

Monthly Trade Bulletin

Volume 3, Number 6

June 2001

Key Monthly Trade Indicators (April 2001)

Highlights

-  **In April, overall Canadian merchandise exports grew at a slightly slower pace than imports.**
-  **Exports to the U.S. grew at a faster pace than imports from the U.S. in April — resulting in a strong increase in Canada's trade surplus with the U.S. for the month.**
-  **The Canadian dollar recovered from its recent low, gaining 1.7 US cents over the month. The dollar is 2.5 US cents below its level of one year ago.**

	\$ millions	% change over	
		previous month	previous year
Exports	37,028	1.7	10.3
- Exports to U.S.	31,902	4.4	11.7
Imports	30,695	1.9	2.1
- Imports from U.S.	22,333	1.0	0.9
Trade Balance*	6,333	6,280	3,513
- Balance with U.S.*	9,570	8,454	6,407
Commodity Prices**	115.4	2.6	5.7
Canadian Dollar (US¢)*	65.1	63.4	67.6
Export Prices***	112.1	1.5	7.4
Import Prices***	106.8	1.0	4.0

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1997 = 100

Source: DFAIT compilations based on Statistics Canada data.

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

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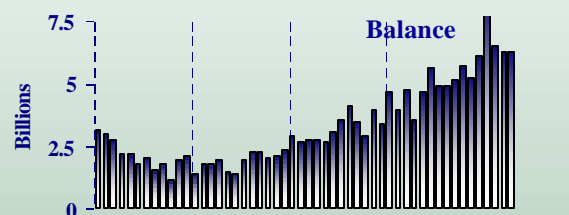
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Merchandise Trade

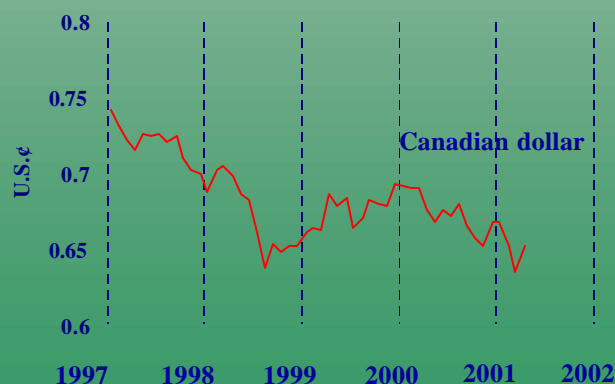
Key trade balances remain strong

- The overall trade surplus edged up \$53 million over March levels, to \$6.3 billion in April.
 - ▶ The monthly surplus with the U.S. jumped \$1.1 billion to \$9.6 billion last month.
- The trade balance with all other major regions remains in deficit. Our deficit with the EU widened by \$365 million to just over \$1.1 billion for April, while our trade account with Japan registered a \$253 million deficit.



The Canadian dollar rebounds

- The Canadian dollar rebounded 1.7 US¢ in value in April after having tumbled to a new low in March. The dollar was 2.5 US¢ lower than its level in April, one year earlier.
- Hand-in-hand with the rise in the dollar, prices rose across the board as export prices, import prices, and commodity prices were all up over the month.



Source: Statistics Canada, Bank of Canada

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Trade by High-Technology Industries

Manufacturing High-Technology Industries

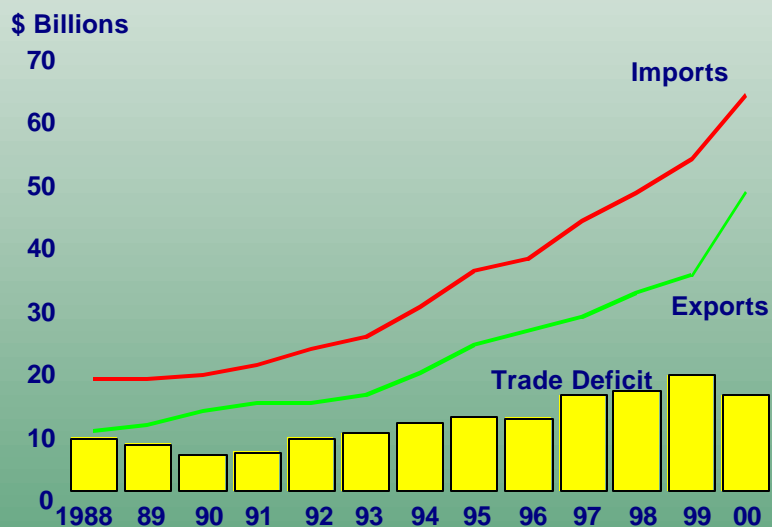
Based on an OECD definition, the following industries are considered as the manufacturing high-technology sector:

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

Canada's manufacturing high-technology trade has more than quadrupled over the past decade

