

Monthly Trade Bulletin

Volume 6 Number 11

January 2005

Key Monthly Trade Indicators (November* 2004)

Highlights

- Canada's total merchandise trade surplus with the world increased, as imports decreased more than exports in November.
- Canada's trade balance with the U.S. also widened.
- The value of the Canadian dollar was up noticeably for the month.

	\$ millions	% change over	
		previous month	previous year
Exports	35,558	-0.4	11.2
- Exports to U.S.	29,141	0.3	11.5
Imports	30,070	-2.8	8.0
- Imports from U.S.	19,899	-5.4	2.1
Trade Balance*	5,489	4,777	4,133
- Balance with U.S.*	9,242	8,011	6,657
Commodity Prices**	152.5	-3.5	25.8
Canadian Dollar (US¢)*	84.3	82.1	77.0
Export Prices***	104.2	-0.2	4.9
Import Prices***	90.9	-3.1	-2.4

* 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 in Machinery & Equipment

* November trade data using revised figures

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ISSN 1496-192X, IC Catalogue No. 54254E



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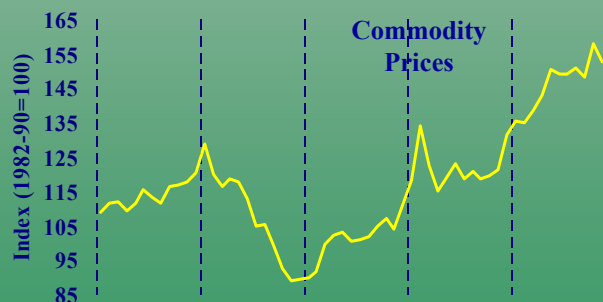
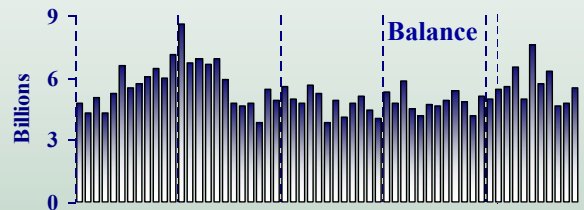
Trade surpluses grew...

- The overall Canadian trade surplus expanded by \$712 million in November, to \$5.5 billion.
- November's monthly surplus with the U.S. increased by \$1.2 billion to \$9.2 billion.

... and the value of the Canadian dollar shot up.

- The Canadian dollar climbed US2.2¢ in value over November, closing the month at US84.3¢. On a year-over-year basis, the value of the dollar was 9.5 percent higher (or US7.3¢) in November 2004 than for the same month a year ago.
- Commodity prices decreased 3.5 percentage points over the previous months level in November. The terms of trade improved as import prices fell more than export prices for the month.

Merchandise Trade



Monthly Trade Bulletin

Volume 6 Number 11

January 2005

Canada's Trade in Machinery & Equipment

Canada is a large net importer of machinery and equipment (M&E) products.

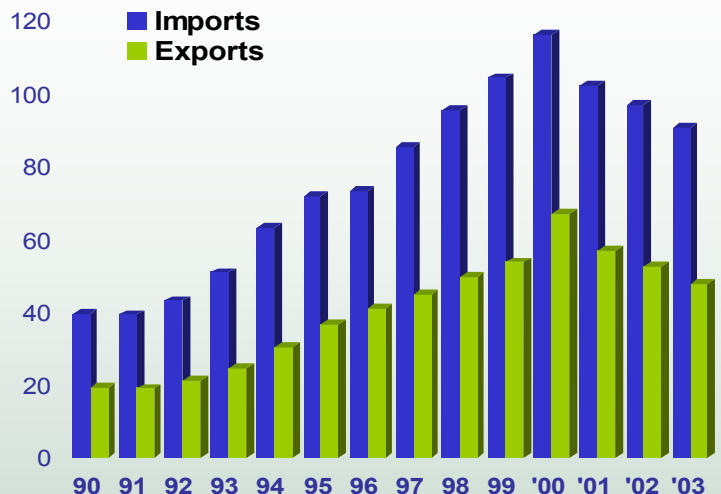
- M&E exports increased steadily from C\$19.3 billion in 1990 to C\$66.8 billion in 2000, thereafter decreasing steadily to C\$47.8 billion in 2003.
- Similarly, M&E imports increased steadily from C\$39.5 billion in 1990 to C\$116.1 billion in 2000, before dropping to C\$90.5 billion in 2003.
- Canada is a net importer of M&E products. Its import/export ratio of M&E products remained more or less constant, averaging 1.9 over the 1990-2003 period.

