

# Monthly Trade Bulletin

Volume 5 Number 4

June 2003

## Key Monthly Trade Indicators (April 2003)

### Highlights

- Exports plunged and imports were also down, resulting in a substantial reduction in Canada's overall merchandise trade surplus with the world in April.
- Likewise, exports to the U.S. were down sharply and imports registered a decline, also narrowing the merchandise trade surplus for the month.
- Over April, the Canadian dollar climbed slightly more than US¢1.6 in value to close the month at almost US¢69.8.

	\$ millions	% change over	
		previous month	previous year
<b>Exports</b>	33,742	-4.5	-3.3
- Exports to U.S.	29,646	-4.5	-4.1
<b>Imports</b>	29,646	-1.3	1.7
- Imports from U.S.	20,523	-0.8	-1.8
<b>Trade Balance*</b>	4,096	5,296	5,759
- Balance with U.S.*	7,568	8,710	8,372
<b>Commodity Prices**</b>	115.2	-6.0	12.8
<b>Canadian Dollar (US¢)*</b>	69.8	68.1	63.8
<b>Export Prices***</b>	109.0	-3.0	1.1
<b>Import Prices***</b>	102.9	1.0	-3.5

\* 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 and Investment Links with Europe

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ISSN 1496-192X



Department of Foreign Affairs  
and International Trade

Ministère des Affaires étrangères  
et du Commerce international



Industry  
Canada

Industrie  
Canada

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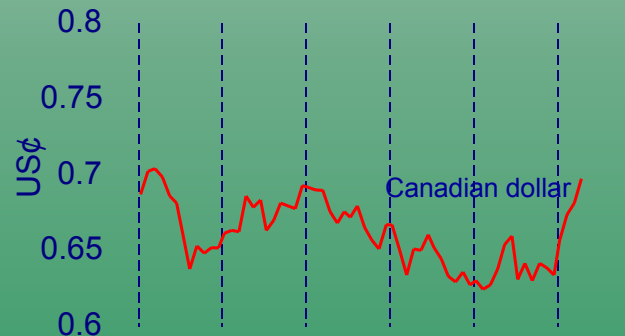
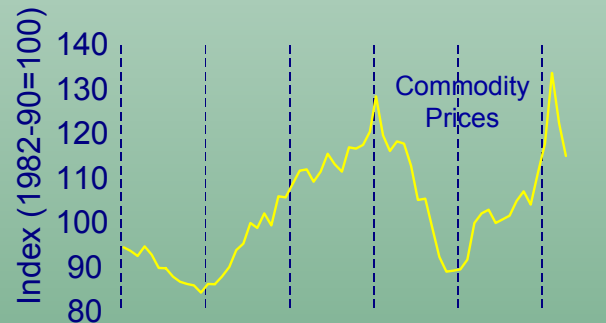
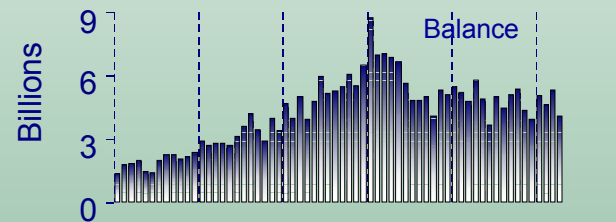
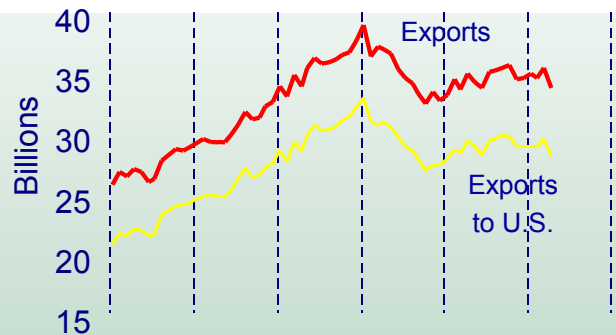
## Trade balances narrow ...

- The overall Canadian trade surplus fell by \$1.2 billion in April, to \$4.1 billion.
  - April's monthly surplus with the U.S. contracted by \$1.1 billion to \$7.6 billion.
- Monthly trade deficits with the other principal trading regions narrowed for the month. Our deficit with the European Union (EU) diminished by \$20 million to a value slightly over \$1.2 billion in April, while that with Japan fell by \$113 million to a \$29 million deficit for the month.

