Gearing Up for Growth

Global Export Forecast | Spring 2013

Canada

EDC

Realize a World of Opportunity

EDC Economics

Peter Hall, Vice-President and Chief Economist
Tina Drew, Administrator

Economics and Political Intelligence Centre

Stuart Bergman
John Bitzan
Hendrik Brakel
Susanna Campagna
Catherine Couture
Nadia Frazzoni
Andrea Gardella
Charles Leury
Todd MacDonald
Aimee Rae
Indika Joy Rankothge
Richard Schuster
Geoff Stone
Ian Tobman
Peter Whelan

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1.0 GEF Executive Summary

1.0 Gearing Up for Growth

Mention growth these days, and you are more likely to be met with sneers than smiles. It is a concept that has undergone a lot of redefinition in recent years, partly because of its absence, and partly because of its annoying tendency to disappear almost as quickly as it shows up. Multiple false starts for the world economy have strongly influenced common perceptions of growth, and increased cynicism about near-term economic prospects. In this context, is it even possible to think that the world, or even parts of the sphere, could be gearing up for growth?

Have a look at previous pre-recovery periods, and you'll find the same rhetoric. Our natural fixation on the most recent developments is the greatest enemy of a balanced view of growth prospects when we have yet to experience a sustained run of recovery-style gains. True, our current circumstances are different from past episodes in a number of very important ways: the length of the downturn; the role of stimulus and its fiscal fallout; monetary easing and the state of global financial markets; and the related and multifaceted unintended risks of rapid technological development.

These factors have indeed played a role in lacklustre post-crisis performance. But if we accept that following an exceptionally long global growth cycle, a mountain of excess built up over roughly 5 years – hyper-activity that may have originated in OECD nations, but which globalization exported everywhere – then is it really any wonder that stimulus did not cure things in 6 months, and that we are 4 years along without convincing growth?

Even so, humans are an impatient lot, and 4 years is enough to convince most that the sluggish trend is the new reality. Here's where psychology and rapid communication technology play a critical role: it's entirely possible that we are talking ourselves into a new, slower reality through that nasty trait of pessimism to become self-fulfilling. There are several key ways this shows up in the market. First, it creates a "you first" mentality that produces few, if any, takers. Second, it leaves many in the economy unprepared for growth, and the resulting short-term constraints prove to inhibit the actions of the adventurous and ward off the more shy onlookers. Third, it produces an overreaction to shocks, and we've had more than our usual dose of these in recent years.

It's a pretty convincing argument for more of the same. But several important counter-arguments suggest that even now, it is too early to throw in the towel. Consider that the world has needed time to work off the pre-crisis excesses. Evidence shows that the abnormally low post-recession levels of activity have actually enabled economies – some more than others – to work down the bulk of those excesses, setting the stage for a return to normal. In many cases, this implies very strong yet very sustainable growth. If true, this dynamic actually encourages an increased "testing of the waters" by consumers and businesses alike.

This process, in turn, is aided by "fright fatigue." Sure, the world has had to endure repeated shocks, from banking crises and domino effects to pervasive weather anomalies, significant natural disasters, or the latest European fiscal or banking crisis. But there's a detectable sense that we have managed to keep things afloat in spite of these events, and a growing confidence that policymakers will be able to handle the next crisis, if recent bond spreads are any indication. If this is an early sign that pessimism is waning, it could presage a turning point. Add to that growing economic momentum, a subsequent improvement in visible confidence indicators, a convincing uptick in job creation and finally the spreading effects to other economies, and we have the makings of a standard recovery.

That's fine in theory, but is there any evidence? Let's start with the US economy, where at least the first stage seems to be under way. EDC Economics has calculated that one of the most visible excesses in the US economy – the housing market – has now been soaked up. This is why market sales are growing at a torrid pace, house prices are rising across the lower-48 and building activity is up 40% over year-ago levels.

At the same time, consumers are showing sustained, strong spending activity, particularly on the larger goods, without compromising their personal debt restructuring. What is more, this is happening in the absence of a typical recovery-style surge in employment. Businesses are also getting on board. Tightening productive capacity has spurred a flurry of investment in machinery and equipment (M&E), and more recently on buildings, and they have a literal mountain of cash to sustain and build on this activity well beyond the near-term period.

What about confidence? Don't look to consumers; three times they have tried unsuccessfully to break free from recessionary pessimism. However, there are early signs in the lending activity of financial institutions. But consumers and businesses won't remain gloomy for long if economic momentum is not interrupted by unforeseen shocks. That momentum has extended to the all-important job market. Full-time job gains are on a multi-month run supported by the private sector revival currently under way, and to date, there's not much reason to doubt that it will continue.

The surge of private sector US growth leads us to believe that the US economy will expand by 2.3% this year. On the surface, that doesn't look impressive – but consider that this takes into account fiscal withdrawal that is bleeding away the equivalent of almost 2% of GDP in 2013. What that says is that the rest of the economy is actually expanding by over 4%. This momentum is expected to feed growth going forward, boosting 2014 growth to 3.3%.

For the most part, this growth mechanism is not evident in other OECD nations. Saddled with more consequential structural difficulties, Europe has not worked off its pre-recession excesses to the same extent as the US, and as such is still mired in recession. The forecast calls for growth of 0.2% this year. However, European economies will benefit from the revival in the US, moving up to region-wide growth of 1.2% in 2014.

Emerging market economies were one of the great disappointments of 2012. Touted by many as the world economy's new engines, their deceleration sparked a wave of gloom in the middle months of last year. Faltering growth illustrated two key factors: first, that public stimulus was still a big factor in growth, and its untimely withdrawal weakened overall demand. Second, their reliance on developed markets as a fundamental growth driver. The BRIC (Brazil, Russia, India, China) economies are not far from engine status, but at present by their own admission, they still do not have deep enough domestic markets to carry the rest of the world along. Even so, re-stimulus and the revival of US private demand has sparked a turnaround, and by and large emerging markets are showing more positive signals.

Collectively, emerging markets are forecast to grow by 5.5% in 2013, and to build up further to 5.9% next year. China's path is the most convincing, turning around last year's deceleration into 8.2% growth this year, and an even more comforting 8.5% in 2014. India is less certain, plodding more slowly to higher growth than was realized in 2012. Brazil's disastrous 1.0% showing will not be repeated this year, looking more like a 3.4% growth clip, and 4.0% in 2014. Russia and Mexico appear to be the stalwarts in the large-market club, posting stable and impressive growth in the next 2 years.

All this adds up to a world forecast of 3.6% growth this year and 4.2% in 2014. While the global economy has certainly had better 2-year expansions in the past, remember that these figures are being realized in the context of a world that is still undergoing significant fiscal austerity.

Key risks still threaten this outlook. The world still remains more vulnerable than usual to adverse fiscal and financial market developments, price shocks, geopolitical disturbances, surprise swings in specific economies and acts of God. But on balance, recent progress has moderated that vulnerability compared with just a year ago, and the mitigation of key risks will continue as long as existing growth continues to build and spread.

Canada stands to benefit from global revival, particularly as it is US-led. As such, exports will be a key driver of the economy. A softer loonie – thanks in large part to weaker commodity prices and the recent sullying of Canada's halo effect – will help. The Canadian dollar is forecast to average 0.97 cents US this year and 0.96 cents next.

For top spot in the growth charts among exporting industries, the primary sector will be duking it out with high value-added products. The metals sector wins by a hair, clocking 18% growth this year. Fed by surging US investment, M&E is expected to get a 10% shot in the arm. Forestry is roaring ahead at a 15% clip, thanks to the US housing boom. From there energy exports manage a double-digit gain, while fertilizers and the aerospace sector show very well in the single digits. Aircraft, forestry and machinery all continue to flash very strong numbers in 2014, while the remaining industries generally see more moderate growth.

Differences in growth across Canada's provinces are largely determined by the industrial mix. Manitoba stands atop a tight cluster of double-digit provinces that includes Nova Scotia, British Columbia, and Newfoundland and Labrador. Prince Edward Island and New Brunswick pick up the rear, with the remainder closely aligned around the national average. Saskatchewan slips to last spot in 2014, with New Brunswick remaining weak. British Columbia and Nova Scotia maintain their spots at the top of the heap.

It's not just about exports, though. Investment spending is expected to further buttress near-term economy-wide growth. Rising orders will create industrial capacity constraints, spurring expansions in the manufacturing sector. At the same time, resource-sector investment is forecast to remain robust. It's a good thing, as the consumer and housing sectors will be much slower over the next 2 years.

The bottom line? The sequence of activity in the US economy is looking a lot more like an economy that is finally revving up recovery style. Canada stands to benefit directly from faster export growth stateside, and indirectly as US growth washes wider afield to the rest of the world economy.

Table 1: Key Economic Estimates (KEEs)

	2010	2011	2012	2013(f)	2014(f)
Canada	3.2	2.6	1.8	2.2	1.9
United States	2.4	1.8	2.2	2.3	3.3
Euro Area	2.0	1.4	-0.4	0.2	1.2
Japan	4.5	-0.6	2.0	1.4	0.9
Developed Markets	3.0	1.6	1.3	1.6	2.4
Emerging Asia	9.5	8.0	6.6	7.2	7.5
Latin America & the Carribean	6.2	4.5	3.0	3.7	4.0
Emerging Europe	7.2	8.0	3.8	2.8	3.5
Africa & Middle East	5.1	4.1	5.0	3.9	4.5
Emerging Markets	7.4	6.3	5.2	5.5	5.9
World Total	5.1	3.9	3.2	3.6	4.2
Currencies					
USD/CAD	0.97	1.01	1.00	0.97	0.96
Commodity Prices					
WTI	$79	$95	$94	$94	$92
Copper (USD/MT, LME)	$7,539	$8,810	$7,947	$7,520	$6,882
Wheat: Canada (US$/Metric.Ton)	$312	$440	$440	$420	$380
Other					
US housing starts (000's)	585.50	612.08	782	1,050	1,300

Source: Statistics Canada, Haver Analytics, EDC Economics.

Table 2: Total Canadian Merchandise Exports Forecast by Region

	CAD bn 2012	% Share of Total Exports 2012	2012	Export Outlook (% growth) 2013(f)	2014(f)
Developed Markets					
United States	317.2	74.2	3.3	8	5
Western Europe	38.7	9.0	-6.0	14	2
Japan, Oceania and Developed Asia	20.5	4.8	-9.9	6	7
Emerging Markets					
Latin America and the Caribbean	12.9	3.0	0.4	7	5
Emerging Europe and Central Asia	3.9	0.9	-4.1	11	10
Africa and the Middle East	7.6	1.8	16.6	4	6
Emerging Asia	26.5	6.2	7.6	15	8
Total Goods Exports	427.3	100.0	1.9	9	5
Total Emerging Markets	50.9	11.9	5.9	11	7
Total Developed Markets	376.4	88.1	1.4	8	5

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

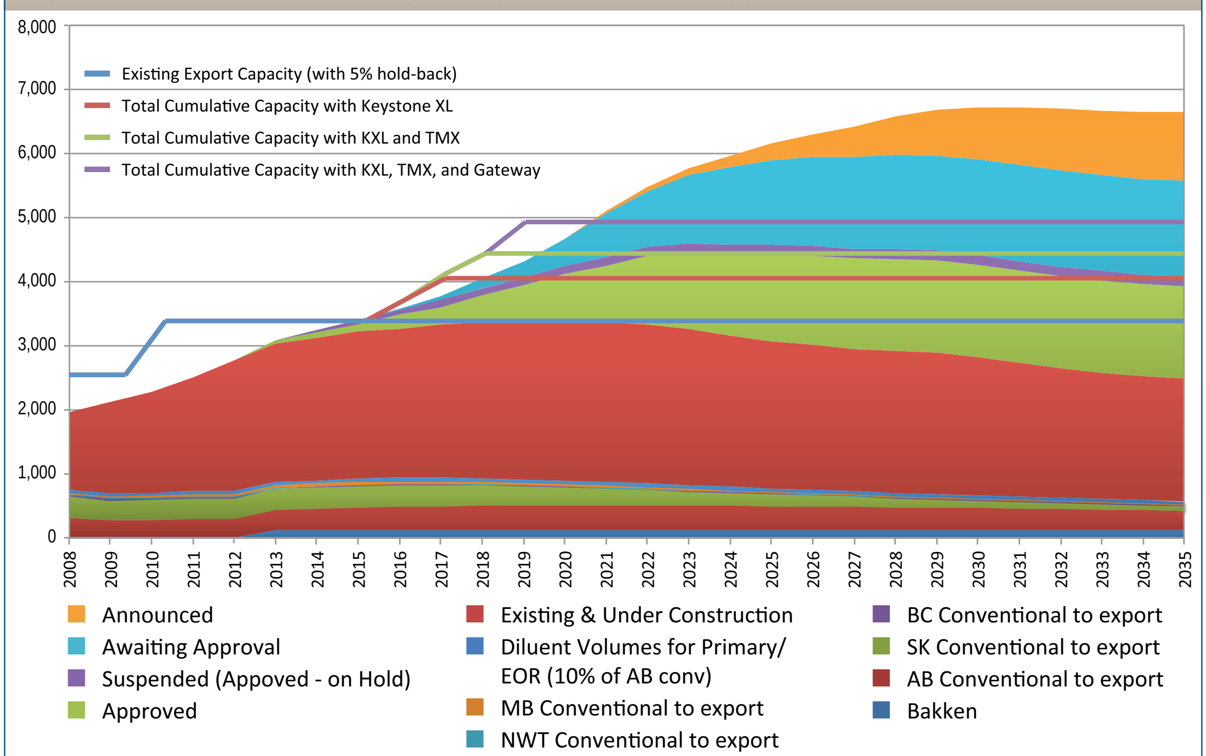
1.1 From Pipedreams to Reality?

The North American oil industry is undergoing a revolution, and Canada is right in the middle of it. Surprising many, the International Energy Agency announced last fall that the US would become the world's largest oil producer by 2017 and could become close to energy independence by 2035. Hydraulic fracturing technology (fracking) unleashed a flood of shale and tight oil production in the US, bringing average crude oil output to over 7 MMbpd in 2012 – the highest level since 1992 and not too far from doubling the 4 MMbpd low point in 2008. The long-term impacts are profound for Canada as essentially 99% of our oil exports go south of the border, representing 20% of overall Canadian goods exports in 2012. This American oil supply glut is creating a perfect storm as logistical bottlenecks are appearing within Canada and the US. Canada has seen impressive increases in production, but is facing considerable oil export capacity constraints.

This is an expensive bind. For starters, limited pipeline options coupled with congested American refineries have forced Canadian producers to sell Western Canadian Select (WCS) at a more heavily discounted price compared with West Texas Intermediate (WTI). For example, the average barrel of WCS was worth $22/bbl less than a barrel of WTI and $40/bbl less than a barrel of Brent crude. These differentials can add up. Canadian producers' annual lost revenues totalled approximately $16 billion when comparing the most recent 5-year average WCS-to-WTI discount of $16/bbl. EDC Economics anticipates that this spread will remain more or less constant this year and the next.

The lion's share of these differentials reflects the ongoing race between oil export capacity and oil production. The Canadian Energy Research Institute (CERI) notes that current pipeline infrastructure would likely be insufficient to transport oil sands production by 2015 when total volumes from Western Canada reach close to 3.4 MMbpd. The industry has already been attempting to address these chokepoints by proposing new pipelines and expanding the use of costlier rail to transport crude. Oil producers are also looking at reversing and repurposing pipelines to send Albertan crude to refineries in Quebec, New Brunswick and potentially the US eastern seaboard. Looking to the West Coast, expanding Kinder Morgan's Trans Mountain pipeline or building Enbridge's Northern Gateway pipeline could help create a cross-Pacific silk or "petroleum road" to Asia. Another potential route for exports is through the contentious Keystone XL pipeline which would reach the Midwest and Gulf Coast refineries. Of the large pipeline proposals, this pipeline is the most rapid and likely solution with a projected in-service date of 2015.

Figure 1: Western Canadian Export Pipelines and Oil Supply



Source: CERI 2012

Assuming capacity increases for oil exports, the current discount on Western Canadian Select should slowly but gradually decline to more normal levels. In fact, pipeline repurposing and rail capability should meet new production requirements over the short term. Beyond 2015, the discount should decrease as pipeline capacity expands. With the oil and gas sector accounting for 20% of Canada's GDP growth between 2010 and 2011 and a significant source of investment, Western crude export growth will continue to be a significant driver of the Canadian economy. This trend will persist with overall energy exports slated to increase by 8% and 6% in 2013 and 2014, respectively.

As world economies shift their gears in 2013, the North American market will be awash with oil. In the meantime, Europe and Asia are paying much higher prices because of soaring demand from emerging markets alongside the risks to Middle Eastern supply. The US will always be the most important destination for Canada's energy exports, but higher margins are making it more tempting for Canadian producers to look offshore, diversifying into less traditional markets. It could well be that by 2015 more export options will be available for Canada's markets, which stand to enhance an already-impressive growth profile.

1.2 Just Look North

From generals to diplomats to politicians, it seems everyone these days is talking about activity in our North. This is perhaps an eye-opener for businesses, given the plethora of new opportunities it is giving rise to. While the full potential of this vast territory is still unknown (particularly the areas north of the 60th parallel), it is already clear that exploration in the Northern "space" will act as a long-term engine for our country. The question before us, therefore, is whether we will be able to meet the challenges involved in unleashing Canada's economic potential.

You don't have to go very far to see activity. Among the most promising mining and energy developments in remote areas are Ring of Fire in Ontario, the Northern Gateway project, a pipeline running from Alberta to the coast of British Columbia, "Le Nord pour tous" in Quebec and the oil sands in Northern Alberta. Natural Resources Canada states that there are over 600 major resource projects planned over the next 10 years, representing $650 billion in investments. In a study by Informetrica, analysts estimated that this will have a cumulative $1.4-trillion impact. Even if only 25% of these projects are completed, it would still boost real GDP by 1.3 to 1.9% within the next decade. Given the long-run growth outlook for Canada is forecast at roughly 2%, this development could add 0.2 per cent to Canada's annual potential output – a true game-changer. All this increased supply of resources will surely help diversify our trade relations with emerging markets.

Some of these opportunities are already being operationalized, and many others will see the light of day in the medium term. If that's impressive, consider that we have not even begun to discuss the vast, untapped potential in the region north of the 60th parallel and the Arctic Ocean floor. Energy giants are chomping at the bit at the prospect of developing the Arctic, a region believed to hold the world's last major undiscovered oil and gas deposits. While the spike in US shale gas production has depressed prices in North America, the insatiable appetite for energy from emerging markets will ensure the search remains financially viable. As of September 2012, Natural Resources Canada counted 24 projects in some stage of activity there, worth about $38 billion. Clearly some are not waiting for more ice to melt.

With so much potential action coming online in the not-too-distant future, it's fair to ask whether Canadian companies have the capital and labour available to take on large projects in the North, at the same time as an increasing number of them are focusing on the huge trade opportunities in emerging markets. It's a good question. With a significant portion of Canada's labour force set to begin declining in 2016, recruitment and training of qualified labour is a major challenge. Current pressures have spurred business and government to collaborate on developing workable solutions to this critical challenge. Capital constraints will require that Canadian companies work with international partners, which in 2011 alone brought in $213 billion in foreign direct investment to Canada's natural resources sector. With global demand from emerging markets for energy and minerals rising significantly, strong inflows of FDI are likely to continue.

And there are other challenges to consider. The North sorely lacks infrastructure, including telecommunication networks, health services, land transportation routes and deep-sea ports to bring goods to market. There are also environmental regulations in place to ensure sustainable development and the prosperity of local Aboriginal communities.

Though further expanding exports of resources exposes Canada to the volatility of the commodity cycle (natural resources represent 15% of our GDP), it will help cement our country's competitive advantage and leadership in developing resources in a corporate socially responsible way.

Despite the higher costs of operating in the North and the noted challenges, the economic opportunities for Canadian companies are boundless. This will be a boon not only for our extractive and resources sectors but for the large support and related technology and services industries. In short, developing the North will provide Canada with jobs, wealth and an ever-widening avenue of trade into diverse markets around the world. Now is a great moment of opportunity.

Figure 3: Planned Investment in Canada by Province/Territory, August 2012

Jurisdiction	Value ($ billion)* Energy	Minerals and Metals	Forest	Total
British Columbia	67.3	30.7	0.3	98.4
Alberta	223.2	11.1	0.5	234.9
Saskatchewan	10.2	45.8	0.0	56.0
Manitoba	17.9	3.2	0.0	21.1
Ontario	63.9	16.9	0.5	81.3
Quebec	18.8	42.8	0.7	62.3
New Brunswick	4.5	6.4	0.0	10.9
Nova Scotia	3.3	0.5	0.0	3.8
Prince Edward Island	0.9	0.0	0.0	0.9
Newfoundland and Labrador.	26.1	12.7	0.0	38.7
Northwest Territories	16.9	4.3	0.0	21.2
Yukon	0.0	3.8	0.0	3.8
Nunavut	0.0	13.4	0.0	13.4
Multi-Region Projects	11.4	0.0	0.0	11.4
Total *	464.4	191.6	2.1	658.0

Source: Natural Resources Canada

Figure 4: Contribution of the Energy and Minerals and Metals Sector to the Provincial/ Territorial Economies, 2011

	Nominal GDP	Jobs
Newfoundland and Labrador	43.7%	7.0%
Prince Edward Island	2.1%	2.4%
Nova Scotia	5.4%	2.6%
New Brunswick	9.2%	4.5%
Quebec	8.8%	3.6%
Ontario	5.8%	3.3%
Manitoba	11.7%	4.3%
Saskatchewan	35.1%	8.1%
Alberta	32.6%	10.3%
British Columbia	10.0%	3.0%
Yukon	18.4%	5.6%
Northwest Territories	40.4%	8.8%
Nunavut	23.5%	3.1%

Source: Natural Resources Canada calculations based on Statistics Canada data (GDP); Statistics Canada (jobs)

1.3 Canadian Dollar Outlook – Swoony Loonie

Stable is not a word that can be used to describe much in today's economy, but a notable exception is the Canadian dollar. The loonie has stayed in a reasonably tight range around parity with the US dollar for 3 years now. Although exporters would prefer a lower level, the stability has made activity and cash flows somewhat more predictable. Now, the loonie is losing some loft; what's happening?

A decade ago, predictions that the Canadian currency would rise to 75 cents US seemed outlandish. Some firmly believed that we were headed for 50 cents, and that fixing the rate in the mid-60s would be a good deal. No one foresaw the 8 to 9% annual appreciations that blew past the "wackiest" forecasts and for a time took the loonie well north of parity. After that run, few were expecting stability.

Not long ago, even fewer were expecting a drop in the dollar. After all, high commodity prices were only expected to rise if and when the world economy ever recovered. Faster growth would also lead our interest rates north – and perhaps more rapidly than in the US. Many expected weakness in the US dollar to boost the loonie, as "flight to quality" plays ebbed. Finally, one of the biggest drivers of loonie strength was Canada's halo effect: our great financial, fiscal and natural resource conditions, which attracted billions of dollars of foreign capital.

Things haven't quite worked out that way. The bumbling world economy has revealed that we are not running out of resources at the pace many feared, quieting speculative activity and bringing prices down. Copper, the prescient metal, is down 17% from its peak, and with it a lot of other base metals. Significant new oil discoveries and soaring production in the US have taken the heat out of energy prices. Oil has now been below the triple-digit zone for 9 months, and is 30% below its peak. Food and forestry prices are bucking the trend, but all told, the weakness is weighing on our commodity-influenced currency.

In addition, interest rates may not boost the loonie much after all. Sure, Canada faces tight constraints going into the next growth cycle, but high consumer debt, a faltering housing market and public sector cutbacks will likely counter the need for rapid monetary tightening. Moreover, US rates are currently 88 basis points lower than ours, and have further to go to get to normal levels over the medium term – additional rationale for a softer Canadian dollar in the medium term.

And what of those who foresee a perpetually weak US dollar? Guess again. With some of the strongest economic fundamentals in the OECD, don't count the US out. In fact, the greenback has been on the positive side of currency wars that don't seem likely to abate anytime soon. With exports being the great hope of OECD economies with weak domestic fundamentals, tolerance for appreciating currencies is low. Slow appreciation is a very likely outcome for the greenback, which will further weigh on the loonie.

Finally, there's the halo effect – which has lost some shine in recent days. High-profile laments of Canada's domestic weakness are causing international investors to pause and reflect. Near-term challenges on the home front will likely continue to temper recent enthusiasm for the loonie, causing it to drift closer to its fundamental value.

The Canadian dollar's recent downward drift makes sense and that is why our forecast calls for the loonie to average 97 cents in 2013 and decline to 96 cents next year. It's just in time for a "growth handoff" to Canadian exporters!

2.0 Country Overviews

2.1 Brazil

Country Overview: President Dilma Rousseff took office January 1, 2011, backed by a 10 party coalition representing 70% of Congress. Political progress requires constant horse-trading that slows the passage of fundamental reforms such as tax policies, widely considered necessary to maintain fiscal sustainability and to accelerate growth to a level that will continue to move Brazil forward. Despite a cyclical economic slow-down in 2012, EDC Economics expects the economy to pick up speed on the back of fiscal stimulus aimed to revive the industrial sector and maintain consumer spending, low levels of unemployment, robust credit growth, poverty reduction initiatives and public investment in infrastructure. GDP is estimated to have expanded by around 1% in 2012, followed by expected growth of 3.4% in 2013 and 4.0% in 2014.

Trade and Investment Environment: With the goal of stimulating the domestic industry, the government has recently put in place a significant stimulus package (amounts to about 1.4 % of GDP, of which 1.1 % of GDP quasi-fiscal and 0.3 % is fiscal) that consists of export credit, tax cuts, subsided credit from BNDES, national public procurement plans, import tax hikes for around 100 goods, a reduction in red tape and custom controls enhancements. Massive capital inflows and FX intervention have allowed foreign exchange reserves to grow to around USD 378 billion in January 2013, which supports a strong liquidity ratio. Despite forecasting a current account deficit, EDC Economics does not anticipate any financing problems over the next 2 years, as Brazil's external financing requirements are comfortably covered by net foreign direct investment (FDI) and portfolio inflows. In sum, Brazil's net external creditor position and strong external liquidity will continue to mitigate risk of external shocks.

