

Monthly Trade Bulletin

Volume 3 Number 10

December 2001

Key Monthly Trade Indicators (October 2001)

Highlights

-  **In October, Canadian merchandise exports fell more than imports, thus diminishing Canada's overall trade surplus with the world.**
-  **Merchandise exports to the U.S. also fell faster than did imports from the U.S. resulting in a narrowing of Canada's trade surplus with the U.S. in October.**
-  **The Canadian dollar dropped a further 0.5 US cents over the month, and is 2.7 US cents below its level of October, one year ago.**

	\$ millions	% change over	
		previous month	previous year
Exports	32,373	-1.0	-10.1
- Exports to U.S.	28,196	-1.6	-11.0
Imports	27,466	-0.6	-7.0
- Imports from U.S.	20,275	-0.6	-9.0
Trade Balance*	4,178	4,311	5,700
- Balance with U.S.*	7,192	7,525	8,582
Commodity Prices**	89.3	-10.3	-23.5
Canadian Dollar (US¢)*	62.9	63.4	65.7
Export Prices***	104.5	-0.4	-3.2
Import Prices***	105.3	-0.4	0.3

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1997 = 100

Source: DFAIT compilations based on Statistics Canada data.

This Month's Feature Report: U.S. - Canada Linkages: An American Perspective

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Department of Foreign Affairs
and International Trade

Ministère des Affaires étrangères
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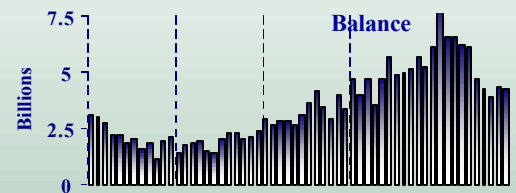
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Merchandise Trade

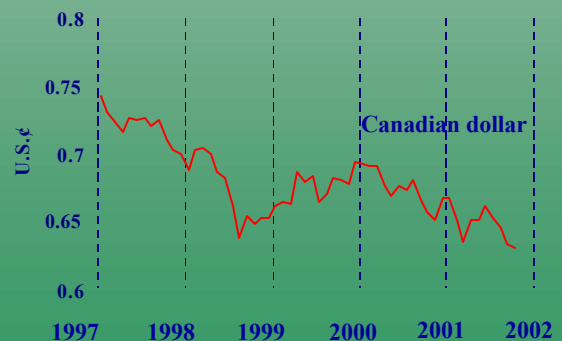
Trade balances fall ...

- The overall trade surplus fell by \$133 million to \$4.2 billion in October.
 - ▶ The monthly surplus with the U.S. also contracted over the month. The balance dropped \$333 million to just below \$7.2 billion in October.
- Monthly trade balances with all other major trading partners remain in deficit. Our deficit with the EU expanded \$31 million to just over \$1.3 billion for October, while the balance with Japan increased \$65 million to a \$149 million deficit.



... and the value of the Canadian dollar continues to fall

- The Canadian dollar fell for the fourth straight month in October as it lost a further 0.5 US¢ in value over the month. The dollar is slightly more than 2.7 US¢ lower than its rate in October of last year.
- Export, import and commodity prices fell across the board for the second consecutive month.



Source: Statistics Canada, Bank of Canada

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U.S. - Canada Linkages: An American Perspective

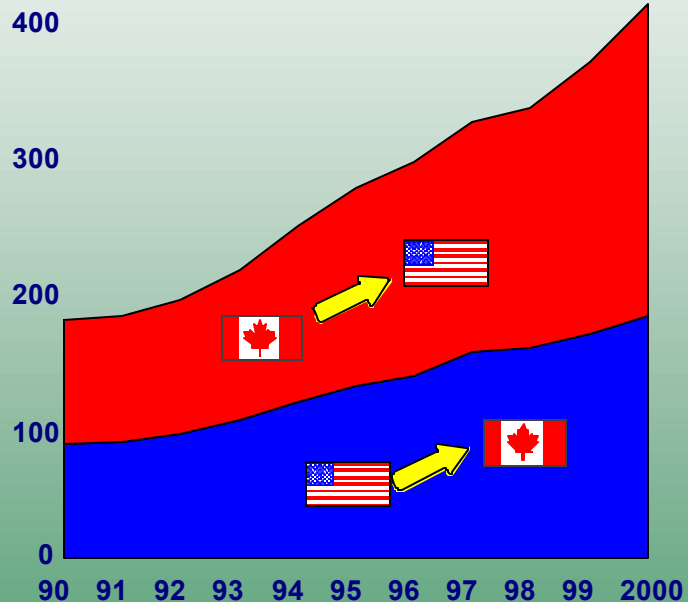
Note: All values presented in this special report are in U.S. dollars

