7 percent in 1998. Although consumer credit did not increase at a pace as fast as last year's 8.6 percent, this is still one of the highest rates since the beginning of the decade.

With respect to monetary aggregates, growth of M1 slowed in 1998 (appendix, table 1-

¹ The cornerstone of monetary policy in Canada has been achieving and maintaining price stability. For this purpose, inflation-reduction targets were announced in February 1991 whereby the rate of inflation--as measured by the change in the consumer price index-- was to be gradually reduced by the end of 1995 to the midpoint of a band of 1% to 3%. In 1993, the targets were extended to the end of 1998 in order to keep holding inflation inside the band of 1% to 3%, with a midpoint of 2%. In February 1998, the authorities announced that the current inflation-control targets were extended until the end of 2001. Canada was the second country after New Zealand to introduce explicit targets for inflation control. The target is defined in terms of the 12-month rate of increase in the total CPI, but as an operational guide the Bank uses a measure of core inflation, which excludes from the CPI volatile components, such as food and energy and the effects of changes in indirect taxes.

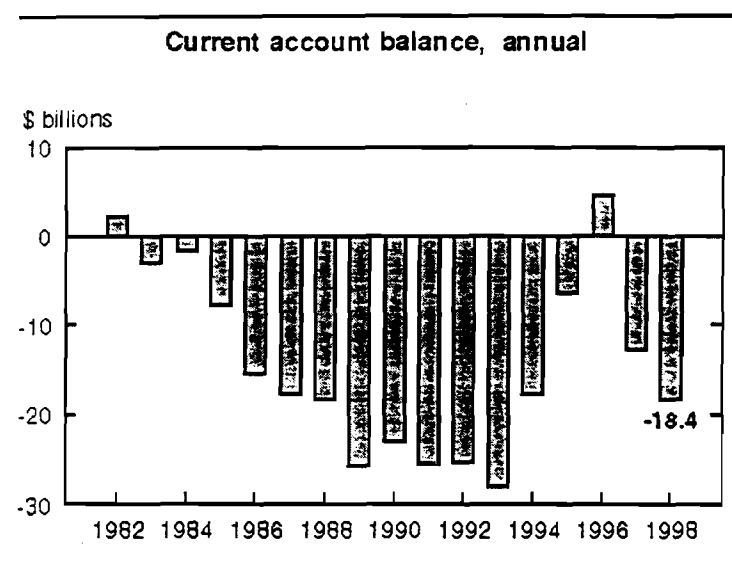
11). This resulted partly from the higher interest rates on other assets, which would have attracted funds from transaction-type balances. Also, given the increased aversion to risk in credit markets in the Fall of 1998, credit extended to businesses slowed. Some firms, facing a reduced supply of credit, may have been obliged to run down existing stocks of cash balances to finance their expenses.

Broad money has been an indicator of short-term movements in output and the core CPI. Given the enormous shift from deposits to mutual funds in the 1990s, it is probably most informative for this purpose to look at the very broad aggregate $M2++$, which includes all mutual funds sold in Canada. The adjusted $M2+$ aggregate includes only those funds sponsored by the deposit-taking institutions. $M2++$ has been growing fairly steadily at a rate of about 8 percent, which appears consistent with continued low inflation.

II. INTERNATIONAL TRANSACTIONS

In 1998, Canadian residents continued to spend more than they earned abroad on goods, services, investment income and transfers. The current account deficit widened to C\$18.4 billion, up C\$5.6 billion from 1997, as the current account moved to more historical levels after the exceptional 1996 surplus of C\$4.5 billion (figure 9).

Figure 9:



Source: The Daily, Statistics Canada, March 1, 1999.

The main factors behind the higher deficit in 1998 can be associated with the effects of the Asian crisis. First, the terms of trade trended downward, due to lower commodity export prices and higher import prices associated with the depreciation of the Canadian dollar. As a result, the nominal merchandise trade surplus decreased. Second, and to a much lesser extent, the depreciation has resulted in higher payments to non-residents on foreign currency denominated corporate debt, worsening the deficit on investment income.

The adverse external environment in Asia did not interfere with the globalization trend, as evidenced by record direct investment flows in 1998. Canadian assets abroad rose as portfolio and direct investors continued to accumulate sizable amounts of foreign assets. Canadian liabilities also rose as foreign portfolio investors increased their holdings of Canadian bonds, stocks and money market instruments.

1. Exchange Rates

The Canadian dollar closed at an all-time low of 63.31 U.S. cents on August 27. A one percentage-point hike in the Bank Rate on August 27 helped stabilize the Canadian dollar, which was being negatively affected by the turmoil in emerging markets, the fallout on commodity prices and a market preference for U.S. dollar assets. With the dollar stabilizing, the rate hike was subsequently largely reversed as the Bank of Canada quickly mirrored three 25-basis-point cuts by the U.S. Federal Reserve Board. The Canadian dollar remained relatively stable over the last four months of 1998, trading around 65 U.S. cents (appendix, table 2-1). Overall, the Canadian dollar depreciated against the U.S. dollar while appreciating against overseas currencies. Canada replenished its international reserves, as the Canadian dollar held steady against most foreign currencies.

2. Current Account

The current account registered a deficit of C\$18.4 billion in 1998, which, as a proportion of GDP amounted to 2.1 percent. This result was largely driven by a decline in the goods surplus, and, to a much lesser extent, by higher interest payments on foreign currency denominated corporate debt. The 1998 goods surplus of C\$19.4 billion was down from 1997 and was less than half the all-time peak of C\$41.9 billion two years ago (figures 10 & 11 and appendix, table 2-2).

The reduced balance of trade in goods in 1998 reflected Canada's first deficit in basic industrial commodities, which was accompanied by a wider deficit on a range of consumer items. The 10-year surplus in auto products trade, however, grew substantially from 1997 despite output disruptions in the summer months (appendix, tables 2-3 and 2-4).

Import gains were widespread, except for crude petroleum. *Other consumer goods* displayed the biggest import increase. After that, *machinery and equipment* topped the list of increases followed by *automotive* and *industrial goods*. The same product groups, in much the same order, drove export sales while crude and refined petroleum products decreased.

Canadian traders increased their surplus with the United States in 1998 and reduced their deficit with the United Kingdom. At the same time, they incurred a much higher deficit with countries outside the OECD. In addition, the annual surplus with Japan disappeared (appendix, table 2-5).

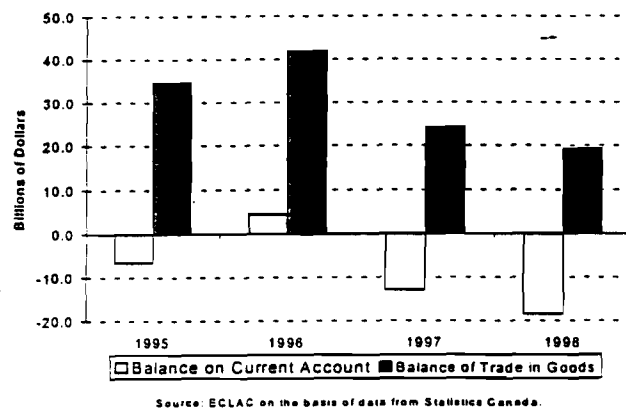
The deficit on investment income widened to C\$30.2 billion, approaching the high set in 1995 (appendix, table 2-6). The bulk of the increase resulted from record interest payments on non-resident holdings of corporate debt, which is largely denominated in foreign currencies and which is affected by the decline in the value of the Canadian dollar in 1998. Lower dividends paid to Canadians because of the negative impact of the spreading Asian crisis on profits in other countries also contributed to the higher investment income deficit in 1998.

The overall deficit on transactions in services fell slightly to C\$8.4 billion during 1998 (appendix, table 2-6) due to a substantial reduction in net travel payments, what partially reflected the change in the relative value of the Canadian dollar. Spending by U.S. travelers in

Figure 10: Canada's Merchandise Trade



Figure 11: Canada's Current Account and Trade Balances



Canada rose a full 25 percent, while Canadian travel expenditure in the U.S. fell 3 percent.

3. Capital Movements

Overall capital account developments in 1998 show an inflow of C\$11.1 billion through Canadian banks (appendix, table 2-6). Canadian investors bought an unprecedented amount of C\$21.9 billion in foreign securities. The acquisition of C\$14.9 billion in foreign stocks in 1998 was second only to the C\$16.6 billion acquired in 1996. Two-thirds of the 1998 purchases consisted of U.S. shares, contrasting with mainly overseas investment over the past several years. Resident investors increased their holdings of foreign bonds for a fourth consecutive year. The record investment in 1998 of \$7.1 billion was mainly directed to U.S. government and corporate bonds.

