

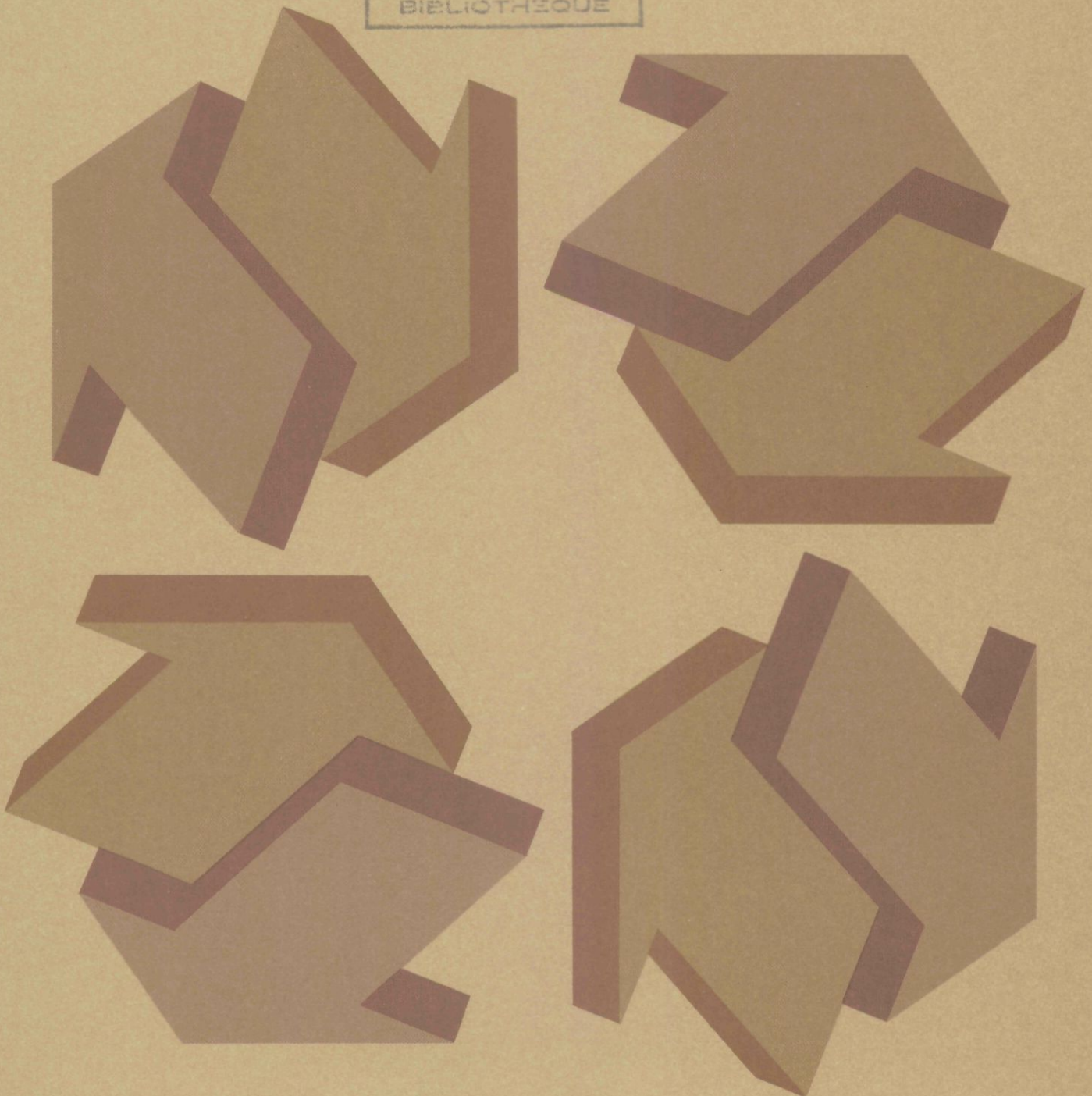
Preliminary Statement of Canadian International Trade

(H.S. Based)

August 1989

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Statistics Canada
International Trade Division

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

August 1989

Published under the authority of
the Minister of Regional Industrial Expansion

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and Services Canada 1989

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HIGHLIGHTS

- Exports increased by 3.4% in August, to \$11.5 billion.
- Imports advanced by 6.7% to total \$11.3 billion.
- The short-term trend for exports fell for the fourth uninterrupted month in July, while the trend for imports declined for the third consecutive month.
- Wheat exports, following several monthly declines, rose by almost \$100 million in August.
- Imports of automobiles jumped almost \$300 million in August, contrasting sharply with decreases registered between April and July.
- Imports from the E.E.C. fell by \$178 million.
- Seasonal adjustment of international merchandise trade data is the subject of revisions in August.
- The release on Canada's Foreign Trade in Automotive Products features a trade deficit of \$218 million for the first six months of 1989, a decrease in the deficit of \$1.4 billion over the comparable period in 1988. The drop in imports of automotive parts contributed largely to this decline.

For more detailed information on statistics, concepts and definitions, order the August 1989 issue of "Summary of Canadian International Trade (H.S. Based)" (65-001, \$17.30/\$173), which will be available the first week of November 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

According to preliminary statistics on Canada's international merchandise trade, on a balance of payments basis and adjusted for seasonal variation, exports rose 3.4% in August to total \$11.5 billion. Following a downward revision of \$127 million, exports in July were down 1.2% from June. The August increase brings the cumulative total of exports for 1989 to \$93.4 billion, an increase of 2.4% from the level of \$91.2 billion recorded for the same period in 1988.

