

Monthly Trade Bulletin

Volume 2, Number 4

June 2000

Key Monthly Trade Indicators (April 2000)

Highlights

- Trade numbers softened across the board in April. Exports and imports were both down, by 3.0% and 0.3%, respectively, and the trade balance narrowed by more than a fifth.
- Similar results were reported for trade with the U.S.; exports, imports and the merchandise trade balance were all down from the previous month.
- Export prices remained relatively unchanged in April, increasing by 0.7%. Import prices rose more substantially, up by 4.1%.
- The dollar weakened in April, down 2.0% or 1.4US¢. A significant fall in commodity prices (down 3.0%) was a contributing factor.

	\$ millions	% change over	
		previous month	previous year
Exports	32,774	-3.0	14.0
- Exports to U.S.	28,428	-1.6	14.9
Imports	29,602	-0.3	12.6
- Imports from U.S.	21,979	-1.2	8.5
Trade Balance*	3,172	4,114	2,464
- Balance with U.S.*	6,449	6,635	4,481
Commodity Prices**	108.5	-3.0	20.3
Canadian Dollar (US¢)*	67.6	69.0	68.6
Export Prices**	119.0	0.7	3.9
Import Prices**	110.4	4.1	-2.7

* Data in levels only.

** Index (1992=100)

Source: Industry Canada compilations based on Statistics Canada data.

This Month's Feature Report: Canadian Trade by Manufacturing High-Technology Industries



Team Canada Inc. - Équipe Canada inc.

Produced by the Micro-Economic Policy Analysis Branch, Industry Canada by Aaron Sydor and Jennifer Brill, under the direction of Rick Cameron and Someshwar Rao.

Canada 

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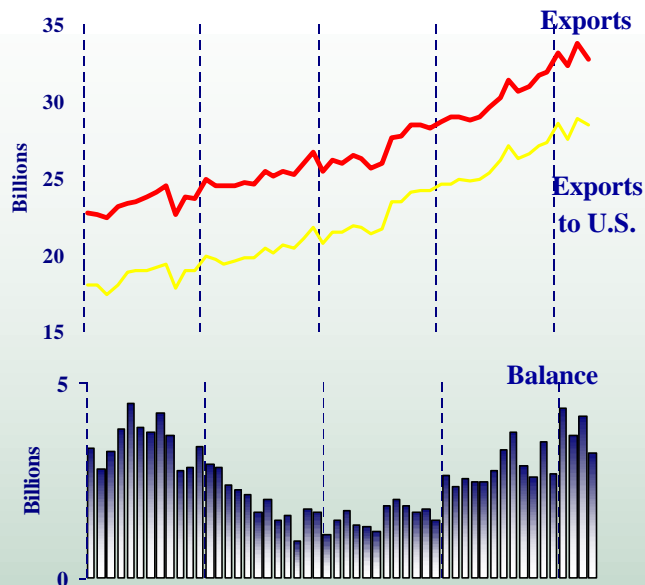
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Merchandise Trade

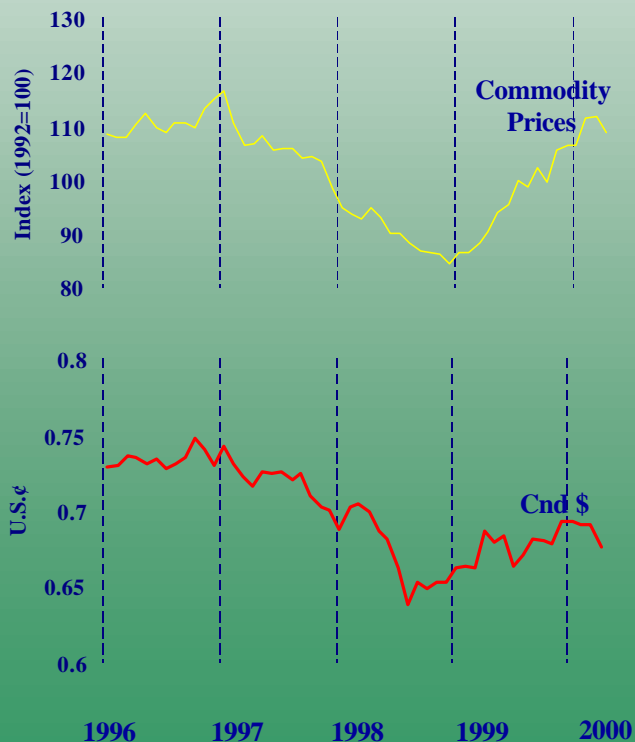
Exports, although down, are still at historically high levels

- The trade account can experience, at times, large month-to-month movements.
- Exports in April were somewhat lower than in March. Even so, they were still well above those in February.
- The trade surplus, although narrower than in March, is also at a historically high level.



