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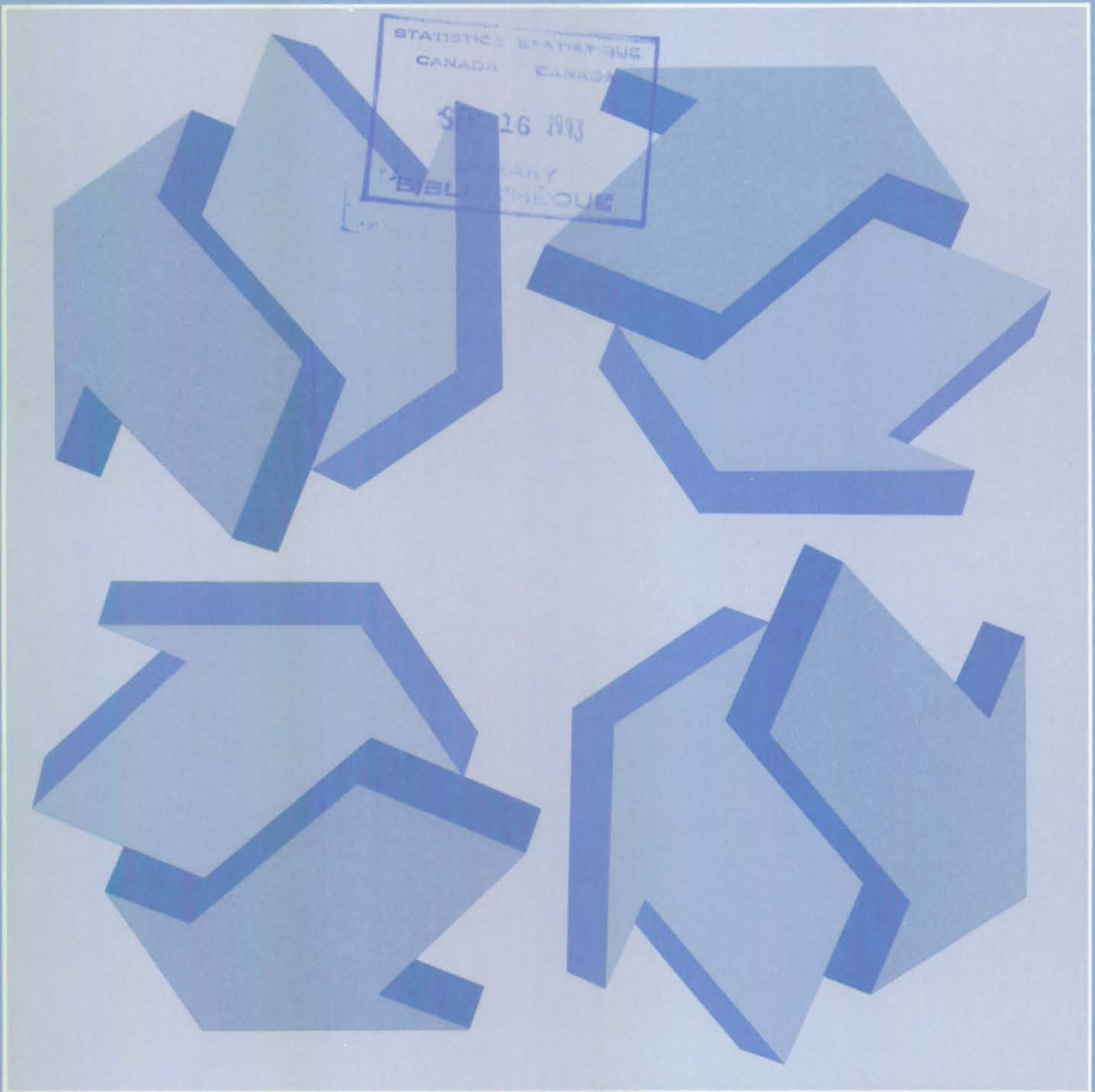
Preliminary Statement of Canadian International Trade



Years of *Ans*
Excellence *d'excellence*

July 1993

Not for release before 8:30 a.m.
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Preliminary Statement of Canadian International Trade

July 1993



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For more detailed information on statistics, concepts and definitions, order the July 1993 issue of *Summary of Canadian International Trade* (cat. no. 65-001, \$18.20/\$182), available the first week of October 1993, or contact Gordon Blaney (613-951-9647), Client Services Section, or Marlene Sterparn (613-951-1711) (for analysis information), or Denis Pilon (613-951-4808) (for price index information), Macroeconomic Analysis Section, International Trade Division.

Current Account data, which incorporate merchandise trade statistics as well as data concerning trade in services and capital account movements, are available on a quarterly basis in *Canada's balance of international payments* (cat. no. 67-001).

Available on CANSIM: matrices 3620 to 3629, 3651, 3685 to 3713, 3718, 3719, 3887 to 3913.

HIGHLIGHTS

- **Seasonally adjusted exports rose for the third month in a row, growing by \$24 million in July to reach a level of \$14.9 billion. The year-to-date total was 16.7 per cent higher than for the first seven months of 1992. The trend also increased, for the nineteenth consecutive month, and now stands 15.8 per cent above that of a year ago.**
- **The largest increase was for exports of industrial goods, which rose by \$106 million. Forestry products and consumer goods increased marginally.**
- **Moderating the overall increase were lower exports of machinery and equipment (-\$59 million), agricultural and fishing products (-\$58 million) and energy products (-\$17 million).**
- **Seasonally adjusted imports grew by \$144 million to \$13.8 billion. Year-to-date imports were 13.2 per cent above the level recorded for the same period in 1992. The import trend increased for the eighteenth month in a row, and now stands 13.5 per cent higher than a year ago.**
- **Imports of machinery and equipment increased by \$247 million, more than offsetting last month's decline. Increases of about \$40 million each were registered for imports of automotive products and industrial goods.**
- **The largest decreases were for imports of energy products, down by \$161 million and consumer goods, which declined by \$110 million.**
- **The merchandise trade surplus declined by \$120 million to \$1.0 billion in July. The year-to-date trade surplus for 1993 stood at \$7.0 billion, double the level reached during the first seven months last year.**
- **In July, Canada's \$2.0 billion trade surplus with the US contributed to a year-to-date total of \$12.7 billion, a record high for this period.**

Monthly Summary

(All figures are seasonally adjusted)

Seasonally adjusted exports rose for the third month in a row, growing by \$24 million in July to reach a level of \$14.9 billion. Higher exports to the US, up by \$186 million, were almost entirely offset by declines in exports to our other trading partners. After increasing for the past two months, exports to Japan fell by \$111 million. Decreases were also registered for the European Community (-\$12 million) and non-OECD countries (-\$50 million).

Seasonally adjusted imports grew by \$144 million to \$13.8 billion, almost as high as the record set in March. While imports from Japan and the European Community fell by \$39 million and \$104 million, respectively, there was substantial growth in imports from the US (\$173 million), the rest of the OECD (\$51 million) and non-OECD countries (\$63 million).

The merchandise trade surplus declined by \$120 million to \$1.0 billion in July. Canada's trade surplus with the US was relatively stable at \$2.0 billion.

Commodities

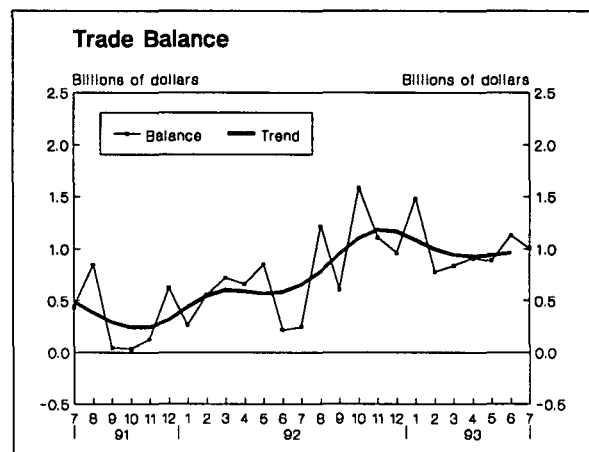
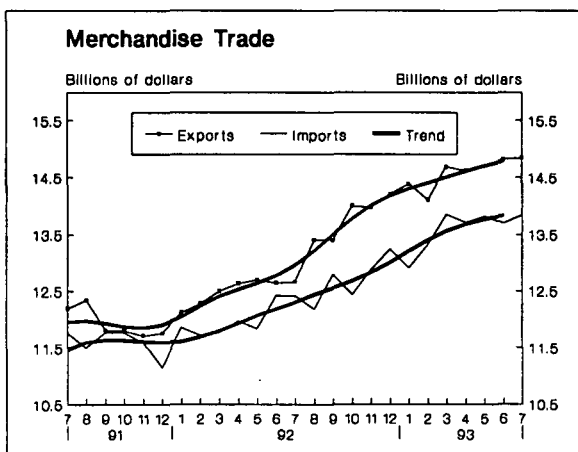
For exports, month-to-month movements were mixed. The largest increase was for industrial goods, which grew by \$106 million. Within this commodity grouping, there were higher exports of metals and alloys, chemicals and plastics, and metal ores. An \$18 million increase for forestry exports resulted from a combination

of a decline for lumber and increases for pulp (\$37 million) and newsprint (\$43 million). Consumer goods grew very marginally.

Partly offsetting these increases were lower exports of machinery and equipment (-\$59 million), agricultural and fishing products (-\$58 million), and energy products (-\$17 million), but within these commodity groups there were also mixed movements. For instance, exports of industrial and agricultural machinery grew, as did exports of crude petroleum and natural gas. The largest decreases were for aircraft and other transportation equipment, down by \$66 million, and coal, which declined by \$51 million.

In the case of imports, machinery and equipment contributed most to the overall growth (up by \$247 million). There were increases for most commodity groups, the most notable exception being imports of aircraft and other transportation equipment, which declined by \$44 million. Automotive imports remained relatively stable, increasing by only \$42 million, and industrial goods grew by \$41 million.

There were large offsetting decreases for imports of energy products, mostly because of a \$141 million decline for crude petroleum, and consumer goods, which fell by \$110 million.