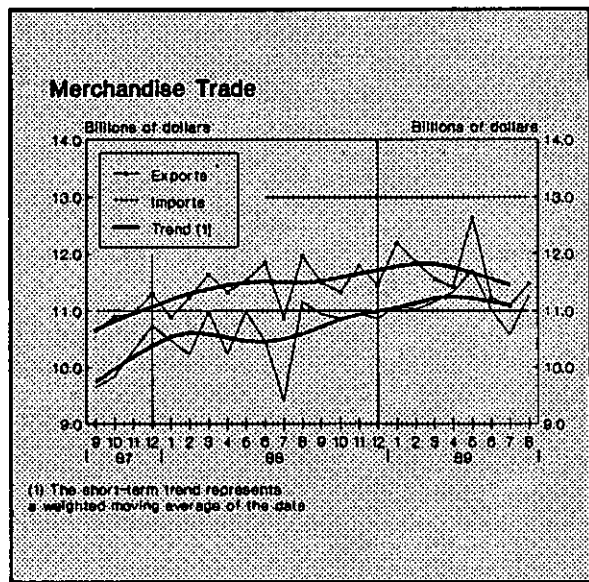
As a result of large variations in industrial goods and adjustments in the Canada-U.S. reconciliation of statistics, exports recorded particularly large variations in May (+10.8%) and June (-11.1%). In spite of these pronounced movements in the seasonally adjusted data, exports continued to display a downward trend in July (-1.0%) for the fourth consecutive month, with a higher rate of decline than in June (-0.9%).

Encouraging signals such as increases of 1.8% in construction spending in the U.S., 2.9% in manufacturers' orders and 0.7% in retail sales, point to continued growth in exports to the United States. However, exports to the U. S. are subject to sharp fluctuations in the exchange rate as well as the performance of the American economy, which has been registering more moderate growth recently. Industrial production in O.E.C.D. countries continued to grow in the second quarter of 1989, albeit at a slower rate.

After consecutive decreases between January and June, wheat exports underwent a reversal in July (+\$7.2 million) and jumped by nearly \$100 million in August, coinciding with Statistics Canada's forecast of a 50% increase in this year's wheat harvest compared to last year.

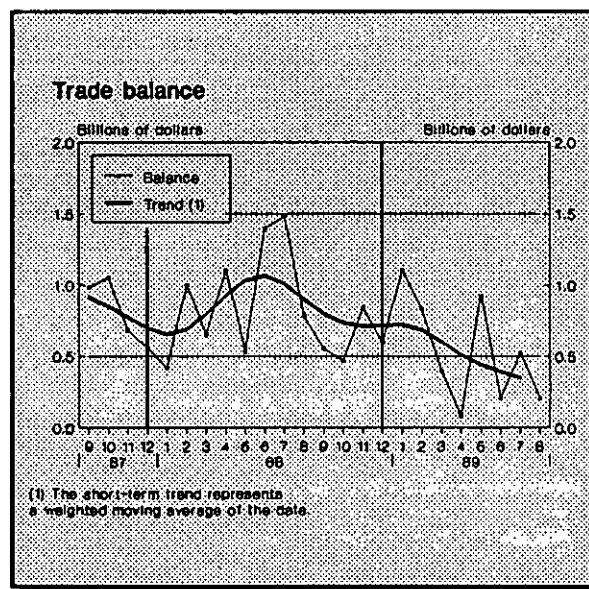
Imports rose 6.7% in August to \$11.3 billion. The revised figure for imports in July was \$10.6 billion, down 4.2% from June. Thus, the cumulative total for the first eight months of 1989 was \$89.2 billion, up 6.3% from the \$83.9 billion total posted during the corresponding period of 1988. The short-term trend for imports fell by 0.6% in July for the third straight month at an even higher rate than in June (-0.5%).

The rise in imports observed in the seasonally adjusted data for August appears to correspond with the recently advanced monthly leading economic indicator (unfiltered), which shows a decline of 0.1% in June, followed by a reversal in July (+1.2%). The value of new orders received by Canadian industry increased as well in July (+4.2%), illustrating the vitality

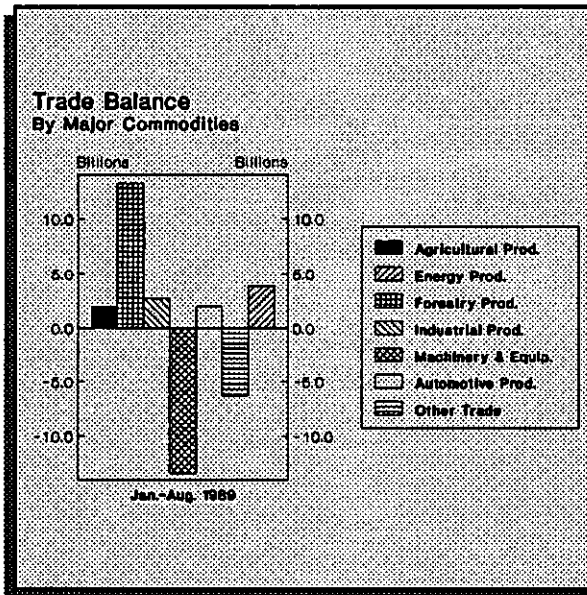


in Canadian industry. It will also be recalled that at the end of July, Statistics Canada revised upwards its forecasts of estimated investment intentions for 1989, showing an appreciable increase over 1988. This strength in business investment in Canada, notably in machinery and equipment, is a contributing factor behind the high level of imports in 1989. In August, the resurgence in imports of passenger automobiles appears to have reinforced this overall trend.

Canada's trade balance in August shows a surplus of \$204 million, a decline of \$325 million from July. The January to August surplus is \$4.3 billion, compared to \$7.4 billion for the same period in 1988. Canada's surplus with the United States dipped under the \$700 million mark for the second time this year, while



Canada posted a growing deficit with all non-O.E.C.D. countries (\$1.6 billion for the first eight months of 1989, compared to a surplus of \$835 million for the same period in 1988). In addition, Canada's deficit in trade of inedible end products rose in August from \$2.1 billion to \$2.6 billion.



