



Preliminary Statement of Canadian International Trade

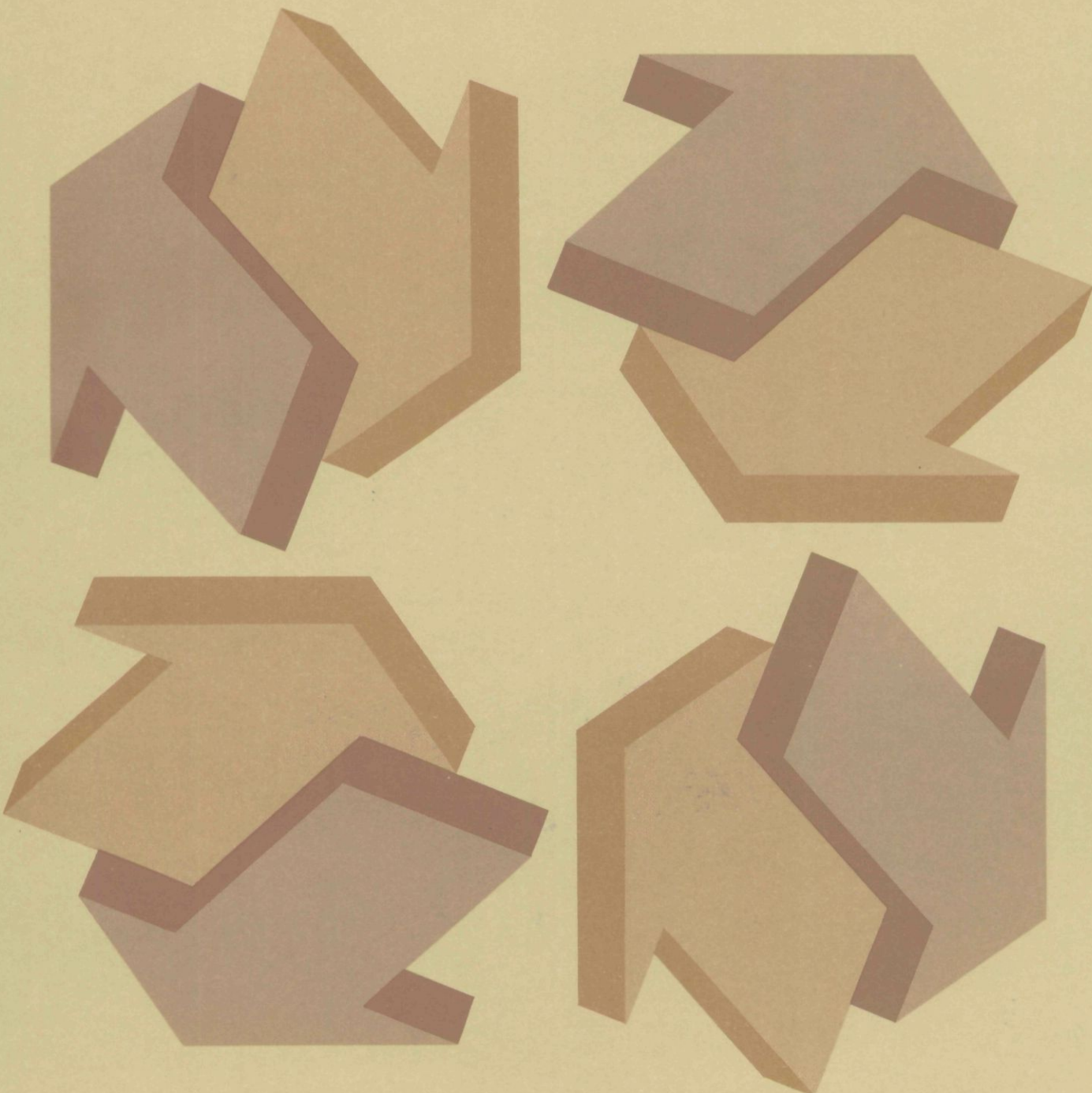
(H.S. Based)

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International Trade Division

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

February 1989

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HIGHLIGHTS

Merchandise Trade for February 1989

- Exports declined in February to total \$11.5 billion.
- Imports also dropped, although less markedly than exports, falling \$97 million to \$11.0 billion.
- Canada's trade surplus in February declined sharply from the previous month to \$425 million, the lowest level for the past nine months.
- The short term trend for exports and imports in January continued to be up, in spite of a slowdown in trade in February.
- Exports of automotive products declined \$323 million in February.
- Imports of industrial machinery and equipment were down \$133 million.
- The trade surplus with the United States fell to \$621 million in February.

Canada's Foreign Trade in Automotive Products (1988)

- Exports increased 10.5% in 1988 compared with 1987 and amounted to \$36.9 billion.
- Imports totalled \$33.2 billion, down for the second consecutive year.
- The balance of trade in automotive products was \$3.7 billion in Canada's favour in 1988, an increase of \$662 million over the record surplus of 1984.

For more detailed information on this release, order the February 1989 issue of "Summary of Canadian International Trade (H.S. Based)" (65-001, \$17.30/\$173), which will be available the first week of May 1989, 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.

Monthly Summary

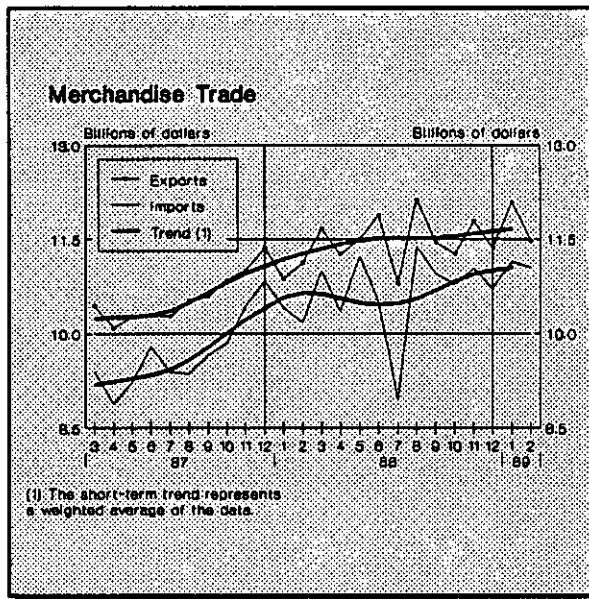
Canada's merchandise exports, on a balance of payments basis and adjusted for seasonal variation, totalled \$11.5 billion in February, down 5.1% from the revised level for January (\$12.1 billion).