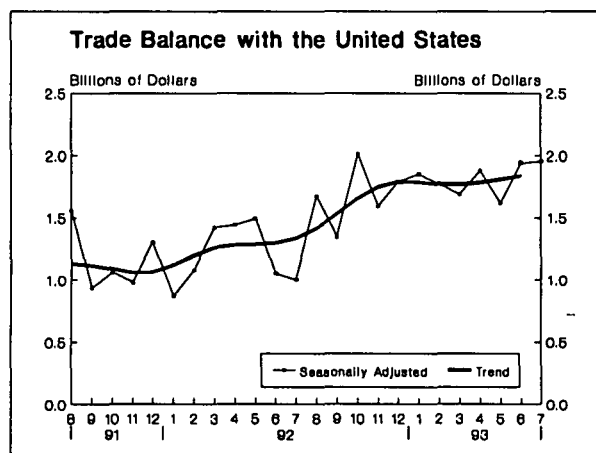


Underlying Trends

Seasonally adjusted numbers are used to describe current changes and levels, but they are often unduly affected by irregular changes in trading patterns. Smoother series, which serve better to describe underlying movements, are obtained by applying a thirteen-month weighted moving average to the seasonally adjusted numbers. These trends are described in the text below and summarized in Text Tables 1 to 4.

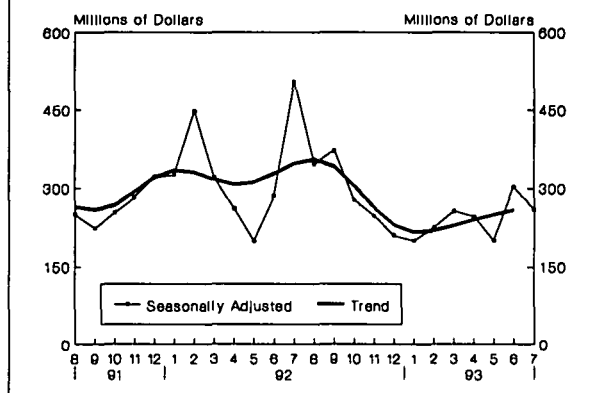
Exports

The export trend rose for the nineteenth consecutive month to 15.8 per cent above its level in June 1992. There were continued increases in the trend for exports to all trading partners except the EC. In the case of the US and Japan, these increases have been sustained for quite some time (nineteen months for the US and eleven for Japan). Exports to the EC have fallen for the past nine months, and now stand 11.1 per cent below their level a year ago.



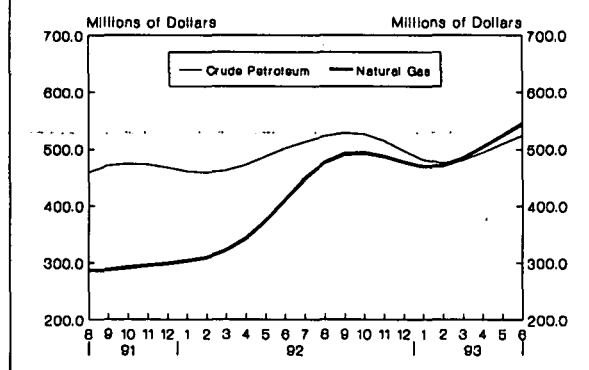
Most commodity groups have shown increasing trends in the last few months, but their rates of growth over the last year have varied considerably. For instance,

Exports of Wheat



agricultural and fishing products were up for the fifth month in a row, aided in large part by recent increases for wheat (up almost twenty per cent since the beginning of the year). Energy exports also increased for the fifth consecutive month. Industrial goods increased for the second month in a row, reversing a five-month downturn. However, while agricultural products and industrial goods have risen by just four per cent since last June,

Exports of Energy Products (Trends)

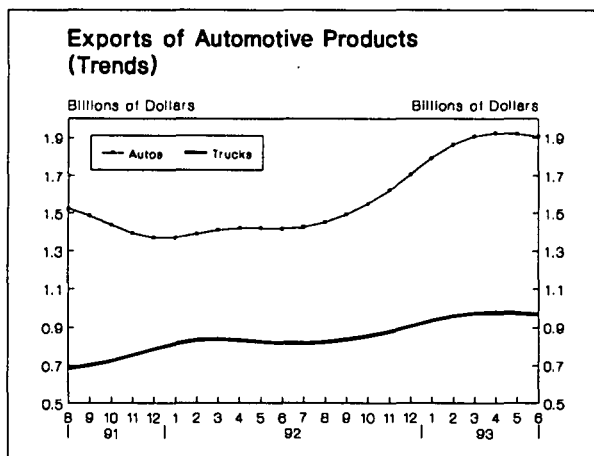


Text Table 1: EXPORT TRENDS - PRINCIPAL TRADING AREAS

	% Change from June '92	Months from last turning point		% Change from turning point
		Increasing	Decreasing	
United States	20.1	19		31.6
Japan	17.1	11		17.1
EC	-11.1		8	-14.4
Other OECD	22.7	2		2.5
Other Countries	-0.9	6		2.3
Total Exports	15.8	19		24.7

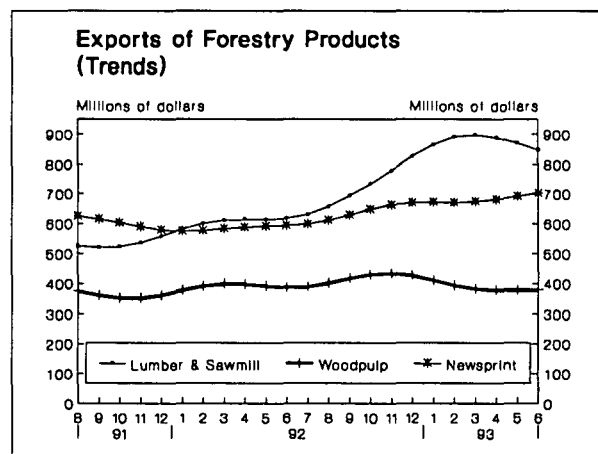
energy exports are nearly twenty per cent higher. Natural gas, in particular, has increased by almost a third.

Machinery and equipment exports, increasing for eighteen months and now fifteen per cent higher than in June 1992, have provided much of the continued strength in the trend. In particular, exports of industrial and agricultural machinery were up by twenty-seven per cent over the last year, and office machines by eighteen per cent. Somewhat dampening the overall growth were exports of aircraft and other transportation equipment, which have fallen for the fourth month in a row. Nevertheless, they remain almost twelve per cent higher than their level a year ago.



Although the trend for automotive exports showed a slight downturn two months ago, large monthly increases towards the end of 1992 have kept the trend at a level some twenty-seven per cent higher than that of last June. Over the last year, car exports have grown by thirty-four per cent, trucks by nineteen, and parts by twenty-three.

Forestry exports have behaved in a similar fashion. Their trend has been down for the past four months, but because of steady increases earlier in the year, they are still twenty-one per cent higher than the level recorded a year ago. Much of this strength has come from lumber and sawmill products, despite a third consecutive monthly drop. Lumber exports have grown by thirty-



Text Table 2: EXPORT TRENDS - COMMODITIES

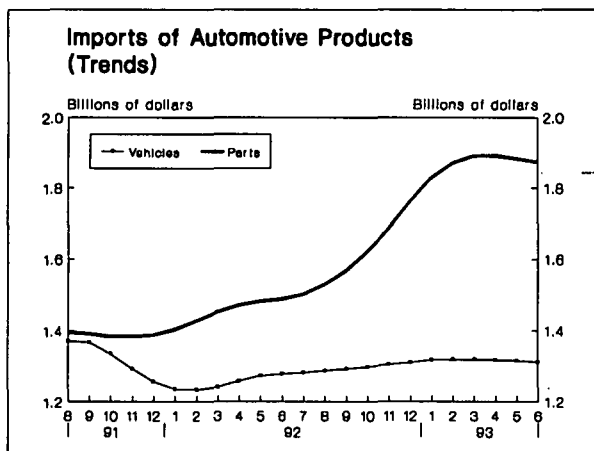
	% Change from June '92	Months from last turning point		% Change from turning point
		Increasing	Decreasing	
Agricultural Products	4.1	5		8.5
Wheat	-21.0	5		19.2
Other	13.3	23		30.8
Energy Products	19.8	5		16.1
Crude Petroleum	4.6	4		10.0
Natural Gas	32.6	5		16.1
Forestry Products	20.7		4	-1.3
Industrial Goods	2.9	2		0.7
Machinery & Equipment	14.8	18		27.1
Industrial & Agricultural	26.5	13		27.0
Aircraft & Other Transportation Equipment	11.6		4	-2.2
Other	12.1	19		30.6
Automotive Products	27.1		2	-0.9
Cars	34.4		2	-0.9
Trucks	18.6		2	-1.0
Parts	23.0		3	-1.2
Consumer Goods	19.3	29		59.7
Total Exports	15.8	19		24.7

seven per cent in the last twelve months, as a result of relatively high prices and volumes. The trend for exports of newsprint has been rising since March, bringing their monthly level to eighteen per cent above that of a year ago. The downward movement for woodpulp appears to have reversed itself, increasing for the first time since last November. Its monthly level remains almost two per cent below that of twelve months ago.

Imports

The import trend has been increasing for eighteen months, and now stands 13.5 per cent higher than in June 1992. Over the last year, the largest increases have been for imports from the US (16.8 per cent) and from non-OECD countries (18.5 per cent). Imports from the EC have been increasing for the last five months, but remain slightly lower than last June. In contrast, imports from Japan declined for the fifth month in a row to almost ten per cent lower than a year ago.