Canada's imports in M&E products still accounts for close to 30 percent of total merchandise imports.

- The share of M&E imports in total merchandise imports was 26.9 percent in 2003, down from 32.5 percent in 2000.
- On the other hand, M&E exports' share in total merchandise exports was 12.5 percent in 2003, compared to 16.2 percent in 2000.

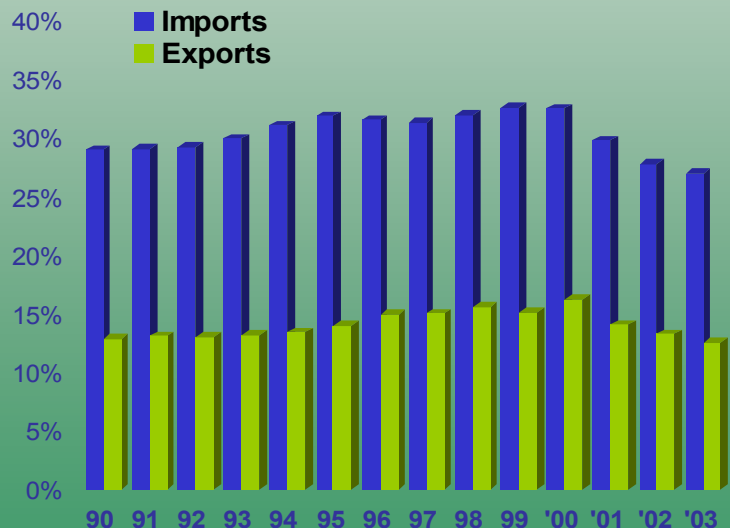
Recent Trends in Trade in M&E Products

Billion C\$



Source: Industry Canada compilations based on Statistics Canada data

Shares of M&E Trade in Total Merchandise Trade



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 11

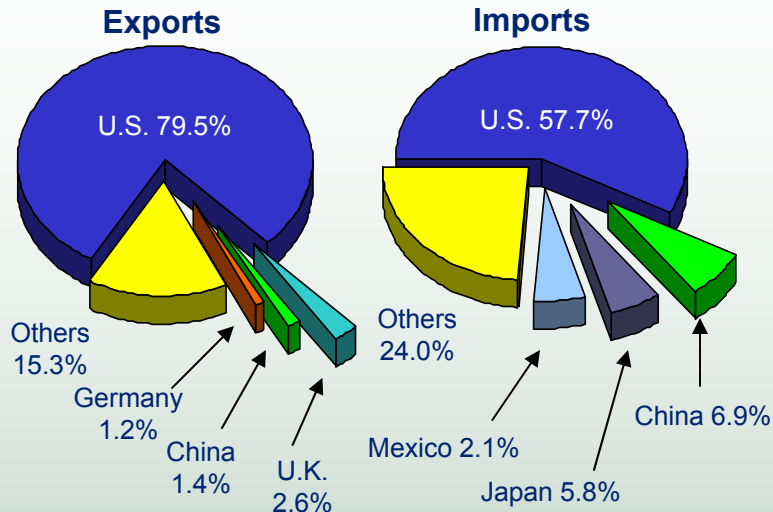
January 2005

Canada's Trade in Machinery & Equipment

The U.S. is the dominant partner for Canada's trade in M&E products ...

