

# Monthly Trade Bulletin

Volume 4 Number 2

April 2002

## Key Monthly Trade Indicators (February 2002)

### Highlights

- ❁ **Merchandise imports grew almost twice as fast as exports, resulting in a narrowing of Canada's overall trade surplus with the world in February.**
- ❁ **Similarly, merchandise imports from the U.S. outpaced merchandise exports to the U.S., resulting in a slight decline in the bilateral trade surplus in February.**
- ❁ **The Canadian dollar edged lower over the month, down US0.6¢ in value. The dollar was sitting some US2.7¢ below its level of February, a year earlier.**

	\$ millions	% change over	
		previous month	previous year
<b>Exports</b>	33,691	2.7	-5.9
- Exports to U.S.	28,531	1.6	-7.6
<b>Imports</b>	29,142	5.1	-0.8
- Imports from U.S.	20,902	2.4	-3.1
<b>Trade Balance*</b>	4,549	5,085	6,449
- Balance with U.S.*	7,629	7,662	9,307
<b>Commodity Prices**</b>	91.1	0.7	-22.9
<b>Canadian Dollar (US¢)*</b>	62.4	63.0	65.1
<b>Export Prices***</b>	103.1	-0.9	-8.8
<b>Import Prices***</b>	106.4	-0.6	-0.5

\* 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 Linkages with the U.S. Midwest

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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Industry  
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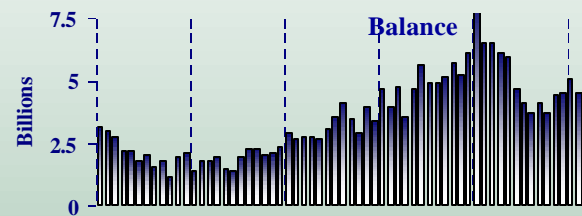
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## Merchandise Trade

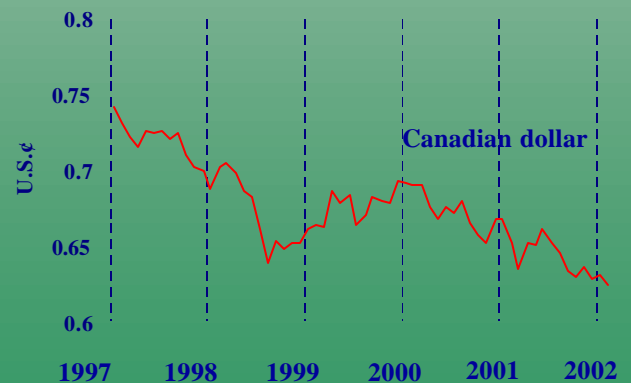
### Overall trade balances retract...

- The overall trade surplus narrowed \$536 million dollars to \$4.5 billion in February.
  - ▶ The monthly surplus with the U.S. edged lower \$33 million to just over \$7.6 billion in February.
- Monthly trade balances with all other major trading partners worsened over the month. Our deficit with Japan expanded \$91 million to \$227 million in February, while the balance with the EU declined a further \$59 million - to an \$830 million deficit.



### ...and the value of the Canadian dollar falls

- The Canadian dollar fell nearly US0.6¢ over the month of February, to US62.4¢. The value of the dollar is some US2.7¢ lower than its rate one year earlier.
- Export and import prices were down over the month while commodity prices registered their second consecutive monthly increase.



Source: Statistics Canada, Bank of Canada

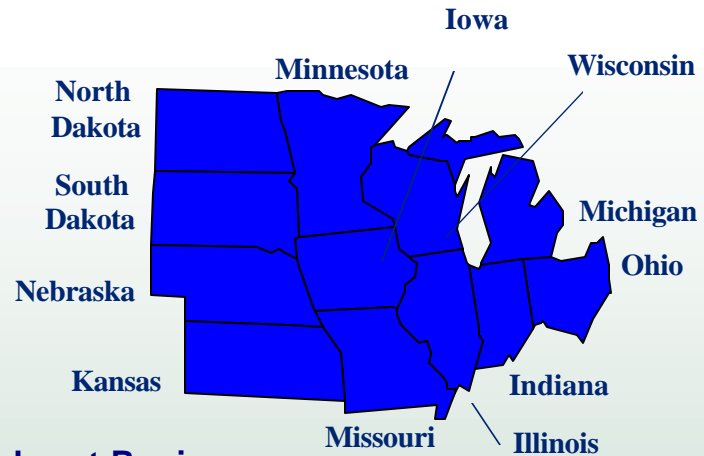
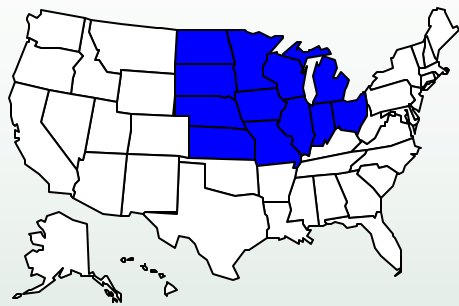
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## Canada's Trade Linkages with the U.S. Midwest

