

Monthly Trade Bulletin

Volume 6 Number 2

April 2004

Key Monthly Trade Indicators (February 2004)

Highlights

- Canada's overall merchandise trade surplus with the world increased by \$828 million in February.
- Canada's trade surplus with the U.S. increased by \$852 million in February.
- The Canadian dollar depreciated slightly vis-à-vis the U.S. dollar in February, falling from US75.5¢ to US74.9¢.

	\$ millions	% change over	
		previous month	previous year
Exports	34,304	7.5	-1.6
- Exports to U.S.	27,888	7.4	-4.1
Imports	28,415	5.9	-5.1
- Imports from U.S.	19,785	5.7	-6.6
Trade Balance*	5,889	5,061	4,904
- Balance with U.S.*	8,103	7,251	7,921
Commodity Prices**	135.1	-0.1	0.9
Canadian Dollar (US¢)*	74.9	75.5	67.4
Export Prices***	105.9	-0.4	-6.1
Import Prices***	95.2	2.3	-9.8

* 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 Emerging Industries and their Top Five Export Markets

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Industry
Canada

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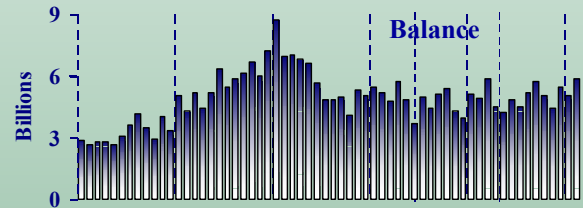
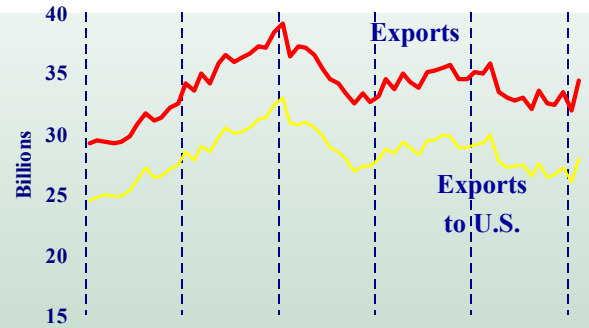
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Merchandise Trade

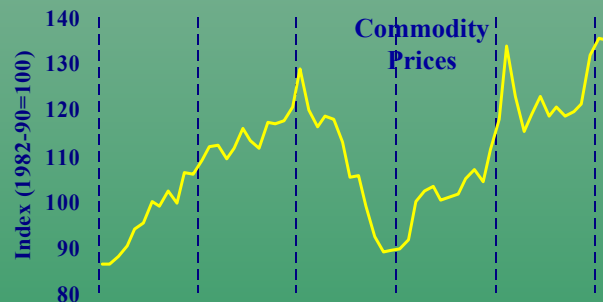
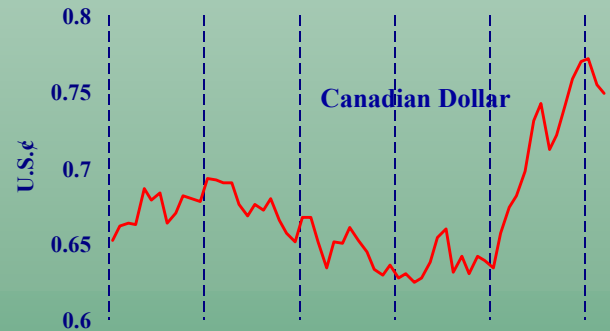
Trade surpluses increased...

- The overall Canadian trade surplus climbed by \$828 million in February, to \$5.9 billion.
- February's monthly surplus with the U.S. widened by \$852 million to \$8.1 billion.



... while the Canadian dollar was down.

- The Canadian dollar lost US0.6¢ in value over February, after a US1.6¢ decline the previous month. It closed the month at US74.9¢. The value of the dollar was US7.5¢ (or 11.1 percent) higher in February than a year earlier.
- Commodity prices retracted slightly (0.1 percent) in February following a 2.7 percent gain in January. The terms of trade deteriorated as export prices decreased for the month while import prices increased.



