

Monthly Trade Bulletin

Volume 2, Number 12

February 2001

Highlights

-  **Rising exports and falling imports in December led to a widening in Canada's trade surplus with the world.**
-  **Similarly, exports to the U.S. continue to outpace imports from the U.S., as Canada's trade surplus with the U.S. increased to a record \$9.2 billion for the month.**
-  **The dollar recovered some of the ground lost over the past three months, largely on the strength of improving terms of trade.**

Key Monthly Trade Indicators (December 2000)

	\$ millions	% change over	
		previous month	previous year
Exports	36,849	3.7	15.7
- Exports to U.S.	31,876	2.9	17.0
Imports	31,001	-0.4	6.3
- Imports from U.S.	22,631	-0.2	3.3
Trade Balance*	5,848	4,412	2,697
- Balance with U.S.*	9,244	8,307	5,342
Commodity Prices**	113.1	-3.5	7.4
Canadian Dollar (US¢)*	66.7	65.1	69.3
Export Prices***	128.0	3.1	9.7
Import Prices***	107.8	-5.4	-0.3

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1992 = 100

Source: DFAIT compilations based on Statistics Canada data.

This Month's Feature Report: Canada's Trade Performance in 2000

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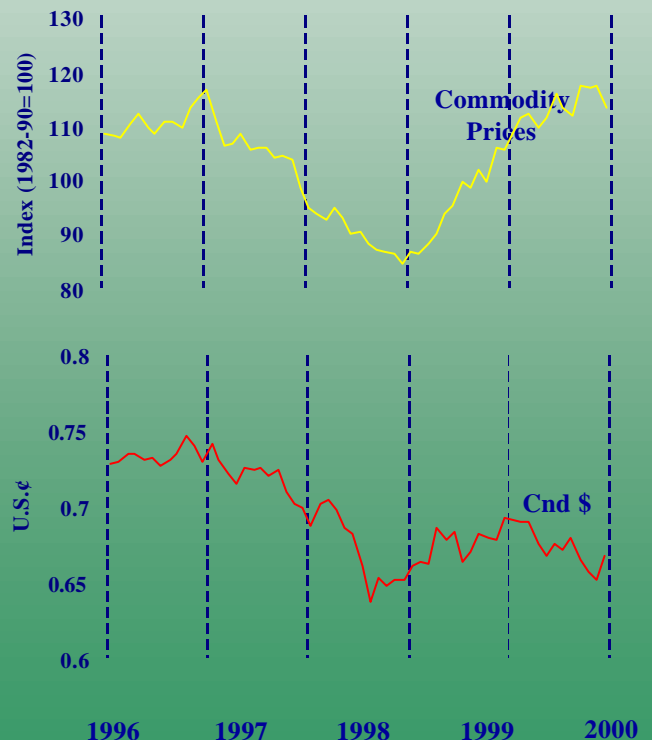
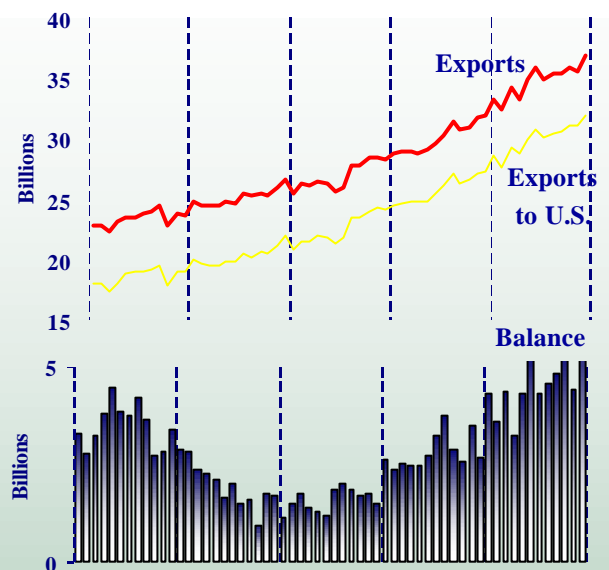
Merchandise Trade

December registers record trade surpluses

- Canada closed out the year in December with a record trade surplus of \$5.8 billion. The surplus was \$485 million higher than the previous record in October 2000.
 - ▶ The monthly surplus with the U.S. broke the \$9 billion mark to reach a record \$9.2 billion surplus.
- The trade balance with all other major regions remains in deficit. Our deficit with the European Union narrowed by \$335 million to \$1.2 billion in December, while that with Japan widened by \$122 million to a deficit of \$193 million.

