

Monthly Trade Bulletin

Volume 6 Number 3

May 2004

Key Monthly Trade Indicators (March 2004)

Highlights

- Canada's total merchandise trade surplus with the world increased in March, as export growth outpaced import growth for the month.
- Canada's trade balance with the U.S. was virtually unchanged for the month.
- The Canadian dollar was up in March, climbing US1.4¢ over the month.

	\$ millions	% change over	
		previous month	previous year
Exports	34,871	1.7	-2.6
- Exports to U.S.	28,130	0.9	-5.8
Imports	28,664	0.9	-4.3
- Imports from U.S.	20,029	1.2	-3.2
Trade Balance*	6,207	5,889	5,838
- Balance with U.S.*	8,101	8,103	9,078
Commodity Prices**	138.6	2.6	13.0
Canadian Dollar (US¢)*	76.3	74.9	68.1
Export Prices***	102.7	-1.0	-8.5
Import Prices***	94.0	-0.8	-8.2

* Data in levels only.

** Index (1982-90 = 100)

*** Index 1997 = 100

Source: DFAIT compilations based on Statistics Canada data.

This Month's Feature Report: A Review of Canada's Trade for 2003

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and International Trade

Ministère des Affaires étrangères
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Industry
Canada

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Canada

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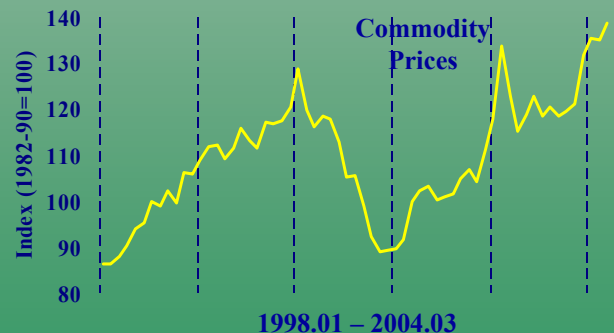
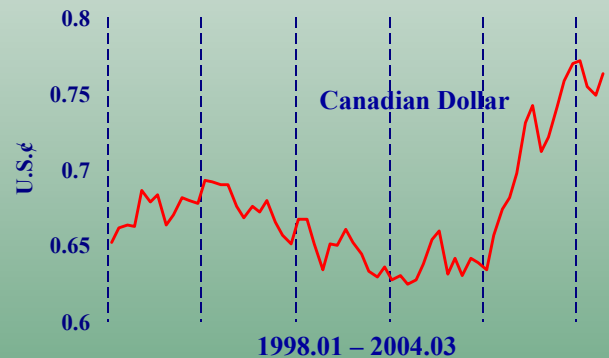
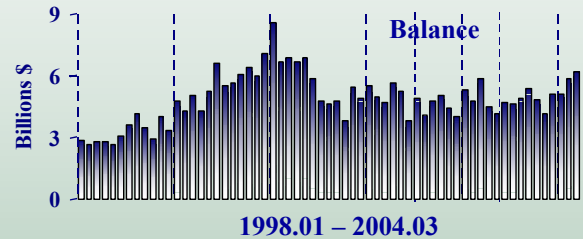
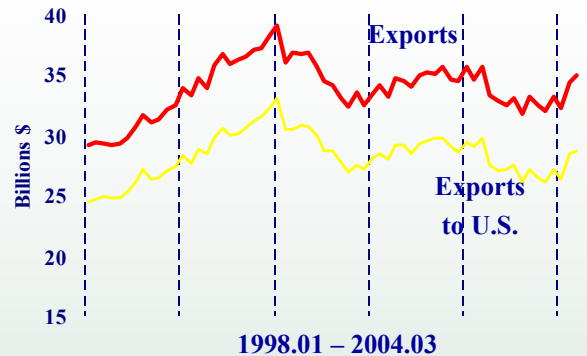
The trade surplus continued to increase...

- The overall Canadian trade surplus grew by \$318 million in March, to \$6.2 billion.
- March's monthly surplus with the U.S. was unchanged at \$8.1 billion.

... even while the Canadian dollar appreciated.