This decline demonstrates once again the highly volatile behaviour of exports, which have risen and fallen from month to month since the beginning of 1988. In spite of these continual fluctuations, the short term trend has shown modest growth since September 1988 and exports in February were still more than \$100 million higher than in December.

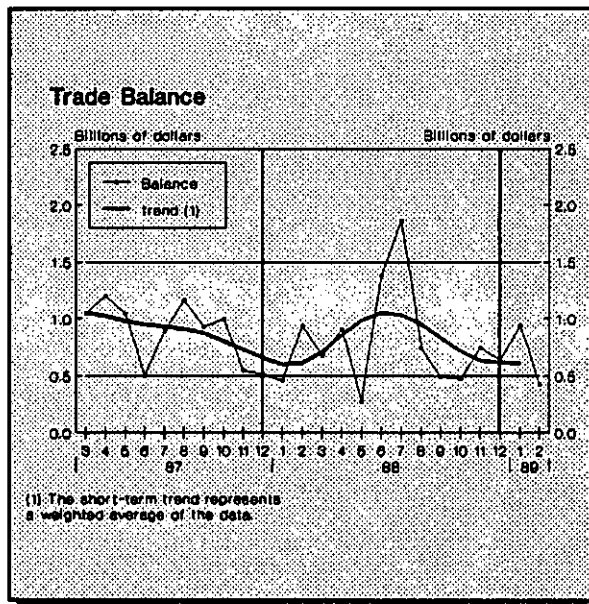
A slowdown in exports of automotive products and crude petroleum to the United States was the primary factor responsible for the lower total in February. In addition, the decline in exports of automotive parts coincided with a slowdown in production in the United States in January and February. With regard to crude petroleum, the average price per barrel of oil exported deteriorated from \$17.00 in January to \$16.60 in February, while the volume of exports fell by almost three million barrels.

Imports declined 0.9% in February to \$11.0 billion. The revised import statistics for January show an increase of 3.9% over the previous month, to total \$11.1 billion.

The largest declines in February were for industrial machinery and equipment and automotive products, primarily parts. Strong business investment, combined with the steady rise of the Canadian dollar against the U.S. dollar (3% between August 1988 and February 1989) and the sustained growth of the Canadian economy, seem to be maintaining imports at relatively high levels.



Canada's trade surplus with all of its partners totalled \$425 million in February, half a billion dollars less than in January. This worsening of the February trade balance was the result of a sharp drop in exports. This is the largest decline since May 1988, when the surplus fell \$632 million from the previous month, and the lowest surplus of the past nine months. The trade surplus with the United States fell sharply.



Short Term Trend

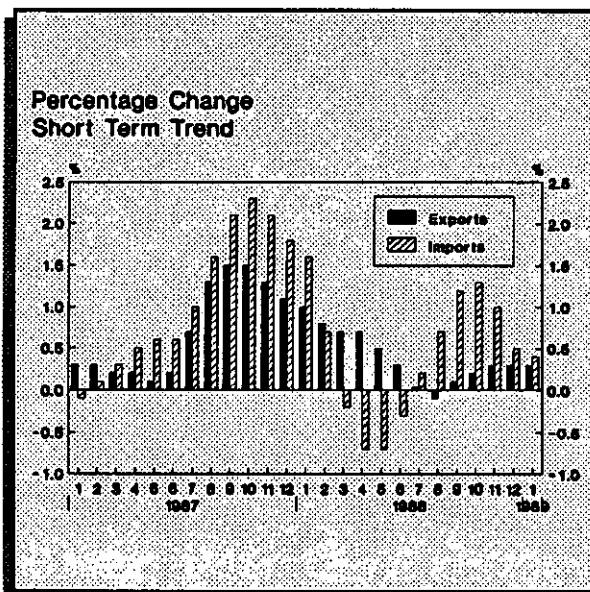
(excluding last month)

The monthly movements shown for the short term trend may differ from those shown for seasonally-adjusted values published in other sections of this report. The short term trend is the result of a weighted moving average of thirteen terms, and it is therefore possible that the trend of the seasonally-adjusted values may not point in the same direction as the short term trend. In addition, the trend for the last month is not analysed since it frequently undergoes extensive change with the inclusion of data for subsequent months.

Exports

Since November 1988, the short term trend for exports has continued to rise at a monthly level of 0.3% and the increase in January is the fifth consecutive increase.

- The trend for exports of motor vehicle parts increased 2.2%, down from the 3.2% rate of growth recorded in December 1988.
- The rate of increase of the trend for exports of industrial machinery and equipment rose from 0.4% in October 1988 to 0.8% in January 1989. Exports of ores alone increased 4.0% between December 1988 and January 1989.
- The trend for petroleum exports, which fell sharply between June and October 1988, has posted substantial gains since November 1988: 1.2% in November, 3.2% in December and 3.5% in January 1989.



- The downward movements of passenger automobile and wheat exports, which began in mid-1988 continued in January, with declines of 2.4% for passenger automobiles and 4.5% for wheat.

Imports

The short term trend for imports posted its seventh consecutive monthly increase in January 1989, rising 0.4%, down slightly from the rate recorded in December.

- Imports of crude materials, notably ores and crude petroleum, which rose 11.9% and 7.0% respectively over the December levels, contributed the most to the overall increase. In both cases, however, the rates of increase were lower than those recorded in the previous month.
- The trend for imports of machinery and equipment continued to rise at the same rate as the previous month, 0.5%.
- Since October 1988, the trend for imports of aircraft has recorded increases ranging from 1.0% to 2.9%, coinciding with new purchases of aircraft by several major Canadian carriers.
- The trend for parts imports declined 3.8% in January 1989, compared to a drop of 3.7% in December 1988. Imports of industrial and agricultural machinery fell 1.1%, the second consecutive decrease.