Short-term Trend

(excluding last month)

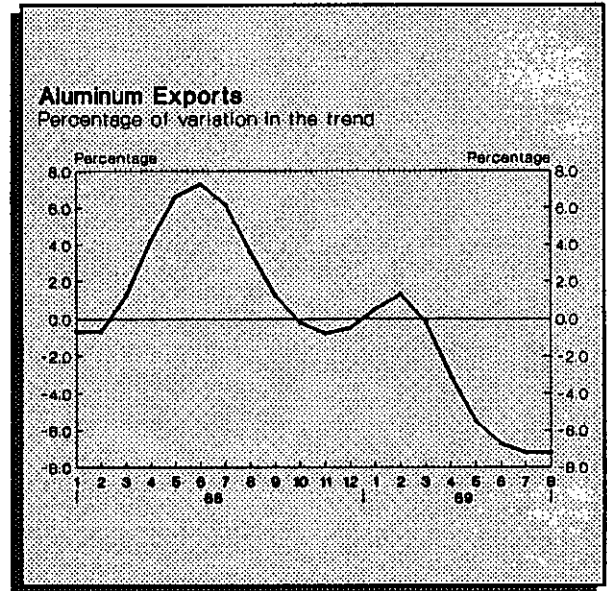
The short-term trend is the result of a Henderson type weighted moving average of thirteen terms, and it is therefore possible that the seasonally-adjusted series may not point in the same direction as the short-term trend. In addition, the trend for the last month is not analysed since it frequently 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 was down 1.0% in July from the revised figure for June. This is the fourth straight drop, following declines of 0.9% in June, 0.8% in May and 0.5% in April.

- In July, the trend for exports of automotive products was the largest contributor to the overall decline. This is the eighth uninterrupted decrease in this category. The rate of decline rose to 1.2% in July from 1.1% in June. The trend for truck exports alone fell 2.9%, the largest drop in the last four months.
- The trend for exports of industrial goods also fell in July, by 0.8%, after dropping 0.6% in June, 0.4% in May and 0.2% in April. Metal ores recorded the largest decline in this category. The downward trend of aluminum exports accelerated, with the

rate of decline advancing 7.2% from the June rate of 6.7%.



- The trend for exports of forestry products, on the decline since February, fell 0.7% in July. In June, the trend slid 0.8% following a drop of 1.0% in May.
- The trend for exports of precious metals, for its part, posted a large increase, advancing 4.3% in July compared to 5.1% in June.

Imports

The short-term trend for imports was down in July for the third consecutive month to 0.6%, compared to 0.5% in June and 0.2% in May.

- Imports of automotive products, which fell 1.9% in July, were the most important factor in the decline of the total trend for imports. This is the eighth straight decline, although the rate decelerated from the 2.1% figure recorded in June. The trend for imports of automobiles, down since February, alone fell by 2.8% in July.
- The trend for imports of crude materials fell 3.5% in July. Imports of coal, metal ores and crude petroleum dropped 9.9%, 6.2% and 3.0% respectively.
- The trend for machinery and equipment fell 0.5%, following a drop of 0.3% in June. The largest decrease was in imports of aircraft, which fell 2.9%, while imports of office machinery dropped by 1.5% and agricultural machinery 0.6%.

Detailed Analysis by Commodities and Trading Partners

Commodities

Exports were up \$382 million in August, following a decline of \$136 million in July. The growth of exports in August are explained by the following factors.

Exports of machinery and equipment increased by \$148 million in August, regaining almost all the ground lost in July, when they fell \$155 million. Export of a major electronic system to the United States was the main contributor to this increase in August.

Exports of automobiles rose \$109 million in August following declines of \$35 million in June and \$39 million in July. Exports of automobiles thus totalled \$1.4 billion in August, bringing their total for the first eight months of 1989 to \$10.6 billion, or \$1.0 billion less than the total for the same period of 1988. Retail sales of automobiles in the United States rose in August, ensuring demand for models made in Canada, particularly mini-vans. American consumers, took advantage of the rebates offered by major manufacturers to clear out 1989 models.

Wheat exports, which until last month had suffered from the drought in Western Canada, jumped by \$93 million in August to \$204 million, their highest level of the past five months. This rise in exports coincides with a slight decrease in the Laspeyres price index and a replenishment in world wheat stocks.

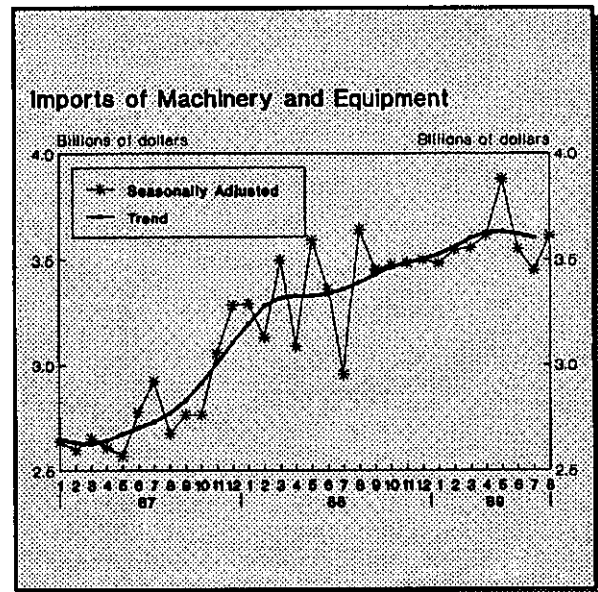
On the other hand, the largest decrease was in exports of trucks, which fell from \$659 million in July to \$460 million in August. Truck exports also recorded their lowest level since January 1987.

The resurgence in imports is primarily attributable to the following factors.

Automotive products contributed the most to the rise in imports, with an increase of \$419 million in August following consecutive major declines in June (-\$113 million) and July (-\$323 million). Imports of passenger automobiles alone were up \$292 million. This increase coincides with the 8.4% rise in retail sales in Canada of automobiles built overseas. Also, imports of parts were up \$78 million to total \$1.4 billion.

Imports of machinery and equipment rose \$164 million compared to July to total \$3.6 billion, approximately equal to the average posted for the first seven months of the year. The forecast of continued strength in business investment for the year appears to

be corroborated by the vitality of machinery and equipment imports in 1989, in spite of a decline between May and July. Imports of telecommunications equipment other than televisions, radios and phonographs increased by \$80 million.



An increase of more than \$53 million in imports of industrial goods was also recorded, following increases for chemical products other than those listed in the classification by major group category and metal fabricated basic products.