- The Canadian dollar increased US1.4¢ in value over March, after a US0.6¢ decline in the previous month. It closed the month at US76.3¢. The value of the dollar was US8.2¢ (or 11.9 percent) higher in March than a year earlier.
- Commodity prices were up (2.6 percent) in March following a slight decrease (0.1 percent) in February. The terms of trade weakened as export prices decreased more than import prices for the month.

Merchandise Trade



Source: Statistics Canada, Bank of Canada

Monthly Trade Bulletin

Volume 6 Number 3

May 2004

A Review of Canada's Trade for 2003 Canada's Merchandise Exports and Imports

Both merchandise exports and imports fell in 2003...

- Canada's merchandise exports declined by 3.9 percent in 2003, averaging in C\$381 billion.
- Large appreciation of the Canadian dollar and the weak growth in the U.S. final demand were the reasons behind the fall in merchandise exports.
- Canada's merchandise imports fell from C\$349 billion in 2002 to C\$335 billion in 2003; a reduction of 3.9 percent.
- Canada's weak economic growth was the main cause of the decline in merchandise imports.

... and Canada's merchandise trade surplus narrowed.

- The overall merchandise trade surplus dropped from C\$47.7 billion in 2002 to C\$45.5 billion in 2003.

Billion C\$

500

400

300

200

100

0

■ Imports
■ Exports

'94 '95 '96 '97 '98 '99 '00 '01 '02 '03

Source: Industry Canada compilations based on Statistics Canada data

Canada's Merchandise Trade Balance

Billion C\$

70

60

50

40

30

20

10

0

'94 '95 '96 '97 '98 '99 '00 '01 '02 '03

Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

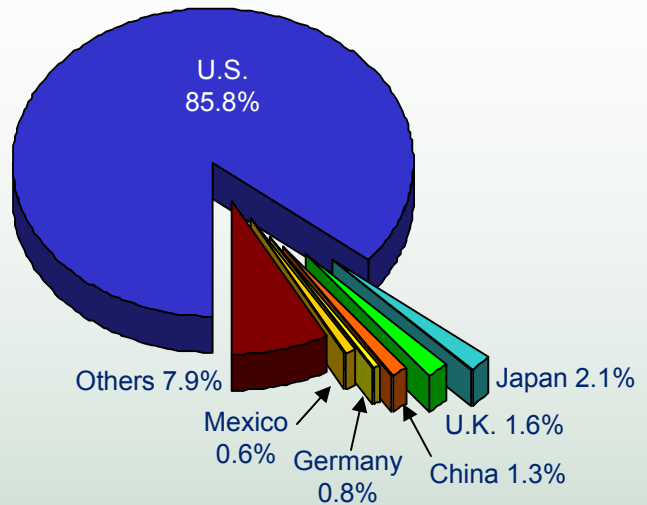
May 2004

A Review of Canada's Trade for 2003

Geographic Distribution of Canada's Merchandise Exports, 2003 (percent)

The U.S. continues to be the most important destination for Canada's merchandise exports.

- In 2003, the U.S. took 85.8 percent of Canada's merchandise exports, down from 87.1 percent in 2002.
- On the other hand, the shares of U.K. and China increased by 0.5 and 0.2 percentage points respectively.

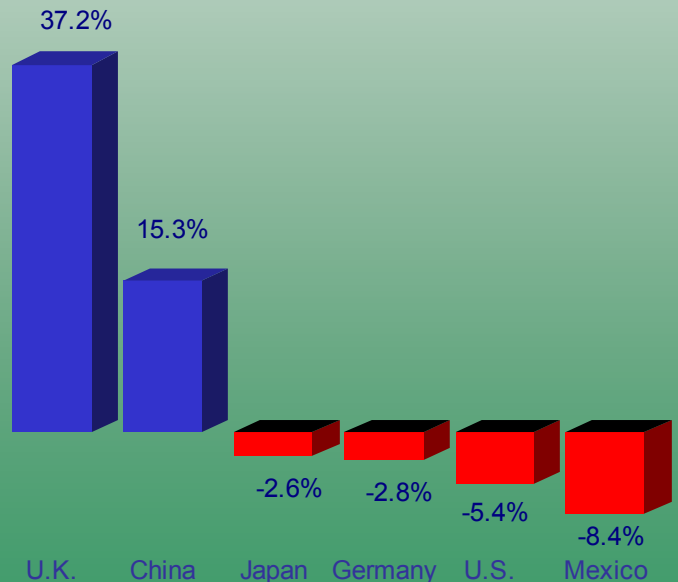


Source: Industry Canada compilations based on Statistics Canada data

Canadian exports to the U.S. have been declining since 2000.

