

Monthly Trade Bulletin

Volume 4 Number 1

March 2002

Key Monthly Trade Indicators (January 2002)

Highlights

- Merchandise exports grew almost twice as fast as imports, resulting in a widening in Canada's overall trade surplus with the world in January.
- Similarly, merchandise exports to the U.S. grew much faster than merchandise imports from the U.S., resulting in an increase of the bilateral trade surplus for January.
- The Canadian dollar edged up US0.2¢ in value over the month; however, it remains some US3.7¢ cents below its level of January, one year ago.

	\$ millions	% change over	
		previous month	previous year
Exports	33,014	3.1	-13.9
- Exports to U.S.	27,975	4.4	-15.1
Imports	27,916	1.6	-7.3
- Imports from U.S.	20,359	1.6	-5.9
Trade Balance*	5,098	4,540	8,202
- Balance with U.S.*	7,616	6,763	11,314
Commodity Prices**	90.3	3.0	-29.8
Canadian Dollar (US¢)*	63.0	62.8	66.7
Export Prices***	103.9	2.5	-12.3
Import Prices***	107.1	2.4	1.3

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1997 = 100

Source: DFAIT compilations based on Statistics Canada data.

This Month's Feature Report: Canada's Trade Linkages with the U.S. South

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 and Sarah Fisher of the Micro-Economic Policy Analysis Branch, Industry Canada under the direction of Someshwar Rao.

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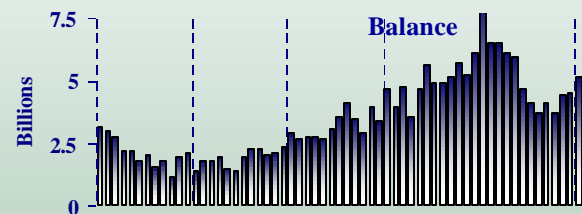
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Merchandise Trade

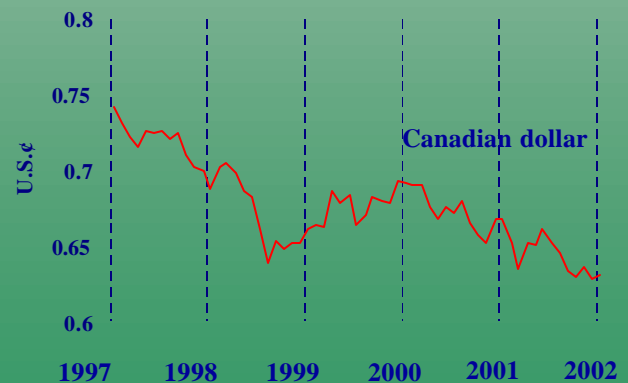
Overall trade balances improve ...

- The overall trade surplus increased \$558 million dollars to \$5.1 billion in January.
 - ▶ The monthly surplus with the U.S. rose \$853 million to just over \$7.6 billion in January.
- Monthly trade balances with our other major trading partners also improved over the month, but remain in deficit. Our deficit with the EU narrowed \$413 million to \$841 million in January, while the balance with Japan contracted some \$34 million to a \$134 million deficit.



... and the value of the Canadian dollar rises

- The Canadian dollar rose nearly 22 basis points over the month of January, to reach US63.0¢. The value of the dollar remains, nonetheless, US3.7¢ lower than its rate one year earlier.
- In lock-step with the rise in the dollar, export, import, and commodity prices increased across the board in January.