The C\$39.8 billion invested in 1998 by Canadian businesses was doubled that of 1997, which had been the highest recorded. The record direct investment resulted mainly from acquisitions in the United States, and was dominated by a high-profile transaction in the high-tech industry.

Foreign direct investment in Canada reached a record high in 1998 of C\$22.9 billion, largely due to acquisitions of Canadian firms by American investors. This amount was 10 billion higher than the previous high in 1995. Although significant, it amounted to just over a half of the amount invested abroad by Canadians.

Foreign portfolio investors invested heavily in Canadian corporations, buying a sizeable C\$24.2 billion of Canadian bonds, stocks and money market instruments. The increase of bond purchases resulted entirely from new corporate issues placed in foreign markets. In contrast, non-resident holdings of government bonds declined, in line with the reduced demand for funds by Canadian governments.

Investment in Canadian stocks came entirely from new corporate treasury shares, as part of direct investment acquisitions of two major U.S. companies. In fact, excluding these special purpose issues, foreign investors sold some of their holdings in 1998 after making substantial investments in 1996 and 1997.

Canadian reserve assets fluctuated widely during the year as the Canadian dollar came under heavy downward pressure from major international currencies. Canada showed an increase in its official international reserves similar to the sizeable increase in 1996 (appendix, table 2-7). Increased borrowing in foreign markets by the federal government financed this gain in reserves as it did in 1996.

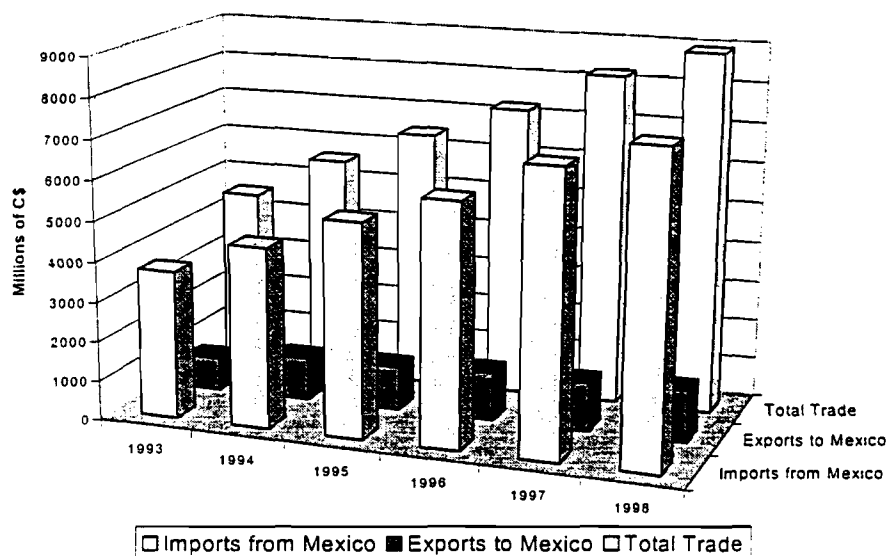
The current account deficits of the past years have generated high levels of indebtedness to foreign lenders. Relative to its size, Canada's economy is highly indebted, with its net international investment position reaching a negative C\$323,6 by year-end in 1998. As a share of GDP, Canada's net international liabilities amounted to 36.4 percent in 1998, down from last year's level of 37.6 percent and from a peak of 45 percent in 1994 (appendix, table 2-7).

PART TWO

CANADA'S ECONOMIC RELATIONS WITH LATIN AMERICA AND THE CARIBBEAN

In 1998 Canada continued to strengthen its trade with Mexico, with the North American Free Trade Agreement (NAFTA) being a leading factor in the sharp increase in trade between the two countries (figure 12). Total trade in the period 1993-98 increased by 97 percent to C\$9 billion, with imports from Mexico up 105 percent. In 1998, total trade increased 8.6 percent over 1997, Canadian exports increased 6.6 percent, while imports from Mexico increased almost 9 percent (appendix, table 3-1). Mexico-Canada total trade has had an

Figure 12:
CANADA-MEXICO TRADE



Source: ECLAC, on the basis of information from Statistics Canada.

annual average growth rate of almost over 19 percent since 1993, exceeding the total average NAFTA growth rate in the same period.

Canada has become Mexico's second largest export market after the United States; Mexico is Canada's fourth largest source of imports (after the United States, Japan, and China) and is also Canada's 13th largest export market.

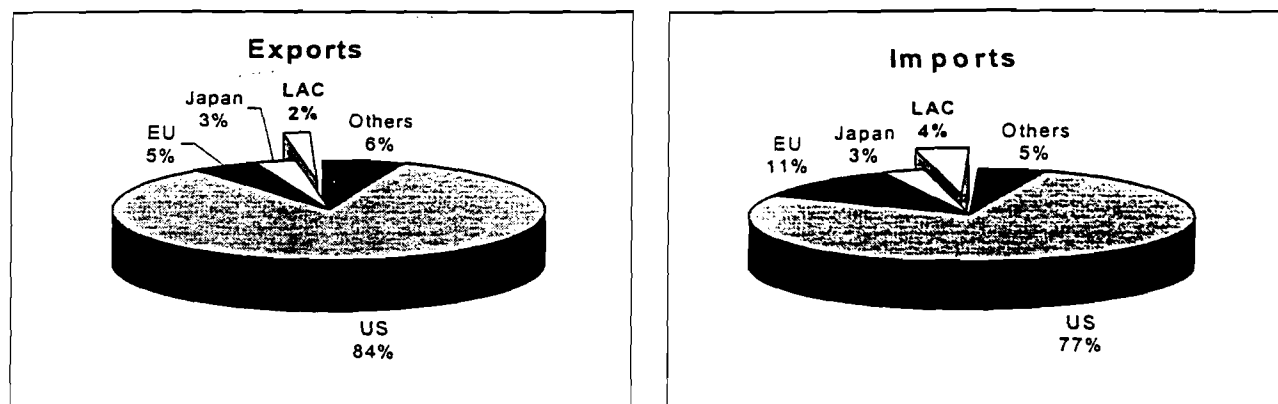
NAFTA represented for Canada a further step along the road of trade liberalization providing Canada with the opportunity to preserve its trade interests in the U.S. and to extend them to include the Mexican market. Canada is also committed to continue expanding free trade in the Western Hemisphere. The Canada-Chile Free Trade Agreement (CFTA) came into force on July 5, 1997, and a Trade and Investment Cooperation Arrangement between Canada and the Mercosur was signed on June 16, 1998, in Buenos Aires, Argentina. This agreement calls for Canada and Mercosur to identify laws and practices that impede trade and investment, and to commit to greater cooperation with the World Trade Organization and negotiations for the Free Trade Area of the Americas. The TICA also calls for negotiations of Foreign Investment Protection Agreements (FIPA) between Canada and each Mercosur nation, cooperation on customs matters and increased cooperation on issues of labor and the environment.

Canada continues to pursue the implementation of the Free Trade Area of the Americas (FTAA), remaining actively engaged. In March 1998 Canada was chosen to be the chair of the negotiations for the first 18 months.

1. Merchandise Trade

Trade with Latin America and the Caribbean is still small, 2 percent of total Canadian exports and 4 percent of Canadian imports in 1998 (figure 13).

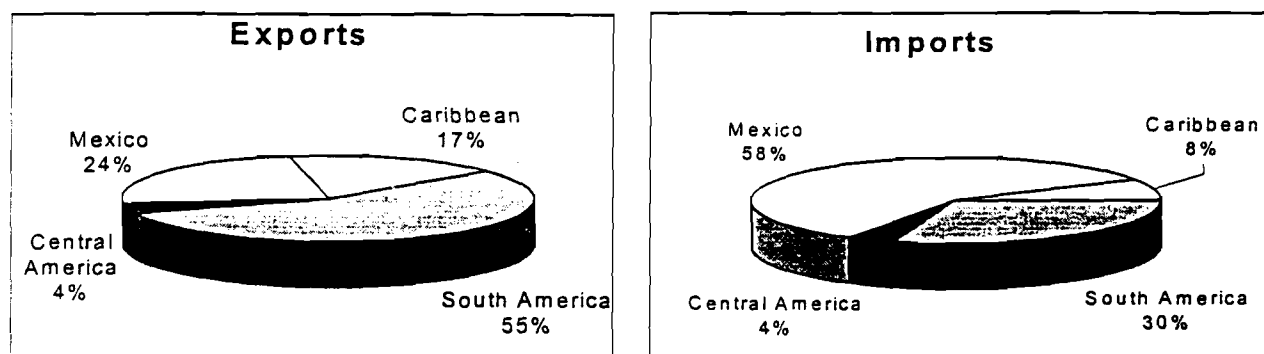
Figure 13:
CANADA: TRADE BY REGION IN 1998



Source: ECLAC on the basis of data from Statistics Canada.