- Merchandise exports to the U.S. dropped by 5.4 percent in 2003, the biggest drop since 2000.
- In contrast, merchandise exports to the U.K. and China increased by 37.2 percent and 15.3 percent respectively, in 2003.

Canada's Merchandise Exports Growth by Destination, 2003/2002 (percent)



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

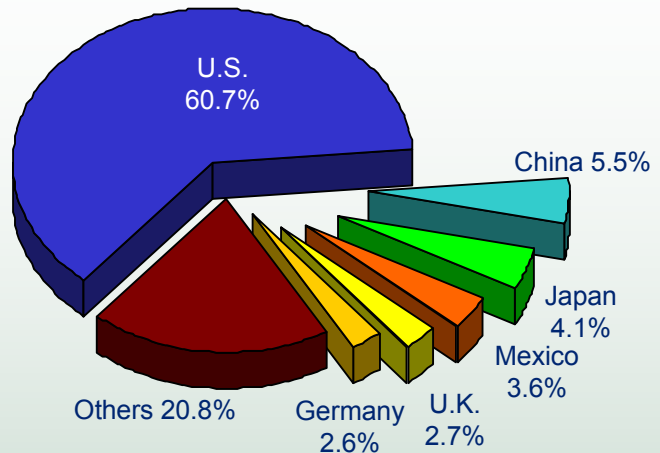
May 2004

A Review of Canada's Trade for 2003

U.S. share of Canada's total merchandise imports also dropped in 2003, while China's share increased.

- U.S. share of Canadian merchandise imports has been decreasing since 1998. In 2003, U.S. accounted for 60.7 percent of Canadian imports, down from 62.6 percent in 2002.
- China continues to increase its share of Canadian merchandise imports. China's share in 2003 was 5.5 percent, up from 4.6 percent in 2002.

Geographic Distribution of Canada's Merchandise Imports, 2003 (percent)

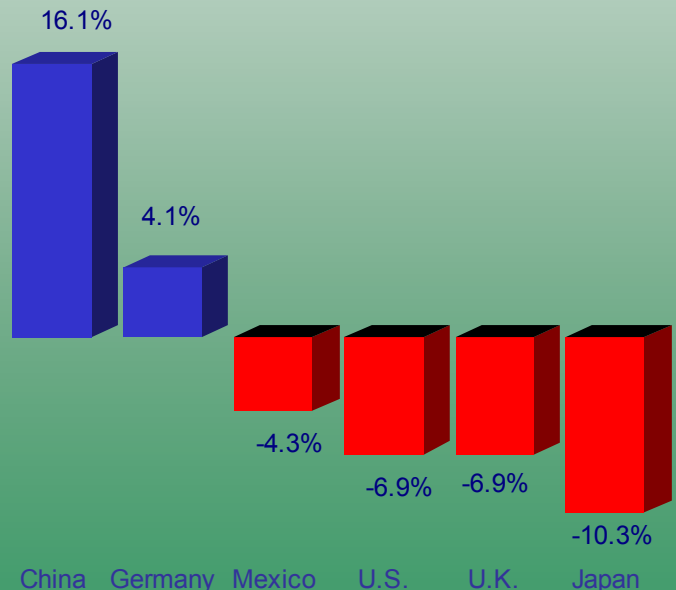


Source: Industry Canada compilations based on Statistics Canada data

Imports from U.S. were the driving force behind the decline in Canada's total imports.

- Canadian imports from the U.S. declined by C\$15.0 billion or 6.9 percent in 2003, which is more than the decrease of C\$13.5 billion in Canada's total imports.
- In 2003, Canadian imports from China increased by C\$2.6 billion or 16.1 percent.
- The weak economic growth in Canada seems to be the main factor behind the fall in Canadian imports from the U.S.