The Midwest is neither a fast growing nor a rich market for Canadian goods, but is extremely important because of the automotive industry



Midwest Region

State	Population	GDP (millions US\$, 2000)	GDP per Capita (US\$)	Land Area (miles sq.)	GDP Growth (% , 95-00)
Illinois	12,482,301	467,284	37,436	55,584	5.39
Indiana	6,114,745	192,195	31,431	35,867	5.30
Iowa	2,923,179	89,600	30,652	55,869	4.56
Kansas	2,694,641	85,063	31,567	81,815	5.83
Michigan	9,990,817	325,384	32,568	56,804	5.06
Minnesota	4,972,294	184,766	37,159	79,610	6.89
Missouri	5,629,707	178,845	31,768	68,886	5.09
Nebraska	1,713,235	56,072	32,729	76,872	4.93
North Dakota	634,448	18,283	28,817	68,976	4.70
Ohio	11,373,541	372,640	32,764	40,948	4.75
South Dakota	756,600	23,192	30,653	75,885	4.90
Wisconsin	5,401,906	173,478	32,114	54,310	5.35
<b>Total Midwest</b>	<b>64,687,414</b>	<b>2,166,802</b>	<b>33,496</b>	<b>751,426</b>	<b>5.28</b>
<b>Total U.S.</b>	<b>284,796,887</b>	<b>9,941,552</b>	<b>34.908</b>	<b>3,537,441</b>	<b>6.34</b>

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## Canada's Trade Linkages with the U.S. Midwest

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

**The Midwest's share of Canadian exports to the U.S. has declined significantly...**

- In 1995, the Midwest accounted for half of Canada's total merchandise exports to the U.S. In only six years, this share has fallen 8 percentage points to 42% in 2001.



Source: Industry Canada compilations based on Statistics Canada Data

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

**...while the Midwest's share of imports has remained relatively stable**

- Between 1995 and 2001, the Midwest's share of Canadian merchandise imports has remained relatively stable between 43% and 44%.



Source: Industry Canada compilations based on Statistics Canada Data

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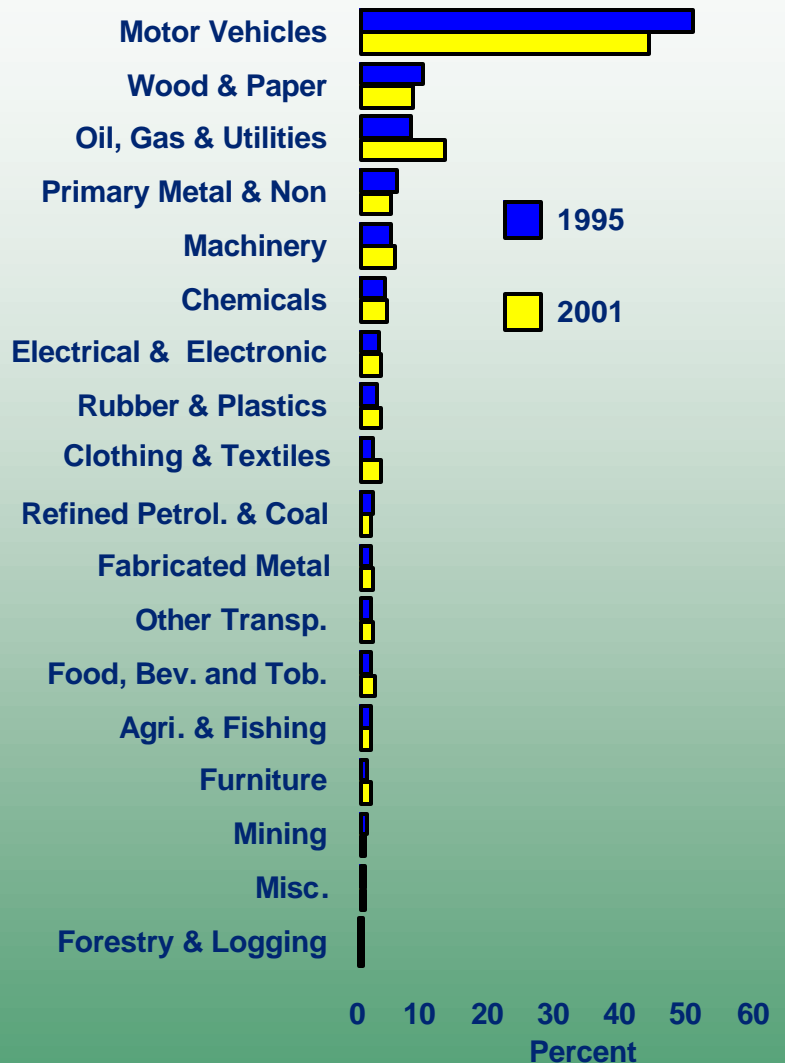
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## Canada's Trade Linkages with the U.S. Midwest