Canadian trade with Latin America and the Caribbean continues to be dominated by a few countries. Roughly half of all trade with Latin America and the Caribbean is with Mexico (49 percent), followed by Brazil and Venezuela, whose shares amount to 14 and 7 percent, respectively. Trade with Colombia and Chile, the next largest trading partners in the region, amounts to about 4 percent with each country.

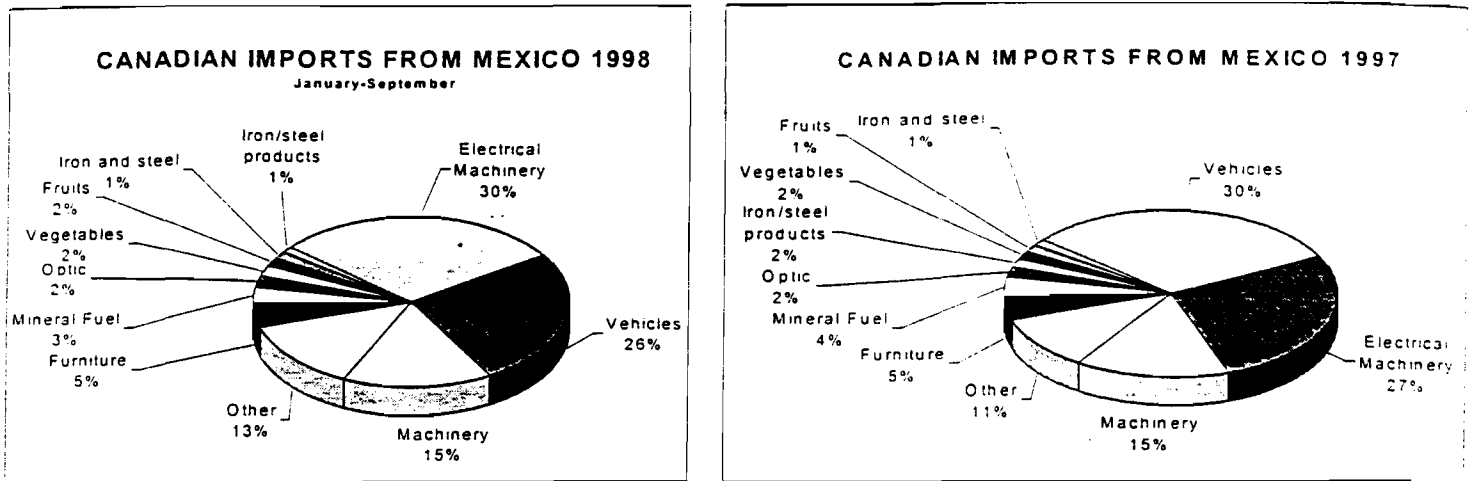
Figure 14:
MERCHANDISE TRADE WITH LATIN AMERICA AND THE CARIBBEAN IN 1998



Source: ECLAC on the basis of data from Statistics Canada.

Mexico's share in Canada's total exports increased from 22 percent last year to 24 percent in 1998 (figure 14). Imports from Mexico were up by almost 9 percent in 1998, and electrical machinery overtook vehicles and vehicle parts as the number one import from Mexico (figure 15).

Figure 15:



Source: Trade@canada.org.mx; <http://www.canada.org.mx>.

Though still small, the size and scope of the commercial relationship between Canada and the other Latin American countries has also increased steadily over the past years, with a small setback in 1998, due to the effects of the financial crisis that affected the region.

Between 1995 and 1997, total trade between Canada and Brazil increased 25 percent, with Brazil being the second leading partner of Canada in the Latin American and the Caribbean region following Mexico. Bilateral trade between Canada and Brazil decreased 9 percent in 1998, however. Although Canadian imports from Brazil increased 4 percent, Canadian exports to Brazil decreased 20 percent. Commodities have dominated Canadian exports to Brazil, but Canadian exports of value added and manufactured goods have been increasing, particularly mobile cellular systems, telecommunications and informatics equipment and services, environmental equipment and services, aircraft engines, leisure watercrafts, automotive industries, advanced manufacturing equipment, value added foods, and remote sensing and geographic information systems (GIS).

Canada's bilateral trade with other Latin American countries also decreased in 1998. In the case of Venezuela, the third leading partner after Brazil and Mexico, total trade with Canada decreased 14.6 percent in 1998, after an increase of almost 45 percent between 1995 and 1997, with an annual average growth of more than 20 percent in this period. Bilateral trade between Canada and Chile decreased 4.6 percent in 1998, after total trade had more than doubled from C\$357 million in 1992 to a high of almost C\$740 million in 1996 (appendix, table 3-1). In the case of Colombia, Canadian exports reached C\$350 million in 1998 and total trade between Canada and Colombia almost reached C\$700 million. Although total trade in 1998 decreased by 6.8 percent, Canada's market share increased by a third over the last two years to 3 percent of Colombia's total imports.

Finally, Canada and Argentina's bilateral trade almost tripled between 1992 and 1997, reaching C\$586.4 million in 1997. However, bilateral trade decreased 9 percent in 1998, with Canadian imports from Argentina increasing 11 percent, while exports decreased 22 percent.

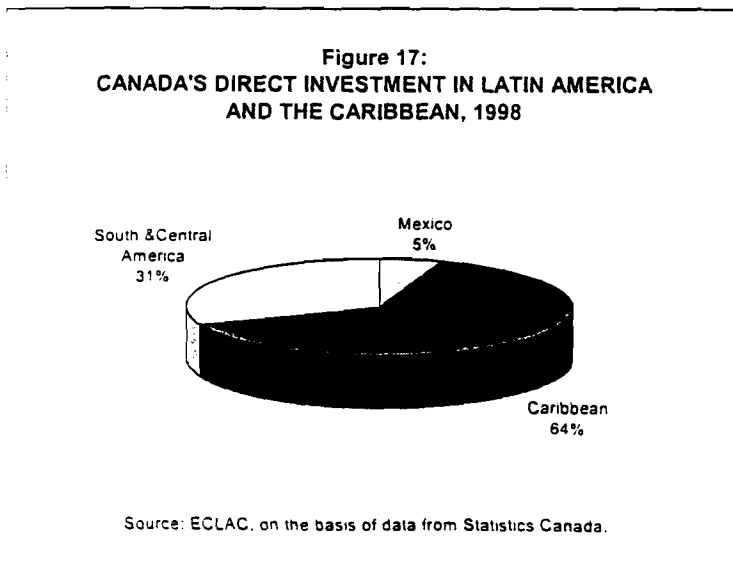
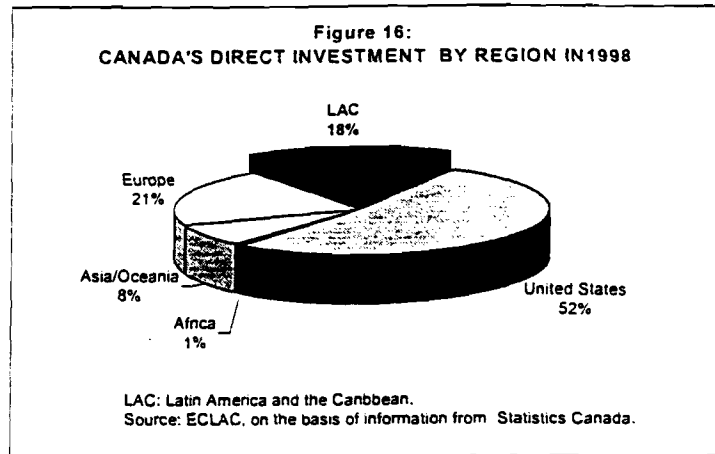
from C\$353.6 to C\$276.2 million. With Uruguay, total trade increased 87 percent from 1995 to 1997, but decreased 7 percent in 1998. The decrease in total trade in 1998 was explained by an 8.4 percent decrease in Canadian imports from Uruguay and a decrease of 2 percent in the Canadian exports to Uruguay. Bilateral trade between Canada and Paraguay is still very small.