Imports of crude petroleum dropped \$32 million to total \$284 million. Non-compliance by the majority of OPEC members with the production quotas set by the cartel and the strength of the U.S. dollar continues to exercise downward pressure on prices, as reflected in the decline of the Laspeyres price index for this category.

Trading Partners

Exports to the United States rose \$221 million in August to total \$8.6 billion.

In addition, exports were up to Japan (\$149 million) and "Other O.E.C.D. countries" (\$255 million), while exports to "Other countries" increased by only \$7 million.

However, exports to the E.E.C. decreased by \$250 million to total \$736 million.

Imports from the United States were up \$795 million in August, rebounding after declines of \$539 million in July and \$416 million in June.

Imports were up from Japan, "Other O.E.C.D. countries" and "Other countries", posting increases of \$36 million, \$26 million and \$27 million respectively.

On the other hand, imports from the E.E.C. were down \$178 million.

In light of the most recent statistics on international merchandise trade, it was deemed appropriate to review the seasonal adjustment of various series following unusually sharp fluctuations in July and August of 1988 and 1989. Thus, new seasonal adjustment factors were derived using Statistics Canada's seasonal adjustment program (X-11 ARIMA method) based on reference series beginning in January 1980 and extending to August 1989 inclusively. The factors used up to this point (July 1989) were derived using data extending from January 1980 to April 1989 inclusively. Furthermore, models with shorter moving averages were used for certain series whose seasonal profiles seem to be evolving quickly in recent years, as is the case for imports of vehicle parts. This procedure did in fact produce improved results, and substantially attenuated the large movements observed in the trade series for the months in question, confirming the hypothesis that these variations were due in part to a new seasonal effect. Indeed, the automotive sector now appears to close its plants for retooling in July rather than in August as in the past. The following table illustrates the effect of the review of seasonal adjustment factors on total exports and imports for the months in question.

Results from Adopting End-point Seasonal Adjustment Factors and Shorter Moving Average

	1988			1989		
	Values (P.F.)*	Values (E.F.)*	Difference	Values (P.F.)	Values (E.F.)	Difference
	\$ millions		%	\$ millions		%
Exports:						
June:	11,842	11,882	0.3	11,221	11,227	0.1
July:	10,866	11,019	1.4	10,937	11,091	1.4
August:	11,945	11,840	-0.9	11,633	11,473	-1.4
Imports:						
June:	10,448	10,484	+0.3	10,983	11,024	0.4
July:	9,385	9,709	+3.5	10,117	10,563	4.4
August:	11,162	11,111	-0.5	11,380	11,270	-1.0

* The P.F. values were derived using projected seasonal adjustment factors while the E.F. were derived using End-point seasonal adjustment factors.

Table 1
Merchandise Trade of Canada
 August 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	119,061	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	30,794	27,673	3,122	1.4	-0.1	449
Second quarter	31,687	29,578	31,832	29,221	30,686	27,810	2,876	-0.4	0.5	-245
Third quarter	29,628	27,814	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	35,337	33,397	32,530	33,747	31,681	2,066	1.8	2.7	-224
Second quarter	36,399	33,711	36,142	32,957	34,684	31,663	3,022	2.8	-0.1	956
Third quarter	32,221	30,518	32,392	30,026	34,305	31,487	2,817	-1.1	-0.6	-205
Fourth quarter	35,358	32,098	35,363	31,972	34,558	32,655	1,904	0.7	3.7	-914
1989										
First quarter	34,493	33,859	35,213	33,504	35,598	33,269	2,329	3.0	1.9	426
Second quarter	36,073	36,510	36,623	35,996	35,265	34,067	1,199	-0.9	2.4	-1,512
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	999	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	11,475	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	12,375	11,215	11,782	10,939	842	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	11,323	10,620	11,671	10,572	12,189	11,087	1,102	6.5	2.1	510
February	11,180	11,051	11,458	10,897	11,853	11,022	831	-2.8	-0.6	-272
March	11,990	12,188	12,084	12,035	11,555	11,160	396	-2.5	1.2	-435
April	11,621	11,929	11,620	11,770	11,402	11,326	76	-1.3	1.5	-320
May	12,478	12,637	13,108	12,445	12,636	11,716	919	10.8	3.4	843
June	11,974	11,944	11,895	11,781	11,227	11,024	203	-11.1	-5.9	-716
July	9,777	9,480	9,821	9,509	11,091	10,563	528	-1.2	-4.2	325
August	10,768	10,959	10,762	10,866	11,473	11,270	203	3.4	6.7	-325
Year-to-date										
1988	91,128	88,701	90,297	84,836	91,243	83,891	7,352	10.8	13.0	-733
1989	91,112	90,808	92,418	89,876	93,427	89,167	4,260	2.4	6.3	-3,092

(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
 August 1989
 Seasonally Adjusted, Balance of Payments Basis

	July	Aug.	Period-to-period change				Year-to-date Total	Change over previous year	
			July	Aug.	July	Aug.		%	\$ millions
	\$ millions		%	%	\$ millions		\$ millions	%	\$ millions
Exports to:									
United States	8,339.7	8,561.0	-2.2	2.7	-191.9	221.2	70,045.8	3.5	2,354.1
United Kingdom	332.5	252.7	29.2	-24.0	75.1	-79.8	2,358.6	1.1	25.3
E.E.C. 86 excl. U.K.	653.7	483.5	-10.7	-26.0	-78.6	-170.2	5,143.3	10.2	476.3
Japan	631.3	780.2	8.6	23.6	49.9	149.0	5,856.2	8.9	479.0
Other O.E.C.D. 86 *	186.8	441.3	-21.5	136.2	-51.2	254.5	2,131.4	8.0	157.1
Other countries	947.0	954.3	6.8	0.8	60.6	7.4	7,892.2	-14.2	-1,307
Total	11,091.0	11,473.1	-1.2	3.4	-136.3	382.1	93,427.4	2.4	2,184.9
Imports from:									
United States	7,109.1	7,904.5	-7.0	11.2	-538.6	795.4	61,911.0	7.5	4,306.0
United Kingdom	353.1	297.3	-2.5	-15.8	-8.9	-55.8	3,070.9	-5.4	-176.7
E.E.C. 86 excl. U.K.	866.8	744.9	9.2	-14.1	73.1	-121.9	6,562.6	-6.5	-454.9
Japan	641.2	677.6	-7.8	5.7	-54.4	36.3	5,489.6	3.8	199.7
Other O.E.C.D. 86 *	327.6	353.4	-6.4	7.9	-22.4	25.8	2,671.5	12.9	305.7
Other countries	1,264.8	1,291.9	7.6	2.1	89.8	27.1	9,461.7	13.1	1,096.9
Total	10,562.7	11,269.6	-4.2	6.7	-461.4	707.0	89,167.4	6.3	5,276.6
Balance with:									
United States	1,230.6	656.5			346.7	-574.2	8,134.7		-1,951.9
United Kingdom	-20.6	-44.6			84.0	-24.0	-712.3		202.1
E.E.C. 86 excl. U.K.	-213.1	-261.4			-151.7	-48.3	-1,419.4		931.3
Japan	-10.0	102.6			104.2	112.6	366.6		279.4
Other O.E.C.D. 86 *	-140.8	87.9			-28.9	228.7	-540.2		-148.6
Other countries	-317.8	-337.5			-29.3	-19.7	-1,569.5		-2,404
Total	528.3	203.5			325.0	-324.8	4,260.0		-3,091.7