Source: Statistics Canada, Bank of Canada

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Canada's Emerging Industries and Their Top Five Export Markets*

According to R&D intensity, Radio, television and communication equipment is the number one "emerging" industry in Canada...

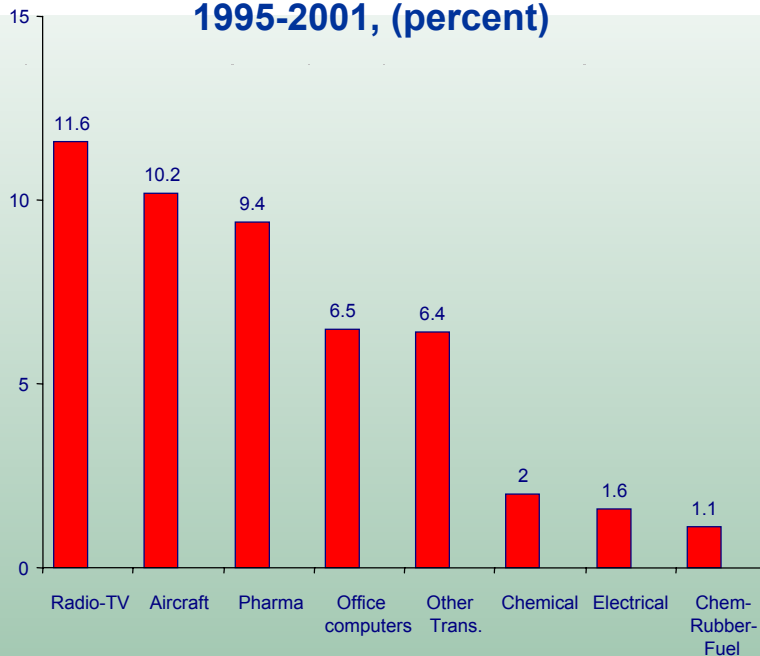
- Of the top eight emerging industries, Radio, television & communication equipment ranked at the top with an average R&D intensity of 11.6 percent during the period 1995-2001.
- Over the same period, the Chemical, rubber, plastics and fuel products industries ranked the lowest (eighth) with an average R&D intensity of 1.1 percent.

...but, the export intensity (exports as a percentage of gross output) was the highest in Office, accounting & computing machinery products (84.7 percent) during 1995-2001, compared with other emerging industries.

- By comparison, over the same period, the industry with the top R&D intensity – Radio, television & communication equipment – ranked fifth with an export intensity of 39.2 percent.

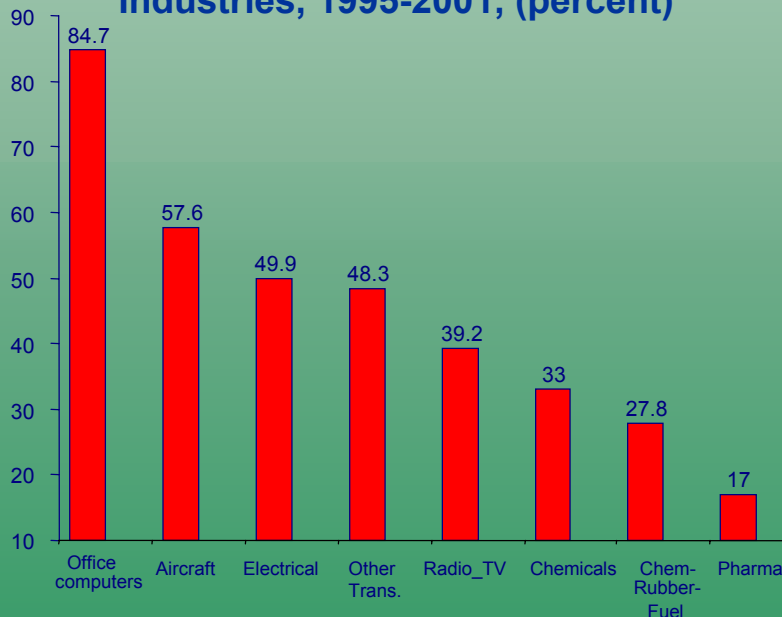
* Emerging industries are defined as those that have the highest R&D intensity (R&D as a percent of gross output). The top 8 emerging industries on the basis of R&D intensity are: *Radio television & communication equipment (NAICS 3342 to 3346); Aircraft & spacecraft (NAICS 3364), Pharmaceuticals (NAICS 3364); Office, accounting & computing machinery (NAICS 3341); Other transport equipment (NAICS 336); Chemical & chemical products (NAICS 325); electrical, machinery & apparatus, and Chemical (NAICS 3351, 3353, 3359); Rubber, Plastic & Fuel Products (NAICS 324, 325, 326).*