2. Direct Investment

In 1998, the total stock of Canadian foreign direct investment abroad was estimated at C\$239.7 billion (appendix, table 4-1). With a share of about 53 percent, the United States remains the most important country for Canadian direct investment abroad, though its share has declined from a peak of close to 70 percent at the end of 1984.

In Latin America and the Caribbean, Canadian investment amounted to C\$43.4 billion in 1998, increasing a robust 30 percent with respect to 1997 in response to renewed business interests in the region. As a result, Latin America and the Caribbean's share in Canada's total investment abroad amounted to 18 percent, up 2 percent from last year.

Canadian investment in Mexico in 1998 was C\$2.2 billion, a 324 percent increase from pre-NAFTA 1993, and further increases are expected in the energy (natural gas), telecommunications and automotive sectors. Half of Canadian direct investment in Mexico is in the manufacturing sector with large amounts also in financial services, mines and extraction and commerce.

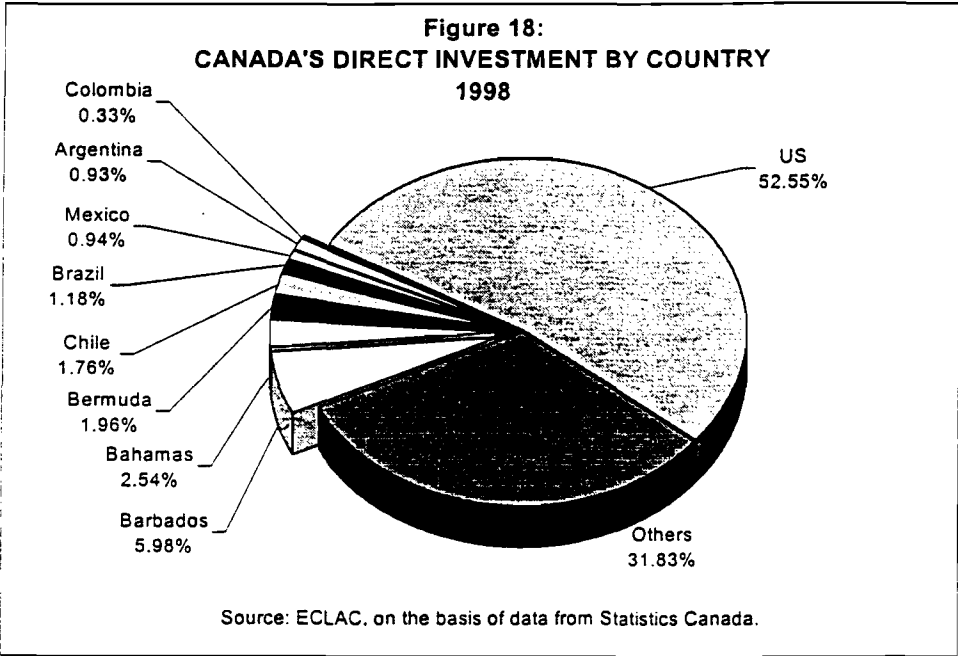


In South and Central America, Chile is the recipient of the largest share of Canada's direct investment (31.3 percent of total Canadian direct investment in the region). Canadian investment flows to Chile have increased sharply, making Canada Chile's largest foreign investor in 1990, 1992 and again in 1995. Canada is currently the second largest investor in Chile. While mostly concentrated in the mining sector, chiefly in mine development, there have been a number of important investments in

energy, financial services, manufacturing equipment and communications.

Canadian cumulative investment in Brazil is approaching C\$6 billion. Total investment in Brazil was C\$2.8 billion in 1998. Canada has also invested notably in Latin American oil, gas, mining, telecommunications and financial services sectors. Canadian investment in Argentina – notably in the oil and gas, mining and financial services sectors – reached C\$2.2 billion in 1998, making Canada one of the most important foreign investors in Argentina. Canada has also become a leading foreign investor in Colombia, primarily in, but not limited to, the oil and telecommunications sectors, with direct investment totaling C\$796 million in 1998. Current Canadian investment in Colombia is led by telecommunications. Other investments are in the oil exploration, paper, footwear and mining sectors.

The Caribbean attracted 64 percent of Canadian investment in the region in 1998. Barbados alone attracted 52 percent of Canada’s direct investment in the Caribbean, followed by Bahamas (22 percent) and Bermuda (17 percent). In all, Canadian investment is concentrated in a handful of countries.



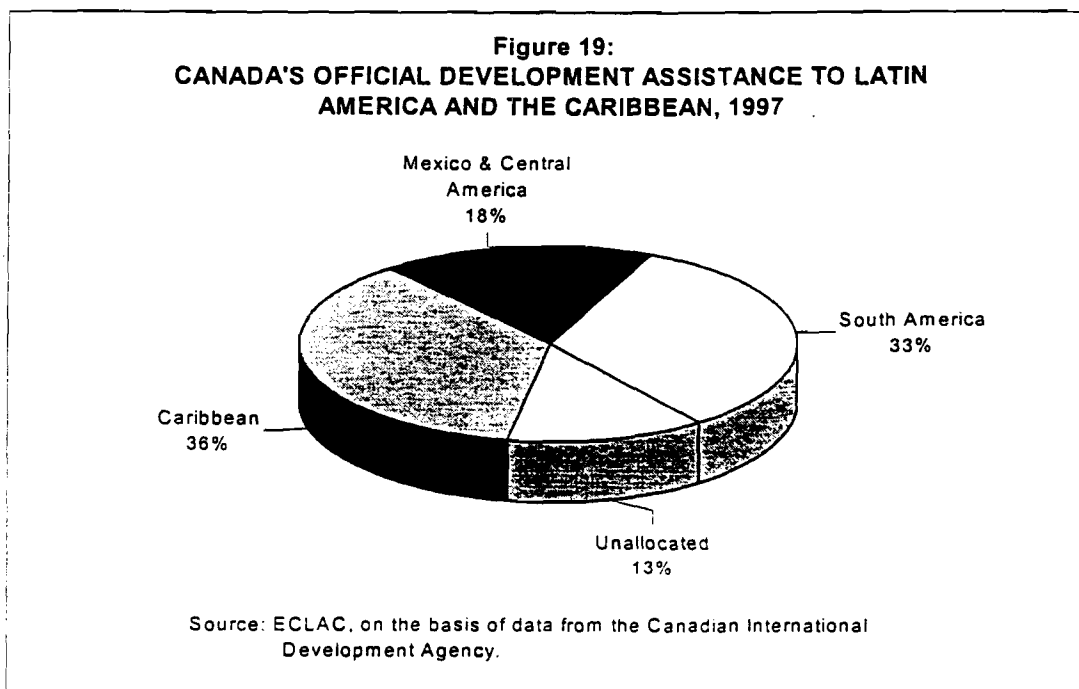
3. Economic Assistance

Total Canadian Official Development Assistance (ODA) amounted to C\$2448.7 million in 1997 (latest data available). Out of this total, assistance to Latin America and the Caribbean amounted to C\$189.7 million. The main priorities of Canadian economic assistance in Latin America and the Caribbean continue to include improving delivery of social services; the productivity and earning capacity of the poor; fostering good governance; the preservation of the environment; economic reform; supporting regional integration initiatives; and empowerment of women.

As a percentage of total bilateral economic assistance, Canadian economic assistance to Latin America and the Caribbean amounted to 10.1 percent in 1997 (appendix, table 5-1). Within the region, about 33 percent accrued to South America. Peru received most of the assistance, followed by Bolivia, Ecuador and Brazil (appendix, table 5-2).

In Central America, Canadian assistance amounted to a share of 18 percent, a decrease from a 25 percent share in 1996. Nicaragua, which received C\$ 17.6 million in 1996, received only C\$6.3 million in 1997. In 1997 El Salvador was the main recipient of Canadian ODA, followed by Honduras, Guatemala and Nicaragua.