Canada's Merchandise Imports Growth by Origin, 2003/2002 (percent)



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

May 2004

A Review of Canada's Trade for 2003

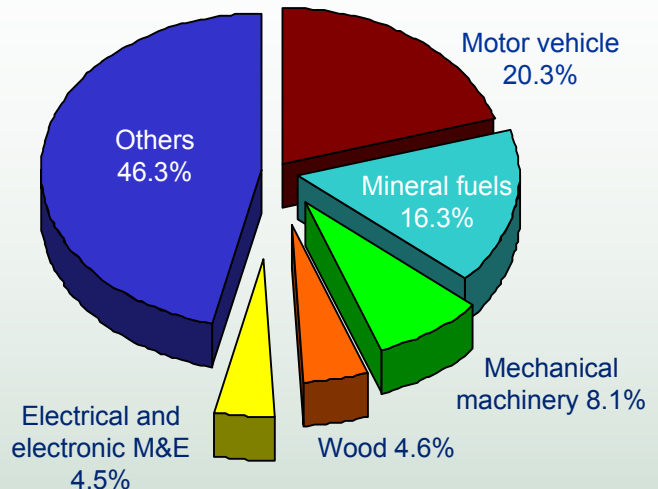
Top five products accounted for more than half of the Canadian exports in 2003.

- Motor vehicles and the like (HS87), mineral fuels (HS27), mechanical machinery (HS84), wood and related articles (HS44), and electrical and electronic M&E (HS85) were the top five products that Canada exported in 2003.
- The share of mineral fuels in Canadian merchandise exports increased by 3.5 percentage points in 2003.

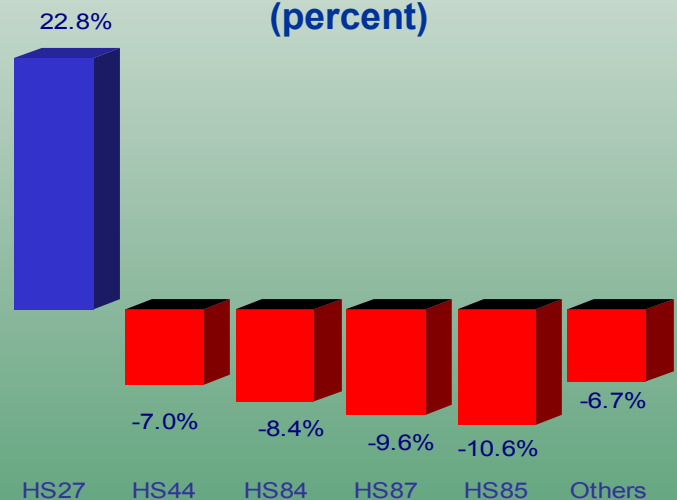
Exports of all the major products, except mineral fuels, registered a negative growth in 2003.

- Exports of mineral fuels grew by 22.8 percent in 2003, following a decrease of 13.4 percent in 2002.
- On the other hand, motor vehicles and the like fell by 9.6 percent in 2003, following an increase of 4.4 percent in 2002.

Top Five Products* in Canadian Merchandise Exports, 2003 (percent)



Growth in Canada's Merchandise Exports by Product, 2003/2002 (percent)



*HS87: Motor vehicles, trailers, bicycles, motorcycles and other similar vehicles; HS27: Mineral fuels, mineral oils, bituminous substances and mineral waxes; HS84: Nuclear reactors, boilers, machinery and mechanical appliances; HS44: Wood and articles of wood (Incl. wood charcoal); HS85: Electrical or electronic machinery and equipment.

Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

May 2004

A Review of Canada's Trade for 2003

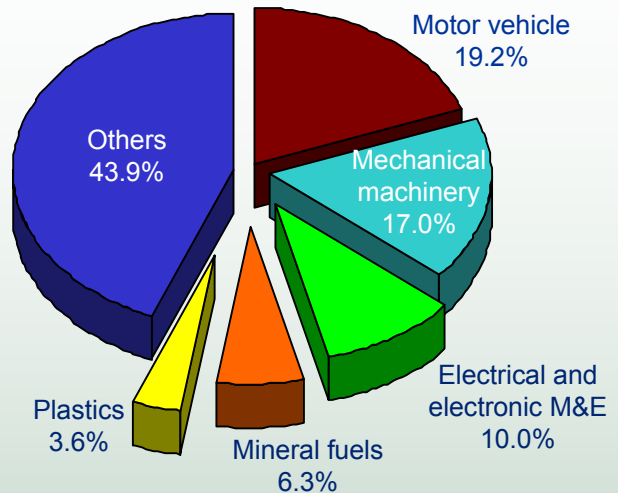
Top five products also accounted for more than half of the Canadian imports in 2003.