## ... while the value of the Canadian dollar continues to rise

- The value of the Canadian dollar climbed for the fourth consecutive month, up by slightly more than US1.6¢ in April. It closed the month at US69.8¢. The value of the dollar is US6.0¢ higher than its rate one year earlier.
- Commodity prices fell sharply for the second month in a row. The terms of trade deteriorated somewhat as export prices fell while import prices were up in April.

## Merchandise Trade



1998 1999 2000 2001 2002 2003

Source: Statistics Canada, Bank of Canada

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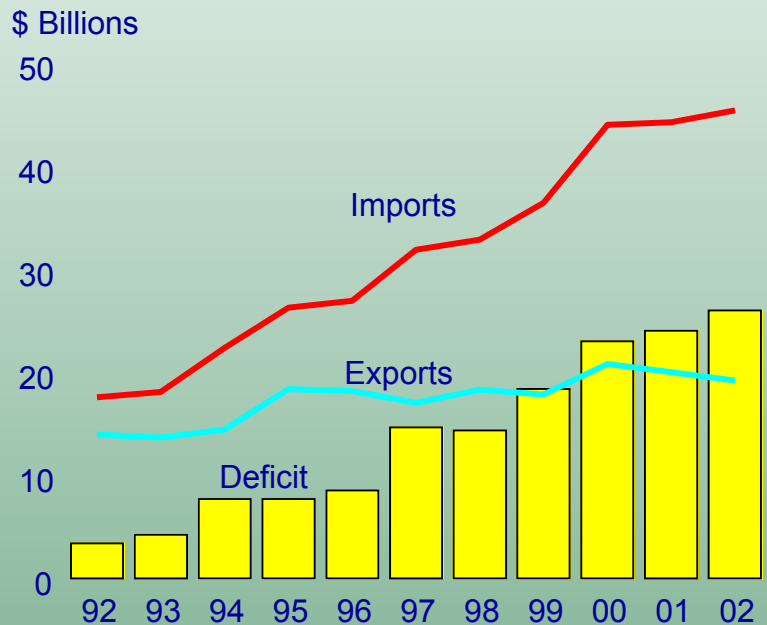
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## Canada's Trade and Investment Links with Europe

### Canada's trade with Europe nearly doubled since 1990...

- Canada's trade with Europe had nearly doubled during the 1990s, reaching \$65 billion in 2002.
  - But, due to the absolute fall in Canada's exports to the region, total trade between Canada and Europe actually declined slightly in the last two years.
  - Imports from Europe increased at an average annual rate of 9.9 percent between 1990 and 2002.
  - Canada's exports to Europe have been growing at a much slower annual pace of 3.2 percent.
- Relatively strong economic growth in Canada and a stronger Canadian dollar relative to the European currencies were mainly responsible for healthy growth in imports.
- Canada's merchandise trade deficit with Europe has increased dramatically and now stands at more than \$26 billion.
  - Canada's imports from Europe are now more than double the value of our exports to Europe.

### Canada's Merchandise Trade with Europe



Source: Compilations based on Statistics Canada data.

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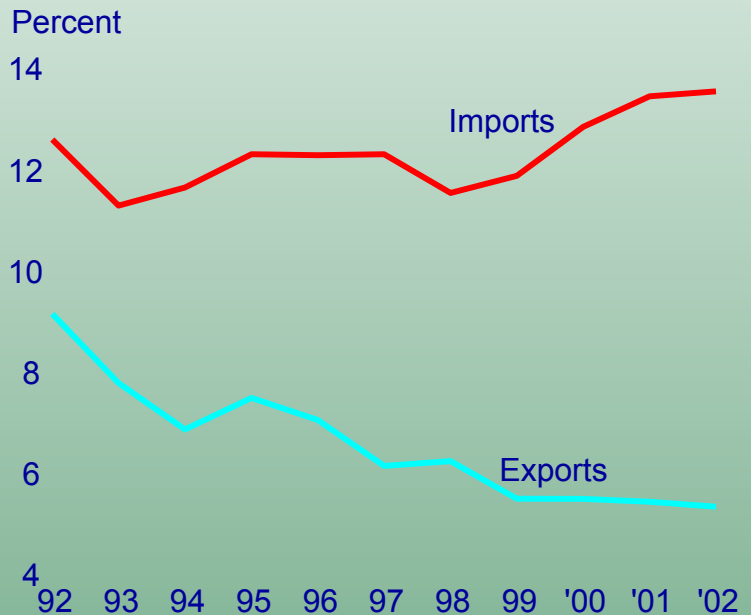
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## Canada's Trade and Investment Links with Europe