Outlook: Over the short term, downside risks include uncertainty about the magnitude of the global slowdown, as well as concerns associated with delays in infrastructure projects. The government also needs to continue strengthening banking regulations to deal with rising household indebtedness and debt servicing costs relative to income. In the medium term, some structural reforms need to be undertaken to ensure sustainable growth and improved fiscal flexibility. The FIFA World Cup and the Olympics offer excellent opportunities for exporters and investors over the next 3 years. Nonetheless, state intervention in the economy is likely to continue with Brazil's policy of supporting "national champions" – companies that can perform well in both the domestic and international markets.

Country Stats

President
Dilma Rousseff

Government Position
Federal Republic

Next Elections
October 2014

Nominal GDP (2012)
USD 2.3 trillion

Total Trade/GDP (2011)
19%

Exchange Regime
Free float

Merchandise Imports from Canada (2012)
CAD 2.5 billion

Main Imports
Fertilizers, Mineral Fuels, Energy M&E

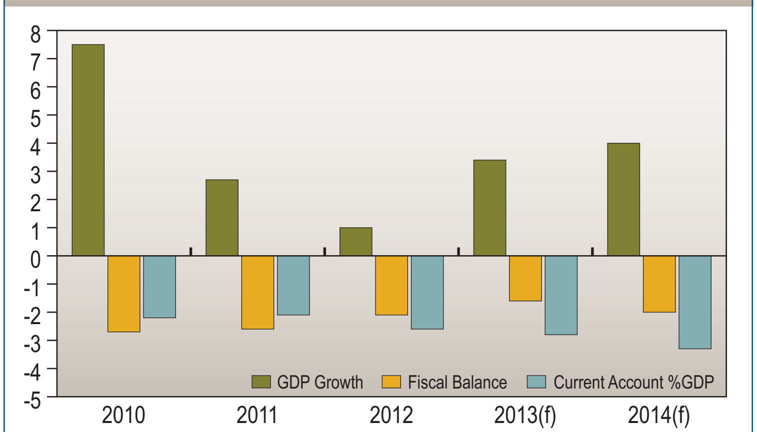
Source: Haver, EIU, Statistics Canada

Risks to the Outlook;

Further progress on microeconomic reforms

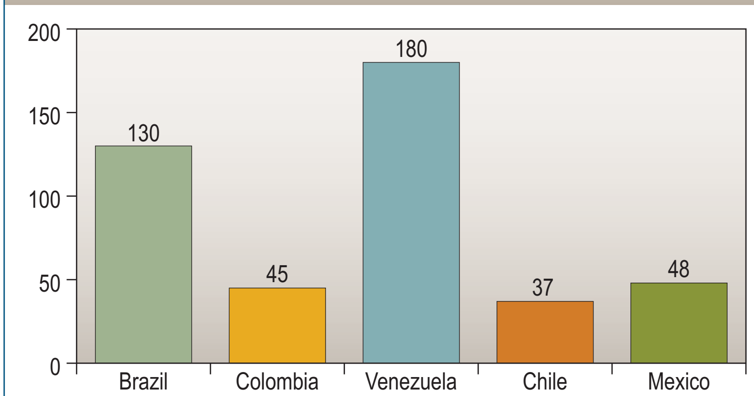
A sharp reversal in capital flows or asset bubble formation

Figure 2: Brazil – Economic Indicators



Source: Haver Analytics, IMF/WEO, EDC Economics

Figure 3: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.2 China

Country Overview: China is the world's largest exporter and second largest economy, and has one of the strongest growth rates of any G20 country. Despite noticeable improvements in its risk profile since joining the WTO, China faces multiple challenges as it moves toward a full market economy, particularly in regards to the liberalization of its financial system and currency. The Chinese Communist Party (CCP) maintains a firm grip on society and all levels of government, including a large degree of control over the economy through various state-owned enterprises and the banking system. The CCP concluded its 18th Party Congress last year resulting in Xi Jinping's selection as president.

Trade and Investment Environment: China continues to be a top destination for global FDI despite severe restrictions on the capital account. At the same time, China's complicated commercial environment poses several challenges for foreign investors. Complications can arise from the lack of legal protection for investors and intellectual property rights, inconsistent application of regulations, burdensome bureaucracy, and corruption. While China continues to move toward a more rule-based business environment, implementation and enforcement of new laws seem inconsistent across regions and industries. In February 2012, Canada and China concluded negotiations on a Foreign Investment Protection Agreement, which is now in the process of being ratified in both countries. The CCP leadership recognizes the importance of tackling corruption to ensuring its legitimacy and will continue to address the issue moving forward.

Outlook: The change in China's growth model from investments and exports to domestic consumption, as well its aging population will result in weaker potential growth going forward. At the same time, China will continue to move up the value chain with greater emphasis on home-grown R&D and higher value-added sectors. Greater focus will also be placed on developing infrastructure and manufacturing capacity in Western provinces and in rural areas. Political stability remains the top priority for the CCP which views continued and regionally balanced economic growth as the key to the country's prosperity. Localized unrest over various social issues such as corruption, land seizures, wages, and working conditions, are likely to continue and increase in number if economic growth should slow.

Country Stats

President
Xi Jinping

Government Position
One party rule

Next Elections
Not applicable

Nominal GDP (2012)
USD 8.2 trillion

Total Trade/GDP (2012)
51%

Exchange Regime:
Crawling peg

Merchandise Imports from Canada (2012)
CAD 19 billion

Main Imports:
Ores, Pulp and Wood, Oil Seeds

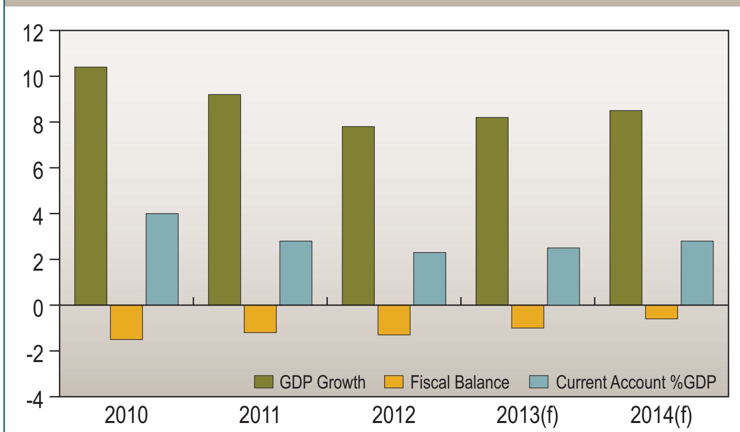
Source: Haver Analytics, Strategis

Risks to the Outlook:

Successful financial sector reforms; Effective anti-corruption policy

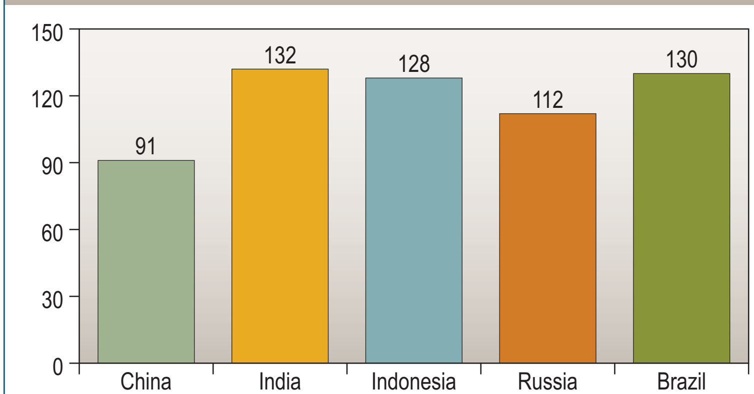
Property sector collapse and impact on banking sector; Rise in social unrest

Figure 4: China – Economic Indicators



Source: Haver Analytics, IMF/WEO, EDC Economics

Figure 5: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.3 Euro Area

Overview: Much of the fear over an uncontrolled break-up of the Euro has dissipated following the European Central Bank's September 6 announcement that it would undertake unlimited bond purchases. Nervous investors are gradually re-entering European capital markets, however the recession in Europe has deepened and will persist through 2013 as unemployment reaches an all-time high of over 11%. The EU, in concert with the IMF, has deployed vast resources to prevent disorderly default among smaller countries of the periphery, but a great deal remains to be done.

Trade and Investment Environment: Collectively, the Eurozone is the world's largest economy with nearly 20% of global GDP. Strong adherence to contracts, a welcoming investment environment, and a rigorous legal environment characterize most countries of the Eurozone. Challenges of excessive regulation and labour market rigidities are being addressed by a wide variety of reforms at the national level. Canada and the EU have completed the 9th round of negotiations toward a Comprehensive Economic and Trade Agreement with the aim of concluding in early 2013. The CETA would provide improved market access to Canadian companies, thereby boosting bilateral trade and fostering even more investment.

Outlook: Euro Area GDP is forecast to grow by just 0.2% in 2013, before returning to limited growth of 1.2% in 2014. Market conditions will continue to be stressed in spite of a €700 billion rescue fund and unprecedented intervention by the European Central Bank. The ECB's pledge to purchase sovereign bonds is helpful, but hundreds of billions may be required to prop up bond markets (particularly if Italy and Spain suffer contagion) and it's not clear how far the ECB is willing to go in expanding its balance sheet. In the medium term, European leaders are exploring options for greater political union such as mutualized debt (European bonds), fiscal transfers and EU-wide bank supervision. These types of solutions would go a long way to restoring confidence and repairing the crisis, but will take years to negotiate and implement.

Country Stats

President
President of the European Commission
José Manuel Barroso

Nominal GDP (2011)
USD 14.36 trillion

Total Trade/GDP (2012)
86%

Exchange Regime
Currency Union – the euro

Merchandise Imports from Canada (2012)
USD 19.9 billion

Main Imports
Precious Stones and Metals, Mineral Fuels, Energy M&E

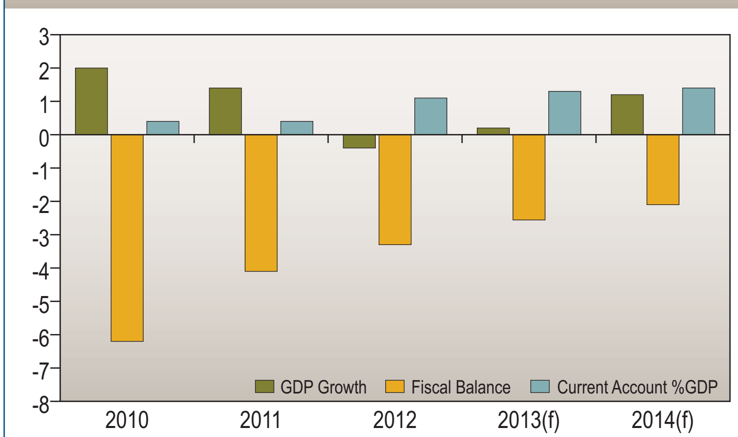
Source: Haver Analytics, Strategis

Risks to the Outlook:

↑ Greater political union, mutualized debt

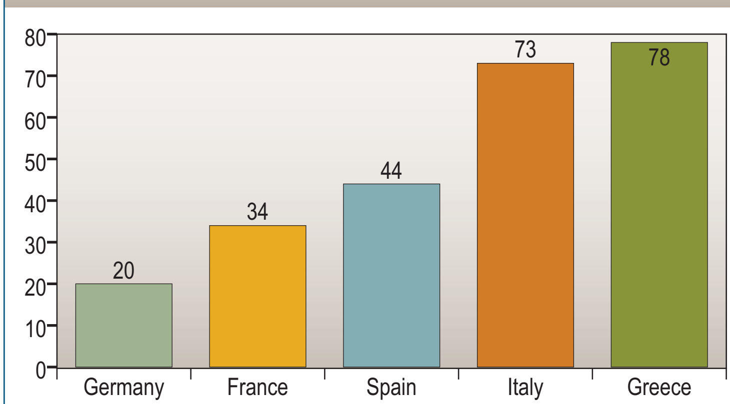
↓ Countries exiting the Euro

Figure 6: Euro Area – Economic Indicators



Source: Haver Analytics, MF/WEO, EDC Economics

Figure 7: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.4 India

Country Overview: Economic momentum has clearly eased. The domestic outlook remains weak alongside a soft global environment. Meanwhile, inflation rates remain lofty, thereby restricting the Reserve Bank's scope to lower policy rates. The government is running a sizable and widening fiscal deficit, and while effort is needed to consolidate spending, it will unlikely materialize. In fact, expect the government to pump up fiscal outlays ahead of the 2014 elections. Growth will still likely underperform again in 2013. Democracy is a cornerstone of Indian politics, characterized by a coalition government led by either the Congress Party, or a coalition led by the Bharatiya Janata Party. State-level elections are also important for the country's political scene. The current Congress-led Party coalition is expected to remain in office through to the next elections.

Trade and Investment Environment: India's foreign investment policy allows 100% foreign ownership in most sectors, yet FDI inflows remain weak, averaging about 1 to 2% GDP annually. The actual amounts are large by emerging market standards and they could be significantly higher, but foreign companies have held back due to corruption, bureaucratic delays and regulatory uncertainty or a lack of clarity between government at the federal and state levels. However, the federal government took steps to re-ignite foreign direct investment in H2/2012. India's exports should gain lift in the coming 12 to 24 months from the rupee's recent weakness, though currency depreciation is not a solution to boosting long-term export potential. Meanwhile, EU banks are scaling back activity in India due to concerns closer to home, and this could open the door for other players.

Outlook: Despite the current bout of economic weakness, the mid-longer term growth trajectory is still fairly robust at 6 to 7%. Indeed, over the next decade India's workforce is expected to grow by about 2% annually, and this young workforce will deliver a growth dividend. Meanwhile, the country is expected to gradually continue to move forward on trade and investment liberalization. India has pushed ahead with FTAs with Japan, ASEAN and more recently the EU. An FTA is currently under negotiation with Canada. Further liberalization is anticipated, although coalition politics will ensure a bumpy ride.

Country Stats

Prime Minister
Manmohan Singh

Next Elections
April/May 2014

Government Position
Coalition

Nominal GDP (2012)
USD 1,946 billion

Total Trade/GDP (2012)
56%

Exchange Regime:
Managed float

Merchandise Imports from Canada (2012)
CAD 2.3 billion

Main Imports
Vegetables, Aircraft, Precious Stones

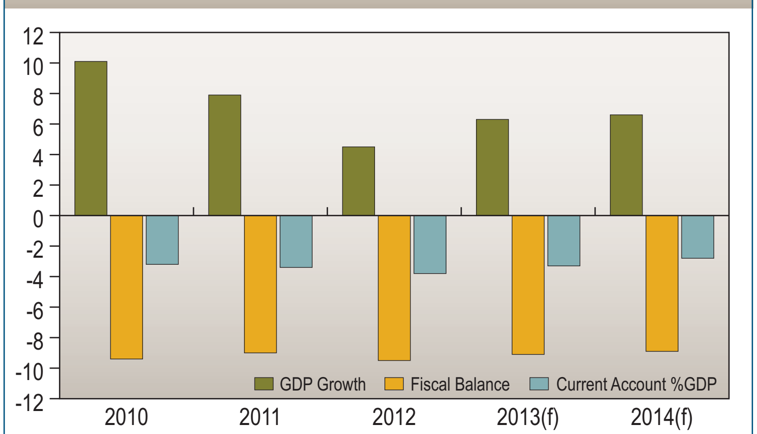
Source: EIU, IMF, Statistics Canada

Risks to the Outlook:

↑ Improved FDI inflows, declining inflation (food)

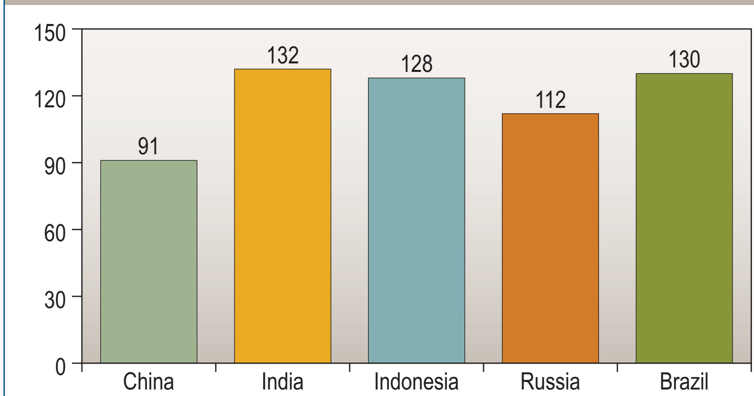
↓ Legislative stalemate, inability to contain fiscal outlays

Figure 8: India – Economic Indicators



Source: Haver Analytics, MF/WEO, EDC Economics

Figure 9: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.5 Japan

Country Overview: Despite two decades of weak growth, Japan remains the world's third largest economy. The economy is dominated by the highly diversified manufacturing sector, where heavy industry co-exists with cutting-edge robotics M&E. Despite long-standing democratic institutions, Japan's political environment has been plagued by frequent change making the passage and implementation of critical reforms challenging. As a result, the bureaucracy yields far more power than other developed economies. PM Abe and his Liberal Democratic Party (LDP) managed to secure a strong position in the December 2012 lower house elections; the LDP has been in power for much of modern Japan's history. The current and capital account are open. The trade balance is in deficit primarily due to fuel imports, but cushioned by one of the world's largest FX reserves.

Trade and Investment Environment: Japan has a very open trade and investment environment. Nonetheless, FDI inflows have traditionally been weaker than other G7 countries. With limited domestic growth at home, Japan's manufacturing sector has survived and expanded by increasingly seeking new opportunities in high-growth Asian markets, and moving up the value-added chain. The business and investment environment remains mature and predictable. Japan is a major importer of Canadian natural resources, including metals, coal, grains and seafood; the Fukushima nuclear disaster has intensified Japan's interest in Canada's shale gas potential. Japan and Canada have started negotiating an Economic and Partnership Agreement.

Outlook: PM Abe continues to enjoy popular support following the LDPs decisive electoral victory, a rarity given the very high turnover in leadership when the DPJ was in power. An upper house electoral victory in July 2013 will further embolden the PM to enact much needed reforms to jump start the economy and tackle public debt. The recent USD 117 billion stimulus package and weaker yen should boost short-term growth, but MLT growth prospects are lacklustre. It remains to be seen if the Bank of Japan's 2% inflation targeting regime will succeed in reversing deflationary expectations and spur economic activity. Investors will also be looking to authorities to articulate a credible plan to tackle ballooning public debt; economic growth should go a ways to improve debt metrics. Japan's inclusion into the Trans-Pacific Partnership (TPP) has the potential to open up and revitalize segments of Japan's economy but also create new opportunities for Canadian exports.

Country Stats

Prime Minister
Shinzo Abe

Government Position:
Majority coalition

Next Elections
July 2013

Nominal GDP (2012)
USD 5,960 billion

Total Trade/GDP (2011)
31.4%

Exchange Regime
Free float

Merchandise Imports from Canada (2012)
CAD 10.2 billion

Main Imports
Mineral fuels, Oil Seeds, Ores

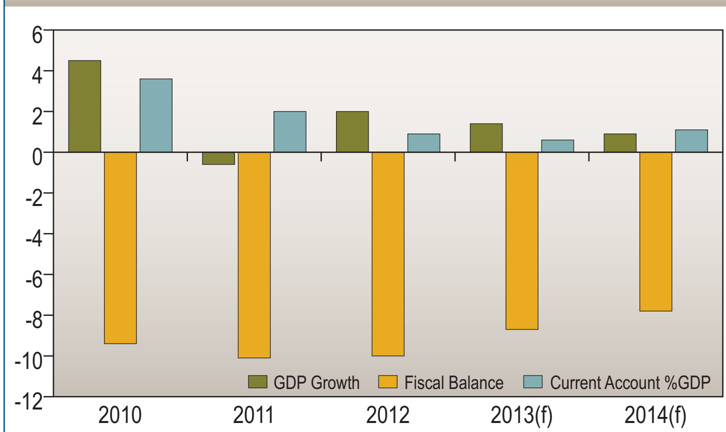
Source: IMF, Statistics Canada, ITC

Risks to the Outlook:

Success in inflation targeting, nuclear plants re-opening

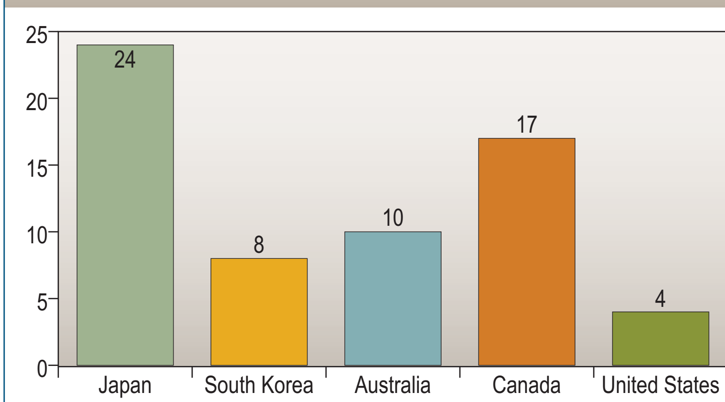
Escalation of maritime tensions

Figure 10: Japan – Economic Indicators



Source: Haver Analytics, IMF/WEO, EDC Economics

Figure 11: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.6 Mexico

Country Overview: Following the Partido Revolucionario Institucional (PRI)'s resurgence in the July 2009 mid-term congressional elections, former president Felipe Calderón faced unprecedented challenges in pursuing his administration's national development plan, mainly focused on strengthening the rule of law, economic growth and increased competitiveness, as well as his goal of addressing monopoly power in Mexico. The Calderón administration consistently had low approval ratings compared with other Mexican Presidents given popular discontent over rising narco-related violence and chronic economic underperformance during its time in office. This led to the victory of the PRI candidate Enrique Peña Nieto in the July 2012 presidential election. During the presidential campaign, Peña Nieto placed energy reform on top of his agenda and advocated for private investment (not privatization) to help increase PEMEX's production and refining capacity, which may result in increased business opportunities for the Canadian oil and gas sector. Enrique Peña Nieto was sworn-in as president in December 2012 for a 6-year term and has made addressing narco-related violence, improving Mexico's competitiveness, and spurring economic growth via increased FDI priorities in his agenda.

Trade and Investment Environment: Mexico is a large open economy that has become an important part of the global supply chain, thanks to its large network of free trade agreements. Although Mexico's business environment remains politicized and without a strong legal framework, it is changing due to the more global focus of the government and the private sectors. Measures have been taken to make doing business in Mexico easier, and access to international arbitration is guaranteed by law and NAFTA. The country offers a welcoming environment for businesses in almost every sector except in the energy sector. Corruption and criminal violence are also factors that negatively impact the business environment.

Outlook: As expected, the July 2012 electoral results did not shake international investors' confidence in the market as President Peña Nieto seems to be aligned with most of the former administration's policies. Strong links to the US economy support a positive outlook for Mexico this year and next, as most indicators of external vulnerability show that Mexico is in good shape. The current account deficit is low and easily financed by FDI. External debt service ratios are modest, foreign exchange reserves are near record levels and the country has secured a precautionary and liquidity line with the International Monetary Fund. Contagion from Europe is nonetheless a concern as it is for many markets, mainly via the risk of a global flight to quality.

Country Stats

President
Enrique Peña Nieto

Next Elections
Presidential (July 2018);
Legislative (July 2014)

Government Position
Minority

Nominal GDP (2012)
USD 1.2 trillion

Total Trade/GDP (2011)
62%

Exchange Regime
Free float

Merchandise Imports from Canada (2012)
CAD 4.9 billion

Main Imports
Oil Seeds, Motor Vehicles, Electronic M&E

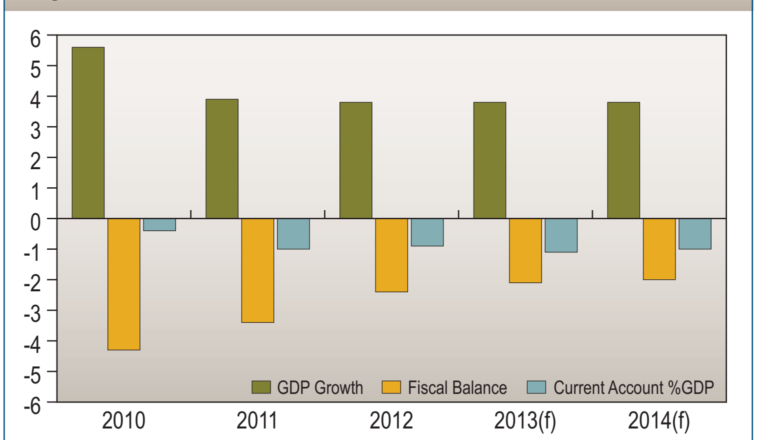
Source: Haver Analytics, Strategis

Risks to the Outlook:

↑ Domestic economy proves stronger than expected

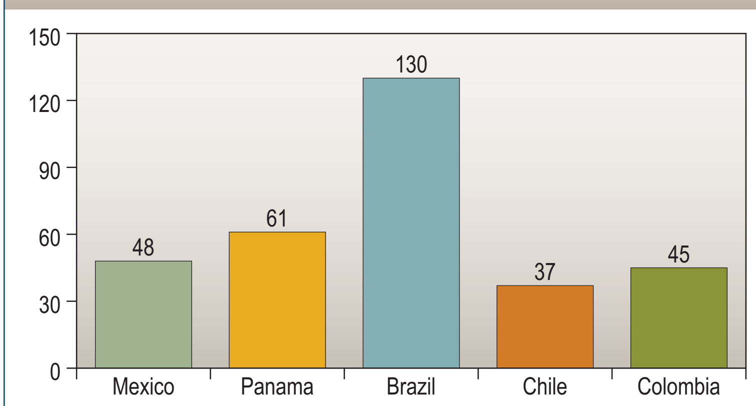
↓ Significant worsening of European crisis

Figure 12: Mexico – Economic Indicators



Source: Haver Analytics, IMF/WEO, EDC Economics

Figure 13: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.7 Russia

Country Overview: President Putin's return to power ensures short-term political stability but raises concerns about his administration's ability to implement real change to address social challenges, strengthen property rights, reform the economy and reduce corruption. Capital flight continues, indicative of uncertainty over the policy direction of the government and weak institutions. Inflation is forecast to rise from 5.1% to 6.6% this year due to rising food prices and administrative actions by the government. GDP growth fell from 4.3% in 2011 to 3.6% last year as a result of global economic conditions, and is expected to remain around that level in the coming years.

