

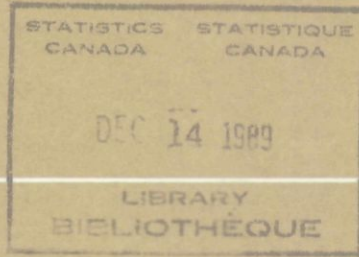


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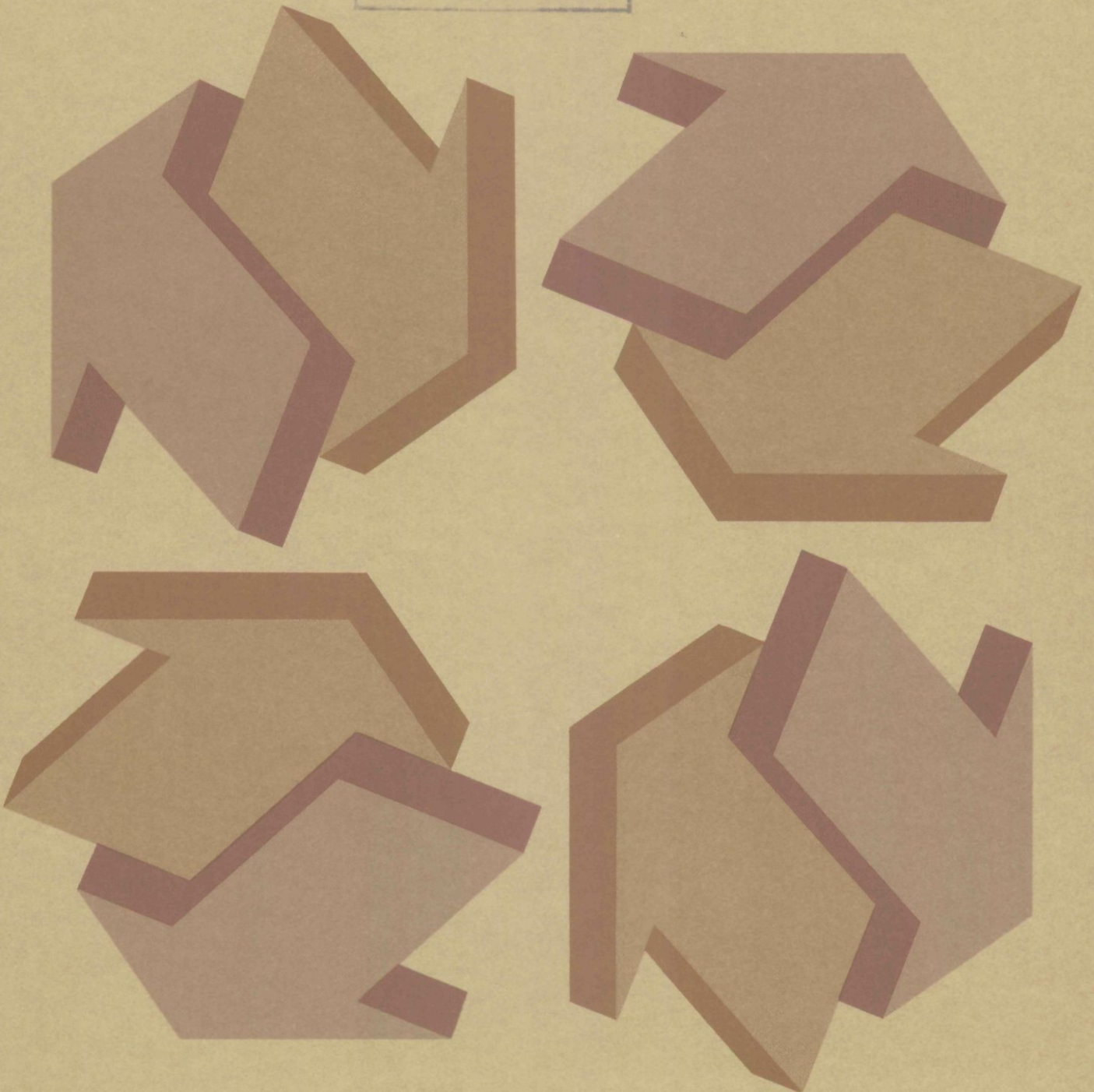
Preliminary Statement of Canadian International Trade

(H.S. Based)

October 1989



Not for release before 7 a.m. E.S.T.
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International Trade Division

Preliminary Statement of Canadian International Trade (H.S. Based)

October 1989

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For more detailed information on statistics, concepts and definitions, order the October 1989 issue of "Summary of Canadian International Trade (H.S. Based)" (65-001, \$17.30/\$173), which will be available the first week of January 1990, or contact Gordon Blaney (613-951-9647), Trade Information Unit, or Jean-Pierre Simard (613-951-1711) (for analysis information), or Denis Pilon (613-951-4808) (for price index information), or René Piché (613-951-9790) (for trade in automotive products information), Trade Measures and Analysis Section, International Trade Division.

Available on CANSIM: matrices 3633 to 3642, 3651, 3685 to 3713, 3718, 3719, 3887 to 3913.

HIGHLIGHTS

- Exports rose 0.6% to total \$11.4 billion in October 1989.
- Imports increased by \$619 million to reach \$11.8 billion.
- The more significant growth in imports over exports caused imports to exceed exports, resulting in a merchandise trade deficit of \$421 million, the first deficit since March 1976.
- The short-term trend for exports continued its descent in September for the seventh consecutive month.
- The short-term trend for imports, which posted a reversal in July, and has been increasing since then, rose 0.7% in September.
- Imports of machinery and equipment rebounded in October following a large increase (\$133 million) in imports of aircraft, engines and parts.
- Over the first nine months of 1989, the trade deficit in automotive products reached \$200 million, \$1.4 billion less than the deficit recorded for the same period in 1988. This follows an increase of \$1.5 billion in the trade surplus with the United States.

Monthly Summary

Preliminary data on Canada's international merchandise trade, on a balance of payments basis and adjusted for seasonal variation, show a slight increase of 0.6% in exports in October 1989, bringing total exports for that month to \$11.4 billion, up from September's revised value of \$11.3 billion.

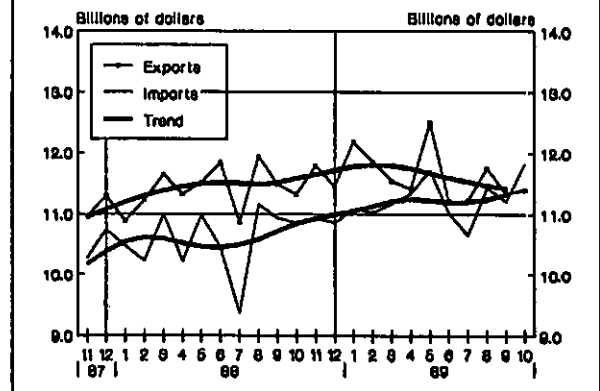
The trend for exports, which remained firm between September 1988 and February 1989, continues to exhibit signs of weakness. This downward trend is largely influenced by economic conditions in the United States. The Canadian dollar continues to appreciate against major foreign currencies; the moderating growth of the U.S. economy; the reduction in North American motor vehicle production following a decline in demand; the impact of low reservoir levels on electricity exports; and sharply reduced prices for many ores and metals exported by Canada are all contributing factors.

