

Monthly Trade Bulletin

Volume 6 Number 1

March 2004

Key Monthly Trade Indicators (January 2004)

Highlights

- Canada's overall merchandise surplus with the world decreased in January, as exports fell faster than imports for the month.
- Canada's trade balance with the U.S. also deteriorated for the month.
- The Canadian dollar was down in January, falling US1.6¢ over the month.

	\$ millions	% change over	
		previous month	previous year
Exports	31,848	-4.7	-9.0
- Exports to U.S.	25,979	-4.0	-10.3
Imports	26,614	-5.0	-10.8
- Imports from U.S.	18,687	-4.2	-12.1
Trade Balance*	5,234	5,424	5,140
- Balance with U.S.*	7,292	7,554	7,704
Commodity Prices**	135.2	2.7	14.6
Canadian Dollar (US¢)*	75.5	77.1	65.7
Export Prices***	103.8	2.8	-8.0
Import Prices***	92.5	-0.2	-13.1

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1997 = 100

Source: DFAIT compilations based on Statistics Canada data.

This Month's Feature Report: China: A Major Global Trading Nation

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Industry
Canada

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Canada

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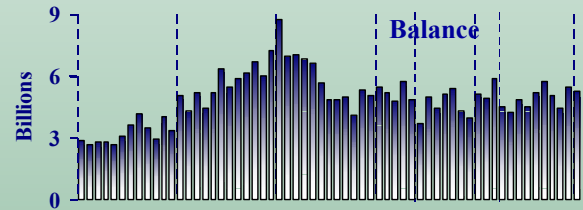
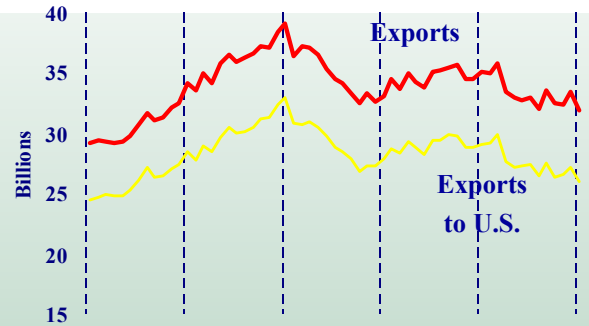
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Merchandise Trade

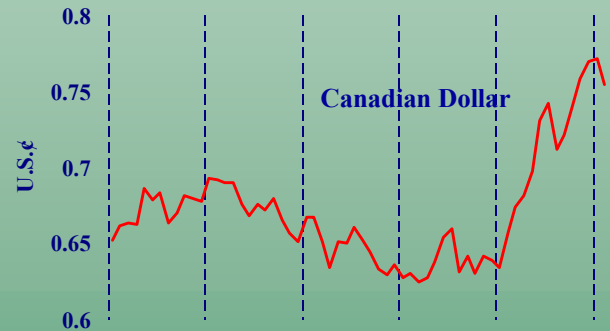
Trade surpluses decrease...

- The overall Canadian trade surplus fell by \$190 million in January, to \$5.2 billion.
- January's monthly surplus with the U.S. narrowed by \$262 million to \$7.3 billion.



... and the Canadian dollar was down.

- The Canadian dollar lost US1.6¢ in value over January, after a slight increase (US0.2¢) over the previous month. It closed the month at US75.5¢. The value of the dollar was US9.8¢ (or 14.8 per cent) higher in January than a year earlier.
- Commodity prices increased 2.7 per cent in January after a 8.6 per cent gain in December. The terms of trade improved as export prices increased for the month while import prices fell.



Source: Statistics Canada, Bank of Canada

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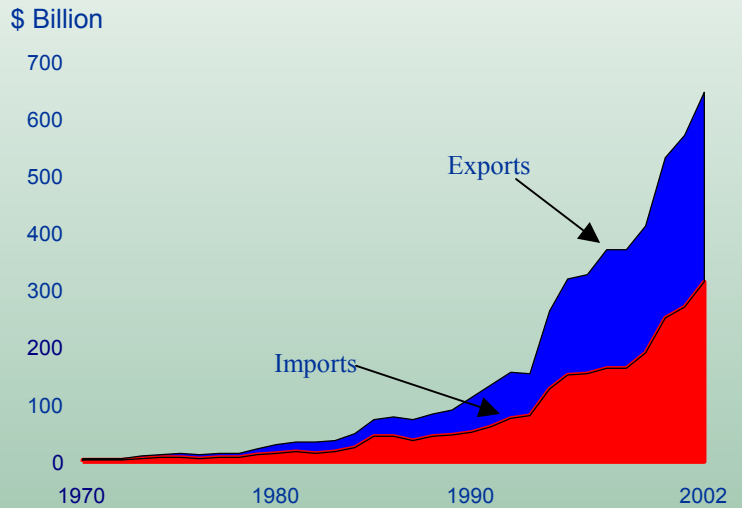
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China: A Major Global Trading Nation