As with exports, there is considerable variation among commodity groups with respect to the direction and magnitude of the import trend. Several groups have exhibited quite lengthy increases. In this group are agricultural products, industrial goods, machinery and equipment, and consumer goods. The others (energy, forestry and automotive products) have shown recent

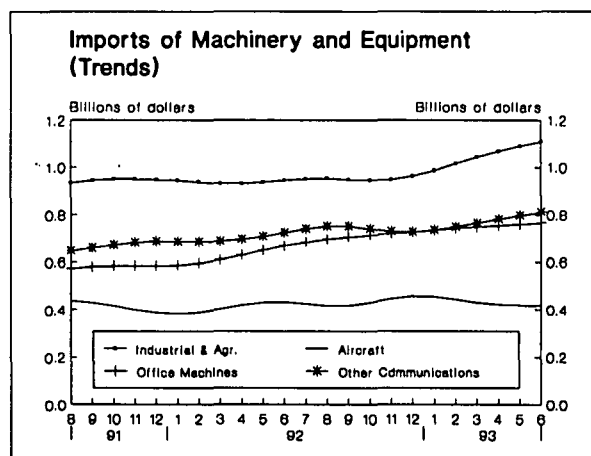


signs of decline, but still remain at levels greater than a year ago.

Imports of agricultural products have increased an average of one per cent a month over the last twenty-two months, and now stand seventeen per cent higher than their level last June.

Industrial goods have increased at a slightly faster rate, growing by twenty-four per cent over the past twenty months; their overall increase in the last year was sixteen per cent. There were continued increases for all major commodities within this grouping.

Machinery and equipment imports have been increasing since February 1992, growing by almost twenty per cent since then and twelve per cent in the past year. Office machines have been on an upward trend for eighteen months, industrial and agricultural machinery for eight, and other machinery and equipment for seven.



The prime weakness in the machinery sector was imports of aircraft and other transportation equipment, which have been falling since the beginning of 1993 and are now over three per cent lower than their level a year ago.

Imports of consumer goods have been on an upward trend for two and a half years, but their twelve-

Text Table 3: IMPORT TRENDS - PRINCIPAL TRADING AREAS

	% Change from June '92	Months from last turning point		% Change from turning point
		Increasing	Decreasing	
United States	16.8	19		26.1
Japan	-9.7		5	-7.2
EC	-0.7	5		4.0
Other OECD	7.6		2	-0.6
Other Countries	18.5	14		19.8
Total Imports	13.5	18		19.3

month rate of increase has been slowing somewhat (ten per cent this month compared to over eleven in the first five months of the year).

Pulling down the trend this month were imports of energy, forestry and automotive products. Energy imports began to turn downward two months ago, but are still higher than last year by ten per cent. This was entirely due to the strength of crude petroleum imports, which have grown by twenty per cent since last June. In contrast, the trend for imports of other energy products (including coal and refined petroleum) has fallen almost eight per cent in the last year.

Similarly, although forestry imports fell for the fourth month in a row, they remain seven per cent above their level in June 1992. And, this was only the second decline in automotive imports since January 1992, with total imports fifteen per cent higher than their level a year ago. Annual increases for imports of cars and trucks were not large, but imports of parts have grown by twenty-six per cent.

Year-to-Date

Year-to-date exports were \$102.2 billion in 1993 compared to \$87.6 billion for the same period in 1992, a rise of 16.7 per cent. Exports to the US and "other OECD countries" showed the strongest growth, increasing by

over 21 per cent each. Exports of virtually all commodity groups were stronger in 1993 compared to last year. The most significant increases were registered for exports of natural gas (44 per cent), lumber and sawmill products (41 per cent), automotive products (27 per cent), and consumer goods (22 per cent). In contrast, metal ores declined by over 15 per cent.

At \$95.2 billion, year-to-date imports were 13.2 per cent above the \$84.1 billion level recorded during the first seven months of 1992. There were increases for imports from the US (17 per cent), non-OECD countries (15 per cent) and "other OECD countries" (12 per cent). On the other hand, cumulative imports from Japan were ten per cent below 1992 levels, and imports from the EC were two per cent lower.

Cumulative imports were higher for all major commodity groupings. Crude petroleum increased by 26 per cent, automotive parts by 27 per cent, chemicals by 21 per cent and office machinery by 19 per cent.

The year-to-date trade surplus for 1993 stood at \$7.0 billion, double the level reached during the first seven months last year. Canada's trade surplus with the US was \$12.7 billion for January to July, a record high for this period.

Text Table 4: IMPORT TRENDS - COMMODITIES

	% Change from June '92	Months from last turning point		% Change from turning point
		Increasing	Decreasing	
Agricultural Products	16.5	22		22.1
Energy Products	9.5		2	-1.7
Crude Petroleum	20.0		1	-0.7
Other Energy	-7.7		3	-5.2
Forestry Products	6.9		4	-4.4
Industrial Goods	16.4	20		23.6
Machinery & Equipment	12.1	17		19.5
Industrial & Agricultural	17.0	8		17.0
Aircraft & Other Transportation Equipment	-3.4		6	-8.6
Office Machines	14.2	18		30.8
Other	12.5	7		9.3
Automotive Products	15.2		2	-0.7
Cars	2.1	6		0.4
Trucks	4.6		4	-2.8
Parts	26.0		2	-0.9
Consumer Goods	10.0	30		30.3
Total Imports	13.5	18		19.3

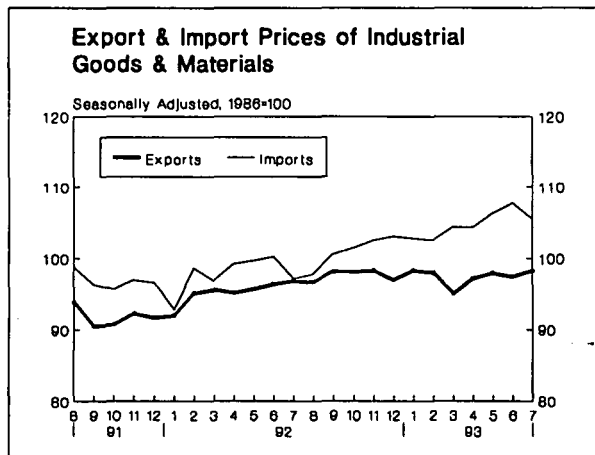
Price Movements

Monthly Summary

(See Tables 8 and 9 for more information)

Exports

The downward trend of the Canadian dollar continued with a 0.3% decline in July, falling from an average of 0.7820 US\$ in June to an average of 0.7802 US\$. After two consecutive months of decline, the Paasche price index for total exports reversed its trend to register a 0.3% increase in July. The increase in the index resulted from higher prices for automotive products (+3.4%), industrial goods and materials (+0.9%), and agricultural and fishing products (+0.3%). Moderating these increases were lower prices for energy products (-2.3%), forestry products (-1.3%), machinery and equipment (-1.1%), and miscellaneous consumer goods (-0.7%).



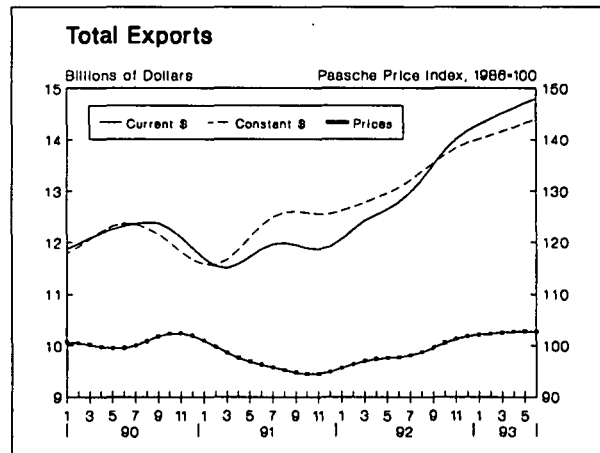
Imports

After three consecutive monthly increases, the current-weighted price index for total imports fell by 0.6% in July. This decline resulted from mixed movements. Lower prices were registered for agricultural and fishing products (-2.0%), industrial goods (-2.0%), and energy products (-0.1%). A somewhat offsetting upward pressure was exerted on the index by higher prices for automotive products (+1.0%), and other consumer goods, which rose by 1.0% as prices for apparel and footwear increased for the second consecutive month (+1.4% in July). Machinery and equipment prices were up very marginally (+0.1%).

Underlying Trends

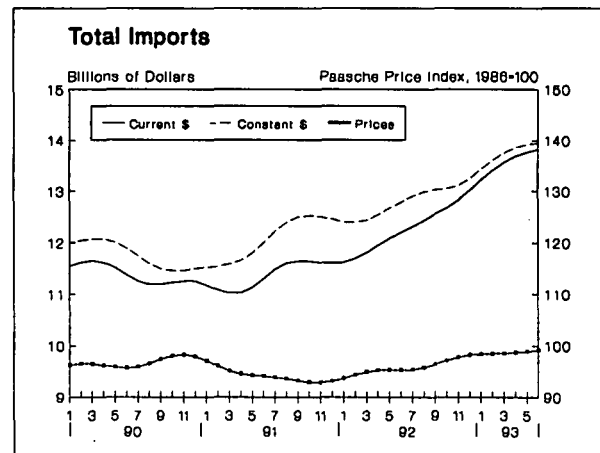
Exports

The Paasche price index for total exports remained virtually unchanged from last month's level of 102.7. Total current dollar exports maintained their upward trend, increasing by 0.6% in June. Total exports in current dollars continued to exceed constant dollars levels, since the Paasche price index remained at a level greater than one hundred.



Imports

The Paasche price index for total imports maintained its upward trend, rising by 0.2% in June. The upward trend for total imports in current dollars continued with a 0.4% increase in June. Total imports in constant dollars grew by 0.2% in June. As a result, the difference between total imports in current dollars and constant dollars is diminishing, and was only at \$113 million in June.



REVISIONS

In accordance with the policy of the International Trade Division, revisions are made to data for each month of the current year in order to correct classification anomalies, to include information from late documents, and in the case of energy, to reflect the difference between original estimates and actual figures. As well, new seasonal adjustment factors are generated quarterly, since more up-to-date information can better determine seasonal patterns. Revisions which have been made this month result from corrections to the raw data.

June exports were revised upwards by \$165 million, with the largest source of revision being an update to the natural gas estimate (\$111 million). There was a \$49 million downward revision to June imports resulting from several offsetting movements. The largest upward revisions were made to unallocated BOP adjustments (\$58 million, including a provision for growth in undeclared tobacco products) and crude petroleum (\$42 million). Downward revisions were made to industrial machinery (-\$29 million), aircraft (-\$15 million) and special transactions trade (-\$78 million).