The Canadian dollar rebounds

- The Canadian dollar rebounded 1.6 US¢ in December after three consecutive monthly declines. Notwithstanding this recovery, the dollar remains almost 2.6 US¢ lower at the close of 2000 than at its closing one year earlier.
- The terms of trade (i.e., the ratio of export prices to import prices) improved substantially in December. However, commodity prices softened over the month.



Source: Statistics Canada, Bank of Canada

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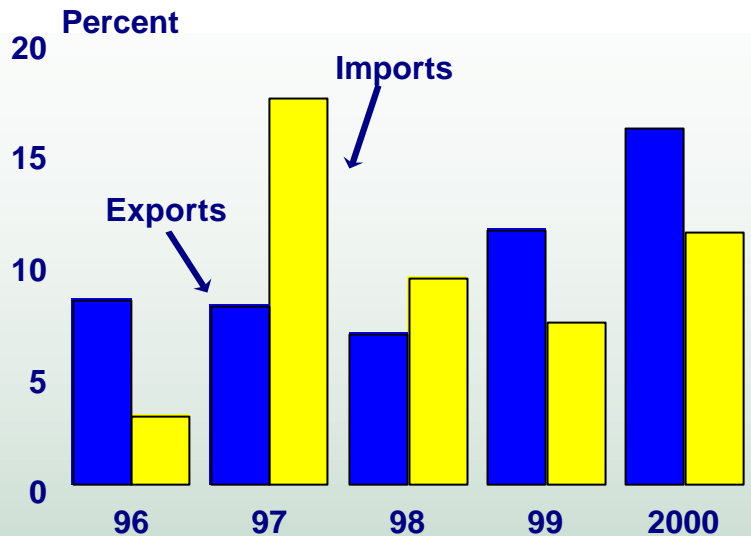
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Canada's Trade Performance in 2000

Growth in Exports and Imports*

Export growth soared in 2000...

- Exports increased 16% in 2000, the fastest growth since 1995, to reach \$411.7 billion.
- Imports also advanced, increasing 11.3% in 2000 to reach \$356.4 billion.
- A booming U.S. economy, rising commodity prices and a weak Canadian dollar were the main reasons for the rapid export expansion in 2000.

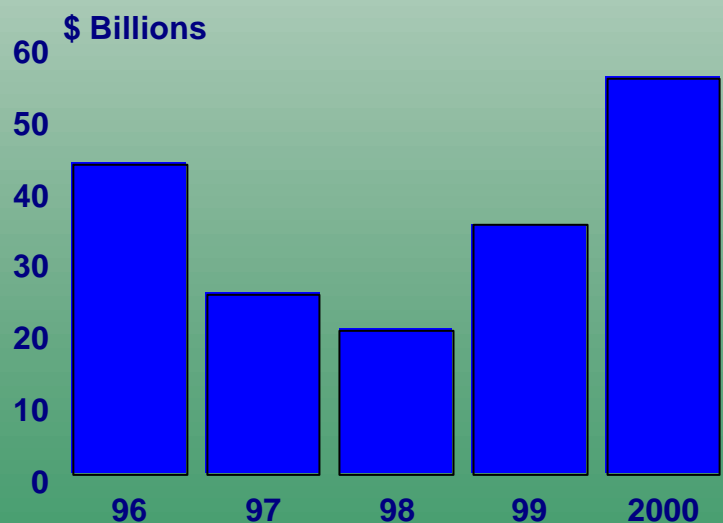


* Merchandise trade
Source: Industry Canada compilations based on Statistics Canada data.

...pushing the merchandise trade balance to new highs

- The merchandise trade balance hit an all-time high in 2000 at \$55.2 billion — an increase of \$20.5 billion over 1999.

Merchandise Trade Balance



Source: Industry Canada compilations based on Statistics Canada data.