Assistance to the Caribbean increased 28 percent from 1996 to 1997. The Caribbean's share of the Canadian ODA in 1997 was 36 percent, up from 1996's share of 32 percent. Haiti, with a share of over 60 percent, was the largest recipient in the Caribbean. Assistance to Haiti is channeled to human rights, democracy, and good governance.



PART THREE
STATISTICAL APPENDIX²

² All monetary figures are expressed in Canadian dollars.

Table 1-1
Canada: Main Economic Indicators

	1995	1996	1997	1998
Gross Domestic Product at 1992 Prices (Billions of dollars)	767.9	777.2	806.7	830.8
Per Capita GDP at 1992 Prices (dollars)	26,119.0	26,168.4	26,891.2	27,419.1
Population (Millions)	29.4	29.7	30.0	30.3
Growth Rates				
GDP	3.2	1.2	3.8	3.0
Consumer Prices (Dec to Dec)	2.2	1.6	1.6	0.9
Personal disposable income	2.3	0.6	0.3	2.4
Money (M1)	11.2	16.9	10.0	9.0
Percentage				
Unemployment rate	9.5	9.7	9.2	8.3
Fiscal Deficit (% of GDP)	-4.5	-2.2	0.9	1.3
Personal Savings (as % of Personal Disposable Income)	7.4	5.4	2.1	1.2
Billions of Dollars				
Balances				
Current Account	-6.4	4.5	-12.8	-18.4
Capital Account	-0.3	-12.9	19.9	11.1
Net Int. Investment Position	-332.3	-324.8	-325.0	-323.6

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-2
Canada: Gross Domestic Product
(1992 Prices)*

	Billions of dollars				Growth Rates			
	1995	1996	1997	1998	1995	1996	1997	1998
Global Supply	1,006.0	1,028.2	1,091.2	1,133.4	3.6	2.2	6.1	3.9
GDP	767.9	777.2	806.7	830.8	3.2	1.2	3.8	3.0
Imports	238.1	251.0	284.4	302.6	4.9	5.4	13.3	6.4
Global Demand	1,006.0	1,029.7	1,090.5	1,131.7	3.5	2.3	5.9	3.8
Consumption	609.3	615.3	632.5	646.4	1.6	1.0	2.8	2.2
Private	442.9	453.1	471.5	484.4	2.1	2.3	4.1	2.7
Government	166.4	162.2	161.0	162.0	0.3	-2.5	-0.8	0.6
Investment	137.6	139.8	161.6	165.0	1.9	1.6	15.6	2.1
Business fixed	109.8	118.9	135.7	141.2	-2.3	8.3	14.1	4.0
Residential	34.1	37.6	42.2	41.5	-14.4	10.2	12.4	-1.7
Non-residential	32.1	33.6	36.4	37.1	-1.1	4.7	8.4	1.8
Machinery & Equipment	43.6	47.7	57.1	62.6	8.7	9.3	19.6	9.7
Government fixed Invest.	19.7	19.2	17.6	18.4	-0.2	-2.8	-8.2	4.6
Inventories	8.0	1.8	8.3	5.4	-	-	-	-
Exports	259.2	274.5	296.4	320.3	9.0	5.9	8.0	8.1

*Seasonally adjusted data at annual rates.

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-3
Evolution of Gross Saving

	Millions of Dollars				Growth Rates			
	1995	1996	1997	1998	1995	1996	1997	1998
Savings	43,959	35,865	68,705	62,809	4.0	-18.4	91.6	-90.4
Persons and unincorporated bus	39,995	29,397	9,651	6,573	1.7	-26.5	-67.2	-31.9
Corporations and government b	27,771	21,259	25,839	20,643	52.9	-23.4	21.5	-20.1
Government	-28,159	-10,852	10,716	15,758	-21.3	-61.5	-198.7	47.1
Non-resident	4,352	-4,539	12,499	19,835	-78.8	-204.3	-375.4	58.7
Personal Savings/Personal Disposable Income	7.4	5.4	2.1	1.2				

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-4
 Canada: Real GDP at Factor Cost by Industry
 (1992 prices)

	Millions of Dollars		Growth Rates	
	1997	1998	1997	1998
<i>Total</i>	698,259	717,569	4.0	2.8
<i>Goods</i>	231,395	235,873	4.9	1.9
Industrial Production	175,818	179,880	5.2	2.3
Manufacturing	123,155	127,898	6.5	3.9
Non-durable goods	54,937	56,453	4.6	2.8
Durable goods	68,218	71,445	8.0	4.7
Mining quarrying and oil well industries	27,935	27,815	4.1	-0.4
Utilities	24,728	24,167	0.3	-2.3
Agriculture	11,754	11,861	-0.5	0.9
Fishing, trapping	753	693	3.2	-8.0
Logging & forestry	4,800	4,712	-0.4	-1.8
Construction	38,270	38,727	6.1	1.2
<i>Services</i>	466,864	481,696	3.6	3.2
Transportation and storage industries	31,834	32,349	5.2	1.6
Communication industries	22,312	24,276	6.0	8.8
Wholesale trade industries	39,357	42,149	9.0	7.1
Retail trade industries	42,825	44,743	5.6	4.5
Finance, insurance & real state industries	115,728	118,642	3.8	2.5
Business service industries	38,050	40,999	7.7	7.8
Government service industries	42,797	42,705	-1.6	-0.2
Educational service industries	40,025	40,102	-0.7	0.2
Health and social service industries	47,906	48,379	0.8	1.0
Accommodation, food and beverage service industries	18,061	18,687	4.1	3.5
Other service industries	27,969	28,665	4.0	2.5

Source: ECLAC, on the basis of data from Statistics Canada

Table 1-5
Canada: Employment and Unemployment

	Thousands of Persons					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total Labor Force	14832	14928	15145	15354	15,631	1.2	0.6	1.5	1.4	1.8
Participation Rate %	65.3	64.8	64.9	64.8	65.1	-0.3	-0.8	0.2	-0.2	0.5
Employment	13292	13506	13676	13941	14326	2.1	1.6	1.3	1.9	2.8
Unemployment Rate %	10.4	9.5	9.7	9.2	8.3					
Non-Agricultural Employment	12867	13075	13223	13518	13886	2.4	1.6	1.1	2.2	2.7
Manufacturing	1949	2061	2083	2167	2254	3.0	5.7	1.1	4.0	4.0
Construction	750	724	719	747	767	8.1	-3.5	-0.7	3.9	2.7
Transportation & Comm	835	890	873	897	929	1.8	6.6	-1.9	2.7	3.6
Trade	2314	2307	2361	2386	2423	2.7	-0.3	2.3	1.1	1.6
Finance, insurance, real estate	788	809	800	795	789	-2.7	2.7	-1.1	-0.6	-0.8
Community, Business & Personal Services	4933	5036	5141	5303	5513	3.0	2.1	2.1	3.2	4.0
Public Administration	877	810	820	791	795	-2.9	-7.6	1.2	-3.5	0.5
Agricultural Employment	425	431	453	423	440	-5.6	1.4	5.1	-6.6	4.0
Employment in other primary industries	277	296	280	292	279	7.3	6.9	-5.4	4.3	-4.5

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-6
Canada: Consumer and Producer Prices
Annual Average Percentage Change

	1994	1995	1996	1997	1998
	Year to Year				
Consumer Prices	0.2	2.2	1.6	1.6	0.9
Food	0.4	2.4	1.3	1.6	1.6
Energy	0.6	1.4	2.9	2.4	-4.0
Goods	-1.1	1.9	1.6	1.5	0.2
Services	1.7	2.5	1.6	1.7	1.8
All items excluding food & energy	0.1	2.2	1.4	1.6	1.3
Industrial Product	5.7	8.0	0.4	0.8	-0.1
Finished goods	3.2	3.4	2.6	2.0	2.9
Capital equipment	3.9	3.5	2.0	2.0	4.8
Intermediate goods	7.4	11.1	-1.0	0.1	-2.0
	December to December				
Consumer Prices	0.2	1.7	2.2	0.7	1.0
Food	0.3	1.9	2.2	1.2	1.7
Energy	2.3	0.8	5.4	-1.0	-4.3
Services	2.0	1.8	1.8	1.1	1.9
All items excluding food & energy	0.0	1.8	1.8	0.8	1.5
Industrial Product	7.9	5.2	-0.1	0.6	-0.2
Finished goods	3.3	3.4	2.6	2.1	3.1
Capital equipment	3.7	3.5	1.9	3.5	5.2
Intermediate goods	11.1	6.2	-2.1	-0.2	-2.4
Services	2.0	1.8	1.8	1.1	1.9
All items excluding food & energy	0.0	1.8	1.8	0.8	1.5
Industrial Product	7.9	5.2	-0.1	0.6	-0.2
Finished goods	3.3	3.4	2.6	2.1	3.1
Capital equipment	3.7	3.5	1.9	3.5	5.2
Intermediate goods	11.1	6.2	-2.1	-0.2	-2.4

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-7
Canada: Income and Wage Indicators

	Millions of dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Income										
Per capita disposable personal income	17,193	17,586	17,689	17,737	18,169	-	2.3	0.6	0.3	2.4
Average weekly hours worked (hours per week)	36.03	36.10	35.92	35.60	35.60	0.5	0.2	-0.5	-0.9	0.0
Average compensation (\$ per hour)	18.35	18.61	19.09	20.05	20.29	0.4	1.5	2.6	5.0	1.2
Unit labor cost (a)	0.541	0.546	0.552	0.557	0.562	-1.3	0.8	1.2	0.9	0.9

Source: ECLAC, on the basis of data from Statistics Canada.
(a) 1992 dollars.