U.S.-Canada trade has more than doubled over the 1990s

- More than \$1 billion in trade crosses the U.S.-Canada border every day.
- In 1990, exports to Canada amounted to close to \$83 billion dollars and increased to \$176 billion in 2000, an average annual growth of 8%.
- Imports from Canada, on the other hand, grew by close to 10% per year in the 1990s, reaching \$229 billion in 2000.

U.S.-Canada Trade

US\$ Billions



Source: USITC

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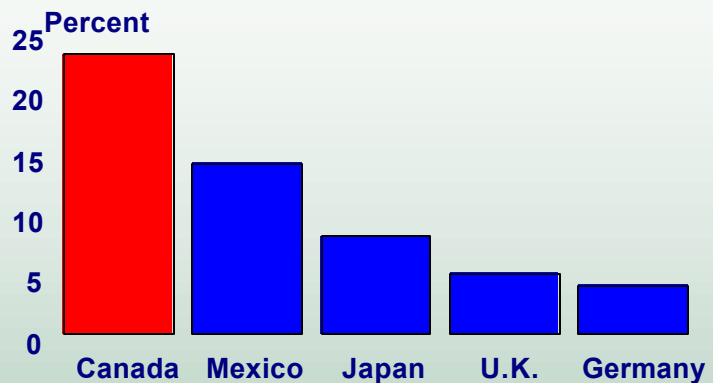
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U.S. - Canada Linkages: An American Perspective

Canada is the U.S.'s most important destination for exports...

- In 2000, Canada took 23% of total U.S. exports, by far the largest share among all countries - twice that of Mexico and three-times that of Japan.

Top-5 Destinations for U.S. Exports, 2000

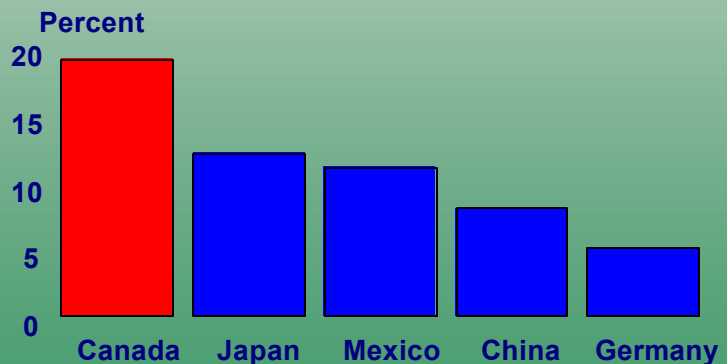


Source: USITC

...and greatest source of imports

- Canada also made up close to 20% of total imports of the U.S. Japan and Mexico both had about 12% of total U.S. imports, in 2000.

Top-5 Sources of U.S. Imports, 2000



Source: USITC

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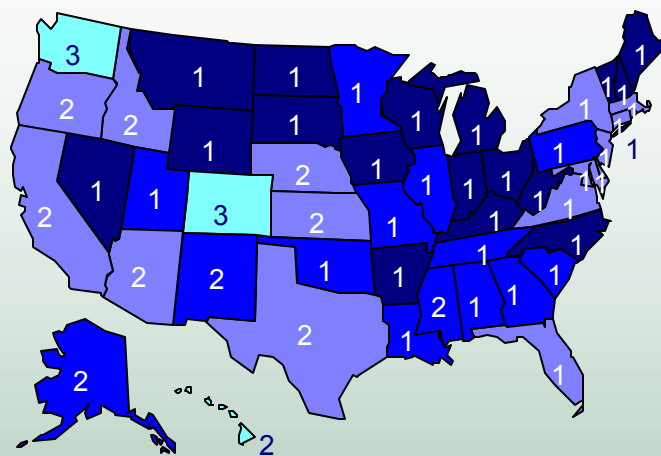
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U.S. - Canada Linkages: An American Perspective