Source: Statistics Canada, Bank of Canada

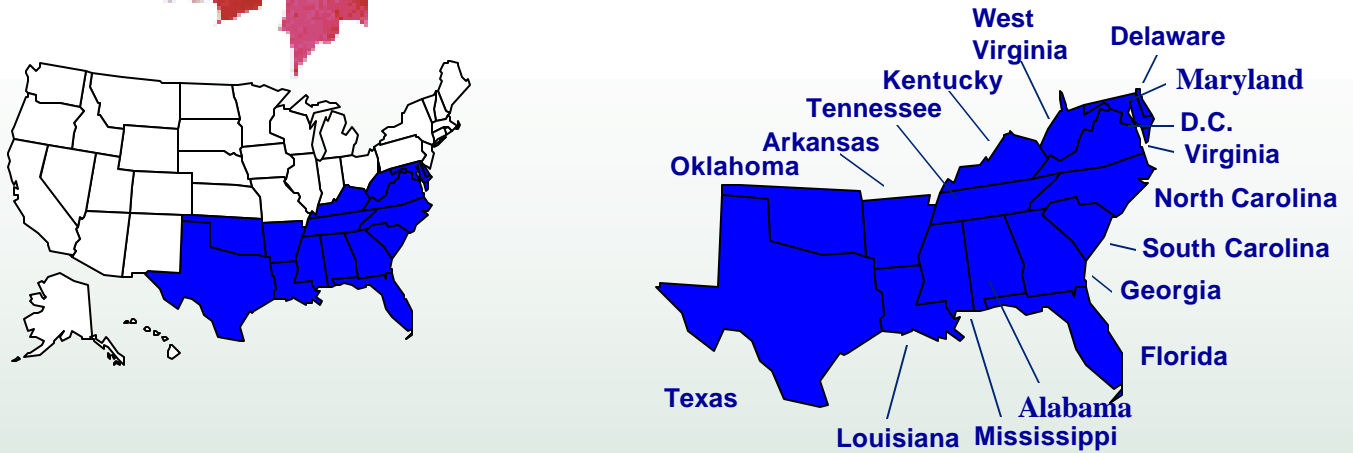
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Canada's Trade Linkages with the U.S. South

Some of the fastest growing U.S. states are in the South.



South Region

State	Population	GDP (millions US\$, 2000)	GDP per Capita (US\$)	Land Area (miles sq.)	GDP Growth (% , 95-00)
Alabama	4,464,356	119,921	26,862	50,744	4.66
Arkansas	2,692,090	67,724	25,157	52,068	4.71
Delaware	796,165	36,336	45,639	1,954	5.67
District of Columbia	571,822	59,397	103,873	61	4.18
Florida	16,396,515	472,105	28,793	53,927	6.49
Georgia	8,383,915	296,142	35,323	57,906	7.79
Kentucky	4,065,556	118,508	29,149	39,728	5.32
Louisiana	4,465,430	137,700	30,837	43,562	4.19
Maryland	5,375,156	186,108	34,624	9,774	5.94
Mississippi	2,858,029	67,315	23,553	46,907	4.29
North Carolina	8,186,268	281,741	34,416	48,711	7.68
Oklahoma	3,460,097	91,773	26,523	68,667	5.58
South Carolina	4,063,011	113,377	27,905	30,110	5.47
Tennessee	5,740,021	178,362	31,073	41,217	5.45
Texas	21,325,018	742,274	34,808	261,797	7.63
Virginia	7,187,734	261,355	36,361	39,594	6.70
West Virginia	1,801,916	42,271	23,459	24,078	3.08
Total South	101,833,099	3,274,209	32,135	870,805	6.41
Total U.S.	284,796,887	9,941,552	34,908	3,537,441	6.34

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Canada's Trade Linkages with the U.S. South

The South's share of Canadian exports to the U.S. has remained relatively constant at just above 16 percent

- Canadian merchandise exports to the U.S. South increased from \$31.2 billion in 1995 to \$53.3 billion in 2001, with an average annual growth rate of 9.3%.
- But, the South's share of Canadian merchandise exports to the U.S. stayed constant at just over 16 percent.

South Region's Share of Canada's Total Merchandise Exports to the U.S.

Percent



Source: Industry Canada compilations based on Statistics Canada Data

However, the South's share of Canadian imports increased from 22.8% to 25.5%

- The South's share of Canadian merchandise imports from the U.S. increased from 22.8% in 1995 to 25.5% in 2001 with total imports reaching \$55.7 billion.

South Region's Share of Canada's Total Merchandise Imports from the U.S.