Trade and Investment Environment: In an effort to boost much-needed foreign investment, Putin has made it a priority to drastically improve the investment environment. While most analysts remain skeptical about the probability of reforms being implemented, one step has already been taken: Russia's accession into the WTO last August. This move should in time provide investors with improved transparency and dispute resolution mechanisms, in addition to reduced tariffs on agricultural products and machinery. The World Bank estimates that joining the WTO may boost Russian GDP by 11% between 2012-21. Canada's Minister of International Trade led a delegation of companies to Russia last year and discussed upgrading the bilateral foreign investment promotion and protection agreement. The country's history of volatile growth, which is strongly correlated with commodity prices, acts as a key impediment to foreign investment. The health of the banking sector, which has improved, is also tied to oil prices.

Outlook: The outlook for the Russian economy is positive. It's one of the world's largest exporters of energy and minerals, which has allowed it to build up massive FX reserves. This acts as a buffer against a future economic crisis. However, in the medium long term it faces structural challenges such as unfavourable demographics (aging population combined with a steady brain drain) and the need for economic diversification (the widening non-oil deficit is above 10%). The government increasingly depends on high energy prices; in 2012 it needed an average oil price of almost $120 a barrel to balance the budget. Russia's sheer size and resources assures it membership in influential groups like the G20, however it lacks the vitality and innovation of many emerging powers. The 2014 Olympics will put the spotlight on Russia and create opportunities for investment, notably in infrastructure.

Country Stats

President
Vladimir Putin

Next Elections
Parliamentary December 2017,
Presidential March 2018

Government Position
Federal Republic

Nominal GDP (2011)
USD 1.857 trillion

Total Trade/GDP (2011)
44%

Exchange Regime:
Managed float

Merchandise Imports from Canada (2012)
$1.6 billion

Main Imports:
Meat, Energy M&E, Vehicles

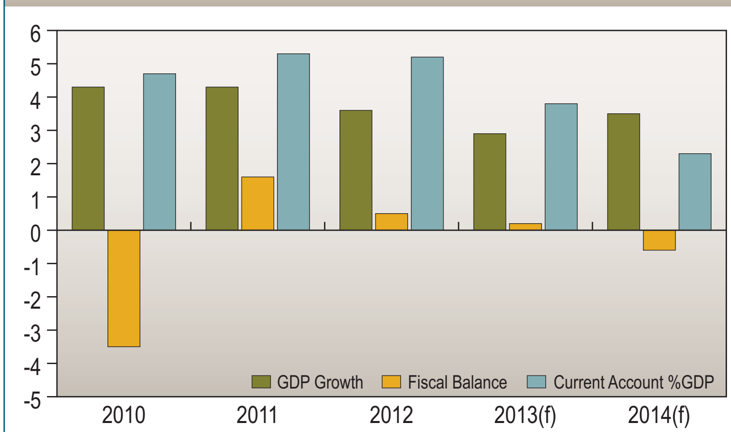
Source: Haver Analytics, Strategis

Risks to the Outlook:

↑ Increased oil prices

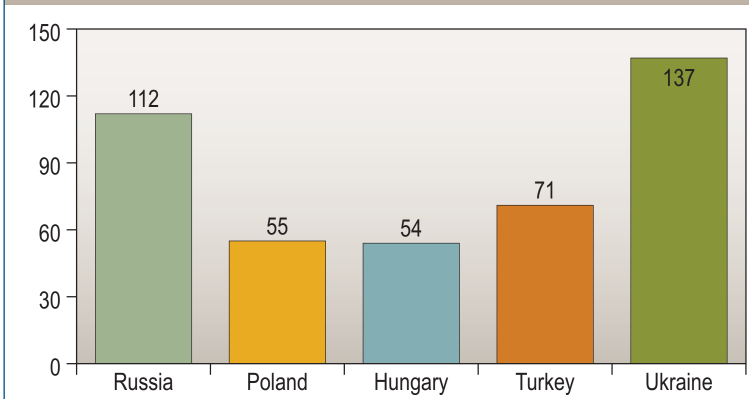
↓ Escalation of debt crisis in Europe

Figure 14: Russia – Economic Indicators



Source: Haver Analytics, MF/WEO, EDC Economics

Figure 15: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.8 South Africa

Country Overview: South Africa is noteworthy both on its own merits and as a gateway into the region; its ports systems are essential to many of its land-locked neighbours. President Zuma, fresh off a leadership win, will lead the African National Congress into the 2014 elections and the party's dominant position on the domestic political scene will hold for the foreseeable future. The continent's largest economy is well diversified and has a sizable private sector and a highly developed and well-supervised financial sector. However, the country faces some significant structural challenges particularly in relation to the very high rate of unemployment (around 25%), an ineffective and inadequate education system and growing income inequality. These issues are a priority for the government which, in its recently released medium-term policy document, outlined plans to get people trained properly, to reduce unemployment and to improve service delivery. The fiscal position is relatively good and while spending pressures will increase on the wage and social services side, sufficient space for investment spending will be preserved (which includes R 3.2 trillion over 10 years for transportation, energy and housing).

Trade and Investment Environment: Given the importance of trade and investment to the economy, the government is expected to ensure that the business-friendly environment remains intact, though there are some uncertainties. Since 1994, the government has been gradually implementing its "Black Economic Empowerment" (BEE) strategy, in order to redress the inequities created under Apartheid. Organized labour action is another consideration. In the worst violence seen since Apartheid ended, over 30 were left dead following clashes between striking miners and police last summer. Militant unions and growing populist politics risk eroding competitiveness and damaging the attraction of foreign direct investment.

Outlook: Growth in 2012 was dragged lower as wildcat strikes and weaker-than-expected demand from key export markets (in Asia and Europe) weighed on exports. Heading into 2013, the political uncertainty has eased with the re-election of Zuma as head of ANC. The trade sector will contribute little to growth this year as Europe will remain mired in recession and Chinese growth will be unchanged from last year. Consumer demand will continue to support the economy as wage and credit growth combined with stable interest rates encourage spending. The government's large infrastructure program will offset softening private sector investment spending and will be a critical component of the growth trajectory over the coming years.

Country Stats

President
Jacob Zuma (ANC)

Government Position
Majority

Next Elections
Legislative: April 2014
Presidential: April 2014

Nominal GDP (2011)
USD 406 billion

Total Trade/GDP (2011)
48%

Exchange Regime
Free float

Merchandise Imports from Canada (2012)
CAD 585 million

Main Imports
Energy M&E, Aircraft
Chemicals

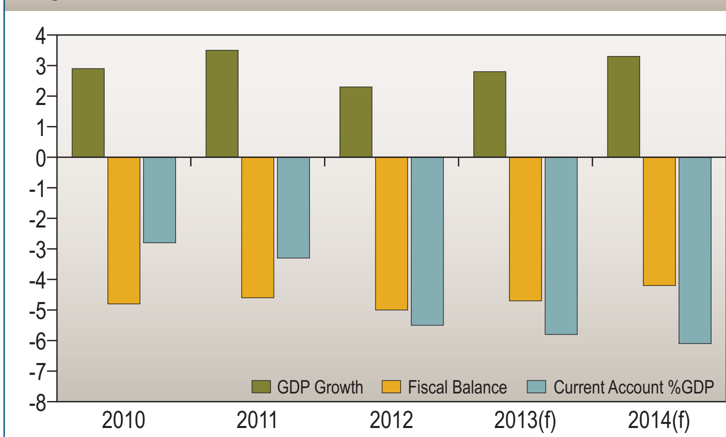
Source:
IMF, Statistics Canada

Risks to the Outlook:

↑ Manageable external and government debt burden

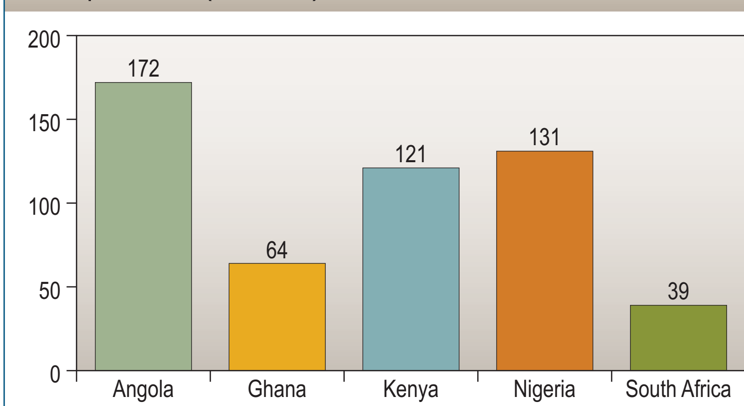
↓ Large current account shortfall and declining investor sentiment

Figure 16: South Africa – Economic Indicators



Source: Haver Analytics, IMF/WEO, EDC Economics

Figure 17: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

2.9 United States

Country Overview: The US accounts for 20% of global GDP and is ranked 4th best country in the world in terms of ease of doing business (World Bank). Fitch, Moody's and S&P all assign negative outlooks to their sovereign risk ratings which is a concern heading into 2013.

Trade and Investment Environment: Exports of Canadian goods to the US are projected to grow by just over 8% in 2013 and 5% in 2014. The US accounts for over 70% of our merchandise exports, 40% of the stock of Canadian direct investment abroad, and 50% of all sales made by Canadian foreign affiliates. In terms of ease of trading across borders, enforcing contracts and resolving insolvency the US ranks 20th, 7th and 15th respectively (World Bank).

Outlook: After the historic re-election of President Barack Obama, the focus has shifted to whether the Administration can work out a budget deal with the Congress to raise the debt ceiling again in May and to avoid severe cuts from the "sequestration", the reductions in spending that automatically came into effect in March 2013. American business is performing well: corporate profits are near an all-time high of $1.9 trillion, while businesses are holding USD 1.8 trillion of cash and equivalents. Meanwhile, consumer confidence is rising. With household deleveraging largely complete, the ratio of debt service payments to personal disposable income is at its lowest level since 1994 and retail sales are strengthening. The housing market is improving with prices rising 5 months in a row and home sales up sharply. Because of pent-up demand, we expect that home starts will rise to 1.05 million in 2013 from 760,000 this year, and those new homes will require all sorts of spending on durable goods. As confidence builds, this recovery among consumers will give rise to increased business investment to meet this demand. EDC's forecast of growth in the US economy is 2.2% in 2013, weighed down by the growth-dampening effects of fiscal withdrawal, but next year growth will accelerate to 3.3%.

Country Stats

President
Barak Obama

Next Elections
November 2016

Government Position
House Minority;
Senate Majority

Nominal GDP (2011)
USD 15.1 trillion

Total Trade/GDP (2011)
31%

Exchange Regime
Free Float

Merchandise Imports from Canada (2012)
CAD 317 billion

Main Imports
Energy, Automotive,
Energy, M&E

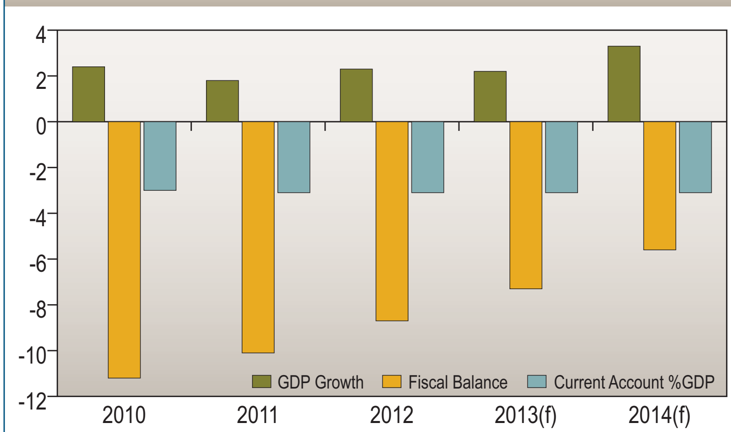
Source: Haver Analytics, Strategis

Risks to the Outlook:

↑ US housing rebound sparks general rebound in confidence

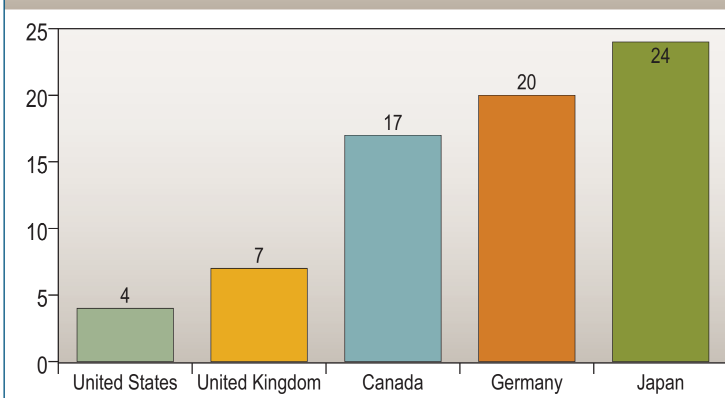
↓ Prolonged battle over the "debt ceiling"

Figure 18: US – Economic Indicators



Source: Haver Analytics, IMF/WEO, EDC Economics

Figure 19: Ease of Doing Business (WDI): Regional Comparison (best=1)



Source: The World Bank

3.0 Sector Overviews

After a challenging 2012, Canadian exports of goods and services are expected to rise 8% in 2013, followed by an additional 5% next year. The loonie is forecast to average USD 0.97 cents in 2013, declining to USD 0.96 cents next year, which will provide some relief for exporters that struggled with the dollar at parity. Export volumes are expected to rise 5% in 2013, as the US economic recovery gathers steam, offsetting the weakness from Europe which will remain in recession through 2013. Goods exports should finally recover to pre-crisis levels by the end of 2013, a feat accomplished by the services sector back in 2011.

The largest export gains will be seen in metals and ores, which will rise an astonishing 18% as major new capacity comes on line. Forestry, supported by a 34% rise in US housing starts to 1.05 million, will also be a star performer in 2013 as lumber exports go into overdrive. Growth in energy exports will increase to 8% in 2013, lifted by higher oil production and natural gas prices. Canada's agricultural exports will increase by 7%, as export volumes soar due to a bumper crop in 2012/13. The industrial machinery and equipment sector is poised for gains of 10% this year and next, as US corporations finally start spending their record cash levels. In the transportation sector, aerospace exports will increase by 8% in 2013, before accelerating to 14% next year, while the automotive sector is expected to see more modest gains of 4% and 3%, respectively, because capacity constraints are weighing against export growth in this sector.

Merchandise exports to the US are expected to increase by 8% in 2013. Exports to Canada's number two market, Western Europe, will rise by 14% in 2013, but this is almost entirely because of growth in the metals sector. Finally, sales to emerging markets should rise 11%, led by agri-food and fertilizers, and will account for 12% of Canada's total exports.

Table 5: Export Forecast Overview

	CAD bn	% Share of Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Agri-Food	47.5	9.3	7.5	7	3
Energy	116.0	22.7	0.9	8	6
Forestry	26.5	5.2	-2.0	15	11
Chemical and Plastics	34.5	6.8	-2.0	2	1
Fertilizers	8.1	1.6	-6.2	9	-4
Metals, Ores and Other Industrial Products	61.9	12.1	-6.8	18	4
Industrial Machinery and Equip.	28.7	5.6	8.0	10	10
Aircraft and Parts	10.8	2.1	6.2	8	14
Advanced Technology	13.9	2.7	0.2	2	2
Motor Vehicles and Parts	63.0	12.3	15.8	4	3
Consumer Goods	7.2	1.4	-11.1	5	4
Special Transactions*	3.3	0.6	-4.4	9	7
Total Goods Sector	427.3	83.7	1.9	9	5
Total Service Sector	83.3	16.3	0.6	3	4
Total Exports	510.6	100.0	1.7	8	5
Memorandum					
Total Volumes		100.0	3.5	5	4
Total Goods Nominal (excl. Energy)	311.3	61.0	2.3	9	5
Total Goods Nominal (excl. Autos and Energy)	248.3	48.6	-0.6	10	5

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

Special transactions* mainly low-valued transactions, value of repairs to equipment and goods returned to country of origin.

3.1 Energy

Canada's energy exports will increase by 8% in 2013 on gains in crude oil export volumes and higher natural gas prices. Next year's continued growth in gas prices will be tempered by a more modest rise in oil exports and prices edging downwards, which will result in a modest 6% rise for the energy sector in 2014.

A major challenge for Canadian oil producers is that the gap between Brent and North American WTI will persist this year as North American production continues to climb while pipelines running to the US are operating near capacity. Last year, the price of Western Canadian Select (WCS) crude was discounted by an average USD 22/bbl below WTI and $40/bbl below Brent. Pipeline upgrades, repurposing and reversals alongside rail additions will barely manage the expected growth in shipments. EDC Economics forecasts that crude export earnings will grow 9% this year due in part to a lower dollar, followed by a 4% gain next year.

Natural gas exports are projected to grow 14% and 16% in 2013 and 2014, respectively, driven by gains in pricing as volumes continue to slide. Henry Hub prices are projected to rise 20% to $3.30/mmbtu this year and to strengthen to $4/mmbtu next year. However, even with these price gains, export volumes will continue to decline because there is so much economical US shale gas that will shut out some higher cost Canadian producers.

Weak pricing will see a 12% drop in coal exports in 2013. However, export volumes will gain strength over the forecast due to solid Chinese and Indian demand. Despite rising demand, prices for Met-Coal are unlikely to advance in 2014 as the industry has ample capacity, and new supply will be coming on line in Mongolia, Mozambique and Russia which should meet demand growth. Canadian coal exports will rise 8% in 2014.

Sector Stats

International Exports
2012: CAD 116 bn

Number of Exporters
2010: 49
2000: 51

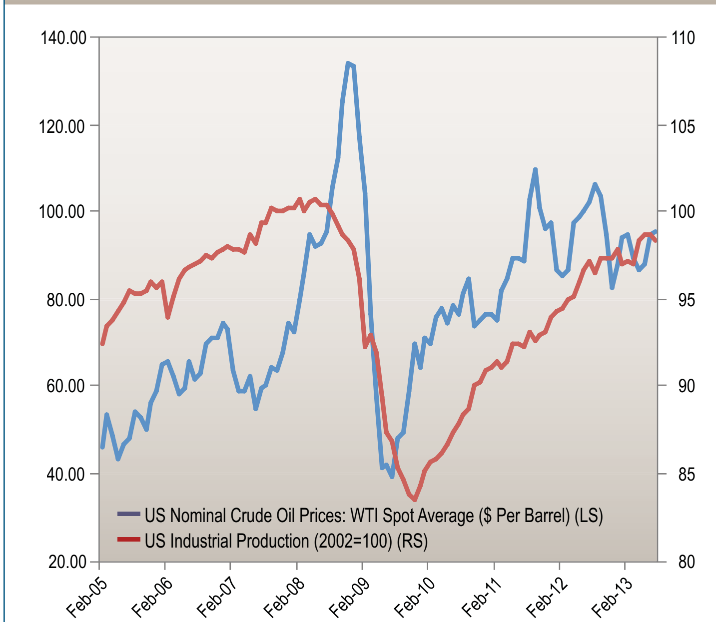
Share of Total Canadian Merchandise Exports
2012: 27.1%

Sector Distribution Across Provinces:
NFLD 6.3%
NB 9.1%
NS 0.1%
PEI 0.0%
QC 3.3%
ON 3.0%
MN 0.8%
SK 10.2%
AB 59.8%
BC 7.3%

Canadian Direct Investment Abroad (2011):
CAD 101.0 bn

Source: Statistics Canada

Figure 20: US Industrial Activity Drives Crude Prices



Source: Haver Analytics, EIA

Table 6: Energy Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	105.7	91.1	1.6	9	6
Western Europe	3.0	2.6	7.7	-1	3
Japan, Oceania and Developed Asia	3.3	2.9	-26.7	-12	5
Emerging Markets					
Latin America and the Caribbean	1.2	1.0	-18.3	1	6
Emerging Europe and Central Asia	0.2	0.2	-36.0	-2	10
Africa and the Middle East	0.1	0.1	-11.9	8	5
Emerging Asia	2.3	2.0	49.0	-3	13
Total Developed Markets	112.1	96.6	0.6	8	6
Total Emerging Markets	3.9	3.4	10.1	-1	10
Total World	116.0	100.0	0.9	8	6

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.2 Ores and Metals

EDC Economics is forecasting an 18% surge in Canadian exports of metal ores and metal manufactured products before falling back to 4% growth in 2014. Years of high metal prices have spurred major investments which will deliver a surge of new production in 2013. This will be partly offset by the manufactured metals subsector which faces more muted growth prospects, as well as declining prices. With the US economy picking up steam, the expectation of an eventual withdrawal of liquidity has diminished speculative pressures, particularly in precious metals. This, in combination with rising global supplies of most industrial metals, is pushing down prices throughout much of the sector.

The strong outlook for the ores subsector in 2013 will be driven by iron ore shipments and copper output. Despite the postponement of the Bloom Lake Phase II expansion and the idling of the Pointe Noire pellet plant, Canada is on track to see a near doubling of output over the next 5 years. Similarly, the copper production outlook is very strong with several big project ramp-ups, including Copper Mountain and Gibraltar, pushing production increases well into double digits this year before falling back to more moderate growth in 2014.

The metals outlook continues to be dominated by gold mines in overdrive, and production increases in the range of 20% are expected this year and next; however, softening gold prices over the forecast horizon will reduce sales revenue. The aluminum subsector is making a strong contribution to the growth profile this year driven mainly by the Alma smelter's return to normal production; next year the ramping up of the Kitimat Modernization Project will be the only growth driver. Canadian steel makers will benefit from the strong US private sector recovery gaining momentum over the next 2 years; however, overcapacity and cost pressures will continue to restrain growth in such a highly competitive industry.

Sector Stats

International Exports
2012: CAD 67.9 bn

Number of Exporters
2010: 2,761
2000: 3,081

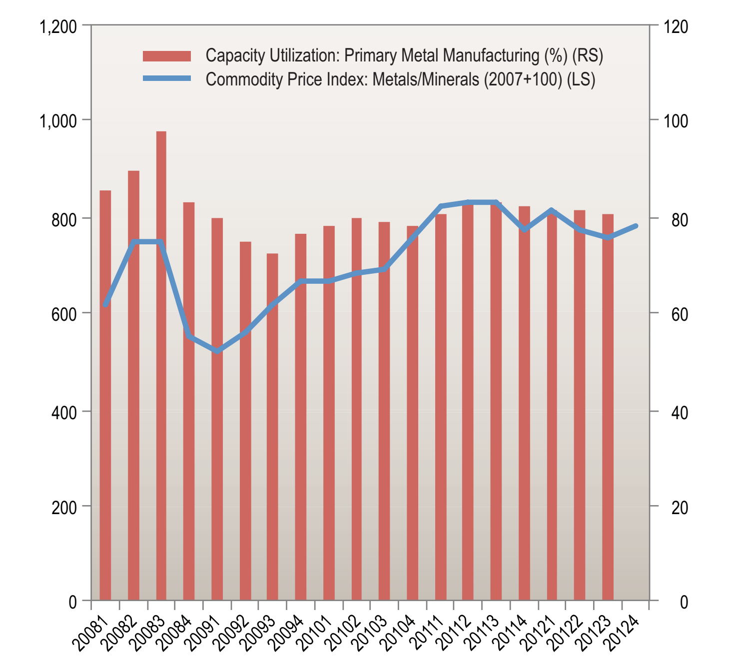
Share of Total Canadian Merchandise Exports
2012: 15.9%

Sector Distribution Across Provinces:
NFLD 2.5%
NB 0.9%
NS 0.5%
PEI 0.1%
QC 21.3%
ON 49.7%
MN 2.5%
SK 6.5%
AB 8.6%
BC 5.7%

Canadian Direct Investment Abroad (2011):
CAD 58.6 bn

Source: Statistics Canada

Figure 21: Metals and Mining: Pricing and Activity



Source: Haver Analytics

Table 7: Metal Ores and Metal Products Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	30.7	49.6	-6.8	13	4
Western Europe	19.6	31.6	-5.1	28	1
Japan, Oceania and Developed Asia	4.1	6.7	-12.5	14	8
Emerging Markets					
Latin America and the Caribbean	1.5	2.4	6.2	13	6
Emerging Europe and Central Asia	0.5	0.8	-28.7	14	8
Africa and the Middle East	0.7	1.1	-16.5	6	5
Emerging Asia	4.8	7.7	-7.3	14	10
Total Developed Markets	54.4	87.9	-6.7	18	3
Total Emerging Markets	7.5	12.1	-7.7	13	9
Total World	61.9	100.0	-6.8	18	4

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.3 Agri-Food

Canada's agricultural and food exports will rise by 7% in 2013 followed by a 3% gain next year. The favourable weather conditions and record crop of 2012 will support exports this year even though prices will edge back from their soaring heights. Canada's total production of grains and oilseeds should increase around 5% in 2013, because of higher area seeded and higher yields.

Grain prices will decline from record highs in large part because drought conditions in the US have mostly been alleviated. A rebound in US production will boost global supply but this will be sufficient only to rebuild depleted inventories. Demand conditions should also remain positive, supported by strong emerging market consumption and rising use of grains in biofuels. Canada's exports of canola and soybeans will reach all-time record highs in 2013, as farmers have shifted production to these more lucrative crops. Corn production more than doubled to 1 million metric tonnes and this will continue to pour into the US, replacing its weak production last year. Meanwhile, beef exports will rise 6% mainly because of rising prices. Stronger pricing alongside lower cost of feed will improve margins of cattle producers, resulting in small increases to export volumes.