R&D Intensity of Emerging Industries, 1995-2001, (percent)



Source: Industry Canada compilations based on OECD (Main Science and Technology Indicators) data.

Export Intensity of Emerging Industries, 1995-2001, (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

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Canada's Emerging Industries and Their Top Five Export Markets

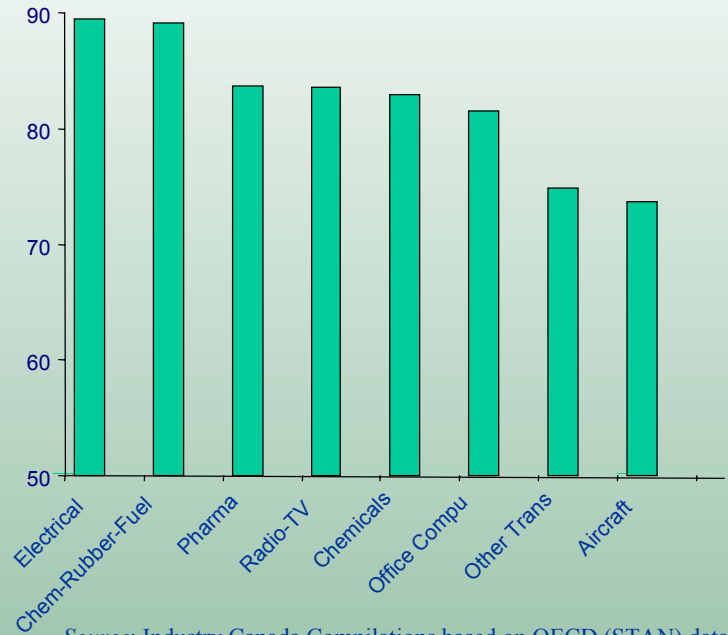
The U.S. is the dominant destination for exports for all the emerging industries...

- In 2001, the U.S. share varied from a high of 89.5 percent in Electrical, machinery & apparatus manufacturing to a low of 73.6 percent in Aircrafts and spacecrafts.

...and has been increasing since 1990.

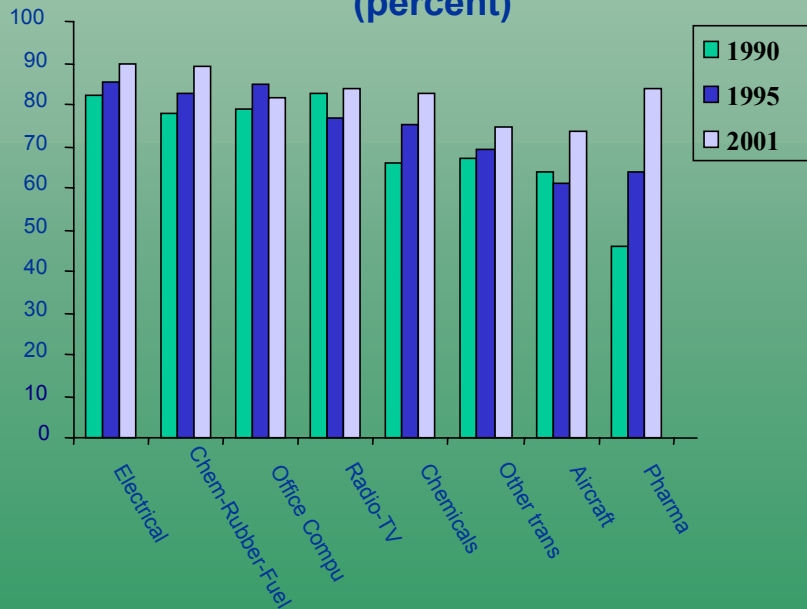
- Between 1990 and 2001, the U.S. share of Canadian exports in all emerging industries has increased.
- The largest increase occurred in Pharmaceuticals (37.5 percentage points).
- The smallest increase (0.94 percentage points) occurred in the top emerging industry – Radio, television & communication equipment.

