

Monthly Trade Bulletin

Volume 2, Number 1

March 2000

Highlights

- January was a banner month for Canada's merchandise trade account. The trade surplus reached \$4.5 billion — the largest monthly surplus in Canadian history.
- Export growth was strong in January, up 4.0%, the largest one month increase in more than a year. In contrast, imports dipped 1.8%.
- Increases in exports to the U.S., up 4.4%, was at back of the strong trade performance.
- Canada's trade surplus with the U.S., at \$6.9 billion in January, was up significantly from December. The improvement was driven by a combination of strong auto exports to the U.S. and a decline in auto parts imports from the U.S.
- Commodity prices, buoyed by rising oil prices, increased 2.4% over December. Higher commodity prices in turn helped to raise export prices (up 1.4%) as well as import prices (up 1.5%).
- The Canadian dollar was largely unchanged, losing 0.1¢ during the month, but was still up 3.0¢ from the previous year.

Key Monthly Trade Indicators (January 2000)

	\$ millions	% change over	
		previous month	previous year
Exports	33,160	4.0	15.1
- Exports to U.S.	28,482	4.4	15.7
Imports	28,628	-1.8	9.9
- Imports from U.S.	21,588	-1.3	6.0
Trade Balance*	4,532	2,742	2,772
- Balance with U.S.*	6,893	5,410	4,249
Commodity Prices**	108.8	2.4	26.1
Canadian Dollar (US¢)*	69.2	69.3	66.2
Export Prices**	119.4	1.4	3.6
Import Prices**	109.7	1.5	-3.8

* Data in levels only.

** Index (1992=100)

Source: Industry Canada compilations based on Statistics Canada data.

This Month's Feature Report: Trade Team Canada — 1999, Year in Review



Team Canada Inc. - Équipe Canada inc.

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Canada 

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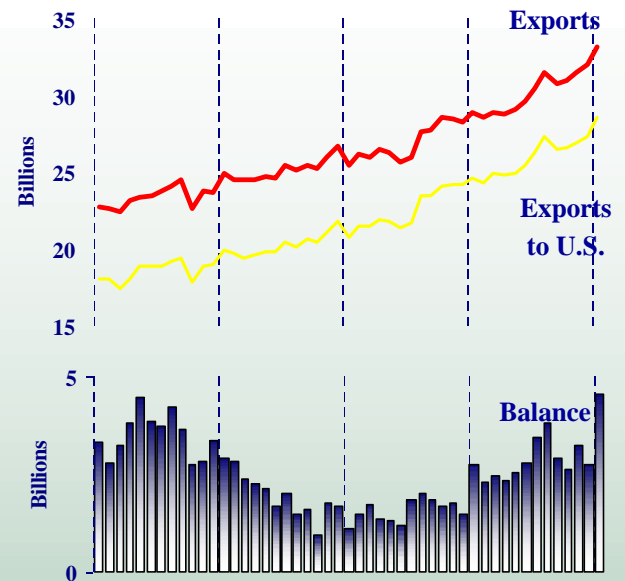
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Merchandise Trade

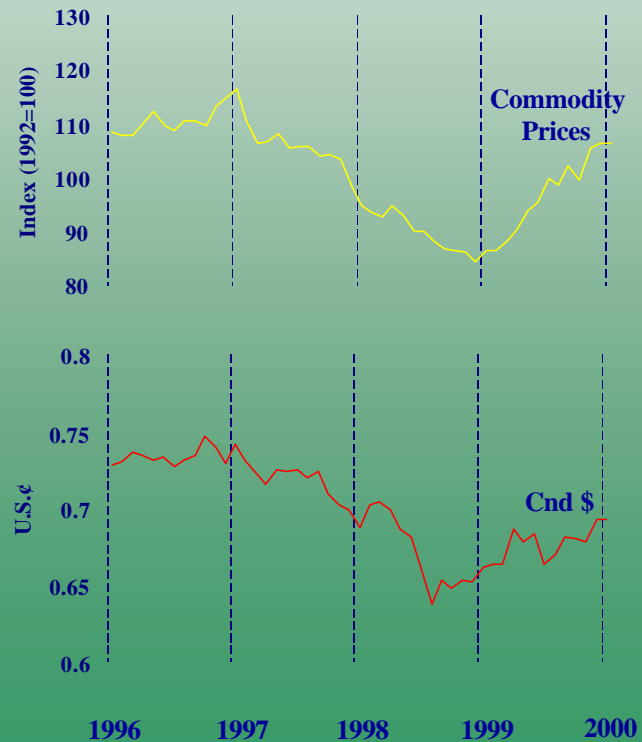
Canada's trade surplus reached a record \$4.5 billion in January