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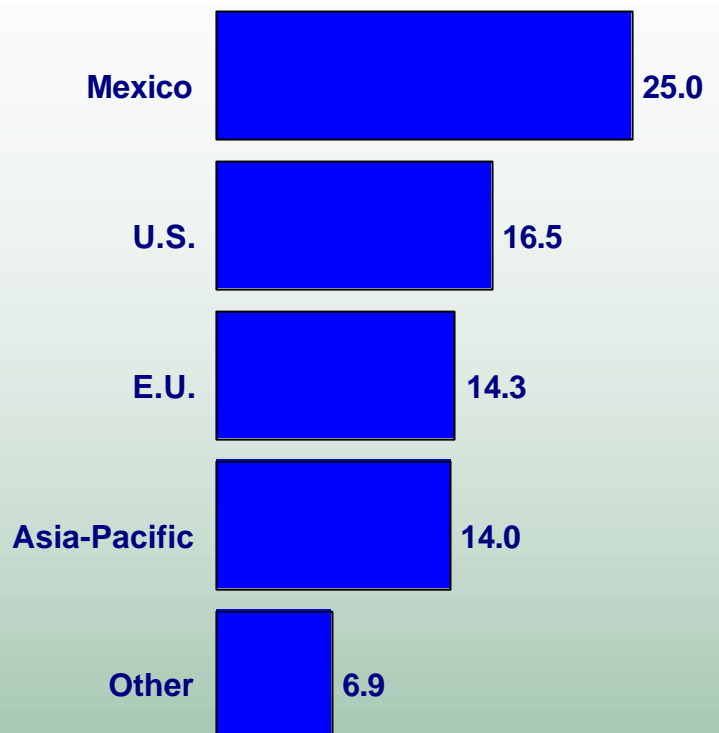
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Canada's Trade Performance in 2000

Growth in Exports by Destination*, 2000/1999, (percent)

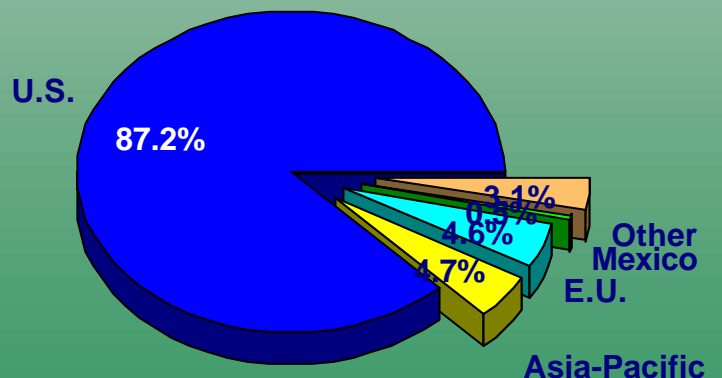
Exports to the U.S. were once again the driving force behind Canada's export growth

- Again in 2000, as has been the trend over the past decade, the U.S. has been the driving force behind Canada's export boom.
- Canadian exports to the U.S. grew 16.5% in 2000, up from 14.1% in 1999.
 - ▶ The U.S. now accounts for 87.2% of total Canadian merchandise exports
- Exports to Mexico shot up 25.0% in 2000, although Mexico still only accounts for half a percent of total Canadian exports.
- Exports to the E.U. and Asia-Pacific both increased at more than 14% in 2000, a significant improvement over 1999.
- Improved economic conditions in the two regions were largely responsible for the strong export performance.



* Merchandise trade
Source: Industry Canada compilations based on Statistics Canada data.

Geographic Distribution of Exports*, 2000



* Merchandise trade
Source: Industry Canada compilations based on Statistics Canada data.