### Motor Vehicles still account for over 40% of Canada's exports to the Midwest...

- Exports of motor vehicles continues to account for the bulk of Canada's exports to the U.S. Midwest, up from \$49.2 billion in 1995 to \$60.4 billion.
- However, the share of motor vehicles has fallen off slightly and now stands at 44.4% from 50.8% in 1995.
- Oil, Gas & Utilities saw the largest increase in share, rising from 7.6% in 1995 to 13.0% in 2001.

### Industrial Distribution of Canada's Exports to the Midwest Region



Source: Industry Canada compilations based on Statistics Canada Data

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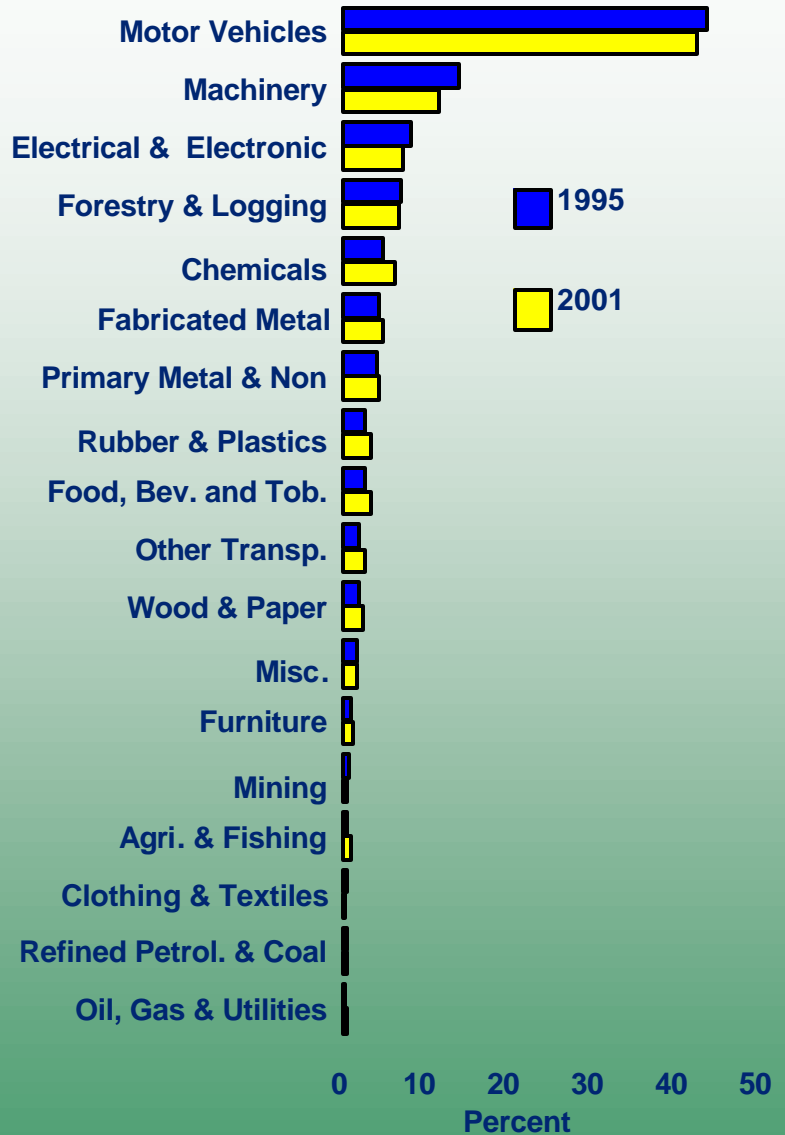
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## Canada's Trade Linkages with the U.S. Midwest

### Industrial Distribution of Canada's Imports from the Midwest Region

#### ...as well as imports

- Similar to exports, imports are dominated by trade in motor vehicles.
- Motor vehicles accounted for 42.0% of Canadian imports from the U.S. Midwest in 2001, down slightly from 43.2% in 1995.
- Other industries, associated at least in part with motor vehicle production such as Machinery, Electrical & Electronics, and Chemicals accounted for another 24.9% of imports in 2001.



