

Monthly Trade Bulletin

Volume 5 Number 9

November 2003

Key Monthly Trade Indicators (September 2003)

Highlights

- Exports increased more than imports in September and Canada's overall merchandise trade surplus with the world thus widened.
- Canada's trade balance with the U.S. also improved for the month.
- The Canadian dollar was up during September, climbing US 1.9¢ during the month.

	\$ millions	% change over	
		previous month	previous year
Exports	33,684	4.7	-4.9
- Exports to U.S.	27,728	4.4	-7.1
Imports	28,036	4.5	-7.6
- Imports from U.S.	19,606	4.0	-9.2
Trade Balance*	5,649	5,339	5,101
- Balance with U.S.*	8,122	7,718	8,265
Commodity Prices**	118.4	-1.8	12.7
Canadian Dollar (US¢)*	74.1	72.2	63.0
Export Prices***	104.3	-1.4	-3.9
Import Prices***	95.9	-1.9	-10.5

* 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 Trade in Automotive Products

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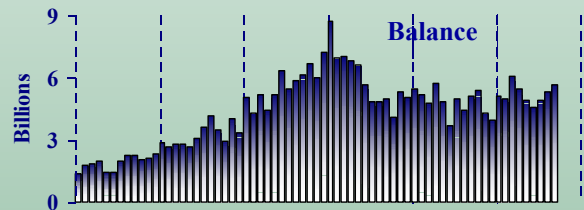
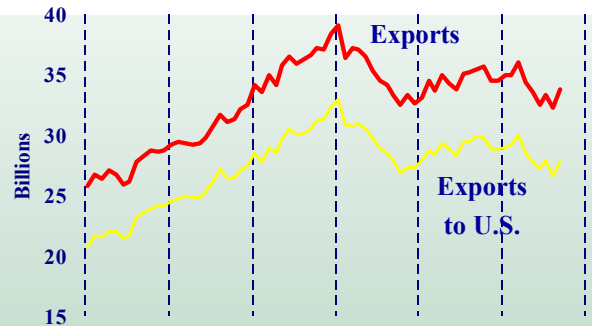
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Merchandise Trade

The trade surplus increases...

- The overall Canadian trade surplus climbed by \$309 million in September, to \$5.6 billion.
- September's monthly surplus with the U.S. climbed by \$405 million to \$8.1 billion.



... Canadian dollar continues its upward trend

- The Canadian dollar gained value in September (up US1.9¢), after gaining US1.0¢ the previous month. It closed the month at US74.1¢. The value of the dollar was US11.1¢ (or 17.6 percent) higher in September than its rate one year earlier.
- Commodity prices fell 1.8 percent in September after rising in August. The terms of trade worsened marginally as export prices fell less than import prices.



Source: Statistics Canada, Bank of Canada

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Canada's Trade in Automotive Products

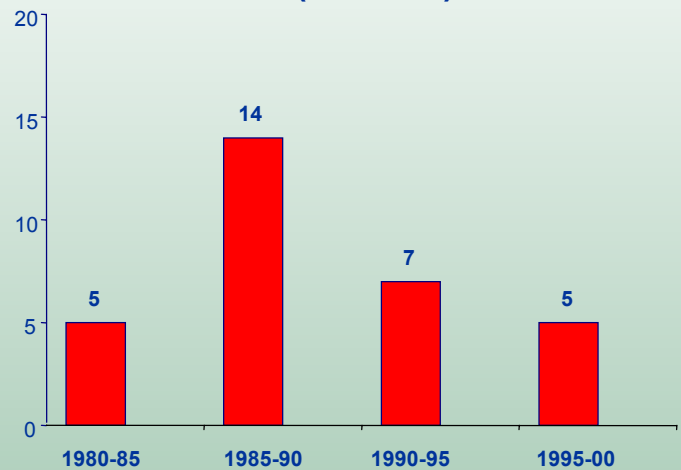
The pace of world trade in automotive products declined dramatically in the 1990s compared to the 1985-90 period.

- World trade in automotive products increased at an average annual rate of 9 percent between 1980 and 1990. Nevertheless, automotive trade increased by only 6 percent per year in the 1990s.
 - The value of world trade in automotive products in 2002 was US\$ 621 billion.
 - The automotive sector accounted for 13.2 percent of global manufactured exports.

North America is a net importer of automotive products, while Western Europe, Asia and Latin America are net exporters.