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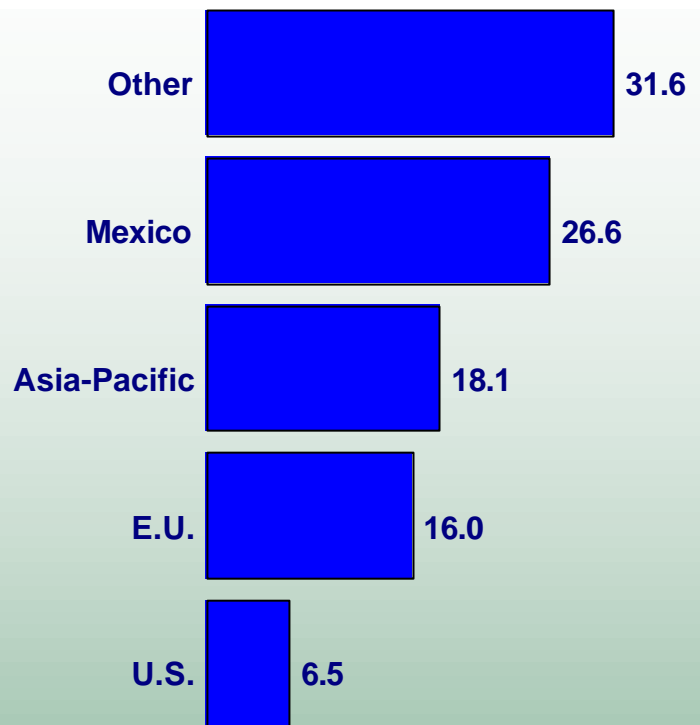
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Canada's Trade Performance in 2000

Growth in Imports by Destination*, 2000/1999, (percent)

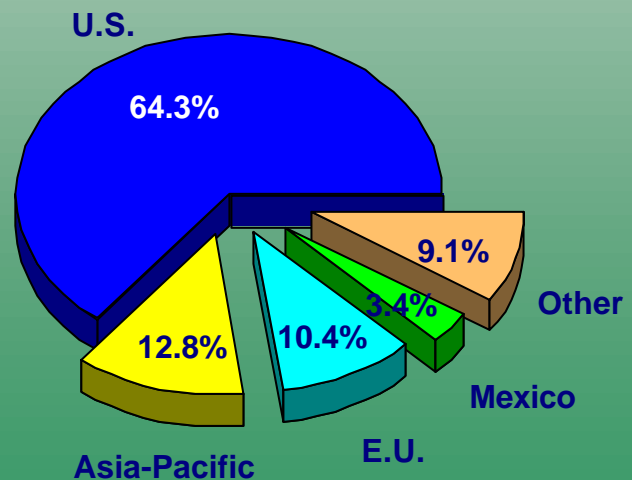
Most import growth was from countries other than the U.S.

- The U.S. was the only region for which export growth surpassed import growth in 2000, 16.5% vs 6.5%.
- U.S. accounted for only about 64% of total Canadian imports — compared to more than 87% for exports.
- Import growth from Mexico was particularly strong in 2000, driving Mexico's share of Canadian imports to 3.4% in 2000.
- The strong domestic economy was the main reason behind the rapid increase in Canadian imports, especially from countries other than the U.S. while the strong U.S. dollar moderated the growth in imports from that country.



* Merchandise trade
Source: Industry Canada compilations based on Statistics Canada data.

Geographic Distribution of Imports*, 2000



* Merchandise trade
Source: Industry Canada compilations based on Statistics Canada data.