Commodity prices declined for the first time since October of last year

- Commodity prices fell by 3.0% in April. This is the first drop since October of last year and the largest one month decline since the summer of 1998.
- The Canadian dollar also weakened in April, losing 2.0% of its value or 1.4US¢ relative to the U.S. dollar.



Source: Statistics Canada, Bank of Canada

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However, for the first 4 months of the year, export growth outpaced import growth in 6 out of ten Team Canada Sectors

- Exports of the most knowledge-intensive sectors, such as ICT, AMT, and Electric Power Equipment have been buoyed by strong economic performance in Europe.
- Although export growth (32.5%) has greatly outpaced import growth (13.2%) and the balance of trade has improved greatly, the trade deficit in ICTs still outweighs the surplus of all other Team Canada Sectors.
- Three of the four sectors in which import growth outpaced export growth are also the three smallest Team Canada Sectors.
 - ▶ The fourth, however, is Automotive — the single largest Team Canada Sector.

Merchandise Trade, (Team Canada Sectors)

Team Canada Sectors	Exports			Imports			Balance	
	Millions		Growth	Millions		Growth	Millions	
	1999 YTD Jan-Apr.	2000 YTD Jan-Apr.	1999- 2000	1999 YTD Jan-Apr.	2000 YTD Jan-Apr.	1999- 2000	1999	2000
Aerospace & Defence	4,343	5,246	20.8%	4,293	3,960	-7.7%	50	1,286
Agri-Food	6,837	7,228	5.7%	5,296	5,442	2.8%	1,542	1,786
AMT	1,118	1,324	18.5%	1,248	1,558	24.8%	-131	-234
Automotive	32,161	33,529	4.3%	28,808	30,306	5.2%	3,353	3,223
Building Products	5,621	6,567	16.8%	4,822	5,349	10.9%	798	1,218
Electrical Power Equipment	1,871	2,329	24.4%	3,339	3,845	15.1%	-1,468	-1,516
Environmental Products	288	298	3.6%	496	823	66.1%	-208	-525
Health Products	1,202	1,178	-2.0%	2,265	2,277	0.5%	-1,062	-1,099
ICT	8,222	10,891	32.5%	16,246	18,389	13.2%	-8,024	-7,498
Plastics	2,590	3,007	16.1%	2,495	2,748	10.1%	94	259
Total Merchandise Exports	113,621.6	130,201.9	14.6%	104,023.5	114,888.5	10.4%	9,598.1	15,313.4

* AMT - Advanced Manufacturing Technologies

** ICT - Information and Communication Technologies

Source: Industry Canada compilations based on Statistics Canada Data

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Trade by High-Technology Industries

High-Technology Industries

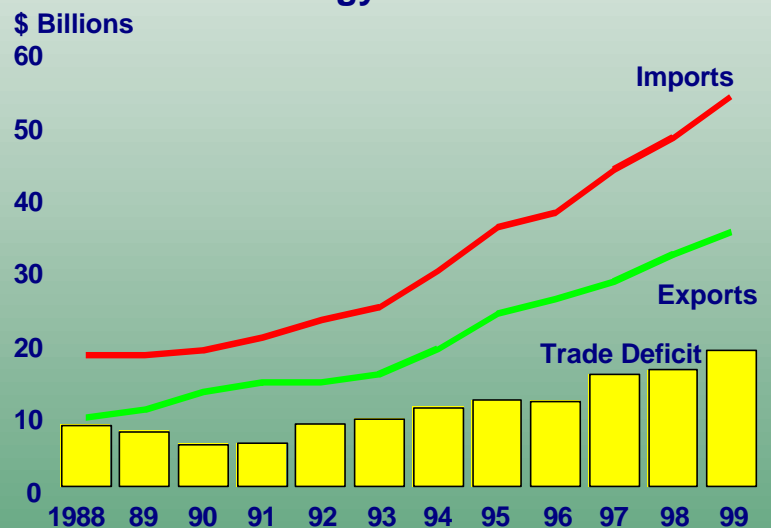
The OECD identifies the following industries as the manufacturing high-technology sector:

- Aircraft & Parts;
- Communications Equipment;
- Office, Store and Business Machines (Computers); and,
- Pharmaceuticals.