Detailed Analysis by Commodities and Trading Partners

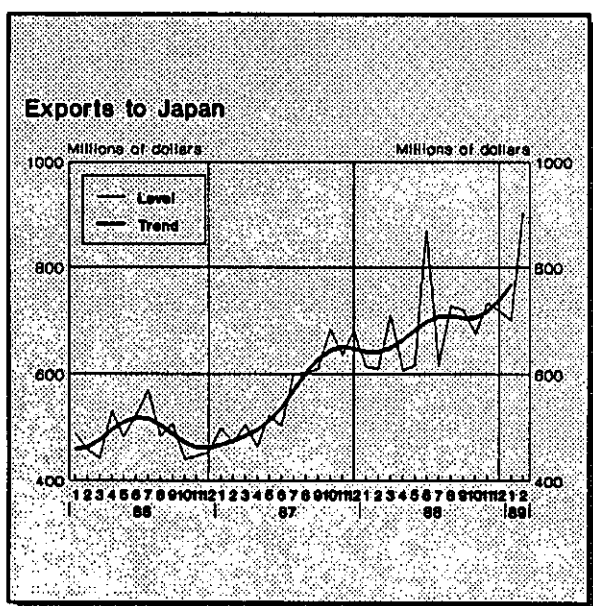
Commodities

The decline in exports recorded in February (-\$612 million) is primarily attributable to automotive and energy products. Declines were also noted in more than half of the 63 commodity categories observed.

Imports fell by almost \$100 million in February, but remained above the \$11 billion level. Imports of machinery and equipment have been fairly strong since mid-1988, reflecting robust business investment. The most recent survey on investment intentions in machinery and equipment predicts a 14% increase for 1989, pointing to sustained growth in

imports of machinery and equipment. The automotive sector seems to be primarily responsible for the decline in imports in February, as Canadian automotive production appears to be experiencing some delay in returning to the production levels of early 1988.

- Exports of automotive products fell \$323 million in February. Exports of trucks alone declined \$231 million, to total \$616 million.
- Exports of precious metals were down \$121 million, while copper exports fell by \$71 million. In January, copper exports totalled \$157 million, setting a new record.
- Crude petroleum exports fell from \$403 million in January to \$289 million in February, following declines in both prices and quantities exported.
- Increases were recorded in exports of copper ore (+ \$125 million) and iron ore (+ \$67 million), and natural gas exports rose \$55 million.



- Exports of fish, generally fairly stable, declined almost \$50 million in February, following strikes by processing plant workers in the Maritime provinces.
- Imports of industrial machinery and equipment fell by \$133 million, while imports of metals and ores were down \$83 million. Imports of precious metals alone posted their second consecutive decrease (-\$52 million) to total \$70 million.
- Imports of automotive products fell \$131 million. Imports of parts alone were down \$104 million, while automobile imports declined \$50 million.
- Imports of machinery and equipment were up \$59 million to total \$3.5 billion. Since August 1988, imports of machinery and equipment have fluctuated at the \$3.5 billion level a month.

Trading Partners

Exports to the United States totalled \$8.3 billion, down \$523 million from the \$8.8 billion level recorded in January. Exports to the Common Market, "Other O.E.C.D. countries", and "Other countries" also declined.

Exports to Japan jumped from \$700 million in January to \$905 million in February. On average, monthly exports to Japan totalled \$685 million in 1988. Imports from Japan rose \$98 million in February.

Imports from the United States and "Other countries" lost ground in February, falling \$123 million each to total \$7.7 billion and \$1.1 billion.

In February, imports from the Common Market totalled \$1.2 billion, up \$41 million over January.

The trade surplus with the United States fell to \$621 million, \$401 million less than in January.

Table 1
Merchandise Trade of Canada
 February 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	119,474	104,355	119,070	102,669	119,070	102,669	16,400	7.0	12.2	-3,437
1986	120,670	112,511	119,889	110,079	119,889	110,079	9,811	0.7	7.2	-6,590
1987	125,087	116,239	126,125	115,149	126,125	115,149	10,976	5.2	4.6	1,166
1988	137,695	131,554	137,106	127,513	137,106	127,513	9,594	8.7	10.7	-1,382
1987										
First quarter	29,714	27,776	30,278	27,346	30,833	27,662	3,171	1.4	-0.1	457
Second quarter	31,687	29,578	31,832	29,326	30,668	27,915	2,752	-0.5	0.9	-418
Third quarter	29,628	27,814	30,071	27,472	31,407	28,419	2,988	2.4	1.8	236
Fourth quarter	34,057	31,071	33,944	31,005	33,217	31,153	2,065	5.8	9.6	-924
1988										
First quarter	34,066	35,333	33,359	32,518	33,665	31,593	2,072	1.3	1.4	7
Second quarter	36,366	33,720	36,175	32,970	34,645	32,088	2,557	2.9	1.6	485
Third quarter	32,142	30,504	32,413	30,031	34,377	31,278	3,099	-0.8	-2.5	542
Fourth quarter	35,121	31,996	35,159	31,994	34,419	32,553	1,866	0.1	4.1	-1,234
1988										
January	10,307	12,498	10,183	10,119	10,874	10,412	461	-4.3	-4.0	-56
February	11,259	10,530	10,911	10,303	11,123	10,185	938	2.3	-2.2	477
March	12,500	12,306	12,265	12,096	11,668	10,996	672	4.9	8.0	-266
April	11,452	10,685	11,398	10,442	11,262	10,355	908	-3.5	-5.8	235
May	12,078	11,712	12,035	11,458	11,500	11,224	276	2.1	8.4	-632
June	12,836	11,323	12,742	11,069	11,883	10,510	1,373	3.3	-6.4	1,098
July	9,841	8,896	9,829	8,846	10,803	8,936	1,867	-9.1	-15.0	494
August	10,857	10,747	10,928	10,500	12,123	11,382	741	12.2	27.4	-1,126
September	11,644	10,862	11,656	10,685	11,451	10,960	491	-5.5	-3.7	-250
October	11,905	10,979	11,745	10,889	11,274	10,796	477	-1.5	-1.5	-14
November	12,254	11,239	12,269	11,204	11,781	11,033	748	4.5	2.2	271
December	10,962	9,779	11,144	9,901	11,365	10,724	641	-3.5	-2.8	-107
1989										
January	11,282	10,587	11,462	10,541	12,081	11,141	940	6.3	3.9	0
February	11,220	10,992	11,095	10,863	11,469	11,044	425	-5.1	-0.9	-400
Year-to-date										
1988	21,566	20,674	21,094	20,422	21,997	20,597	1,399	7.9	-5.1	-726
1989	22,482	21,578	22,557	21,404	23,550	22,185	1,365	7.1	7.7	-34