Share of Canadian Exports going to the U.S. in Emerging Industries, 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

Trends in the U.S. Share in Emerging Industries, 1990, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

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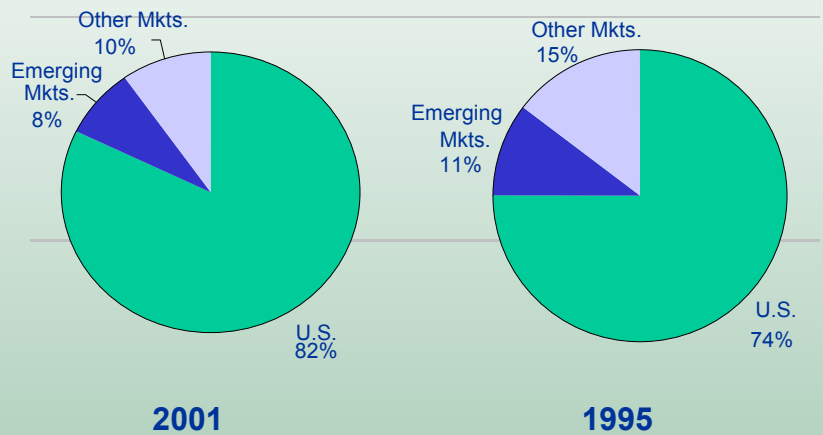
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Canada's Emerging Industries and Their Top Five Export Markets

Geographic Distributions of Exports of Emerging Industries, 1995 and 2001 (percent)

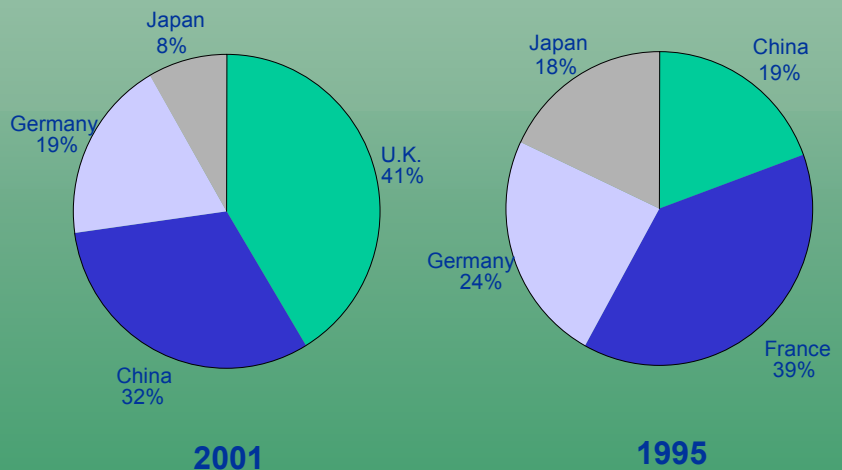
On the other hand, the shares of other top export destinations has declined*.