Imports, on the other hand, rose 5.5% over the revised level for September to total \$11.8 billion in October and the upward trend continues following declines in May and June 1989.

The strength of imports in October was due primarily to a resurgence in machinery and equipment imports, in particular aircraft, engines and parts, and in imports of motor vehicle parts, which rose substantially in spite of slowdowns in motor vehicle production in Canada. There were increases in imports from the United States of 5.3%, however, sharp monthly fluctuations continue to be observed in the case of imports from the United Kingdom (+42.1%) and Other O.E.C.D. countries (+40.1%).

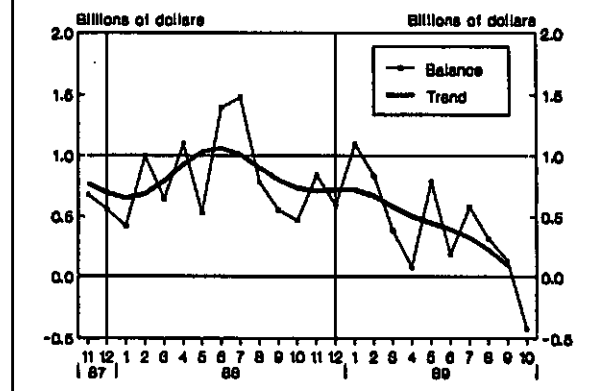
As a result of more significant growth in imports over exports, the merchandise trade balance recorded a deficit of \$421 million, the first monthly deficit since March 1976. The revised trade surplus for September

Merchandise Trade



totals \$134 million, down \$125 million from the initial estimate. The short-term trend of the trade balance has been declining for the past eight months. On a cumulative basis, the trade surplus totals \$4.0 billion, less than half of the surplus for the first ten months of 1988. Canada posts a trade deficit with all its principal trading partners in October, with the exception of the United States.

Trade Balance



Short-Term Trend

The short-term trend is a weighted moving average of thirteen terms, and it is therefore possible that the seasonally-adjusted series may not point in the same direction as the short-term trend. In addition, the trend for the last month is not presented and does not form part of the analysis since it frequently undergoes extensive change with the inclusion of data for the following month. (For further details on the methodology used to calculate the short-term trend, please refer to the January 1989 issue of this bulletin.)

Exports

The short-term trend for exports continued to be down in September for the seventh consecutive month. However, the monthly rate of decline slowed and remained below 1%.

- The largest declines in the September trend were in the exports of aluminum and alloys (-7.0%), motor vehicle parts (-1.6%) and aircraft, engines and parts (-4.3%).
- The short-term trend for exports of crude petroleum and natural gas also dropped in September. The trend for exports of crude petroleum fell

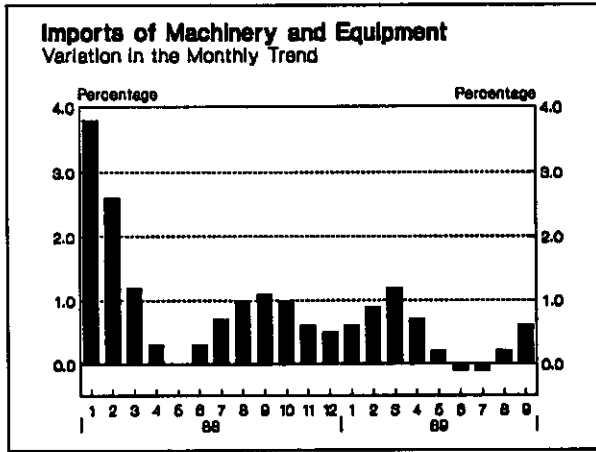
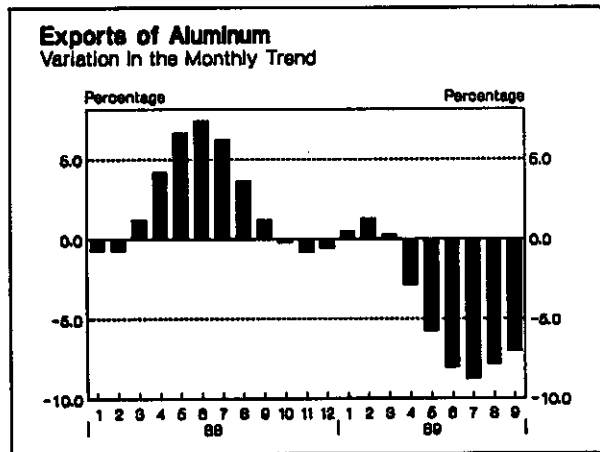
by 1.6% while the trend for natural gas exports edged down 0.4%. For energy products as a whole, the trend decreased by 1.3%.

- Following twelve months of uninterrupted decline, the short-term trend for wheat exports registered a reversal in July and rose 12.3% in September, the third consecutive increase.

Imports

The trend for imports continued to increase, following declines in May and June. The rate of increase of the trend in September was 0.7%.

- The automotive products sector was the largest contributor to the upward trend for imports in September. Imports of motor vehicle parts climbed 2.6%, while there were also increases noted in imports of trucks and passenger automobiles of 1.6% and 0.8% respectively.
- The trend for imports of machinery and equipment, down slightly in June and July, rose by 0.2% in August and 0.6% in September. However, the trend for imports of aircraft and other transportation equipment continued to show a downward trend, albeit at a lower rate of decline in September (-1.2%) than in August (-2.6%).
- The largest drop observed was in the energy products sector. The trend for imports of crude petroleum alone, down since June, fell by 4.5% in September.



Detailed Analysis by Commodities and Trading Partners

Commodities

Exports rose by \$64 million in October to reach \$11.4 billion. The increase in exports in October was attributable to the following factors:

A \$58 million increase in exports of industrial goods in October following a substantial drop of \$190 million in September. Chemical products and plastics posted the largest increase in October, gaining \$76 million over the previous month. Exports of metals and alloys rose by \$51 million; exports of precious metals alone advanced more than \$78 million.

Exports of machinery and equipment totalled \$1.9 billion in October, \$35 million higher than in September. Exports of machinery and equipment for the first ten months of 1989 totalled \$19.1 billion, an increase of \$1.5 billion over the corresponding period of 1988. Machinery and equipment exports accounted for almost 17% of total exports in October.

Wheat exports, which have increased by more than \$170 million between July and September, fell \$73 million in October to total \$203 million. Cumulative exports of wheat are just over half the level recorded in 1988 for the same period.

All three categories of merchandise in the automo-

tive products sector declined in October. Exports of trucks fell the most (-\$58 million), following a sharp increase of \$286 million in September. Exports of passenger automobiles and parts each fell by \$40 million. The drop in exports of automotive products coincides with a slump in demand and a number of plant closings for inventory adjustment in the United States.

Imports advanced \$619 million from the September level to total \$11.8 billion, setting a new record.