(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
 February 1989
 Seasonally Adjusted, Balance of Payments Basis

	Jan.	Feb.	Period-to-period change				Year-to-date Total	Change over previous year	
			Jan.	Feb.	Jan.	Feb.		%	\$millions
	\$ millions		%	%	\$ millions		\$millions	%	\$millions
Exports to:									
United States	8,842.3	8,319.2	4.5	-5.9	381.2	-523.1	17,161.5	4.0	665.4
United Kingdom	320.6	250.2	14.9	-22.0	41.6	-70.4	570.9	6.2	33.4
E.E.C. 86 excl. U.K.	674.5	687.4	7.4	1.9	46.3	12.9	1,361.9	23.7	260.9
Japan	699.9	904.5	-2.7	29.2	-19.7	204.6	1,604.5	31.2	381.6
Other O.E.C.D. 86 *	284.0	235.7	23.0	-17.0	53.1	-48.3	519.7	1.9	9.9
Other countries	1,259.4	1,071.9	20.4	-14.9	213.4	-187.5	2,331.4	9.5	202.0
Total	12,080.8	11,469.0	6.3	-5.1	715.8	-611.8	23,549.8	7.1	1,553.2
Imports from:									
United States	7,820.9	7,698.3	4.8	-1.6	361.5	-122.5	15,519.2	9.2	1,310.5
United Kingdom	363.4	399.1	-16.6	9.8	-72.6	35.8	762.5	-4.1	-32.2
E.E.C. 86 excl. U.K.	809.0	813.9	-5.1	0.6	-43.9	4.9	1,622.9	-7.3	-128.4
Japan	636.9	734.4	-5.1	15.3	-34.0	97.5	1,371.3	5.1	66.3
Other O.E.C.D. 86 *	277.3	288.7	-6.0	4.1	-17.8	11.4	566.0	0.7	3.8
Other countries	1,233.3	1,109.4	22.1	-10.0	223.1	-123.9	2,342.7	18.6	367.4
Total	11,140.8	11,043.9	3.9	-0.9	416.4	-96.9	22,184.7	7.7	1,587.4
Balance with:									
United States	1,021.4	620.9			19.7	-400.5	1,642.2		-645.1
United Kingdom	-42.7	-148.9			114.1	-106.1	-191.6		65.6
E.E.C. 86 excl. U.K.	-134.5	-126.5			90.1	8.0	-261.0		389.3
Japan	63.0	170.1			14.3	107.1	233.1		315.3
Other O.E.C.D. 86 *	6.7	-53.0			70.9	-59.8	-46.3		6.1
Other countries	26.2	-37.4			-9.7	-63.6	-11.3		-165.4
Total	940.0	425.1			299.4	-514.9	1,365.1		-34.2

Imports for February 1989 by country of origin from the United States (including Puerto Rico and the U.S. Virgin Islands) amounted to \$7,281.2 million. This represents the starting figure from which the Canada/United States reconciliation takes place.

*Series with no seasonality.

Note: Portugal and Spain are included in the E.E.C.

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

	Seasonally adjusted					Raw values			
	Dec.	Jan.	Feb.	Year-to-date		Percentage change			
				Value	% change	Feb.'89/Feb.'88	Feb.'88/Feb.'87	Feb.'87/Feb.'86	
	\$ millions								
AGRICULTURAL AND FISHING PRODUCTS	1,047.3	1,105.4	978.5	2,083.9	-0.4	-5.4	12.7	6.7	
Wheat	305.3	305.9	294.6	600.5	-17.8	-23.0	71.4	-20.6	
Other agricultural and fishing products	742.0	799.5	683.8	1,483.3	9.0	2.1	-1.7	16.5	
ENERGY PRODUCTS	917.4	1,039.1	925.1	1,964.2	-5.5	-7.2	13.2	-10.9	
Crude petroleum *	324.1	403.0	288.9	691.9	-3.6	-13.8	10.3	-10.0	
Natural gas	251.1	194.4	249.1	443.5	-7.1	3.8	30.2	-26.7	
Other energy products	342.2	441.7	387.1	828.8	-6.1	-9.4	5.8	0.5	
FORESTRY PRODUCTS	1,881.7	1,773.8	1,811.8	3,585.6	5.9	-0.0	11.7	22.8	
Lumber and sawmill products	610.1	601.3	591.4	1,192.7	3.9	-2.1	-2.8	16.2	
Woodpulp and other wood products	578.4	549.2	588.7	1,137.9	16.7	13.3	22.8	53.0	
Newsprint and other paper and paperboard	693.2	623.3	631.7	1,255.0	-0.6	-8.3	18.2	13.3	
INDUSTRIAL GOODS AND MATERIAL	2,472.2	2,617.8	2,596.5	5,214.3	15.1	11.3	27.0	0.3	
Metal ores	381.8	390.5	593.0	983.5	12.6	35.1	34.4	25.5	
Chemicals, plastics and fertilizers	567.4	573.9	559.0	1,132.8	7.1	3.0	34.4	9.0	
Metals and alloys	1,028.8	1,182.9	1,031.3	2,214.3	34.6	21.0	23.8	-10.1	
Other industrial goods and materials	494.2	470.5	413.2	883.7	-7.4	-15.6	19.6	-2.4	
MACHINERY AND EQUIPMENT	1,757.1	1,879.4	1,860.1	3,739.4	5.6	0.6	21.4	0.0	
Industrial and agricultural machinery	414.2	439.2	452.5	891.8	8.4	8.5	14.9	-0.1	
Aircraft and other transportation equipment	396.9	427.6	416.9	844.5	29.6	25.3	-13.2	0.7	
Other machinery and equipment	946.0	1,012.5	990.7	2,003.2	-3.1	-9.1	39.5	-0.2	
AUTOMOTIVE PRODUCTS	2,823.2	3,170.7	2,848.2	6,019.0	2.8	-5.2	-0.9	9.0	
Passenger autos and chassis	1,044.9	1,298.8	1,244.6	2,543.5	-9.6	-15.0	4.0	10.0	
Trucks and other motor vehicles	767.5	846.0	615.5	1,461.4	13.8	-3.7	21.5	1.2	
Motor vehicle parts	1,010.8	1,026.0	988.2	2,014.1	14.7	11.3	-19.5	12.0	
OTHER CONSUMER GOODS	228.2	239.3	232.3	471.5	0.6	-3.8	14.2	17.5	
SPECIAL TRANSACTIONS TRADE *	64.5	66.4	57.0	123.4	0.8	-13.3	153.1	-22.5	
UNALLOCATED BOP ADJUSTMENTS *	173.4	188.9	159.5	348.3	-548.6	-346.7	-121.3	67.6	
TOTAL	11,365.0	12,080.8	11,469.0	23,549.8	7.1	1.7	8.3	6.6	

