

Monthly Trade Bulletin

Volume 7, Number 1

March 2005

Key Monthly Trade Indicators (January 2005)

Highlights

- Canada's merchandise exports fell, while imports increased, resulting in a lower trade surplus with the world for the month.
- Similarly, Canada's trade balance with the U.S. fell.
- The Canadian dollar in terms of the U.S. dollar was down in value for the month.

	\$ millions	% change over	
		previous month	previous year
Exports	35,884	-1.6	11.3
- Exports to U.S.	29,492	-2.3	11.9
Imports	31,878	1.9	16.9
- Imports from U.S.	21,418	0.3	12.1
Trade Balance*	4,006	5,209	4,979
- Balance with U.S.*	8,074	8,833	7,260
Commodity Prices**	153.8	1.1	13.8
Canadian Dollar (US¢)*	80.6	83.2	75.5
Export Prices***	105.7	-0.6	2.0
Import Prices***	92.9	1.5	0.3

* 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-India Trade Linkages

Current analysis done by Samad Uddin of the Trade and Economic Analysis Division, Department of International Trade, under the direction of John M. Curtis. Feature report prepared by Anik Dufour, Fanny Salamanca and Varsa Kuniyal of the Micro-Economic Policy Analysis Branch, Industry Canada, under the direction of Someshwar Rao. ISSN 1496-192X, IC Catalogue No. 54287E



International Trade
Canada

Commerce international
Canada



Industry
Canada Industrie
Canada

Monthly Trade Bulletin

Volume 7, Number 1

March 2005

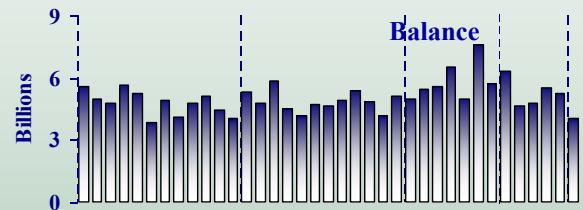
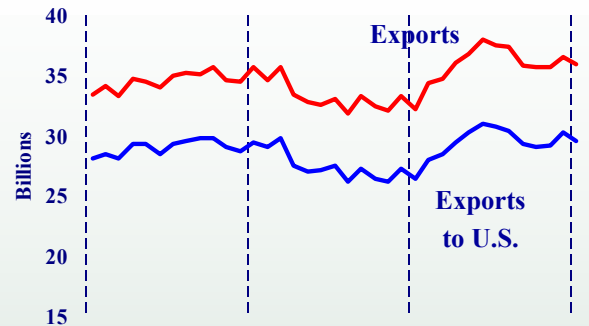
Trade surpluses grew...

- Canada's overall trade surplus decreased by \$1.2 billion in January to \$4.0 billion.
- January's monthly surplus with the U.S. contracted by \$759 million to \$8.1 billion.

... and the value of the Canadian dollar dropped.

- The Canadian dollar decreased by US2.6¢ in value over January, closing the month at US80.6¢. On a year-over-year basis, the value of the dollar was 6.7 per cent higher (or US5.1¢) in January 2005 than for the same month a year ago.
- Commodity prices increased by 1.1 per cent over the previous month's level in January. The terms of trade deteriorated as export prices decreased and import prices increased for the month.

Merchandise Trade



Monthly Trade Bulletin

Volume 7, Number 1

March 2005

Canada-India Trade Linkages

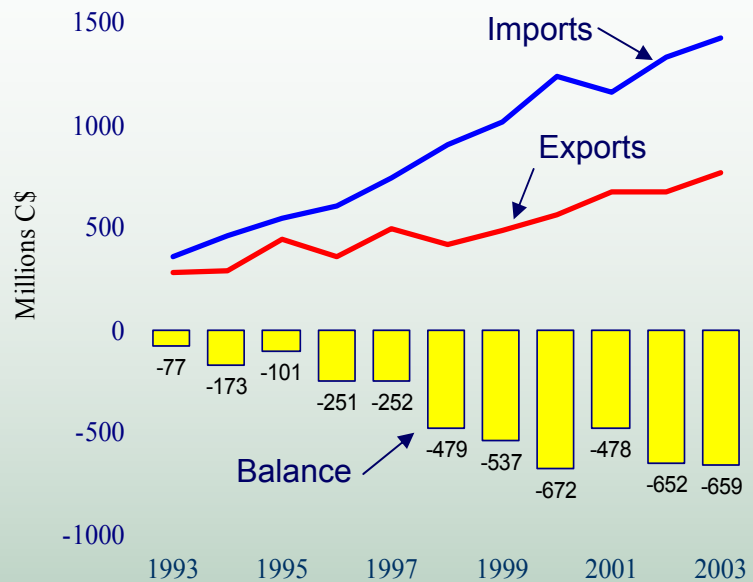
Canada's trade deficit with India widened in the last decade.