- In 2003, almost 80 percent of Canada's M&E exports went to the U.S., followed by 2.6 percent to the U.K., 1.4 percent to China and 1.2 percent to Germany.
- On the other hand, the sources of Canada's M&E imports are more diverse. In 2003, the U.S. share of Canada's M&E imports was only 57.7 percent, followed by 6.9 percent for China, 5.8 percent for Japan and 2.1 percent for Mexico.

Geographic Distribution of Canada's Trade in M&E Products, 2003 (percent)



Source: Industry Canada compilations based on Statistics Canada data

... and the U.S. accounted for all of the decline in Canada's trade in M&E products since 2000.

- M&E exports to the U.S. dropped by C\$19.9 billion over the 2000-2003 period, more than the fall in Canada's total M&E exports. During the same period, Canada's exports of M&E products to China increased by 66.7 percent.
- Similarly, M&E imports from the U.S. dropped by C\$19.7 billion over the 2000-2003 period, accounting for over three quarters of the reduction in Canada's total M&E imports. On the other hand, M&E imports from China increased by over 90 percent or C\$3.0 billion during the same period.

The Decline in Canada's Trade in M&E Products, 2000-2003 (Billions Canadian \$)



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 11

January 2005

Canada's Trade in Machinery & Equipment

In 2003, Ontario contributed almost two-thirds to Canada's exports of M&E products ...

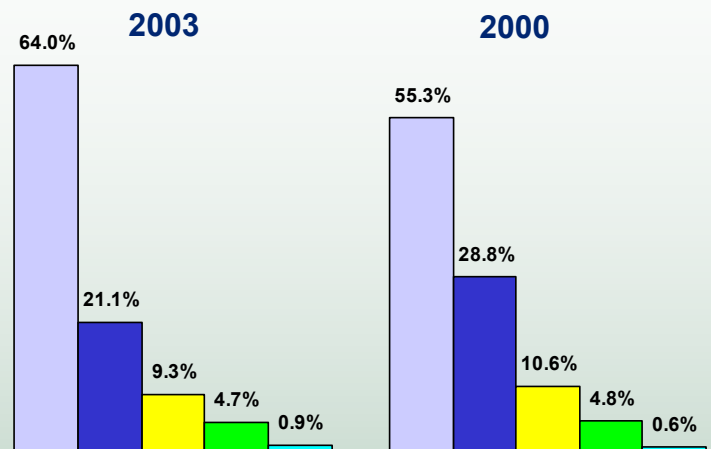
- Ontario's share in Canada's M&E exports in 2003 was 64 percent, followed by 21.1 percent for Quebec, 9.3 percent for Prairies, 4.7 percent for B.C. & Territories and 0.9 percent for Atlantic provinces.
- Moreover, Ontario's share in Canada's M&E exports between 2000-2003 increased by 8.7 percentage points. In contrast, Quebec's share dropped by 7.7 percentage points.

... as well as Canada's imports of M&E products.

- Ontario received 68.3 percent of Canada's M&E imports in 2003, followed by 12.5 percent for Quebec, 10.0 percent for Prairies, 7.6 percent for B.C. & Territories and 1.6 percent for Atlantic provinces.
- During the period 2000-2003, Prairies' share in Canada's M&E imports increased by 5.4 percentage points. Over the same period, shares of Quebec and B.C. & Territories dropped by almost 3 percentage points each.

Regional Distribution of Canada's Exports in M&E Products, 2000, 2003

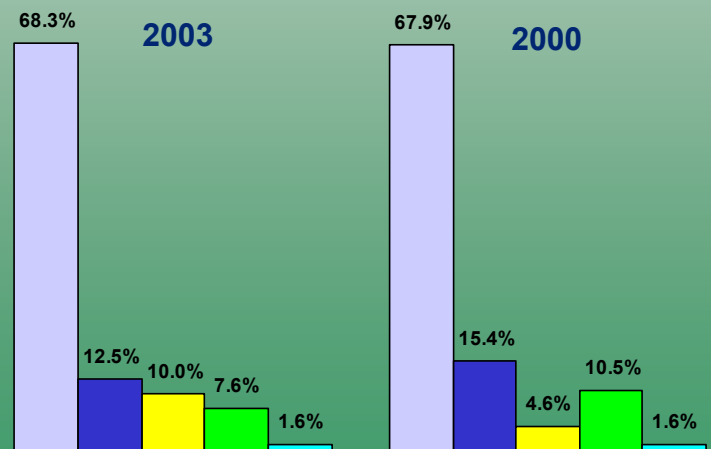
□ Ontario ■ Quebec □ Prairies ■ B.C. & Territories □ Atlantic