* Series has no seasonality.

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

	Seasonally adjusted					Raw values		
						Percentage change		
	Dec.	Jan.	Fév.	Year-to-date Value	% change	Feb. '89/ Feb. '88	Feb. '88/ Feb. '87	Feb. '87/ Feb. '86
\$ millions								
AGRICULTURAL AND FISHING PRODUCTS	663.7	654.4	689.0	1,343.5	14.0	9.0	4.8	-4.5
Fruits and vegetables	224.7	224.0	234.5	458.5	11.5	8.2	7.9	-0.5
Other agricultural and fishing products	439.1	430.4	454.5	884.9	15.3	9.4	3.3	-6.4
ENERGY PRODUCTS	461.7	491.4	485.5	976.9	15.1	19.3	-7.3	-41.7
Crude petroleum	249.2	255.4	290.7	546.1	5.5	11.8	-11.9	-38.3
Other energy products	212.4	236.0	194.8	430.7	30.3	36.5	5.2	-49.3
FORESTRY PRODUCTS	106.4	115.6	107.1	222.7	7.1	-1.9	30.8	-3.0
INDUSTRIAL GOODS AND MATERIALS	2,087.4	2,300.6	2,167.4	4,468.0	18.2	9.5	25.5	-7.0
Metals and metal ores	717.9	761.5	678.2	1,439.7	29.0	15.6	40.6	-18.9
Chemicals and plastics	559.5	657.5	633.4	1,290.9	19.0	11.2	17.7	-4.8
Other industrial goods and materials	810.0	881.6	855.8	1,737.4	10.1	4.5	23.4	-1.0
MACHINERY AND EQUIPMENT	3,469.9	3,490.8	3,549.9	7,040.7	10.5	10.0	25.5	-0.4
Industrial and agricultural machinery	1,079.5	1,078.5	1,036.7	2,115.2	6.5	-0.4	15.0	-0.5
Aircraft and other transportation equipment	587.2	553.6	578.6	1,132.1	13.4	44.7	12.9	-7.0
Office machines and equipment	521.5	500.1	538.3	1,038.4	17.1	7.6	31.9	3.5
Other machinery and equipment	1,281.7	1,358.6	1,396.4	2,755.0	10.1	7.9	38.6	1.2
AUTOMOTIVE PRODUCTS	2,617.9	2,739.8	2,609.1	5,348.9	-7.9	-7.0	3.8	-0.1
Passenger autos and chassis	1,191.1	1,086.7	1,036.6	2,123.3	12.5	-2.2	5.6	2.2
Trucks and other motor vehicles	278.3	305.2	328.4	633.5	-4.8	-4.0	7.9	15.3
Motor vehicle parts	1,148.6	1,347.9	1,244.1	2,592.0	-20.3	-11.7	1.4	-4.8
OTHER CONSUMER GOODS	1,163.3	1,218.5	1,223.9	2,442.3	12.5	5.8	12.2	4.0
Apparel and footwear	260.0	287.3	275.7	563.0	6.3	-0.4	10.8	6.9
Miscellaneous consumer goods	903.3	931.2	948.2	1,879.4	14.5	8.6	12.8	2.7
SPECIAL TRANSACTIONS TRADE *	223.7	204.4	214.8	419.2	11.0	27.4	32.3	-17.1
UNALLOCATED BOP ADJUSTMENTS *	-69.7	-74.7	-2.9	-77.6	-45.8	-96.0	21.6	-9.3
TOTAL	10,724.4	11,140.8	11,043.9	22,184.7	7.7	5.4	14.5	-4.1

(*) Series has no seasonality.