Percent



Source: Industry Canada compilations based on Statistics Canada Data

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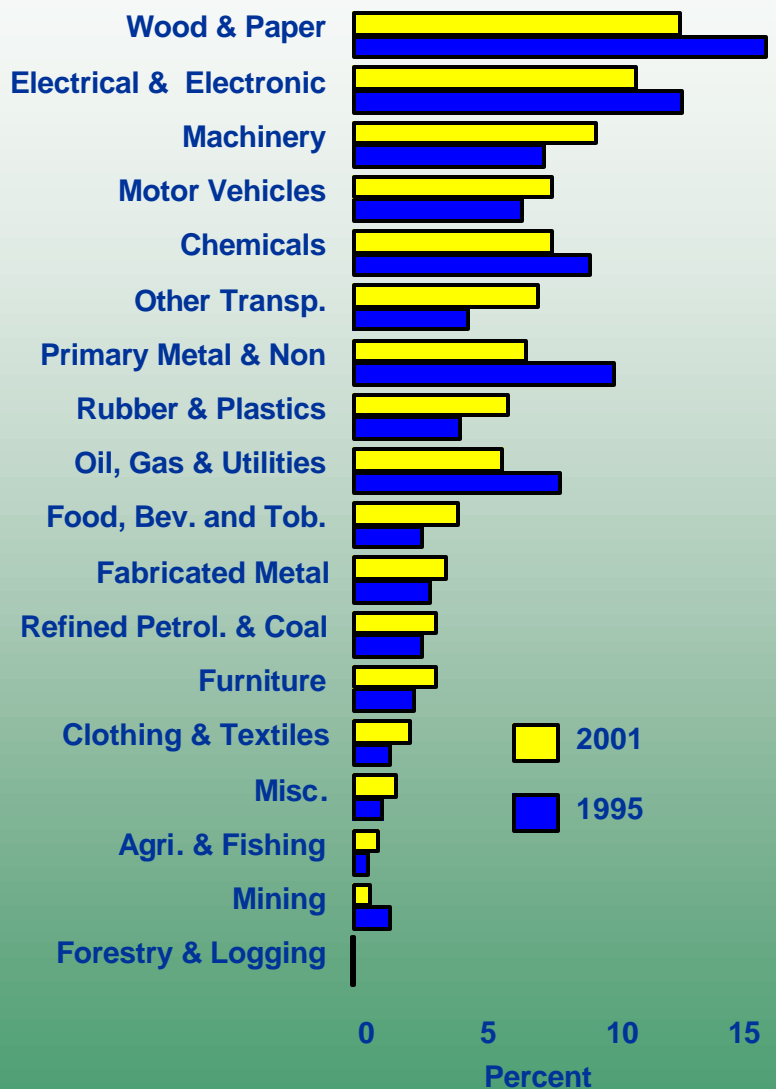
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Canada's Trade Linkages with the U.S. South

The importance of resource industries declined in Canada's exports to the South

- Many resource industries saw their share of exports to the South decline significantly between 1995 and 2001.
 - ▶ The share of Wood & Paper declined 3.6 percentage points to 13.5%, Primary Metals declined 3.6 percentage points to 10.7% and Oil, Gas & Utilities declined 2.3 percentage points to 8.5%.
 - ▶ Electrical & Electronic and Chemicals also posted a sizable decline in share.
 - ▶ On the other hand, Machinery, Motor Vehicles, Other Transportation Equipment and Food, Beverage and Tobacco made gains.