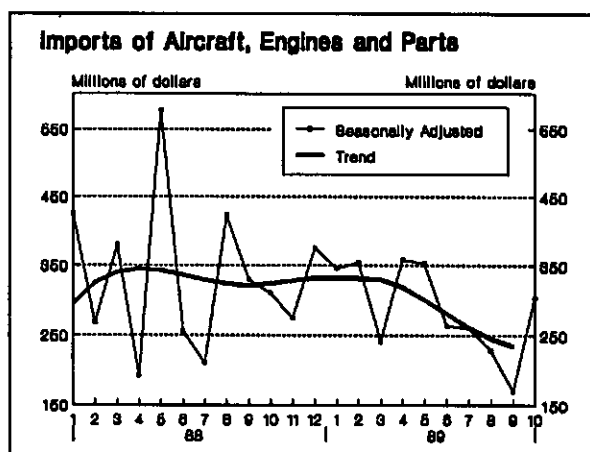
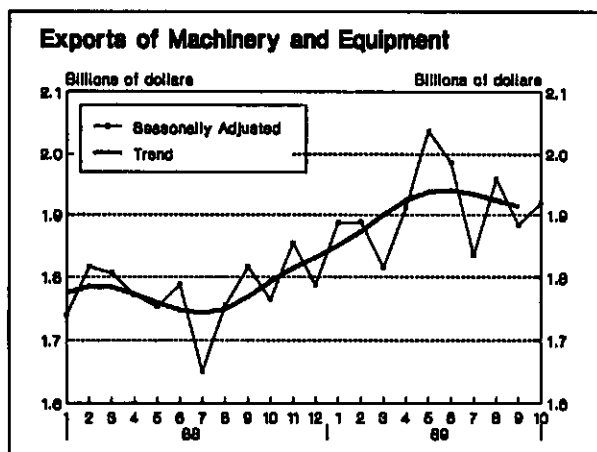
This rise in imports was due to the following factors:

Imports of motor vehicle parts rose by \$155 million to total \$1.6 billion, their highest level since January 1988. The average for the past eleven months excluding October is approximately \$1.4 billion.

Imports of aircraft, engines and parts, down since May 1989, jumped \$133 million in October to \$304 million. In September, imports of aircraft had fallen to \$171 million, their lowest level since August 1987.

The increase in imports of aircraft and machinery and equipment, other than those shown in the major commodity group classification, contributed strongly to the growth noted in the machinery and equipment sector which totals \$3.9 billion, a rise of \$294 million over the previous month and the highest level ever recorded.

The largest declines were for imports of beverages (-\$33 million) and trucks (-\$23 million).



Trading Partners

Exports to the United States totalled \$8.7 billion, \$364 million higher than in September. Despite this increase in the seasonally adjusted data for October, the short-term trend for exports to the United States dropped 0.7% in September, the sixth uninterrupted decline. Recent economic conditions in the United States tend to indicate that this downward trend could continue.

Exports to "Other O.E.C.D. countries" grew by \$58 million, while decreases were recorded in exports to Japan (\$141 million), the E.E.C. (\$154 million), and "Other countries" (\$63 million).

Imports from the United States totalled \$8.2 billion, \$410 million more than in September, exceeding the \$8.0 billion mark for the first time. Imports from the United States accounted for 69.4% of total imports in October.

Imports from the E.E.C. rose by \$123 million, while increases of \$105 million and \$51 million were also recorded in imports from "Other O.E.C.D. countries" and Japan. On the other hand, imports from "Other countries" fell \$71 million.

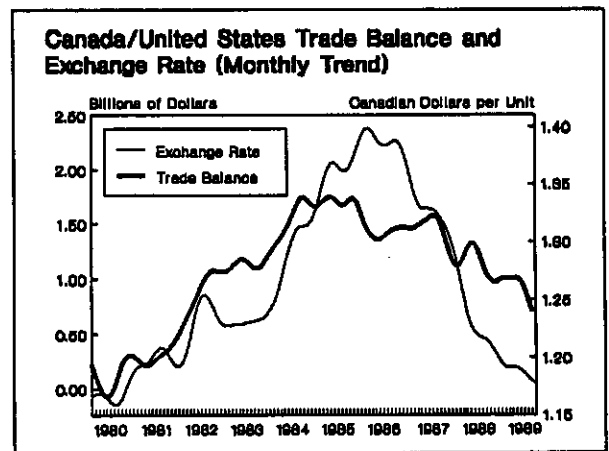
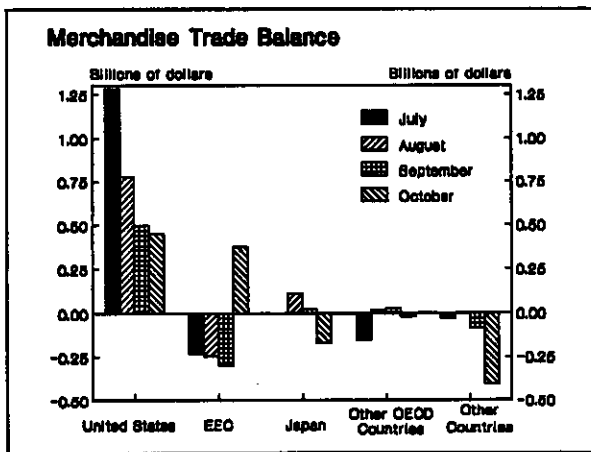