- January's record trade surplus was significantly higher than December's \$2.7 billion.
- Total merchandise exports reached an all-time high of \$33.2 billion, fueled largely by strong U.S. demand.
 - ▶ January marked the fourth month in a row in which exports rose.
- Imports declined slightly in January to \$28.6 billion.



Commodity prices and the dollar have begun to stabilize

- After fluctuating considerably over the past year, both commodity prices and the external value of the Canadian dollar changed little in December & January.



Source: Statistics Canada, Bank of Canada

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Trade Team Canada — 1999, Year in Review

Automotive exports soared in 1999

- Auto exports grew 23.1% or \$17.5 billion in 1999. As a result, the Automotive trade surplus increased to \$9.2 billion in 1999, up from only \$1.1 billion in 1998.
- ▶ Nearly 50% of the increase in Canada's total merchandise exports in 1999 was as a result of increased Automotive exports.
- Building Products also posted a significant improvement in its trade surplus, increasing nearly \$900 million from \$2.6 billion in 1998 to \$3.5 billion in 1999. Exports outpaced imports by a significant margin (12.9% versus 9.0%).
- In all other Team Canada Sectors, imports grew faster than exports in 1999. Furthermore, only three Team Canada Sectors managed to outpace Canada's total merchandise growth in 1999: Automotive, Building Products and Environmental Products.

Merchandise Trade, (Team Canada Sectors)

Team Canada Sectors	Exports			Imports			Balance	
	Millions		Growth	Millions		Growth	Millions	
	1998	1999	1998-1999	1998	1999	1998-1999	1998	1999
Aerospace & Defence	12,658	13,256	4.7%	11,123	12,888	15.9%	1,535	368
Agri-Food	22,811	21,938	-3.8%	16,370	16,496	0.8%	6,441	5,442
AMT*	3,414	3,515	3.0%	4,023	4,234	5.3%	-609	-719
Automotive	75,811	93,320	23.1%	74,726	84,112	12.6%	1,084	9,208
Building Products	16,062	18,134	12.9%	13,416	14,619	9.0%	2,646	3,515
Electrical Power Equipment	5,415	5,924	9.4%	8,975	10,699	19.2%	-3,560	-4,775
Environmental Products	723	849	17.4%	1,244	1,495	20.2%	-521	-646
Health	3,311	3,632	9.7%	6,092	6,854	12.5%	-2,781	-3,222
ICT**	25,360	27,714	9.3%	46,310	51,633	11.5%	-20,950	-23,920
Plastics	7,524	8,175	8.7%	6,930	7,574	9.3%	594	601
Total Merchandise Exports	318,522.5	354,107.6	11.2%	298,545.3	319,909.6	7.2%	19,977.3	34,198.0

* AMT - Advanced Manufacturing Technologies

** ICT - Information and Communication Technologies

Source: Industry Canada compilations based on Statistics Canada Data

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Trade Team Canada — 1999, Year in Review

The U.S. continues to be the most important market for Team Canada Sector exports

- For all Team Canada Sectors, with the exception of Agri-food, the U.S. is the destination for more than three-quarters of exports.
 - ▶ This ranges from 77.6% for Aerospace & Defence to 97.5% for the Automotive Sector.
- The European Union (E.U.) accounts for a significant portion of the more high-tech sector exports such as Aerospace & Defence (13.2%), ICT (7.4%) and AMT (7.3%).
- Asia-Pacific is an important market for more resource-based exports such as Agri-food (16.1%) and Building Products (5.9%).
- Latin America and Other destinations account for a very small share (about 5%) of Team Canada Sector exports, with the exception of Agri-food (16.8%).