The improving outlook for the US consumer, with rising confidence and stronger retail sales, has been great news for the Canadian food industry. American consumers will spend more on higher-margin items at grocery stores and restaurants. Canada's exports of processed food and beverages are expected to jump 6% this year and next, impressive for a $10-billion industry that is used to seeing annual fluctuations in the 1 to 2% range. Seafood exports are expected to rise roughly 3% this year and next. The continued glut in lobster and competition from Chilean salmon in the US market should limit upside potential for the sector.

Sector Stats

International Exports
2011: CAD 47.5 bn

Number of Exporters
2010: 2,925
2000: 3,484

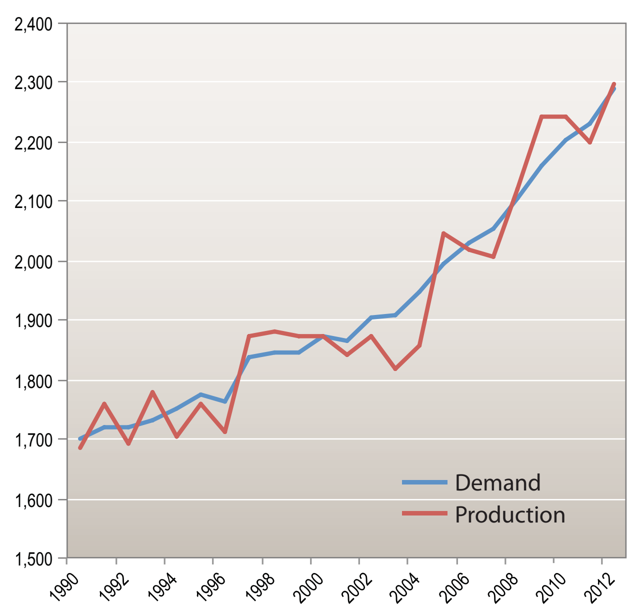
Share of Total Canadian Merchandise Exports
2012: 11.1%

Sector Distribution Across Provinces:
NFLD 1.7%
NB 3.0%
NS 2.5%
PEI 1.1%
QC 12.8%
ON 22.5%
MN 8.3%
SK 23.4%
AB 19.2%
BC 5.7%

Canadian Direct Investment Abroad (2011):
CAD 15.6 bn

Source: Statistics Canada

Figure 22: Shortfall in Global Grain Is Driving High Prices (millions of metric tonnes)



Source: USDA World Agriculture Supply and Demand Estimates

Table 8: Agri-Food Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	23.5	49.4	7.0	5	4
Western Europe	2.8	5.8	-12.9	-1	0
Japan, Oceania and Developed Asia	6.1	12.9	-1.3	4	4
Emerging Markets					
Latin America and the Caribbean	3.6	7.6	2.7	1	0
Emerging Europe and Central Asia	1.0	2.1	4.6	13	6
Africa and the Middle East	2.8	5.8	13.5	-5	-1
Emerging Asia	7.8	16.4	30.6	25	4
Total Developed Markets	32.4	68.1	3.3	4	4
Total Emerging Markets	15.2	31.9	17.8	13	3
Total World	47.5	100.0	7.5	7	3

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.4 Fertilizers

Fertilizer exports in 2013 are forecast to increase by 9%, mainly driven by a rebound in US and Indian demand for potash as well as continued robust purchasing by Brazilian farmers. We expect international sales to decline by -4% in 2014, while potash prices will hold at current levels through most of 2013 and weaken thereafter.

Potash prices will soften in 2013 and into 2014 because of producer inventory levels that are well above average, lower-than-expected Chinese and Indian contract closing prices, and significant capacity increases, both in terms of expansions and new greenfield projects that are coming on line over the next few years.

The recent large potash orders placed by China and India were an important boost to global fertilizer markets; however, these shipments to India will decline in 2014 and will likely be below potential growth rates until after 2016/17 because of the government's subsidy policy which favours nitrogen-based fertilizer over potash. Softening prices, however, may boost retail-level demand, posing an upside risk to our 2014 Indian forecast. In China, rising domestic potash production and imports from new markets such as Laos have the potential to dampen export volume growth over the next few years. Over the medium to long term, potash purchasing patterns may shift slightly away from Canada when junior mines with Indian and Chinese equity investments start producing.

Healthy crop prices, especially corn and soy, coupled with strong farm balance sheets, will drive solid demand for potash in the Americas. Brazil in particular stands out as new acreage for corn and soy will boost demand for potash application, boding well for strong export growth. We also expect a rebound in application of potash in the US following last year's devastating drought. However, nitrogen sales are expected to be flat as the US Department of Agriculture is predicting a slight drop in total crop acreage in 2013.

Sector Stats

International Exports
2012: CAD 8.1 bn

Number of Exporters
N/A

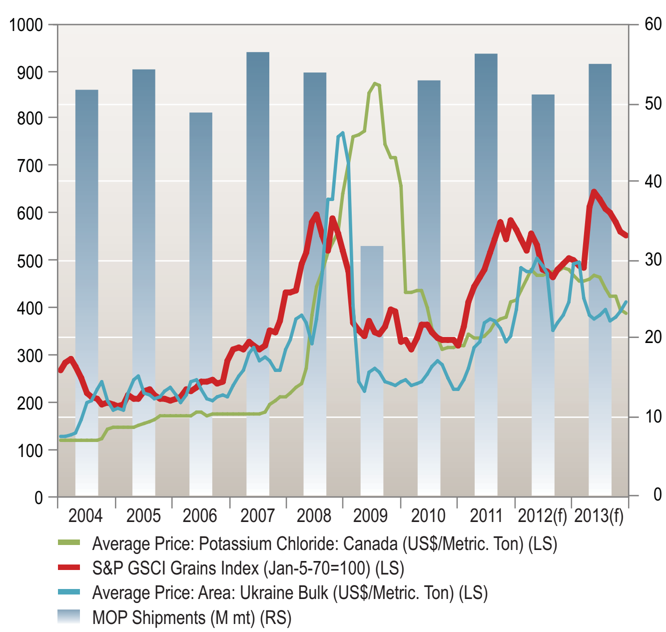
Share of Total Canadian Merchandise Exports
2012: 1.9%

Sector Distribution Across Provinces:
NFLD 0.0%
NB 3.9%
NS 0.0%
PEI 0.0%
QC 0.2%
ON 4.7%
MN 1.8%
SK 72.6%
AB 15.9%
BC 0.8%

Canadian Direct Investment Abroad (2011):
N/A

Source: Statistics Canada

Figure 23: Potash Surplus Softening Prices?



Source: Haver Analytics

Table 9: Fertilizers Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	5.3	65.3	-3.6	8	-4
Western Europe	0.1	0.8	109.1	-2	-2
Japan, Oceania and Developed Asia	0.1	1.4	-27.2	-2	-4
Emerging Markets					
Latin America and the Caribbean	1.0	11.7	5.1	10	-1
Emerging Europe and Central Asia	0.0	0.0	79.5	3	3
Africa and the Middle East	0.0	0.1	-27.3	2	1
Emerging Asia	1.7	20.8	-18.1	13	-9
Total Developed Markets	5.5	67.5	-3.7	7	-4
Total Emerging Markets	2.6	32.5	-11.0	12	-6
Total World	8.1	100.0	-6.2	9	-4

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.5 Forestry Products

The forestry sector is set for double-digit gains as lumber exports are driven by the accelerating recovery in the US real estate market and the resulting surge in housing starts. Overall, forestry exports are forecast to grow by a booming 15% this year and 11% next year, even though the outlook is suppressed by a weak demand for newsprint, pulp and paper.

The wood products sector will once again benefit from continued growth in exports to the US as housing starts are expected to rise by 34% in 2013 and almost 24% in 2014. Also boosting exports this year will be greater residential construction in China after property developers severely curtailed activity in 2012. With substantial Canadian sawmill capacity permanently closed in recent years, the remaining lumber and panel producers are well positioned to take advantage of higher prices sustained by strong demand. A proportion of idle wood product producers have announced reopenings in British Columbia, Alberta and Ontario. Production will increase incrementally beginning in mid-2013, reaching full capacity in 2014/15. Additionally, construction of a new saw mill in the Atikokan, Ontario, area is slated to be completed in early 2014.

With the ongoing decline in paper consumption in advanced economies, paper producers continue to shed capacity to maintain prices. Permanent capacity reductions or market-related shutdowns were announced in Ontario, Quebec and British Columbia last year. On a brighter note, certain firms have been able to shift production toward higher value-added products. Atlantic Packaging announced that it would reopen its newsprint mill in Whitby, Ontario, in March 2013 after installing new technology to produce recycled packaging products.

Following a sharper downturn than expected in 2012, pulp exports will recover due to higher prices and demand coming mostly from China in 2013. Looking forward, pulp prices will likely moderate as emerging market production of non-wood pulp and wood pulp ramps up to meet global demand.

Sector Stats

International Exports
2012: CAD 26.5 bn

Number of Exporters
2010: 1,063
2000: 1,526

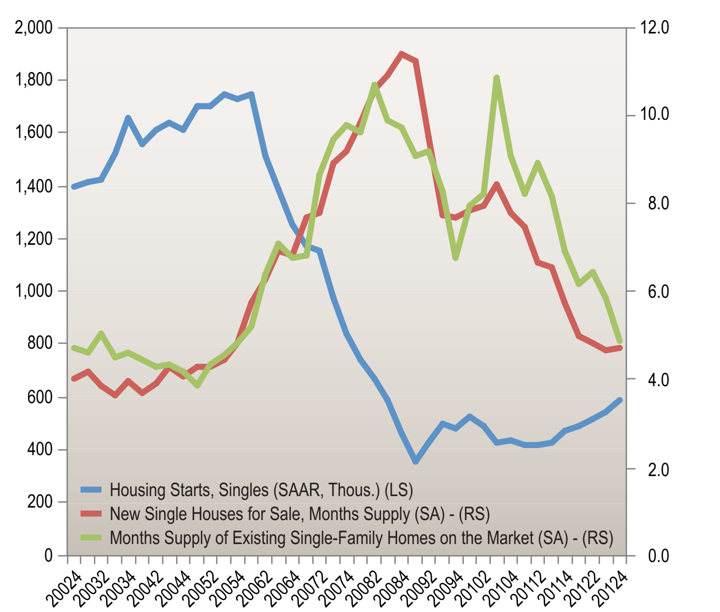
Share of Total Canadian Merchandise Exports
2012: 6.2%

Sector Distribution Across Provinces:
NFLD 0.5%
NB 5.5%
NS 1.5%
PEI 0.0%
QC 27.0%
ON 16.3%
MN 1.6%
SK 1.4%
AB 8.1%
BC 38.2%

Canadian Direct Investment Abroad (2011):
CAD 9.0 bn

Source: Statistics Canada

Figure 24: US Housing Recovery Under Way (Quarterly)



Source: Haver Analytics

Table 10: Forestry Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	17.0	64.0	1.6	16	10
Western Europe	1.1	4.1	-15.4	-5	3
Japan, Oceania and Developed Asia	2.3	8.8	-7.7	18	14
Emerging Markets					
Latin America and the Caribbean	0.8	2.9	-2.8	6	4
Emerging Europe and Central Asia	0.2	0.8	-9.9	17	13
Africa and the Middle East	0.3	0.9	-42.9	16	11
Emerging Asia	4.9	18.4	-3.4	15	13
Total Developed Markets	20.4	77	-0.7	15	10
Total Emerging Markets	6.1	23	-6.2	14	12
Total World	26.5	100	-2.0	15	11

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.6 Automotive

After a roaring 16% growth in 2012, Canadian exports of automotive products will slow to a more modest 4% increase this year and a 3% gain in 2014. The demand outlook in the US auto sector has improved spectacularly. Sales of passenger vehicles are forecast to reach nearly 15.5 million vehicles this year, still below the 17-million peak in 2005, but a massive improvement over the 10.4-million trough in 2009.

Despite the robust demand outlook for the US, capacity constraints will limit Canadian export growth over the forecast horizon and the sector will continue to face competitiveness challenges with many auto manufacturers citing the high cost of producing in Canada. The Canadian dollar's retreat below parity should provide some relief, but a decline from USD 1.00 to USD 0.97 in 2013 and USD 0.96 in 2014 is not enough to change the overall picture.

The closing of the GM Oshawa consolidated plant will reduce Canadian production capacity by about half a million units in June 2013. However, there is some upside risk to our forecast via the possible addition of a third shift at GM's other Oshawa plant. GM's $250-million investment in its CAMI plant in Ingersoll also provides some upside potential as the enhanced flexibility and tooling capabilities will enable the plant to support a broader range of models. Meanwhile, Toyota is investing $100 million to expand production of its Lexus model by 30,000 units.

Part suppliers are benefiting from ramped-up vehicle production in the US; however, the industry is currently operating at capacity, and growth rates will moderate this year in tandem with original equipment manufacturer (OEM) activity. Canada continues to lose market share within NAFTA as the bulk of new investments migrate to Mexico and southern US states. Additionally, the trend toward co-locating with OEMs will dent exports over the medium term, but will provide opportunities for Canadian Direct Investment Abroad.

Sector Stats

International Exports
2012: CAD 63.0 bn

Number of Exporters*
2010: 884
2000: 909

Share of Total Canadian Merchandise Exports
2012: 14.7%

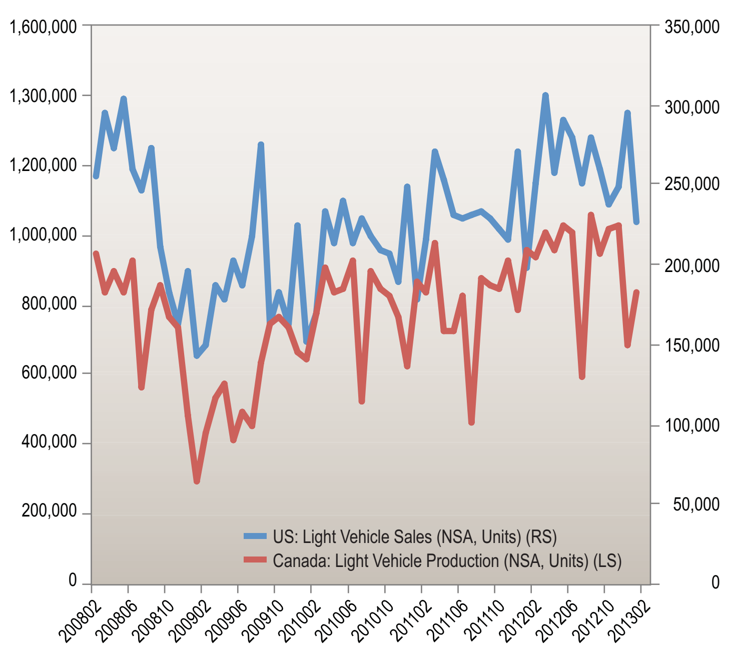
Sector Distribution Across Provinces:
NFLD 0.0%
NB 0.0%
NS 1.7%
PEI 0.0%
QC 3.6%
ON 92.8%
MN 0.9%
SK 0.1%
AB 0.5%
BC 0.5%

Canadian Direct Investment Abroad* (2011):
CAD 26.0 bn

** Reporting the broader sector of transportation equipment (and services)*

Source: Statistics Canada

Figure 25: US Vehicle Sales and Canadian Supply



Source: Haver Analytics

Table 11: Automotive Export Outlook by Region

Top Markets	CAD bn	% Share of Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Developed Markets					
United States	61.1	97.0	15.8	4	3
Western Europe	0.3	0.4	14.3	4	5
Japan, Oceania and Developed Asia	0.2	0.3	31.5	7	6
Emerging Markets					
Latin America and the Caribbean	0.9	1.4	12.9	9	7
Emerging Europe and Central Asia	0.1	0.1	-23.7	11	9
Africa and the Middle East	0.4	0.6	54.4	8	7
Emerging Asia	0.1	0.2	-17.0	11	12
Total Developed Markets	61.6	97.7	15.8	4	3
Total Emerging Markets	1.4	2.3	16.0	9	8
Total World	63.0	100.0	15.8	4	3

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.7 Industrial Machinery and Equipment

Exports of industrial machinery and equipment (M&E) are projected to rise by 10% both this year and next as healthy volume increases are buttressed by a weakening Canadian dollar that will boost export receipts. The demand drivers for M&E are all growing strongly this year: US construction activity is surging with the housing market in recovery mode and US private sector investment is set for a strong year as corporations enjoy record levels of profitability and cash. At the same time, North American automotive production has gone into overdrive on rising consumer demand, while global mining, oil and gas activity and agricultural investment are all benefiting from healthy commodity prices.

Investment in agriculture M&E will rise 12% this year and 11% in 2014. Even though food prices will soften over the next 2 years, they still remain well above historical averages and are providing farmers with solid profits and strong incentives to invest. Sales of mining, oil and gas machinery and equipment are slated for a 10% gain in 2013 and 2014. The US will take the lion's share of shipments, but sales to the emerging markets led by Latin America and, increasingly, Africa and the Middle East will see strong gains as international and local companies expand investments in mining, tight oil and shale gas.

Metals and woodworking machinery will soar this year and again in 2014. The US housing sector has rebalanced and housing starts are projected to grow 34% this year. The North American automotive sector is also expected to post a solid performance over the next couple of years, another boost for machinery exports. The regional trade profile for the sector will continue to be dominated by developed markets with strong growth in the US offsetting weakness from Europe. However, the share of exports going to emerging markets has been growing steadily and now stands at almost 20%.

Sector Stats

International Exports
2012: CAD 28.7 bn

Number of Exporters
2010: 2,347
2000: 2,365

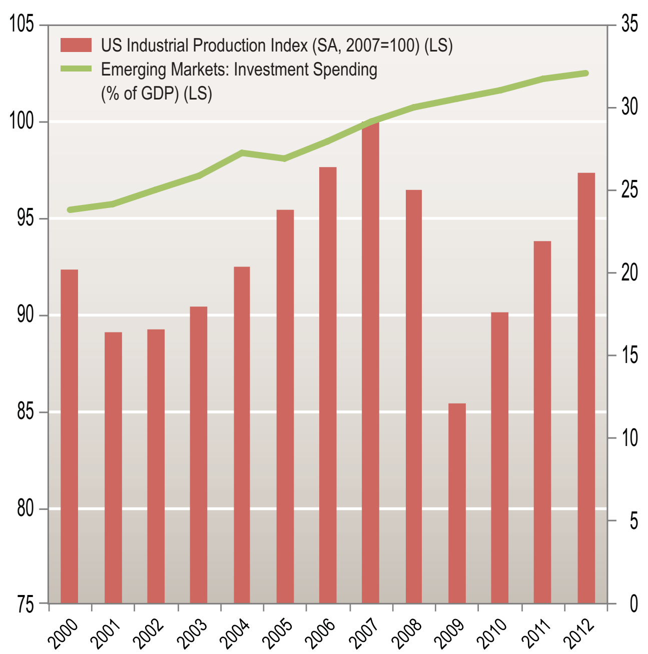
Share of Total Canadian Merchandise Exports
2011: 6.7%

Sector Distribution Across Provinces:
NFLD 0.1%
NB 0.7%
NS 0.8%
PEI 0.2%
QC 22.2%
ON 52.7%
MN 3.7%
SK 2.0%
AB 11.1%
BC 6.5%

Canadian Direct Investment Abroad (2011):
CAD 4.5 bn

Source: Statistics Canada

Figure 26: Demand Indicators for M&E



Source: Haver Analytics

Table 12: Machinery and Equipment Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	2012	Export Outlook (% growth) 2013(f)	2014(f)
Developed Markets					
United States	19.5	68.1	5.5	10	10
Western Europe	2.2	7.6	-2.4	4	6
Japan, Oceania and Developed Asia	1.4	4.8	17.4	8	7
Emerging Markets					
Latin America and the Caribbean	1.7	6.0	19.4	16	11
Emerging Europe and Central Asia	1.0	3.4	12.5	12	11
Africa and the Middle East	1.5	5.3	64.7	10	8
Emerging Asia	1.4	4.8	-0.4	12	12
Total Developed Markets	23.1	80.5	5.3	10	10
Total Emerging Markets	5.6	19.5	21.2	13	10
Total World	28.7	100	8.0	10	10

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.8 Advanced Technology

Advanced technology exports are expected to rise 2% this year and next, a modest but welcome return to growth after a flat 2012 and continuous declines all the way back to 2005. Export volumes to developed markets have been persistently dampened by increasing and diversified competition, alongside a continued trend of shifting manufacturing to lower-cost economies. Higher value-added production and R&D should remain in Canada, but over the medium to long term emerging market producers will push competition up the value chain. Opportunities for growth are led by electrical components, measuring and testing devices and wireless equipment segments.

Despite rising consumer spending and corporate investment in network upgrades, exports to the US have been uneven throughout the technology subsectors. Overall, exports will mainly see growth through heightened prices due to the weakening CAD pushing up exporter earnings. Sales to Europe, Canada's number two market, will remain suppressed due to the continuing recession in the region. Meanwhile, shipments to Asia are well positioned to gain market share over the medium term where wireless subscribers are growing at exponential rates; estimates show that India and China combined are adding 75 million new wireless subscribers per quarter. However, the US will remain the main destination for Canadian telecom exports well beyond the forecast.

In 2013, exports of consumer electronics should benefit from a positive outlook for US housing starts (up nearly 40%) and renovations. But, market saturation in the US will cause firms to begin shifting toward regions experiencing bullish consumer demand with lower market penetration such as Latin America and Asia. Exports of semiconductors have been particularly strong, but this is not expected to signal a structural change in the supply chain of Canadian producers. Semiconductor manufacturing is a comparatively labour-intensive subsector, making it a prime candidate for continued outsourcing of production to emerging markets, particularly Asia. The same holds true for producers of computer and peripheral equipment.

Sector Stats

International Exports
2012: CAD 14 bn

Number of Exporters
2010: 1,596
2000: 1,601

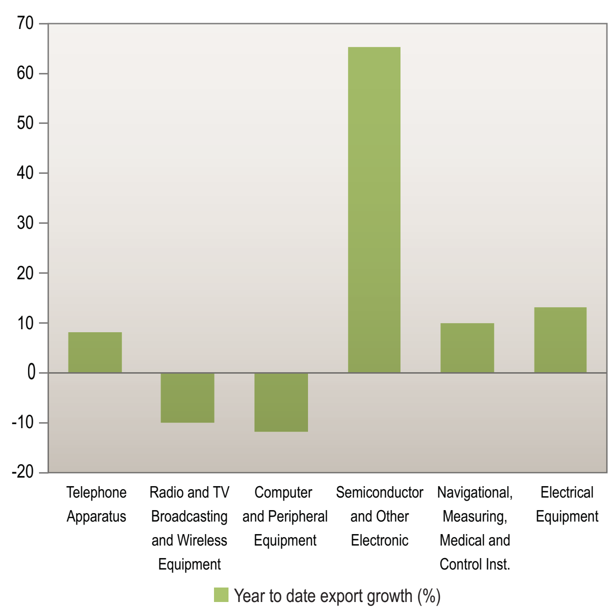
Share of Total Canadian Merchandise Exports
2012: 3.3%

Sector Distribution Across Provinces:
NFLD 0.1%
NB 0.3%
NS 1.1%
PEI 0.1%
QC 25.8%
ON 55.6%
MN 2.0%
SK 1.0%
AB 6.1%
BC 7.8%

Canadian Direct Investment Abroad (2011):
CAD 22 bn

Source: Statistics Canada

Figure 27: Semiconductors Leading Growth in Exports



Source: Statistics Canada.

Table 13: Advanced Technology Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	9.3	66.8	2.0	1	1
Western Europe	1.7	11.9	-3.4	-2	0
Japan, Oceania and Developed Asia	0.9	6.6	0.6	7	7
Emerging Markets					
Latin America and the Caribbean	0.6	4.4	-17.3	10	8
Emerging Europe and Central Asia	0.3	2.1	13.9	10	10
Africa and the Middle East	0.4	2.9	7.8	9	8
Emerging Asia	0.8	5.4	-4.3	7	8
Total Developed Markets	11.9	85.2	1.1	1	1
Total Emerging Markets	2.1	14.8	-4.6	8	8
Total World	13.9	100.0	0.2	2	2

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.9 Aerospace

Aerospace exports are expected to rise 8% this year before increasing to 14% in 2014. Global GDP in both developed and emerging markets should accelerate through the forecast, and although risks remain, the US recovery is strengthening while concerns about the Eurozone have diminished. This should translate into more stable financing conditions and a gradual rise in business confidence. Rapid growth in revenue passenger kilometres in emerging markets and high jet fuel prices, which could prompt fleet modernization, should also support demand going forward.

The environment for business jets remains significantly depressed compared with 2008 levels but there are signs of stabilization. Used aircraft inventories are slowly declining, and orders jumped toward the end of 2012. US companies continue to hoard cash but as business confidence stabilizes we anticipate they will start spending again, including on business jets. Continued demand for larger jets, strengthening orders at Bombardier, and the entry into service of the Learjet 85 (2014) support our optimistic outlook for business jets.

Commercial aircraft orders improved in 2012 and the International Air Transport Association's outlook for airline industry profits in 2013 is positive. Past orders are expected to lift sales for Bombardier, including those for the much anticipated CSeries, which currently has an entry-into-service date of 2014. This along with high jet fuel prices and upward trending passenger travel suggest net order activity should increase through the forecast period.

Civil demand for the rest of the industry is expected to post respectable growth supported by rising air travel in emerging markets and the delivery of newer and more technologically advanced aircraft. This stands in contrast to military demand, which will suffer from the harsh budget cuts from the sequestration in the US.