- Exports grew from \$9 billion in 1988 to over \$48 billion in 2000 — an average annual growth rate of 15.0%, far exceeding the 9.4% growth rate registered by all merchandise exports.
- During this period, imports grew from over \$17 billion to over \$63 billion — an average annual rate of 11.3%, compared to 8.7% for all merchandise imports.
 - ▶ The trade deficit almost doubled, from \$8.5 billion to \$15.5 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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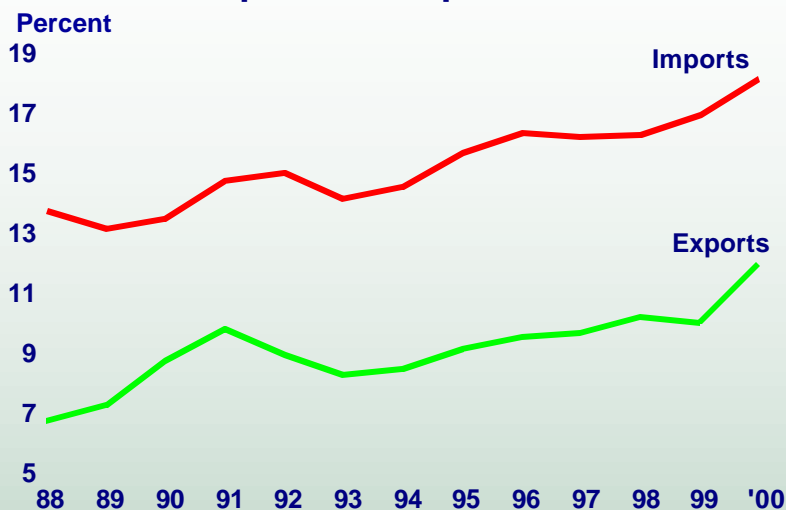
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Trade by High-Technology Industries

High-technology's shares of Canadian exports and imports have increased substantially

- The share of manufacturing high-technology industries in total merchandise exports increased from 6.5% in 1988 to 11.7% in 2000.
- The share of high-technology imports also increased, from 13.5% in 1988 to 17.9% in 2000.

High-technology Share of Export and Imports

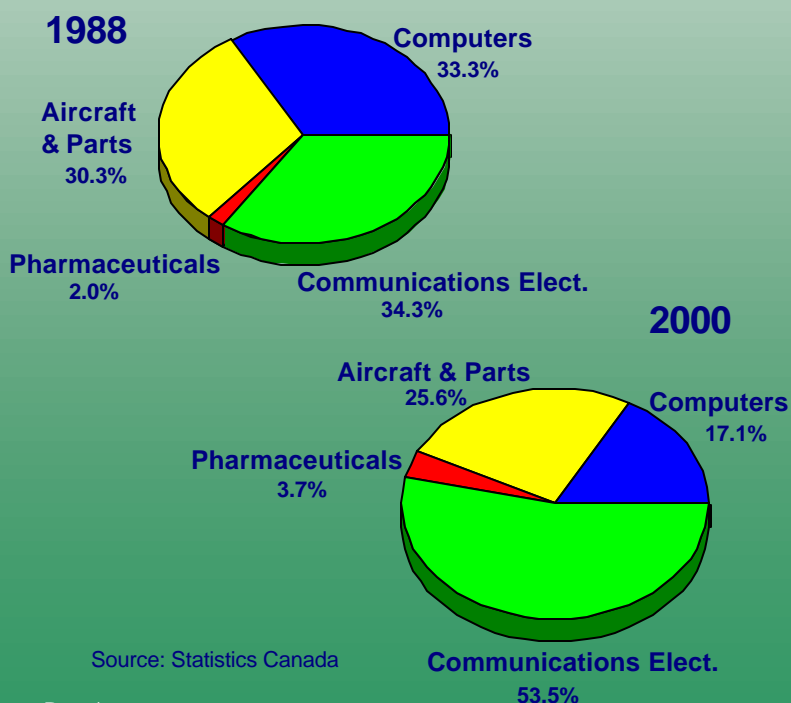


Source: Statistics Canada

Communications-Electronics has become more prominent in exports...

- Communications-Electronics increased its share of high-technology exports from 34.3% in 1988 to 53.5% in 2000.
- ▶ Pharmaceuticals also increased its share slightly from 2.0% to 3.7%.
- ▶ In contrast, the share of Computers declined substantially as did that of Aircraft & Parts.