Industrial Distribution of Canada's Exports to the South Region



Source: Industry Canada compilations based on Statistics Canada Data

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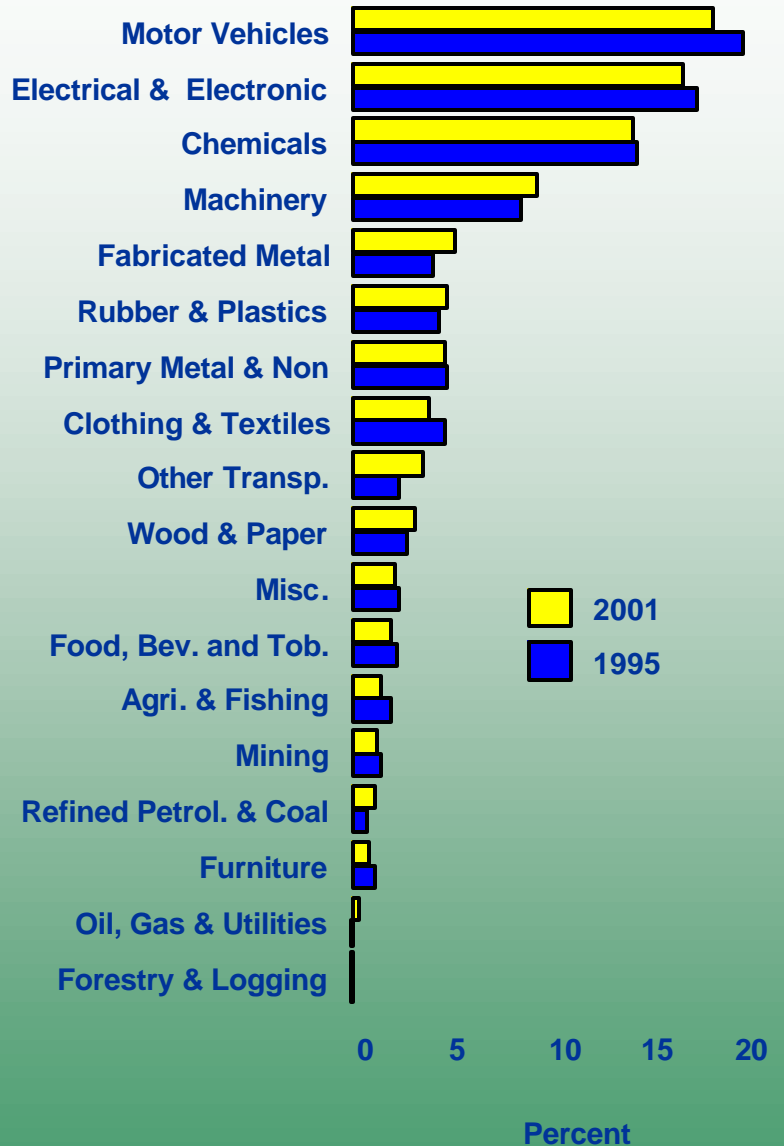
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Canada's Trade Linkages with the U.S. South

Industrial Distribution of Canada's Imports from the South Region

High-tech industries dominated Canadian imports from the South

- Canadian Imports from the U.S. South consisted mainly of high-tech industries such as Motor Vehicles, Electrical and Electronics, Chemicals and Machinery accounting for 64.2% of Canadian imports from the South in 2001, up only marginally from 62.5% in 1995.



Source: Industry Canada compilations based on Statistics Canada Data

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Canada's Trade Linkages with the U.S. South

Texas accounts for the greatest share of Canadian exports going to the U.S. South U.S....

- Texas accounts for just over one-fifth of Canada's exports to the U.S. South at 21.7% in 2001, down slightly from 23.4% in 1995.

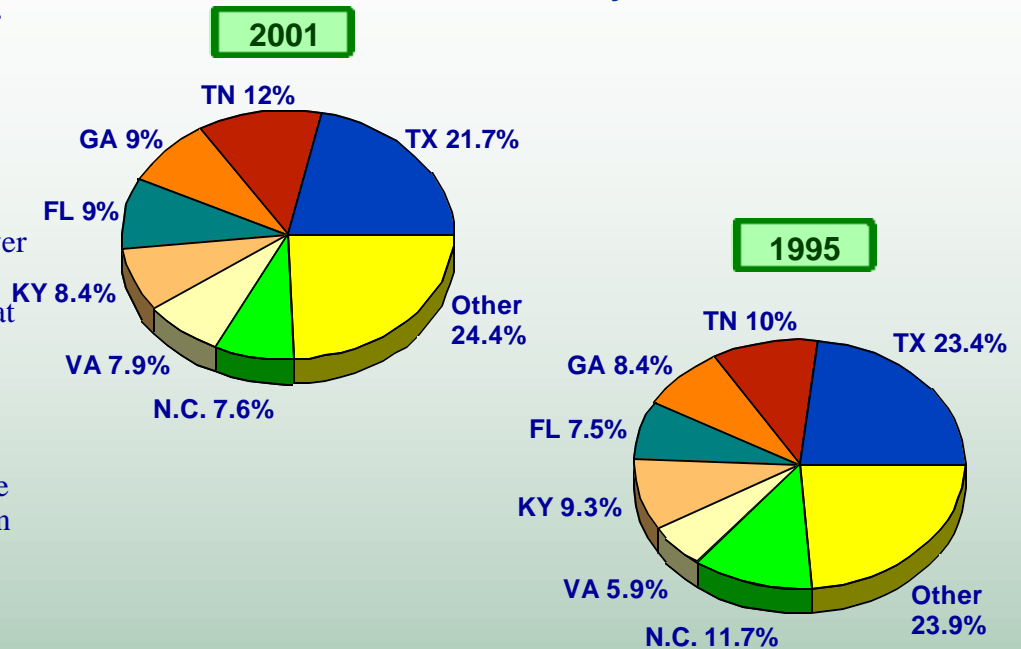
- ▶ However, Texas saw the second largest decline in share, behind North Carolina who's share dropped 4.0%.

