

Monthly Trade Bulletin

Volume 2 Number 10

December 2000

Key Monthly Trade Indicators (November 2000)

Highlights

- Imports grew at almost three times the pace of exports in November, leading to a decline in Canada's trade balance with the world.
- However, exports to the U.S. continue to outpace imports from the U.S., resulting in a widening of Canada's trade surplus with the U.S. — to a record \$8.5 billion.
- Notwithstanding the rising commodity prices and improving terms of trade, the dollar fell a further six-tenths of a U.S. cent in November.

	\$ millions	% change over	
		previous month	previous year
Exports	35,546	0.8	12.2
- Exports to U.S.	31,064	1.7	14.7
Imports	31,056	2.2	10.1
- Imports from U.S.	22,525	0.5	6.4
Trade Balance*	4,490	4,851	3,476
- Balance with U.S.*	8,539	8,148	5,902
Commodity Prices**	115.5	0.5	9.2
Canadian Dollar (US¢)*	65.1	65.7	67.8
Export Prices***	124.6	3.3	6.5
Import Prices***	111.0	0.4	2.0

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1992 = 100

Source: Industry Canada compilations based on Statistics Canada data

This Month's Feature Report: Is B.C. Still Suffering From the Asian Flu?

Current analysis done by Rick Cameron of the Trade and Economic Analysis Division, DFAIT under the direction of John M. Curtis.
Feature report prepared by Aaron Sydor of the Micro-Economic Policy Analysis Branch, Industry Canada under the direction of Someshwar Rao.



Department of Foreign Affairs
and International Trade

Ministère des Affaires étrangères
et du Commerce international



Industry
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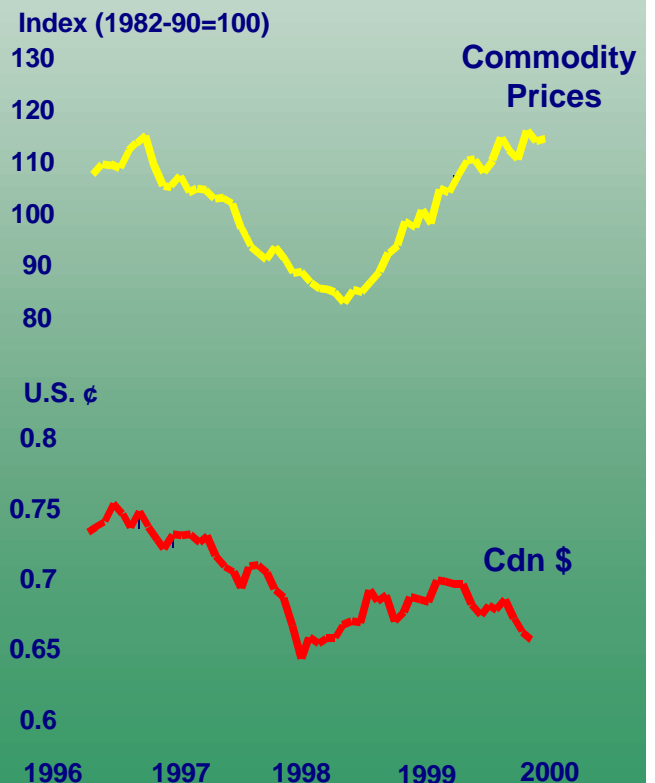
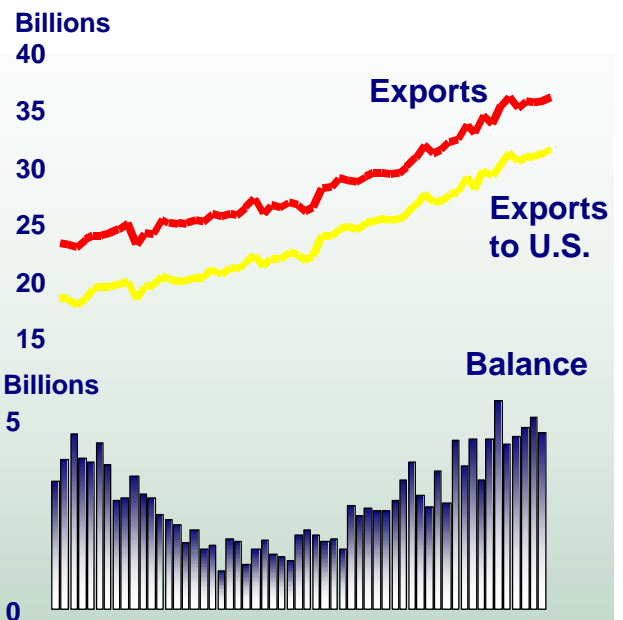
The trade surplus narrows

- November's trade surplus fell to \$4.5 billion, as imports increased faster than exports over the month. On the other hand, the surplus with the U.S. widened to a record \$8.5 billion.
- The trade balance with all other major regions remains in deficit. Our deficit with the European Union widened by \$250 million to \$1.5 billion in November, while that with Japan narrowed by \$81 million to a deficit of \$69 million.