Table 1
Merchandise Trade of Canada
 October 1989
 Balance of Payments Basis

	Exports (1)	Imports (1)	Exports Raw	Imports Raw	Exports S.A.(3)	Imports S.A.(3)	Balance S.A.(3)	Period-to-period change(2)		
								Exports S.A.(3)	Imports S.A.(3)	Balance S.A.(3)
	\$ millions							%	%	\$ millions
1983	90,613	75,520	90,556	73,098	90,556	73,098	17,457	7.3	9.5	-197
1984	112,384	95,460	111,330	91,493	111,330	91,492	19,838	22.9	25.2	2,381
1985	119,475	104,355	119,061	102,669	119,061	102,669	16,392	6.9	12.2	-3,446
1986	120,670	112,511	119,865	110,079	119,865	110,079	9,787	0.7	7.2	-6,606
1987	125,087	116,239	126,120	114,767	126,120	114,767	11,353	5.2	4.3	1,567
1988	138,150	131,664	137,294	127,486	137,294	127,486	9,809	8.9	11.1	-1,545
1987										
First quarter	29,714	27,776	30,273	27,357	30,795	27,673	3,122	1.4	-0.1	449
Second quarter	31,687	29,578	31,832	29,221	30,687	27,810	2,876	-0.4	0.5	-245
Third quarter	29,629	27,815	30,071	27,475	31,487	28,422	3,065	2.6	2.2	189
Fourth quarter	34,057	31,071	33,944	30,714	33,152	30,862	2,290	5.3	8.6	-776
1988										
First quarter	34,172	35,338	33,397	32,531	33,747	31,681	2,066	1.8	2.7	-224
Second quarter	36,399	33,711	36,142	32,957	34,685	31,663	3,022	2.8	-0.1	956
Third quarter	32,221	30,518	32,392	30,026	34,305	31,488	2,817	-1.1	-0.6	-205
Fourth quarter	35,358	32,097	35,363	31,972	34,558	32,655	1,904	0.7	3.7	-914
1989										
First quarter	34,504	33,859	35,208	33,509	35,593	33,274	2,319	3.0	1.9	416
Second quarter	36,089	36,531	36,490	36,007	35,131	34,074	1,057	-1.3	2.4	-1,262
Third quarter	32,004	31,450	32,218	31,472	34,299	33,267	1,032	-2.4	-2.4	-25
1988										
January	10,366	12,470	10,220	10,102	10,884	10,465	419	-3.6	-2.5	-141
February	11,282	10,520	10,911	10,289	11,225	10,225	1,000	3.1	-2.3	581
March	12,524	12,348	12,266	12,140	11,639	10,991	648	3.7	7.5	-352
April	11,476	10,693	11,397	10,447	11,327	10,229	1,097	-2.7	-6.9	450
May	12,067	11,706	12,013	11,447	11,516	10,985	530	1.7	7.4	-567
June	12,857	11,312	12,732	11,063	11,842	10,448	1,394	2.8	-4.9	864
July	9,651	8,900	9,800	8,847	10,866	9,385	1,481	-8.2	-10.2	87
August	10,906	10,752	10,958	10,502	11,945	11,162	783	9.9	18.9	-698
September	11,664	10,866	11,634	10,677	11,494	10,940	553	-3.8	-2.0	-230
October	11,917	11,005	11,751	10,903	11,327	10,858	469	-1.5	-0.7	-85
November	12,351	11,254	12,376	11,215	11,782	10,939	843	4.0	0.7	374
December	11,090	9,838	11,237	9,854	11,449	10,857	593	-2.8	-0.8	-250
1989										
January	11,327	10,621	11,669	10,573	12,187	11,087	1,100	6.4	2.1	507
February	11,185	11,049	11,466	10,900	11,861	11,026	835	-2.7	-0.6	-264
March	11,991	12,189	12,074	12,036	11,545	11,161	385	-2.7	1.2	-451
April	11,626	11,933	11,629	11,775	11,412	11,331	81	-1.2	1.5	-303
May	12,480	12,645	12,975	12,443	12,503	11,713	790	9.6	3.4	709
June	11,984	11,953	11,886	11,789	11,216	11,030	186	-10.3	-5.8	-605
July	9,830	9,525	9,949	9,576	11,222	10,643	579	0.1	-3.5	393
August	10,773	11,082	11,034	11,017	11,742	11,423	319	4.6	7.3	-260
September	11,401	10,843	11,235	10,879	11,335	11,201	134	-3.5	-1.9	-185
October	11,843	12,247	11,911	11,924	11,399	11,819	-421	0.6	5.5	-555
Year-to-date										
1988	114,709	110,572	113,682	106,416	114,063	105,690	8,374	9.8	12.7	-1,739
1989	114,440	114,087	115,828	112,913	116,421	112,434	3,988	2.1	6.4	-4,386

(1) Customs Basis

(2) Change over previous period

(3) Seasonally Adjusted.

Note: Due to rounding monthly data may not add up to quarterly data and quarterly data may not add up to annual data.

Table 2
Merchandise Trade by Principal Trading Areas
 October 1989
 Seasonally Adjusted, Balance of Payments Basis

	Sept.	Oct.	Period-to-period change				Year-to-date Total	Change over previous year	
			Sept.	Oct.	Sept.	Oct.		\$ millions	%
	\$ millions		%	%	\$ millions		\$ millions	%	\$ millions
Exports to:									
United States	8,293.1	8,656.7	-5.0	4.4	-437.9	363.6	87,098.6	3.1	2,591.4
United Kingdom	375.5	267.8	44.9	-28.7	116.4	-107.7	3,015.4	4.0	114.8
E.E.C. 86 excl. U.K.	674.8	628.6	17.7	-6.8	101.5	-46.2	6,543.2	10.4	615.1
Japan	704.1	563.0	-11.3	-20.0	-90.0	-141.1	7,152.9	5.4	366.3
Other O.E.C.D. 86 *	291.0	348.6	-26.3	19.8	-103.6	57.6	2,726.1	7.6	192.7
Other countries	996.3	933.8	0.7	-6.3	6.5	-62.6	9,885.1	-13.3	-1,522.2
Total	11,334.9	11,398.5	-3.5	0.6	-407.2	63.6	116,421.3	2.1	2,358.2
Imports from:									
United States	7,796.3	8,206.2	-2.0	5.3	-158.6	409.9	78,016.2	7.0	5,114.5
United Kingdom	275.5	391.6	-12.9	42.1	-40.7	116.1	3,760.0	-4.3	-169.0
E.E.C. 86 excl. U.K.	871.7	878.7	14.7	0.8	111.5	7.0	8,338.3	-5.8	-517.5
Japan	685.2	736.1	-0.1	7.4	-0.9	50.9	6,922.2	5.2	339.9
Other O.E.C.D. 86 *	262.1	367.3	-30.9	40.1	-117.4	105.2	3,339.8	14.3	418.9
Other countries	1,310.1	1,239.5	-1.2	-5.4	-15.7	-70.6	12,057.5	14.8	1,557.6
Total	11,201.0	11,819.4	-1.9	5.5	-221.8	618.5	112,433.9	6.4	6,744.4
Balance with:									
United States	496.8	450.6			-279.3	-46.2	9,082.5		-2,523.1
United Kingdom	100.0	-123.7			157.1	-223.8	-744.6		283.9
E.E.C. 86 excl. U.K.	-197.0	-250.2			-10.0	-53.2	-1,795.1		1,132.6
Japan	18.9	-173.1			-89.1	-192.0	230.7		26.4
Other O.E.C.D. 86 *	28.9	-18.7			13.8	-47.6	-613.7		-226.2
Other countries	-313.8	-305.8			22.2	8.0	-2,172.4		-3,079.8
Total	133.9	-420.9			-185.4	-554.8	3,987.5		-4,386.2

* Series with no seasonality.

Imports for October 1989 by country of origin from the United States (including Puerto Rico and the U.S. Virgin Islands) amounted to \$ 7,834.7 million. This represents the starting figure from which the Canada/United States reconciliation takes place.