- Canadian merchandise exports to India rose from \$282 million in 1993 to \$764 million in 2003, an average annual increase of 10.5 percent.
- However, imports from India rose even faster, increasing at 14.8 percent annually, from \$358 million in 1993 to \$1,420 million in 2003.
- As a result, Canada's trade balance with India deteriorated from a deficit of \$77 million in 1993 to one of \$659 million in 2003.

But, trade with India accounts for a small share of Canada's overall trade

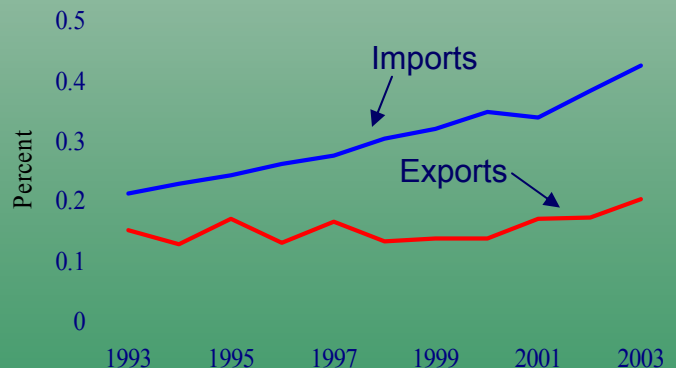
- The share of Canadian exports to India edged up from 0.15 percent in 1993 to 0.20 percent in 2003. India is Canada's 18th largest export market.
- Meanwhile, the share of imports from India doubled, from 0.21 percent in 1993 to 0.42 percent in 2003.

Canada's Merchandise Trade with India



Source: Compilations based on Statistics Canada data

India's Share of Canadian Merchandise Trade



Source: Compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 7, Number 1

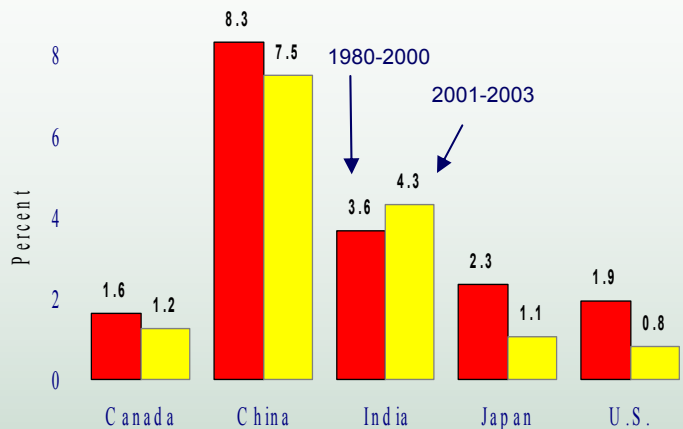
March 2005

Canada-India Trade Linkages

The pace of growth in India's real GDP capita has accelerated in recent years.

- Real GDP per capita grew by an average of 3.6 percent per year during 1980-2000. In 2001-2003, growth accelerated to 4.3 percent, compared to 7.5 percent in China and 1.2 percent in Canada.
- According to projections by Goldman Sachs, GDP per capita is expected to triple by 2020, nearing 25 percent of Canada's level.
- India provides a large reservoir of skilled-knowledge workers and is a source of raw materials. As well, it is an attractive market in which to invest and to offer expertise.