The Canadian dollar continues to fall

- The Canadian dollar fell for the third consecutive month, down 0.6 U.S.¢ over the month. The dollar has lost almost 2.9 U.S.¢ in value over the last three months.
- Rising commodity prices and improving terms of trade (i.e., the ratio of export prices to import prices) have not been enough to counterbalance the continued strength of the U.S. dollar with respect to our currency's performance.

Merchandise Trade



Source: Statistics Canada, Bank of Canada

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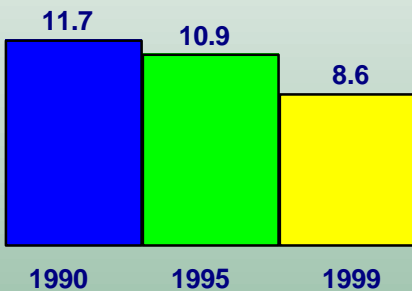
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Is B.C. Still Suffering from the Asian Flu?

Since 1995, British Columbia's export performance has lagged the rest of Canada's

- Since 1995, the value of B.C.'s exports increased only 5%, compared to 33% for the rest of Canada.

B.C.'s Share of Canadian Exports

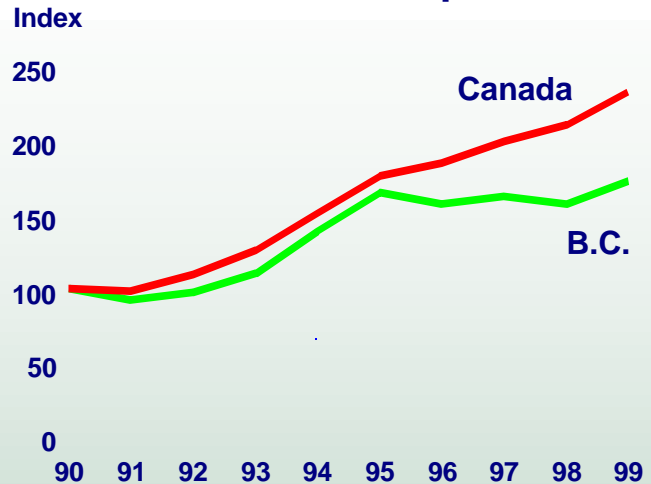


Source: Industry Canada compilations based on Statistics Canada data

As a result, B.C.'s share of Canadian exports has fallen considerably

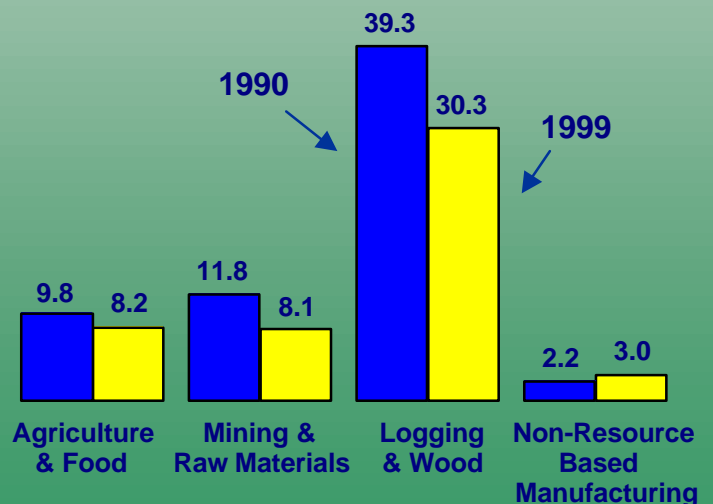
- B.C.'s share of Canadian exports has fallen 3.1 percentage points to 8.6% in 1999.
- B.C. has lost share in every resource-based industry.
 - ▶ Its share of Logging and Wood Industries declined from 39.3% in 1990 to 30.3% in 1999.

