




# Monthly Trade Bulletin

Volume 5 Number 2

April 2003

## Key Monthly Trade Indicators (February 2003)

### Highlights

-  In February, exports fell while imports were unchanged, resulting in Canada's overall merchandise trade surplus with the world narrowing for the month.
-  Similarly, exports to the U.S. declined while imports remained unchanged, as the bilateral merchandise trade surplus fell.
-  Over February, the Canadian dollar climbed US1.7¢ in value to close the month at US 67.4¢.

	\$ millions	% change over	
		previous month	previous year
<b>Exports</b>	34,582	-1.6	2.0
- Exports to U.S.	29,061	-0.9	2.6
<b>Imports</b>	29,956	0.0	2.8
- Imports from U.S.	21,261	0.0	1.8
<b>Trade Balance*</b>	4,626	5,180	4,770
- Balance with U.S.*	7,800	8,064	7,449
<b>Commodity Prices**</b>	118.1	6.3	28.8
<b>Canadian Dollar (US¢)*</b>	67.4	65.7	62.4
<b>Export Prices***</b>	112.9	-0.3	7.6
<b>Import Prices***</b>	105.2	-1.3	-1.8

\* Data in levels only.

\*\* Index (1982-90 = 100)

\*\*\* Index 1997 = 100

Source: DFAIT compilations based on Statistics Canada data.

## This Month's Feature Report: Canada's Wood & Forestry Trade

Current analysis done by Rick Cameron of the Trade and Economic Analysis Division, DFAIT under the direction of John M. Curtis. Feature report prepared by Malick Souare and Sarah Fisher of the Micro-Economic Policy Analysis Branch, Industry Canada under the direction of Someshwar Rao.

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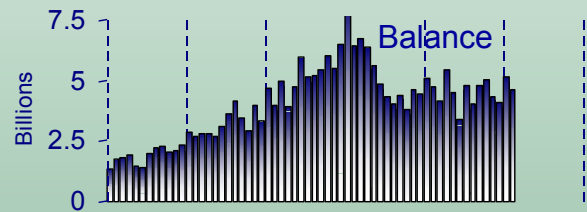
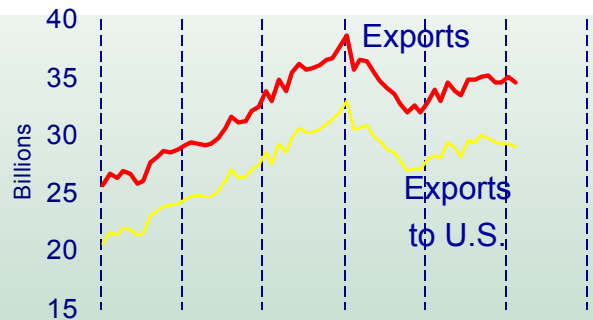
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## Merchandise Trade

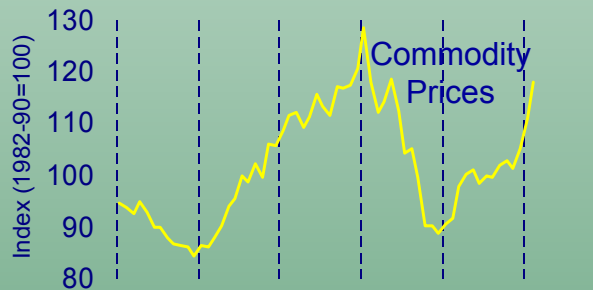
### Overall trade balances decline...

- The overall Canadian trade surplus decreased \$554 million in February to \$4.6 billion.
  - February's monthly surplus with the U.S. fell \$264 million to \$7.8 billion.
- Monthly trade balances with all other principal trading regions were also down for the month. For example, our deficit with the EU widened \$115 million to just over \$1.0 billion in February.



### ... and the value of the Canadian dollar rises

- The value of the Canadian dollar climbed for the second consecutive month, up a further US1.7¢ in February. It closed the month at US67.4¢ with its value (US5.0¢) higher than its rate one year earlier.
- In concert with the rise in the dollar, commodity prices were up sharply for the month. Canada's terms of trade also improved as export prices fell somewhat less than import prices in February.