Table 1
Merchandise Trade of Canada
 July 1993

	Customs Basis		Balance of Payments Basis							
	Exports	Imports	Raw Values		Seasonally Adjusted			Period-to-period change		
			Exports	Imports	Exports	Imports	Balance	Exports	Imports	Balance
			\$ millions					%	%	\$ millions
1986	120,670	112,511	120,318	110,374	120,318	110,374	9,943	1.1	7.5	-6,449
1987	125,087	116,239	126,340	115,119	126,340	115,119	11,222	5.0	4.3	1,279
1988	138,498	131,172	137,779	128,862	137,779	128,862	8,917	9.1	11.9	-2,305
1989	138,701	135,191	141,514	135,455	141,514	135,455	6,059	2.7	5.1	-2,858
1990	148,979	136,245	146,096	136,642	146,096	136,642	9,454	3.2	0.9	3,395
1991	145,924	135,335	141,097	136,107	141,097	136,107	4,989	-3.4	-0.4	-4,465
1992	162,597	147,995	156,567	147,588	156,567	147,588	8,979	11.0	8.4	3,990
1991										
First quarter	34,981	32,548	33,624	32,807	34,388	33,215	1,172	-6.0	-2.1	-1,477
Second quarter	38,441	34,935	37,066	35,039	35,028	33,316	1,713	1.9	0.3	540
Third quarter	35,291	33,277	34,388	33,611	36,375	35,049	1,326	3.8	5.2	-387
Fourth quarter	37,212	34,575	36,018	34,651	35,305	34,527	778	-2.9	-1.5	-548
1992										
First quarter	38,211	35,780	36,409	35,497	36,918	35,385	1,533	4.6	2.5	755
Second quarter	41,636	37,865	40,016	37,896	37,982	36,255	1,728	2.9	2.5	194
Third quarter	39,219	36,039	37,743	36,061	39,477	37,407	2,070	3.9	3.2	342
Fourth quarter	43,531	38,310	42,399	38,134	42,190	38,541	3,648	6.9	3.0	1,579
1993										
First quarter	43,921	39,872	42,602	39,958	43,184	40,097	3,087	2.4	4.0	-562
Second quarter	48,311	43,296	46,681	43,074	44,158	41,231	2,927	2.3	2.8	-160
1992										
January	11,933	11,219	11,384	11,195	12,135	11,872	264	3.1	6.5	-353
February	12,389	11,372	11,776	11,390	12,283	11,733	550	1.2	-1.2	286
March	13,889	13,189	13,249	12,912	12,500	11,780	719	1.8	0.4	169
April	13,633	12,483	12,916	12,379	12,637	11,981	657	1.1	1.7	-63
May	13,987	12,188	13,433	12,256	12,698	11,848	851	0.5	-1.1	194
June	14,016	13,194	13,667	13,261	12,647	12,426	221	-0.4	4.9	-630
July	12,233	11,502	11,653	11,538	12,668	12,418	250	0.2	-0.1	29
August	12,822	11,562	12,380	11,525	13,407	12,190	1,217	5.8	-1.8	967
September	14,164	12,976	13,710	12,999	13,402	12,799	603	-0.0	5.0	-613
October	15,104	13,456	14,690	13,301	14,004	12,424	1,580	4.5	-2.9	977
November	14,403	12,811	13,994	12,830	13,982	12,873	1,108	-0.2	3.6	-472
December	14,023	12,043	13,715	12,002	14,204	13,244	960	1.6	2.9	-149
1993										
January	13,656	11,708	13,241	11,805	14,387	12,910	1,477	1.3	-2.5	517
February	13,812	12,775	13,396	12,733	14,105	13,331	775	-2.0	3.3	-702
March	16,452	15,390	15,965	15,421	14,692	13,856	836	4.2	3.9	61
April	15,568	14,440	15,142	14,317	14,623	13,712	910	-0.5	-1.0	75
May	15,972	14,054	15,296	14,098	14,706	13,817	889	0.6	0.8	-22
June	16,771	14,803	16,243	14,659	14,829	13,702	1,128	0.8	-0.8	239
July	13,282	12,590	12,938	12,492	14,853	13,846	1,008	0.2	1.1	-120
Year-to-date										
1992	92,080	85,147	88,078	84,930	87,568	84,058	3,511	7.3	7.4	188
1993	105,514	95,758	102,220	95,524	102,195	95,174	7,021	16.7	13.2	3,510

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
 July 1993
 Balance of Payments Basis
 Seasonally Adjusted

	June	July	Period-to-period change				Year-to-date Total	Change over previous year	
			June	July	June	July		%	\$ millions
	\$ millions		%	%	\$ millions		\$ millions	%	\$ millions
Exports to:									
United States	11,809	11,995	-0.2	1.6	-23	186	81,777	21.5	14,489
EC (incl. UK)	841	829	0.8	-1.4	7	-12	6,023	-7.3	-471
Japan	738	627	1.3	-15.0	9	-111	4,632	10.8	453
Other OECD *	274	285	5.2	3.8	14	11	1,885	21.4	332
Other countries	1,167	1,117	11.1	-4.3	117	-50	7,878	-2.2	-177
Total	14,829	14,853	0.8	0.2	123	24	102,195	16.7	14,627
Imports from:									
United States	9,863	10,036	-3.5	1.8	-354	173	69,050	17.2	10,120
EC (incl. UK)	1,215	1,112	12.8	-8.5	138	-104	7,759	-2.3	-182
Japan	700	661	24.1	-5.6	136	-39	4,788	-9.6	-510
Other OECD *	365	416	-19.7	14.1	-89	51	2,837	11.7	297
Other countries *	1,558	1,621	3.6	4.0	54	63	10,739	14.9	1,391
Total	13,702	13,846	-0.8	1.1	-116	144	95,174	13.2	11,116
Balance with:									
United States	1,947	1,960			331	13	12,727		4,370
EC (incl. UK)	-374	-282			-131	92	-1,736		-289
Japan	37	-35			-127	-72	-157		963
Other OECD *	-90	-131			103	-41	-952		36
Other countries	-391	-504			63	-113	-2,862		-1,569
Total	1,128	1,008			239	-120	7,021		3,511

* Series not seasonally adjusted - does not meet criteria for seasonal adjustment.

Note: EC includes: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and United Kingdom. Other OECD includes: Austria, Finland, Iceland, Norway, Sweden, Switzerland, Turkey, Australia and New Zealand. (The EC countries, United States, Japan and Canada are also members of the OECD)

Table 2A
Statistical Alignment of Canadian Exports to the United States with United States Imports from Canada
 Customs Basis
 July 1993

	\$ millions
Total Canadian exports to United States	10,573.3
Freight and other related charges incurred in bringing the merchandise to the Canadian border	-378.1
Canadian re-exports of goods of foreign origin to United States	-655.1
United States imports of goods of Canadian origin from other countries	22.9
Re-exports of U.S. goods returned through Canada and designated as Canadian origin by the U.S.	391.7
Monthly average exchange rate (\$US/\$Cdn)	1.2817
Total United States imports from Canada (Country of Origin and F.O.B. place of lading basis)	US\$ 7,766.8

Notes:

1. United States trade data includes Puerto Rico and Virgin Islands.

2. Totals may not add due to rounding.

3. Readers interested in aligning Canadian imports from United States to United States exports to Canada should refer to the *United States Department of Commerce News Release (FT900)* or contact International Trade Division Client Services Section at 613-951-9647.

Table 3
Exports by Commodity Groupings
 July 1993
 Balance of Payments Basis

	Seasonally adjusted					Raw values		
	May	June	July	Year-to-date		Percentage change		
				Value	% change	July'93/ July'92	July'92/ July'91	July'91/ July'90
	\$ millions							
AGRICULTURAL AND FISHING PRODUCTS	1,163	1,346	1,288	8,574	1.4	-10.3	32.4	-6.8
Wheat	201	303	260	1,693	-27.8	-46.3	73.7	-1.3
Other agricultural and fishing products	963	1,043	1,028	6,881	12.6	9.5	17.2	-8.7
ENERGY PRODUCTS	1,690	1,638	1,621	10,543	20.2	13.0	20.4	12.9
Crude petroleum *	557	516	539	3,479	4.3	-3.3	29.0	35.7
Natural gas	498	568	586	3,553	44.2	34.9	50.3	-10.9
Other energy products	636	554	497	3,511	18.3	15.0	-5.1	11.2
FORESTRY PRODUCTS	1,926	1,897	1,915	13,559	22.2	23.5	-5.3	-11.1
Lumber and sawmill products	831	843	781	6,078	41.2	25.6	8.8	-2.5
Woodpulp and other wood products	386	368	405	2,691	-0.6	20.1	-19.0	-24.8
Newsprint and other paper and paperboard	709	686	729	4,789	17.3	23.1	-10.2	-8.1
INDUSTRIAL GOODS AND MATERIALS	2,543	2,472	2,578	17,638	5.3	6.2	-4.0	-7.8
Metal ores	326	255	283	2,036	-15.5	-11.3	-20.0	-14.9
Chemicals, plastics and fertilizers	695	676	741	4,779	10.6	8.6	15.8	-5.4
Metals and alloys	1,006	1,009	1,043	7,269	8.0	13.4	-12.3	-3.1
Other industrial goods and materials	516	532	511	3,554	8.2	1.9	5.4	-13.1
MACHINERY AND EQUIPMENT	2,951	3,005	2,946	20,420	16.1	10.4	12.9	-17.4
Industrial and agricultural machinery	630	613	644	4,233	21.0	20.3	5.9	-10.3
Aircraft and other transportation equipment	562	620	554	4,141	13.7	-1.7	8.5	-23.4
Other machinery and equipment	1,759	1,773	1,748	12,046	15.3	10.9	17.4	-17.6
AUTOMOTIVE PRODUCTS	3,769	3,830	3,821	26,968	27.3	18.2	-3.6	-34.3
Passenger autos and chassis	1,833	1,908	1,847	13,166	33.2	38.2	-5.9	-34.7
Trucks and other motor vehicles	940	927	969	6,751	16.8	-10.9	-4.0	-26.0
Motor vehicle parts	996	994	1,005	7,051	27.6	12.1	0.9	-40.5
OTHER CONSUMER GOODS	390	381	388	2,630	22.4	19.4	23.8	7.8
SPECIAL TRANSACTIONS TRADE	316	302	330	2,134	16.3	13.0	14.8	-14.5
UNALLOCATED ADJUSTMENTS *	-42	-41	-34	-270	...	...	...	...
TOTAL	14,706	14,829	14,853	102,195	16.7	11.0	6.1	-15.6

*Series not seasonally adjusted - does not meet criteria for seasonal adjustment.
 Note: ... figures not appropriate.