- Motor vehicles and the like (HS87), mechanical machinery (HS84), electrical and electronic M&E (HS85), mineral fuels (HS27), and plastics and related (HS39) were top five products that Canada imported in 2003.
- Mineral fuels increased their share in Canadian imports by 1.4 percentage points in 2003.

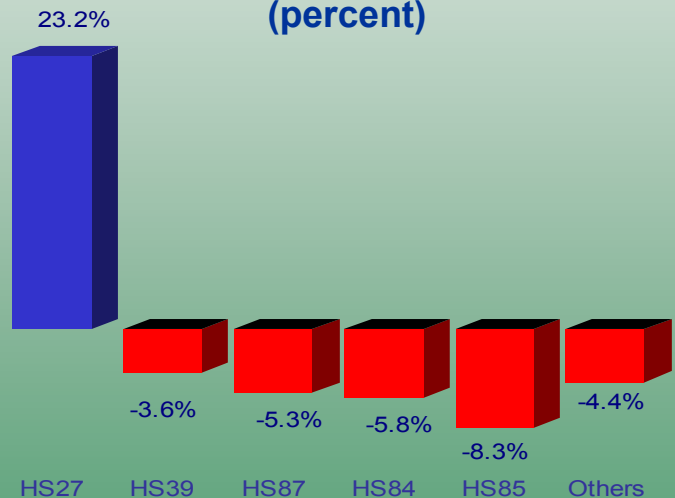
Except mineral fuels, imports of most products registered negative growth in 2003.

- Imports of mineral fuels grew by 23.2 percent in 2003, following a decrease of 11.3 percent in 2002.
- Motor vehicles and the like fell by 5.3 percent in 2003, following an increase of 15.0 percent in 2002.

Top Five Products* in Canadian Merchandise Imports, 2003 (percent)



Growth in Canada's Merchandise Imports by Product, 2003/2002 (percent)



*HS87: Motor vehicles, trailers, bicycles, motorcycles and other similar vehicles; HS27: Mineral fuels, mineral oils, bituminous substances and mineral waxes; HS84: Nuclear reactors, boilers, machinery and mechanical appliances; HS39: Plastics and articles thereof; HS85: Electrical or electronic machinery and equipment.

Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

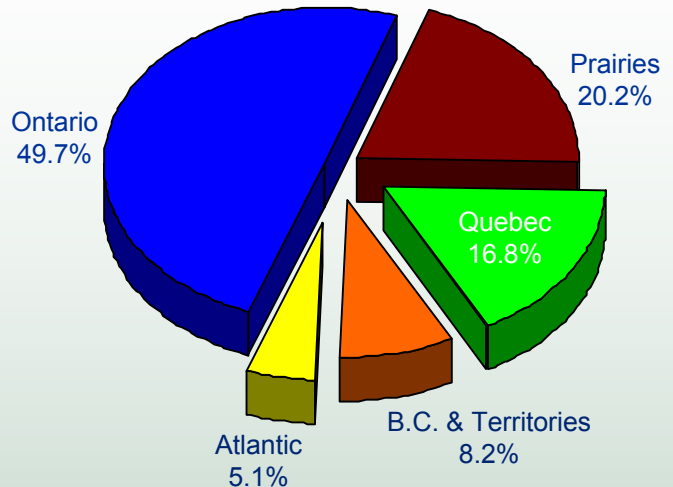
May 2004

A Review of Canada's Trade for 2003

Regional shares of Canadian Merchandise Exports, 2003 (percent)

Ontario's share in Canadian exports fell while Prairies' share rose in 2003.

- Ontario's share fell from 52.1 percent in 2002 to 49.7 percent in 2003.
- On the other hand, Alberta increased its share by 2.6 percentage points in 2003, reaching 15.1 percent.