- ▶ Oklahoma, Virginia and Tennessee experienced the fastest growth in shares between 1995 and 2001 at 21.6%, 15.7% and 12.6% respectively.

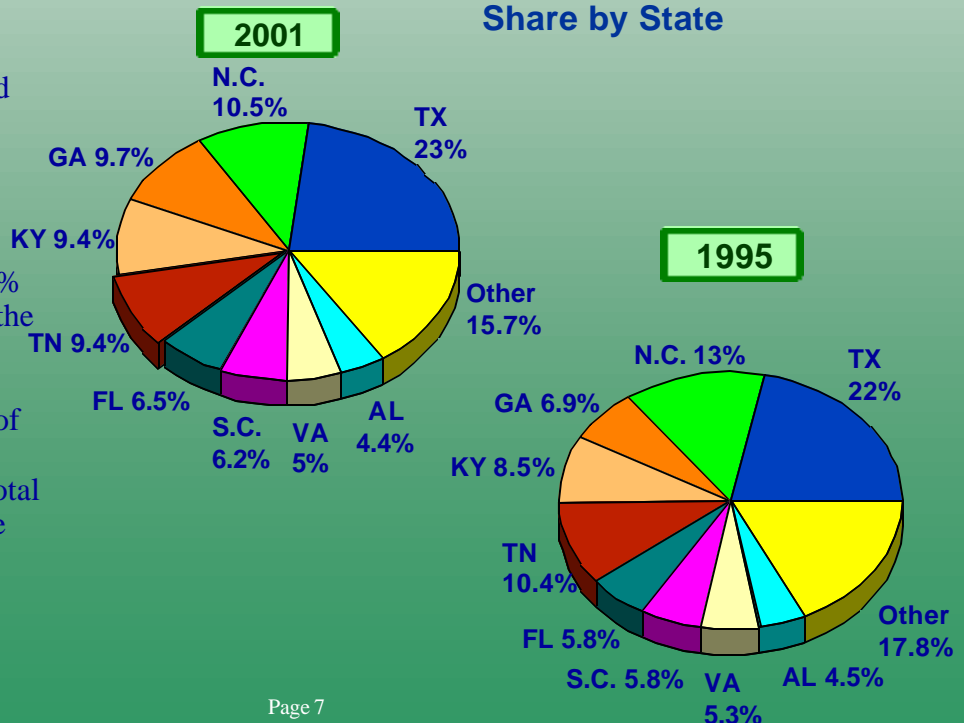
...as well as imports

- Texas also accounts for 23% of Canadian imports from the U.S. South.
- Canada has a trade deficit of \$2.0 billion with North Carolina, equal to half of total exports to that state. On the other hand, Canada enjoys large trade surpluses with Virginia, Tennessee and Maryland.