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

	Constant dollars (1981) (1)				Laspeyres price index (2) 1981 = 100.0			
	Exports		Imports		Exports		Imports	
	\$ millions		%		%		%	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
			change (3)		change (3)		change (3)	
1983	90,194	71,526	7.4	11.1	100.8	103.7	0.0	-0.6
1984	106,931	85,581	18.6	19.7	105.0	109.6	4.2	5.7
1985	113,829	94,123	6.5	10.0	106.0	113.4	1.0	3.5
1986	118,111	101,545	3.8	7.9	104.0	112.8	-2.0	-0.5
1987	126,027	109,825	6.7	8.2	105.1	112.3	1.1	-0.4
1988	137,732	125,079	9.3	13.9	107.8	110.6	2.6	-1.6
1987								
First quarter	31,049	26,177	2.4	1.3	102.8	111.6	-1.0	-1.0
Second quarter	30,829	26,688	-0.7	2.0	104.9	112.3	2.0	0.6
Third quarter	31,340	27,267	1.7	2.2	105.8	112.7	0.9	0.4
Fourth quarter	32,809	29,693	4.7	8.9	106.8	113.4	0.9	0.6
1988								
First quarter	34,095	30,544	3.9	2.9	106.3	111.3	-0.5	-1.9
Second quarter	35,287	31,634	3.5	3.6	106.5	110.2	0.2	-1.0
Third quarter	34,381	30,903	-2.6	-2.3	108.7	110.2	2.1	0.0
Fourth quarter	33,969	31,998	-1.2	3.5	109.9	110.7	1.1	0.5
1988								
January	10,914	9,777	-1.3	-6.0	106.5	112.5	-1.0	-0.9
February	11,164	9,882	2.3	1.1	106.6	111.2	0.1	-1.2
March	12,017	10,885	7.6	10.1	105.9	110.5	-0.6	-0.6
April	11,490	10,222	-4.4	-6.1	106.2	110.3	0.3	-0.2
May	11,752	10,975	2.3	7.4	106.3	110.4	0.2	0.1
June	12,045	10,436	2.5	-4.9	107.0	109.9	0.7	-0.5
July	11,046	9,045	-8.3	-13.3	107.7	109.5	0.6	-0.4
August	11,964	11,086	8.3	22.6	109.0	110.3	1.2	0.8
September	11,371	10,772	-5.0	-2.8	109.4	110.9	0.4	0.5
October	11,133	10,540	-2.1	-2.2	109.3	109.9	-0.1	-0.9
November	11,617	10,820	4.4	2.7	110.5	111.2	1.1	1.1
December	11,219	10,638	-3.4	-1.7	109.9	111.0	-0.6	-0.2
1989								
January	12,031	10,965	7.2	3.1	110.7	110.2	0.8	-0.8
February	10,955	10,892	-8.9	-0.7	111.2	110.2	0.4	0.0
Year-to-date								
1988	22,079	19,659	7.9	14.2				
1989	22,986	21,857	4.1	11.2				

(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

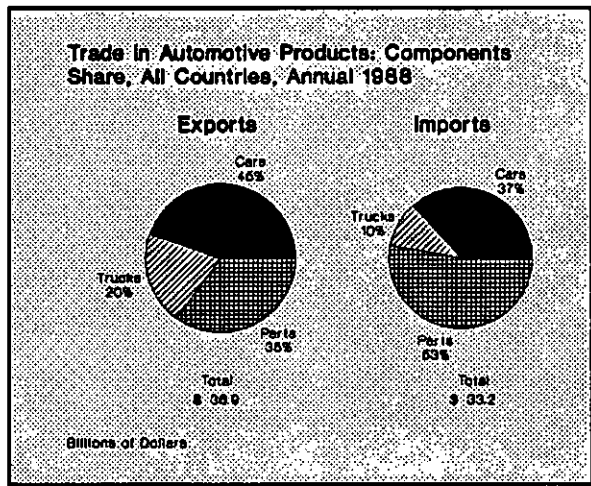
January-December 1988

Trade with All Countries, Reconciled Basis (Table 1)

Total exports of automotive products were \$36.9 billion in 1988, up \$3.5 billion or 10.5% over the 1987 level thus setting a new record. The previous peak of \$35.4 billion was set in 1986.

Exports were strong throughout the year, with the exception of the third quarter. For the past six years, a slowdown in exports has generally been observed in the third quarter, indicating a seasonal effect. On a component basis, exports of passenger automobiles were more than \$2.9 billion higher than the 1987 total, equalling the record of \$16.5 billion set in 1986. Exports of trucks and other vehicles were up 7.8% over the 1987 level to \$7.5 billion. Exports of parts, tires and tubes and re-exports have remained stable at approximately the same level since 1986, totalling \$12.9 billion in 1988.

Imports of automotive products were down for the second consecutive year, falling from \$34.9 billion to \$33.2 billion. Although imports declined in every component category, the largest decrease was for imports of parts, tires and tubes. Parts, the largest component of imports, dropped \$1.2 billion or 6.5% in 1988, to a level comparable to that recorded in 1984. This decline, which coincided with record vehicle exports, can be explained in part by the 7.5% increase in shipments by the Canadian vehicle parts and accessories industry.



The balance of trade in automotive products was \$3.7 billion in Canada's favour in 1988; a reversal of more than \$5 billion compared to the deficit observed last year, and an increase of \$662 million over the record surplus of 1984. Canada's surplus in international trade of passenger automobiles was \$4.3 billion, an increase of \$3.1 billion over the 1987 surplus. On the other hand, even larger surpluses were recorded in 1984, 1985 and 1986.

The trade surplus for trucks and other vehicles totalled \$4.1 billion, an increase of \$810 million over 1987, while Canada's deficit in parts trade fell \$1.2 billion to \$4.9 billion, the lowest deficit in six years.