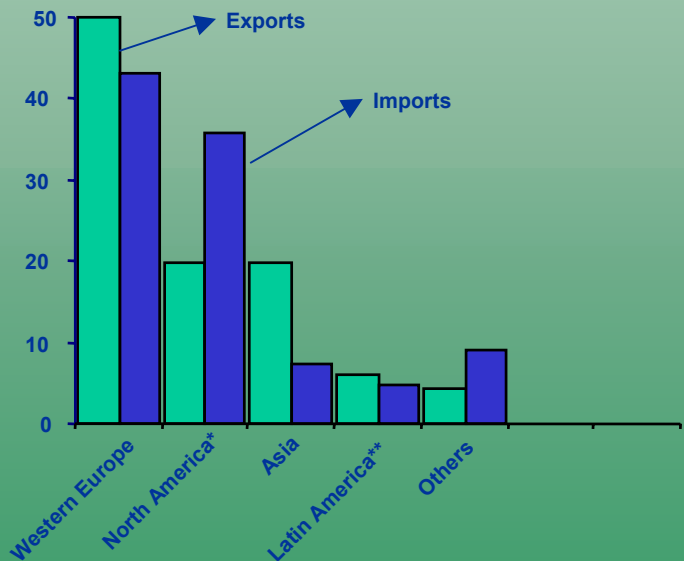
- Canada is also a net exporter of automotive products. Canada's share of global exports and imports of automotive products in 2002 were 9.1 percent and 7.4 percent, respectively.

World Trade in Automotive Products Annual Average Change, 1980-2000 (Percent)



Source: *International Trade Statistics 2002*, World Trade Organization.

Regional Shares in World Trade in Automotive Products: 2002 (Percent)



Note: * Excludes Mexico; ** Includes Mexico

Source: *International Trade Statistics 2002*, World Trade Organization.

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Canada's Trade in Automotive Products

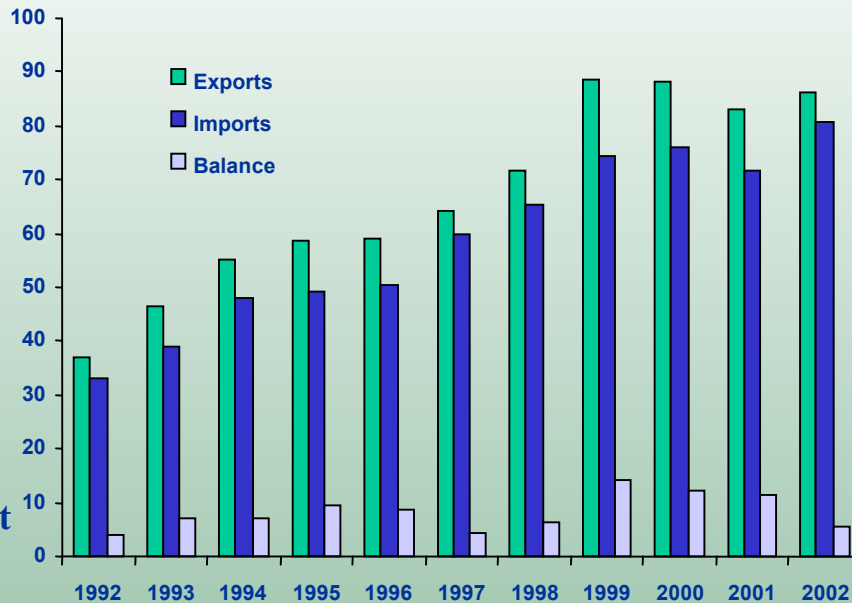
Exports of Canadian automotive products declined from their 2000 peak...

- Between 2000 and 2002, exports fell from \$88 billion to \$86 billion (2.2 percent) and imports increased from \$76 billion to \$82 billion (7.9 percent). As a result, the trade surplus in automotive products fell from \$12 billion to \$6 billion – a 50 percent reduction.

...but, the importance of automotives in Canada's manufactured trade has remained more or less constant since 1992.