Composition of High-Technology Exports



Source: Statistics Canada

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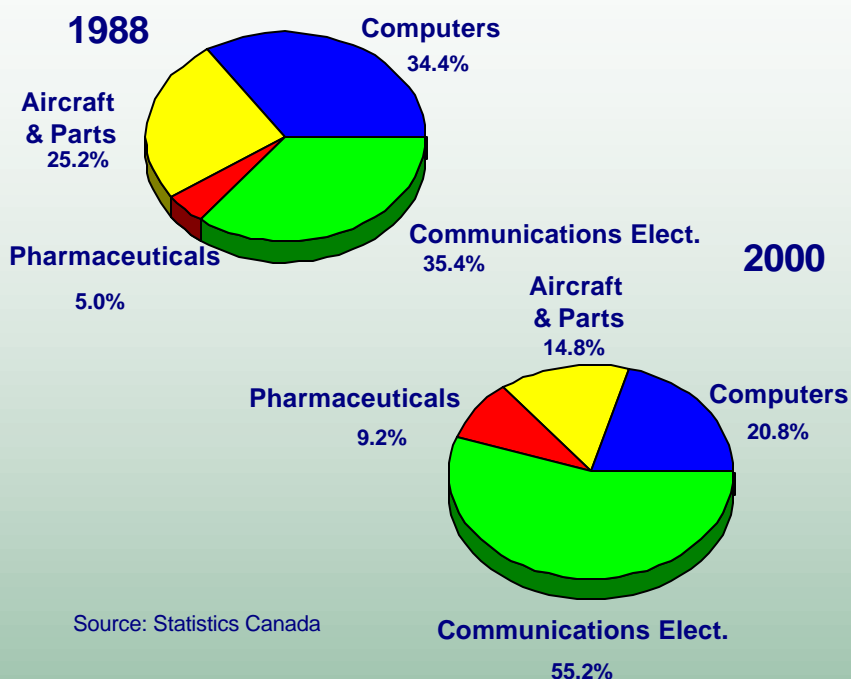
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Trade by High-Technology Industries

...as well as imports

- Communications-Electronics' share of high-technology imports increased from 35.4% in 1988 to 55.2% in 2000.
- Pharmaceuticals almost doubled its share, from 5.0% to 9.2%.
- In contrast, the shares of Computers as well as Aircraft & Parts have declined.

Composition of High-Technology Imports

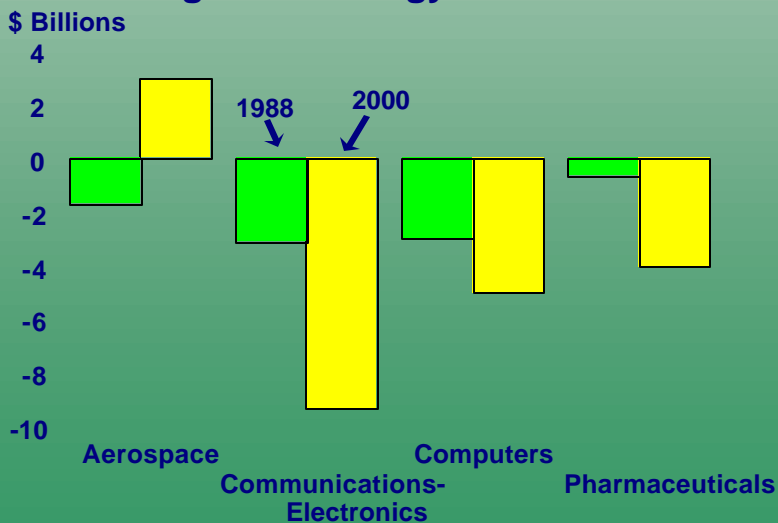


Source: Statistics Canada

The trade deficit in Communications Electronics also increased considerably

- At \$9.4 billion, the trade deficit in Communications Electronics accounted for approximately 60% of the total high-technology trade deficit.
- It is also interesting to note, that this deficit is in electronic parts & components as Canada maintains a surplus in communications equipment.
- Aircraft & Parts on the other hand, has posted a trade surplus since 1989, albeit small.

Balance of Trade in High-Technology Industries



Source: Statistics Canada

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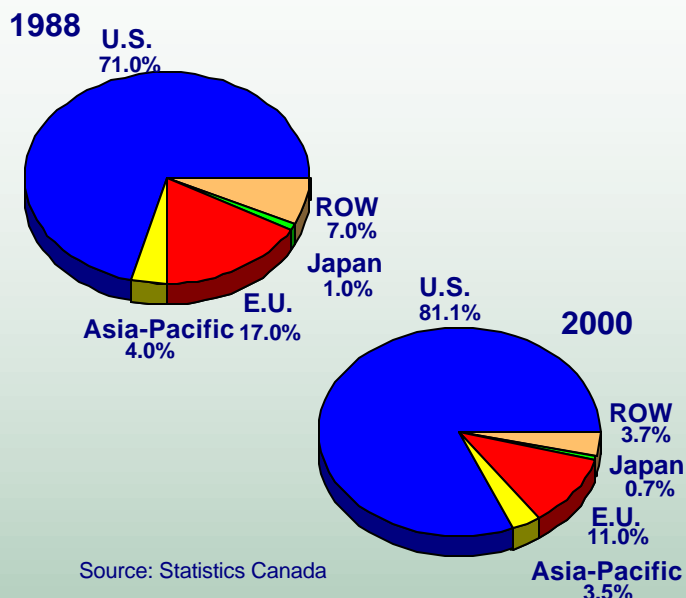
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Trade by High-Technology Industries