Source: Statistics Canada, Bank of Canada

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## Canada's Wood and Forestry Trade

### Outward orientation of wood and forestry industry increased in the 1990's...

- The outward orientation, measured as the share of total trade in shipments, increased from 68.2% in 1992 to 80.4% in 1999.
- This increased outward orientation was primarily due to the large increase in export orientation. It increased from 59.0% in 1992 to 70.9% in 1999.

### ...supported by strong productivity growth

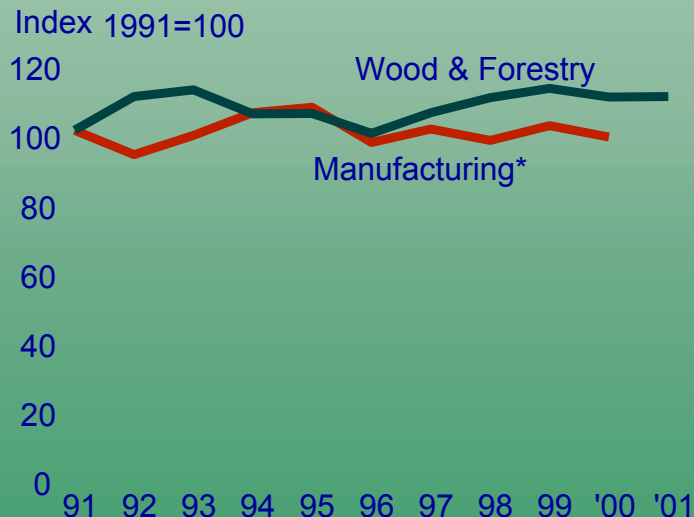
- Between 1991 and 2001, labour productivity in Wood and Forestry industries grew at an average annual rate of 8.5%.
- During the same period, labour productivity in Manufacturing industries as a whole declined on average by 0.4%.

### Trade as a Percentage of Shipments



Source: Industry Canada compilations based on data from Statistics Canada.

### Labour Productivity Trends\*\*



Source: Industry Canada compilations based on data from Statistics Canada.

\*Data for manufacturing industries were available to 2000.

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## Canada's Wood and Forestry Trade

### Trade in Canada's wood and forestry more than doubled since 1992

- Canada's Wood and Forestry industries' exports more than doubled between 1992 and 2002, increasing from \$8.6 billion to \$19.1 billion.
- Canadian imports of Wood and Forestry products also increased from \$1.3 billion in 1992 to \$3 billion in 2001.

### But, the importance of wood and forestry exports in total Canadian merchandise exports has decreased slightly

- In 2001, Wood and Forestry accounted for 5.1% of Canada's total merchandise exports, down from a peak of 6.8% in 1994.
- On the other hand, the share of Wood and Forestry imports in total merchandise imports remained more or less constant at less than 1%.

\*\* Wood & Forestry **Industries** are comprised of:

#### 113 Forestry and Logging

1131 Timber Tract Operations

1132 Forest Nurseries & Gathering of Forest Prod.

1133 Logging

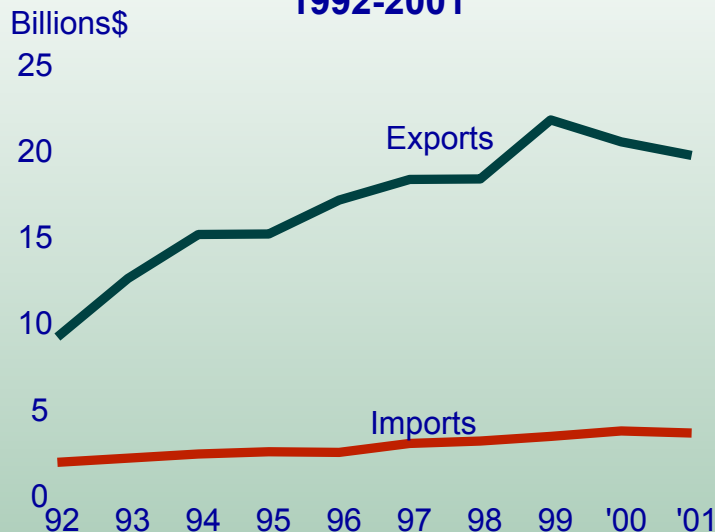
#### 321 Wood Product Manufacturing

3211 Sawmills and Wood Preservation

3212 Veneer, Plywood and Engineered Wood Product Manufacturing

3219 Other Wood Product Manufacturing

### Wood and Forestry\*\* Industries Exports and Imports, 1992-2001



Source: Industry Canada compilations based on Statistics Canada Data.