Table 3
Exports by Commodity Groupings
October 1989
Balance of Payments Basis

	Seasonally adjusted					Raw values		
	Aug.	Sept.	Oct.	Year-to-date		Percentage change		
				Value	% change	Oct. '89/ Oct. '88	Oct. '88/ Oct. '87	Oct. '87/ Oct. '86
	\$ millions							
AGRICULTURAL AND FISHING PRODUCTS	995.2	956.8	886.7	9,323.5	-15.7	-15.2	6.2	8.7
Wheat	213.7	276.0	202.8	2,009.0	-49.5	-35.0	1.8	39.3
Other agricultural and fishing products	781.5	680.8	683.9	7,314.5	3.2	-4.9	8.6	-3.1
ENERGY PRODUCTS	1,055.4	1,074.7	940.9	10,148.7	1.6	4.2	-21.0	32.2
Crude petroleum *	366.5	399.9	359.7	3,712.8	7.0	31.6	-39.6	54.3
Natural gas	276.3	272.3	254.7	2,529.6	2.4	8.2	4.4	16.4
Other energy products	412.7	402.5	326.5	3,906.3	-3.5	-16.2	-15.1	23.3
FORESTRY PRODUCTS	1,778.1	1,845.8	1,840.5	17,887.5	1.2	4.0	2.2	18.4
Lumber and sawmill products	570.7	631.6	627.2	5,801.7	-0.3	9.6	-16.0	36.2
Woodpulp and other wood products	574.6	587.9	567.6	5,681.9	9.4	3.5	25.9	14.4
Newsprint and other paper and paperboard	632.8	626.3	645.7	6,403.9	-3.8	-0.2	4.9	6.6
INDUSTRIAL GOODS AND MATERIAL	2,518.5	2,328.1	2,386.5	25,108.8	3.5	-4.1	2.9	16.8
Metal ores	414.2	401.9	369.4	4,414.9	9.2	-19.8	-16.1	28.7
Chemicals, plastics and fertilizers	552.1	490.4	566.0	5,560.3	-3.6	-1.2	18.7	12.1
Metals and alloys	1,028.1	963.2	1,014.5	10,546.9	10.4	6.2	-0.0	23.7
Other industrial goods and materials	524.2	472.7	436.7	4,586.8	-6.2	-12.4	17.1	-2.8
MACHINERY AND EQUIPMENT	1,959.0	1,884.4	1,919.8	19,130.1	8.3	10.2	4.0	1.0
Industrial and agricultural machinery	461.5	438.6	442.5	4,495.0	9.9	7.7	5.7	-2.1
Aircraft and other transportation equipment	396.1	376.9	383.8	4,141.5	20.5	4.9	10.0	-24.9
Other machinery and equipment	1,101.4	1,069.0	1,093.5	10,493.6	3.5	13.1	1.2	16.3
AUTOMOTIVE PRODUCTS	2,740.9	3,010.9	2,873.6	29,000.0	-2.1	-2.5	16.4	-11.8
Passenger autos and chassis	1,368.5	1,397.3	1,357.0	13,307.4	-7.1	2.0	17.0	-27.0
Trucks and other motor vehicles	455.5	741.9	684.5	6,535.4	1.1	-2.5	59.5	19.7
Motor vehicle parts	916.8	871.7	832.2	9,157.2	3.5	-8.9	-4.2	0.1
OTHER CONSUMER GOODS	217.6	199.5	192.0	2,186.2	-6.0	-12.3	-2.2	0.1
SPECIAL TRANSACTIONS TRADE *	59.5	67.6	69.1	653.9	4.8	19.8	90.6	5.0
UNALLOCATED ADJUSTMENTS *	417.8	-33.1	289.3	2,982.3	253.3	776.2	-66.5	-41.2
TOTAL	11,742.0	11,334.9	11,398.5	116,421.3	2.1	1.4	3.6	5.4

* Series has no seasonality.

Table 4
Imports by Commodity Groupings
 October 1989
 Balance of Payments Basis

	Seasonally adjusted					Raw values			
	Aug.	Sept.	Oct.	Year-to-date		Percentage change			
				Value	% change	Oct.'89/ Oct.'88	Oct.'88/ Oct.'87	Oct.'87/ Oct.'86	
	\$ millions								
AGRICULTURAL AND FISHING PRODUCTS	690.2	702.3	689.9	6,856.3	10.1	13.5	0.7	-4.3	
Fruits and vegetables	229.6	219.3	240.3	2,291.2	7.8	8.8	5.9	3.9	
Other agricultural and fishing products	460.6	483.0	449.6	4,565.1	11.2	15.7	-1.5	-7.4	
ENERGY PRODUCTS	541.5	465.7	468.1	5,170.4	18.8	25.5	-30.7	27.1	
Crude petroleum	316.7	265.6	271.0	3,043.2	19.5	53.9	-49.3	35.1	
Other energy products	224.8	200.1	197.2	2,127.2	18.0	4.7	-5.1	17.5	
FORESTRY PRODUCTS	118.8	111.7	118.7	1,138.1	5.4	21.3	-10.1	1.8	
INDUSTRIAL GOODS AND MATERIALS	2,235.6	2,182.3	2,289.2	22,103.9	9.7	11.7	10.3	6.7	
Metals and metal ores	575.5	652.0	642.3	6,257.1	8.0	13.7	2.4	-0.4	
Chemicals and plastics	724.3	657.0	693.2	6,864.0	12.1	6.8	18.0	10.5	
Other industrial goods and materials	935.7	873.2	953.7	8,982.8	9.1	14.0	11.1	10.4	
MACHINERY AND EQUIPMENT	3,675.0	3,561.1	3,855.5	36,186.7	8.1	10.9	24.6	-2.4	
Industrial and agricultural machinery	1,144.4	1,142.5	1,187.6	11,346.1	6.9	4.9	20.4	1.4	
Aircraft and other transportation equipment	431.5	361.7	519.2	4,727.7	-4.6	7.7	43.1	-29.7	
Office machines and equipment	509.7	543.8	525.5	5,240.9	8.4	4.9	7.3	16.1	
Other machinery and equipment	1,589.5	1,513.1	1,623.2	14,872.0	13.8	18.7	30.1	-0.8	
AUTOMOTIVE PRODUCTS	2,707.0	2,721.7	2,883.9	26,827.0	-3.5	-0.5	1.9	5.4	
Passenger autos and chassis	1,022.7	932.2	962.2	9,788.6	-1.3	-5.1	-12.6	18.3	
Trucks and other motor vehicles	269.5	311.1	288.1	2,899.3	-2.5	-8.0	-6.5	6.5	
Motor vehicle parts	1,414.8	1,478.4	1,633.7	14,139.1	-5.2	4.8	19.4	-5.6	
OTHER CONSUMER GOODS	1,301.0	1,276.7	1,367.2	12,604.5	12.4	17.2	4.9	1.6	
Apparel and footwear	294.8	313.2	334.6	2,910.4	12.7	29.8	-11.3	6.2	
Miscellaneous consumer goods	1,006.2	963.5	1,032.6	9,694.1	12.2	14.6	9.1	0.4	
SPECIAL TRANSACTIONS TRADE *	233.3	256.6	279.1	2,389.8	11.8	27.1	23.0	13.7	
UNALLOCATED ADJUSTMENTS *	-79.7	-77.2	-132.3	-843.1	11.1	70.4	11.8	2.8	
TOTAL	11,422.7	11,201.0	11,819.4	112,433.9	6.4	9.4	8.3	3.3	

* Series has no seasonality.