Source: Industry Canada compilations based on Statistics Canada data

Regional Distribution of Canada's Imports in M&E Products, 2000, 2003

□ Ontario ■ Quebec □ Prairies ■ B.C. & Territories □ Atlantic



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

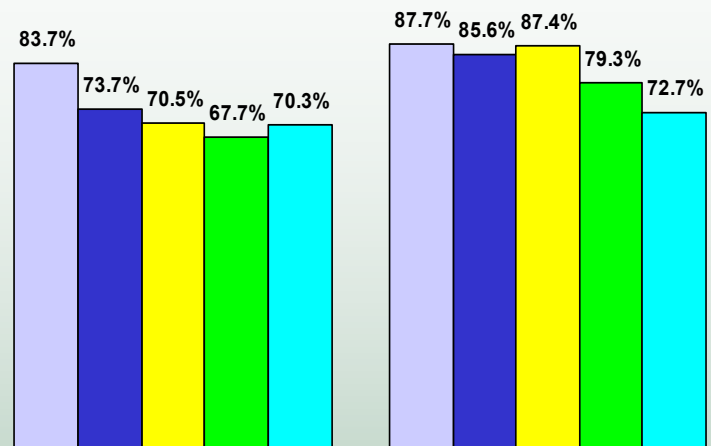
Volume 6 Number 11

January 2005

Canada's Trade in Machinery & Equipment

The U.S. Share in Total M&E Exports, by Region, 2000, 2003

□ Ontario ■ Quebec □ Prairies ■ B.C. & Territories □ Atlantic



Source: Industry Canada compilations based on Statistics Canada data

The U.S. is the most important destination of M&E exports for all regions ...

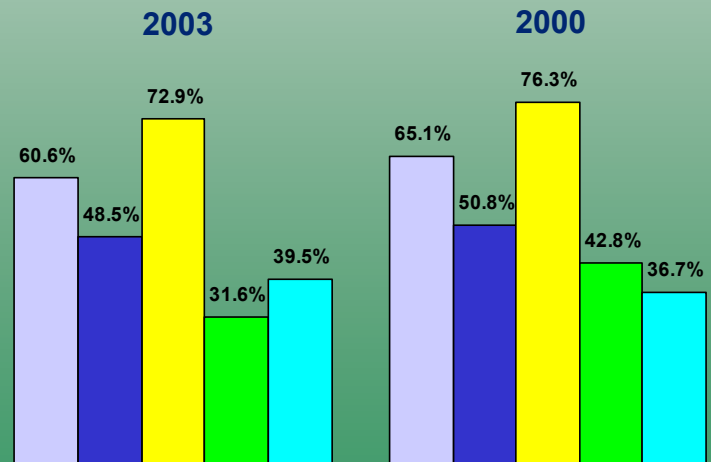
- In 2003, the U.S. share of M&E exports for all regions varied between 68 percent and 84 percent.
- Nevertheless, the importance of the U.S. market has declined since 2000.

... But, the importance of the U.S. for regional M&E imports varies a great deal across regions.

- In 2003, the U.S. share of M&E imports varied between 73 percent in Prairies to less than one-third in B.C. & Territories.
- Prairies was the only region in which the U.S. share of M&E imports was greater than that of M&E exports in 2003.

The U.S. Share in Total M&E Imports, by Region, 2000, 2003

□ Ontario ■ Quebec □ Prairies ■ B.C. & Territories □ Atlantic



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 11

January 2005

Canada's Trade in Machinery & Equipment

The regional pattern of Ontario and Prairies imports of M&E products are similar.