### Wood and Forestry's Share of Total Canadian Merchandise Exports and Imports



Source: Industry Canada compilations based on Statistics Canada Data.

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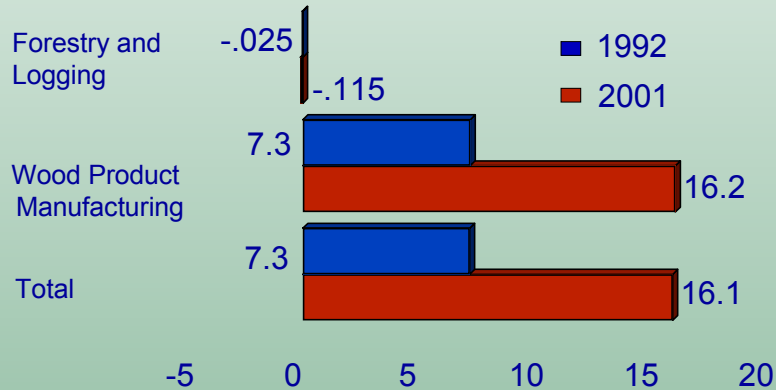
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## Canada's Wood and Forestry Trade

### Trade Balances for Forestry & Logging Industry and Wood Product Manufacturing Industry, \$ Billions

#### Canada runs a large surplus in the trade of manufactured wood products

- Wood product manufacturing registered a significant improvement in its trade surplus, increasing from \$7.3 billion in 1992 to \$16.2 billion in 2001.
- On the other hand, Forestry and Logging posted a small trade deficit since 1992. The trade deficit increased to \$0.115 billion in 2001.



Source: Industry Canada compilations based on Statistics Canada Data.

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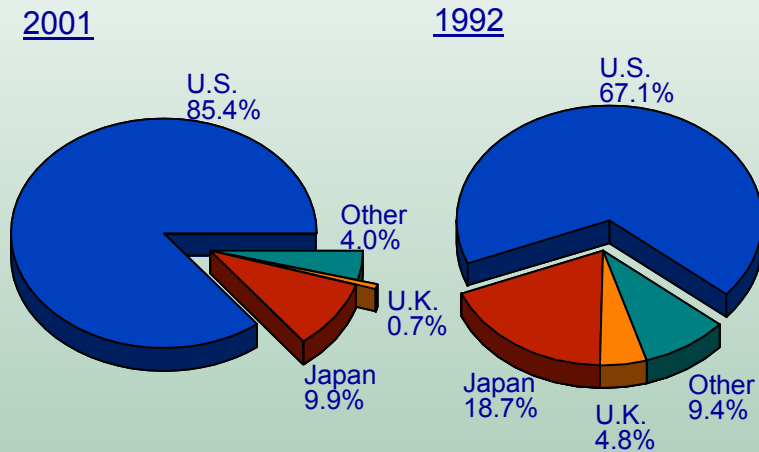
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## Canada's Wood and Forestry Trade

### The vast majority of Canada's wood and forestry exports are destined to the U.S.

- In 2001, U.S. accounted for 85.4% of Canada's Wood and Forestry exports, which is considerably up from 67.1% in 1992. Japan is a distant second with only 9.9%, down from 18.7% in 1992.

### Destination of Canada's Wood and Forestry Exports

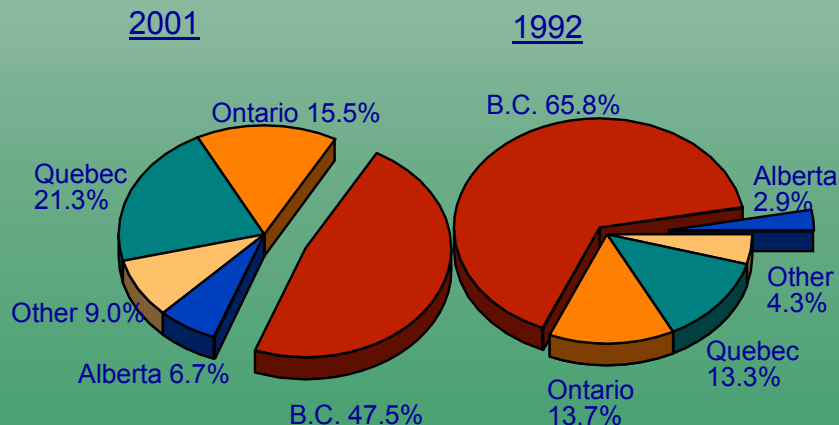


Source: Industry Canada compilations based on Statistics Canada data.