Source: Industry Canada compilations based on Statistics Canada Data

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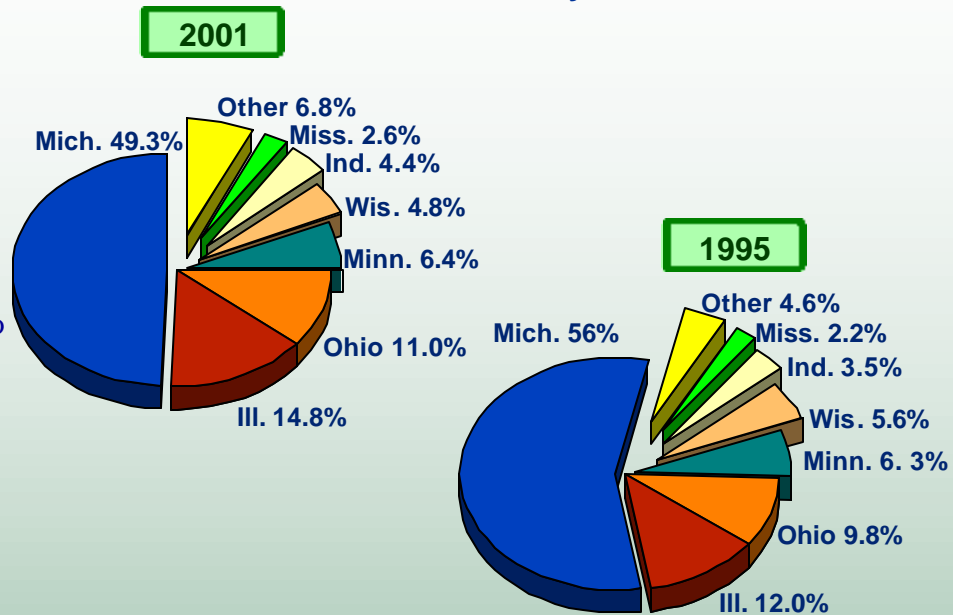
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## Canada's Trade Linkages with the U.S. Midwest

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

**Most of Canada's exports to the U.S. Midwest go to the automobile producing states...**

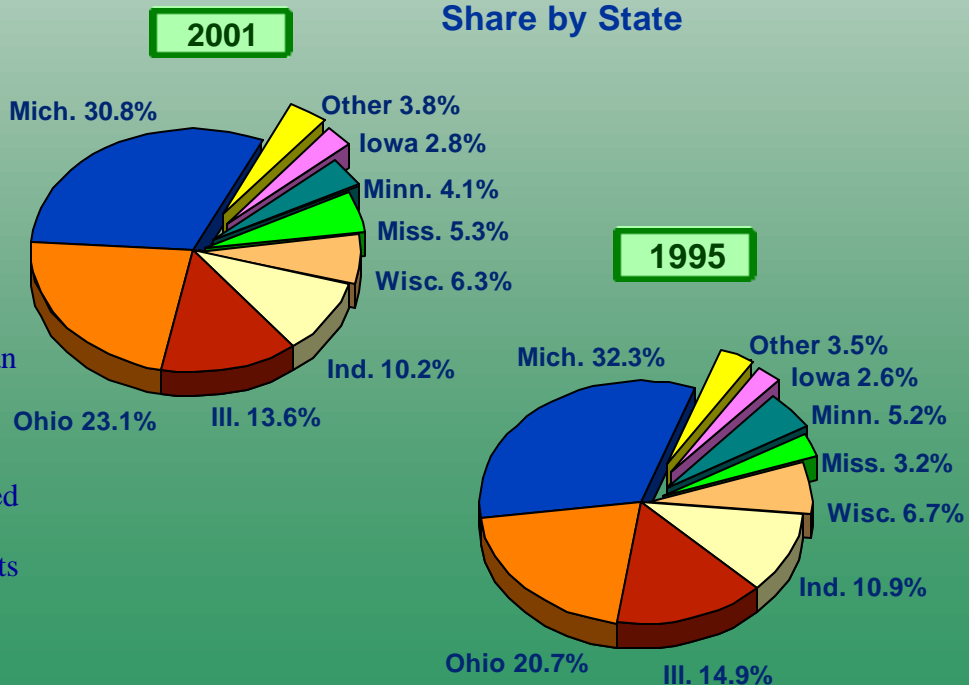
- Michigan accounts for nearly half of Canada's total exports to the U.S. Midwest although this is down 6 percentage points from 1995.
- ▶ Wisconsin is the only other state in the U.S. Midwest to see its share drop.
- On the other hand, Illinois and Ohio gained in importance increasing their shares of Canadian exports to the Midwest to 14.8% and 11.0% respectively.



