





Monthly Trade Bulletin

Volume 2, Number 8

October 2000

Key Monthly Trade Indicators (September 2000)

Highlights

-  **Stable exports and falling imports combined to boost the trade surplus by \$236 million in September.**
-  **Exports to the U.S. grew moderately, rising 0.6%, while imports from the U.S. dipped 0.7%. As a result, Canada's trade surplus with the U.S. widened by \$400 million to reach \$7.8 billion.**
-  **Commodity prices were up sharply in September. However, both export and import prices were unaffected by this turn of events, actually falling 0.2% over the month.**
-  **The Canadian dollar lost more than 2% of its value against the U.S. dollar in September, falling by almost a cent and a half U.S.**

	\$ millions	% change over	
		previous month	previous year
Exports	34,948	0.1	15.6
- Exports to U.S.	30,183	0.6	15.6
Imports	30,649	-0.7	12.2
- Imports from U.S.	22,372	-0.7	7.9
Trade Balance*	4,299	4,063	3,744
- Balance with U.S.*	7,811	7,405	6,106
Commodity Prices**	115.7	3.7	13.5
Canadian Dollar (US¢)*	66.5	68.0	68.1
Export Prices**	120.2	-0.2	2.9
Import Prices**	108.8	-0.2	-2.3

* Data in levels only.

** Index (1982-90=100)

Source: Industry Canada compilations based on Statistics Canada data.

This Month's Feature Report: The Changing Nature of Atlantic Canada's Trade

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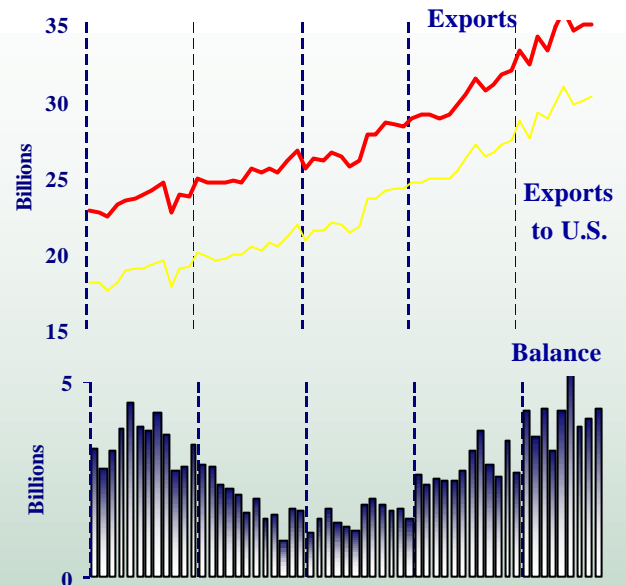
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Merchandise Trade

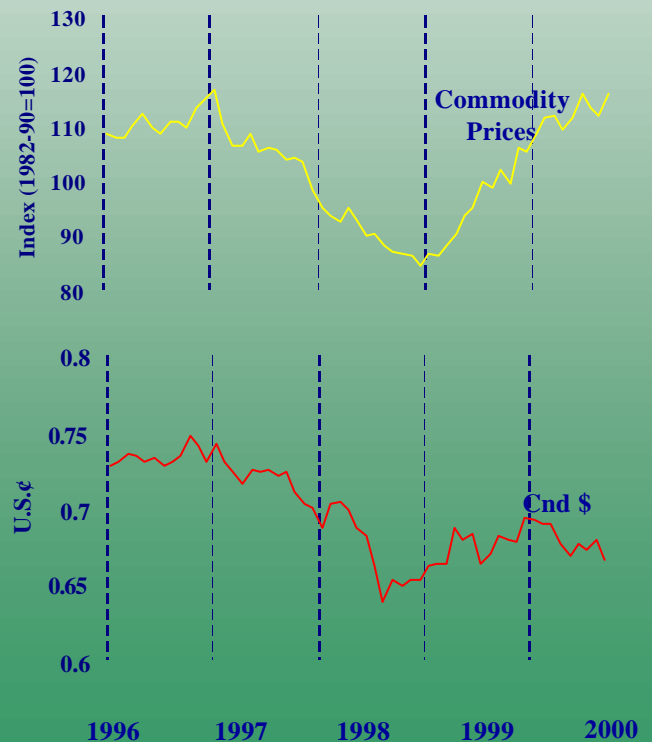
The trade surplus remains high

- September's trade surplus is the fourth largest over the past five years, largely due to the \$7.8 billion surplus with the U.S. recorded over the month.
- The trade balance with all other major regions remains in deficit. Our deficit with Japan narrowed by \$66 million in September, while that with the European Union widened a further \$10 million.