Table 4
Imports by Commodity Groupings
 July 1993
 Balance of Payments Basis

	Seasonally adjusted					Raw values		
	May	June	July	Year-to-date		Percentage change		
				Value	% change	July'93/ July'92	July'92/ July'91	July'91/ July'90
	\$ millions							
AGRICULTURAL AND FISHING PRODUCTS	925	921	918	6,330	15.9	9.4	7.2	2.5
Fruits and vegetables	297	282	293	2,012	9.2	11.6	-0.7	3.0
Other agricultural and fishing products	628	639	626	4,319	19.3	8.4	11.3	2.2
ENERGY PRODUCTS	649	681	520	4,357	17.0	-2.3	-10.1	37.6
Crude petroleum	457	479	339	2,918	26.0	11.5	-22.3	55.2
Other energy products	192	202	181	1,439	2.2	-20.5	13.5	12.9
FORESTRY PRODUCTS	119	125	117	880	12.2	-1.4	13.6	-6.6
INDUSTRIAL GOODS AND MATERIALS	2,594	2,528	2,568	17,524	14.9	13.4	6.2	2.0
Metals and metal ores	585	546	631	3,942	6.4	15.4	-0.1	3.4
Chemicals and plastics	925	911	892	6,261	20.5	16.4	8.4	5.0
Other industrial goods and materials	1,084	1,070	1,045	7,321	15.3	9.9	8.2	-1.1
MACHINERY AND EQUIPMENT	4,290	4,185	4,432	29,398	12.0	10.7	10.5	1.9
Industrial and agricultural machinery	1,048	1,060	1,186	7,443	13.1	24.0	-3.2	-4.3
Aircraft and other transportation equipment	438	454	410	3,009	2.9	-10.9	2.8	27.0
Office machines and equipment	786	729	778	5,254	18.6	12.6	25.1	-2.4
Other machinery and equipment	2,018	1,942	2,058	13,692	11.3	8.3	16.8	1.8
AUTOMOTIVE PRODUCTS	3,146	3,150	3,192	22,263	16.0	2.6	0.6	8.5
Passenger autos and chassis	1,005	972	986	6,845	1.3	-13.2	-3.2	44.6
Trucks and other motor vehicles	334	318	328	2,322	8.8	21.4	18.8	7.4
Motor vehicle parts	1,806	1,860	1,878	13,096	27.1	9.2	-0.6	-8.5
OTHER CONSUMER GOODS	1,708	1,752	1,642	11,819	10.0	4.0	12.5	6.6
Apparel and footwear	332	365	351	2,397	6.8	10.3	9.9	-9.8
Miscellaneous consumer goods	1,377	1,387	1,292	9,422	10.8	1.9	13.4	13.8
SPECIAL TRANSACTIONS TRADE	349	326	451	2,456	4.1	22.3	22.4	35.4
UNALLOCATED ADJUSTMENTS *	36	35	4	148	...	...	...	...
TOTAL	13,817	13,702	13,846	95,174	13.2	8.3	6.3	6.7

*Series not seasonally adjusted - does not meet criteria for seasonal adjustment.

Note: ... figures not appropriate.

Table 5
Merchandise Trade of Canada
 Constant Dollars, Laspeyres Price Indexes and Terms of Trade
 July 1993
 Seasonally Adjusted, Balance of Payments Basis

	Constant 1986 dollars (1)				Laspeyres price index (2)					
	Exports		Imports		1986=100			Period-to-period change (4)		
					Exports	Imports	Terms of Trade(3)	Exports	Imports	Terms of Trade(3)
	\$ millions		%		Exports	Imports	Terms of Trade(3)	Exports	Imports	Terms of Trade(3)
1986	120,317	110,374	—	—	100.0	100.0	100.0	...	...	...
1987	124,665	117,271	3.6	6.2	101.8	98.8	103.1	1.8	-1.2	3.1
1988	136,247	133,877	9.3	14.2	102.3	97.5	105.0	0.5	-1.3	1.9
1989	137,830	141,072	1.2	5.4	104.7	97.7	107.1	2.3	0.3	2.0
1990	144,885	140,977	5.1	-0.1	103.7	99.2	104.6	-0.9	1.5	-2.4
1991	146,185	144,676	0.9	2.6	99.9	97.9	102.0	-3.7	-1.3	-2.5
1992	158,810	153,943	8.6	6.4	102.7	102.1	100.6	2.8	4.2	-1.3
1990										
First quarter	35,662	35,993	1.7	0.7	103.8	99.3	104.6	0.1	1.9	-1.8
Second quarter	36,810	35,924	3.2	-0.2	102.4	98.3	104.2	-1.3	-0.9	-0.4
Third quarter	36,734	34,724	-0.2	-3.3	102.9	98.7	104.2	0.5	0.4	0.1
Fourth quarter	35,625	34,336	-3.0	-1.1	105.6	101.2	104.3	2.6	2.6	0.1
1991										
First quarter	34,515	34,719	-3.1	1.1	102.2	99.0	103.2	-3.2	-2.2	-1.1
Second quarter	36,183	35,407	4.8	2.0	100.0	97.7	102.3	-2.2	-1.3	-0.8
Third quarter	38,076	37,338	5.2	5.5	98.7	97.5	101.3	-1.2	-0.2	-1.0
Fourth quarter	37,370	37,212	-1.9	-0.3	98.4	97.5	101.0	-0.3	0.0	-0.3
1992										
First quarter	38,239	37,469	2.3	0.7	100.1	99.7	100.4	1.7	2.3	-0.6
Second quarter	38,857	37,941	1.6	1.3	101.6	101.0	100.7	1.6	1.3	0.3
Third quarter	40,103	39,177	3.2	3.3	102.8	101.9	100.9	1.2	0.9	0.2
Fourth quarter	41,577	39,356	3.7	0.5	106.3	105.7	100.5	3.3	3.7	-0.4
1993										
First quarter	42,319	40,740	1.8	3.5	107.4	106.2	101.1	1.1	0.4	0.6
Second quarter	42,894	41,610	1.4	2.1	108.1	107.2	100.8	0.7	1.0	-0.3
1992										
January	12,793	12,766	3.1	6.2	98.7	98.4	100.2	0.1	0.5	-0.4
February	12,699	12,295	-0.7	-3.7	100.1	99.9	100.1	1.4	1.5	-0.1
March	12,748	12,408	0.4	0.9	101.6	100.6	100.9	1.5	0.7	0.8
April	12,940	12,548	1.5	1.1	101.2	100.5	100.7	-0.3	-0.1	-0.2
May	12,992	12,421	0.4	-1.0	101.8	101.2	100.5	0.5	0.7	-0.2
June	12,925	12,972	-0.5	4.4	101.9	101.3	100.6	0.1	0.0	0.1
July	13,044	13,075	0.9	0.8	102.1	101.3	100.7	0.2	0.0	0.1
August	13,694	12,915	5.0	-1.2	102.2	101.4	100.9	0.2	0.1	0.1
September	13,364	13,187	-2.4	2.1	104.2	103.2	101.0	1.9	1.7	0.2
October	13,812	12,764	3.3	-3.2	106.0	104.7	101.2	1.7	1.5	0.2
November	13,758	13,143	-0.4	3.0	106.3	106.0	100.3	0.3	1.2	-0.9
December	14,007	13,449	1.8	2.3	106.3	106.5	99.8	0.0	0.5	-0.5
1993										
January	14,104	13,067	0.7	-2.8	107.6	107.0	100.5	1.2	0.5	0.7
February	13,795	13,548	-2.2	3.7	107.4	106.1	101.2	-0.2	-0.9	0.7
March	14,421	14,126	4.5	4.3	107.3	105.5	101.6	-0.1	-0.5	0.4
April	14,109	13,910	-2.2	-1.5	108.2	106.7	101.4	0.9	1.1	-0.2
May	14,270	13,994	1.1	0.6	108.3	107.1	101.1	0.1	0.4	-0.3
June	14,515	13,706	1.7	-2.1	107.7	107.9	99.8	-0.6	0.7	-1.2
July	14,498	13,936	-0.1	1.7	108.3	108.2	100.1	0.6	0.3	0.3
Year-to-date										
1992	90,140	88,485	8.1	7.2						
1993	99,711	96,286	10.6	8.8						

(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 1986 trade and therefore reflects changes in price only.

(3) The Terms of Trade are the ratios of export price indexes to import price indexes, multiplied by 100.

(4) 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.

...figures not appropriate.