Table 5
Merchandise Trade of Canada
 Constant Dollars and Laspeyres Price Indexes
 October 1989
 Seasonally Adjusted, Balance of Payments Basis

	Constant dollars (1981) (1)				Laspeyres price index (2)			
			Period-to-period change(3)		1981=100.0		Period-to-period change (3)	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
	\$ millions		%				%	
1984	106,931	85,581	18.6	19.7	105.0	109.6	4.2	5.7
1985	113,822	94,442	6.4	10.4	106.0	113.4	1.0	3.4
1986	117,822	101,513	3.5	7.5	104.0	112.8	-1.9	-0.5
1987	126,399	110,707	7.3	9.1	105.1	112.2	1.1	-0.5
1988	139,052	126,877	10.0	14.6	107.8	110.5	2.6	-1.6
1987								
First quarter	30,939	26,432	2.5	2.0	102.9	111.6	-1.0	-1.0
Second quarter	30,810	26,745	-0.4	1.2	104.8	112.2	1.9	0.6
Third quarter	31,558	27,533	2.4	2.9	105.7	112.6	0.8	0.3
Fourth quarter	33,093	29,997	4.9	8.9	106.7	113.2	1.0	0.6
1988								
First quarter	34,379	31,100	3.9	3.7	106.2	111.3	-0.5	-1.7
Second quarter	35,363	31,514	2.9	1.3	106.4	110.1	0.1	-1.0
Third quarter	34,670	31,530	-2.0	0.1	108.6	110.1	2.1	0.0
Fourth quarter	34,640	32,734	-0.1	3.8	109.8	110.4	1.2	0.3
1989								
First quarter	34,809	33,550	0.5	2.5	112.0	110.5	2.0	0.1
Second quarter	34,574	34,290	-0.7	2.2	112.3	111.8	0.2	1.2
Third quarter	34,492	34,115	-0.2	-0.5	110.2	110.9	-1.8	-0.8
1988								
January	11,076	9,962	0.2	-5.0	106.7	112.0	-0.8	-1.1
February	11,448	10,105	3.4	1.4	106.5	110.6	-0.2	-1.3
March	11,855	11,032	3.6	9.2	105.7	109.8	-0.8	-0.8
April	11,544	10,175	-2.6	-7.8	106.0	109.8	0.3	0.1
May	11,762	10,862	1.9	6.7	106.3	109.8	0.2	0.0
June	12,057	10,477	2.5	-3.5	106.9	109.5	0.6	-0.3
July	11,185	9,530	-7.2	-9.0	107.5	109.1	0.6	-0.4
August	11,870	11,050	6.1	15.9	108.9	109.9	1.3	0.8
September	11,615	10,950	-2.1	-0.9	109.2	110.3	0.3	0.4
October	11,393	10,824	-1.9	-1.1	108.9	109.7	-0.3	-0.6
November	11,844	10,971	4.0	1.4	110.4	110.9	1.4	1.1
December	11,403	10,938	-3.7	-0.3	110.1	109.7	-0.3	-1.0
1989								
January	11,891	11,129	4.3	1.7	112.1	110.4	1.8	0.6
February	11,499	11,124	-3.3	0.0	111.9	110.5	-0.2	0.1
March	11,419	11,297	-0.7	1.6	112.5	110.7	0.5	0.2
April	11,226	11,468	-1.7	1.5	112.4	111.7	0.0	0.8
May	12,270	11,778	9.3	2.7	112.6	111.9	0.1	0.2
June	11,077	11,045	-0.7	-6.2	112.0	111.9	-0.6	0.1
July	11,180	10,861	0.9	-1.7	110.9	111.3	-0.9	-0.6
August	11,776	11,699	5.3	7.7	110.2	110.5	-0.6	-0.7
September	11,536	11,556	-2.0	-1.2	109.6	111.2	-0.6	0.6
October	11,639	11,981	0.9	3.7	108.4	111.4	-1.1	0.2
Year-to-date								
1988	115,805	104,968	10.9	16.3				
1989	115,512	113,937	-0.3	8.5				

(1) The Paasche current weighted price index used to calculate constant dollars can be derived by dividing current values by the constant dollars above.

(2) The Laspeyres price index uses fixed weights based on 1981 trade and therefore reflects changes in price only.

(3) Change over previous period.

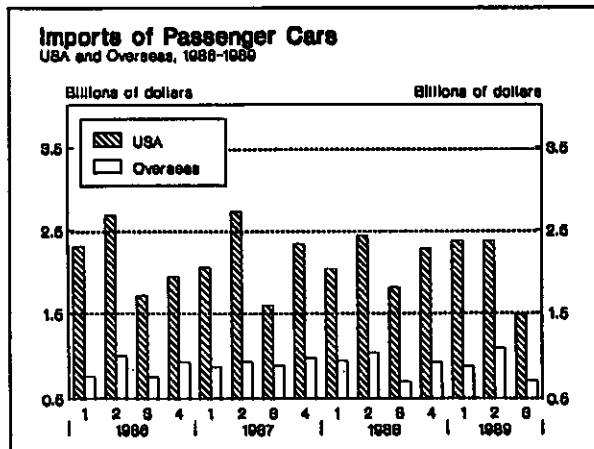
Note: Due to rounding, monthly data may not add up to quarterly data and quarterly data may not add up to annual data.

Canada's Foreign Trade in Automotive Products (January - September 1989)

Trade with All Countries, Reconciled Basis (Table 1)

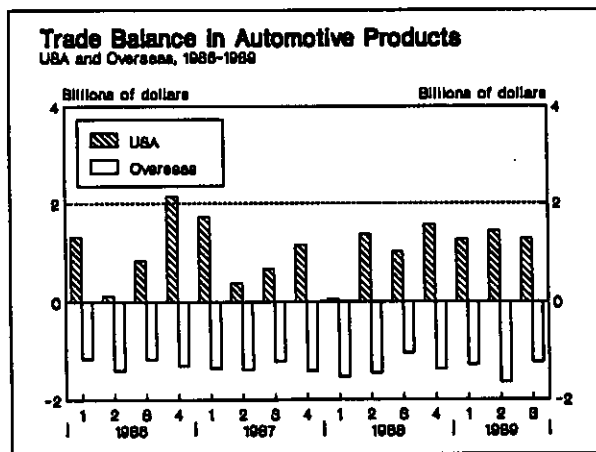
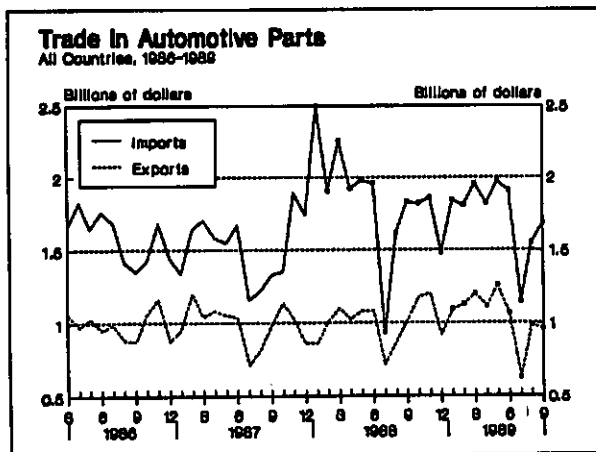
International merchandise trade statistics indicate that exports of passenger automobiles, trucks and other motor vehicles, parts, tires and tubes totalled \$27.3 billion for the first nine months of 1989, a slight decrease of 0.2% or \$49 million compared to the same period of last year. This drop in exports of automotive products is attributable to lower exports of passenger automobiles, although all other components posted increases. Exports of passenger automobiles fell 10.4% or \$1.3 billion to \$11.2 billion, exceeding the 2.6% decline in new domestic car sales in the United States for the first nine months of 1989. This situation reflects the fact that demand for certain Canadian-built models was lower than the demand for North American cars overall. For example, the Chrysler plant which manufactures the "Premier" model was closed for eight out of thirteen weeks during the third quarter of the year. Despite this fact, U.S. inventories of this model as of October 1 represented a 75-day supply, compared to the industry average of 65 days. The same phenomenon, to a lesser degree, affected the "Tempo" and "Topaz" models; their American sales for the 1989 model year were down 14% compared to the 1988 model year.