The Canadian dollar stumbles

- The Canadian dollar fell to its lowest level of the year, losing almost 1.5US¢ in value over September. Nonetheless, at 66.5US¢ in September, it is still much higher than its low of 63.8US¢ recorded in August 1998.
- Falling export prices and the strength of the U.S. dollar vis-à-vis all other currencies have not helped our currency's performance.



Source: Statistics Canada, Bank of Canada

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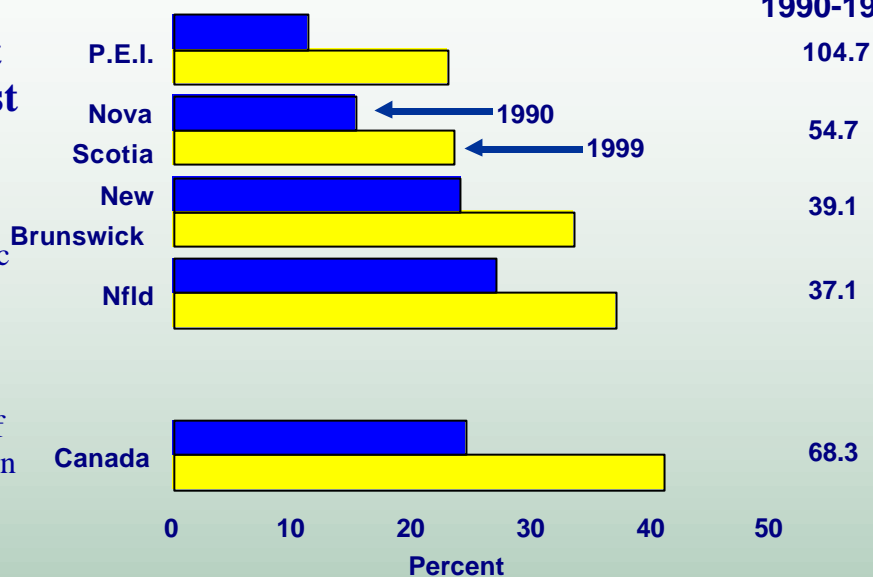
The Changing Nature of Atlantic Canada's Trade

The Atlantic Provinces are exporting more of their output internationally, but the export gap with the rest of Canada is widening

- The export orientation (ratio of exports to GDP) of all the Atlantic Provinces has increased significantly in the 1990s.
- But, their export orientation is significantly lower than the rest of Canada and the gap has widened in all the Atlantic provinces, save P.E.I.
- The Atlantic provinces appear to be converging among themselves in their export to GDP ratio.

Ratio of Real Exports to GDP

Percent Change, 1990-1999



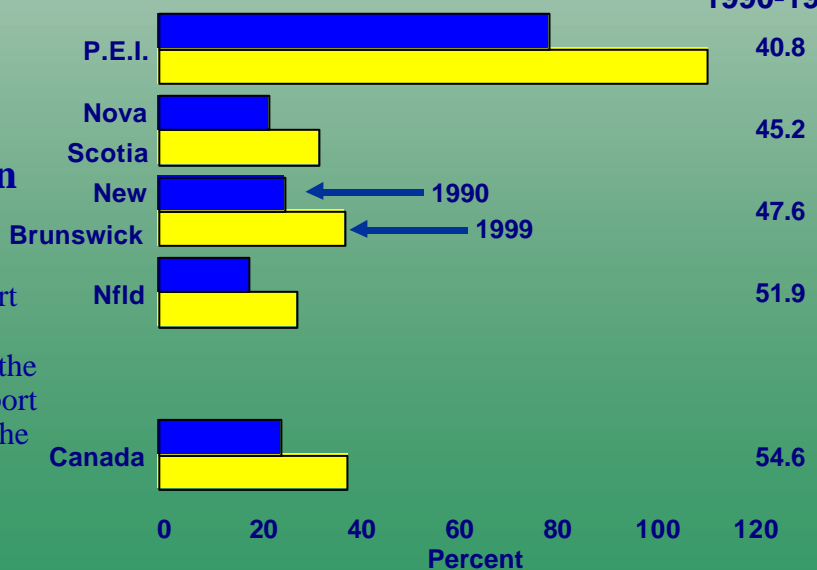
Source: Industry Canada compilations based on Statistics Canada data.