- Nine of the top ten countries were common suppliers of M&E imports to Ontario and Prairies in 2003.
- Over the 2000-2003 period, the U.S. share dropped by 4.5 percentage points in Ontario and 3.4 percentage points in Prairies. Over the same period, the share of imports from China increased by 4.1 percentage points in Ontario and 1.8 percentage points in Prairies.

France is an important supplier of M&E products to Quebec.

- The share of M&E imports from France in Quebec was 6.4 percent in 2003, more than doubled since 2000.
- Similarly, China's share increased by 2.9 percentage points, while U.K.'s share dropped by 4.8 percentage points.

Top Ten Sources of M&E Imports in 2003, Ontario and Prairies (percent)

Ontario			Prairies		
	2003	2000		2003	2000
U.S.	60.6	65.1	U.S.	72.9	76.3
Mexico	6.8	6.2	Mexico	3.7	3.3
China	6.8	2.7	Germany	2.8	2.2
Japan	5.4	6.8	China	2.6	0.8
Germany	2.7	2.2	Japan	2.5	3.1
Korea, South	2.6	2.1	U.K.	2.0	1.6
Taiwan	2.0	2.7	Italy	1.9	1.0
Malaysia	1.9	1.6	Malaysia	1.8	1.4
Re-Imports	1.6	2.0	Taiwan	1.6	1.2
U.K.	1.4	1.5	Korea, South	1.5	1.2

Source: Industry Canada compilations based on Statistics Canada data

Top Ten Sources of M&E Imports in 2003, Quebec (percent)

Quebec		
	2003	2000
U.S.	48.5	50.8
France	6.4	2.6
U.K.	6.1	10.9
Germany	5.5	4.1
China	4.9	2.0
Japan	4.0	4.0
Italy	3.3	2.0
Re-Imports	2.9	8.4
Taiwan	2.5	1.9
Mexico	1.7	1.4

Source: Industry Canada compilations based on Statistics Canada data

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Volume 6 Number 11

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Canada's Trade in Machinery & Equipment

Top Ten Sources of M&E Imports in 2003, B.C. & Territories (percent)

B.C. & Territories imported considerably more M&E products from Asian countries than from the U.S. ...

- In 2003, 51.8 percent of M&E imports of B.C. & Territories came from China, Japan, Taiwan, South Korea, Malaysia and Thailand, 20.2 percentage points higher than that the U.S. share.
- Over the 2000-2003 period, the U.S. share dropped by 11.2 percentage points, while China's share increased by 9.4 percentage points.

B.C. & Territories		
	2003	2000
U.S.	31.6	42.8
China	18.2	8.9
Japan	17.0	15.9
Taiwan	5.2	6.3
Korea, South	4.8	3.8
Malaysia	4.6	4.0
Mexico	3.2	2.7
Thailand	1.9	2.0
Germany	1.6	2.2
Italy	1.3	0.9

Source: Industry Canada compilations based on Statistics Canada data

... while Atlantic provinces imported more M&E products from European Countries.

- In 2003, 47.2 percent of M&E imports in Atlantic provinces came from the eight European countries in the top ten list, 7.8 percentage points higher than that from the U.S.
- Over the 2000-2003 period, the share of the U.K. dropped by 14.3 percentage points, while the shares of Finland and the U.S. increased by 8.7 and 2.8 percentage points, respectively.

Top Ten Sources of M&E Imports in 2003, Atlantic Provinces (percent)

Atlantic Provinces		
	2003	2000
U.S.	39.5	36.7
Germany	11.1	11.4
Finland	10.4	1.7
U.K.	9.9	24.2
Sweden	5.1	4.8
Netherlands	3.3	0.7
Japan	3.1	2.2
France	2.7	2.2
Italy	2.6	1.2
Norway	2.1	2.4

Source: Industry Canada compilations based on Statistics Canada data