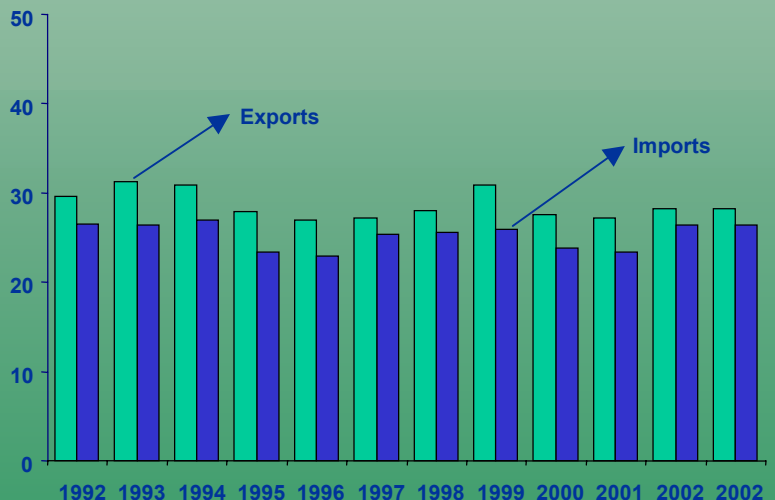
- Between 1992 and 2002, while the automotives' share of Canadian manufactured exports declined slightly, its share in manufacturing imports remained unchanged.
- The automotive industry is a major driver of the Canadian economy.
 - In 2002, the industry accounted for 12 percent of the Canadian manufacturing sector's gross domestic product. The industry comprised of 8.1 percent of the manufacturing employment.
 - In the same year, it accounted for 29 percent and 26 percent of Canada's manufactured exports and imports respectively.

Trends in Canadian Trade in Automotive: 1992-2002 (CAD\$ Billion)*



Source: Industry Canada compilations based on Statistics Canada data.

Trends in the Share of Canada's Automotive Trade in Canada's Manufacturing Trade: 1992-2002 (Percent)



Source: Industry Canada compilations based on Statistics Canada data.

*These automotive trade numbers do not include Plastic Auto Parts NAICS 326193.

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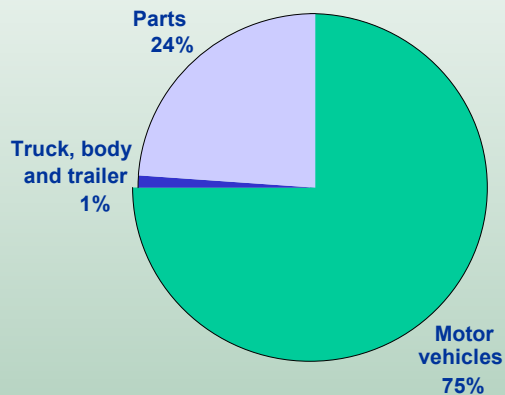
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Canada's Trade in Automotive Products

Assembled vehicles* constitute three-quarters of Canadian exports of automotive products...

- Canadian exports in auto products are mostly of assembled vehicles. This pattern has remained the same over the last 10 years.

Industrial Composition of Canadian Automotive Exports: 2002



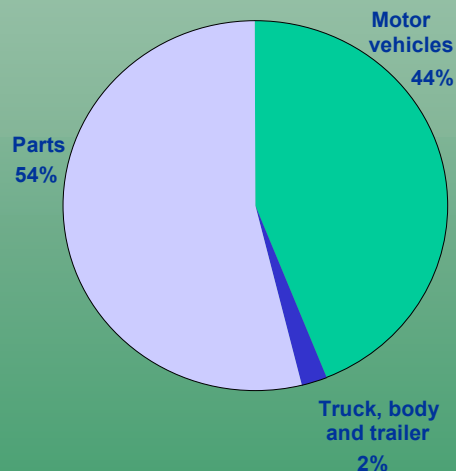
2002

Source: Industry Canada compilations based on Statistics Canada data.

...but imports are split between parts and assembled vehicles.

- Motor vehicle parts represent about 54 percent of automotive imports in Canada.
- Like exports, this pattern has remained the same over the last 10 years.

Industrial Composition of Canadian Automotive Imports: 2002



2002

Source: Industry Canada compilations based on Statistics Canada data.

* Canadian automotive sector consists of *motor vehicle manufacturing* (NAICS 3361), *motor vehicle body and trailer manufacturing* (NAICS 3362), and *motor vehicle parts manufacturing* (NAICS 3363).

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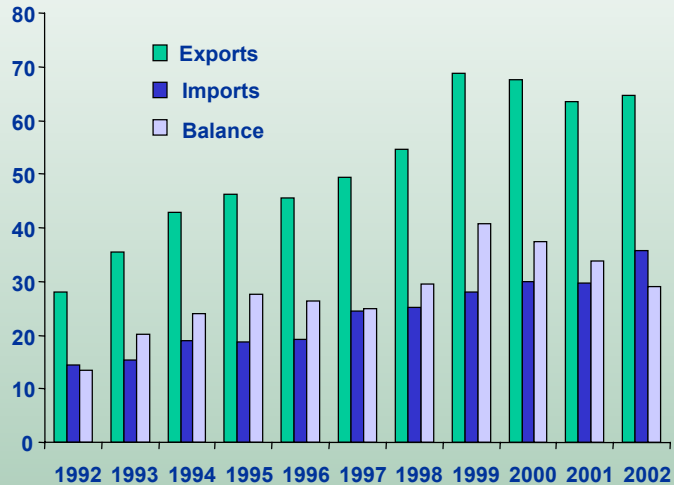
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Canada's Trade in Automotive Products

Canadian Trade in Assembled Motor Vehicles (1992-2002)

Canada enjoys a trade surplus in motor vehicles...