Growth of Exports



Source: Industry Canada compilations based on Statistics Canada data

B.C.'s Share of Canadian Exports by Major Sector



Source: Industry Canada compilations based on Statistics Canada data

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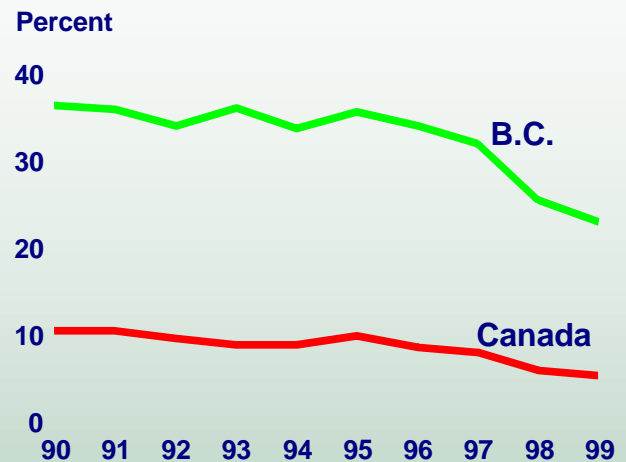
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Is B.C. Still Suffering from the Asian Flu?

B.C. was more affected by the “Asian Flu” than the rest of Canada

- The share of B.C.’s exports going to the Asia-Pacific region is still more than four times the Canadian average.
- B.C.’s exports to Asia-Pacific actually declined at an average annual rate of 8.9% between 1995 and 1999, compared to 6.8% annual growth during the 1990-1994 period.

Share of Exports Going to Asia-Pacific

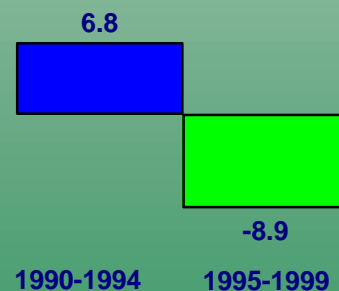


Source: Industry Canada compilations based on Statistics Canada data

Asia-Pacific includes:

Japan	China
Hong Kong	Singapore
Taiwan	S. Korea
Thailand	Philippines
Indonesia	Papua New Guinea

Average Annual Growth of B.C.'s Exports to Asia-Pacific



Source: Industry Canada compilations based on Statistics Canada data

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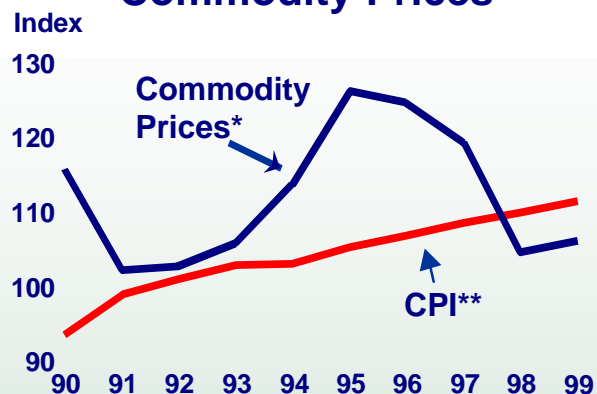
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Is B.C. Still Suffering from the Asian Flu?

The drop in commodity prices also had a much greater impact on B.C.

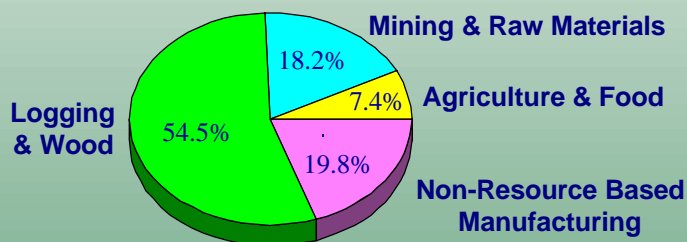
- After increasing for most of the early 1990s, commodity prices peaked in 1995 and then proceeded to dive 25% over the next four years, before showing some signs of improvement again in 1999.
- Over 80% of British Columbia's exports are resource-based; this compares to a Canadian average of just over 42%. As a result, the dramatic drop in commodity prices witnessed in the second half of the 1990s had a much more severe impact on B.C.'s export performance.
- ▶ The share of resource-based industries in B.C.'s total exports witnessed a similar decline, also falling 10 percentage points, but from 90% in 1990 to 80% in 1999.
- ▶ In 1999, resource-based industries accounted for 42% of Canadian exports, down from 52% in 1990 - a drop of 10 percentage points.