* Series with no seasonality.

Imports for August 1989 by country of origin from the United States (including Puerto Rico and the U.S. Virgin Islands) amounted to \$6,953.0 million. This represents the starting figure from which the Canada/United States reconciliation takes place.

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

	Seasonally adjusted					Raw values			
	June	July	Aug.	Year-to-date		Percentage change			
				Value	% change	Aug.'89/Aug.'88/Aug.'87/ Aug.'88 Aug.'87 Aug.'86			
	\$ millions								
AGRICULTURAL AND FISHING PRODUCTS	841.2	866.7	978.1	7,461.0	-16.3	-13.4	23.6	14.8	
Wheat	104.0	111.1	204.4	1,520.8	-53.6	-51.9	88.2	58.6	
Other agricultural and fishing products	737.2	755.6	773.7	5,940.2	5.4	6.2	5.2	6.4	
ENERGY PRODUCTS	1,040.5	1,003.7	1,047.8	8,095.9	-0.9	10.6	-11.9	32.1	
Crude petroleum *	410.4	363.2	344.2	2,927.0	0.8	2.9	-27.2	59.8	
Natural gas	277.0	266.2	291.6	2,017.9	1.7	17.0	12.4	13.3	
Other energy products	353.1	374.4	412.0	3,151.0	-4.0	13.8	-5.7	17.4	
FORESTRY PRODUCTS	1,721.4	1,710.7	1,741.0	14,155.6	-0.3	-2.7	7.6	20.3	
Lumber and sawmill products	522.0	571.1	545.0	4,508.2	-4.9	-7.0	-5.7	27.0	
Woodpulp and other wood products	558.4	503.6	565.9	4,524.8	10.2	5.3	21.3	30.6	
Newsprint and other paper and paperboard	640.9	636.0	630.1	5,122.7	-4.2	-5.4	11.3	7.8	
INDUSTRIAL GOODS AND MATERIAL	2,432.6	2,457.0	2,472.9	20,307.2	5.3	-5.0	30.2	19.5	
Metal ores	468.4	387.8	411.2	3,629.5	16.2	11.0	2.5	41.6	
Chemicals, plastics and fertilizers	539.1	515.4	530.4	4,455.7	-3.8	-5.9	29.5	15.3	
Metals and alloys	946.3	1,107.3	1,025.0	8,565.5	12.0	-13.9	50.7	22.7	
Other industrial goods and materials	478.8	446.5	506.3	3,656.4	-5.9	4.5	18.7	2.8	
MACHINERY AND EQUIPMENT	1,981.6	1,827.1	1,974.7	15,328.2	8.8	14.0	4.6	11.7	
Industrial and agricultural machinery	442.8	440.1	461.0	3,605.6	10.4	19.0	-6.9	17.9	
Aircraft and other transportation equipment	443.5	366.0	393.5	3,373.9	25.6	6.5	2.6	-11.5	
Other machinery and equipment	1,095.3	1,021.1	1,120.2	8,348.6	2.6	14.7	10.5	20.5	
AUTOMOTIVE PRODUCTS	2,899.6	2,775.9	2,740.0	23,107.5	-2.2	-6.5	19.8	-4.6	
Passenger autos and chassis	1,298.2	1,258.9	1,367.4	10,551.7	-8.8	-6.1	71.3	-32.7	
Trucks and other motor vehicles	693.4	658.6	460.1	5,116.5	1.4	-30.1	15.7	34.7	
Motor vehicle parts	908.0	858.4	912.5	7,439.3	6.2	9.9	-14.0	10.4	
OTHER CONSUMER GOODS	217.3	212.3	208.1	1,781.5	-5.1	-25.6	27.5	9.6	
SPECIAL TRANSACTIONS TRADE *	73.5	65.9	90.3	545.5	8.5	58.9	101.8	22.0	
UNALLOCATED ADJUSTMENTS *	19.7	171.6	220.1	2,644.7	354.9	3.2	13.7	-23.6	
TOTAL	11,227.3	11,091.0	11,473.1	93,427.4	2.4	-1.8	14.6	11.8	

* Series has no seasonality.