Table 1-8
Canada: Government Receipts, Expenditures and Debt

	Millions of dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total Revenue	343,947	363,162	376,698	400,093	412,091	4.6	5.6	3.7	6.2	3.0
Direct taxes	119,945	130,090	139,168	153,185	158,591	6.0	8.5	7.0	10.1	3.5
Individuals	99,844	106,190	113,833	121,339	129,715	3.1	6.4	7.2	6.6	6.9
Business	18,403	22,196	22,936	29,100	26,181	25.9	20.6	3.3	26.9	-10.0
Non-residents	1,698	1,704	2,399	2,746	2,695	3.0	0.4	40.8	14.5	-1.9
Indirect taxes	112,351	115,727	118,274	124,052	129,054	2.7	3.0	2.2	4.9	4.0
Other transfers	3,939	4,033	4,201	4,219	4,460	5.1	2.4	4.2	0.4	5.7
Investment income	41,015	43,210	44,746	46,229	46,123	5.4	5.4	3.6	3.3	-0.2
Total Current Expenditure	379,716	392,575	389,342	388,961	396,333	0.6	3.4	-0.8	-0.1	1.9
Goods and Services	193,429	198,599	196,176	195,723	197,291	-0.2	2.7	-1.2	-0.2	0.8
Transfer payments	116,979	116,426	117,081	118,869	122,482	-0.2	-0.5	0.6	1.5	3.0
Interest on public debt	69,308	77,550	76,085	74,369	76,560	4.2	11.9	-1.9	-2.3	2.9
Savings (Total Revenue-Expenditures)	-35,769	-29,413	-12,644	11,132	15,758	26.5	17.8	57.0	188.0	41.6
Add: Capital consumption allowances	15,189	16,001	16,373	16,840	17,280	5.5	5.3	2.3	2.9	2.6
Deduct: Investment in Fixed Capital/Inventories	21,640	22,705	22,052	20,417	21,250					
General Fiscal Balance	-42,220	-36,117	-18,323	7,555	11,788	22.8	14.5	49.3	141.2	56.0
General Fiscal Balance as a % of GDP	-5.5	-4.5	-2.2	0.9	1.3					

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-9
Canada: Interest Rates

	1994	1995	1996	1997	1998
Nominal rates: Percent per annum					
Short Term Rates					
Bank rate	5.8	7.3	4.5	3.5	5.1
Prime rate	6.9	8.7	6.1	5.0	6.6
90 day Treasury Bills	5.4	7.0	5.3	3.2	4.7
90 day commercial paper	5.7	7.2	4.4	3.6	5.1
Long Term Rates					
5 year mortgage rate	9.5	9.2	7.9	7.1	6.9
Canada Bond Rate	8.6	8.3	7.5	6.4	5.5

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-10
Canada: Total Credit Market Debt of Domestic Non Financial Sectors

	Billions of dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total	1,710.5	1,778.7	1,828.8	1,880.1	1,939.6	6.1	4.0	2.8	2.8	3.2
Government										
Federal	432.8	457.9	467.0	459.9	450.5	6.7	5.8	2.0	-1.5	-2.0
Other levels	287.9	301.9	307.8	313.2	317.9	9.9	4.9	2.0	1.8	1.5
Non-financial government enterprises	96.7	89.9	87.8	87.8	83.6	3.2	-7.0	-2.3	0.0	-4.8
Persons and unincorporated business										
Mortgages	345.0	357.8	374.3	391.9	410.3	5.6	3.7	4.6	4.7	4.7
Consumer credit	111.3	116.8	123.4	134.0	143.4	6.4	4.9	5.7	8.6	7.0
Other	48.8	52.3	58.0	63.0	71.1	4.9	7.2	10.9	8.6	12.9
Non-financial private corporations	388.0	402.1	410.6	432.8	462.8	4.6	3.6	2.1	5.4	6.9

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-11
Canada: Money Stock, Liquid Assets, and Debt Measures

	Millions of Dollars: December of each year				Growth Rates			
	1995	1996	1997	1998	1995	1996	1997	1998
Monetary Base	29,622	30,866	32,502	34,475	0.9	4.2	5.3	6.1
Concepts of Money and Liquid Assets^a								
M1	61,191	71,524	78,708	85,782	11.2	16.9	10.0	9.0
M2	401,622	410,012	403,741	409,252	8.4	2.1	-1.5	1.4
M2+	615,765	636,925	628,625	638,290	4.5	3.4	-1.3	1.5
M3	491,323	519,082	549,809	565,426	9.8	5.6	5.9	2.8

Source: ECLAC, on the basis of data from Statistics Canada.

a. Seasonally adjusted

Table 2-1
Canada: Evolution of the Exchange Rate

	1994	1995	1996	1997	1998	I	II	III	IV
Canadian dollar per U.S. dollar ^a	1.37	1.37	1.36	1.38	1.48	1.43	1.45	1.51	1.54
Nominal effective exchange rate ^b	84.7	83	84.5	84.6	79.6	82.5	81.8	78.2	75.7
Percentage changes ^c									
Canadian dollar per U.S. dollar	6.2	0.0	-0.7	1.5	7.2	1.4	1.4	4.1	2.0
Nominal effective exchange rate	-6.2	-2.0	1.8	0.1	-5.9	-1.1	-0.8	-4.4	-3.2

Source: ECLAC, on the basis of data from the International Monetary Fund

a. Period average

b. Index Numbers 1990=100

c. Compared with preceding period

Table 2-2
Canada: Main Indicators of Merchandise Trade
(BOP basis)

	Millions of dollars				Growth Rates				
	1995	1996	1997	1998	1995	1996	1997	1998	
Exports	264,751	279,701	301,101	323,400	16	5.6	7.7	7.4	
Imports	229,940	237,816	276,846	303,984	10.6	3.4	16.4	9.8	
Trade Balance	34,811	41,885	24,255	19,416					
as % of GDP	4.3	5.1	2.8	2.2					
Indexes (1990=100)									
Terms of Trade	99.9	100.9	99.8	96.02					

Source: ECLAC, on the basis of data from the I.M.F. and Statistics Canada.