Sector Stats

International Exports
2012: CAD 10.8 bn

Number of Exporters*
2010: 844
2000: 909

Share of Total Canadian Merchandise Exports
2012: 2.5%

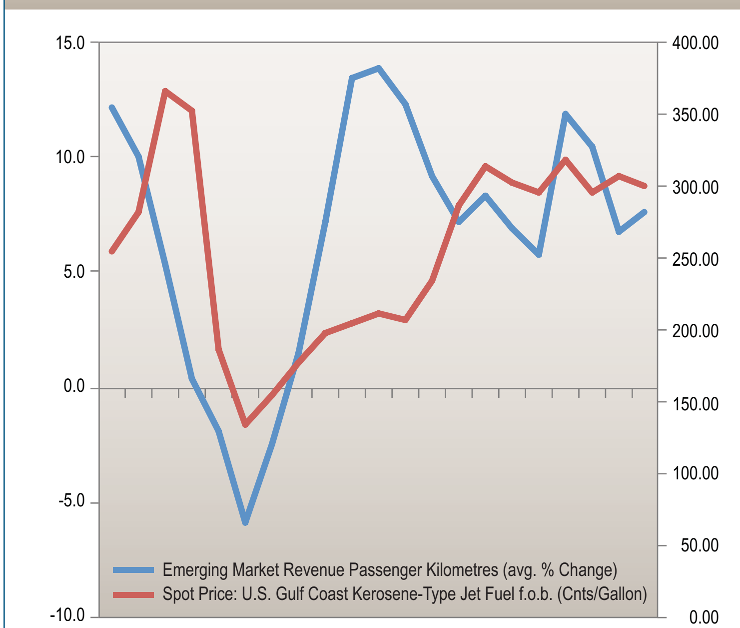
Sector Distribution Across Provinces:
NFLD 2.4%
NB 0.1%
NS 0.5%
PEI 0.6%
QC 59.0%
ON 29.6%
MN 4.3%
SK 0.0%
AB 1.3%
BC 2.2%

Canadian Direct Investment Abroad* (2011):
CAD 26.0 bn

** Reporting the broader sector of transportation equipment (and services)*

Source: Statistics Canada

Figure 28: Emerging Market Growth and High Jet Fuel Prices Spurring Demand



Source: Haver Analytics, International Air Transportation Association

Table 14: Aerospace Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Developed Markets					
United States	6.2	57.1	13.7	9	12
Western Europe	2.2	19.9	-7.7	4	11
Japan, Oceania and Developed Asia	0.3	3.1	-52.5	10	18
Emerging Markets					
Latin America and the Caribbean	0.2	2.1	-44.6	11	18
Emerging Europe and Central Asia	0.3	3.2	12.1	11	20
Africa and the Middle East	0.8	7.0	100.0	10	18
Emerging Asia	0.8	7.6	34.6	-13	-23
Total Developed Markets	8.7	80.2	2.3	8	12
Total Emerging Markets	2.1	19.8	26.0	11	20
Total World	10.8	100.0	6.2	8	14

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.10 Chemicals and Plastics

Canada's exports of chemicals and plastics will return to modest growth, increasing by 2% in 2013 and 1% in 2014. As Canadian capacity will remain fairly stable over the next 2 years, the forecast will be guided by commodity prices and the outlook for international demand, particularly in the US which is the destination for 80% of total shipments.

Petrochemical exports will remain flat, mainly because prices will weaken over the forecast horizon in tandem with the expected modest decline in the price of crude oil. The key challenge for the industry is tough competition in the US as booming production of cheap shale gas is driving a surge in petrochemicals south of the border and rising supply is pushing down prices. Beyond the forecast, we expect that Canadian companies will continue to shift toward natural gas feedstock and diversify their petrochemical product mix.

Meanwhile, exports of pharmaceuticals are expected to continue on a positive growth trend because of rising US consumer demand for generic and lower-cost alternatives. Overall, Canada's chemical exports should rise 2% this year before settling down to 1% in 2014.

Exports of plastics will rise by 5% this year in line with our bullish outlook for the US economy and consumer demand. Over the next few years, sales to the construction sector will benefit from the continued increase in housing starts, which are expected to jump by 34% this year and 24% in 2014. The packaging industry is also expected to continue benefiting from rising exports to the US as healthy consumer demand is boosting retail sales. Investing in R&D to develop environmentally friendly production methods will be a major growth opportunity for the sector.

Sector Stats

International Exports
2012: CAD 34 bn

Number of Exporters
2010: 1,991
2000: 2,175

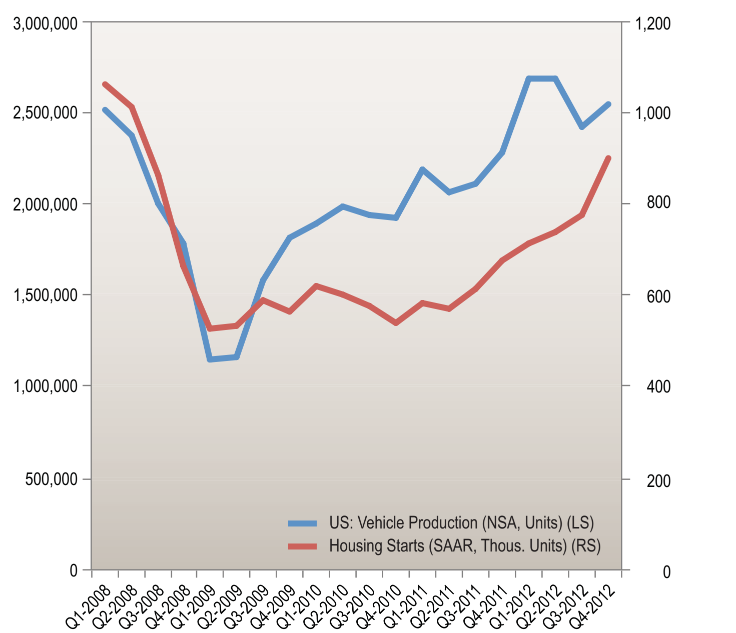
Share of Total Canadian Merchandise Exports
2012: 8.1%

Sector Distribution Across Provinces:
NFLD 0.0%
NB 0.3%
NS 0.9%
PEI 0.1%
QC 18.7%
ON 54.7%
MN 2.8%
SK 2.0%
AB 17.0%
BC 3.4%

Canadian Direct Investment Abroad (2011):
CAD 17,869 bn

Source: Statistics Canada

Figure 29: Demand Drivers Boosting Exports?



Source: Haver Analytics

Table 15: Chemicals and Plastics Outlook by Region

Top Markets	CAD bn	% Share of Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Developed Markets					
United States	27.4	79.4	-1.9	2	1
Western Europe	2.7	7.9	-10.1	0	2
Japan, Oceania and Developed Asia	1.1	3.3	2.8	6	6
Emerging Markets					
Latin America and the Caribbean	1.2	3.5	4.1	4	3
Emerging Europe and Central Asia	0.2	0.5	-11.2	5	4
Africa and the Middle East	0.4	1.1	1.9	3	3
Emerging Asia	1.5	4.3	4.6	5	5
Total Developed Markets	31.3	90.6	-2.5	2	1
Total Emerging Markets	3.2	9.4	3.1	4	4
Total World	34.5	100.0	-2.0	2	1

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.11 Consumer Goods

EDC Economics is forecasting that exports of consumer goods will bounce back to 5% growth this year and 4% in 2014. This category covers a wide array of products, but over 80% of shipments will go to the US, so the rising confidence of the US consumer and strong retail sales are major drivers of our outlook.

The biggest factor driving the rebound is the sharp rise in US housing starts, which are forecast to shoot up by 34% to 1.05 million in 2013 and 24% the following year. Housing-related goods such as furniture, which account for around one-third of sector exports, have historically tracked closely with house starts, and we expect the demand to finally kick in after an initial lag. Given that over 90% of housing-related exports go to the US, the economic recovery there will remain the driver of the sub-sector for the foreseeable future.

A steep decline in silver prices in 2012 explained the decline in silver coin exports last year; however, the price of silver looks set to rebound this year and with it jewellery and silverware manufacturing exports. Key destinations for Canadian coins and jewellery include the US, Germany, Switzerland and Japan.

Other consumer goods is a diverse category of highly competitive industries. Its export numbers took a hit last year, in particular motion pictures and video production, which we believe has bottomed out. Expect this sub-sector to stay constant for the short to medium term.

Clothing exports will stay constant over the coming years, but will in the long term continue the slow decline that has characterized the industry over the past decade. While the US and European markets continue to make up the lion's share of destination of these exports, we expect that over the longer term, the fastest growth in the consumer goods sector will increasingly come from Emerging Asia and Latin America.

Sector Stats

International Exports
2012: CAD 7.2 bn

Number of Exporters
2010: 1,375
2000: 2,020

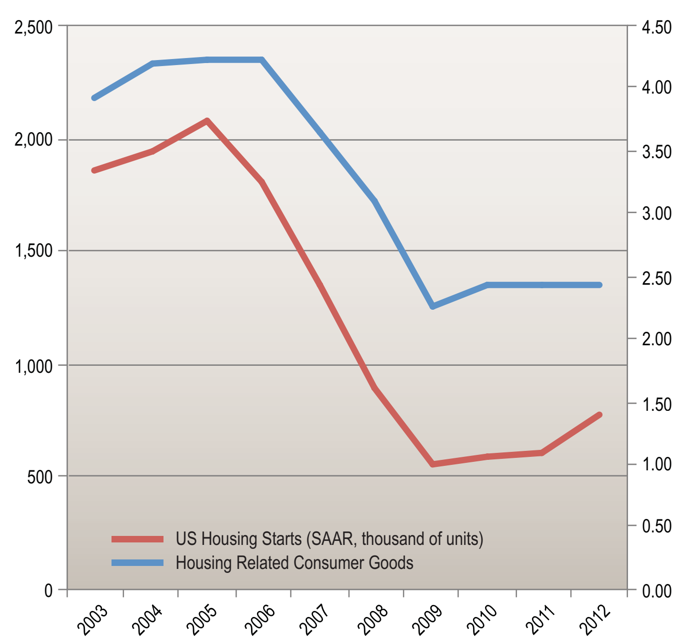
Share of Total Canadian Merchandise Exports
2012: 1.7%

Sector Distribution Across Provinces:
NFLD 0.1%
NB 0.2%
NS 0.9%
PEI 0.0%
QC 31.9%
ON 54.2%
MN 2.4%
SK 0.2%
AB 1.9%
BC 8.1%

Canadian Direct Investment Abroad (2011)
CAD 9.7 bn

Source: Statistics Canada

Figure 30: Consumer Goods Finding a Home



Source: Haver Analytics

Table 16: Consumer Goods Export Outlook by Region

Top Markets	CAD bn 2012	% Share of Exports 2012	2012	Export Outlook (% growth) 2013(f)	2014(f)
Developed Markets					
United States	5.6	77.4	-11.4	7	5
Western Europe	1.0	13.8	-12.7	-4	0
Japan, Oceania and Developed Asia	0.3	4.1	-11.2	2	2
Emerging Markets					
Latin America and the Caribbean	0.1	1.2	-16.5	4	3
Emerging Europe and Central Asia	0.0	0.7	3.9	3	3
Africa and the Middle East	0.1	1.3	14.5	3	4
Emerging Asia	0.1	1.5	7.2	4	6
Total Developed Markets	6.8	95.3	-11.6	5	4
Total Emerging Markets	0.3	4.7	0.9	4	4
Total World	7.2	100.0	-11.1	5	4

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

3.12 Services Export Sector

The Canadian dollar's expected slide below parity this year and next will be helpful for the services industry after an unusually weak performance in 2012. Just as with merchandise trade, there is a strong correlation between the dollar's value and Canadian service exports, because so many sectors are highly competitive. Overall services exports will resume their steady growth path and EDC Economics is forecasting growth of 3% in 2013 followed by 4% growth next year.

Commercial services were weighed down in 2012 by a tepid US investment environment, uncertainty surrounding the "Fiscal Cliff" and a higher Canadian dollar. Looking forward, however, demand should rebound strongly and exporters are well positioned to take advantage of improved conditions. The vast amounts of cash held by US corporations and rising business confidence will drive growth in construction, financial and consulting services. R&D services will receive a boost from GM's ongoing development of a USD 850-million engineering centre in Oshawa, focused on designing new software and alternative energy applications. Overall, we expect commercial services exports growth will increase by 4% in 2013 and 5% next year.

Transportation services exports were flat in 2012, mainly because of slower growth in merchandise trade as demand for the shipment of goods faltered. Greater supply chain integration and increasing demand for commodities are driving a positive growth outlook of 4% this and next year. Another bright star in the forecast horizon is travel services as tourism will receive a boost from improving consumer confidence and rising incomes in the US, while business travel is expected to rise alongside the stronger investment environment. Overall, travel services are expected to increase by 4% both this year and next.

Sector Stats

International Exports
2012: CAD 83.3 bn

Number of Exporters
2010: 7,083
2000: 6,636

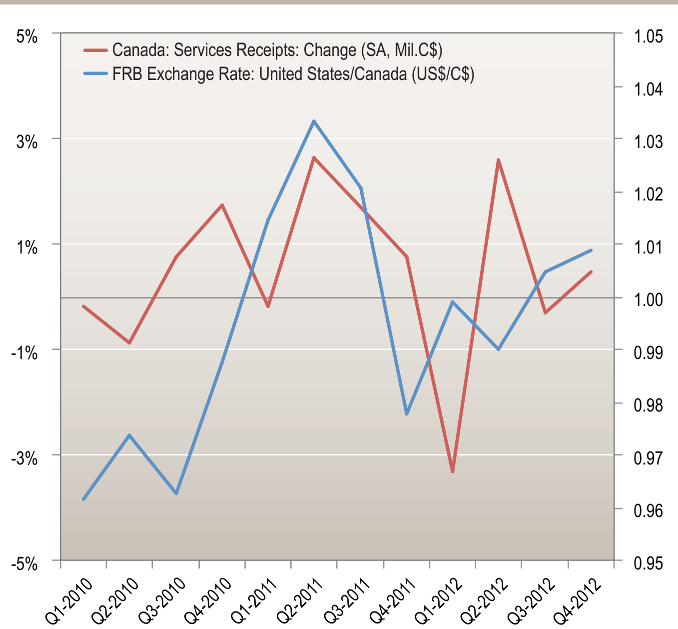
Share of Total Canadian Merchandise Exports
2012: 15.5%

Sector Distribution Across Provinces:
N/A

Canadian Direct Investment Abroad (2010)
CAD 75 bn

Source: Statistics Canada

Figure 31: The Canadian Dollar Countering Service Sector Growth



Source: Haver Analytics

Table 17: Services Export Outlook

	2010	2011	2012	2013(f)	2014(f)
Total Service Exports ($ mn)	79,264	82,771	83,281	86,635	90,546
annual % change	1.3	4.4	0.6	3.4	4.2
Commercial Services ($ mn)	48,554	50,285	50,010	52,126	54,591
annual % change	-1.4	3.6	-0.5	4.2	4.7
Transportation Services ($ mn)	12,807	14,294	14,273	14,798	15,396
annual % change	10.2	11.6	-0.1	3.7	4.0
Travel Services ($ mn)	16,234	16,624	17,350	18,004	18,779
annual % change	4.4	2.4	4.4	3.8	4.3
Government Services ($ mn)	1,864	1,788	1,615	1,707	1,780
annual % change	-7.7	-6.0	5.1	3.6	4.3

Source: Statistics Canada, EDC Economics. 2012 is actual data while 2013 and 2014 are forecast.

4.0 Provincial Export Outlooks

Canadian goods exports will grow by 9% overall in 2013, a big improvement on the 2% expansion seen in 2012. Increases in metals and mining production in British Columbia, Ontario, Quebec, and Newfoundland and Labrador among others will drive growth. Major grain exporters Saskatchewan and Manitoba are set to experience healthy prices while bumper crops will provide an additional boost. Merchandise export growth will slow to 5% in 2014.

Exports from **Newfoundland and Labrador** will jump by 11% this year followed by a 6% rise in 2014. This year's boom is due to a sizable recovery in energy and industrial goods. In **Prince Edward Island**, export growth will be 6% this year and 5% in 2014. Manufacturers serving the aerospace industry continue to provide much of the firepower for growth. **Nova Scotia** will turn in 12% growth this year and 11% in 2014, mainly due to rising production in the offshore gas industry. Forestry is also expected to see robust growth this year, driven by US construction. In **New Brunswick**, refined petroleum shipments will grow modestly, offsetting considerably higher growth in forestry. Exports will inch up a modest 4% this year and expand by only 2% in 2014.

Quebec will benefit from production increases in the mining industry and higher aerospace sales, bumping export growth up to 8% this year, followed by 6% in 2014. **Ontario**'s exports will also follow closely behind national growth rates, gaining 8% this year but only 4% in 2014. The sizzling double-digit growth that the automotive sector has provided recently is fading; the industrial goods sector (metals and mining) is the new export star. In **Manitoba**, exports are poised to grow by 12% in 2013 before decelerating to 4% in 2014. The outlook is underpinned by improving demand from the US for manufactured goods and healthy agricultural prices. **Saskatchewan**'s exports will post an 8% gain this year but drop to zero growth in 2014 due to softening energy prices. Agri-food shipments will benefit from strong prices in 2013. The energy sector drives the export outlook for **Alberta** where the forecast calls for growth of 9% in 2013 and 6% in 2014. **British Columbia**'s exports are on track for a vibrant expansion of 11% in 2013 and growth of 12% in 2014. The outlook is powered by an exceptional recovery in forestry alongside solid gains in ores and metals.

Table 18: Canadian Merchandise Export Forecast by Province

Provinces	CAD bn	% Share of Province's Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Newfoundland and Labrador*	11.3	2.6	-7.0	11	6
Prince Edward Island	0.8	0.2	14.9	6	5
Nova Scotia	3.8	0.9	-14.2	12	11
New Brunswick	14.8	3.5	0.0	4	2
Quebec	62.1	14.5	-0.2	8	6
Ontario	162.8	38.1	4.7	8	4
Manitoba	11.1	2.6	-5.2	12	4
Saskatchewan	31.4	7.4	6.4	8	0
Alberta	95.5	22.3	2.4	9	6
British Columbia	31.7	7.4	-3.0	11	12
Territories	2.1	0.5	-8.4	10	12
Total Goods Exports	427.3	100.0	1.9	9	5

Source: Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

*Includes EDC estimate for crude oil exports (*not included in national total from Statistics Canada)

4.1 Newfoundland and Labrador

EDC Economics expects Newfoundland and Labrador's exports to jump 11% this year followed by a more modest rise of 6% in 2014. This year's boom is due to a sizable bounce-back in energy and industrial goods output, as maintenance and retrenched production had depressed exports in 2012. Increasing demand for iron ore from China and the Netherlands will continue to compensate for the drop in US and other Western Europe-bound shipments.

Significant maintenance in 2012 curtailed production of crude and refinery output. In 2013, oil exports are expected to experience a steep 13% increase, before softening to 2% growth in 2014. Next year's growth will be muted, with production increasing only slightly and prices falling from USD 94/bbl in 2013 to USD 92/bbl in 2014. Longer term, however, new exploration and development efforts that began in 2012 are likely to compensate for production declines caused by maturing wells. The Hebron field, for example, will start to contribute to production volumes in 2018.

The outlook for industrial goods exports is bright, ramping up by 20% in 2013 with growth slowing down only slightly, to 18%, in 2014. This expansion will be driven mainly by higher volumes of iron ore exports, enabled by higher production capacities at IOC and Labrador Iron Mines. Metal ore prospects beyond 2013 are promising, thanks to significant investment by New Millennium Capital Corporation and Tata Steel Ltd. Moving forward, the sector will be slightly weighed down by declining output at Voisey's Bay and Wabush. Export prices for the sector will increase in 2013 but enter a downward trajectory the year after.

Newfoundland and Labrador's agri-food sector, dominated by seafood, is bearing the brunt of lower volumes, but moderate growth is nonetheless expected in 2013 and 2014, with aquaculture slated to increase. The balance of the province's exports includes a broad mix of goods, including forestry, M&E and aerospace, which are shipped by numerous small and medium-sized companies. We expect exports in this category to experience a significant drop compared with foreign sales in 2012, which were inflated by one-off shipments.

Provincial Stats

GDP
CAD 34 bn

International Exports/GDP
40%

Number of Exporters
2010: 211
1999: 178

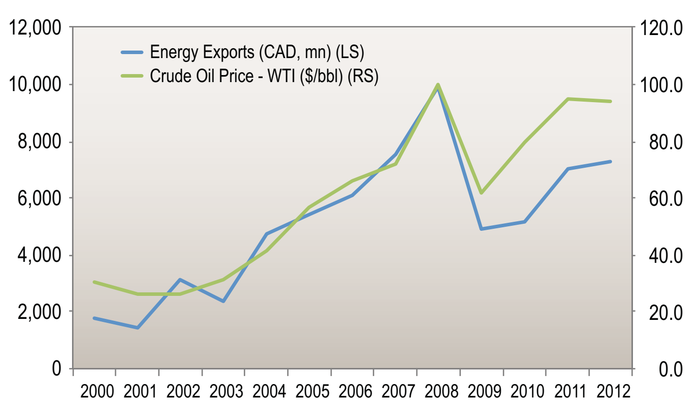
Trade Balance
CAD 6 bn

Largest Export Destinations
United States 58%
China 12%
Netherlands 6%
United Kingdom 4%
France (incl. Monaco, French Antilles) 4%

Share of Exports to Emerging Markets
2012: 21%
2008: 10%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 50%
Regional Diversification: 36%

Figure 32: Rebound in Volumes as Prices Moderate



Source: Haver Analytics, CANSIM

Table 19: Newfoundland and Labrador Merchandise Outlook

Top Sectors	CAD mn 2012	% Share of Province's Total Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Energy	7,305	64.8	-8.6	13	2
Industrial Goods	2,737	24.3	-9.4	20	18
Agri-Food	793	7.0	-9.5	3	3
Forestry	120	1.1	-25.6	1	-1
All Others	320	2.8	349.9	-78	8
Total	11,274	100.0	-7.0	11	6
Total excl. energy	3,969	35.2	-3.9	8	15

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.2 Prince Edward Island

After expanding by 15% in 2012, Prince Edward Island's exports will slow to a more modest 6% growth this year and 5% in 2014. Growth will be propelled by manufacturers serving the aerospace industry. The province's traditional agri-food industries will also contribute to the outlook, but to a lesser degree. Underlying the province's increased foreign sales is the ongoing recovery of private consumption, corporate investment and industrial output south of the border.

Still sizzling from outsize export gains in 2012, the province's transportation and M&E sectors, which cater almost entirely to the aerospace industry, are poised for additional growth of 12% and 13%, respectively, in 2013. Next year, growth will be a percentage point higher for each sector. Increased orders from commercial aviation customers in the US, where regional air travel and demand for maintenance and servicing remain strong, are driving this expansion. Industry sources suggest that production capacity in PEI will be boosted in 2013 as a result of additional foreign investment flowing into the sector, which benefits from a recently extended 10-year corporate tax rebate.

On the agri-food side, the overall outlook is for 4% growth in 2013 and just 1% in 2014. French fry exports will get a boost from the fact that European French fry production was down in late 2012. Current trade patterns are such that US exports are filling the overseas void, in turn creating greater demand for PEI products in the US in 2013. In 2014, growth will settle back to more moderate levels, as the US market for French fries is relatively saturated.

Unlike French fries, table potato exports are expected to fall by 2% in 2013. The US market is still oversupplied due to the bumper crop in Idaho last year, so prices are likely to be lower in the first half of 2013. With PEI cultivation staying fairly constant, volumes shipped will not be able to compensate for the lower prices.

Seafood exports will expand by 4% in 2013, improving on the 2012 results that were adversely impacted by the record lobster catch in Maine, which pushed down lobster prices. This year, exporters of frozen and live lobster should benefit from comparatively better prices due to greater US consumer demand.

Provincial Stats

GDP
CAD 5 bn

International Exports/GDP
18%

Number of Exporters
2010: 173
1999: 131

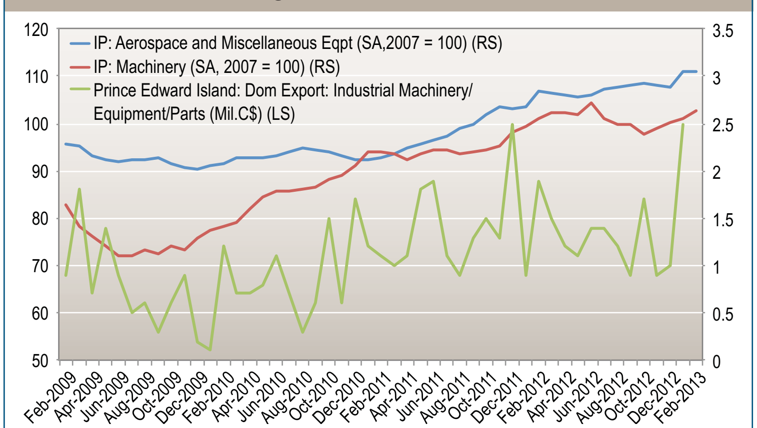
Trade Balance
CAD 1 bn

Largest Export Destinations
United States 69%
Kenya 2%
Indonesia 2%
China 2%
United Kingdom 1%

Share of Exports to Emerging Markets
2012: 16%
2008: 9%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 46%
Regional Diversification: 51%

Figure 33: US Industrial Production Drives PEI Manufacturing



Source: Haver Analytics, CANSIM, Federal Reserve Board

Table 20: Prince Edward Island Merchandise Outlook

Top Sectors	CAD mn	% Share of Province's Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Agri-Food	502.3	59.8	5.5	4	1
M&E	91.5	10.9	76.5	13	14
Transportation	75.4	9.0	50.2	12	13
Industrial Goods	61.9	7.4	13.0	4	2
All Others	109.1	13.0	10.5	9	7
Total	840.2	100.0	14.9	6	5

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.3 Nova Scotia

EDC Economics sees exports from Nova Scotia recording solid 12% growth this year, and 11% in 2014. The forecast carries significant risks, however, as it depends largely on the timing and ultimate destination of gas produced from the Deep Panuke field. Forestry is also expected to turn in robust growth this year, while exports from most other sectors will expand by 3 to 6%.

The energy outlook is particularly challenging this year as there has been a growing wedge between the amount of natural gas produced in the province and the amount of gas that is actually exported internationally. In January of this year, Statistics Canada reported natural gas exports of a miniscule $4,000. A drop in Sable production and rising domestic consumption are potential culprits. As Venture fields come back online and Deep Panuke delivers first gas, production growth will surge. Moreover, if production gains are exported (our underlying assumption), growth in exports will be even stronger. If, however, Deep Panuke is delayed, and Venture fields remain offline, gas exports growth will be significantly less than is currently forecasted.