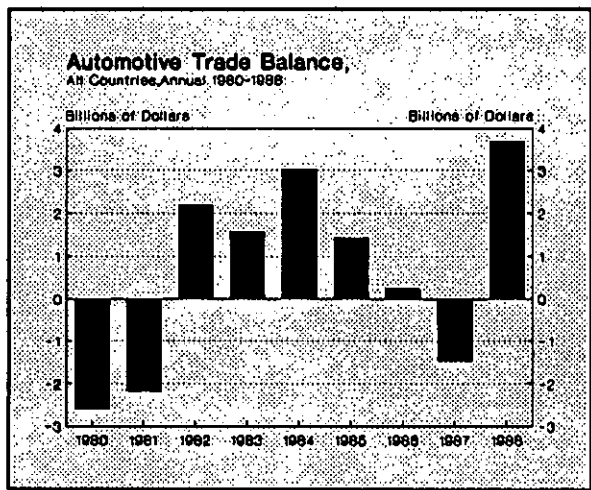
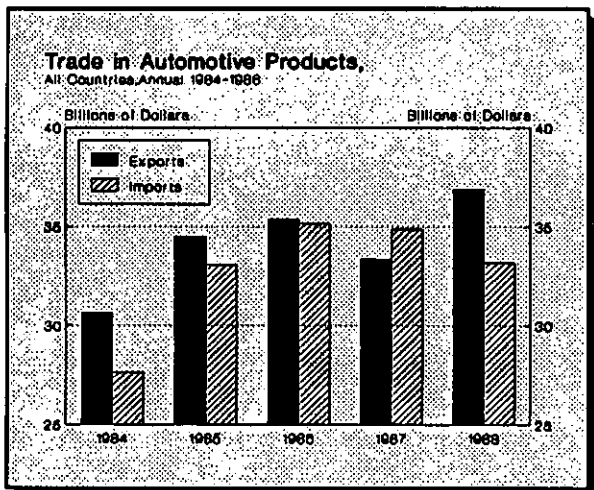


Table 1
Trade in Automotive Products, All Countries
1978-1988 Annual

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
	(millions of Canadian dollars)										
Exports (United States Imports + Exports to Other Countries)											
Cars	5,183	4,703	4,859	5,545	7,377	9,109	13,274	15,316	16,466	13,565	16,482
Trucks and other motor vehicles	2,576	2,564	2,445	3,388	4,179	4,583	6,024	6,608	5,999	6,965	7,510
Parts, tires, tubes and re-exports	5,278	5,201	4,176	5,474	6,128	7,941	11,362	12,584	12,910	12,849	12,889
Total	13,036	12,468	11,480	14,407	17,684	21,633	30,659	34,508	35,375	33,379	36,881
Imports (From U.S. + Imports from Other Countries)											
Cars	3,841	4,378	4,417	5,066	4,043	6,208	7,890	10,774	12,062	12,346	12,176
Trucks and other motor vehicles	1,414	2,047	1,347	1,591	1,119	1,433	2,411	2,884	3,344	3,706	3,441
Parts, tires and tubes	8,628	9,388	8,308	9,924	10,323	12,413	17,326	19,418	19,727	18,798	17,570
Total	13,883	15,814	14,072	16,580	15,485	20,053	27,627	33,076	35,132	34,851	33,187
Balance	-847	-3,346	-2,592	-2,174	2,199	1,580	3,032	1,431	243	-1,472	3,694

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

After reconciliation, exports of automotive products to the United States in 1988 totalled \$36.0 billion, up 10.4% over 1987 and an increase of \$1.5 billion over the previous record set in 1986. On a component basis, exports of passenger automobiles displayed the largest increase over 1987, rising \$2.8 billion to \$16.3 billion. However, this increase followed the \$2.9 billion decrease recorded in 1987. Truck exports were up 7.7% to \$7.4 billion. Exports of parts and other automotive

products totalled \$12.3 billion in 1988, the approximate level at which exports have remained since 1985.

Imports from the United States totalled \$27.4 billion in 1988, a decline of 4.5% or \$1.3 billion from 1987. Imports declined in every component category, but the largest decrease was in imports of parts, which fell \$1.0 billion to \$15.7 billion. Automobile imports were down \$86 million to \$8.6 billion, while imports of trucks and other vehicles were down \$206 million to \$3.1 billion.

Table 2
Canada-United States Trade in Automotive Products, Reconciled Basis
Annual 1988

	Annual Totals			Value Change		Percentage Change	
	1986	1987	1988	1987	1988	1987	1988
	(millions of Canadian dollars)						
Exports -(United States Imports from Canada)						%	%
Cars	16,428	13,505	16,326	-2,923	2,821	-17.8	20.9
Trucks and other motor vehicles	5,804	6,838	7,363	1,034	525	17.8	7.7
Parts	11,577	11,579	11,752	2	173	0.0	1.5
Tires and tubes	675	661	520	-14	-141	-2.1	-21.3
Total	34,484	32,583	35,961	-1,901	3,378	-5.5	10.4
Imports -(Canadian Imports from the U. S.)							
Cars	8,628	8,691	8,605	63	-86	0.7	-1.0
Trucks and other motor vehicles	2,824	3,282	3,076	458	-206	16.2	-6.3
Parts	17,519	16,397	15,348	-1,122	-1,049	-6.4	-6.4
Tires and tubes	227	310	351	83	41	36.6	13.2
Total	29,198	28,680	27,380	-518	-1,300	-1.8	-4.5
Balance							
Cars	7,800	4,814	7,721	-2,986	2,907		
Trucks and other motor vehicles	2,980	3,556	4,287	576	731		
Parts	-5,942	-4,818	-3,596	1,124	1,222		
Tires and tubes	448	351	169	-97	-182		
Total	5,286	3,903	8,581	-1,383	4,678		
Excluded: adjustments to values of imported parts for special tooling charges	435	468	583				

The combination of strong export growth and lower imports enabled Canada to chalk up a surplus of \$8.6 billion in automotive trade with the United States, an increase of almost \$4.7 billion over the \$3.9 billion surplus recorded in 1987. The surplus in trade of automobiles was up \$2.9 billion over the 1987 level, approaching the record set in 1986, while the deficit for parts and other products fell to \$3.4 billion, the lowest level of the past ten years. The surplus for trucks was \$4.3 billion, up \$731 million over 1987.

Trade with Overseas Countries, Customs Basis (Table 3)

Canada's exports to overseas countries were up \$124 million to \$920 million, largely due to a \$96 million increase in exports of automobiles, which totalled \$156 million. Truck exports were up \$20 million to \$147 million, while exports of parts and re-exports edged up to \$617 million.

Imports of automobiles remained the most important component, totalling \$3.6 billion in 1988, a slight decrease of \$85 million or 2.3% from 1987, and the first decline in imports of automobiles from overseas since 1982. The other components were also down,

with truck imports declining 13.9% to \$365 million, and parts imports falling 10.5% to \$1.9 billion. Total imports were \$5.8 billion, down 5.9% from the 1987 total.