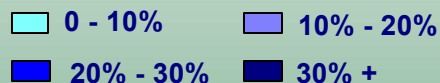
Canada's Share of U.S. State Global Exports (%) and Rank as an Export Market

Canada is the most important export destination for 37 of 50 U.S. states

- For 37 U.S. states, Canada is the most important market for exports.
- 18 states send more than 30% of their exports to Canada.



Share



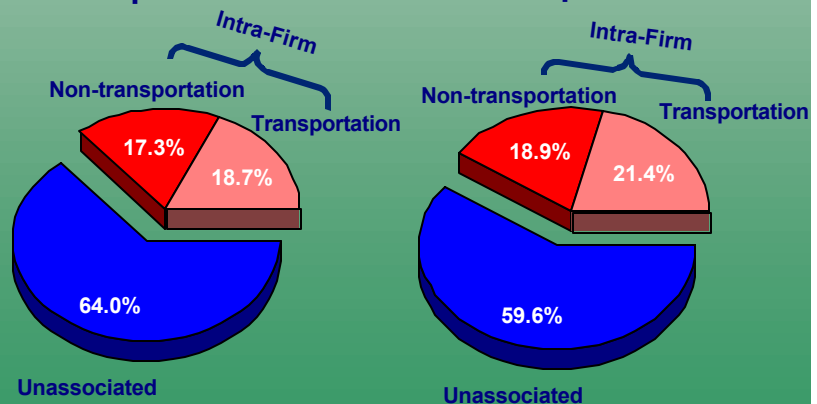
Much of U.S. - Canadian trade is intra-corporate

- Intra-corporate trade accounted for about 40% of total U.S.-Canada trade in 1998 - about \$125 billion dollars.
- The transportation equipment industry, including auto manufacturers, makes up more than half of this total.

U.S. Intra-firm Trade with Canada, 1998

Exports

Imports



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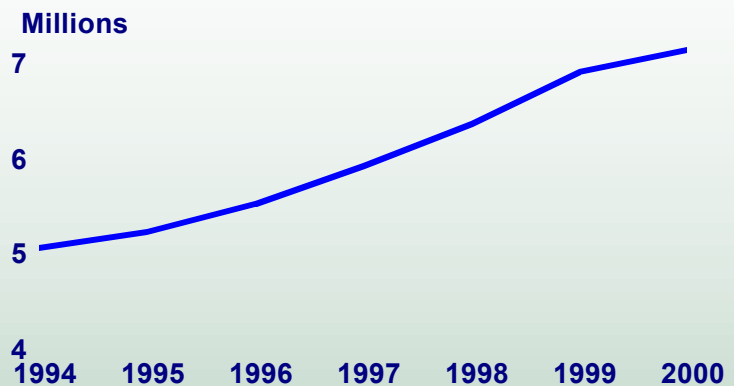
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U.S. - Canada Linkages: An American Perspective

Truck Crossings at the Canada-U.S. Border

Cross-border truck traffic has increased substantially between 1994 and 2000...

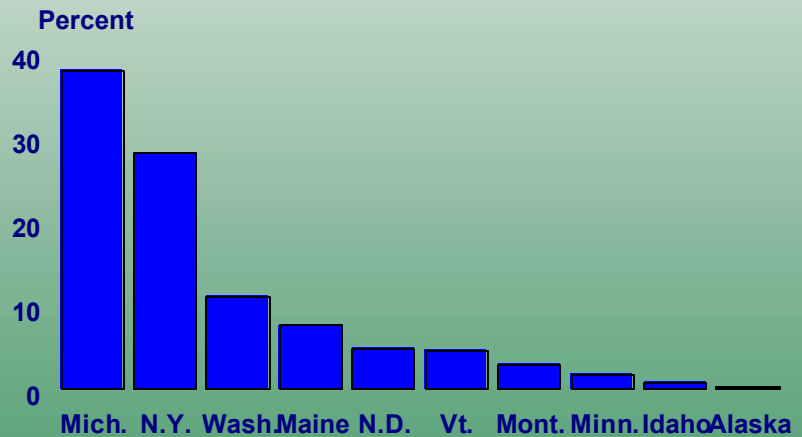
- In 1994, close to 5 million trucks crossed the Canada-U.S. border. By 2000, the number of truck crossings had increased to 7 million, an increase of 40% in just 6 years.