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

	Seasonally adjusted					Raw values		
	June	July	Aug.	Year-to-date Value	% change	Percentage change		
						Aug.'89/Aug. Aug.'88	Aug.'88/Aug. Aug.'87	Aug.'87/Aug. Aug.'86
	\$ millions							
AGRICULTURAL AND FISHING PRODUCTS	702.8	657.2	676.4	5,445.0	9.8	3.0	10.8	4.2
Fruits and vegetables	232.3	227.7	226.4	1,828.9	9.1	-2.1	16.9	-7.0
Other agricultural and fishing products	470.5	429.5	450.0	3,616.1	10.2	5.1	8.5	9.0
ENERGY PRODUCTS	480.8	535.5	494.8	4,178.8	17.8	27.2	-27.3	34.7
Crude petroleum	281.7	315.9	284.1	2,458.8	15.2	47.4	-48.8	93.3
Other energy products	199.1	219.6	210.8	1,720.0	21.6	9.6	14.9	-15.5
FORESTRY PRODUCTS	113.6	116.5	117.4	906.7	1.9	5.9	21.2	18.1
INDUSTRIAL GOODS AND MATERIALS	2,195.4	2,159.4	2,212.6	17,609.6	10.1	5.8	30.3	8.0
Metals and metal ores	594.7	583.7	572.1	4,958.6	7.4	-7.3	33.8	4.8
Chemicals and plastics	694.5	708.0	721.2	5,513.1	14.4	16.4	31.2	10.2
Other industrial goods and materials	906.2	867.8	919.4	7,137.9	8.8	8.5	27.1	9.0
MACHINERY AND EQUIPMENT	3,550.2	3,449.3	3,612.8	28,694.4	8.1	0.6	42.7	-2.4
Industrial and agricultural machinery	1,107.7	1,101.7	1,124.0	8,994.1	7.2	2.1	24.7	-1.1
Aircraft and other transportation equipment	451.9	432.9	428.6	3,845.7	-3.5	-31.3	135.7	-43.4
Office machines and equipment	510.7	491.3	508.0	4,172.1	9.4	1.0	18.4	33.4
Other machinery and equipment	1,479.9	1,423.4	1,552.2	11,682.4	12.8	13.4	44.9	4.2
AUTOMOTIVE PRODUCTS	2,567.8	2,244.4	2,663.0	21,111.3	-3.8	-5.8	15.9	-2.1
Passenger autos and chassis	917.8	732.4	1,024.4	7,896.6	0.1	-1.3	18.9	29.9
Trucks and other motor vehicles	266.6	216.5	264.7	2,294.9	-3.4	-9.4	-6.2	18.9
Motor vehicle parts	1,383.3	1,295.4	1,373.8	10,919.7	-6.5	-7.5	19.5	-16.8
OTHER CONSUMER GOODS	1,218.1	1,253.4	1,288.9	9,950.9	11.8	12.9	15.0	1.5
Apparel and footwear	272.6	286.8	293.6	2,262.1	8.7	18.3	-3.0	6.9
Miscellaneous consumer goods	945.5	966.6	995.3	7,688.7	12.7	10.9	23.4	-0.8
SPECIAL TRANSACTIONS TRADE *	277.0	217.6	283.1	1,903.4	11.5	19.6	44.6	18.9
UNALLOCATED ADJUSTMENTS *	-81.8	-70.8	-79.4	-633.0	4.7	1.8	22.9	1.4
TOTAL	11,024.0	10,562.7	11,269.6	89,167.4	6.3	3.5	23.6	2.9

* Series has no seasonality.

Table 5
Merchandise Trade of Canada
 Constant Dollars and Laspeyres Price Indexes
 August 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	34,911	33,540	0.8	2.5	111.8	110.5	1.8	0.1
Second quarter	34,782	34,298	-0.4	2.3	112.1	111.7	0.2	1.1
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	11,938	11,127	4.7	1.7	111.9	110.4	1.6	0.7
February	11,526	11,116	-3.5	-0.1	111.6	110.5	-0.3	0.1
March	11,446	11,297	-0.7	1.6	112.3	110.8	0.6	0.2
April	11,240	11,463	-1.8	1.5	112.2	111.6	-0.1	0.8
May	12,431	11,788	10.6	2.8	112.3	111.8	0.1	0.2
June	11,111	11,047	-10.6	-6.3	111.7	111.9	-0.6	0.0
July	11,029	10,727	-0.7	-2.9	110.8	111.2	-0.8	-0.6
August	11,440	11,486	3.7	7.1	110.1	110.0	-0.6	-0.1
Year-to-date								
1988	92,798	83,194	12.3	16.6				
1989	92,162	90,050	-0.7	8.2				

(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 - June 1989

Trade with All Countries, Reconciled Basis
(Table 1)

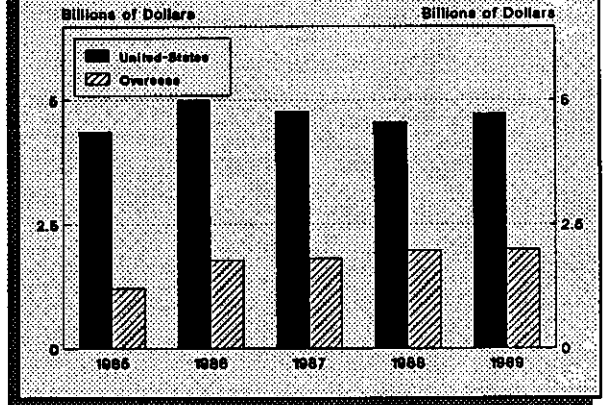
Statistics on foreign trade in automotive products (which include passenger automobiles, trucks and other motor vehicles, parts, tires and tubes) are now available for the first six months of 1989.

Exports of all automotive products totalled \$19.9 billion, up \$210 million or 1.1% compared to the first half of 1988.

Exports of passenger automobiles were down 11.1% or \$1 billion compared to the first six months of 1988 to total \$8.2 billion. This decline in Canadian exports coincides with a 6.7% drop in sales of North American automobiles in the United States for the first half of 1989. However, American sales of models for which there are plants in Canada fell by almost 16% over this period. This drop in sales resulted in temporary plant closings in Canada for inventory adjustment. Exports of trucks and other motor vehicles were up \$421 million or 11.1% to \$4.2 billion for the first six months of 1989. This was the highest total ever recorded for the first half of a year. Exports of parts were up \$703 million or 11.4% compared to 1988, reaching \$6.9 billion, also a record level for a six-month period. This growth was high compared to the small increase in vehicle production in the United States of 1.1%, particularly since approximately 89% of Canadian parts exports shipped to the United States are used in the manufacture of vehicles in American plants. Overall, Canadian exports of automotive products are heavily dependent on conditions in the American market, which absorbs more than 97% of these exports.