Growth Rate in Real GDP
(constant 1995 dollars)

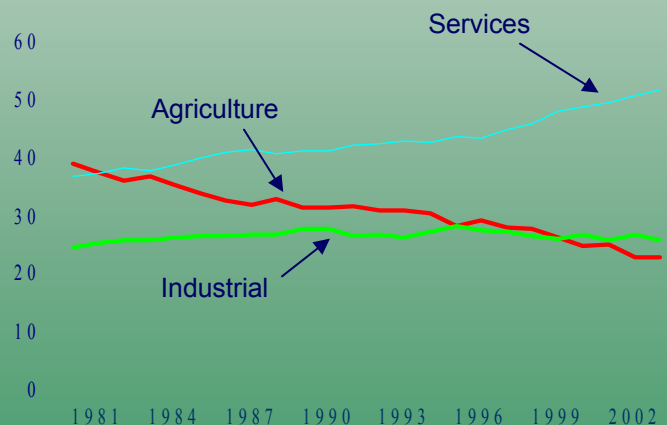


Source: World Bank

Services account for a growing share of the economy.

- The share of the services sector in India's economy expanded from 37 percent of nominal GDP in 1981 to more than 50 percent of the economy in 2002. Meanwhile, the share of agriculture diminished to 25 percent in 2002 while the share of industry remained roughly steady at 25 percent.
- Foreign demand for IT-related services was an important driver behind the recent acceleration in service output. The value of exports of software and other IT-enabled services jumped from US\$1.1 billion in 1996 to US\$12.2 billion in 2003, with the US receiving 68 percent of India's software and service exports in 2003.

Composition of India's Nominal GDP
(percent)



Source: World Bank

Monthly Trade Bulletin

Volume 7, Number 1

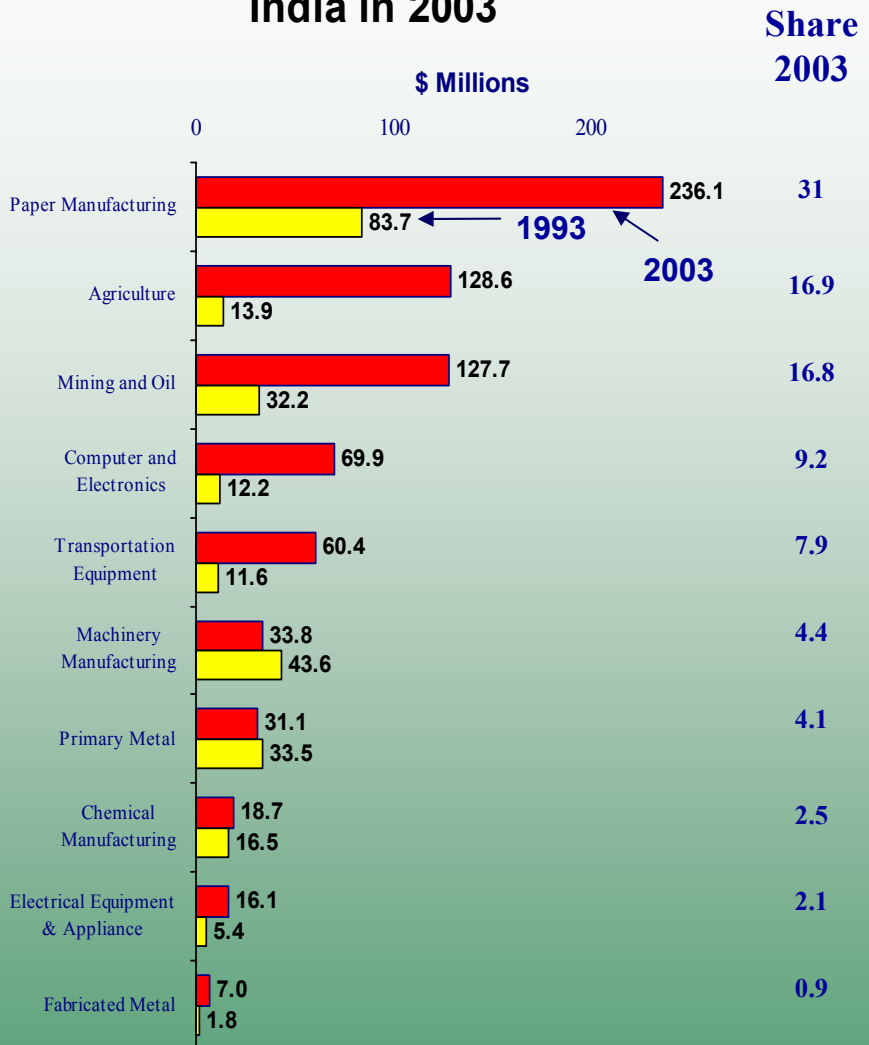
March 2005

Canada-India Trade Linkages

In 2003, Canada's exports to India were concentrated in 10 main products.