Canada's Exports to the U.S. South, Share by State



Canada's Imports from the U.S. South, Share by State



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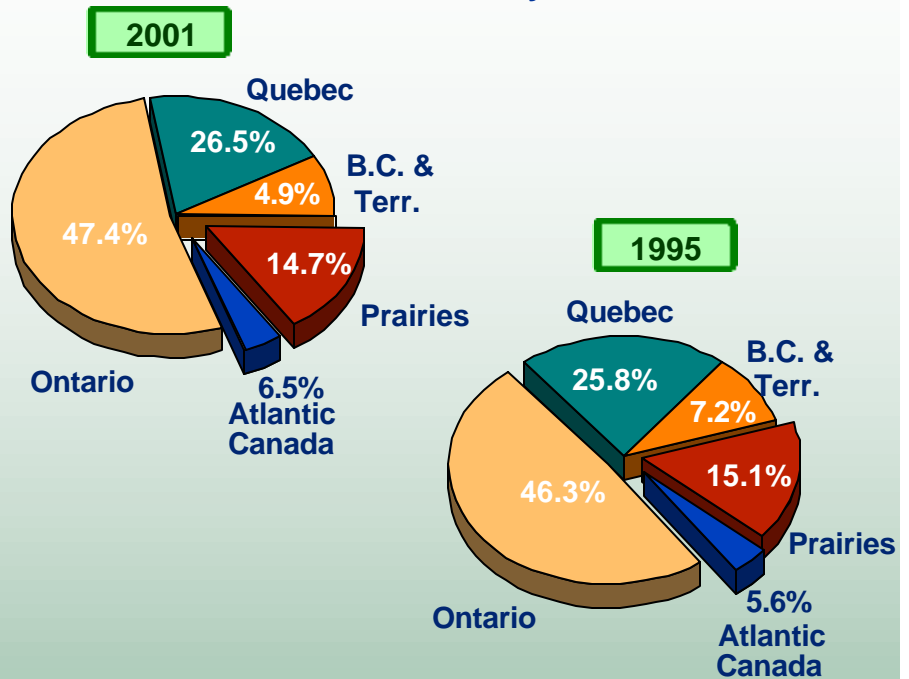
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Canada's Trade Linkages with the U.S. South

Distribution of Canada's Exports to the U.S. South by Province

Ontario accounts for almost half of Canadian exports to the U.S. South

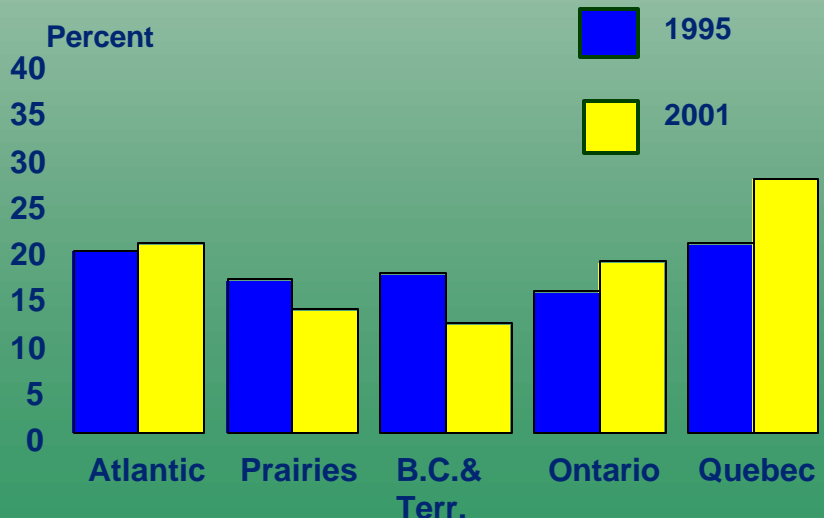
- Ontario's share of Canadian exports to the U.S. South increased from 46.3% in 1995 to 47.4% in 2001.
- On the other hand, the share of BC & Territories declined significantly.



The importance of the U.S. South as a destination for exports increased for the central provinces

- Quebec saw the greatest increase in the share of exports going to the South, jumping from 22.3% in 1995 to 26.2% in 2001.
- Ontario also saw a significant rise in the share of exports going to the South from 13.6% to 16.0%.
- However the western provinces saw similar sized declines, B.C. dropping from 19.8% to 12.7% and the Prairies from 16.2% to 12.4%.

South's Share of Canadian Exports to the U.S.