Imports of Passenger Cars

First Semester, 1985-89



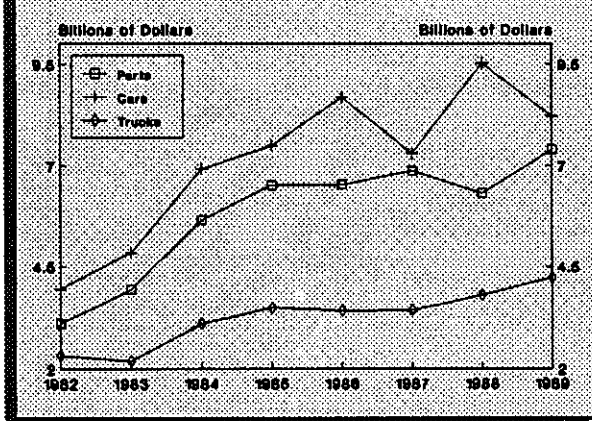
Imports of automotive products were down 5.4% or \$1.1 billion compared to the first six months of 1988 and totalled \$20.1 billion.

The largest decline was recorded for imports of parts, which fell \$1.3 billion or 10.1% to \$11.3 billion. Imports of trucks and other vehicles were down \$126 million or 6.7% to \$1.7 billion. These were the lowest import levels registered since the first half of 1986. On the other hand, imports of automobiles were \$6.7 billion, an increase of 3.3% or \$216 million.

Compared to the first half of 1988, Canada's trade surplus for passenger automobiles dropped \$1.2 billion to \$1.5 billion. The trade surplus for trucks and other vehicles was up \$547 million to \$2.5 billion, while the customary trade deficit for parts declined \$2.0 billion to \$4.4 billion. Canada ran a deficit of \$218 million in international trade of automotive products, a decrease of \$1.4 billion compared to the \$1.6 billion deficit recorded for the same period last year.

Canadian Exports

First Semester, 1982-89



Balance by Component

First Semester, 1985-89

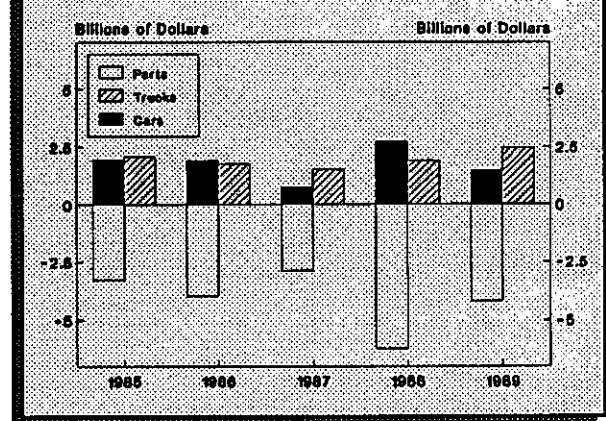


Table 1
Total Canadian Trade in Automotive Products (Reconciled Basis)
 First six months 1988 and 1989

	Annual		First six months		Change between the		
	1987	1988	1988	1989	first six months	of 1988 and 1989	
	(\$ millions)						%
Canadian Exports							
Cars	13,565	16,481	9,252	8,222	-1,030	-11.1	
Trucks and other motor vehicles	6,965	7,510	3,798	4,219	421	11.1	
Parts	11,962	12,099	6,185	6,888	703	11.4	
Tires and tubes	692	549	277	352	75	27.1	
Re-exports	195	239	131	172	41	31.3	
Total	33,379	36,878	19,643	19,853	210	1.1	
Canadian Imports							
Cars	12,346	12,179	6,508	6,724	216	3.3	
Trucks and other motor vehicles	3,706	3,444	1,875	1,749	-126	-6.7	
Parts	18,228	22,082	12,527	11,258	-1,269	-10.1	
Tires and tubes	570	594	306	340	34	11.1	
Total	34,850	38,299	21,216	20,071	-1,145	-5.4	
Balance							
Cars	1,219	4,302	2,744	1,498	-1,246		
Trucks and other motor vehicles	3,259	4,066	1,923	2,470	547		
Parts	-6,266	-9,983	-6,342	-4,370	1,972		
Tires and tubes	122	-45	-29	12	41		
Re-exports	195	239	131	172	41		
Total	-1,471	-1,421	-1,573	-218	1,355		

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

After reconciliation, exports of automotive products to the United States totalled \$19.4 billion, an increase of \$199 million compared to the first six months of 1988. Imports from the United States fell to \$16.5 billion, a decline of \$1.2 billion.

For the first six months of 1989, exports of automobiles were down \$984 million to \$8.2 billion. Exports of trucks were up \$424 million or 11.4% to \$4.1 billion. Exports of parts grew 11.4% or \$684 million to total \$6.7 billion.

Imports of American automobiles, which represent 70% of Canadian automobile imports in terms of value, were up \$188 million or 4.1% compared to the first six months of 1988. For the first six months of 1989, these imports totalled \$4.7 billion. The rise in imports during this period could be linked to incentives offered by automotive manufacturers to purchasers of North American automobiles in early 1989. However, the decrease in sales during May and June had an impact on imports, which were down for these two months. Imports of trucks and other vehicles dipped \$95 million or 5.6% to \$1.6 billion. Imports of parts totalled \$10.0 billion and represented 89% of Canada's total parts imports. A substantial share of the parts imported from the United States, approximately 92%, is intended for vehicle production in Canada. Hence, the

slowdown in vehicle production recorded in the second quarter of 1989 accounts for the \$350 million drop in parts imports in the second quarter of 1989 compared to the same period of last year. On the other hand, the \$1.0 billion drop in imports in the first quarter of 1989 compared to the same period a year earlier could be explained by the unusually high level of imports during the first quarter of 1988.

Canada had a surplus of \$2.8 billion in trade of automotive products with the United States, an increase of \$1.4 billion compared to the same period in 1988. The trade surplus for passenger automobiles was down \$1.2 billion to \$3.4 billion. The trade surplus for trucks and other vehicles was \$2.6 billion, up \$519 million, while the traditional trade deficit in parts dropped \$2.0 billion to \$3.3 billion.