Commodity Prices



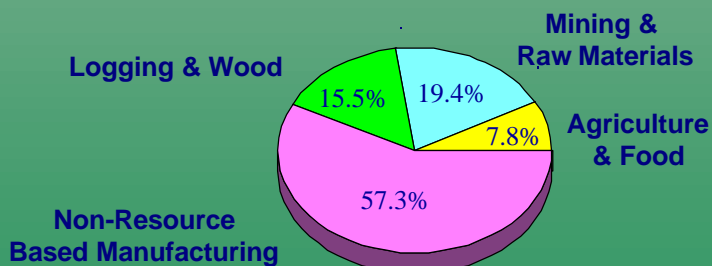
* Excluding energy, 1982-90=100
** Consumer Price Index excluding food and energy, 1992=100
Source: Industry Canada compilations based on Statistics Canada data

Distribution of B.C.'s Exports by Industry, 1999



Source: Industry Canada compilations based on Statistics Canada data

Distribution of Canada's Exports by Industry, 1999



Source: Industry Canada compilations based on Statistics Canada data

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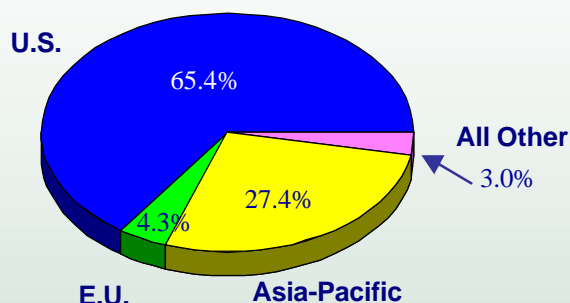
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Is B.C. Still Suffering from the Asian Flu?

B.C.'s share of Canadian Agriculture & Food exports to every region declined

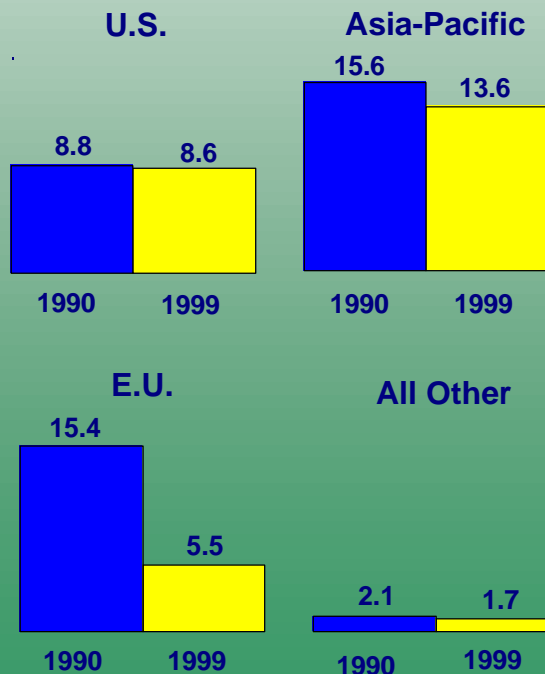
- Agricultural exports account for 7.4% of B.C.'s exports. Almost two-thirds of these go to the U.S. where growth has been strong. Another 27% goes to Asia-Pacific where growth has been almost non-existent.
- B.C.'s share of Canadian Agriculture & Food exports to all major regions has declined.
 - ▶ The largest decline occurred in the E.U. where B.C.'s share of Canadian Agriculture & Food exports dropped from 15.4% in 1990 to only 5.5% in 1999.
 - ▶ The Prairie provinces and to a lesser extent Ontario increased their share of Agriculture & Food exports to Europe over this period.