Agri-food exports are expected to rise 3% this year and next. A slight drop in the Canadian dollar is a contributing factor, producing anticipated stronger prices for scallops and modest gains in the price of lobster. Growth in US demand for lobster should be slow but steady, while we expect demand from China (nearly 25% of non-US sales) to continue surging. On the downside, the fact that Maine's lobster fishery recently became certified as sustainable by the Marine Stewardship Council could negatively impact sales to higher-end restaurants and more environmentally conscious consumers.

In the forestry sector, the reopening of the NewPage Port Hawkesbury super calendar mill last fall is expected to provide a significant lift to exports in 2013. Adding to the positive story is a considerable rebound in US housing, with starts expected to rise nearly 34% this year and another 24% in 2014, lifting exports of wood products through the forecast.

The auto parts sector, led by Michelin, is expected to see modest production growth on small gains in US vehicle production and sales. Tire exports (95% of which are shipped to the US) hit a record CAD 1.03 billion last year.

Provincial Stats

GDP
CAD 37 bn

International Exports/GDP
21%

Number of Exporters
2010: 709
1999: 819

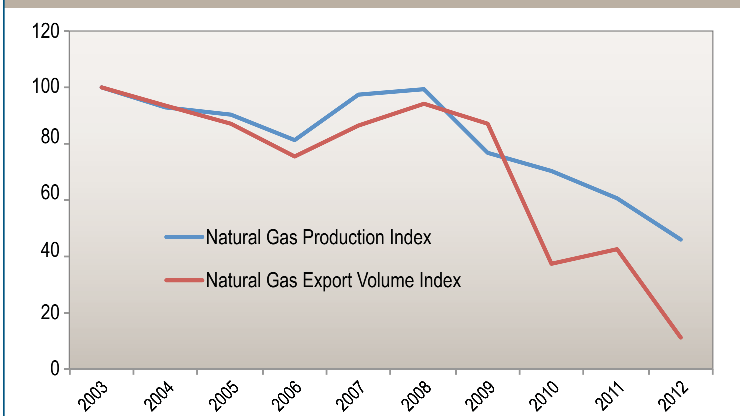
Trade Balance
CAD 4 bn deficit

Largest Export Destinations
United States 72%
China 4%
France (incl. Monaco, French Antilles) 2%
Japan 2%
United Kingdom 2%

Share of Exports to Emerging Markets
2012: 12%
2008: 7%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 22%
Regional Diversification: 54%

Figure 34: Nova Scotia: Disconnect Emerges Between Gas Production and Exports



Source: Cansim, EDC Economics; Haver

Table 21: Nova Scotia Merchandise Outlook

Top Sectors	CAD mn	% Share of Province's Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Energy	101	2.7	-78.1	126	122
Agri-Food	1,175	31.2	2.0	3	3
Forestry	387	10.3	-46.3	42	4
Motor Vehicle	1,055	28.0	1.0	6	6
All Others	1,052	27.9	3.2	5	4
Total	3,769	100.0	-14.2	12	11
Total excl. energy	3,669	97.3	-6.8	9	4

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.4 New Brunswick

EDC Economics expects New Brunswick exports to rise by 4% this year, before decelerating to 2% growth in 2014. This year's gains come from a broad range of sources, and would be much stronger were it not for the closing of the Brunswick Mine after 70 years of production. Next year, growth will be held back by flat energy exports. However, non-energy exports are forecast to rise by a respectable 6% in 2014 on gains from forestry, agri-food and industrial goods.

Energy exports in 2013 will receive a boost from a double-digit increase in natural gas prices. Modest increases in LNG export volumes are included in our forecast, but with prices heading up, volumes shipped could increase. Production of refined petroleum products is expected to hold steady, but prices will get a slight lift from a weaker Canadian dollar. Finally, a full year of production at the Point Lepreau nuclear power plant will result in a significant increase in electricity exports.

Wood products exports will receive a major boost from positive momentum in US housing, with starts expected to rise nearly 34% this year and another 24% in 2014. Some of the province's previously closed mills have reopened, but capacity constraints are likely to limit the province's ability to take full advantage of stronger US demand. The outlook for the rest of forestry is not nearly as optimistic, with modest declines expected for both newsprint and pulp this year and next.

Shipments of agri-food products are being revised up from our forecast in the fall. The main lift this year is expected to come from higher volumes of processed lobster while salmon exports rise on a modest gain in prices. With prices expected to improve going forward, sales of seafood products will rise further in 2014. Cranberry production remains relatively small but should record rapid growth in the forecast.

The closure of Brunswick Mine in 2013 will result in a significant drag on exports of metals this year and next. Hidden in the forecast is the considerable ramping up of production at PotashCorp's Sussex mine. Although we lack a clear production profile, EDC Economics forecasts dramatic production increases in 2014.

Provincial Stats

GDP
CAD 32 bn

International Exports/GDP
47%

Number of Exporters
2010: 567
1999: 693

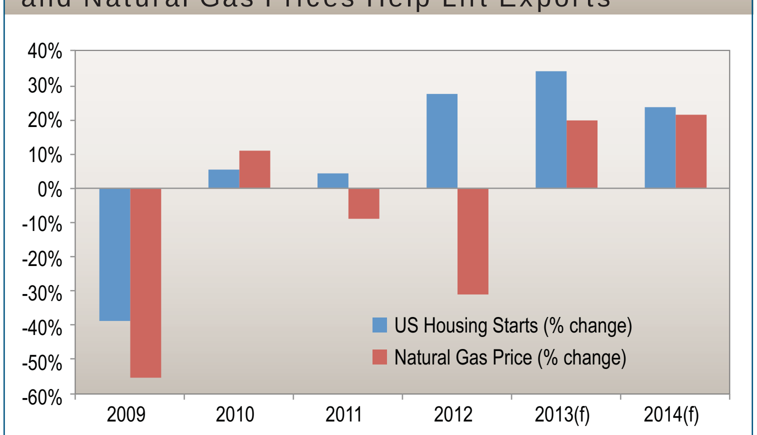
Trade Balance
CAD 8 bn deficit

Largest Export Destinations
United States 86%
Netherlands 2%
Bahamas 1%
Brazil 1%
France (incl. Monaco, French Antilles) 1%

Share of Exports to Emerging Markets
2012: 7%
2008: 7%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 51%
Regional Diversification: 75%

Figure 35: New Brunswick: Rise in US Housing and Natural Gas Prices Help Lift Exports



Source: Haver Analytics, EDC Economics

Table 22: New Brunswick Merchandise Outlook

Top Sectors	CAD mn	% Share of Province's Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Energy	10,589	71.6	-0.3	4	0
Forestry	1,447	9.8	-4.3	9	8
Agri-Food	1,411	9.5	2.2	5	4
Industrial Goods	941	6.4	-1.9	-11	5
M&E	281	1.9	44.8	8	8
All Others	122	0.8	-2.1	17	8
Total	14,791	100.0	0.0	4	2
Total excl. energy	4,201	28.4	0.8	3	6

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.5 Quebec

EDC Economics expects Quebec's exports to grow by 8% this year, before pulling back to 6% growth in 2014. The most prominent driver of this forecast is the ongoing economic recovery in the US, which buys two-thirds of all Quebec exports.

Despite regulatory headwinds in the form of changes to the Quebec mining regime, we expect the industrial goods sector, which includes ores, minerals and metals exports, to grow by 7% in 2013, before slowing down to 2% growth in 2014. The metals and mining industry remains a key contributor to Quebec's overall export performance. Aluminum and related exports will play a significant role in this outlook. Exports from this industry are poised to rebound following a disappointing 2012 that was caused in part by sluggish prices. In addition to stronger prices and demand, the aluminum industry will benefit from increased output owing to resolved labour disputes (Alma) and imminent expansion plans at several key smelters.

Two other developments in the mining sector will boost export volumes in 2013. In the iron ore space, ArcelorMittal Mines Canada's $2.1-billion expansion of a concentrator at its Mont-Wright mine will be completed by mid-2013. Gold output is also set to rebound in 2013, thanks to the resolution of production setbacks at Osisko's Malartic mine. Counterbalancing these positive factors is the decision by Cliffs Natural Resources to idle its Pointe Noire iron ore pellet plant by mid-2013 and to delay portions of its Bloom Lake Phase II expansion as a result of weak iron ore prices.

Aerospace exports are expected to rise, driven by the ongoing global recovery and rapid growth in air travel in emerging markets. The environment for business jets is also beginning to stabilize, as reflected in an increase in orders from Bombardier. Similar trends are likely for commercial aircraft orders, which grew in 2012 and are expected to continue on the same trajectory in 2013. Past orders from the much anticipated CSeries, which currently has an entry into service date of 2014, should also lift sales by Bombardier.

Ongoing investigations into corruption in the construction industry will continue to affect the province's business environment. However, they have thus far focused primarily on domestic contracts and, as a result, have not greatly impacted Quebec's exports.

Provincial Stats

GDP
CAD 346 bn

International Exports/GDP
26%

Number of Exporters
2010: 8,481
1999: 8,113

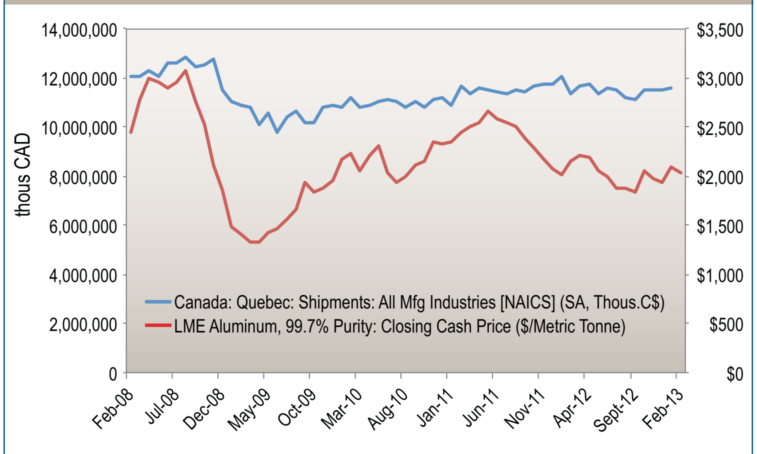
Trade Balance
CAD 8 bn deficit

Largest Export Destinations
United States 70%
China 4%
Germany 2%
Netherlands 2%
France (incl. Monaco, French Antilles) 2%

Share of Exports to Emerging Markets
2012: 13%
2008: 9%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 24%
Regional Diversification: 51%

Figure 36: Quebec: Export Demand Indicators



Source: Haver Analytics, CANSIM

Table 23: Quebec Merchandise Outlook

Top Sectors	CAD mn 2012	% Share of Province's Total Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Industrial Goods	23,515	37.9	-4.0	7	2
M&E	8,993	14.5	7.7	6	6
Forestry	7,156	11.5	-3.3	7	6
Transportation	7,215	11.6	-3.3	13	16
Agri-Food	6,067	9.8	8.4	8	5
Consumer Goods	2,288	3.7	-7.7	5	4
All Others	6,892	11.1	6.6	10	6
Total	62,125	100.0	-0.2	8	6
Total excl. energy	58,243	93.8	-0.9	8	6

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.6 Ontario

Ontario's exports will follow closely behind national growth rates over the forecast horizon, but the expansionary impulse that the automotive sector has provided in recent years is waning. Overall, Ontario's exports will gain 8% this year followed by a more modest 4% rise in 2014.

The province's largest export sector, the automotive industry, will see a noteworthy slowing of the brisk expansion seen since the crisis. Soaring US demand for passenger vehicles is constrained by capacity limits in Ontario where the closing of the GM Oshawa consolidated plant will reduce Canadian production capacity by about half a million units in June 2013. The Canadian industry continues to face competitiveness challenges, with many manufacturers citing the high cost of production.

Foreign sales of industrial goods will soar by 15% this year, before slowing to a gain of 2% in 2014, as volume gains offset an increasingly weak pricing environment. Production from Ontario's metals and mining sector will be the star performer on the export stage this year. Gold production will jump by over 20%, with notable contributions from the Young-Davidson mine and Detour Lake. Nickel output will be more muted, as capacity constraints limit upside potential. Vale's Copper Cliff refinery, for example, is working at capacity and its investment program currently under way focuses on reducing emissions and sustaining output rather than increasing it. Chemicals manufacturing will spike toward the end of the year and into 2014, with Nova Chemicals ramping up production at its Corunna facility as it operationalizes gas feedstock from the US Midwest shale gas fields.

The energy sector will also contribute to the export story over the next 2 years. According to the Independent Electricity System Operator (IESO), Ontario will see an additional 3,200 MW of transmission grid-connected renewable capacity added to the power system, including its first two transmission grid-connected solar projects and a large influx of wind generation projects. Other subsectors of note for Ontario over the forecast horizon include air freight capacity which will receive a boost thanks to the investment in the Hamilton airport to develop air-to-truck intermodal links with a cargo cross-dock facility; the food manufacturing industry which has seen significant investment in plants and M&E recently; and agri-food which was adversely affected by poor weather last year.

Provincial Stats

GDP
CAD 655 bn

International Exports/ GDP
33%

Number of Exporters
2010: 17,550
1999: 17,511

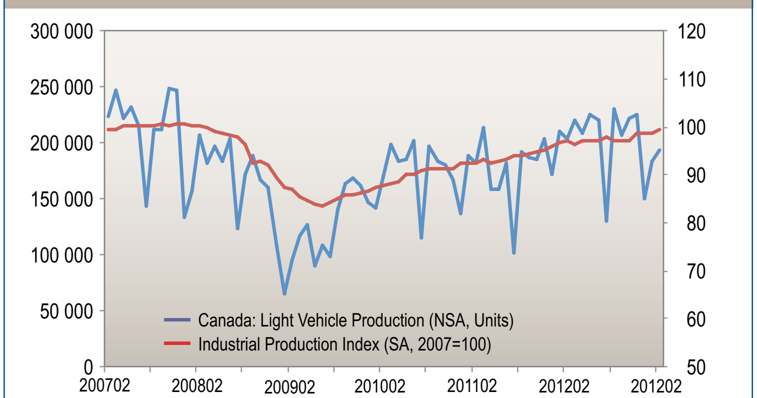
Trade Balance
CAD (74 bn)

Largest Export Destinations
United States 78%
United Kingdom 9%
Norway 1%
China 1%
Mexico 1%

Share of Exports to Emerging Markets
2012: 6%
2008: 5%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 26%
Regional Diversification: 62%

Figure 37: Vehicle Production to Moderate While US Industrial Production Drives Ontario's Export Performance



Source: Haver Analytics, Wards Automotive

Table 24: Ontario Merchandise Outlook

Top Sectors	CAD mn	% Share of Province's Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Industrial Goods	54,972	33.8	-4.4	15	2
Motor Vehicle	58,452	35.9	16.6	4	3
M&E	21,303	13.1	1.9	8	8
Agri-Food	10,687	6.6	9.3	6	5
Forestry	4,315	2.7	-6.0	7	5
Consumer Goods	3,894	2.4	-15.2	5	4
All Others	9,140	5.6	14.0	8	6
Total	162,763	100.0	4.7	8	4

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.7 Manitoba

Manitoba's exports are poised to grow by 12% in 2013 before decelerating by 4% in 2014, as Canada's most diversified province will benefit from improving demand from the US and softer, but still healthy agricultural commodity prices. The manufacturing sector is set for solid growth, with rising sales in key sectors such as aerospace parts, buses and agricultural equipment.

Agri-food exports are the star of the forecast on a projected 17% advance this year. Manitoban farmers delivered a spectacular harvest in the 2012/13 crop year, with wheat and coarse grain production up almost 50% and oilseeds rising 20%. Grain prices are expected to climb down from soaring heights seen in 2012 as the effects of last year's US drought subsides, but prices will not fall too far as they remain supported by strong demand from emerging markets and for biofuel production. Manitoban meat exports will remain essentially flat because of weaker pork prices.

After a steep decline in 2012, exports of industrial goods will rebound this year, supported by new exports of metals as production ramps up at the Lalor Mine near Flin Flon. Sales of M&E will continue their upward trend, growing by 9% this year and next. The greatest lift will come from agricultural machinery as high food prices enable farmers to boost investment globally.

The energy sector will grow by a healthy 8% in 2013 and 10% next year. A key contributor will be rising volumes of crude oil exports, which are projected to rise by 5% despite modest price declines over the forecast. Electricity exports will see solid gains as the Wuskwatim hydroelectric station is now fully online, even though prices have been somewhat weak.

The transportation sector will deliver another year of solid export growth, with motor vehicles and parts exports rising by 10% this year and 4% in 2014. Shipments of buses grew by a stunning 43% in 2012, led by industry leaders such as New Flyer, and they are well poised to continue their upward trajectory as the US economic recovery accelerates. The aerospace industry will see rising exports of aircraft parts by Boeing Winnipeg as production of the 787 Dreamliner ramps up.

Provincial Stats

GDP
CAD 56 bn

International Exports/GDP
28%

Number of Exporters
2010: 1,266
1999: 1,267

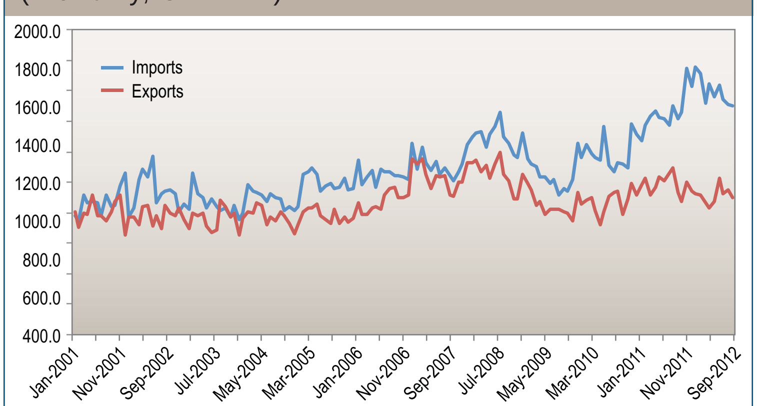
Trade Balance
CAD (3.5) bn deficit

Largest Export Destinations
United States 67%
China 9%
Japan 5%
Mexico 3%
Hong Kong 1%

Share of Exports to Emerging Markets
2012: 20%
2008: 19%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 23%
Regional Diversification: 47%

Figure 38: Manitoban Imports Back to Pre-Crisis Levels, but Exports Still Have a Way to Go (Monthly, CAD mn)



Source: Statistics Canada

Table 25: Manitoba Merchandise Outlook

Top Sectors	CAD mn 2012	% Share of Province's Total Exports 2012	2012	Export Outlook (% growth) 2013(f)	2014(f)
Agri-Food	3,922	35.4	-8.4	17	1
Industrial Goods	2,778	25.1	-13.4	12	3
M&E	1,503	13.6	4.1	9	9
Energy	921	8.3	-7.4	8	10
Motor Vehicle	566	5.1	20.7	10	4
Forestry	423	3.8	5.6	11	8
All Others	958	8.7	8.6	8	10
Total	11,071	100.0	-5.2	12	4
Total excl. energy	10,150	91.7	-5.0	13	4

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.8 Saskatchewan

Saskatchewan's exports will continue to boom this year, posting a solid 8% gain, before flat lining in 2014. The province's energy exports will see impressive volume increases, while agri-food exports will rise as a result of favourable growing conditions and healthy prices.

Energy exports will expand by a striking 9% this year before slowing to 1% in 2014, as rising volumes are counterbalanced by softening prices. The province's total production of crude oil is forecast to increase by 6% to 541,000 barrels per day in 2013, and to then level off at 549,000 in 2014. Gains in light and medium crude production will offset slight declines in conventional heavy oil production next year. Relatively strong energy prices will drive investments and increased drilling activity will continue through the forecast horizon however, major additions in production capacity will come online only after 2014.

Saskatchewan's agri-food exports are forecast to grow by 7% this year, as record wheat production will compensate for declines in oilseeds. In 2014, agricultural exports will rise by only 2% as prices decline from their record highs. Global grain production is expected to recover from the devastating 2012 US drought; however, grain stocks will remain below normal historical levels. In addition, the long-term trend for global agriculture is that healthy prices will be supported by consistent demand growth. Demand for food in the emerging markets continues to rise rapidly and more cultivators all over the world are shifting toward grain for biofuels, creating pressure on supplies.

Given this context, it is not surprising that Saskatchewan fertilizer exports are forecast to increase by 9% in 2013. This growth is mainly driven by a rebound in US and Indian demand for potash as well as continued robust purchasing by Brazilian farmers. However, sales are forecast to decline by 6% in 2014. The key challenge will be weaker potash prices, because of producer inventory levels thatwhich are well above average. Other factors that will exercise downward pressure on the price are lower-than-expected Chinese and Indian contract closing prices as well as significant capacity increases, both in terms of expansions and new greenfield projects that are coming on line over the next few years.

Provincial Stats

GDP
CAD 75 bn

International Exports/GDP
44%

Number of Exporters
2010: 857
1999: 733

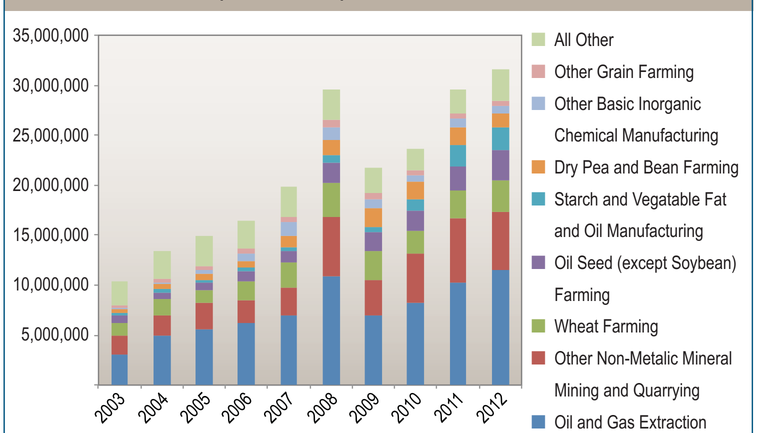
Trade Balance
CAD 20.3 bn

Largest Export Destinations
United States 64%
China 8%
Japan 4%
Indonesia 3%
Mexico 2%

Share of Exports to Emerging Markets
2012: 25%
2008: 24%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 31%
Regional Diversification: 43%

Figure 39: Saskatchewan Exports Back to Pre-Crisis Levels (CAD mn)



Source: Statistics Canada

Table 26: Saskatchewan Merchandise Outlook

Top Sectors	CAD mn 2012	% Share of Province's Total Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Energy	11,876	37.8	12.8	9	1
Agri-Food	11,139	35.4	9.5	7	2
Fertilizers	5,905	18.8	-9.9	9	-6
Chemicals/Plastics	688	2.2	-21.0	2	1
All Others	1,836	5.8	28.6	14	8
Total	31,443	100.0	6.4	8	0
Total excl. energy	19,567	62.2	2.9	8	0

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.9 Alberta

Energy sales will boost Alberta's exports by 9% in 2013, lifting total goods exports over the CAD 100 billion mark. A healthy 6% gain will follow in 2014. Foreign sales will benefit from both volume gains and a weaker dollar. While Alberta crude discounting continues, natural gas prices are rising, helping to lift energy sales. All other key subsectors will also show solid gains this year followed by moderation in 2014.

Amid an easing of global crude prices, Alberta crude has been sharply discounted due to a transportation capacity issue. EDC Economics expects the price gap between the WTI and Alberta's Western Canadian Select crude benchmarks to average USD 22/bbl over the forecast. The industry will probably be able to increase shipments to the US compared with 2012 through rail capacity increases and pipeline tweaks, so that the price gap is unlikely to widen. Despite these challenges, the nominal value of Canadian crude exports to the US will rise by 9% in 2013 and 4% in 2014 as the US greenback gains ground over the Canadian dollar.

On the natural gas side, US inventories in storage have decreased and prices are trending up. This, coupled with a weaker Canadian dollar, will lift Alberta's natural gas export earnings 14% this year and 16% next year. Unfortunately, Canadian gas exporters will have no incentive to increase production since they cannot compete on the US market as long as the price of natural gas on the Henry Hub remains below USD 5/mmbtu. Volumes will decline as natural gas rigs are redeployed to more profitable crude oil servicing.

Other export categories will perform well this year, followed by a mixed outcome next year. Fertilizer prices will slip a notch, though Alberta will ship more this year. Metals and minerals will show significant lift in 2013, though chemicals will advance at a slower rate. The agri-food sector will show mixed results. Last year's beef recalls should prove a distant memory as wheat and other crop sales will help to lift sales 5% this year, while prices will hold back growth next year. Recovering industrial activity in the US will lift overall M&E sales, while strong lumber exports will prompt the reopening of the Athabaska Mill in 2014.

Provincial Stats

GDP
CAD 295 bn

International Exports/GDP
33%

Number of Exporters
2010: 3,279
1999: 2,900

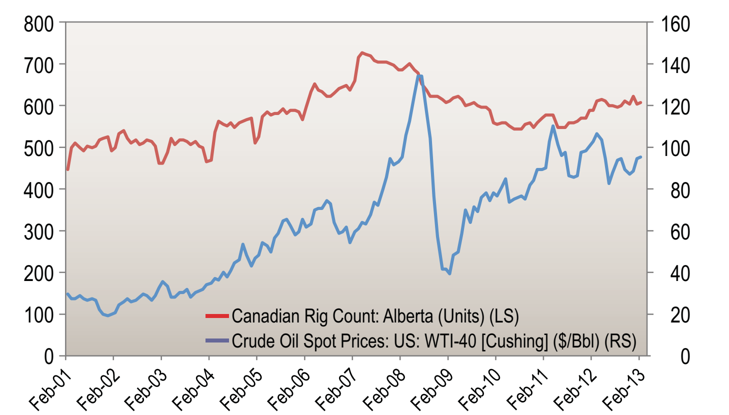
Trade Balance
CAD 69.8 bn

Largest Export Destinations
United States 87%
China 4%
Japan 2%
Mexico 1%
Korea, South 1%

Share of Exports to Emerging Markets
2012: 8%
2008: 7%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 54%
Regional Diversification: 75%

Figure 40: Alberta Rig Count vs. WTI Prices



Source: Statistics Canada

Table 27: Alberta Merchandise Outlook

Top Sectors	CAD mn 2012	% Share of Province's Total Exports 2012	Export Outlook (% growth) 2012	2013(f)	2014(f)
Energy	69,360	72.6	2.4	9	7
Industrial Goods	9,480	9.9	-7.1	7	1
Agri-Food	9,101	9.5	13.9	5	2
M&E	4,496	4.7	2.9	8	8
Forestry	2,160	2.3	5.6	9	7
All Others	883	0.9	-1.7	9	7
Total	95,479	100.0	2.4	9	6
Total excl. energy	26,120	27.4	2.4	7	3

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

4.10 British Columbia

British Columbia's exports are on track for a vibrant expansion of 11% in 2013 and growth of 12% in 2014. This forecast is driven by an exceptional recovery in forestry due to price and volume increases, alongside solid gains in ores, metals and other industrial goods. While the energy sector will show a marked decline linked to pricing this year, the US recovery will boost M&E sales in 2013 and 2014.