The same is also true for imports, with the exception of P.E.I.

- The Atlantic provinces also import less as a share of GDP (with the exception of P.E.I.) compared to the rest of Canada. However, the import gap is significantly smaller than the export gap.

Ratio of Real Imports to GDP

Percent Change, 1990-1999



Source: Industry Canada compilations based on Statistics Canada data.

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The Changing Nature of Atlantic Canada's Trade

On the other hand, the Atlantic provinces engage in much more inter-provincial trade than does the rest of Canada...

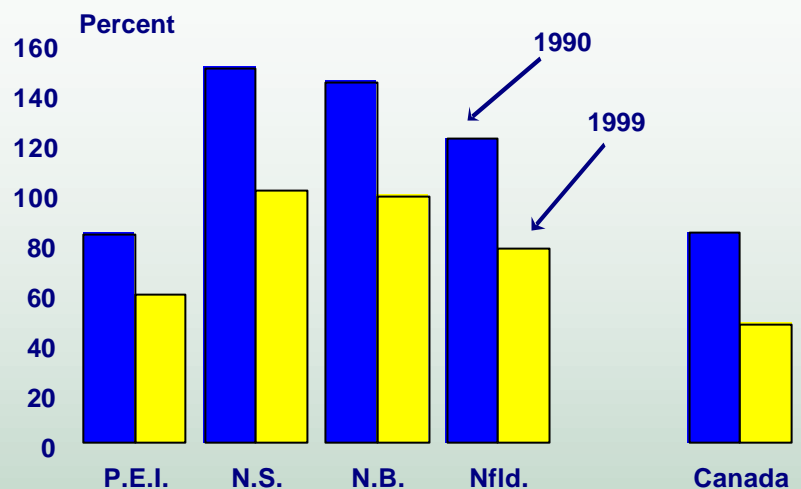
- The ratio of inter-provincial exports to international exports is twice as high in the Atlantic Provinces as the national average.
- Nova Scotia has the highest ratio of inter-provincial exports to international exports, with approximately \$1 in trade with other provinces for every \$1 traded internationally — double the national average.

- Like the rest of Canada, the Atlantic Provinces have experienced a decline in the relative importance of inter-provincial trade in the 1990s.

...and less of Atlantic Canada's international exports are destined to the U.S.

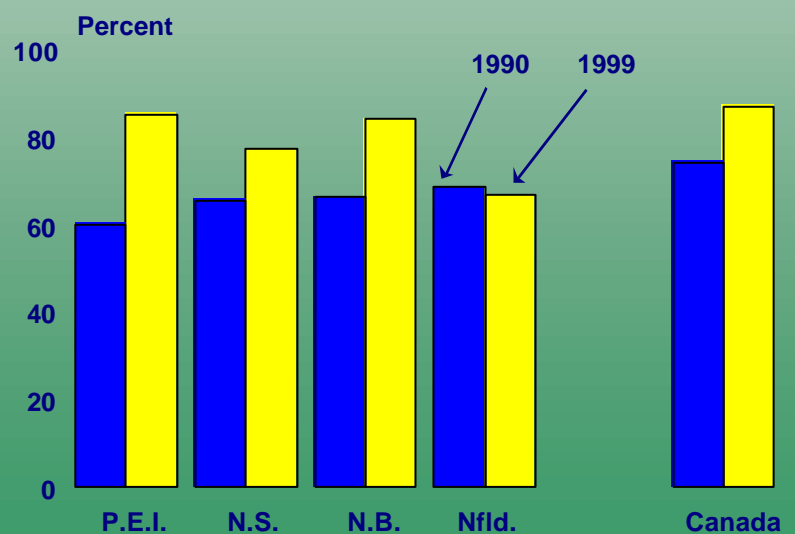
- Nearly 87% of Canada's exports go to the U.S. compared to a little over 78% for Atlantic Canada. But Atlantic Canada's trade linkages with the U.S. have also strengthened in the 1990s.
- Newfoundland is the only province in Canada that has seen a decrease in export reliance on the U.S. market. This is largely due to a greater share of oil exports going to Europe.