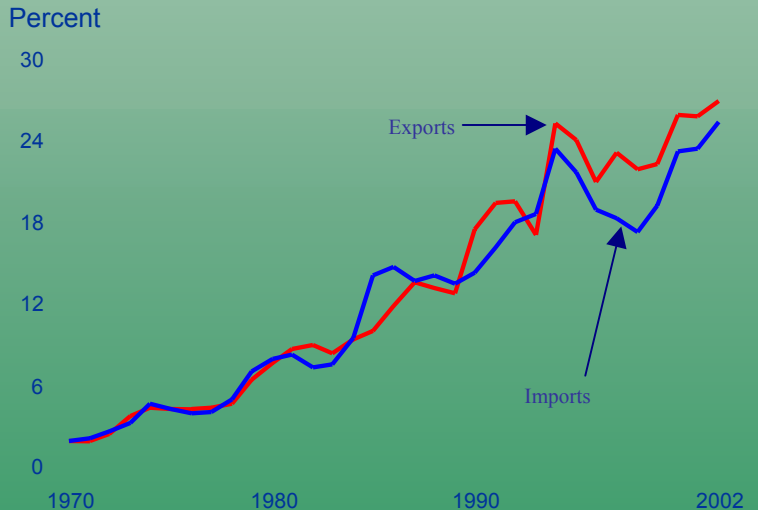
China's trade orientation has increased dramatically since 1980.

- China's exports of goods and services increased from 14 billion U.S. dollar in 1980 to 332 billion in 2002, almost a 24 fold increase. Similarly, its imports increased from U.S. dollar 15 billion to 314 billion during the same time period.
 - Between 1980 to 2002, China's merchandise exports increased at an average annual rate of 14 percent and imports by 13 percent.
- Export shares in GDP increased to 27 percent in 2002, compared to 8 percent in 1980.
- Similarly, import shares in GDP increased from 8 percent in 1980 to 25 percent in 2002.

China's Trade of Goods and Services (US\$ Billion)



Share of Total Exports and Imports to GDP



Source: World Bank Data.

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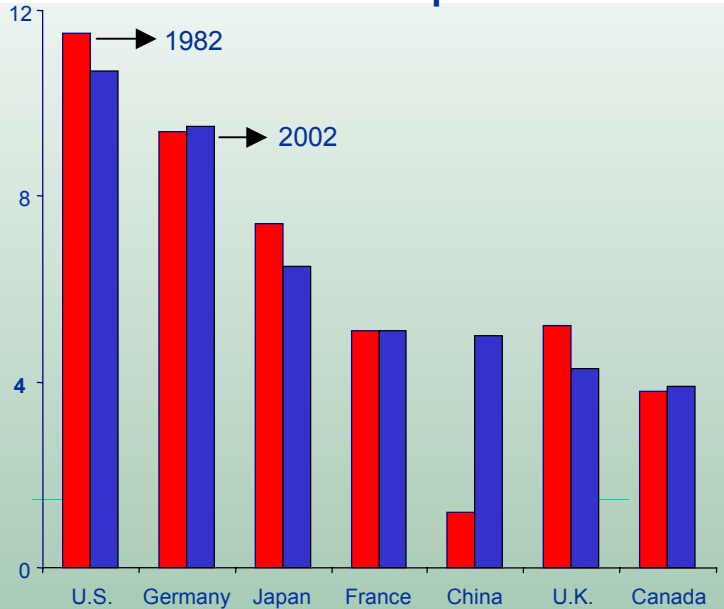
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China: A Major Global Trading Nation

China is a major global player.