...but only a few crossing points handle most of the traffic

- Close to 70% of the traffic passed through Michigan and New York.
- The three busiest border crossings account for nearly half of all cross-border truck traffic.

Truck Crossings by State, 2000



* loaded and unloaded trucks

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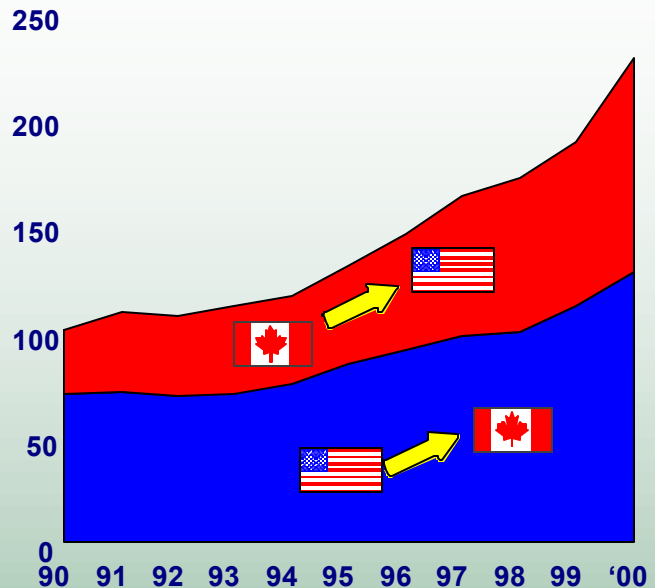
U.S. - Canada Linkages: An American Perspective

U.S.-Canada Direct Investment*

US\$ Billions

Canada-U.S. direct investment has also grown rapidly over the 1990s

- Canadian direct investment in the U.S. increased at an average annual rate of 13.1% over the 1990s - significantly faster than trade, reaching \$100 billion in 2000.
- In 2000, the U.S. had \$126 billion invested in Canada, compared to less than \$70 billion in 1990.



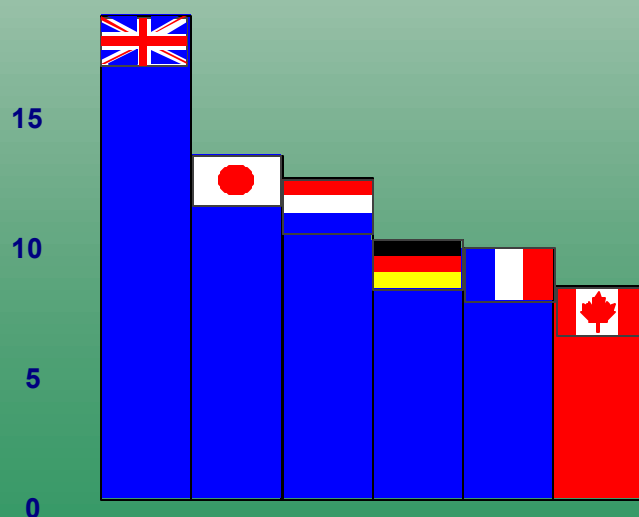
* Stock

Source: Bureau of Economic Analysis

Canada is now one of the U.S.'s most important sources for foreign direct investment

- In 2000, Canada ranked sixth highest in terms of its total FDI in the U.S.
- Canada's total stock of FDI in 2000 amounted to \$101 billion — just over 8% of the total investment in the U.S.
 - The United Kingdom accounted for the largest share of investment in the U.S. at 18.5% in 2000.

U.S. FDI Stock, 2000



Source: USBEA