### European Share of Canada's Merchandise Trade

#### ...but, its importance in Canada's total trade has fallen

- Slightly more than 5 percent of Canada's exports go to Europe, –half the share of 10.5 percent in 1990.
- The European share of Canadian imports, after declining significantly in the latter part of the 1990s, has increased almost 2 percentage points since 2000, reaching 13.5 percent in 2002.



Source: Compilations based on Statistics Canada data.

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## Canada's Trade and Investment Links with Europe

### Canadian exports to Europe are evenly split between resource-based and non-resource based industries

- Almost half of Canada's exports to Europe are in resource-based industries such as Forestry, Wood and Paper, Metals, and Oil and Minerals.
- Non-resource based exports are dominated by Machinery & Electrical and Transportation Equipment, these being the two fastest growing export industries to Europe in the 1990s.

### Merchandise Exports to Europe in 2002, \$ billion

		Growth* 1992-2002	Share** 2002
Agriculture & Fish	1.1	5.7%	5.5%
Mine & Oil	2.7	0.8%	13.8%
Forest, Wood & Paper	2.9	-1.3%	15.2%
Metals	2.8	0.9%	14.7%
Machinery & Electrical	3.9	6.9%	20.0%
Transportation Equip.	3.1	10.3%	15.9%
Chemical & Chem. Prod.	1.1	6.0%	5.5%
Other Manufacturing	0.4	4.1%	2.1%
Food, Bev. & Tobacco	0.9	1.3%	4.5%
Rubber & Plastics	0.2	10.2%	1.0%
Clothing & Textiles	0.2	2.6%	0.8%
<b>Total Exports</b>	<b>19.3</b>	<b>3.2%</b>	<b>5.3%</b>

\*Average annual growth

\*\*Share of total European exports

\*\*\*Share of total Canadian exports

Source: Industry Canada compilations based on Statistics Canada data

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## Canada's Trade and Investment Links with Europe

**On the other hand, almost three quarters of Canadian imports from Europe are non-resource based**

- Non-resource based industries account for almost three-quarters of Canada's imports from Europe. Machinery & Electrical, Transportation Equipment and Chemicals dominate.
- These three industries also registered the fastest import growth from Europe during the 1990s.

### Merchandise Imports from Europe in 2002, \$ billion

		Growth* 1992-2002	Share** 2002
Agriculture & Fish	0.3	8.5%	0.6%
Mine & Oil	7.4	9.4%	16.3%
Forest, Wood & Paper	1.4	11.4%	3.0%
Metals	3.9	8.6%	8.6%
Machinery & Electrical	11.0	9.6%	24.1%
Transportation Equip.	7.8	11.9%	17.1%
Chemical & Chem. Prod.	7.5	13.8%	16.5%
Other Manufacturing	1.3	7.7%	2.9%
Food, Bev. & Tobacco	2.6	7.0%	5.8%
Rubber & Plastics	0.7	7.2%	1.5%
Clothing & Textiles	1.6	4.2%	3.5%
<b>Total Imports</b>	<b>45.5</b>	<b>9.9%</b>	<b>13.5%</b>

\*Average annual growth

\*\*Share of total European imports

\*\*\*Share of total Canadian imports

Source: Industry Canada compilations based on Statistics Canada data

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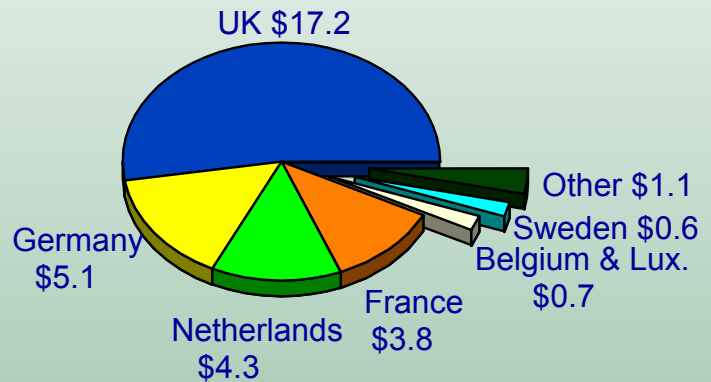
## Canada's Trade and Investment Links with Europe