The U.S. continued to account for an ever increasing share of Canada's manufacturing high-technology exports

- In 2000, 81.1% of manufacturing high-technology exports were destined for the U.S., compared to 71% in 1988.
- The shares of all non-U.S. destinations have declined considerably — particularly the E.U.

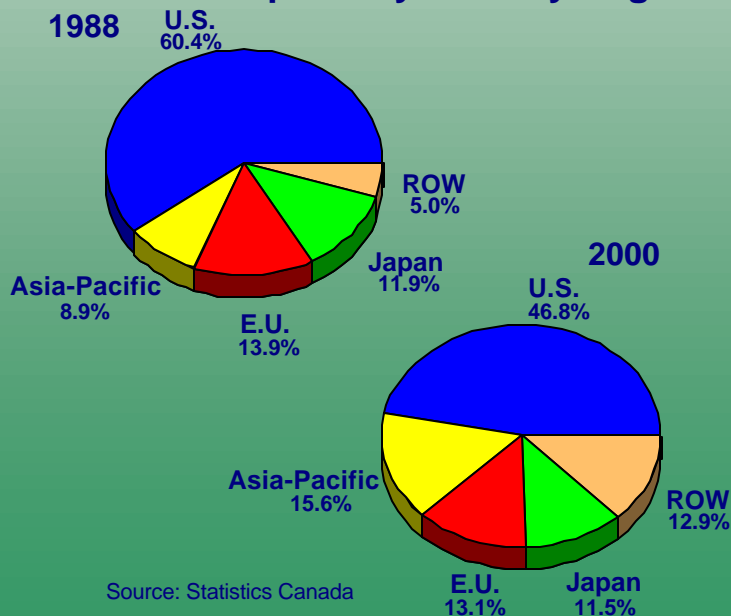
Distribution of High-Technology Exports by Country/Region



However, the U.S. share of our high-technology imports has fallen

- In contrast to exports, the U.S. share of Canadian high-technology imports has declined from 60.4% in 1988 to 46.8% in 2000.
- The shares of E.U. and Japan also fell, while the shares of Asia-Pacific and the rest of the world (ROW) increased significantly.

Distribution of High-Technology Imports by Country/Region



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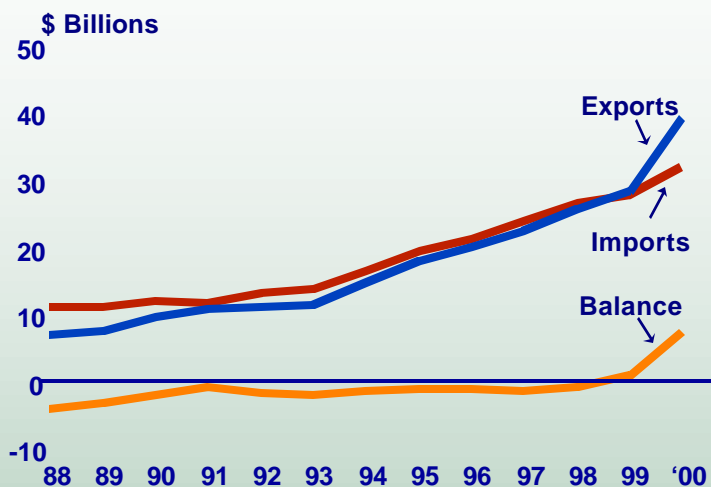
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Trade by High-Technology Industries

Canada's high-technology trade surplus with the U.S. increased ten-fold in 2000...

- Canada's trade deficit with the U.S. in high-technology products had been shrinking steadily for over a decade. For the first time, in 1999, Canada registered a surplus of \$757 million. The surplus increased tenfold in 2000 to \$7.4 billion.

Canada's High-Technology Trade with the U.S.



Source: Statistics Canada

...driven by huge surpluses in Communications-Electronics

- The turn-around in Canada's high-technology trade with the U.S. was mainly due to the communications-electronics industry: Canada's exports to the U.S. increased by 68%, and imports from the U.S. by 19% between 1999 and 2000 in this area.
- ▶ In 2000, Canada had a more than \$7 billion surplus in Communications-Electronics with the U.S.

Canada's Trade with the U.S. in Communications-Electronics