B.C.'s Agriculture & Food Exports Destination, 1999



Source: Industry Canada compilations based on Statistics Canada data

B.C.'s Share of Canadian Agriculture & Food Exports



Source: Industry Canada compilations based on Statistics Canada data

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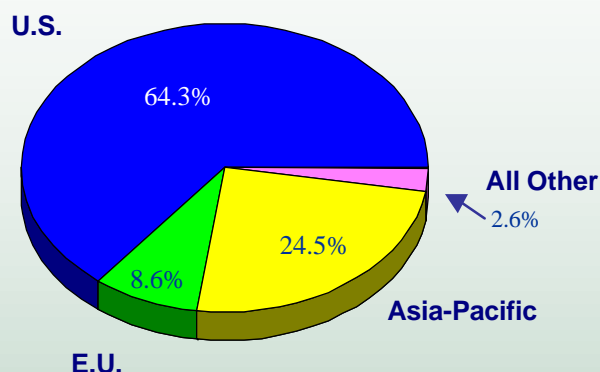
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Is B.C. Still Suffering from the Asian Flu?

B.C.'s share of Canadian exports of Logging & Wood also declined in every region

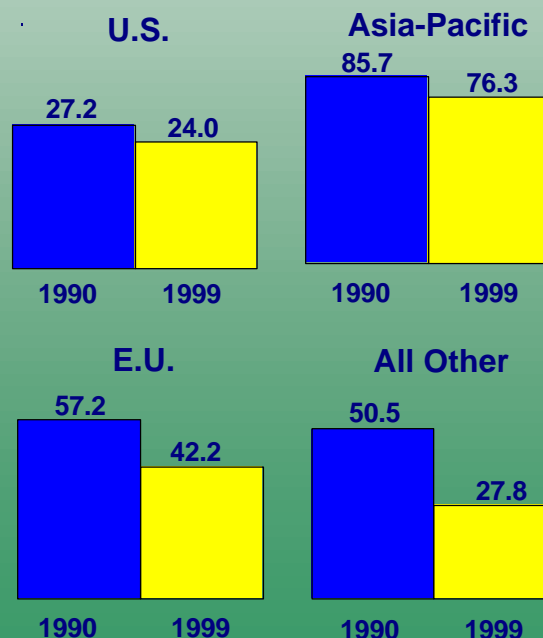
- The distribution of B.C.'s Logging & Wood exports is similar to that of the other resource-based industries, with about two-thirds going to the U.S. and Asia-Pacific accounting for another quarter of exports.
- British Columbia's share of Canadian Logging & Wood exports also declined significantly to all regions.
 - ▶ In 1990, for example, B.C. accounted for 85.7% Canadian exports to Asia-Pacific, by 1999 this had fallen to 76.3%.
 - ▶ Similar declines were witnessed in every region.

B.C.'s Logging & Wood Exports Destination, 1999



Source: Industry Canada compilations based on Statistics Canada data

B.C.'s Share of Canadian Logging & Wood Exports



Source: Industry Canada compilations based on Statistics Canada data

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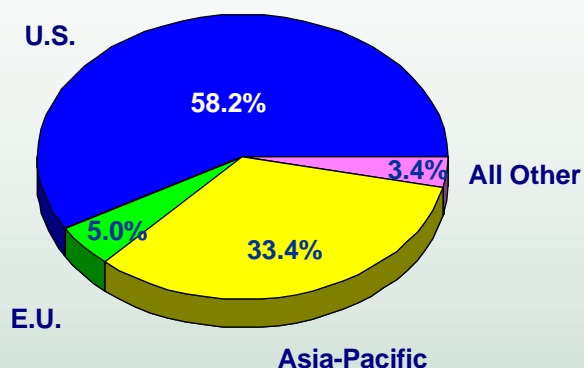
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Is B.C. Still Suffering from the Asian Flu?

But, B.C. managed to increase its share of Canadian Mining & Raw Material exports to the U.S.

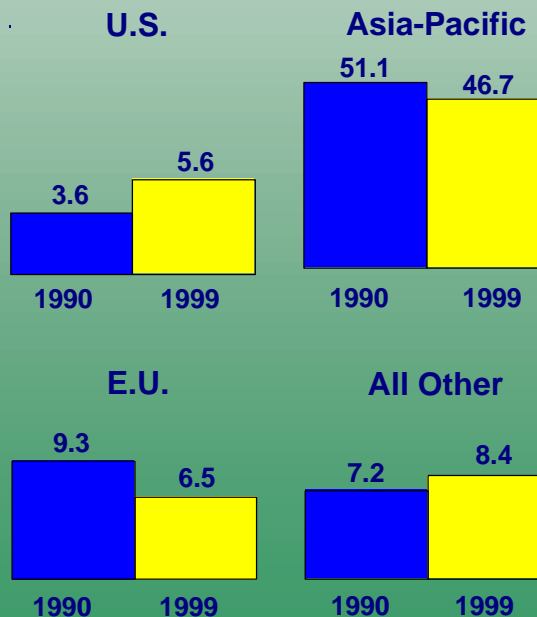
- B.C.'s share of Canadian Mining & Raw Material exports to the U.S. increased somewhat, from 3.6% in 1990 to 5.6% in 1999. This was more than offset by B.C.'s declining share in Asia-Pacific & the E.U., which dropped from 51.1% to 46.8% and from 9.3% to 6.5% respectively.
- ▶ As a result, B.C.'s share of Canadian Mining & Raw Material exports declined from 11.8% to 8.1% over the same period.