Ratio of Inter-Provincial Trade to International Trade



Source: Industry Canada compilations based on Statistics Canada data.

Share of Exports Going to the U.S.



Source: Industry Canada compilations based on Statistics Canada data.

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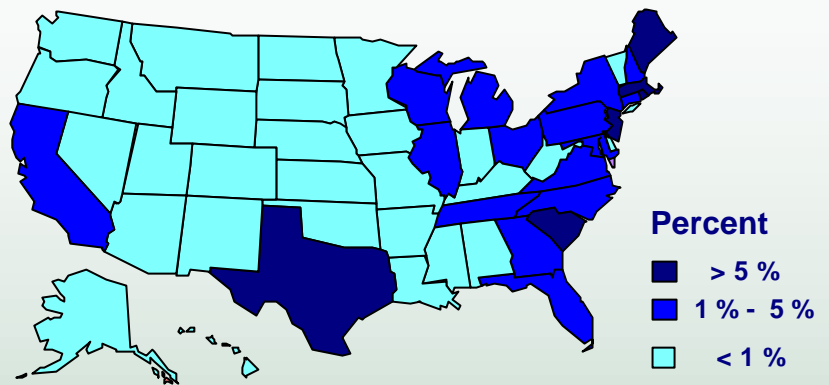
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The Changing Nature of Atlantic Canada's Trade

Atlantic Canada's Export Share by State

Atlantic Canada's exports to the U.S. are highly concentrated in the East...

- Only two states in the Southwestern U.S. - Texas and California - account for any significant portion of Atlantic Canada's exports (greater than 1%). That is largely due to their sheer size.
- In fact, five states account for more than 50% of Atlantic Canada's exports to the U.S.



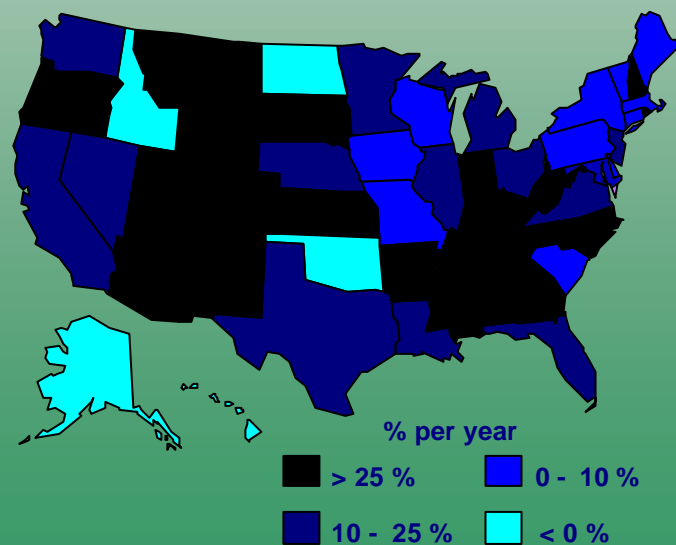
Source: Industry Canada compilations based on Statistics Canada data.

State	Share, 1999
Massachusetts	20.7
Maine	14.6
South Carolina	6.4
Texas	5.4
New Jersey	5.2
TOP-5	52.3

Atlantic Canada's Export Growth by State

...but export growth is fastest in the South and West

- Atlantic Canada's exports to the U.S. are beginning to diversify as the South and West are demonstrating particularly strong growth.



Source: Industry Canada compilations based on Statistics Canada data.

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The Changing Nature of Atlantic Canada's Trade

The exports of all the Atlantic Provinces are becoming more diversified within the U.S.

- Exports of all the Atlantic Provinces are highly concentrated, with only five states accounting for more than 50% of exports in each province and as high as 70% in Newfoundland.
- In all four Atlantic Provinces, however, there has also been a significant reduction in the average share of the top-5 U.S. states.