- Between 1995 and 2001, the U.S. share of Canadian exports of emerging industries increased from 74.9 percent to 82.3 percent.
- Consequently, the share of Canadian exports going to the four next largest markets declined from 10.5 percent in 1995 to 7.8 percent in 2001.
- In 2001, after the U.S., the four next largest export markets were the U.K., China, Germany and Japan.
 - Of their combined 7.8 percent share, 41.3 percent went to the U.K., 31.5 to China, 19.0 to Germany, and 8.2 to Japan.
- While France was one of the top five export markets in 1995, it dropped from the list by 2001.



Source: Industry Canada Compilations based on OECD (STAN) data.

Share of Non-U.S. Export Markets for Emerging Industries, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

*The top five export destinations are based on their shares of total industry exports from Canada.

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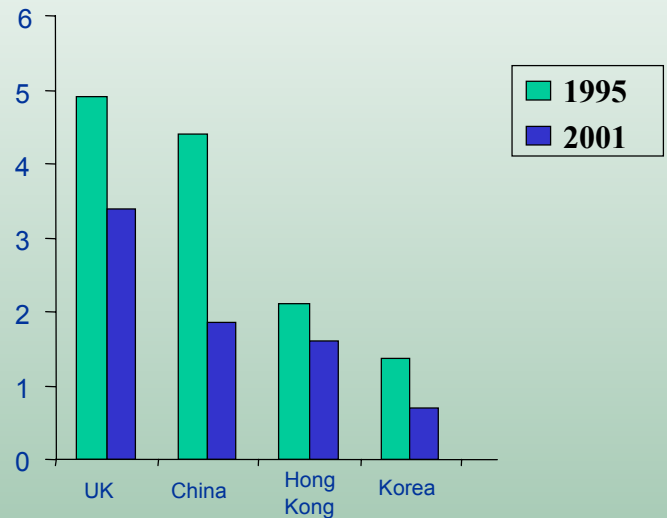
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Canada's Emerging Industries and Their Top Five Export Markets

Top Four Non-U.S. Export Markets for Radio, Television & Communication Equipment, 1995 and 2001 (percent)

The top four non-U.S. export markets for radio, television & communication equipment in 2001 were the U.K., China, Hong Kong and Korea.

- However, the importance of these markets has declined over time, the share dropping from 12 percent in 1995 to 7.5 percent in 2001.

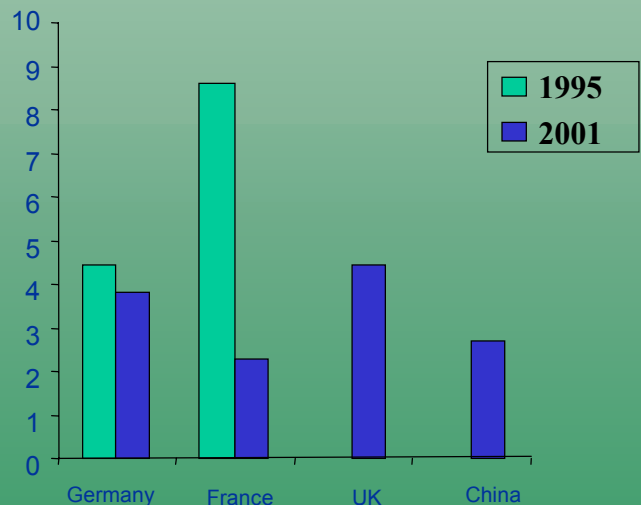


Source: Industry Canada Compilations based on OECD (STAN) data.

For Aircraft and spacecraft industries, besides the U.S., the top four destination countries in 2001 were the U.K., Germany, China and France.

- These countries accounted for 13.2 percent of Canada's total aircraft and spacecraft exports in 2001, a drop of 4.7 percentage points since 1995.
- As well, the list of the top four non-U.S. export destinations has changed. While the U.K. and China were not on the top five list in 1995, they had emerged as members by 2001, replacing Austria and Italy.

Top Four Non-U.S. Markets for Aircraft & Spacecraft, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

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Canada's Emerging Industries and Their Top Five Export Markets

In 2001, Germany, the U.K., Ireland and Japan were the top four non-U.S. emerging export markets for pharmaceuticals.