- China's share in the world merchandise exports increased from 1.2 percent in 1982 to 5 percent in 2002, more than a four fold increase!
- China's merchandise exports increased by 283 percent in one decade (1992-2002). This is four times the rate of growth in world exports in this period (71 percent).
- China's share of world merchandise imports increased from 1 percent in 1988 to 4.4 percent in 2002, once again a more than four fold increase.

Share of Largest Exporters in Global Merchandise Exports



Shares of World's Largest Importers in Global Merchandise Imports



Source: World Trade Organization.

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China: A Major Global Trading Nation

The U.S. is the largest market for China's exports.

- More than 20 percent of China's exports went to the U.S. in 2002, compared to only 7 percent in 1988.
- China's 10 largest export markets include G-7 countries and four countries in East Asia. Canada ranks 12th.
- In 2002, the largest 10 markets absorbed over 73 percent of China's exports, compared to 72 percent in 1988.
- Although Canada's share in China's exports increased significantly since 1988, Canada took only 1.3 percent of China's exports in 2002.

Japan is still the largest supplier of Chinese imports.

- Although Japan's share declined somewhat, it supplied 18 percent of China's imports in 2002.
- There has been some diversification in sources of supply to China. The ten largest suppliers accounted for almost 60 percent of China's merchandise imports in 2002, a fall from 65 percent in 1988.
- Canada's share of China's imports dropped from 3.3 percent in 1988 to 1.2 percent in 2002.
- Canada was the 14th largest supplier of China's imports in 2002, while in 1988 only Hong Kong, Japan, and the U.S. had larger market shares than that of Canada.

China's Largest Export Markets (Export Share)*

Rank		2002	1988
1	U.S.	21.5	7.1
2	Hong Kong	18.0	38.4
3	Japan	14.9	16.6
4	Korea	4.8	0.2
5	Germany	3.5	1.1
6	Netherlands	2.8	1.6
7	U.K.	2.5	1.4
8	Singapore	2.1	3.1
9	Malaysia	1.5	0.6
10	Italy	1.5	1.6
12	Canada	1.3	0.8
	Others	25.6	27.5

*Merchandise Exports

Source: UN Database based on Standard International Trade Classification.

China's Largest Import Markets (Import Share)*

Rank		2002	1988
1	Japan	18.1	20.0
2	Korea	9.7	0.4
3	U.S.	9.2	12.0
4	Germany	5.6	1.7
5	Hong Kong	3.6	21.5
6	Malaysia	3.1	1.0
7	Russia	2.8	3.2
8	Singapore	2.4	1.8
9	Australia	2.0	2.0
10	Thailand	1.9	1.1
14	Canada	1.2	3.3
	Others	40.3	31.8

*Merchandise Imports

Source: UN Database based on Standard International Trade Classification.

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China's share in the U.S. market more than doubled in the last ten years.

- Between 1989 to 2003, U.S. imports from China increased at an average annual rate of 20 percent, compared to 7 percent from Canada.

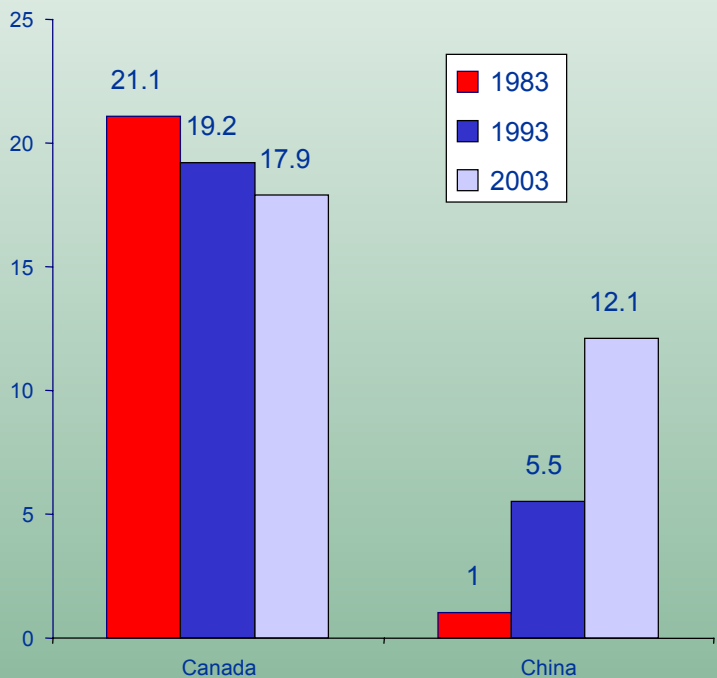
- China's share of U.S. imports increased from 1 percent in 1983 to 12.1 percent in 2003.