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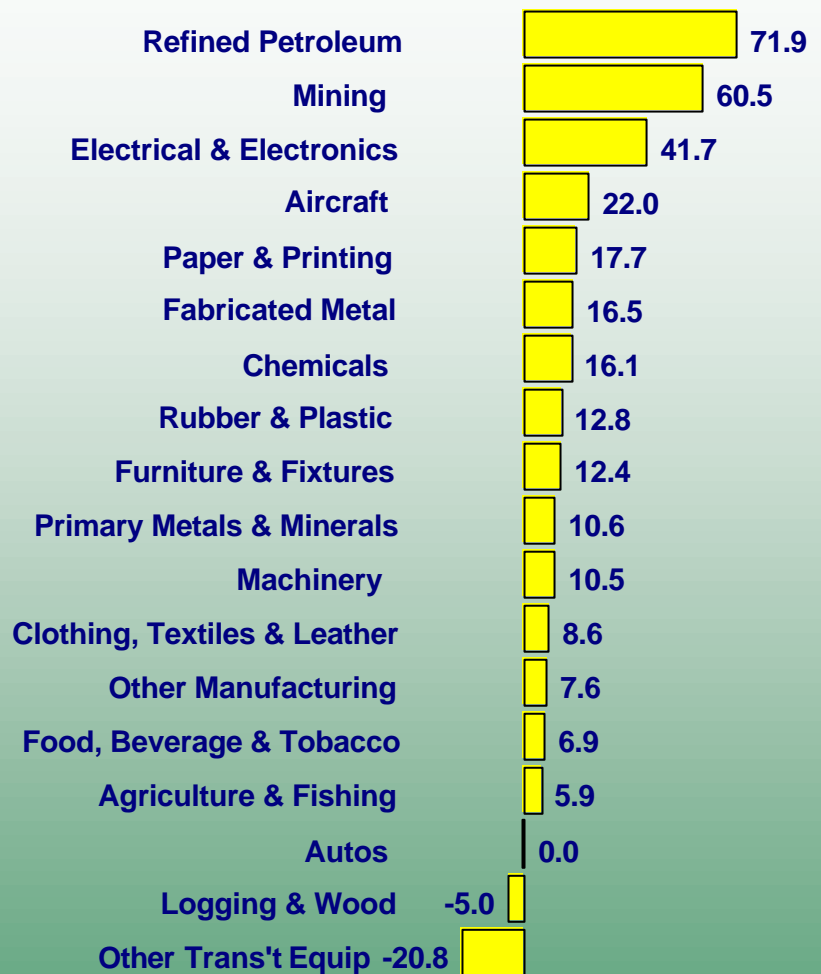
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Canada's Trade Performance in 2000

Resource-based exports led export growth in 2000

- The combination of higher prices, particularly for oil, and increased demand in the Asia-Pacific region helped propel resource exports in 2000.
- High-tech industries including Electrical & Electronics and Aircraft continued their rapid growth of the past few years into 2000.
- 2000 was a poor year for Automotive exports, barely changing from 1999 levels.
- Other Transportation Equipment exports declined by one-fifth in 2000, most of this decline was a result of a dramatic decline in exports of railroad rolling stock, but also of ship building and repairs.

Growth in Exports*, 2000/1999, (percent)



* Merchandise trade

Source: Industry Canada compilations based on Statistics Canada data.

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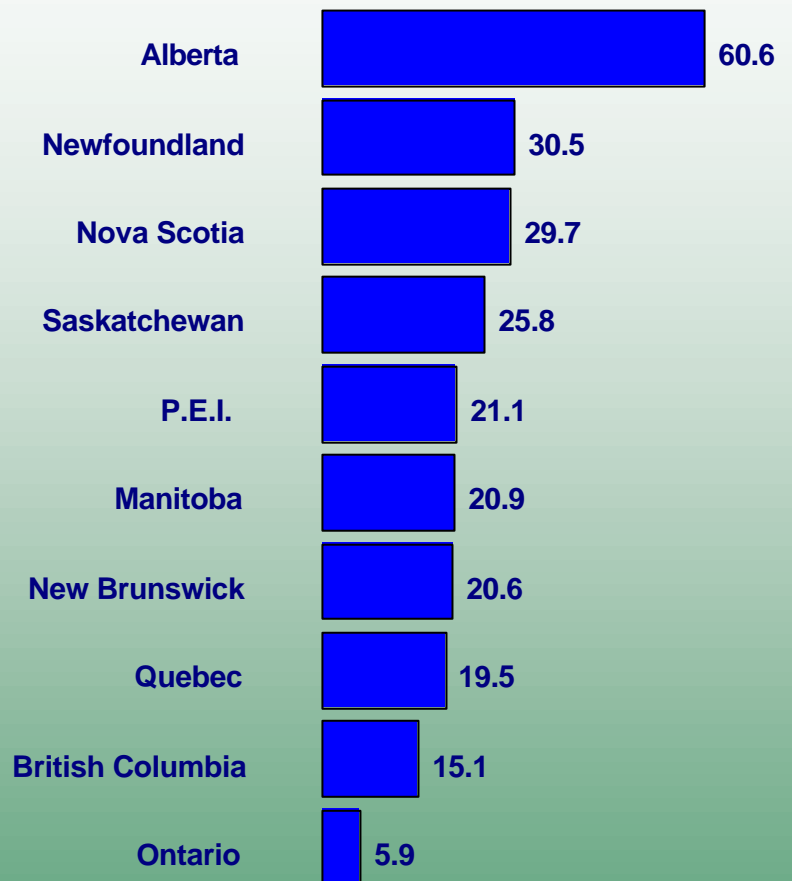
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Canada's Trade Performance in 2000