High-technology trade has more than tripled over the past decade...

- Canadian trade by high-technology industries grew substantially over the period 1988-1999.
 - ▶ Exports grew from \$9 billion to close to \$35 billion — an average annual rate of 12.6%, compared to 8.8% for all merchandise exports.
 - ▶ Imports grew from \$17 billion to \$54 billion — an average annual rate of 10.5%, compared to 8.5% for all merchandise imports.
 - ▶ As a result, the trade deficit in manufacturing high-technology industries more than doubled, from \$8 billion to \$19 billion

Canadian Trade in High-Technology Industries



Source: Statistics Canada

This special report was prepared in collaboration with Can D. Le and Vanessa Chang of the Innovation Policy Branch, Industry Canada.

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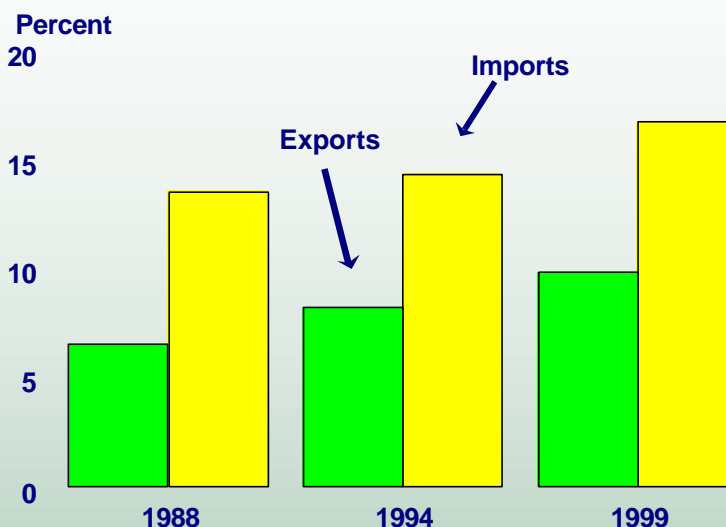
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Trade by High-Technology Industries

...increasing in importance in Canada's overall merchandise trade

- The share of high-technology products in total merchandise exports increased from 6.5% in 1988 to 9.8% in 1999.
- The share of high-technology imports also increased, from 13.5% in 1988 to 16.7% in 1999.

Share of High-Technology Industries in Total Canadian Merchandise Trade

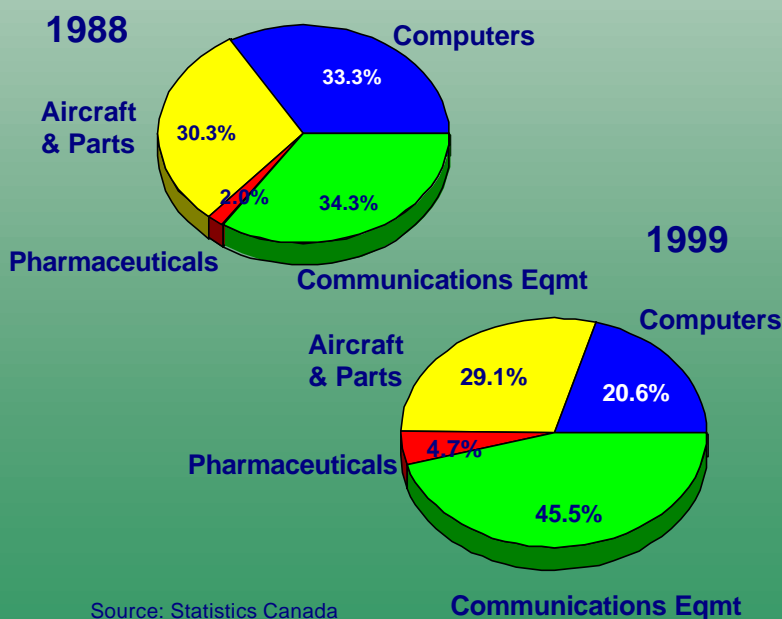


Source: Statistics Canada

The importance of Communications Equipment in Canada's exports has increased dramatically...