Forestry exports are set to experience impressive growth, with a 25% increase this year followed by a 17% gain in 2014. Demand and prices for lumber will be driven upwards by US housing starts, which are expected to expand by 34% in 2013 and 24% in 2014. The recovery of China's construction sector from last year's slow-down will also add momentum. Lumber stocks should remain adequate for the next 2 years, helping to increase export volumes. However, supply constraints will emerge thereafter. The overall growth in forestry exports faces only modest drag from a decrease in pulp and paper exports, which remains consistent with slumping demand.

Energy exports will experience a 4% price-induced slide this year, followed by a healthy 10% recovery next year. By far the largest sub-sector, coal is being hard hit by the sharp price declines that took hold late last year. Fortunately, modest volume gains will help moderate the impact. We expect coal exports to shrink 12% this year and grow 8% in 2014. Meanwhile, although natural gas will benefit from price gains in both years, volumes will decline as producers cannot compete with the low prices in the US, with its massive shale-based supply. Significant long-term growth is expected only once sizable LNG terminal capacity comes on line.

In the industrial goods sector, recent mining expansions will help drive a 15% gain in export earnings in 2013 and an 11% gain in 2014. Specifically, Highland Valley and Huckleberry mines will add sizable copper ore capacity this year, while Gibraltar will boost potential output next year. Down the road, Rio Tinto has plans to expand its aluminum smelter in Kitimat. Meanwhile, the US recovery that is taking shape and a weakened Canadian dollar will mean solid growth for the province's M&E and agri-food sales in both 2013 and 2014.

Provincial Stats

GDP
CAD 218 bn

International Exports/ GDP
23%

Number of Exporters
2010: 5,363
1999: 5,546

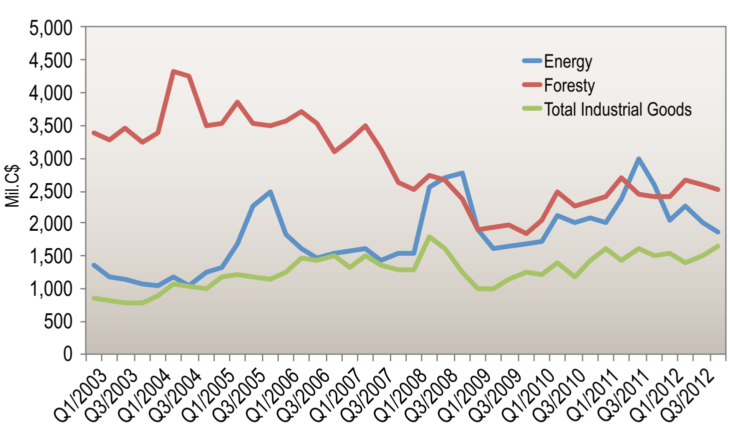
Trade Balance
CAD 6.4 bn deficit

Largest Export Destinations
United States 45%
China 18%
Japan 13%
Korea, South 6%
Taiwan 2%

Share of Exports to Emerging Markets
2012: 28%
2008: 15%

Trade Diversification Index (100=total concentration in a single sector/region and 0=completely diversified)
Sector Diversification: 23%
Regional Diversification: 27%

Figure 41: Key Export Sectors



Source: Haver Analytics, Statistics Canada

Table 28: B.C. Merchandise Outlook

Top Sectors	CAD mn	% Share of Province's Total Exports	Export Outlook (% growth)		
	2012	2012	2012	2013(f)	2014(f)
Forestry	10,116	31.9	1.8	25	17
Energy	8,497	26.8	-15.4	-4	10
Industrial Goods	6,271	19.8	-3.8	15	11
M&E	2,644	8.3	9.9	7	7
Agri-Food	2,728	8.6	9.4	5	5
All Others	1,440	4.5	12.0	6	7
Total	31,697	100.0	-3.0	11	12
Total excl. energy	23,199	73.2	2.5	17	12

Source: Statistics Canada, EDC Economics. 2012 is actual data, while 2013 and 2014 are forecast.

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

5.0 Annexes

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

5.1 Experience and Attitude

Algeria

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Negative: (–)

Angola

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Argentina

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Armenia

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Insufficient Data

Australia

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Azerbaijan

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Bahamas

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Bahrain

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Negative: (–)

Bangladesh

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Barbados

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

1.0 GEF Executive Summary
2.0 Country Overviews
3.0 Sector Overviews
4.0 Provincial Export Outlooks
5.0 Annexes
5.1 Experience and Attitude
5.2 Payment Risk Maps

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

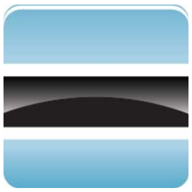
negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Bolivia

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)



Botswana

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Brazil

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Negative: (–)

Bulgaria

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Cameroon

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium-High
EDC payment experience 2012:	Insufficient Data

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Chile

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

China

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Colombia

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Costa Rica

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Côte d'Ivoire

Risk Level

Short-term commercial:	High*
Medium-long-term commercial:	Medium-High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Croatia

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Cuba

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	No Information

Czech Republic

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Dominican Republic

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Ecuador

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	Medium-High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Egypt

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

El Salvador

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Equatorial Guinea

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Insufficient Data

Estonia

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Ethiopia

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

France

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Gabon

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium-High
EDC payment experience 2012:	Negative: (–)

Georgia

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Insufficient Data

Germany

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Ghana

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Greece

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2011	Negative: (–)

Guinea

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	No Information

Haiti

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Hong Kong

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Hungary

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

India

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Indonesia

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Iraq

Risk Level

Short-term commercial:	High*
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Israel

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Neutral: (O)

Italy

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Neutral: (O)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Jamaica

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Japan

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Jordan

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Neutral: (O)

Kazakhstan

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Kenya

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Kuwait

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Negative: (–)

Kyrgyzstan

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Lebanon

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Libya

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Negative: (–)

Lithuania

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Negative: (–)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative −

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Malaysia

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Mali

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Mauritania

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Mauritius

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Mexico

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative −

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Mongolia

Risk Level

Short-term commercial:	Medium-High
Medium-long term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Morocco

Risk Level

Short-term commercial:	Medium
Medium-long term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Mozambique

Risk Level

Short-term commercial:	Medium-High
Medium-long term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Insufficient Data

Namibia

Risk Level

Short-term commercial:	Medium
Medium-long term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Netherlands

Risk Level

Short-term commercial:	Low
Medium-long term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Nigeria

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Oman

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Pakistan

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Panama

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Peru

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

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EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

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Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Philippines

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Poland

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Portugal

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Negative: (–)

Qatar

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Romania

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Russia

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Saudi Arabia

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Neutral: (O)

Senegal

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Negative: (–)

Singapore

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Slovakia

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Negative: (–)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

South Africa

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

South Korea

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Spain

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Sri Lanka

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Negative: (–)

Syrian Arab Republic

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Negative: (–)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative −

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Taiwan, Province of China

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Tajikistan

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	No Information

Tanzania

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Thailand

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Trinidad and Tobago

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative −

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Tunisia

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Turkey

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

Turkmenistan

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	No Information

Uganda

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Ukraine

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Insufficient Data

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive +

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral O

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative –

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

United Arab Emirates

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

United Kingdom

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

United States

Risk Level

Short-term commercial:	Low
Medium-long-term commercial:	Low
Sovereign:	Low
EDC payment experience 2012:	Positive: (+)

Uruguay

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Negative: (–)

Uzbekistan

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Insufficient Data

EDC Payment Experience: Measured by the number and size of EDC claims experienced in a particular country over a period of a year, relative to EDC's business volume growth.

positive

Positive: The number of claims or the amounts claimed have decreased in proportion to EDC business volume growth.

neutral

Neutral: The number of claims or the amounts claimed have remained unchanged in proportion to EDC business volume growth.

negative

Negative: The number of claims or the amounts claimed have increased in proportion to EDC business volume growth.

Venezuela

Risk Level

Short-term commercial:	Medium-High*
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Viet Nam

Risk Level

Short-term commercial:	Medium
Medium-long-term commercial:	Medium-High
Sovereign:	Medium-High
EDC payment experience 2012:	Positive: (+)

Yemen

Risk Level

Short-term commercial:	High
Medium-long-term commercial:	High
Sovereign:	High
EDC payment experience 2012:	Positive: (+)

Zambia

Risk Level

Short-term commercial:	Medium-High
Medium-long-term commercial:	Medium
Sovereign:	Medium
EDC payment experience 2012:	Positive: (+)