**...however imports are much more evenly distributed**

- Michigan accounts for less than one-third of Canadian imports from the Mid-west.
- Ohio, which is heavily involved in parts production for the motor vehicle industry accounts for another 23.1%.

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



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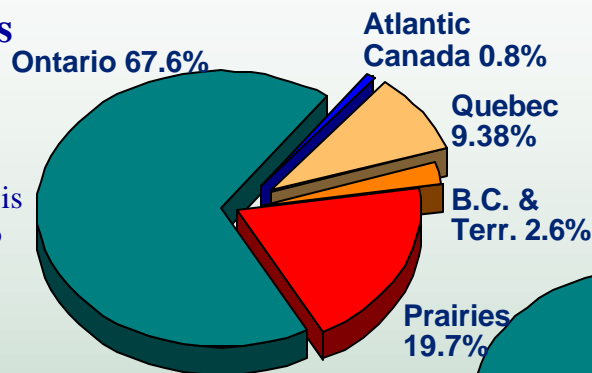
## Canada's Trade Linkages with the U.S. Midwest

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

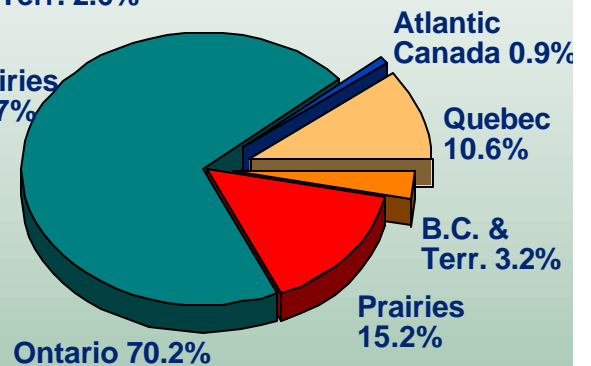
2001

#### Ontario accounts for more than two-thirds of Canada's exports to the Midwest

- However, Ontario's share is down from more than 70% in 1995.
- The Prairies share of exports going to the Midwest has increased significantly, gaining 4.5 percentage points to reach 19.7% in 2001.



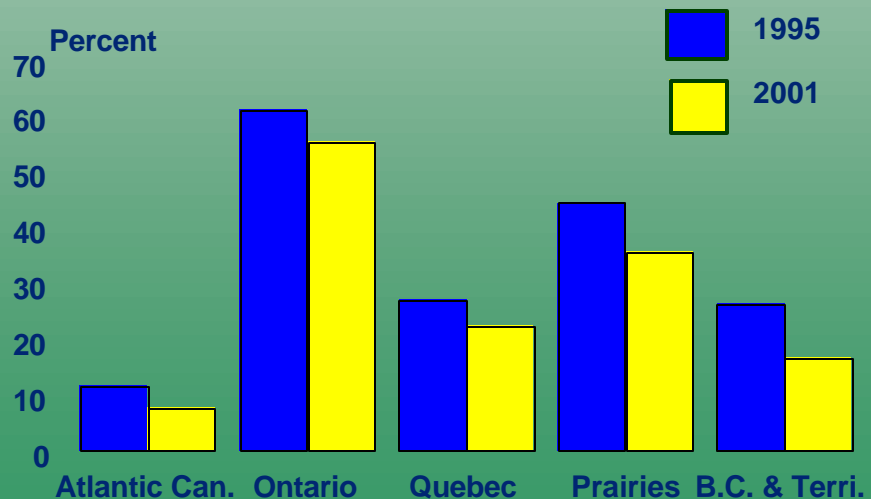
1995



### Midwest's Share of Canadian Exports to the U.S.

#### More than 55% of Ontario's exports go to the Midwest

- Ontario depends most heavily on the Midwest as a market for exports sending just over 55% of exports in 2001, followed by the Prairies at just over 35%.
- The U.S. Midwest's share of Canadian exports declined across all regions.