- Communications Equipment increased its share of high-technology exports from 34.3% in 1988 to 45.5% in 1999.
- ▶ Pharmaceuticals also increased its share, rising from 2.1% to 4.7%.
- In contrast, the share of Computers declined substantially while that of Aircraft & Parts remained more or less unchanged.

Industrial Composition of High-Technology Exports



Source: Statistics Canada

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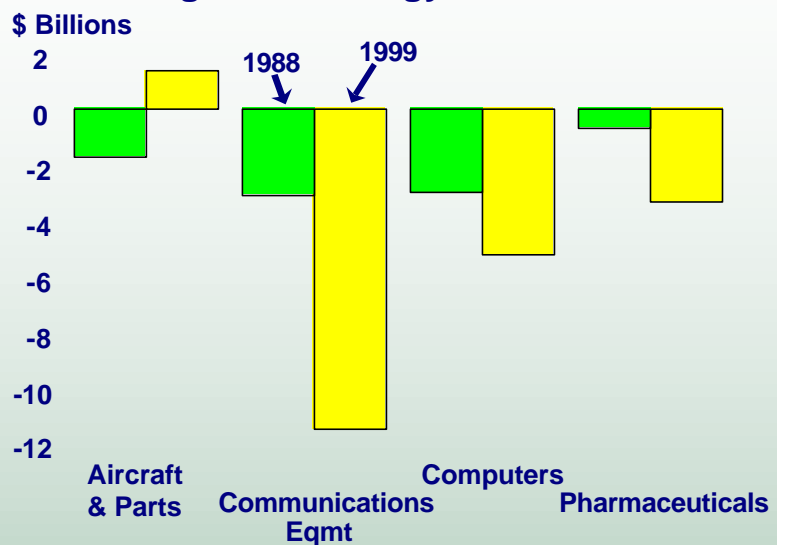
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Trade by High-Technology Industries

...but, the trade deficit in Communications Equipment has increased considerably

- At \$11.5 billion, the trade deficit in Communications Equipment far outweighs that of all other manufacturing high-technology trade — accounting for almost two-thirds of the high-technology trade deficit.
- Aircraft & Parts on the other hand, has consistently posted a trade surplus, albeit small, since 1989.

Balance of Trade in High-Technology Industries

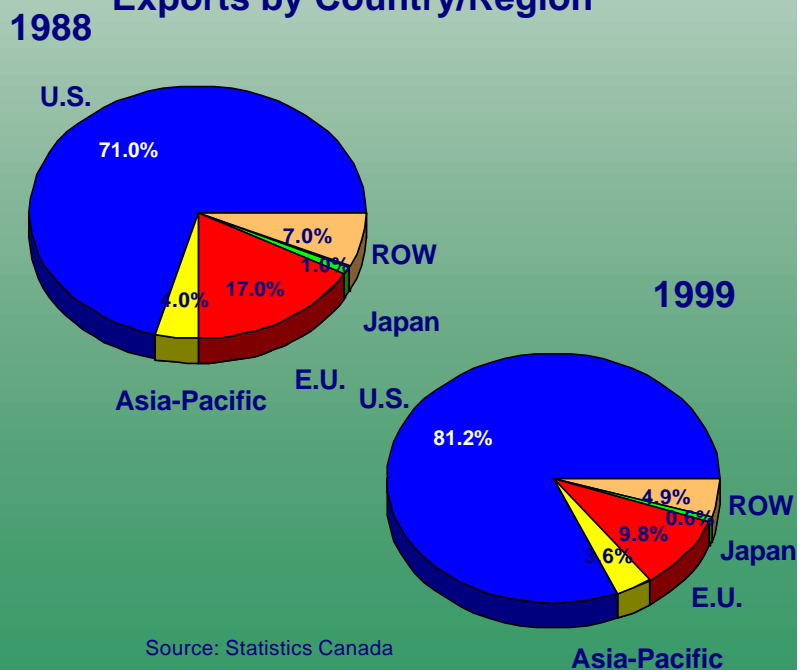


Source: Statistics Canada

More than four-fifths of manufacturing high-technology exports go to the U.S.