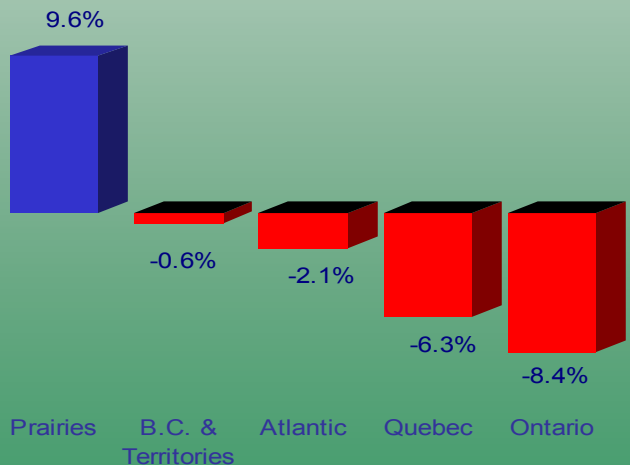


Source: Industry Canada compilations based on Statistics Canada data

Prairies was the only region that registered a positive exports growth in 2003.

- Alberta exports grew by 16.4 percent in 2003, largely as a result of growth in mineral fuels exports. The other two Prairies provinces witnessed a negative export growth.
- Ontario and Quebec exports dropped by 8.4 percent and 6.3 percent, respectively, in 2003.
- Northwest Territories' exports increased by 77.2 percent in 2003. However, it only accounted for 0.4 percent of Canada's total merchandise exports.

Growth in Canada's Merchandise Exports by Region, 2003/2002 (percent)



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

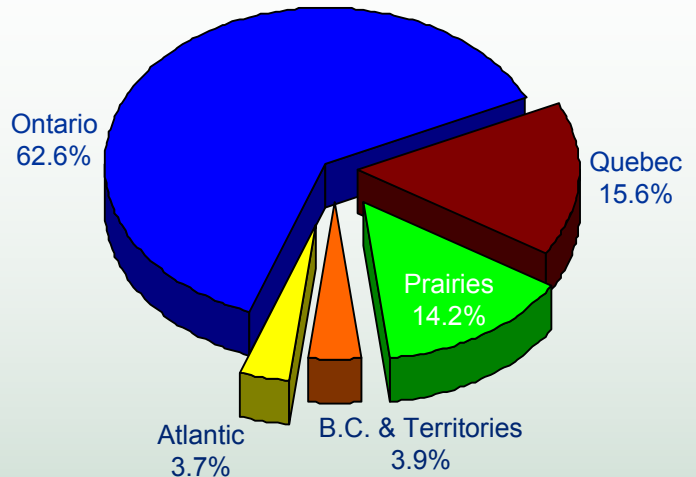
May 2004

A Review of Canada's Trade for 2003

In 2003, Ontario accounted for almost two-third of Canada's merchandise imports.

- Ontario's share dropped by about 2 percentage points in 2003.
- All other regions gained their shares in Canada's merchandise imports in 2003.

Regional shares of Canadian Merchandise Imports, 2003 (percent)

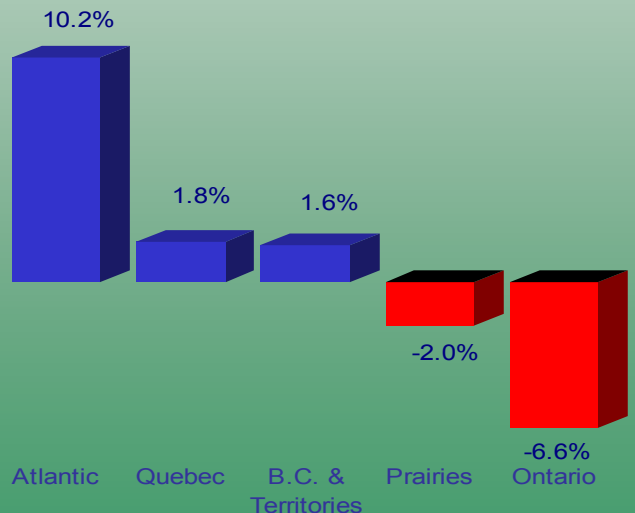


Source: Industry Canada compilations based on Statistics Canada data

Among all regions, the Atlantic registered the highest import growth in 2003 while Ontario and Prairies imports declined.