Trade with Overseas Countries, Customs Basis
 (Table 3)

All exports to overseas countries totalled \$499 million for the first six months of 1989, an increase of \$12 million or 2.5% compared to 1988. Exports of automobiles were down \$45 million to \$53 million, while exports of trucks and other vehicles declined \$3 million to \$72 million. Exports of parts were up \$19 million or 11.2% to \$188 million. The highest increase was recorded for re-exports, up \$41 million to \$172 million.

Table 2
Canada-United States Trade in Automotive Products (Reconciled Basis)
 First six months 1988 and 1989

	Annual		First six months		Change between the first six months of 1988 and 1989	
	1987	1988	1988	1989		%
	(\$ millions)					
Exports (United States Imports from Canada)						
Cars	13,505	16,326	9,154	8,170	-984	-10.7
Trucks and other motor vehicles	6,838	7,363	3,723	4,147	424	11.4
Parts	11,579	11,752	6,016	6,700	684	11.4
Tires and tubes	661	520	263	338	75	28.5
Total	32,583	35,961	19,156	19,355	199	1.0
Imports (Canadian Imports from the United States)						
Cars	8,691	8,608	4,541	4,729	188	4.1
Trucks and other motor vehicles	3,282	3,078	1,688	1,593	-95	-5.6
Parts	16,397	19,956	11,338	9,982	-1,356	-12.0
Tires and tubes	310	351	186	213	27	14.5
Total	28,680	31,993	17,753	16,517	-1,236	-7.0
Balance						
Cars	4,814	7,718	4,613	3,441	-1,172	
Trucks and other motor vehicles	3,556	4,285	2,035	2,554	519	
Parts	-4,818	-8,204	-5,322	-3,282	2,040	
Tires and tubes	351	169	77	125	48	
Total	3,903	3,968	1,403	2,838	1,435	
Excluded: adjustments to values of imported parts for special tooling charges	468	508	281	255		

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

	Annual		First six months		Change between the first six months of 1988 and 1989	
	1987	1988	1988	1989		%
	(\$ millions)					
Domestic Exports						
Cars	60	155	98	53	-45	-45.9
Trucks and other motor vehicles	127	147	75	72	-3	-4.0
Parts	382	347	169	188	19	11.2
Tires and tubes	32	29	14	14	0	0.0
Re-exports	195	239	131	172	41	31.3
Total	795	917	487	499	12	2.5
Imports						
Cars	3,656	3,571	1,968	1,995	27	1.4
Trucks and other motor vehicles	424	365	187	156	-31	-16.6
Parts	1,831	2,126	1,188	1,275	87	7.3
Tires and tubes	261	243	121	126	5	4.1
Total	6,171	6,305	3,464	3,552	88	2.5
Balance						
Cars	-3,596	-3,416	-1,870	-1,942	-72	
Trucks and other motor vehicles	-297	-218	-112	-84	28	
Parts	-1,449	-1,779	-1,019	-1,087	-68	
Tires and tubes	-229	-214	-107	-112	-5	
Re-exports	195	239	131	172	41	
Total	-5,376	-5,388	-2,977	-3,053	-76	

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

	Number of Units				Import Share		Average Price		Exchange Rate *	
			Change						Change	
	1988	1989	89/88	89/88	1988	1989	1988	1989	89/88	89/88
	'000	'000	'000	%	%	%	\$	\$	%	%
United States	361.8	372.1	10.3	2.9	64.9	64.9	12,548	12,709	1.3	-4.5
Overseas Countries	195.5	201.4	5.9	3.0	35.1	35.1	10,099	9,907	-1.9	...
Japan	150.6	158.6	8.0	5.3	27.0	27.7	9,268	9,409	1.5	-8.9
West Germany	11.9	9.8	-2.1	-17.4	2.1	1.7	24,499	23,209	-5.3	-14.5
United Kingdom	1.4	0.7	-0.7	-50.7	0.3	0.1	37,090	44,540	20.1	-11.4
France	0.5	0.1	-0.4	-76.0	0.1	0.0	10,944	14,034	28.2	-14.8
Sweden	2.7	3.0	0.3	10.7	0.5	0.5	18,589	18,000	-3.2	-11.0
Italy	0.2	0.1	-0.1	-55.1	0.0	0.0	40,955	62,900	53.6	-13.5
Other Countries	28.2	29.0	0.9	3.1	5.1	5.1	6,083	6,296	3.5	...
All Countries	557.2	573.5	16.2	2.9	100.0	100.0	11,689	11,725	0.3	-9.5

* 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.

Imports of automotive products from overseas were up \$88 million or 2.5% to \$3.6 billion in the first half of 1989. The greatest increase was in imports of parts, up \$87 million or 7.3% to \$1.3 billion. In addition, imports of automobiles totalled \$2 billion, an increase of \$27 million or 1.4%, while imports of trucks fell \$31 million or 16.6% to \$156 million.

Canada ran a deficit of \$3.1 billion in trade with overseas countries, an increase of \$76 million. The deficit in trade of automobiles rose \$72 million to \$1.9 billion, while the deficit in trade of trucks dropped \$28 million to \$84 million, and the deficit for parts increased by \$68 million to \$1.1 billion.

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

Canada imported 573,500 automobiles during the first six months of 1989, an increase of 2.9% (16,200 units) compared to the same period a year earlier. As a result of the increase of 10,300 imported cars from

the United States, U.S. penetration of the Canadian import market stood at 64.9%, the same value as in 1988. Imports from Japan increased by 8,000 units or 5.3%, raising Japan's market share to 27.7% from 27.0% in 1988. This increase took place at the expense of West Germany, which shipped 2,100 or 17.4% fewer automobiles to Canada. The share of imports from Germany was 1.7%, while the share for other countries, including South Korea, remained stable at 5.1%.

The average price of automobiles imported from the United States was \$12,709. This price represents an increase of 1.3% compared to the average for the first six months of 1988 and coincides with a 4.5% depreciation of the U.S. dollar relative to the Canadian dollar. The average price of automobiles imported from Japan was \$9,409, an increase of 1.5%, while the average price of all automobiles imported from overseas was \$9,907, compared to \$10,099 for the first six months of 1988, a decline of 1.9%.