Trade Team Canada Sector Exports Share by Destination, 1999

	U.S.	E.U.	Asia Pacific	Latin America	All Other
Aerospace & Defence	77.6	13.2	3.2	1.1	4.9
Agri-Food	61.2	5.9	16.1	7.3	9.5
AMT	84.8	7.3	2.6	2.8	2.4
Automotive	97.5	0.8	0.6	0.8	0.3
Building Products	89.0	3.0	5.9	0.9	1.1
EPE	86.7	5.5	4.2	1.6	2.0
Environmental Products	91.2	3.0	2.5	1.1	2.2
Health	82.7	8.3	3.2	2.4	3.5
ICT	83.5	7.4	4.3	2.0	2.7
Plastics	90.1	3.6	2.5	2.4	1.3
All Exports	87.1	4.5	4.8	1.5	2.1

Source: Industry Canada compilations based on Statistics Canada Data

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Canada's U.S. destined exports show the strongest growth

- Merchandise exports to the U.S. grew 14.2% in 1999 while exports to all other destinations declined.
- All Team Canada Sectors posted positive rates of export growth to the U.S., with 7 out of the 10 Team Canada Sectors achieving gains in excess of 10%.
- In comparison, Canadian exports to the E.U. were down. For Team Canada Sectors, the results were mixed, with half posting large negative rates of growth. However, Aerospace & Defence and ICT reported their highest rates of growth to the E.U., at 13.7% and 13.6%, respectively.
- Team Canada Sector exports to Asia-Pacific performed poorly, with 6 out of 10 sectors declining. Although Automotive and EPE showed large positive gains, their growth was from an extremely small base. Only Building Products made any significant inroads to Asia-Pacific in 1999.
- Exports of Team Canada Sectors to Latin America and all other destinations performed worse than exports to Asia-Pacific, only Health Products managing to achieve a positive rate of growth.

Trade Team Canada Sector Exports Percentage Growth by Destination, 1998-99

	U.S.	E.U.	Asia Pacific	Latin America	All Other	All Destinations
Aerospace & Defence	7.2	13.7	-13.8	-34.2	-19.6	4.7
Agri-Food	2.9	-18.0	-15.4	-14.6	-2.3	-3.8
AMT	6.4	3.7	-17.9	-24.6	-29.4	3.0
Automotive	23.7	4.5	81.3	-14.3	-23.0	23.1
Building Products	15.2	-11.3	14.0	-37.0	-10.6	12.9
EPE	10.6	-6.5	52.6	-8.2	-24.2	9.4
Environmental Products	31.5	-16.4	-52.6	-72.0	-24.3	17.4
Health	15.5	0.7	-32.2	20.0	-26.1	9.7
ICT	11.4	13.6	-5.2	-23.4	-3.2	9.3
Plastics	12.4	-20.0	2.4	-9.0	-39.7	8.7
All Exports	14.2	-1.8	-2.9	-14.7	-11.4	11.2

Source: Industry Canada compilations based on Statistics Canada Data

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Trade Team Canada — 1999, Year in Review

Ontario dominates Team Canada Sector exports...

- Ontario accounts for by far the majority of Team Canada Sector exports, with the largest share in 8 out of 10 sectors — ranging from 26.5% in Aerospace & Defence to 92.5% in the Automotive sector. Overall, Ontario accounts for more than 55% of Canada's total merchandise exports.
- Quebec has the largest share of Aerospace & Defence exports at 55.8% of the total. Quebec also accounts for more than a quarter of exports of ICT, Health Products and Building Products.
- Team Canada Sector exports from the Prairie provinces are dominated by Agri-food, of which the Prairies account for nearly half of the Canadian total.
- British Columbia has a disproportionately small portion of Team Canada Sector exports. Only Building Products show a double digit share.
- The Atlantic provinces register a relatively small share of all Team Canada Sector exports. The only exception being Health Products with a 12.0% share.