- The top-10 Canadian exports to India represented 96 percent of exports in 2003.
- Exports of paper, agriculture and mining & oil together accounted for 65 percent of Canada's exports to India that same year.
- Computer & electronics and transportation equipment also held a significant share (17 percent).
- The top-5 exports all recorded important increases between 1993 and 2003.
- In contrast, exports of machinery and primary metal declined over the same 10-year period.

Top Ten Canadian Exports to India in 2003



Source: Compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 7, Number 1

March 2005

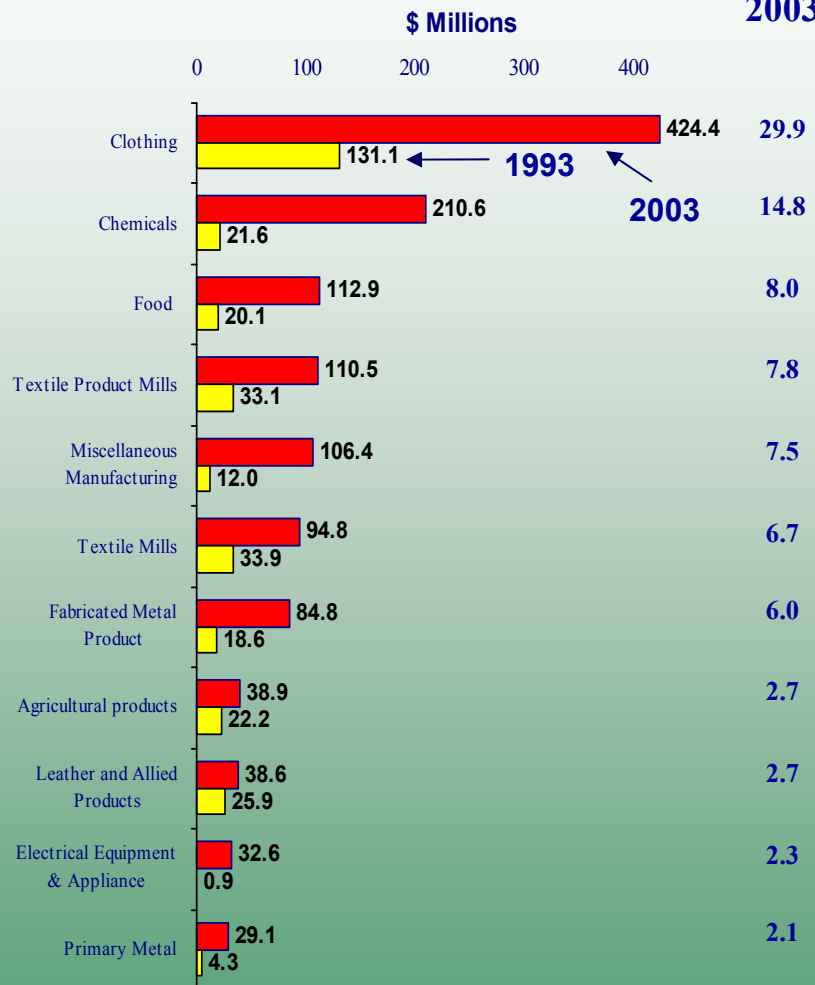
Canada-India Trade Linkages

Top Ten Canadian Imports from India in 2003

Share
2003

Clothing is a major Canadian import from India.

- Ninety percent of Canadian imports from India were among the top-10 products imported. Moreover, imports increased in all of these 10 products between 1993 and 2003.
- Imports of clothing accounted for nearly one-third of imports from India in 2003. Imports of chemicals were also important, up 10-folds from 1993 to 2003 when their share reached 15 percent of imports.
- Imports of food rose from 20 million in 1993 to 113 million in 2003 while imports of textile product mills rose from 33 million to 111 million over the same period.