The Prairie and Atlantic provinces led export growth in 2000

- Alberta and Newfoundland led export growth in 2000, climbing 60.6% and 30.5% respectively propelled by higher energy prices in 2000.
- The other Prairie and Atlantic Provinces also performed exceptionally well in 2000.
- British Columbia, although among the poorer performers in 2000, showed significant improvement over the past few years.
- Ontario, the driver of Canadian export growth through much of the 1990s, was actually the worst performer in 2000, largely as a result of weak growth for automotive exports.

Growth in Exports by Province*, 2000/1999, (percent)



* Merchandise trade

Source: Industry Canada compilations based on Statistics Canada data.

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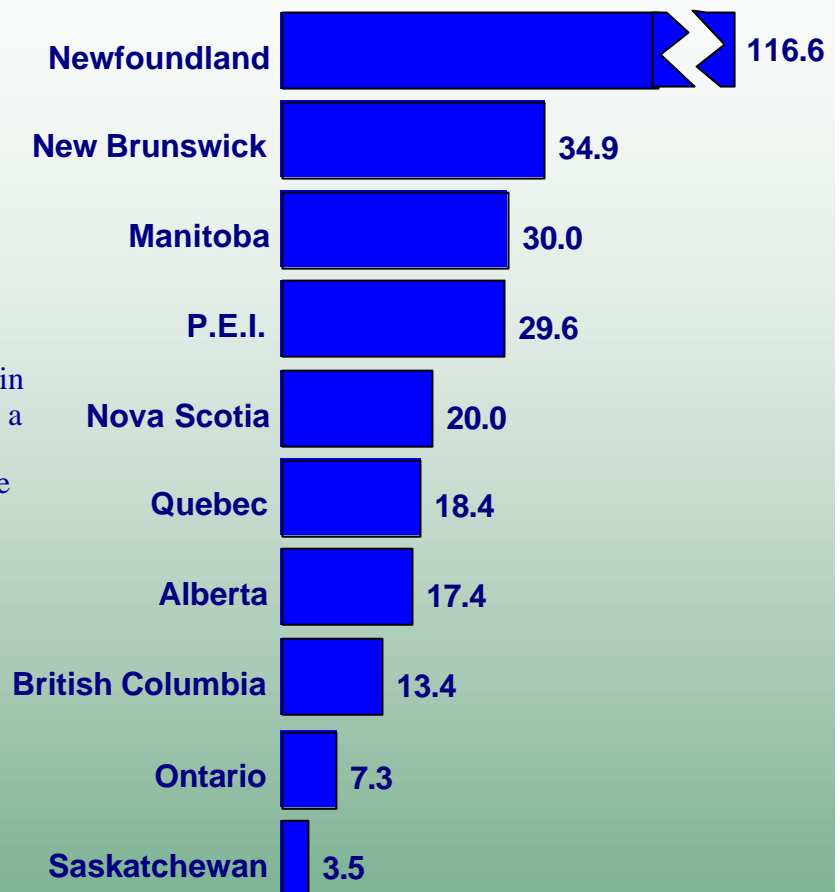
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Canada's Trade Performance in 2000

Newfoundland and New Brunswick led import growth in 2000

- Newfoundland led import growth, increasing 116% in 2000.
- The other Atlantic provinces also experienced rapid import growth in 2000, occupying 4 out of the top-5 spots.
- As with exports, Ontario lagged the pack in 2000, with only Saskatchewan growing at a slower pace, due to slow growth of intermediate inputs relating to Automotive production.

Growth in Imports by Province*, 2000/1999, (percent)



* Merchandise trade

Source: Industry Canada compilations based on Statistics Canada data.