Exports of trucks, on the other hand, were up \$450 million or 8.2%. Total Canadian truck production remained at 1988 levels, except for production at the Chrysler plant which assembles the "Jeep Wrangler" model, where production increased by 63% (24,000 units) over the first three quarters of 1989. On the whole,



however, production rose by only 2.9%. The rise in exports is therefore explained by an increase in the percentage of Canadian production exported.

Parts exports climbed \$675 million or 7.7%, to total \$9.5 billion. This represents strong growth when compared to the moderate 1.4% increase in U.S. vehicle production for the first nine months of 1989. In addition, this sharp increase compared to 1988 data must be interpreted with caution, since the methodology used to derive the data on parts exports was modified in 1989. Exports to overseas countries are still derived using Canadian export data, while exports to the United States are based on American imports from Canada. As part of the exchange of import data between Canada and the United States, Statistics Canada has direct access to American imports from Canada data to derive statistics for this automotive release. By means of a special code used for customs purposes, Statistics Canada is able to



process these tapes to identify a larger number of automotive-related transactions. Since the beginning of 1989, the value of the transactions identified in this manner is just over \$900 million. Consequently, this change in methodology has expanded the coverage of the data on the motor vehicle parts sector. Thus, users of the data should exercise caution in analysing the statistics, especially when comparing data for the current year with those for previous years. Since the same procedure is used for Canadian imports of motor vehicle parts, coverage is comparable for both exports and imports in Canada-United States trade.

Canadian imports of automotive products fell 5.1% or \$1.5 billion to \$27.5 billion compared to the first nine months of 1988. The main contributors to this decline included a \$1.2 billion or 7.1% drop in parts imports to total \$15.7 billion. This decline was concentrated primarily in the first quarter of 1989, when a drop of \$1.1 billion was recorded, while the results for the other two quarters of 1989 were similar to those noted in 1988. Imports of passenger automobiles declined 1.4% or

\$123 million to \$8.9 billion, compared to the first three-quarters of 1988. During this same period, the total value of new car sales in Canada rose by 2.3%, despite a 4.6% decrease in the number of cars sold. Imports of trucks and other vehicles fell by \$206 million or 8.0% to \$2.4 billion.

As a result of these movements, Canada had a deficit of \$202 million in trade of automotive products, compared to a deficit of more than \$1.6 billion during the first nine months of 1988. On a component-by-component basis, the trade surplus for automobiles declined by \$1.2 billion to total \$2.3 billion. On the other hand, Canada registered a trade surplus of \$3.5 billion in the trade of trucks and other vehicles, an increase of \$656 million over 1988, setting a new record for this category. The chronic deficit in trade of motor vehicle parts totalled \$6.2 billion, down \$1.9 billion from the 1988 deficit. However, the parts deficit had set a record in 1988 and the deficit recorded for the first nine months of 1989 remains high, surpassing by almost \$400 million the third highest deficit, recorded in 1986.

Table 1
Total Canadian Trade in Automotive Products (Reconciled Basis)
First nine months 1988 and 1989

	Annual		First nine months		Change between the first nine months of 1988 and 1989		
	1987	1988	1988	1989		%	
	\$ millions						
Canadian Exports							
Cars	13,565	16,481	12,489	11,194	-1,295	-10.4	
Trucks and other motor vehicles	6,965	7,510	5,469	5,919	450	8.2	
Parts	11,962	12,099	8,797	9,472	675	7.7	
Tires and tubes	692	549	403	499	96	23.8	
Re-exports	195	239	181	206	25	13.8	
Total	33,379	36,878	27,339	27,290	-49	-0.2	
Canadian Imports							
Cars	12,346	12,179	8,994	8,871	-123	-1.4	
Trucks and other motor vehicles	3,706	3,444	2,590	2,384	-206	-8.0	
Parts	18,228	22,082	16,914	15,707	-1,207	-7.1	
Tires and tubes	570	594	458	530	72	15.7	
Total	34,850	38,299	28,956	27,492	-1,464	-5.1	
Balance							
Cars	1,219	4,302	3,495	2,323	-1,172		
Trucks and other motor vehicles	3,259	4,066	2,879	3,535	656		
Parts	-6,266	-9,983	-8,117	-6,235	1,882		
Tires and tubes	122	-45	-55	-31	24		
Re-exports	195	239	181	206	25		
Total	-1,471	-1,421	-1,617	-202	1,415		

Trade with the United States, Reconciled Basis (Table 2)

After reconciliation, exports of automotive products to the United States totalled \$26.6 billion, a decrease of \$57 million or 0.2% compared to 1988. Exports of passenger automobiles fell 10.1% or \$1.3 billion to \$11.1 billion. This drop in exports was sharper than the decline noted in U.S. car sales. However, American sales have remained high due to a variety of rebates and incentives. Many analysts believe that such practices will adversely affect the level of sales of the 1990 model year. The U.S. sales results for October of the "Big Three" American car-makers show a decline of almost 15% compared to October 1988, with a similar trend in November. Consequently, automobile exports to the United States may well decline in the fourth quarter of 1989. Exports of trucks increased by \$445 million, or 8.3%, during the first nine months of 1989, totalling \$5.8 billion. However, according to the Globe and Mail, production at the largest Canadian truck plant, which accounts for 36% of production in this sector, should fall by 11% after November 6, in order to adjust to lower

demand in the U.S. market. Exports of parts were up \$657 million or 7.7% over the first nine months of 1989. However, this increase must be linked to the new method used to derive exports of motor vehicle parts, as described in the previous section. Furthermore, a decline in parts exports is anticipated in the fourth quarter. Forecasts point to lower U.S. motor vehicle production and approximately 90% of Canadian parts exports are intended for the manufacture of vehicles in the United States.

Total imports of automotive products from the United States were down 6.6% or \$1.6 billion to \$22.6 billion. The largest decrease was for imports of parts, down \$1.4 billion to \$13.9 billion. This 9.1% drop from the 1988 level was sharper than the 3.9% decline in Canadian production. However, imports in the first quarter of 1988 were exceptionally high. With the anticipated decline in Canadian automobile production in the fourth quarter, parts imports should remain low. Imports of trucks and other vehicles fell 6.5% or \$150 million to \$2.2 billion. Imports of passenger automobiles were down \$123 million or 1.9% to \$6.2 billion.