- In 1999, 81.2% of high-technology manufacturing exports were destined for the U.S., compared to only 71% in 1988.
- The shares of all non-U.S. destinations have declined considerably — particularly the E.U., which saw its share halved.

Distribution of High-Technology Exports by Country/Region



Source: Statistics Canada

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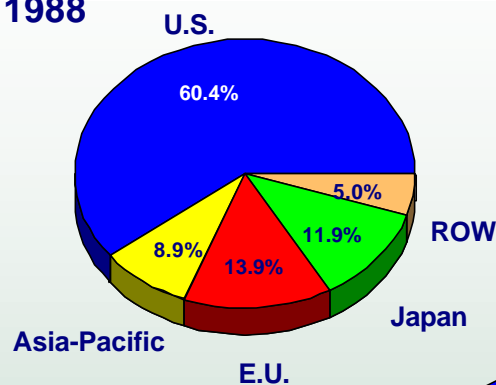
Trade by High-Technology Industries

Distribution of High-Technology Imports by Country/Region

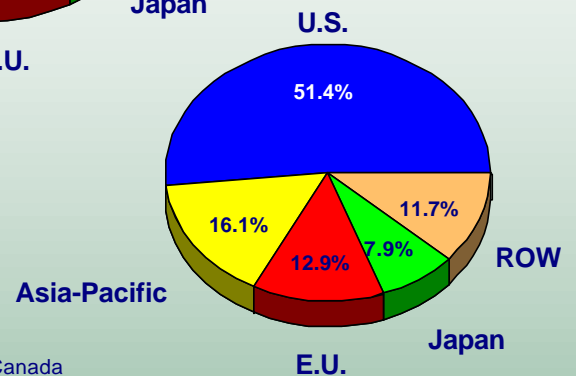
The U.S. share of Canada's high-technology imports is falling

- In contrast to exports, the U.S. share of Canadian high-technology imports has declined — from 60.4% in 1988 to 51.4% in 1999.
- The shares of E.U. and Japan also fell, while the share of Asia-Pacific and the rest of the world (ROW) increased significantly.

1988



1999

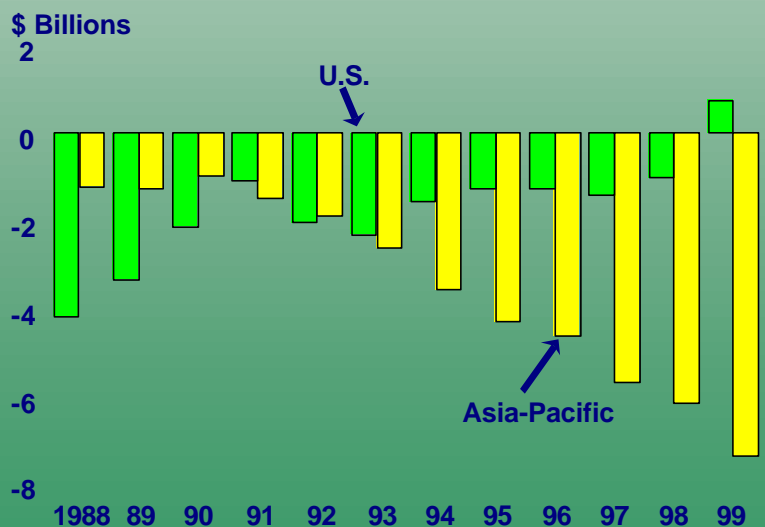


Source: Statistics Canada

Canada now has a high-technologies trade surplus with the U.S.

- Canada's trade deficit with the U.S. in high-technology products has steadily been shrinking, and in 1999, for the first time, crossed into surplus.
- At the same time, our trade deficit with Asia-Pacific has been increasing. In 1999 the deficit stood at \$7.4 billion.
- ▶ The growth in the deficit may be attributed to U.S. firms shifting production to Asia-Pacific.

Canada's High-Technology Trade Balance



Source: Statistics Canada