- These four countries accounted for 11.8 percent of total pharmaceutical exports in 1995.
- Between 1995 and 2001, the importance of these four markets had declined by 7.1 percentage points.
- The U.K. had emerged as one of the top five export destinations by 2001, replacing Australia.

For office, accounting & computing machinery, the four largest export markets in 2001, next to the U.S., were the U.K., Ireland, Japan, and Hong Kong.

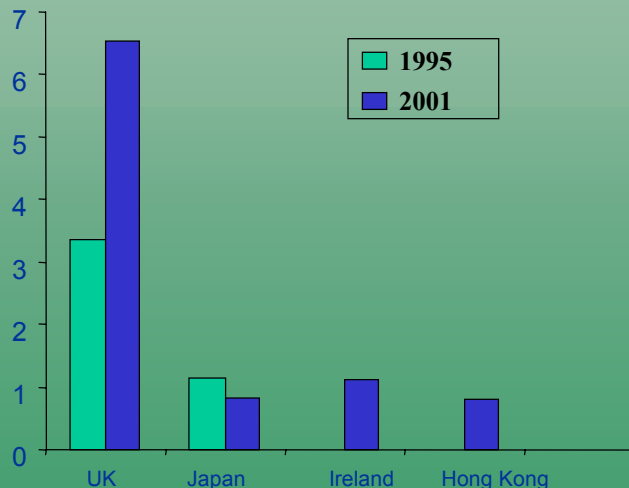
- These four markets accounted for 8.8 percent of total office, accounting & computing exports in 1995.
- The importance of these markets had increased by 0.5 percentage points by 2001.
- Ireland and Hong Kong had joined the list of the top non-U.S. markets for exports in 2001, replacing Germany and Mexico.

Top Four Non-U.S. Export Markets for Pharmaceuticals, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

Top Four Non-U.S. Export Markets for Office, Accounting & Computing Machinery, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

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Canada's Emerging Industries and Their Top Five Exports Markets

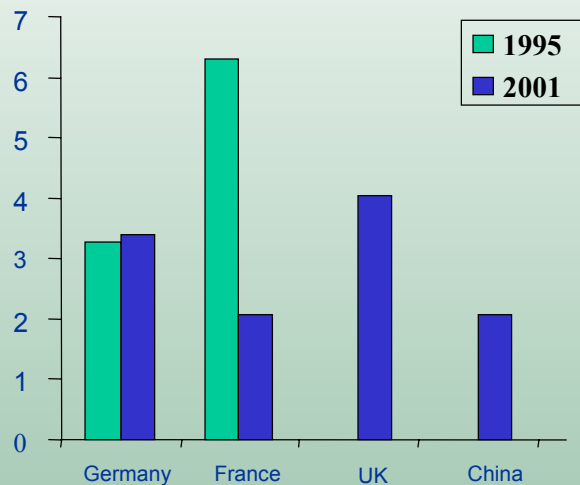
The U.K., Germany, China and France were the top four non-U.S. export markets for other transportation equipment in 2001.

- These four markets accounted for 11.9 percent of the total other transportation equipment exports in 2001, down from 13.1 percent in 1995.
- The U.K. and China had emerged as two of the largest markets for exports by 2001, replacing Austria and Italy.

For chemicals and chemical products, China, Japan, Korea and Brazil were the top four non-U.S. markets in 2001.