– China's exports are becoming increasingly skill-intensive.

- On the other hand, Canada's share in the U.S. dropped from 21.1 percent to 17.9 percent during the same period.

- Canadian exports to the U.S. are not keeping pace with U.S. imports from the rest of the world.

Market Shares in U.S. Merchandise Imports



Source: U.S. International Trade Commission.

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China's exports have moved up from apparel and clothing to higher end goods.

- High-tech products such as office and automatic data processing machines, electric machinery and telecom equipment accounted for one third of China's exports in 2002, compared to only 5 percent in 1988.
- Other products which grew very fast in China's exports were furniture, travel goods and footwear.
- Although the importance of apparel and clothing declined somewhat, they still accounted for 12.7 percent of China's merchandise exports in 2002.
- On the other hand, the share of textile yarn and fabrics dropped from 14 percent in 1988 to 6.4 percent in 2002.

Commodity Share of China's Top Ten Merchandise Exports

Rank	Commodities	2002	1988
1	Articles of apparel and clothing accessories	12.7	14.0
2	Office machines and automatic data processing machines	11.1	0.4
3	Electric machinery, apparatus and appliances, nes, and parts, nes	10.1	1.2
4	Telecommunications, sound recording and reproducing equipment	9.8	3.0
5	Miscellaneous manufactured articles, nes	8.2	5.1
6	Textile yarn, fabrics, made-up articles, nes, and related products	6.4	13.9
7	Food and live animals chiefly for food	4.5	12.5
8	Manufactures of metals, nes	3.5	2.1
9	Chemical products excluding organic chemicals	3.4	4.9
10	Footwear	3.3	1.7
	Others	27.0	41.1

The commodities are based on SITC.

Source: UN Database based on Standard International Trade Classification.

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Commodity Share of China's Merchandise Imports

China imports raw materials as well as high-tech goods.

- Mineral fuels, electric machinery and office machines accounted for more than 31 percent of China's imports in 2002, more than a five fold increase from 1988.
- On the other hand, the shares of chemical products, iron and steel and textile yarn and fabrics declined significantly between 1988 and 2002.

Rank	Commodities	2002	1988
1	Electric machinery, apparatus and appliances, nes, and parts, nes	18.8	4.2
2	Chemical products excluding organic chemicals	9.3	13.5
3	Crude materials, inedible, except fuels	7.6	9.2
4	Mineral fuels, lubricants and related materials	6.6	1.4
5	Office machines and automatic data processing machines	5.8	1.4
6	Machinery specialized for particular industries	5.5	9.4
7	Telecommunications, sound recording and reproducing equipment	4.8	4.3
8	Iron and steel	4.5	8.4
9	Textile yarn, fabrics, made-up articles, nes, and related products	4.5	8.1
10	General industrial M&E, nes, and parts of, nes	4.1	3.9
	Others	28.5	36.4

The commodities are based on SITC.

Source: UN Database based on Standard International Trade Classification.

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Canada's Market Share in China's Imports

Between 1988 and 2002, Canada's overall market share in China fell.

- In 2002, Canada supplied only 5.1 percent of total Chinese food and live animal imports, compared to 25 percent in 1988.

- Similarly, Canada lost in crude materials, chemical products and power generating machinery and equipment.

- On the other hand, Canada increased its share of China's imports of road vehicles, other transport equipment, beverages and tobacco.

Rank	Commodities	2002	1988
1	Food and live animals chiefly for food	5.1	25.0
2	Crude materials, inedible, except fuels	4.6	6.4
3	Other transport equipment	4.6	0.1
4	Road vehicles	3.3	0.4
5	Beverages and tobacco	2.6	0.4
6	Animal and vegetable oils, fats and waxes	2.4	1.8
7	Organic chemicals	2.4	2.2
8	Power generating machinery and equipment	2.0	3.0
9	Telecommunications, sound recording and reproducing equipment	1.9	0.8
10	Chemical products excluding organic chemicals	1.5	5.1
	Others	0.4	0.5
	Total	1.2	3.3

Source: UN Database based on Standard International Trade Classification.