Table 2-3
Canada: Merchandise Exports
(BOP basis)

	Millions of dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total Exports	228,167	264,751	279,701	301,101	323,400	25.7	16.0	5.6	7.7	7.4
Agricultural and fishing products	18,814	20,843	23,138	24,705	25,189	20.1	10.8	11.0	6.8	2.0
Energy products	19,201	20,327	25,971	26,820	23,389	6.5	5.9	27.8	3.3	-12.8
Forest products	29,128	36,684	34,446	34,886	35,465	24.9	25.9	-6.1	1.3	1.7
Industrial goods and materials	42,498	50,742	52,245	55,602	57,356	36.8	19.4	3.0	6.4	3.2
Finished products	110,410	127,094	134,722	148,688	170,502	24.3	15.1	6.0	10.4	14.7
Machinery and equipment	45,700	55,917	61,864	67,982	78,770	27.6	22.4	10.6	9.9	15.9
Automobile products	57,608	62,870	63,359	70,056	79,247	19.8	9.1	0.8	10.6	13.1
Other consumer goods	7,102	8,307	9,499	10,650	12,485	43.2	17.0	14.3	12.1	17.2

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-4
Canada: Merchandise Imports
(BOP basis)

	Millions of dollars					Growth Rates				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Total Imports	207,873	229,940	237,816	276,846	303,984	21.3	10.6	3.4	16.4	9.8
Agricultural and fishing products	12,578	13,375	14,113	15,578	17,262	14.2	6.3	5.5	10.4	10.8
Forest products	1,810	2,038	1,914	2,373	2,498	15.6	12.6	-6.1	24.0	5.3
Energy products	6,960	7,251	9,586	10,603	8,713	-0.1	4.2	32.2	10.6	-17.8
Industrial goods and materials	39,187	45,579	46,488	54,370	60,296	25.9	16.3	2.0	17.0	10.9
Finished products	136,993	151,328	153,548	181,421	202,905	19.4	10.5	1.5	18.2	11.8
Machinery and equipment	65,717	75,694	76,606	91,203	101,599	23.6	15.2	1.2	19.1	11.4
Automobile products	47,835	50,086	51,108	60,630	66,753	19.2	4.7	2.0	18.6	10.1
Other consumer goods	23,441	25,548	25,834	29,588	34,553	9.7	9.0	1.1	14.5	16.8

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-5
Canada: Merchandise Imports and Exports by Area
(BOP basis: Millions of dollars)

	Exports			Imports			Trade Balance		
	1996	1997	1998	1996	1997	1998	1996	1997	1998
Total	279,701	301,101	323,400	237,816	276,846	303,984	41,885	24,255	19,416
United States	222,292	243,361	270,561	180,153	210,802	234,177	42,139	32,559	36,384
United Kingdom	4,655	3,641	4,100	4,898	6,502	6,229	-243	-2,861	-2,129
Japan	12,365	12,053	9,636	7,232	8,703	9,657	5,133	3,350	-21
EU excluding U.K.	12,715	12,298	12,770	15,013	24,814	25,987	-2,298	-12,516	-13,217
Other OECD	5,064	7,912	7,487	9,015	11,340	11,377	-3,951	-3,428	-3,890
Other Countries	22,639	21,098	17,880	20,809	21,849	23,348	1,830	-751	-5,468

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-6
Canada: Balance of Payments
(Millions of dollars)

	1994	1995	1996	1997	1998
<i>Current Account</i>					
Balance on Current Account	-17,730	-6,447	4,530	-12,815	-18,422
Receipts	285,601	330,618	350,433	377,223	402,493
Payments	303,331	337,065	345,903	390,038	420,915
Balance on Goods and Services	8,632	24,535	32,625	15,511	10,975
Exports	260,917	300,914	319,715	342,673	367,091
Imports	252,285	276,379	287,090	327,162	356,116
Balance on Goods	20,294	34,811	41,885	24,255	19,416
Receipts	228,167	264,751	279,701	301,101	323,400
Payments	207,873	229,940	237,816	276,846	303,984
Balance on Services	-11,663	-10,276	-9,260	-8,744	-8,441
Receipts	32,750	36,163	40,014	41,572	43,691
Payments	44,413	46,439	49,274	50,316	52,132
Balance on Investment Income	-25,890	-30,790	-28,359	-28,927	-30,179
Receipts	21,100	25,898	26,271	29,722	30,416
Payments	46,990	56,688	54,630	58,649	60,595
Current Transfers	-472	-192	265	601	781
Receipts	3,584	3,806	4,448	4,828	4,985
Payments	4,056	3,998	4,183	4,227	4,204
<i>Capital and Financial Accounts</i>					
Capital Account, net flow	10,241	6,789	8,082	7,609	5,092
Capital Account, inflows	10,758	7,766	8,648	8,161	5,708
Capital Account, outflows	-516	-977	-566	-552	-616
Financial Account, net flow (1)	7,520	-7,046	-21,023	12,261	5,998
<i>Canadian assets/net flows</i>					
Direct	-12,694	-15,835	-15,841	-19,426	-39,755
Portfolio	-8,927	-7,331	-18,562	-11,192	-21,927
Stocks	-9,362	-6,247	-16,576	-4,491	-14,858
Bonds	435	-1,085	-1,986	-6,702	-7,068
Other investment	-27,408	-15,535	-37,723	-21,088	18,146
Total Canadian assets	-49,029	-38,701	-72,127	-51,706	-43,536
<i>Canadian liabilities/net flows</i>					
Direct	11,206	12,549	9,301	9,876	22,936
Portfolio	23,312	24,636	20,216	18,743	24,249
Stocks	6,412	-4,242	8,281	7,642	13,813
Bonds	15,995	30,132	19,253	9,507	10,700
Money Market Instruments	905	-1,254	-7,319	1,594	-264
Other investment	22,032	-5,530	21,588	35,348	2,348
Total Canadian liabilities	56,550	31,655	51,104	63,966	49,533
Total capital & financial accounts	17,762	-258	-12,941	19,870	11,090

(1) A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or a decrease in liabilities to non-residents.

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-7
 Canada: International Investment Position
 (at year-end; Billions of dollars)

	1994	1995	1996	1997	1998
Total Assets	394.3	438.0	499.7	569.4	647.2
Canadian Direct Investment Abroad	146.3	164.2	181.4	205.7	239.8
Total Portfolio Investment	80.5	84.2	100.3	113.3	143.9
Total Other Investments	167.5	189.5	218.0	250.4	263.5
Loans	30.8	43.2	49.1	71.3	60.3
Allowances	-12.0	-11.8	-11.4	-10.3	-10.0
Canadian Banks net foreign currency assets (Deposits)	73.1	78.4	97.0	100.5	100.5
Official International Reserves	17.5	20.8	28.2	25.7	35.9
Other Foreign Claims	58.1	59.0	55.0	64.2	-63.5
<i>Total Liabilities</i>	<i>730.0</i>	<i>770.2</i>	<i>824.5</i>	<i>894.4</i>	<i>970.8</i>
Foreign Direct Investment in Canada	154.6	168.4	179.5	196.7	217.1
Total Portfolio Investment	395.3	424.6	443.2	462.0	506.3
Total Other Investments	180.1	177.3	201.8	235.7	247.5
Loans (Other Debt)	45.0	49.8	57.6	51.7	55.2
Banks net foreign currency liability position (Deposits)	117.9	109.3	126.8	165.4	173.0
Other liabilities	17.6	18.2	17.4	18.6	19.3
Canada's Net International Investment Position	-335.6	-332.3	-324.8	-325.0	-323.6

Source: ECLAC, on the basis of data from Statistics Canada.