Source: Industry Canada compilations based on Statistics Canada Data

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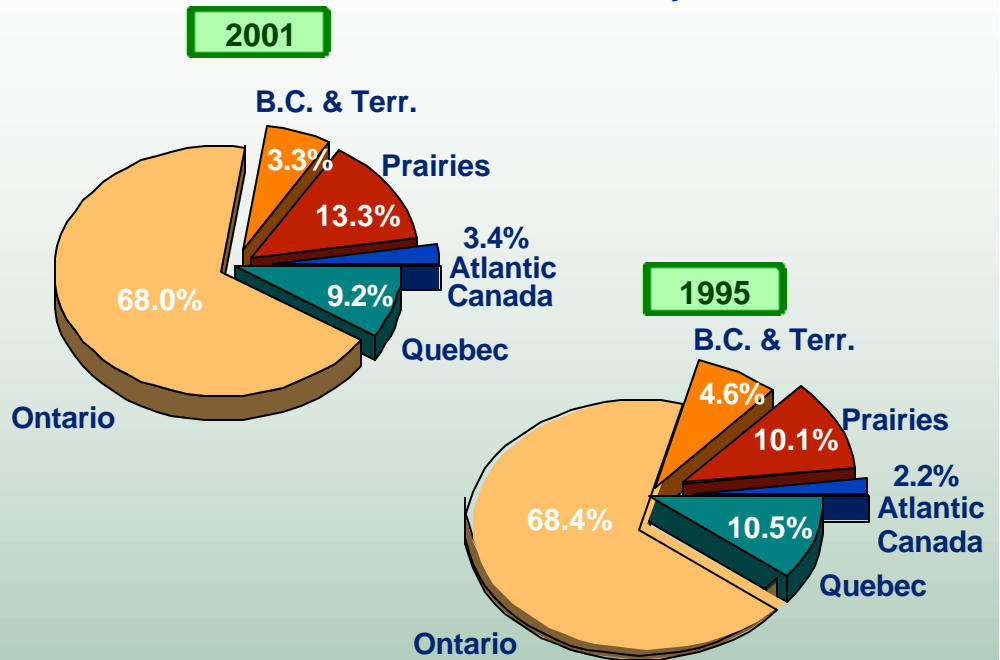
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Canada's Trade Linkages with the U.S. South

Distribution of Canada's Imports from the U.S. South by Province

More than two-thirds of Canada's imports from the U.S. South go to Ontario

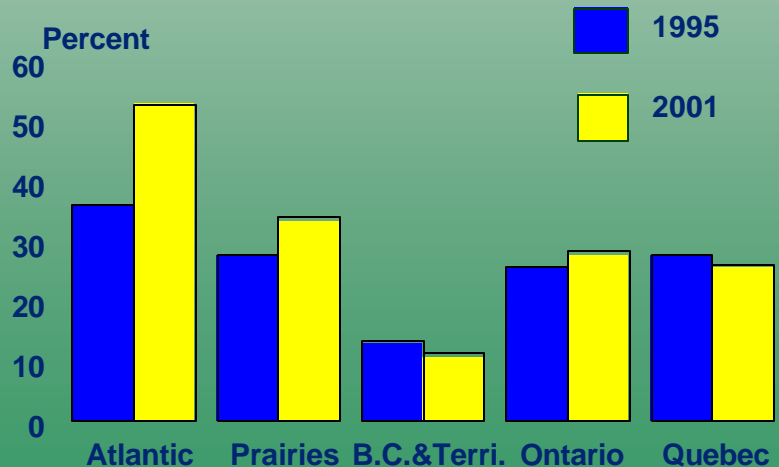
- Ontario's share of imports from the U.S. South has not changed considerably between 1995 and 2001.
- However, the Prairies saw their share jump from 10.1% to 13.3% , while the shares of Quebec and B.C. declined.



However, it is Atlantic Canada and the Prairies that are most dependant on imports from the South

- In 2001, nearly 55% of Atlantic Canada's imports came from the U.S. South, an increase of nearly 20 percentage points since 1995.
- The Prairies also saw their share of imports coming from the U.S. South increase significantly between 1995 and 2001.
- Quebec and B.C. & Territories saw a decline in its share of imports coming from the U.S. South.

South's Share of Canadian Imports to the U.S.



Source: Industry Canada compilations based on Statistics Canada Data