- Merchandise imports by Atlantic provinces grew by 10.2 percent in 2003, largely as a result of growth in mineral fuels imports. However, the region only accounted for 3.7 percent of Canada's total imports.
- Imports by Ontario fell by 6.6 percent in 2003, mainly as a result of decrease in automotive and machinery and equipment imports.

Growth in Canada's Merchandise Imports by Region, 2003/2002 (percent)



Source: Industry Canada compilations based on Statistics Canada data

Monthly Trade Bulletin

Volume 6 Number 3

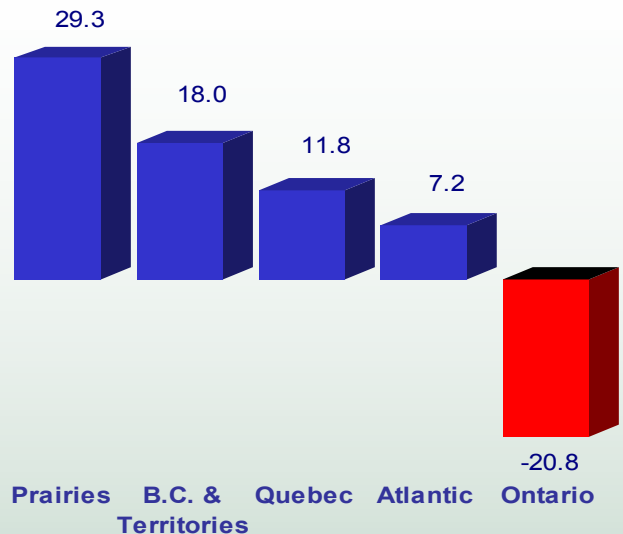
May 2004

A Review of Canada's Trade for 2003

Trade Balance by Region, 2003 (Billion \$)

Prairies led in trade surplus in 2003.

- Trade surplus was C\$29.3 billion in Prairies, compared to C\$18 billion in B.C. & Territories.
- Ontario was the only province that registered a trade deficit in 2003. Trade deficit in Ontario was C\$20.8 billion.

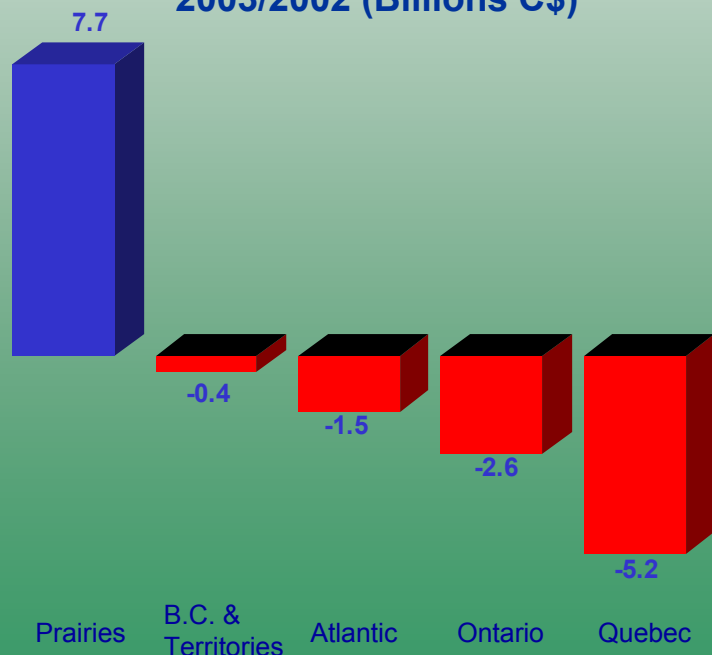


Source: Industry Canada compilations based on Statistics Canada data

Prairies was the only one region with positive growth in trade balance in 2003.

- Trade surplus in Prairies increased by \$7.7 billion in 2003.
- In 2003, Quebec's trade surplus dropped by \$5.2 billion, compared to \$1.5 billion in Atlantic region and \$4 billion in B.C. & Territories.
- On the other hand, Ontario's trade deficit increased by \$2.6 billion in 2003, followed an increase of \$4.4 billion in 2002.

Growth in Trade Balance by Region, 2003/2002 (Billions C\$)



Source: Industry Canada compilations based on Statistics Canada data