### Canada's Distribution of Inward FDI Stock from the EU, \$ billion

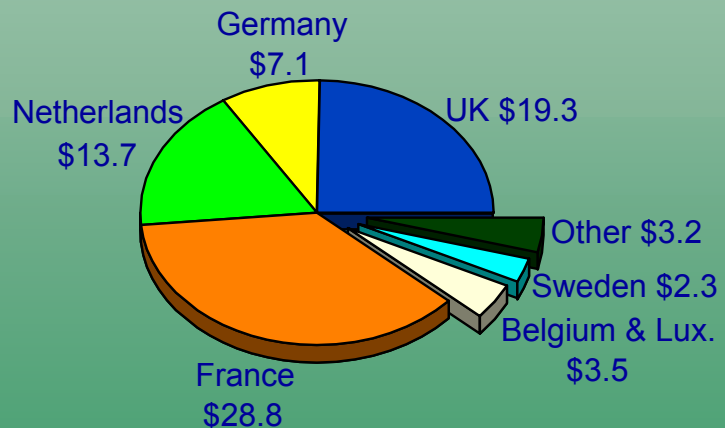
#### France is the largest EU investor in Canada...

- After falling in the first half of the 1990s, EU's share of Canada's inward FDI stock increased about 3 percentage points in the second half, reaching 23.8 percent in 2000.
- France's share of European direct investment stock in Canada more than tripled in the 1990s, reaching 37 percent in 2000.
  - During the period, UK's share dropped from 52.4 percent in 1990 to 24 percent in 2000.

1990



2000



Source: Compilations based on Statistics Canada data

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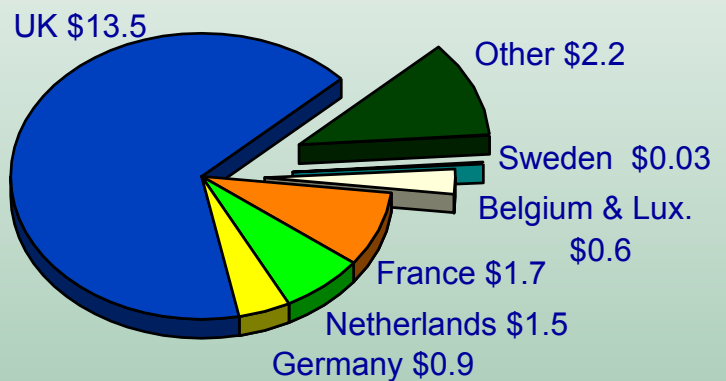
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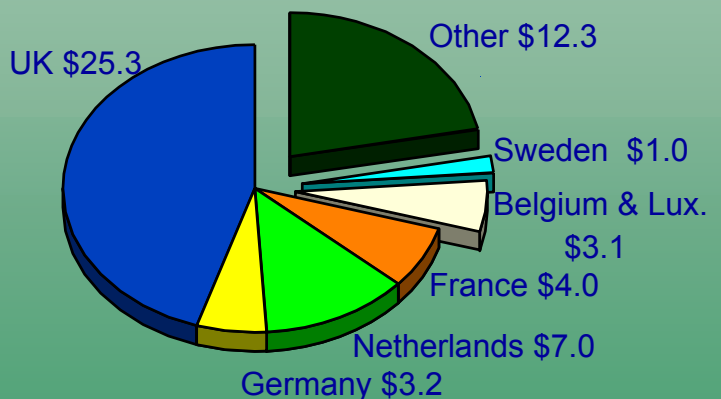
## Canada's Trade and Investment Links with Europe

### Canada's Distribution of Outward FDI Stock to the EU, \$ billion

1990



2000



### ...but the UK is still the dominant destination of Canada's direct investment in the EU

- EU's share of Canadian outward direct investment remained more or less stable around 20% throughout the 1990s.
- The UK still accounts for over 45% of Canada's direct investment in the EU, but considerably lower than in 1990 (66%).
- Canada is investing more in countries other than the UK and France—Netherlands, Sweden, Germany, Belgium and Luxembourg and other EU countries.

Source: Compilations based on Statistics Canada data