Trade Team Canada Sector Exports Share by Province, 1999

	Atlantic	Quebec	Ontario	Prairies	B.C.
Aerospace & Defence	0.9	55.8	26.5	14.3	2.4
Agri-Food	3.6	11.6	30.2	49.1	5.6
AMT	0.8	9.7	79.9	4.3	5.3
Automotive	0.8	4.7	92.5	1.1	0.8
Building Products	3.4	25.2	41.8	7.7	21.9
EPE	0.4	15.0	65.9	12.1	6.5
Environmental Products	0.2	8.1	84.6	5.4	1.8
Health	12.0	25.5	44.4	10.0	8.1
ICT	0.5	33.6	51.6	9.7	4.7
Plastics	1.7	15.9	67.6	10.4	4.4
All Exports	3.9	17.5	55.2	14.9	8.4

Source: Industry Canada compilations based on Statistics Canada Data

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...but it is the Prairie provinces that stand out in terms of rates of growth in 1999

- Overall, the Prairie provinces posted export growth of 69.5% last year — the highest export growth rate of any region. The Prairies also registered the highest rates of growth in 9 out of 10 Team Canada Sectors.
- The Atlantic provinces also exhibited high rates of growth in many sectors, albeit from a very small base.
- Quebec's export performance was mixed. Nonetheless, two sectors — ICT and Health Products — stand out as having both high shares as well as high rates of growth.
 - ▶ Plastics and Aerospace & Defence were also notable, showing strong growth from a large base.
- Team Canada Sector export growth from Ontario was generally poor, with only three sectors — Environmental Products, Automotive and Building Products — achieving double-digit rates of growth.

Trade Team Canada Sector Exports Percentage Growth by Province, 1998-99

	Atlantic	Quebec	Ontario	Prairies	B.C.	Canada
Aerospace & Defence	17.5	10.3	-11.1	93.2	-7.8	4.7
Agri-Food	3.3	-0.3	6.0	131.0	6.7	-3.8
AMT	-13.7	22.2	1.3	50.2	-2.3	3.0
Automotive	-9.3	-0.6	25.1	137.7	38.8	23.1
Building Products	33.6	8.7	11.2	75.7	15.1	-60.5
EPE	18.1	9.6	8.2	214.7	17.9	9.4
Environmental Products	98.8	-15.0	26.2	-5.1	-9.4	17.4
Health	4.4	11.4	4.7	126.3	10.2	9.7
ICT	31.7	16.9	2.6	62.0	9.7	9.3
Plastics	13.7	19.7	3.6	58.8	33.6	8.7
All Exports	10.7	7.7	13.7	69.5	10.6	11.2

Source: Industry Canada compilations based on Statistics Canada Data

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Trade Team Canada — 1999, Year in Review

In each region, exports are highly concentrated in a few Team Canada Sectors

- Nearly 65% of Team Canada exports from Ontario are in the Automotive Sector.
- Exports from Quebec are more diversified in high-tech sectors such as ICT (29.3%), Aerospace & Defence (23.3%) and Automotive Sector (13.9%). Building Products also makes a large contribution (14.4%).
- Nearly 55% of Team Canada exports from the Prairies are confined to the Agri-food sector.
- Similarly, British Columbia's Team Canada Sector exports are dominated by just one sector — Building Products (44.9%).
- Agri-food (26.1%), Automotive Sector (24.9%) and Building Products (20.1%) represent over 70% of total Team Canada Sector exports from the Atlantic Provinces.
- Team Canada Sectors accounted for 65.8% of Canada's total merchandise exports in 1999, ranging from 31.1% in the Atlantic provinces to 78.1% in Ontario.

Distribution of Trade Team Canada Sector Exports by Province, 1999 (Percent)

	Atlantic	Quebec	Ontario	Prairies	B.C.	Canada
Aerospace & Defence	3.9	23.3	2.6	9.5	3.7	6.7
Agri-Food	26.1	8.0	5.0	54.1	13.9	11.2
AMT	1.0	1.1	2.1	0.8	2.1	1.8
Automotive	24.9	13.9	64.9	5.2	8.9	47.5
Building Products	20.1	14.4	5.7	7.0	44.9	9.2
EPE	0.8	2.8	2.9	3.6	4.3	3.0
Environmental Products	0.1	0.2	0.5	0.2	0.2	0.4
Health	14.3	2.9	1.2	1.8	3.3	1.8
ICT	4.2	29.3	10.8	13.5	14.6	14.1
Plastics	4.5	4.1	4.2	4.3	4.1	4.2
Team Canada Share of Total Exports	31.1	63.5	78.1	39.4	53.2	65.8

Source: Industry Canada compilations based on Statistics Canada Data