Source: Industry Canada compilations based on Statistics Canada Data



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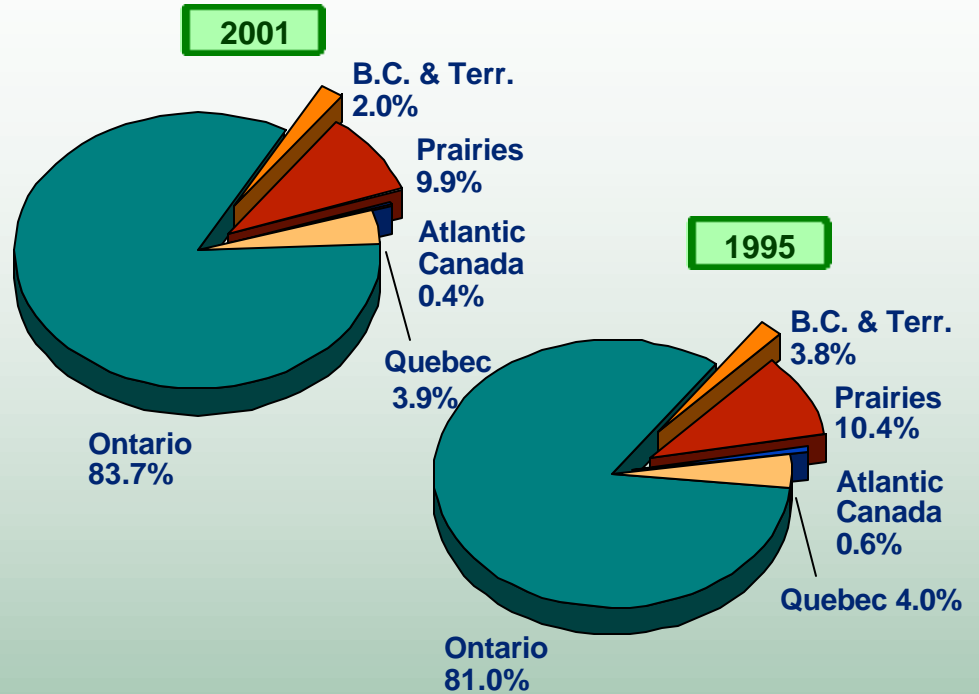
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## Canada's Trade Linkages with the U.S. Midwest

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

#### Ontario accounts for 83.7% of Canadian imports from the Midwest

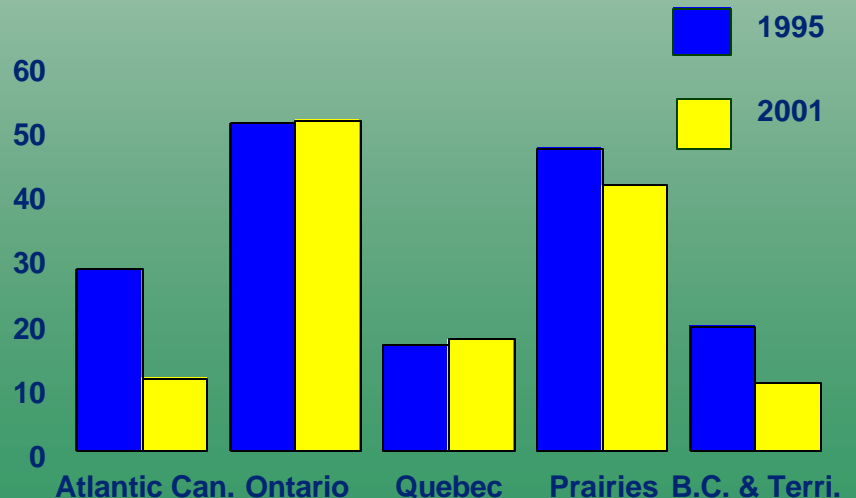
- This is up from 81.0% in 1995.
- The share of all other regions declined over this period.



#### Ontario is also the most dependant on imports from the Midwest at just over 51%

- 41% of the Prairies' imports from the U.S. came from the Midwest in 2001, down significantly from 47% in 1995.
- Atlantic Canada and B.C. & Territories also saw a considerable decline in import share of the Midwest, dropping 17 and 9 percentage points respectively.

### Midwest's Share of Canadian Imports to the U.S.



Source: Industry Canada compilations based on Statistics Canada Data