- Between 2000 and 2002, exports of motor vehicles fell from \$68 billion to \$65 billion (4.4 percent), while imports increased from \$30 billion to \$36 billion (20 percent). Consequently, the surplus declined from \$37.5 billion to \$29 billion.

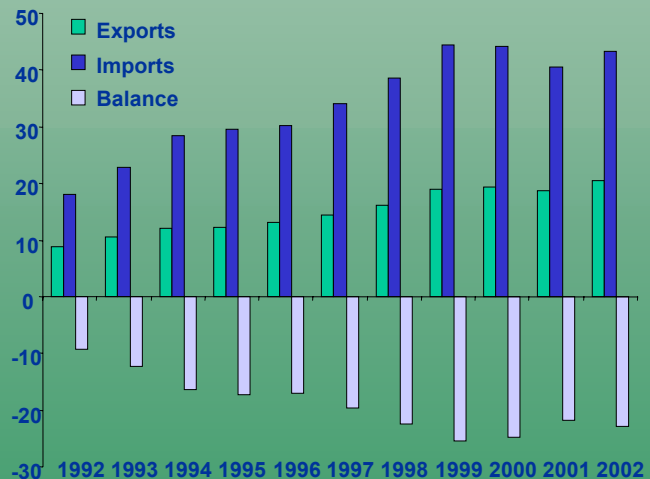


Source: Industry Canada compilations based on Statistics Canada data.

...but runs a deficit on motor vehicle parts trade....

- Motor vehicle parts exports increased from \$19.5 billion to \$20.4 billion (5 percent), while imports fell from \$44.2 billion to \$43.3 billion (2 percent), and the deficit declined from \$24.7 billion to \$22.9 billion.

Canadian Trade in Automotive Manufacturing Industries: Motor Vehicle Parts (1992-2002)



Source: Industry Canada compilations based on Statistics Canada data.

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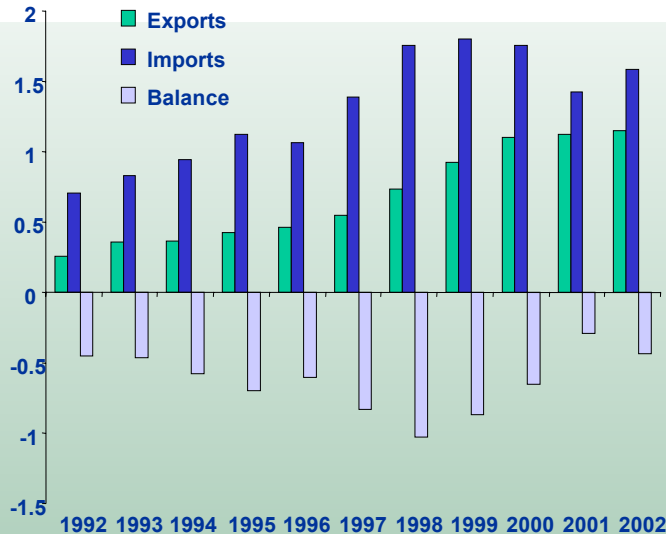
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Canada's Trade in Automotive Products

Canadian Trade in Automotive Manufacturing Industries: Motor Vehicles Body and Trailer (1992-2002)

...also runs a small deficit on motor vehicle body and trailer trade.

- Motor vehicle body and trailer exports increased from \$1.1 billion to \$1.2 billion (9 percent), imports fell from \$1.8 billion to \$1.6 billion (11 percent), and the deficit narrowed from \$0.65 billion to \$0.43 billion.



The U.S. remains virtually the sole destination of Canadian exports of automotives...

- The U.S. share in Canadian automotive exports remained unchanged at about 97 percent over the period 1992-2002.

Geographical Distribution of Canadian Exports/Imports in Automotives: 1992-2002 (Percent)

...and a dominant source of imports, however, the U.S. share has dropped between 1997 and 2002, while shares of Mexico and Western Europe increased.

- After a substantial increase in the U.S. share of the Canadian automotive imports between 1992 and 1997, the importance of the U.S. declined by 5 percentage points during the last 5 years, while Japan, Mexico, and Western Europe increased their shares.