Table 2

Canada-United States Trade in Automotive Products (Reconciled Basis)

First nine months 1988 and 1989

	Annual		First nine months		Change between the first nine months of 1988 and 1989	
	1987	1988	1988	1989		%
	\$ millions				%	
Exports (United States Imports from Canada)						
Cars	13,505	16,326	12,371	11,116	-1,255	-10.1
Trucks and other motor vehicles	6,838	7,363	5,366	5,811	445	8.3
Parts	11,579	11,752	8,545	9,202	657	7.7
Tires and tubes	661	520	381	477	96	25.2
Total	32,583	35,961	26,663	26,606	-57	-0.2
Imports (Canadian Imports from the United States)						
Cars	8,691	8,608	6,335	6,212	-123	-1.9
Trucks and other motor vehicles	3,282	3,078	2,324	2,174	-150	-6.5
Parts	16,397	19,956	15,328	13,927	-1,401	-9.1
Tires and tubes	310	351	267	336	69	25.8
Total	28,680	31,993	24,254	22,649	-1,605	-6.6
Balance						
Cars	4,814	7,718	6,036	4,904	-1,132	
Trucks and other motor vehicles	3,556	4,285	3,042	3,637	595	
Parts	-4,818	-8,204	-6,783	-4,725	2,058	
Tires and tubes	351	169	114	141	27	
Total	3,903	3,968	2,409	3,957	1,548	
Excluded: adjustments to values of imported parts for special tooling charges	468	508	386	349		

Consequently, Canada registered a surplus of almost \$4.0 billion in trade of automotive products, an increase of \$1.5 billion compared to the surplus for the first nine months of 1988. The largest gain was in parts trade, where the chronic deficit fell by \$2.1 billion to \$4.7 billion. The trade surplus for trucks rose by \$595 million to \$3.6 billion, while the trade surplus for passenger automobiles totalled \$4.9 billion, down \$1.1 billion from the first nine months of 1988.

Trade with Overseas Countries, Customs Basis (Table 3)

Exports of automotive products to overseas countries were up by \$6 million or 0.9% to \$683 million. This figure represented 2.5% of all Canadian exports of automotive products. The main component, parts exports, increased by \$16 million or 6.3% to \$269 million. Re-exports (exports of goods of foreign origin which have not been materially transformed in Canada) totalled \$206 million, an increase of \$25 million compared to the first nine months of 1988. Exports of automobiles were down by 33.9% or \$40 million to \$78 million. Exports

of trucks totalled \$108 million, \$5 million higher than in 1988.

Imports from overseas countries totalled \$4.8 billion, an increase of 3.1% or \$144 million for the first nine months of 1989. Imports of automobiles totalled \$2.7 billion, unchanged from the level recorded over the first nine months of 1988. Imports of trucks were down by 21% or \$56 million to \$211 million, representing only 4.4% of imports from overseas. Imports of parts were up by 12.2% or \$194 million to \$1.8 billion. Parts imports have been increasing by 12% to 15% a year for the past two years, while imports of automobiles have remained stable.

The Canadian deficit in trade of automotive products with overseas countries rose by \$138 million to total \$4.2 billion. Since exports are quite low, the deficit mainly reflects fluctuations in import levels. The deficit for parts is rising and totals \$1.5 billion. However, the deficit for passenger automobiles remains the highest, at \$2.6 billion, and has remained stable at this level for the past three years.

Table 3
Canada-Overseas Countries Trade in Automotive Products (Customs Basis)
First nine months 1988 and 1989

	Annual		First nine months		Change between the first nine months of 1988 and 1989	
	1987	1988	1988	1989		%
	\$ millions				%	
Domestic Exports						
Cars	60	155	118	78	-40	-33.9
Trucks and other motor vehicles	127	147	103	108	5	4.9
Parts	382	347	253	269	16	6.3
Tires and tubes	32	29	22	22	0	0.0
Re-exports	195	239	181	206	25	13.8
Total	795	917	677	683	6	0.9
Imports						
Cars	3,656	3,571	2,658	2,660	2	0.1
Trucks and other motor vehicles	424	365	267	211	-56	-21.0
Parts	1,831	2,126	1,586	1,780	194	12.2
Tires and tubes	261	243	190	194	4	2.1
Total	6,171	6,305	4,701	4,845	144	3.1
Balance						
Cars	-3,596	-3,416	-2,540	-2,582	-42	
Trucks and other motor vehicles	-297	-218	-164	-103	61	
Parts	-1,449	-1,779	-1,333	-1,511	-178	
Tires and tubes	-229	-214	-168	-172	-4	
Re-exports	195	239	181	206	25	
Total	-5,376	-5,388	-4,024	-4,162	-138	

Automobile Imports in Number of Units, Customs Basis (Table 4)

Canada imported 761,300 automobiles during the first nine months of 1989, a decrease of 1.9% (14,900 units). This decline was entirely attributable to the 4.1% (20,700 units) drop in the number of automobiles imported from the United States (487,500 units). Consequently, the U.S. share of the Canadian import market fell from 65.5% to 64.0%. Over the same period, the total number of automobiles imported from overseas increased by 2.2% (5,900 units), totalling 273,900 units. The only countries from which Canada recorded an increased number of vehicle imports were Japan and Sweden. Automobile imports from Japan were up by 6.9% (14,100 units), increasing Japan's market share for the first nine months of 1989 from 26.4% to 28.7%.

Declines were recorded in the number of automobiles imported from all other countries. Japanese automobiles now account for 79.9% of all automobiles imported from overseas, compared to 76.4% for the same period of last year.

The average price of automobiles imported from the United States was \$12,742, an increase of 2.2% compared to 1988, whereas there was a 4.0% depreciation in the U.S. dollar vis-à-vis the Canadian dollar. The average price of automobiles imported from Japan was \$9,271, a 2.4% increase compared to the average of the first nine months of 1988. During this same period, the Japanese Yen depreciated by 8.9% against the Canadian dollar.

Table 4
Canadian Passenger Car Imports (Customs Basis)
First nine months 1988 and 1989

	Number of Units				Import Share		Average Price			
			Change							
	1988	1989	89/88	89/88	1988	1989	1988	1989	89/88	Rate *
	'000	'000	'000	%	%	%	\$	\$	%	%
United States	508.2	487.5	-20.7	-4.1	65.5	64.0	12,463	12,742	2.2	-4.0
Overseas Countries	268.0	273.9	5.9	2.2	34.5	36.0	9,944	9,861	-0.8	...
Japan	204.7	218.8	14.1	6.9	26.4	28.7	9,056	9,271	2.4	-8.9
West Germany	16.5	14.3	-2.2	-13.5	2.1	1.9	24,239	22,297	-8.0	-11.8
United Kingdom	2.2	1.0	-1.1	-52.1	0.3	0.1	37,409	43,601	16.6	-10.5
France	0.9	0.1	-0.8	-87.0	0.1	0.0	11,018	13,612	23.5	-12.0
Sweden	3.3	3.5	0.2	6.6	0.4	0.5	18,525	18,012	-2.8	-9.0
Italy	0.3	0.1	-0.2	-65.7	0.0	0.0	35,565	70,660	98.7	-9.6
Other Countries	40.1	36.0	-4.1	-10.3	5.2	4.7	6,206	6,572	5.9	...
All Countries	776.2	761.3	-14.9	-1.9	100.0	100.0	11,594	11,705	1.0	-8.5

* Minus sign (-) indicates depreciation in the value of the currency of the country against the Canadian dollar. Rate for all countries is the rate against the Canadian dollar of the SDR (Special Drawing Rights), a weighted average of 16 world currencies, by the International Monetary Fund.