### British Columbia is the largest exporter of wood and forestry products

- In 2001, British Columbia accounted for 47.5% of Canada's Wood and Forestry exports. However, this is down substantially from 65.8% in 1992.
- Over the same period, Quebec's share increased by 10 percentage points, reaching 21.3% in 2001.
- Alberta and Other (mainly Atlantic provinces) also increased their shares.

### Composition of Canada's Wood and Forestry Exports by Province



Source: Industry Canada compilations based on Statistics Canada data.

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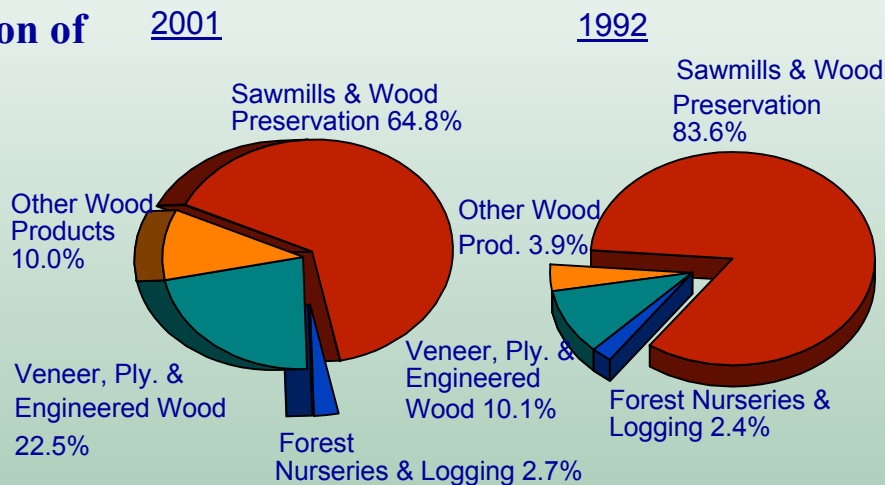
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## Canada's Wood and Forestry Trade

### Composition of Canada's Wood and Forestry Exports

#### Sawmills and wood preservation account for the largest portion of wood and forestry exports

- Combined, Sawmills and Wood Preservation represented 64.8% of Canada's Wood and Forestry exports in 2001, down from 83.6% in 1992.
- On the other hand, the share of Other Wood Products increased from 3.9% in 1992 to over 10.0% in 2001.

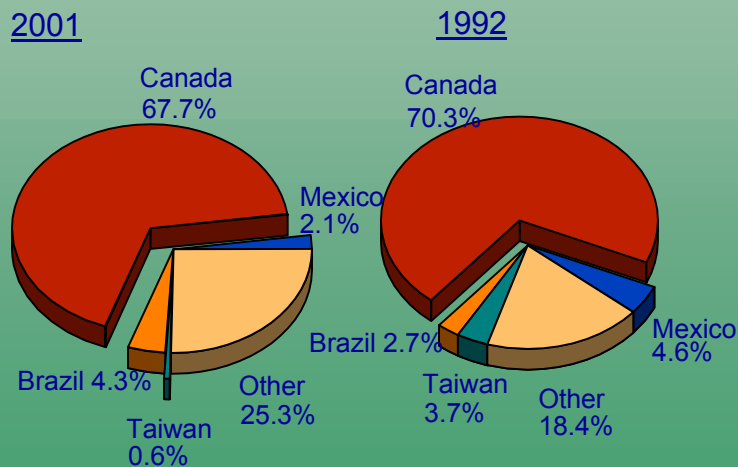


Source: Industry Canada compilations based on Statistics Canada data.

#### Canada is the main supplier of wood and forestry products to U.S.

- In 2001, Canada accounted for approximately 68.0% of U.S.'s Wood and Forestry imports, which is down slightly from 70.3% in 1992.
- Mexico and Taiwan's shares in U.S. Wood imports also decreased while Brazil's share increased.

### Origin of United States Wood Imports



Source: Industry Canada compilations based on Statistics Canada Data.