Table 3-1
Canada: Merchandise Trade with Latin America and the Caribbean

	Millions of Dollars							
	Imports				Exports			
	1995	1996	1997	1998	1995	1996	1997	1998
Latin America and Caribbean	9,417.2	10,495.6	12,046.7	12,924.4	4,854.3	5,248.4	5,643.4	5,344.0
South America	2,791.1	3,020.2	3,742.6	3,897.5	2,848.2	3,141.2	3,394.7	2,948.3
Argentina	169.9	186.3	232.8	259.2	230.3	188.9	353.6	276.2
Bolivia	22.4	17.6	15.6	13.8	10.6	26.0	33.1	15.3
Brazil	1,037.9	1,133.6	1,319.9	1,375.4	1,265.3	1,335.7	1,554.8	1,246.0
Chile	278.9	342.2	325.8	359.8	386.1	396.4	379.3	313.0
Colombia	372.0	296.9	302.0	336.4	332.8	458.9	431.4	346.8
Ecuador	138.0	128.7	141.1	192.4	75.0	71.5	85.3	113.8
Paraguay	3.6	2.9	3.3	3.7	11.9	5.7	10.1	13.0
Peru	96.1	126.4	134.6	164.9	136.9	168.1	309.3	163.4
Suriname	*	26.2	25.2	87.2	*	4.9	5.9	4.0
Uruguay	24.7	33.5	66.4	60.8	23.3	24.0	23.2	22.7
Venezuela	647.6	725.9	972.3	840.5	376.0	461.1	508.2	424.5
Mexico and Central America	5,723.4	6,395.4	7,492.3	8,190.6	1,295.9	1,421.4	1,460.9	1,512.7
Mexico	5,340.6	6,033.3	7,019.0	7,645.0	1,106.9	1,216.6	1,219.2	1,299.1
Costa Rica	163.1	146.6	185.2	201.1	44.7	49.5	73.2	46.1
El Salvador	43.7	27.8	44.7	31.7	22.6	10.9	20.9	25.9
Guatemala	93.4	103.2	133.5	156.6	41.4	66.9	82.2	68.3
Honduras	49.8	51.0	54.4	78.3	20.2	16.3	16.3	17.0
Nicaragua	10.5	9.7	9.8	22.2	9.3	16.4	10.8	11.0
Panama	22.3	23.8	45.7	55.7	50.8	44.8	38.3	45.3
Caribbean	902.7	1,074.1	1,015.2	1,039.4	710.2	685.8	797.8	892.5
Antigua and Barbuda	0.4	1.9	1.3	2.7	6.2	27.5	8.8	7.6
Bahamas	16.8	23.4	8.0	22.0	15.2	17.2	20.8	22.1
Barbados	17.2	15.7	13.9	11.7	31.5	30.3	34.9	33.9
Belize	11.7	8.0	12.7	8.3	4.2	2.6	9.7	3.7
Bermuda	4.2	2.3	3.7	7.6	34.1	27.8	36.5	37.4
Br. Virgin Is.	0.1	1.3	0.2	0.6	1.4	0.9	3.4	2.5
Cayman Islands	0.6	2.0	0.6	1.1	11.5	6.4	13.5	11.3
Cuba	320.9	401.2	353.1	334.2	254.5	263.1	323.4	411.0
Dominican Republic	71.1	92.3	112.0	115.8	76.1	73.6	81.7	87.8
Guyana	171.2	204.0	203.4	203.1	8.0	11.1	10.0	9.5
Haiti	2.9	2.9	4.2	4.4	27.8	29.5	26.1	23.5
Jamaica	200.2	239.1	257.7	256.4	96.2	83.4	84.0	88.6
Martinique	0.1	*	*	0.1	4.6	6.4	2.7	4.6
Netherland Antilles	65.1	31.8	7.6	26.1	32.1	21.6	36.4	22.1
Saint Lucia	1.2	1.6	1.3	1.6	12.5	5.3	8.0	9.9
Trinidad and Tobago	19.0	46.6	26.4	34.2	94.3	79.1	81.7	97.4

Source: ECLAC, based on data from Statistics Canada.

* Figures unavailable

Table 4-1
Canada: Direct Investment Abroad

	Millions of Dollars			
	1990	1996	1997	1998
All Countries	98,402	181,357	205,701	239,754
Industrial Countries	85,316	140,292	156,021	181,700
Other Countries	13,086	41,065	49,680	58,054
United States	60,049	95,006	102,815	126,005
Europe	22,089	39,679	47,186	49,611
Africa	268	1,204	1,457	1,541
Asia/Oceania	7,636	16,384	16,979	19,181
Latin America & Carib.	8,361	27,812	33,346	43,415
Mexico	245	1,911	1,933	2,246
Caribbean	5,773	17,049	21,722	27,666
Bahamas	1,950	3,081	4,303	6,098
Barbados	1,453	8,532	11,092	14,328
Bermuda	1,758	3,434	4,037	4,690
Netherlands Antilles	72	112	134	134
Others	540	1,890	2,156	2,416
South & Central Am.	2,341	9,337	12,115	13,503
Argentina	123	1,597	1,937	2,239
Brazil	1,698	2,905	2,764	2,827
Chile	285	3,279	3,784	4,221
Colombia	24	342	320	796
Venezuela	54	407	399	401
Panama	23	110	159	160
Others	133	698	2,753	2,859

Source: ECLAC, on the basis of data from Statistics Canada.

Table 5-1
Canadian Official Development Assistance (ODA)

	Millions of Dollars						
	1991	1992	1993	1994	1995	1996	1997
Canadian total ODA	2,603.9	3,040.4	3,061.7	3,072.7	2,837.1	2,448.7	2,972.8
Economic assistance	2,587.3	3,003.0	2,997.7	3,021.8	2,781.1	2,431.2	2,970.0
Military assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OD loans - EDC a)	16.5	37.4	63.9	51.0	56.0	17.4	2.8
Canadian economic assistance to Latin America and the Carribean	195.3	212.3	194.9	180.6	163.3	167.1	189.7
Economic assistance	194.7	212.1	194.9	180.6	163.3	167.1	189.7
Military assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OD loans - EDC a)	0.6	0.2	0.0	0.0	0.0	0.0	0.0
Canadian economic assistance to Latin America as a percentage of total bilateral economic assistance b)	10.9	10.3	9.5	9.3	8.6	9.0	10.1

Source: Canadian International Development Agency

a) Export Development Corporation

b) Canadian total bilateral ODA amounted to about Cdn \$1,897.92 million in 1996 and Cdn \$1,870.03 million in 1997.

Table 5-2
Canada: Net Official Development Assistance
to Latin America and the Caribbean
(net of reimbursements)

	Millions of Canadian dollars						
	1991	1992	1993	1994	1995	1996	1997
Latin America and the Caribbean	195.3	212.3	194.9	180.6	163.3	167.1	189.7
South America	52.3	83.6	68.4	65.7	77.6	71.7	62.3
Argentina	2.1	2.7	2.2	1.9	1.8	1.5	2
Bolivia	8.7	9.3	6.9	13.1	15.5	17.0	8.7
Brazil	4.0	4.8	5.3	3.7	3.9	4.2	5.2
Chile	2.9	4.7	3.8	3.5	2.2	2.1	1.8
Colombia	7.7	11.1	7.6	6.0	4.2	4.5	-3.9
Ecuador	5.4	7.5	7.0	9.5	5.9	2.5	6.1
Paraguay	0.5	0.5	0.2	0.6	0.2	0.4	0.3
Peru	11.8	37.2	25.3	18.7	33.1	25.5	20.2
Uruguay	2.0	1.7	1.8	1.4	1.7	1.6	2.3
Venezuela	0.2	3.0	3.1	1.9	1.4	1.2	1.2
(Unallocated)	7.0	1.1	5.1	5.5	7.9	11.3	18.5
Mexico and Central America	44.1	39.8	46.7	40.1	31.9	41.5	34.9
Mexico	1.9	5.4	5.3	6.1	5.1	4.7	3.3
Costa Rica	4.5	5.1	7.7	4.4	1.9	3.2	2.3
El Salvador	1.7	4.8	3.7	1.4	1.1	5.8	8.6
Guatemala	2.3	3.3	3.5	5.0	4.4	3.4	6.4
Honduras	10.4	13.7	14.8	10.5	7.7	6.1	6.8
Nicaragua	22.7	7.3	11.3	12.4	11.1	17.6	6.3
Panama	0.6	0.2	0.3	0.3	0.7	0.6	1.2
Caribbean	98.9	88.9	79.8	74.7	53.7	53.8	68.9
Anguilla	0.1	0.1	0.1	0.0	-	-	0.0
Antigua	2.1	2.8	0.7	0.2	-	0.0	0.2
Barbados	0.5	0.5	0.6	0.3	0.2	0.2	0.2
Belize	0.7	1.3	0.8	0.3	0.1	0.3	0.3
Cuba	0.2	0.1	0.3	0.3	1.2	2.2	5.7
Dominica	1.8	0.8	1.3	2.1	1.1	1.1	1.2
Dominican Republic	0.1	0.4	1.3	0.4	0.3	0.4	0.4
Grenada	1.1	1.3	0.5	0.0	0.0	0.0	0
Guyana	16.9	14.3	13.3	9.2	-	6.6	12.4
Haiti	14.6	11.4	18.9	20.4	31.2	33.3	42.5
Jamaica	32.0	23.3	18.6	15.0	9.8	5.1	4.7
Montserrat	0.1	0.2	0.1	0.0	0.0	-	0.1
Suriname	0.1	0.1	0.8	-	0.1	0.2	0.2
St. Kitts/Nevis	0.6	0.7	0.3	0.1	0.0	-	0
St. Lucia	4.8	3.4	6.4	8.6	6.9	1.0	0.3
St. Vincent	2.4	4.1	1.6	0.7	0.0	-	0
Trinidad and Tobago	1.4	1.1	1.0	0.3	1.4	0.4	0.4
Turks and Caicos	0.1	0.1	0.0	0.2	0.0	-	-
Virgin Island	0.1	0.1	0.0	0.0	-	-	-
(Unallocated)	19.2	22.8	13.1	16.7	1.5	2.9	23.6

(1) The negative amount is due to a debt reorganization exercise in 1997.

Source: Canadian International Development Agency