Table 6
Exports by Commodity Groupings in 1986 Dollars
 July 1993
 Balance of Payments Basis

	Seasonally adjusted					Raw values		
	May	June	July	Year-to-date		Percentage change		
				Value	% change	July'93/July'92/July'92	July'91/July'90	
	\$ millions							
AGRICULTURAL AND FISHING PRODUCTS	1,078	1,243	1,186	7,905	-9.1	-24.5	27.9	27.5
Wheat	196	289	246	1,607	-39.2	-59.9	50.1	135.7
Other agricultural and fishing products	882	954	940	6,299	4.0	0.5	15.9	1.9
ENERGY PRODUCTS	1,727	1,746	1,768	11,397	10.0	10.3	20.3	3.8
Crude petroleum *	500	486	536	3,297	4.5	11.5	36.8	-3.1
Natural gas	562	678	690	4,406	15.1	5.6	44.1	-2.3
Other energy products	665	581	541	3,694	9.3	15.0	-9.9	15.2
FORESTRY PRODUCTS	1,700	1,715	1,755	11,976	8.5	16.2	-8.7	1.9
Lumber and sawmill products	575	622	582	4,242	8.1	4.2	0.6	-6.5
Woodpulp and other wood products	392	371	416	2,696	0.2	32.7	-23.4	21.4
Newsprint and other paper and paperboard	733	722	757	5,038	14.0	19.4	-8.2	0.0
INDUSTRIAL GOODS AND MATERIALS	2,596	2,537	2,622	18,094	2.9	4.2	-5.9	7.8
Metal ores	305	260	293	2,027	-11.0	1.5	-27.9	5.9
Chemicals, plastics and fertilizers	709	663	746	4,773	6.8	8.6	11.5	11.6
Metals and alloys	1,053	1,040	1,047	7,536	6.6	8.6	-12.1	7.4
Other industrial goods and materials	529	574	536	3,759	-0.2	-6.8	4.7	6.2
MACHINERY AND EQUIPMENT	3,134	3,221	3,193	21,762	19.0	12.9	18.8	-4.3
Industrial and agricultural machinery	512	496	520	3,451	18.4	15.4	4.9	1.1
Aircraft and other transportation equipment	479	535	468	3,555	11.7	-4.9	7.1	-15.1
Other machinery and equipment	2,142	2,190	2,205	14,756	21.0	16.9	26.9	-2.0
AUTOMOTIVE PRODUCTS	3,449	3,484	3,362	24,548	18.6	7.2	-8.0	-7.3
Passenger autos and chassis	1,671	1,724	1,566	11,839	22.9	21.6	-11.4	-7.0
Trucks and other motor vehicles	820	804	832	5,903	5.5	-20.3	-8.6	-9.2
Motor vehicle parts	959	957	965	6,806	24.3	8.9	-1.1	-5.8
OTHER CONSUMER GOODS	319	315	323	2,210	20.0	15.8	23.8	10.2
SPECIAL TRANSACTIONS TRADE *	306	295	322	2,082	10.2	7.6	13.8	-1.3
UNALLOCATED ADJUSTMENTS *	-41	-40	-33	-263	...	...	...	...
TOTAL	14,270	14,515	14,498	99,711	10.6	5.7	5.2	2.1

*Series not seasonally adjusted - does not meet criteria for seasonal adjustment.
 Note: ... figures not appropriate.

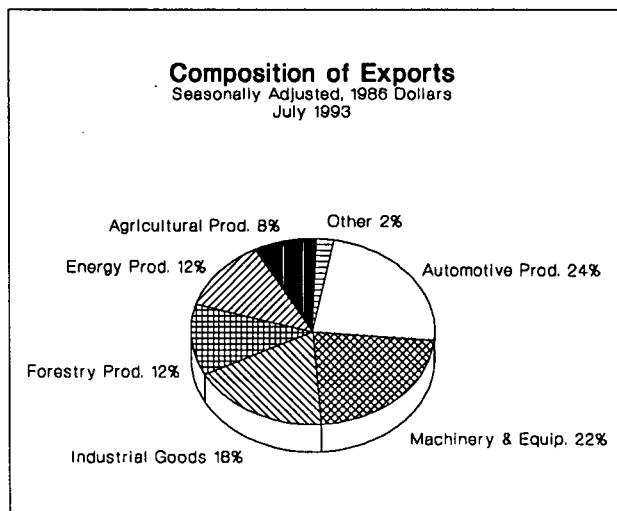
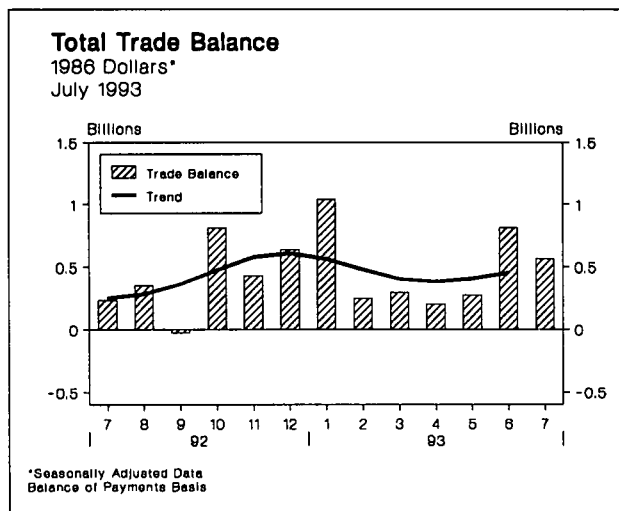


Table 7
Imports by Commodity Groupings in 1986 Dollars
July 1993
Balance of Payments Basis

	Seasonally adjusted					Raw values		
	May	June	July	Year-to-date		Percentage change		
				Value	% change	July'93/ July'92	July'92/ July'91	July'91/ July'90
	\$ millions							
AGRICULTURAL AND FISHING PRODUCTS	938	911	927	6,373	14.0	8.5	7.6	4.0
Fruits and vegetables	268	257	271	1,836	5.0	7.4	3.7	-0.6
Other agricultural and fishing products	670	654	656	4,537	18.1	8.9	9.4	6.2
ENERGY PRODUCTS	603	664	508	4,260	7.1	-3.6	-19.1	29.7
Crude petroleum	420	457	326	2,722	20.5	22.3	-34.1	36.4
Other energy products	183	207	182	1,538	-10.5	-29.9	5.5	20.2
FORESTRY PRODUCTS	96	103	97	720	6.3	-6.4	8.9	-5.6
INDUSTRIAL GOODS AND MATERIALS	2,437	2,344	2,432	16,704	7.0	4.2	6.8	5.9
Metals and metal ores	546	508	594	3,798	-1.7	-3.1	9.5	12.7
Chemicals and plastics	887	864	878	6,058	12.5	12.4	6.7	4.3
Other industrial goods and materials	1,004	973	960	6,848	7.7	2.0	5.3	3.4
MACHINERY AND EQUIPMENT	5,101	4,928	5,217	34,725	12.0	9.2	13.2	3.2
Industrial and agricultural machinery	948	949	1,050	6,726	3.7	12.8	-8.4	-7.1
Aircraft and other transportation equipment	376	385	353	2,600	-6.4	-17.3	-3.8	21.9
Office machines and equipment	1,991	1,873	2,000	13,115	31.1	23.6	45.3	13.5
Other machinery and equipment	1,786	1,721	1,814	12,284	4.8	1.0	11.0	0.2
AUTOMOTIVE PRODUCTS	2,936	2,900	2,909	20,676	10.0	-4.0	-3.4	6.4
Passenger autos and chassis	896	843	841	5,961	-1.2	-17.7	-4.9	51.1
Trucks and other motor vehicles	300	279	285	2,088	1.4	12.1	10.7	2.0
Motor vehicle parts	1,740	1,779	1,784	12,627	18.0	0.9	-5.3	-10.0
OTHER CONSUMER GOODS	1,494	1,494	1,387	10,194	1.5	-5.7	8.0	8.1
Apparel and footwear	270	286	271	1,860	5.4	5.6	10.7	-1.1
Miscellaneous consumer goods	1,224	1,208	1,116	8,334	0.6	-8.9	7.3	10.9
SPECIAL TRANSACTIONS TRADE *	354	326	454	2,484	0.0	17.0	21.4	36.4
UNALLOCATED ADJUSTMENTS *	36	35	5	150	...	...	...	...
TOTAL	13,994	13,706	13,936	96,286	8.8	3.6	5.4	7.5

*Series not seasonally adjusted - does not meet criteria for seasonal adjustment.

Note: ... figures not appropriate.

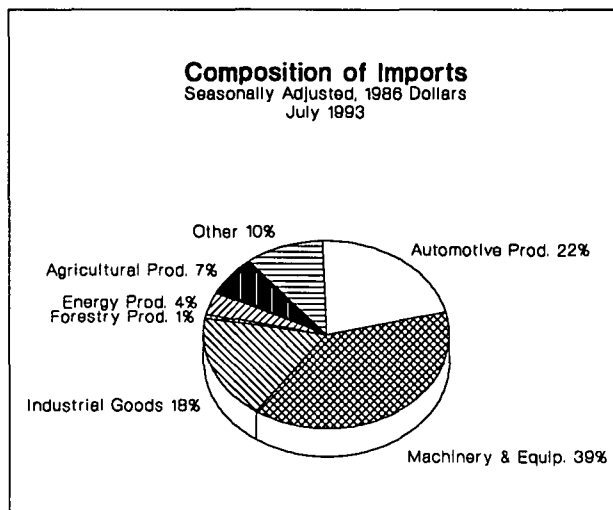
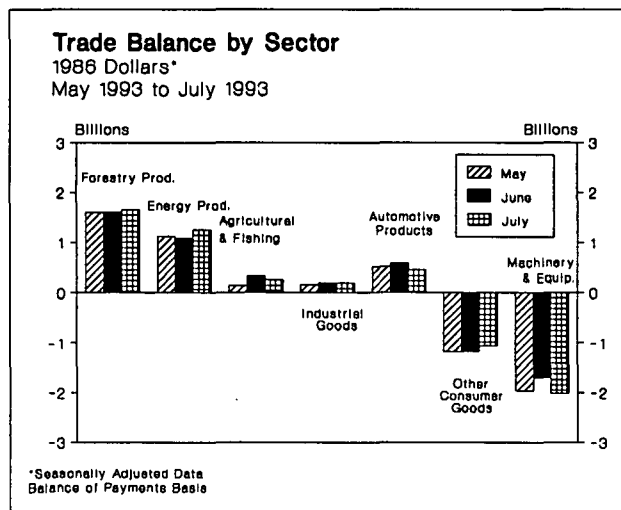


Table 8
Exports by Commodity Groupings : Price Movements
 July 1993
 Seasonally Adjusted, Balance of Payments Basis