B.C.'s Mining & Raw Material Exports Destination, 1999



Source: Industry Canada compilations based on Statistics Canada data

B.C.'s Share of Canadian Mining & Raw Material Exports



Source: Industry Canada compilations based on Statistics Canada data

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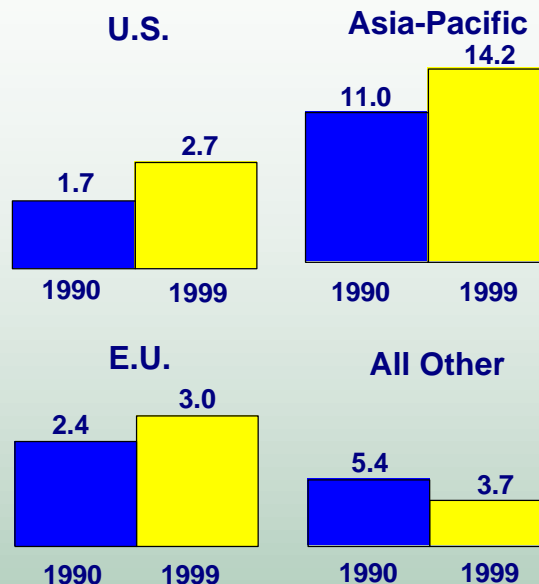
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Is B.C. Still Suffering from the Asian Flu?

British Columbia is doing well in non-resource-based manufacturing industries

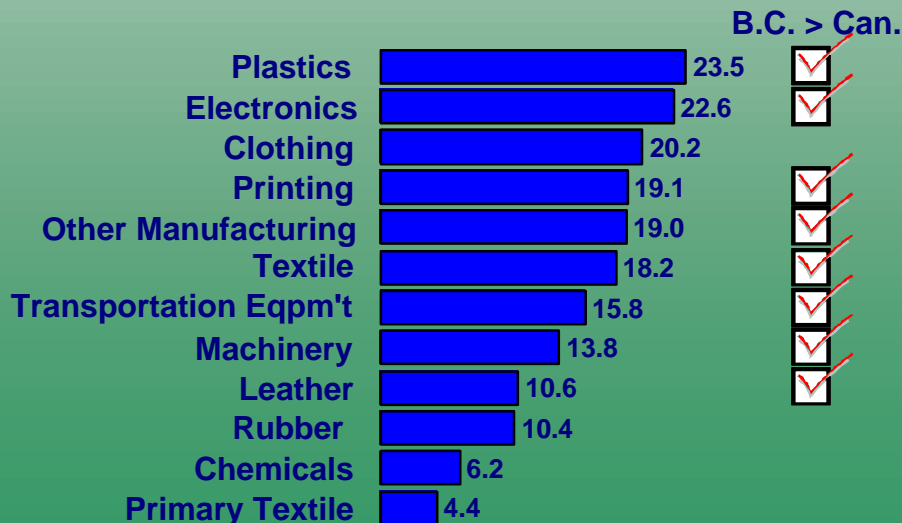
- Unlike resource-based industries, B.C. increased its share of Canadian exports of non-Resource-Based Manufacturing industries from 2.2% in 1990 to 3.0% in 1999 and in three out of four regions.
- B.C.'s export growth outpaced the Canadian average in 8 out of the 12 non-resource-based manufacturing industries. And, these exports greatly outpaced growth in B.C.'s resource-exports.
- This may indicate that B.C. is becoming more competitive in these industries.

B.C.'s Share of Canadian Non-Resource-Based Manufacturing Exports



Source: Industry Canada compilations based on Statistics Canada data

B.C.'s Export Growth in Non-Resource-Based Manufacturing Industries, 1990 - 1999



Source: Industry Canada compilations based on Statistics Canada data