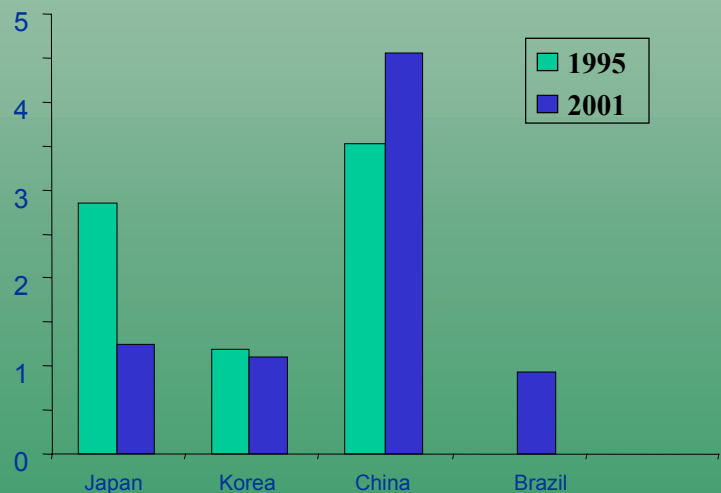
- 7.8 percent of Canada's total exports of chemical and chemical products were destined to these countries in 2001, down from 9.8 percent in 1985.
- Brazil joined the ranks of the top destination countries in 2001, replacing Australia.

Top Four Non-U.S. Export Markets for Other Transport Equipment, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

Top Four Non-U.S. Export Markets for Chemicals and Chemical Products, 1995 and 2001 (Percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

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Canada's Emerging Industries and Their Top Five Export Markets

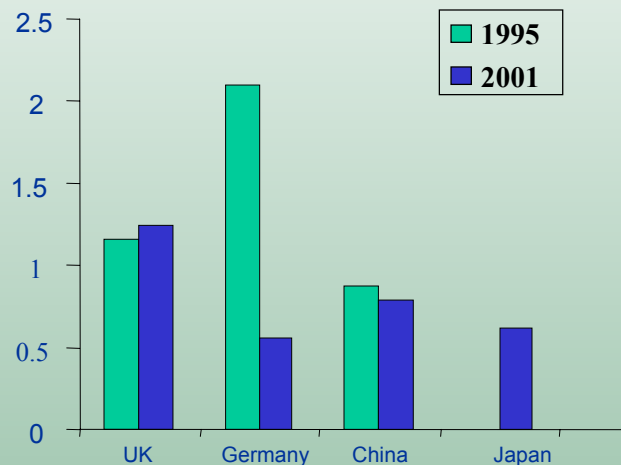
For electrical machinery and apparatus, the top four non-U.S. markets were the U.K., China, Japan and Germany.

- These four markets accounted for 4.9 percent of the total Canadian exports in 2001, down from 6.5 percent in 1995.
- Moreover, the composition of the top four non-U.S. export markets has also changed. Japan had joined the ranks of the top four by 2001, replacing Korea.

But for chemical, rubber, plastics and fuel products, China, France, Japan and Korea were the top four non-U.S. markets, and their importance has also declined over time.

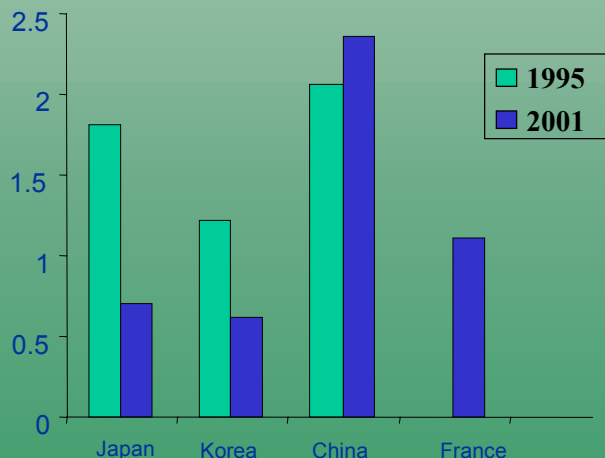
- Only 4.8 percent of Canada's exports of chemical, rubber, plastics and fuel products went to these four countries in 2001, a decline of 1.3 percentage points since 1995.
- France had emerged as an important new export market for this industry by 2001, replacing Brazil.

Top Four Non-U.S. Export Markets for Electrical Machinery and Apparatus, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.

Top Four Non-U.S. Export Markets for Chemical, Rubber, Plastics and Fuel Products, 1995 and 2001 (percent)



Source: Industry Canada Compilations based on OECD (STAN) data.