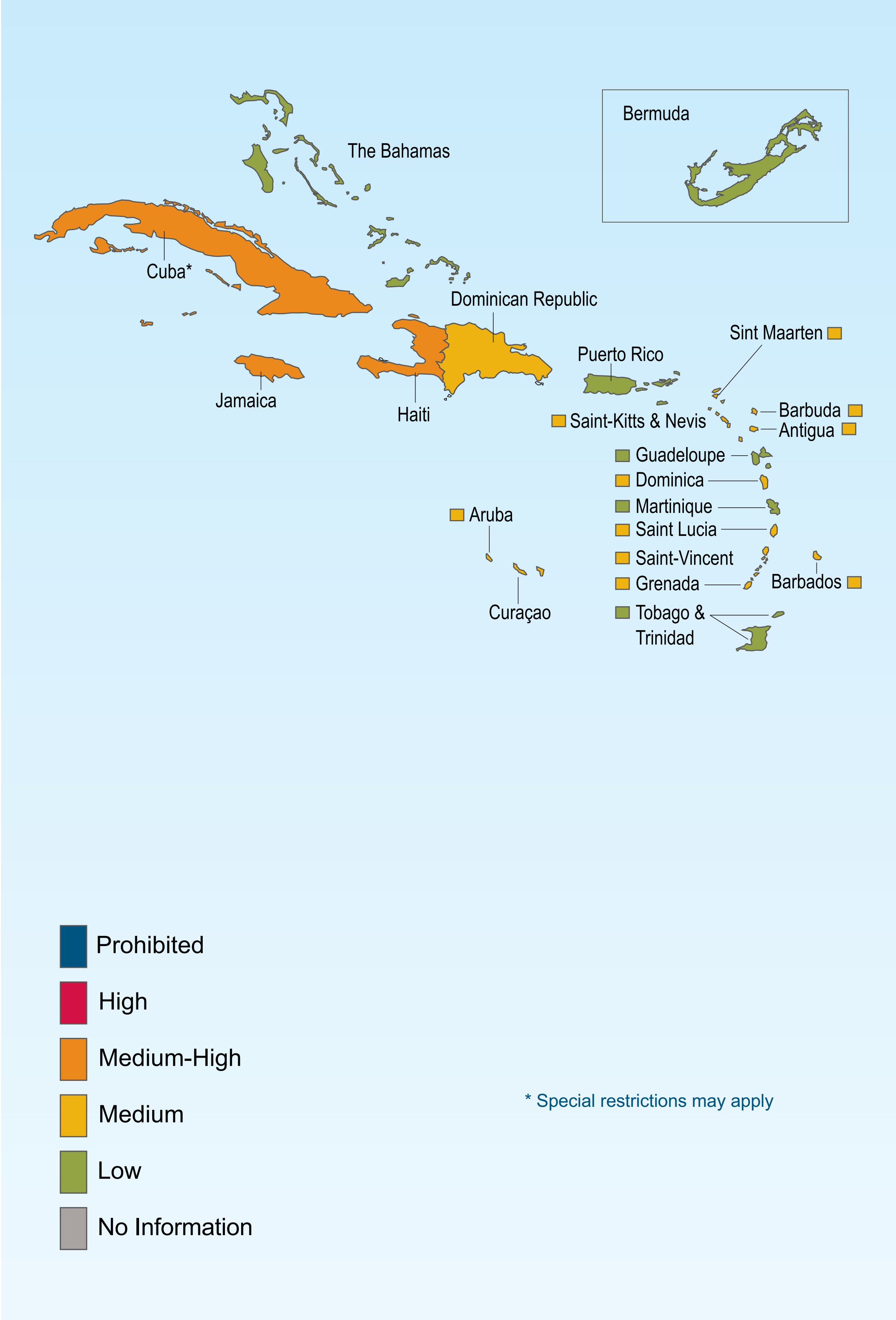
5.2 Payment Risk Maps

Latin America

Short-term payment risk

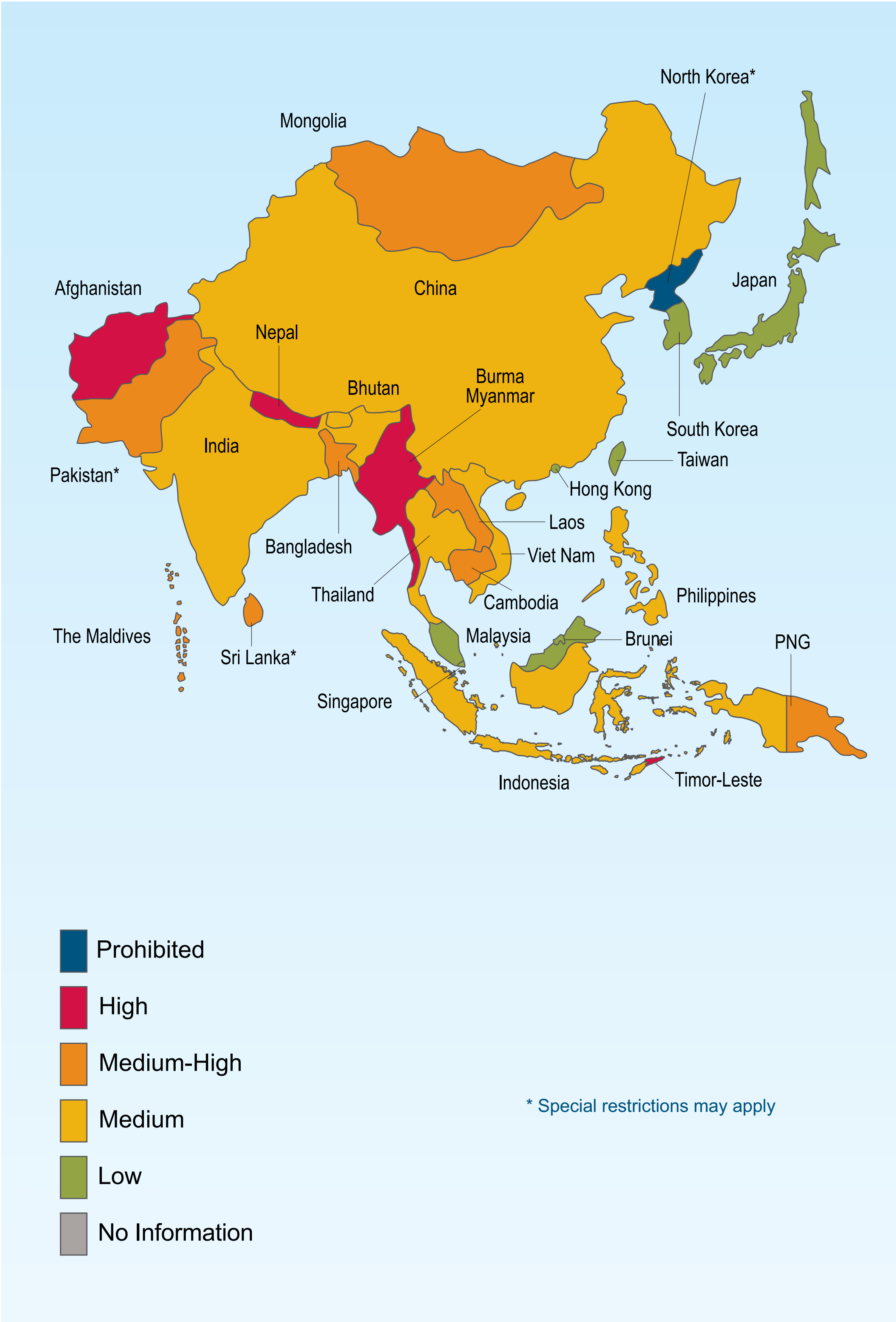
Caribbean

Short-term payment risk



Asia/Pacific

Short-term payment risk



Central Europe

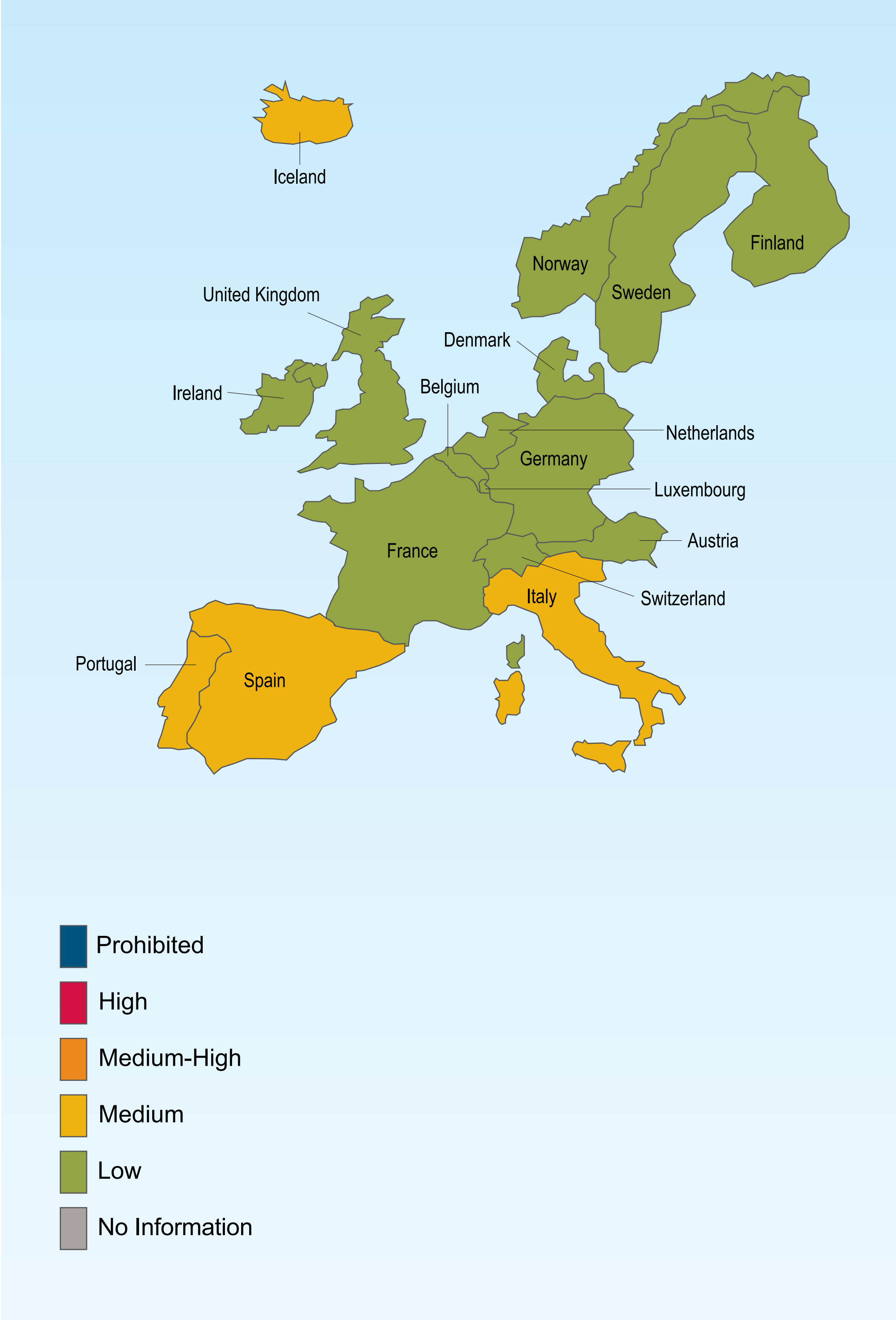
Short-term payment risk

- Prohibited
- High
- Medium-High
- Medium
- Low
- No Information

* Special restrictions may apply

Western Europe

Short-term payment risk

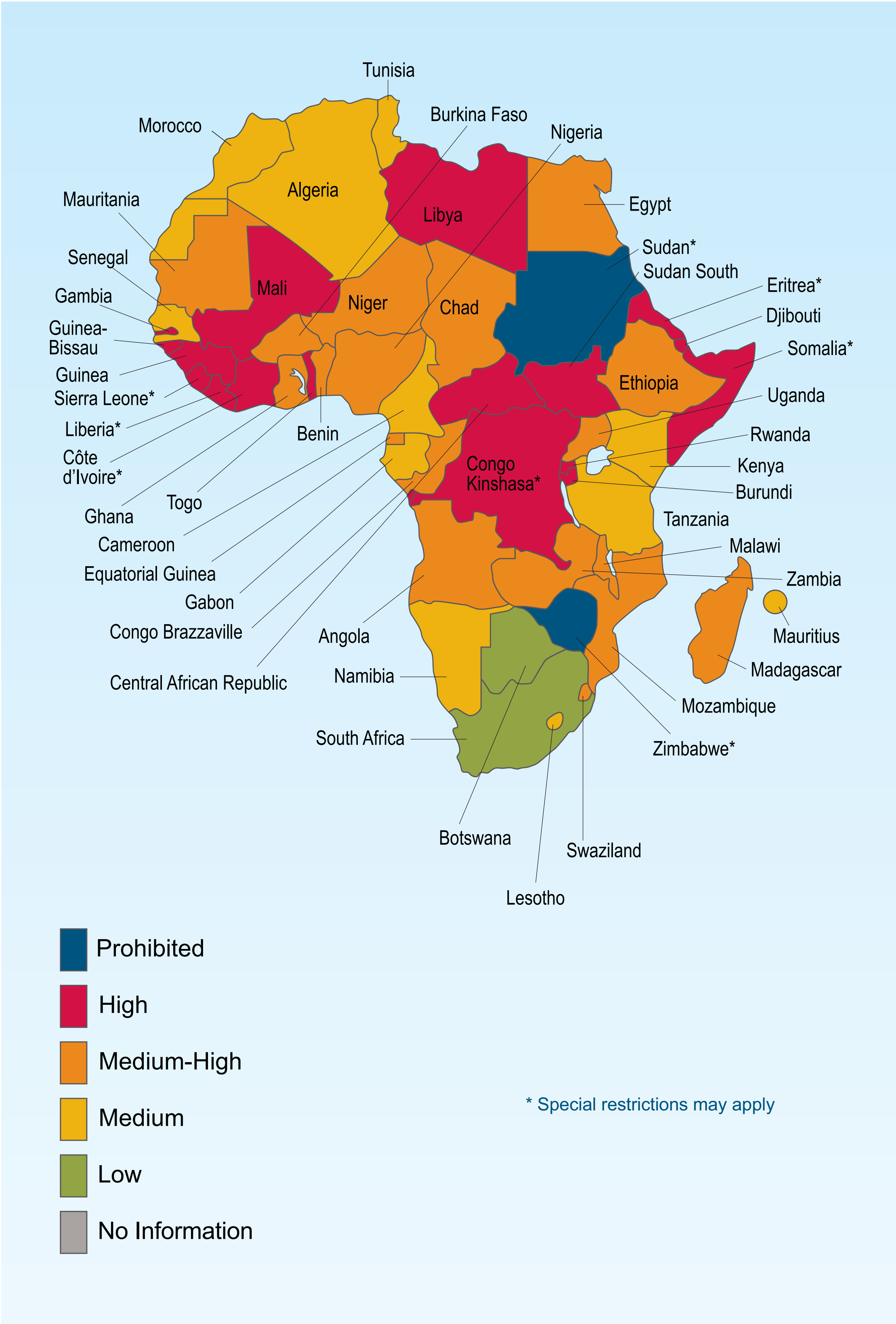


Former Soviet Union

Short-term payment risk

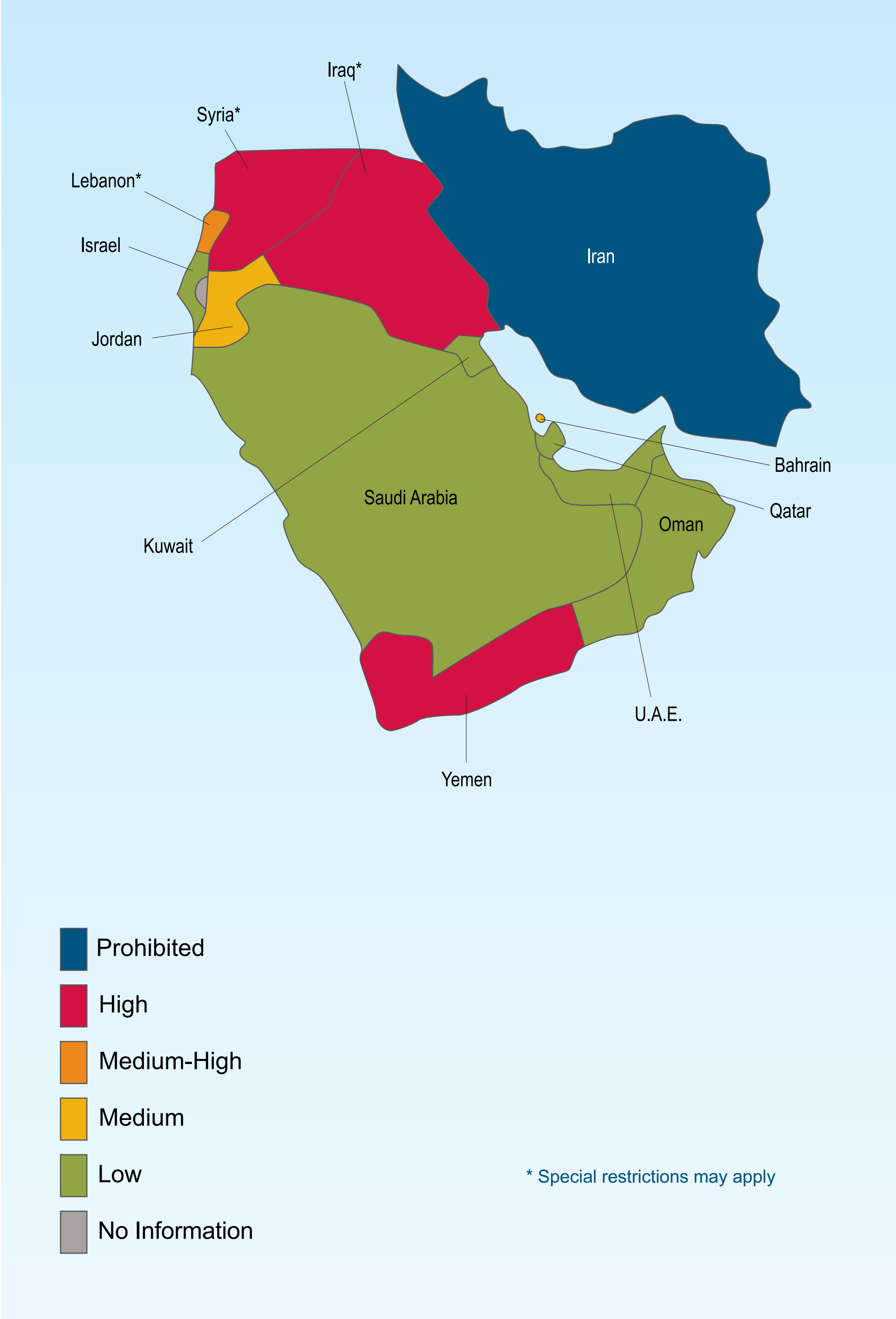
Africa

Short-term payment risk



Middle East

Short-term payment risk

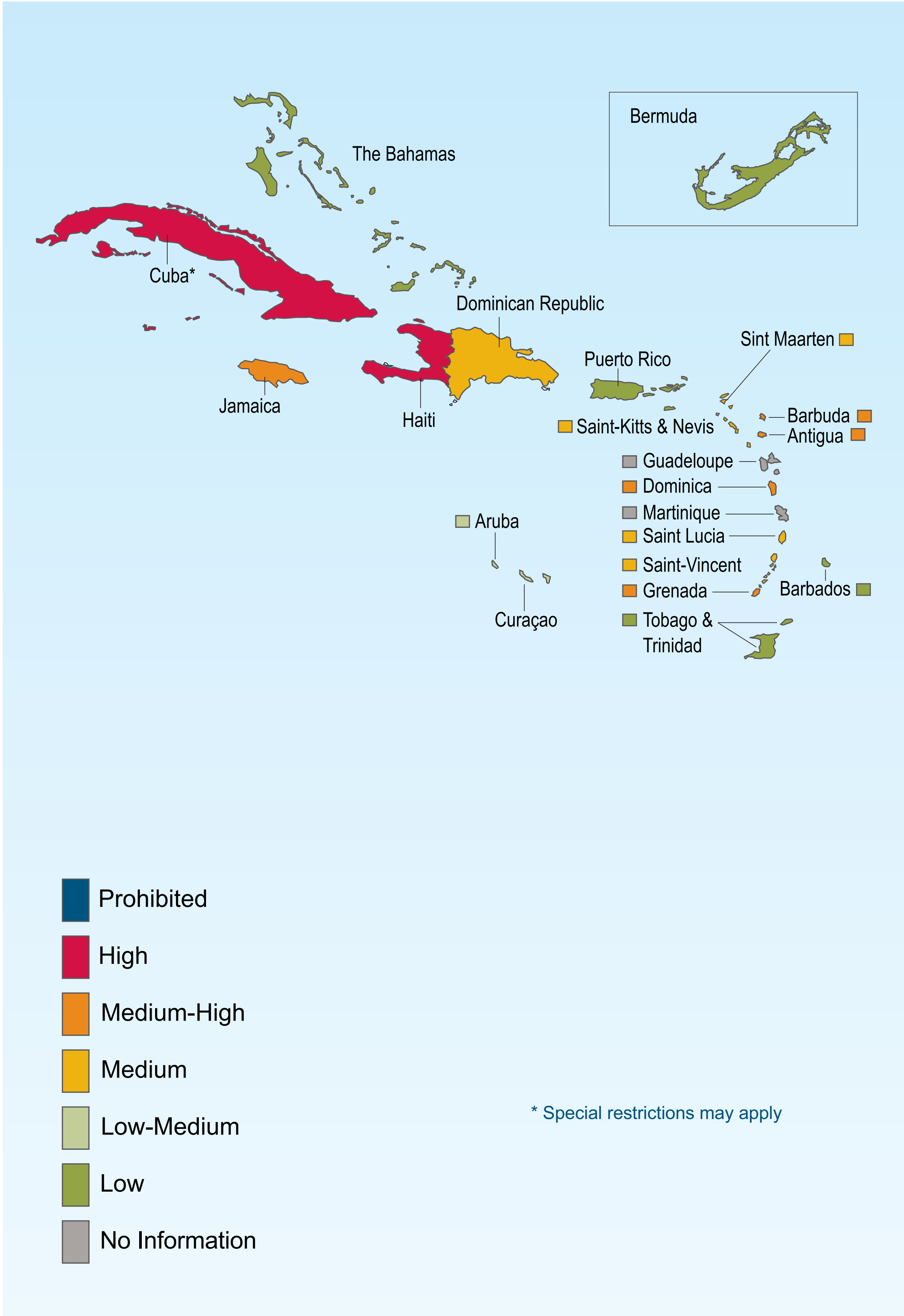


Latin America

Medium- and long-term payment risks

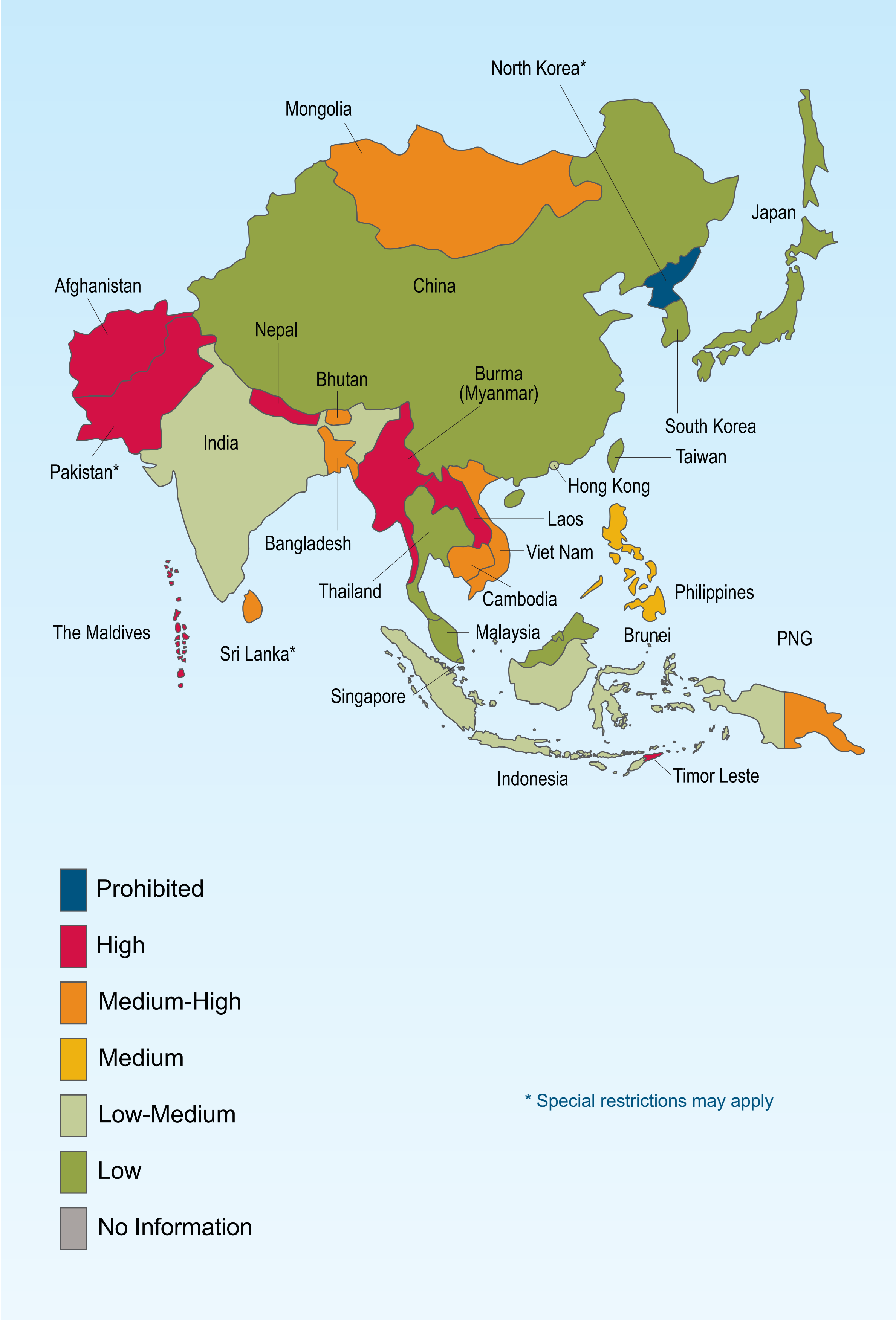
Caribbean

Medium- and long-term payment risks



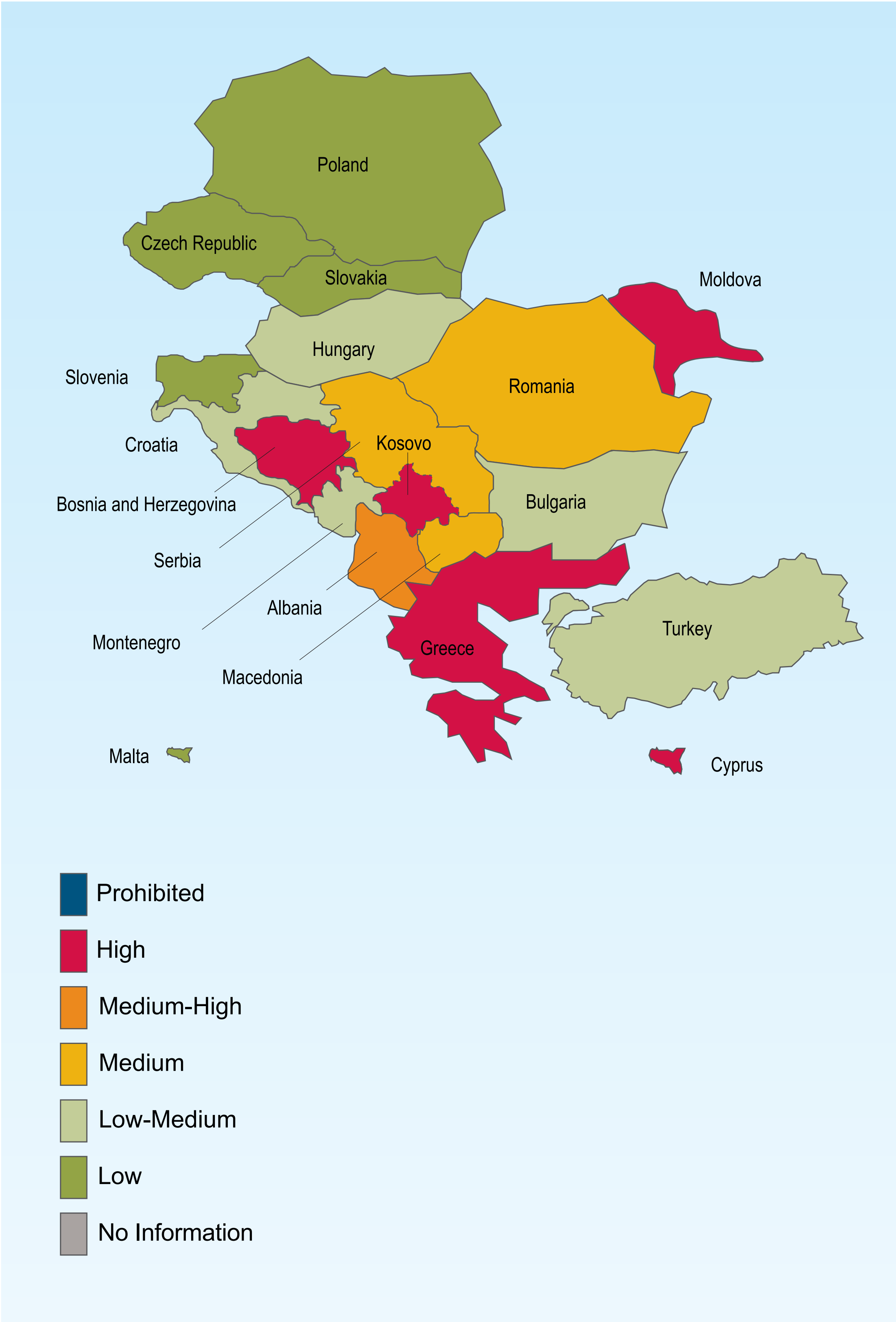
Asia/Pacific

Medium- and long-term payment risks



Central Europe

Medium- and long-term payment risks



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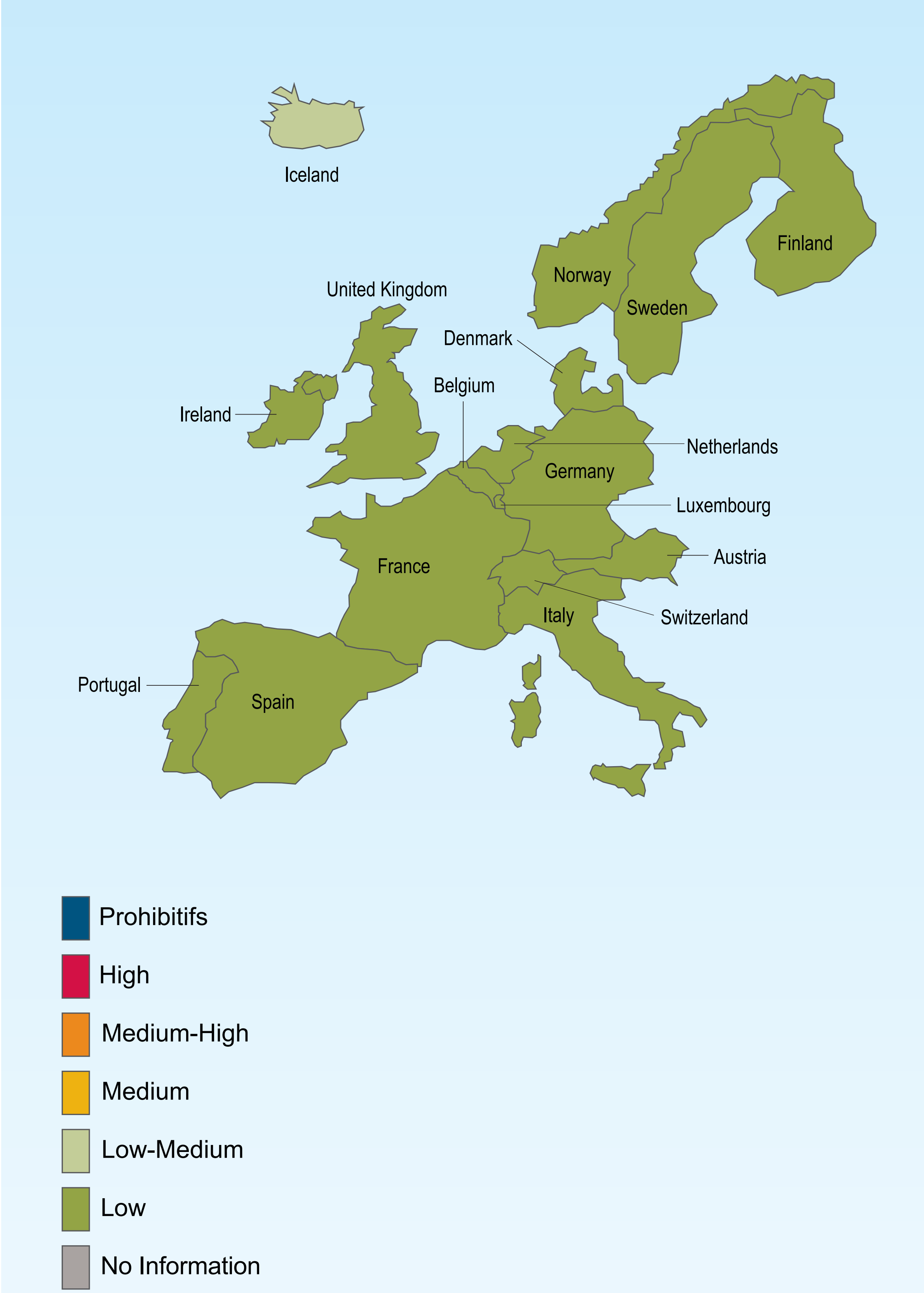
Western Europe

Medium- and long-term payment risks

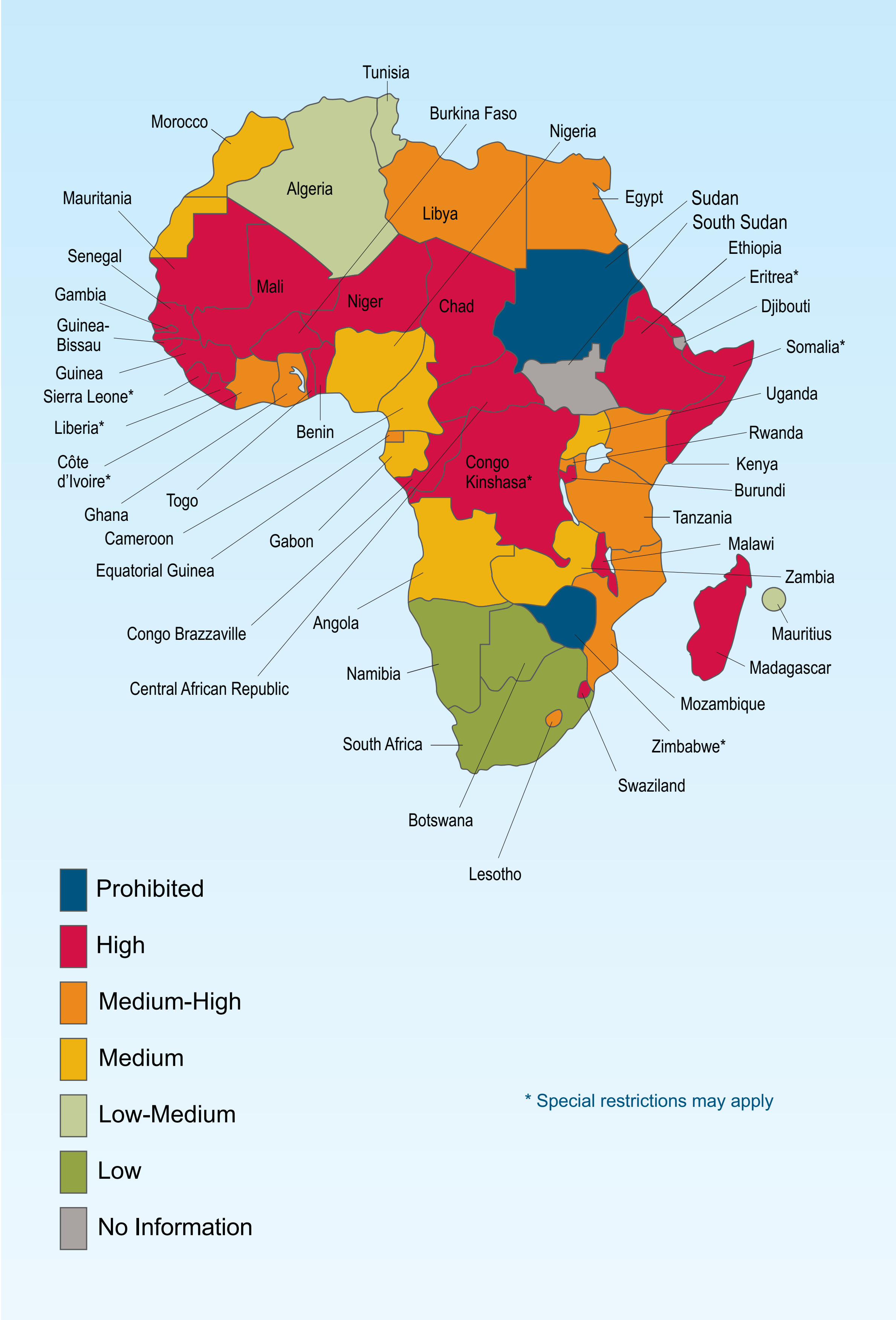


Former Soviet Union

Medium- and long-term payment risks

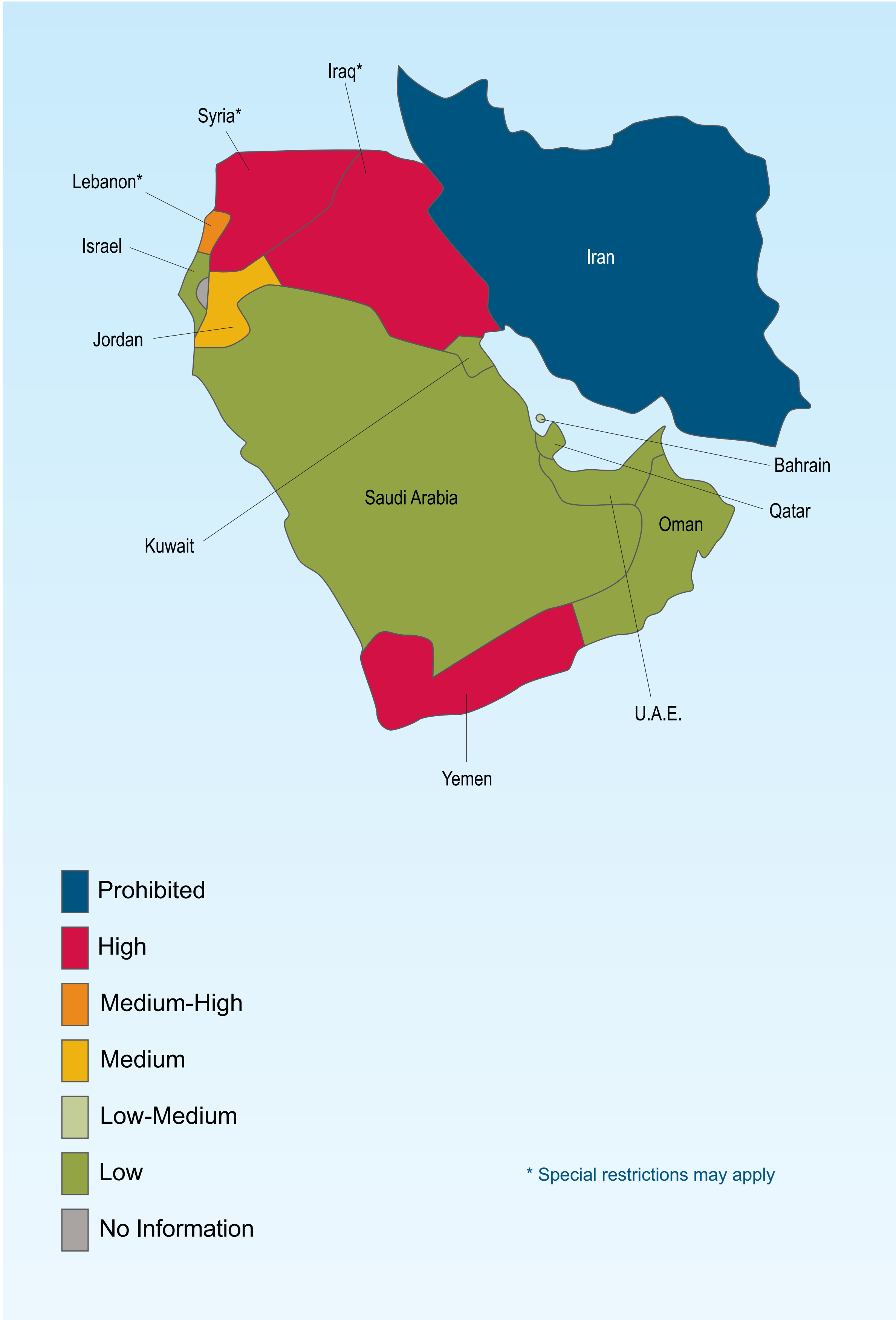
Africa

Medium- and long-term payment risks



Middle East

Medium- and long-term payment risks



Other reports published by EDC Economics

Export Performance Monitor

The Export Performance Monitor is a monthly publication which tracks recent movements in Canadian exports by industry and geographic market. The monitor also assesses EDC's main export forecast, which is produced twice yearly.

Commodity Tracker

The Commodity Tracker is a weekly table of commodity prices and economic indicators related to activity in the commodity markets that are most relevant to Canadian exporters.

Weekly Commentary by Peter G. Hall

Short, intuitive insights into this week's hot economic issues.

Country Snapshots

- US Country Overview
- Japan Country Overview
- Euro Area Overview
- Brazil Country Overview
- Mexico Country Overview
- China Country Overview
- India Country Overview
- Russia Country Overview
- South Africa Country Overview

This assessment is valid at date of issue but always subject to review.
Please contact the EDC Economics Division for current position.