The traditional deficit with overseas countries was \$4.9 billion, a decrease of \$487 million.

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

Canada imported 1,044,000 automobiles in 1988, an increase of 4.1% over 1987, in spite of a decrease in the total value of automobile imports in 1988. Automobile imports from the United States rose 8.1%, while imports from all overseas countries declined 2.7%. In 1988, the respective market shares of automobile imports were 65.7% for the United States, 25.8% for Japan and 8.5% for the rest of the world. The average price of vehicles imported from the United States was \$12,541, an 8.8% decrease compared to 1987, coinciding with the 7.2% depreciation of the U.S. dollar against the Canadian dollar. The average price of vehicles imported from Japan was \$9,129, an increase of 1.1%, while the Japanese Yen appreciated by 4.6% over the year.

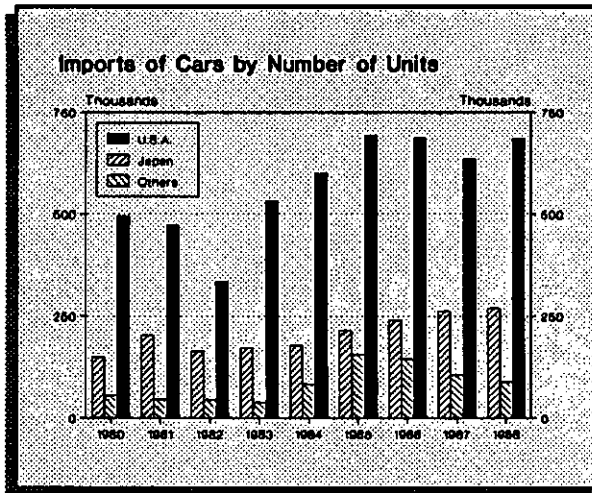
Table 3
Canada-Overseas Countries Trade in Automotive Products (Customs Basis)
Annual 1988

	Annual Totals			Value Change		Percentage Change		
	1986	1987	1988	1987	1988	1987	1988	
	(millions of Canadian dollars)						%	%
Domestic Exports								
Cars	38	60	156	22	96	57.9	160.0	
Trucks and other motor vehicles	195	127	147	-68	20	-34.9	15.7	
Parts	419	382	346	-37	-36	-8.8	-9.4	
Tires and tubes	43	32	33	-11	1	-25.6	3.1	
Re-exports	197	195	238	-2	43	-1.0	22.1	
Total	892	796	920	-96	124	-10.8	15.6	
Imports								
Cars	3,434	3,656	3,571	222	-85	6.5	-2.3	
Trucks and other motor vehicles	520	424	365	-96	-59	-18.5	-13.9	
Parts	1,760	1,831	1,630	71	-201	4.0	-11.0	
Tires and tubes	220	261	243	41	-18	18.6	-6.9	
Total	5,934	6,172	5,809	238	-363	4.0	-5.9	
Balance								
Cars	-3,396	-3,596	-3,415	-200	181			
Trucks and other motor vehicles	-325	-297	-218	28	79			
Parts	-1,341	-1,449	-1,284	-108	165			
Tires and tubes	-177	-229	-210	-52	19			
Re-exports	197	195	238	-2	43			
Total	-5,042	-5,376	-4,889	-334	487			

Table 4
Canadian Passenger Car Imports (Customs Basis)
 Annual 1988

	Number of Units				Import Share		Average Price			
	1987	1988	Change		1987	1988	1987	1988	Change Exchange Rate *	
	(000)	(000)	(000)	%	%	%	\$	\$	%	%
United States	634.2	685.6	51.4	8.1	63.3	65.7	13,749	12,541	-8.8	-7.2
Overseas Countries	368.3	358.3	-10.0	-2.7	36.7	34.3	9,923	9,938	0.1	
Japan	261.5	269.2	7.7	2.9	26.1	25.8	9,030	9,129	1.1	4.6
West Germany	27.3	23.8	-3.5	-12.7	2.7	2.3	22,603	23,313	3.1	-4.9
United Kingdom	2.7	2.3	-0.4	-16.2	0.3	0.2	33,793	40,286	19.2	0.9
France	2.7	1.3	-1.4	-52.4	0.3	0.1	11,898	9,142	-23.2	-6.2
Sweden	7.3	4.3	-2.9	-40.3	0.7	0.4	17,650	18,657	5.7	-4.1
Italy	0.3	0.3	0.0	6.6	0.0	0.0	55,290	58,132	5.1	-7.4
Other Countries	66.5	57.1	-9.5	-14.2	6.6	5.5	6,376	6,305	-1.1	
All Countries	1002.6	1044.0	41.4	4.1	100.0	100.0	12,293	11,649	-5.2	-3.5

* 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.



Canada-United States trade in automotive products, shown in this special release, is measured by comparing the import statistics of each country. U.S. statistics on imports from Canada (converted to Canadian dollars) are used to represent Canadian exports since it allows a more exact comparison of the two trade flows. This greater exactness results from several factors. Customs revenue is collected on the basis of import documentation and consequently, the filing and scrutiny of import documents is more rigorous. The use of H.S. classification number along with the annex code allows assignment of the trade of certain commodities to the automotive sector. Examples of such commodities are tires, hardware, fabric, glass, etc. which may or may not be related to production of automobiles. As a result, the data in this release, for automotive trade with the U.S. differ significantly from data released in all other Statistics Canada trade reports such as the Preliminary Statement of Canadian International Trade (H.S. Based) (65-001P) and the monthly Summary of Canadian International Trade (H.S. Based) (65-001).

The data published in Table 2 of this release also appear in the Annual Report of the President to the (U.S.) Congress on the operation of the Automotive Products Trade Act of 1965, and are accepted in both countries as the official measure of trade in automotive products.

Exports to all countries except the United States are measured using Canadian export statistics, and not the counterpart country import statistics.

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