Major destination of Canadian automotive exports: percentage shares			
Country	1992	1997	2002
United States	97.4	97.2	97.8
Latin America*	0.8	1.2	0.8
Asia	0.8	0.9	0.7
Europe (Western)	0.8	0.5	0.4
Others	0.2	0.2	0.3
Total	100.0	100.0	100.0
* including Mexico			

Major sources of Canadian imports of automotives: percentage shares			
Country	1992	1997	2002
United States	76.2	83.7	78.7
Japan	14.3	6.7	7.9
Mexico	4.7	5.3	6.3
Europe (Western)	3.6	3.1	4.1
China	0.0	0.1	0.2
Other	1.2	1.1	2.8
Total	100.0	100.0	100.0

Source: Industry Canada compilations based on Statistics Canada data.

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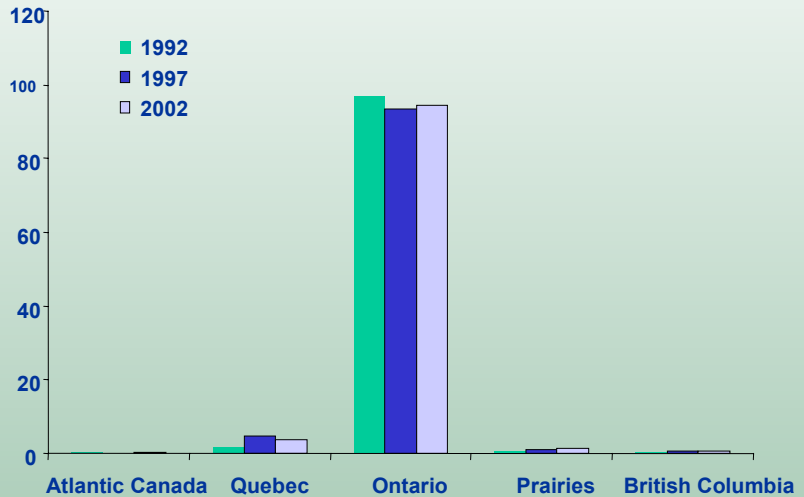
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Canada's Trade in Automotive Products

Regional Share in Total Canadian Exports of Motor Vehicles: 1992-2002 (Percent)

Ontario dominates in Canada's motor vehicle exports...

- Ontario's share dropped from 98 percent in 1992 to 95 percent in 2002, while Quebec's share increased from about 2 percent in 1992 to 4 percent in 2002.

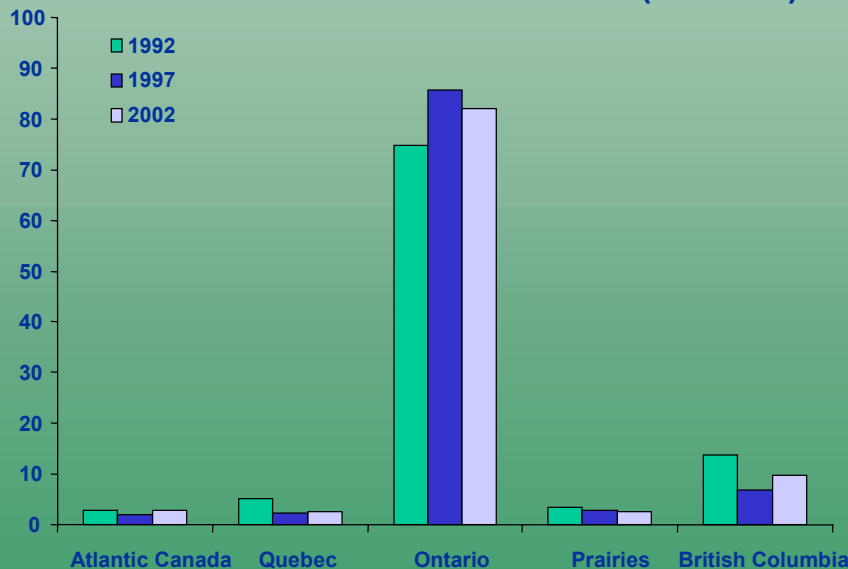


Source: Industry Canada compilations based on Statistics Canada data.

Regional Share in Total Canadian Imports of Motor Vehicle Parts: 1992-2002 (Percent)

...it also dominates in exports of motor vehicle parts.

- Ontario's share dropped from 95 percent in 1997 to 94 percent in 2002.
- The share of other provinces remained stable between 1992 and 2002.



Source: Industry Canada compilations based on Statistics Canada data.