Source: Compilations based on Statistics Canada data

Canada-India Trade Linkages

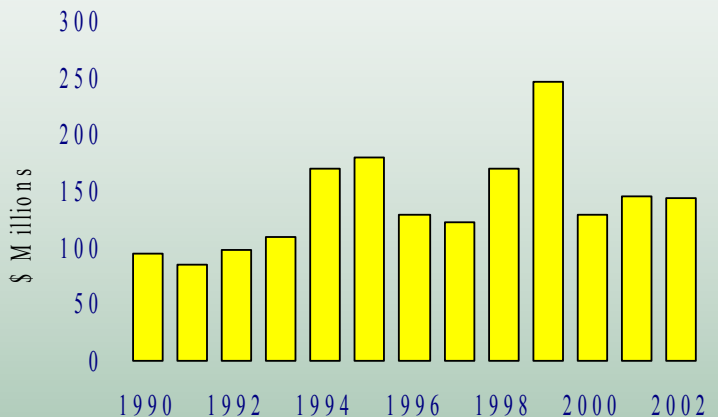
Canada-India trade linkages are still weak.

- The stock of Canadian direct investment (DIA) in India increased from 94 million in 1990 to 144 million in 2002.
- India's FDI in Canada also increased from \$18 million in 1999 to \$29 million in 2002.

India is an important market for electrical power consumption

- India is the world's 7th largest market for electrical power consumption.
- Canada's investments in India are in five main areas: power & energy; oil & gas; environmental products & services; information & telecommunications technologies; and financial & insurance services.
- These investments are helping to upgrade India's infrastructure and technological capacity.

Canada's Foreign Direct Investment (FDI) in India



Source: Compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 7, Number 1

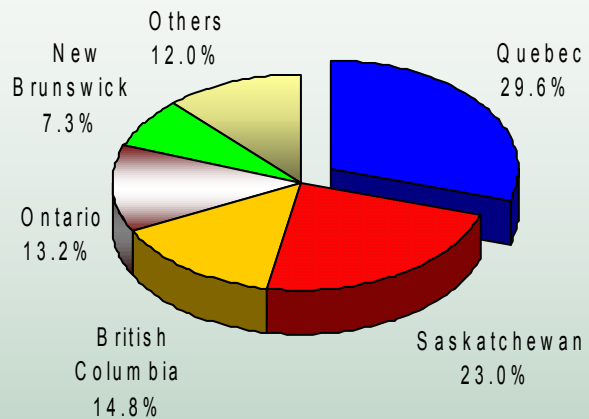
March 2005

Canada-India Trade Linkages

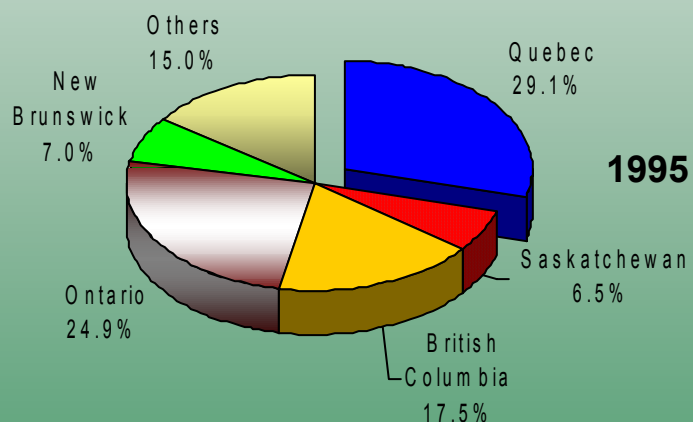
Quebec and Saskatchewan account for half of Canada's merchandise exports...

- Quebec accounted for about 30 percent of Canadian merchandise exports to India in 2003.
- Saskatchewan was the second largest exporter, with a share of 23 percent in 2003, up from 6.5 percent in 1995.
- Ontario accounted for only 13 percent of Canada's merchandise exports to India in 2003, a share nearly 12 percentage points smaller than in 1995.
- British Columbia's export share declined slightly to 15 percent in 2003 from 17 percent in 1995.

Canada's Merchandise Exports to India by Province



2003



1995

Source: Statistics Canada

Monthly Trade Bulletin

Volume 7, Number 1

March 2005

Canada-India Trade Linkages

... while Ontario is Canada's largest importer of merchandise from India.

- In 2003, Ontario accounted for almost half of Canadian merchandise imports from India, up from 41 percent in 1995.
- Meanwhile Quebec's share fell from 41 percent in 1995 to 34 percent in 2003.
- British Columbia's share also dropped, from about 15 percent in 1995 to 12 percent in 2003.

Canada's Merchandise Imports from India by Province