	Current-Weighted Price Index				Change Over Previous Period			
	May	June	July	Second quarter	May	June	July	Second quarter
AGRICULTURAL AND FISHING PRODUCTS	107.9	108.3	108.6	108.5	-1.5	0.4	0.3	0.2
Wheat	102.3	105.0	105.6	105.6	-6.3	2.6	0.6	0.4
Other agricultural and fishing products	109.1	109.3	109.4	109.3	-0.4	0.2	0.1	0.2
ENERGY PRODUCTS	97.8	93.8	91.7	95.8	2.1	-4.1	-2.3	7.3
Crude petroleum *	111.3	106.1	100.5	109.3	0.6	-4.7	-5.3	5.6
Natural gas	88.6	83.8	84.9	85.3	5.6	-5.4	1.3	14.4
Other energy products	95.5	95.3	91.7	95.9	-1.7	-0.2	-3.7	0.6
FORESTRY PRODUCTS	113.3	110.6	109.1	113.9	-3.7	-2.4	-1.3	-0.1
Lumber and sawmill products	144.6	135.6	134.3	145.5	-7.6	-6.2	-1.0	1.0
Woodpulp and other wood products	98.6	99.1	97.3	98.3	1.4	0.5	-1.8	-3.9
Newsprint and other paper and paperboard	96.7	95.0	96.3	95.8	1.0	-1.8	1.4	2.2
INDUSTRIAL GOODS AND MATERIALS	97.9	97.5	98.3	97.5	0.8	-0.5	0.9	0.4
Metal ores	107.2	98.0	96.6	101.8	7.4	-8.6	-1.4	1.4
Chemicals, plastics and fertilizers	98.0	101.9	99.4	99.7	-1.4	4.1	-2.5	-1.1
Metals and alloys	95.5	97.0	99.5	96.0	0.1	1.6	2.6	0.0
Other industrial goods and materials	97.4	92.8	95.2	95.4	1.3	-4.8	2.6	2.1
MACHINERY AND EQUIPMENT	94.2	93.3	92.3	93.9	-0.0	-0.9	-1.1	-0.5
Industrial and agricultural machinery	123.0	123.4	124.0	123.2	-0.1	0.4	0.5	1.2
Aircraft and other transportation equipment	117.2	115.8	118.3	116.6	0.1	-1.2	2.2	0.7
Other machinery and equipment	82.1	81.0	79.3	81.6	0.5	-1.4	-2.1	-1.1
AUTOMOTIVE PRODUCTS	109.3	109.9	113.6	109.6	-0.3	0.6	3.4	0.6
Passenger autos and chassis	109.7	110.7	118.0	110.5	-1.2	0.9	6.6	0.6
Trucks and other motor vehicles	114.7	115.4	116.5	114.6	0.8	0.6	1.0	1.1
Motor vehicle parts	103.9	103.9	104.1	103.7	0.5	0.0	0.2	0.4
OTHER CONSUMER GOODS	122.2	121.0	120.2	120.6	3.0	-1.0	-0.7	3.2
SPECIAL TRANSACTIONS TRADE	103.1	102.2	102.5	102.9	-0.6	-0.9	0.3	0.9
UNALLOCATED ADJUSTMENTS	103.1	102.2	102.5	102.9	-0.6	-0.9	0.3	0.9
TOTAL	103.1	102.2	102.5	102.9	-0.6	-0.9	0.3	0.9

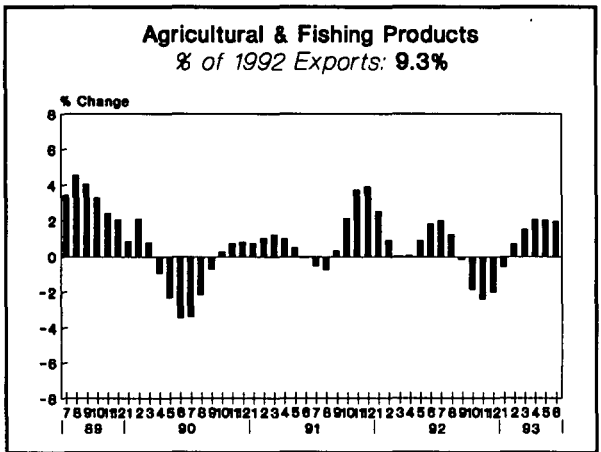
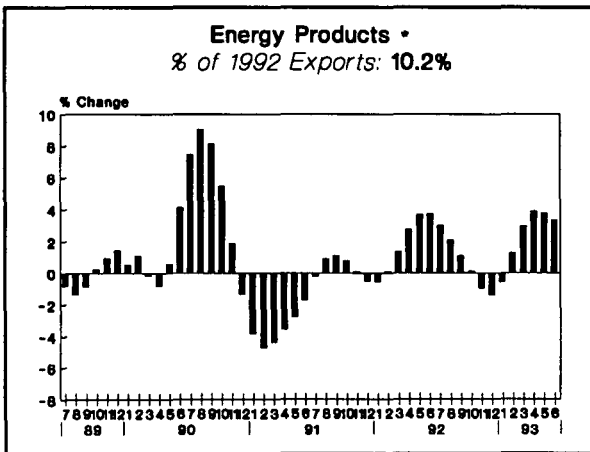
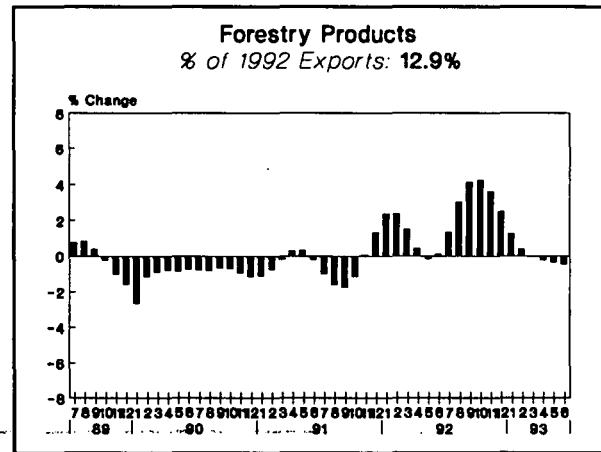
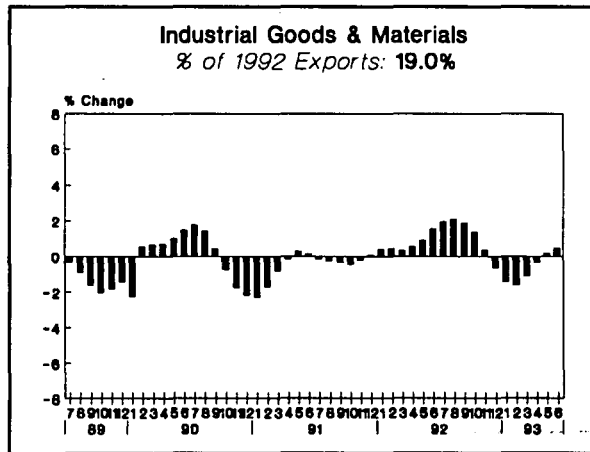
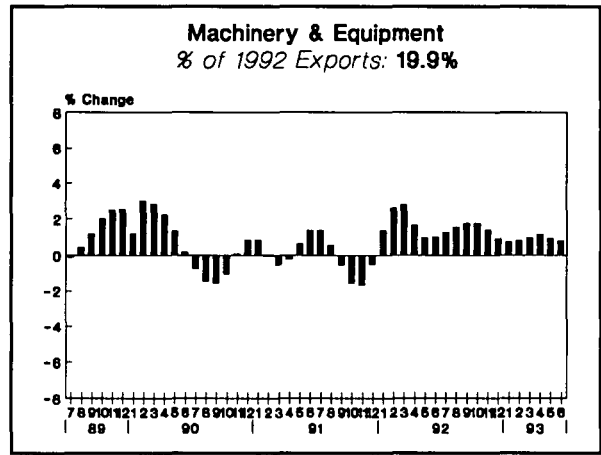
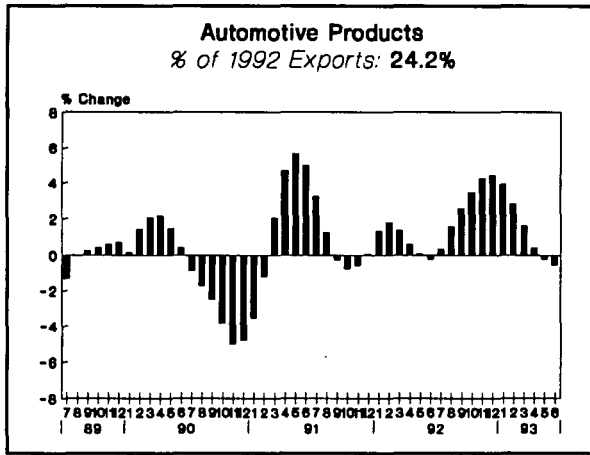
* Series not seasonally adjusted - does not meet criteria for seasonal adjustment.

Table 9
Imports by Commodity Groupings : Price Movements
 July 1993
 Seasonally Adjusted, Balance of Payments Basis