New Brunswick Top-5 U.S. Destinations for Exports

State	Share, 1999	Change, 1990-99
Maine	25.1	-11
Massachusetts	17.9	0.9
Texas	5.8	2.4
New York	5.5	-3.3
Pennsylvania	4.5	1.2
TOP-5	58.8	-9.8

Nova Scotia Top-5 U.S. Destinations for Exports

State	Share, 1999	Change, 1990-99
South Carolina	21.2	-7.6
Massachusetts	17.5	-5.2
Georgia	7.1	6.4
New York	6.3	-1.3
Pennsylvania	4.6	-6.8
TOP-5	56.7	-14.5

P.E.I. Top-5 U.S. Destinations for Exports

State	Share, 1999	Change, 1990-99
Massachusetts	27	-8.2
Maine	10.2	-7
New Jersey	9.5	3.9
Florida	7.6	4.5
Pennsylvania	6.6	2.3
TOP-5	60.9	-4.5

Newfoundland Top-5 U.S. Destinations for Exports

State	Share, 1999	Change, 1990-99
Massachusetts	31.2	-36
New Jersey	15.1	12.9
Texas	10.1	6.9
Virginia	8.2	6.4
Pennsylvania	6.1	3.1
TOP-5	70.7	-6.7

Source: Industry Canada compilations based on Statistics Canada data.

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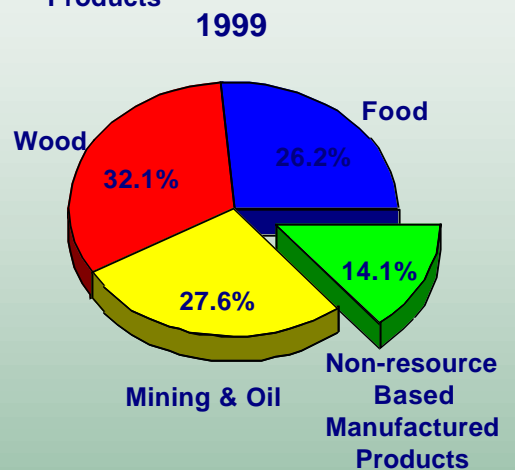
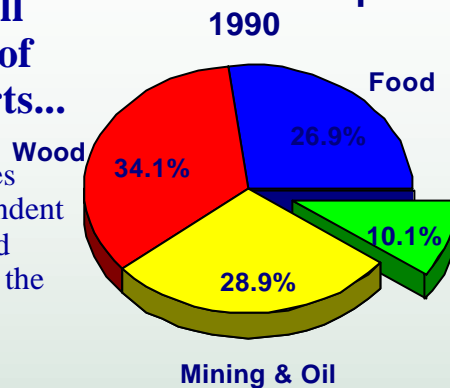
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The Changing Nature of Atlantic Canada's Trade

Resource and resource-based manufacturing still account for nearly 85% of Atlantic Canada's exports...

- Although all Atlantic Provinces continue to be extremely dependent on resource and resource-based exports, their importance is on the decline.
- Non-resource-based manufactured products' share of exports from Atlantic Canada increased from 10.1% in 1990 to 14.1% in 1999, a 40% increase.

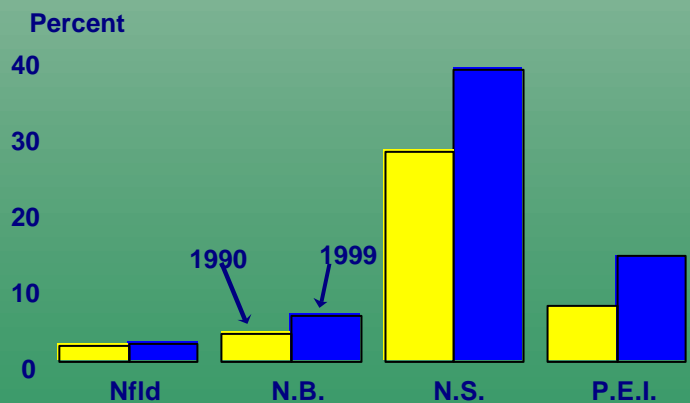
Atlantic Canada Exports by Product Type



...but the importance of non-resource-based manufactured exports increased significantly in all four Atlantic Provinces in the 1990s

- Nova Scotia dominates Atlantic Canada's exports of non-resource-based manufactured products, accounting for nearly 78% of the total. At the other end, Newfoundland has very few non-resource based manufactured exports.

Non-Resource Based Manufactured* Exports Share



*excludes resource-based manufacturing exports