	Current-Weighted Price Index				Change Over Previous Period			
	May	June	July	Second quarter	May	June	July	Second quarter
AGRICULTURAL AND FISHING PRODUCTS	98.6	101.0	99.1	99.4	0.1	2.5	-2.0	-0.0
Fruit and vegetables	110.9	109.6	108.0	110.4	0.1	-1.2	-1.5	1.1
Other agricultural and fishing products	93.7	97.7	95.4	95.1	-0.2	4.2	-2.4	-0.2
ENERGY PRODUCTS	107.7	102.5	102.3	104.4	4.3	-4.8	-0.1	4.3
Crude petroleum *	108.9	104.7	103.7	107.2	0.6	-3.9	-1.0	-0.9
Other energy products	104.8	97.5	99.8	98.7	10.4	-7.0	2.4	12.6
FORESTRY PRODUCTS	124.5	121.0	120.6	123.6	-0.6	-2.9	-0.3	1.9
INDUSTRIAL GOODS AND MATERIALS	106.5	107.8	105.6	106.2	1.9	1.3	-2.0	2.8
Metal and metal ores	107.2	107.6	106.4	105.2	6.1	0.4	-1.1	3.7
Chemicals, plastics	104.2	105.5	101.5	104.6	0.3	1.2	-3.8	1.8
Other industrial goods and materials	108.0	110.0	108.9	108.3	1.1	1.8	-1.0	3.2
MACHINERY AND EQUIPMENT	84.1	84.9	85.0	84.4	-0.1	1.0	0.1	-0.5
Industrial and agricultural machinery	110.5	111.7	112.9	110.8	0.4	1.1	1.1	1.0
Aircraft and other transportation equipment	116.6	118.0	116.3	116.6	1.4	1.2	-1.4	1.6
Office machines and equipment	39.5	38.9	38.9	39.5	-1.5	-1.5	0.0	-3.9
Other machinery and equipment	113.0	112.8	113.4	112.5	1.2	-0.2	0.5	2.5
AUTOMOTIVE PRODUCTS	107.1	108.6	109.7	107.6	0.0	1.4	1.0	0.5
Passenger autos and chassis	112.2	115.3	117.2	114.4	-3.0	2.8	1.6	-0.2
Trucks and other motor vehicles	111.5	114.0	115.2	112.1	0.5	2.2	1.1	2.8
Motor vehicle parts	103.8	104.6	105.3	103.7	1.1	0.8	0.7	0.4
OTHER CONSUMER GOODS	114.4	117.3	118.4	116.0	-1.7	2.5	1.0	0.8
Apparel and footwear	123.0	127.7	129.5	126.8	-4.9	3.8	1.4	-3.3
Miscellaneous consumer goods	112.5	114.8	115.7	113.5	-0.7	2.1	0.8	1.6
SPECIAL TRANSACTIONS TRADE	98.7	100.0	99.4	99.1	0.2	1.2	-0.6	0.7
UNALLOCATED ADJUSTMENTS	98.7	100.0	99.4	99.1	0.2	1.2	-0.6	0.7
TOTAL	98.7	100.0	99.4	99.1	0.2	1.2	-0.6	0.7

* Series not seasonally adjusted - does not meet criteria for seasonal adjustment.

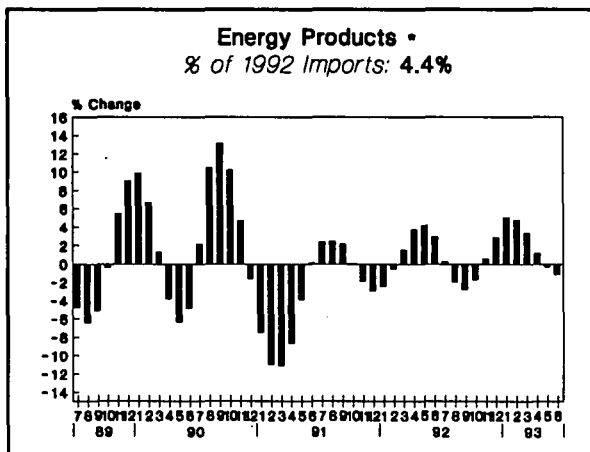
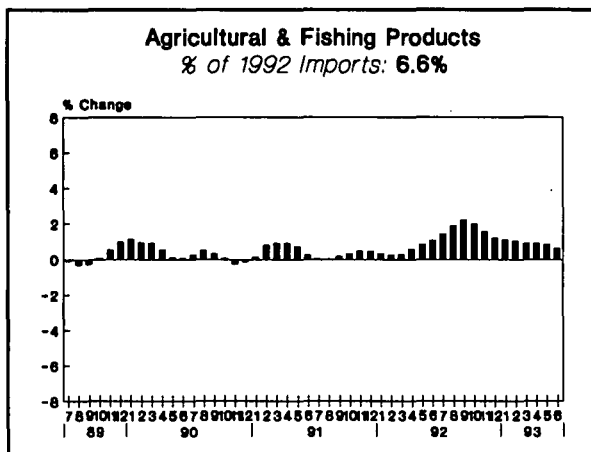
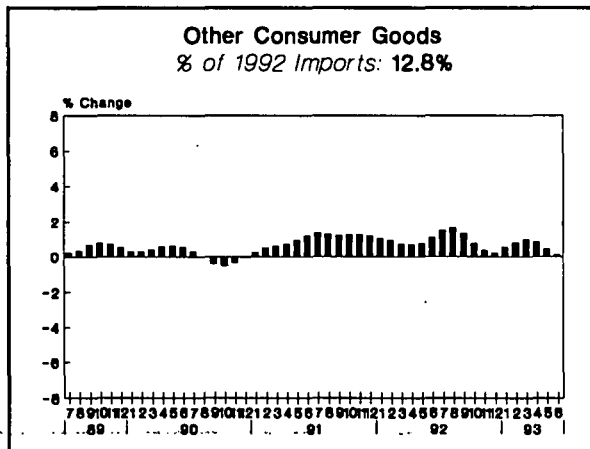
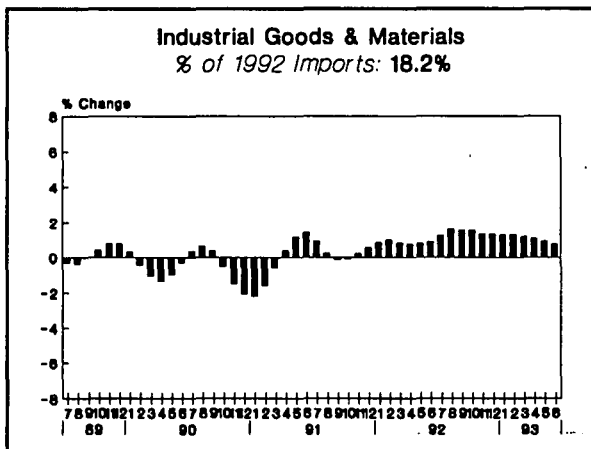
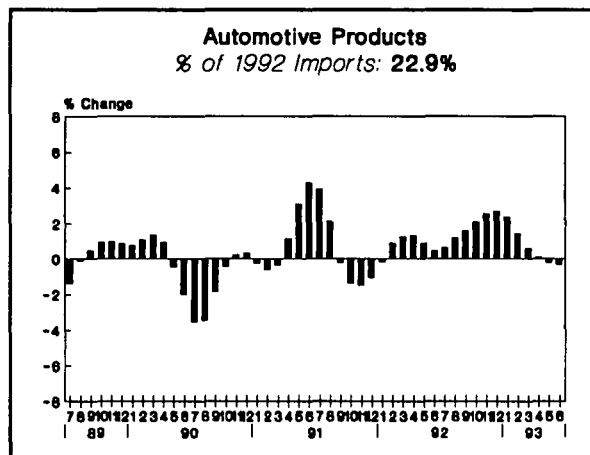
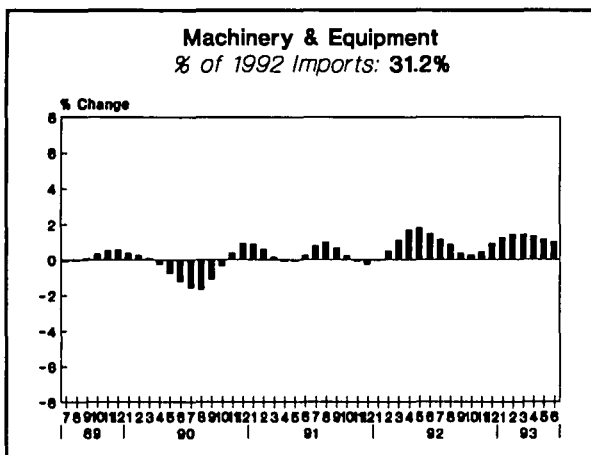
Export Trends by Commodity Groupings



Six groupings accounted for 95.6% of Exports in 1992

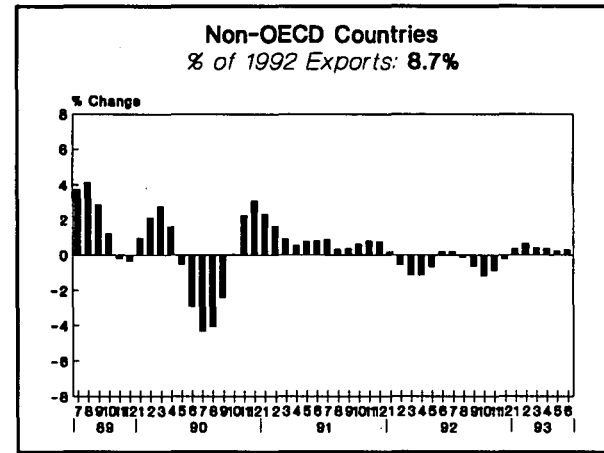
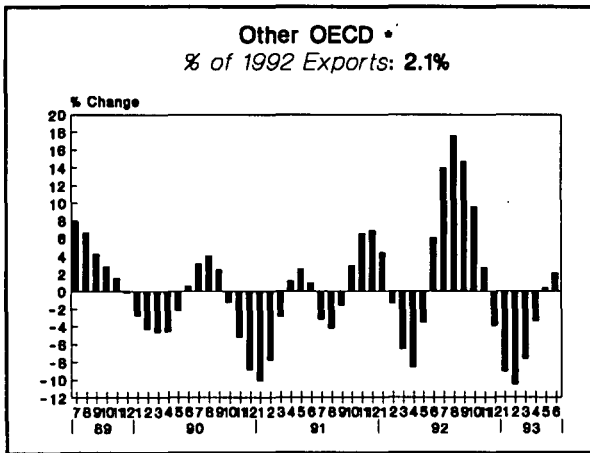
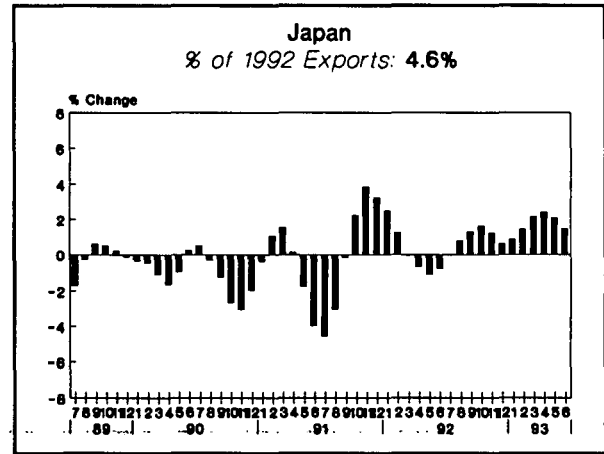
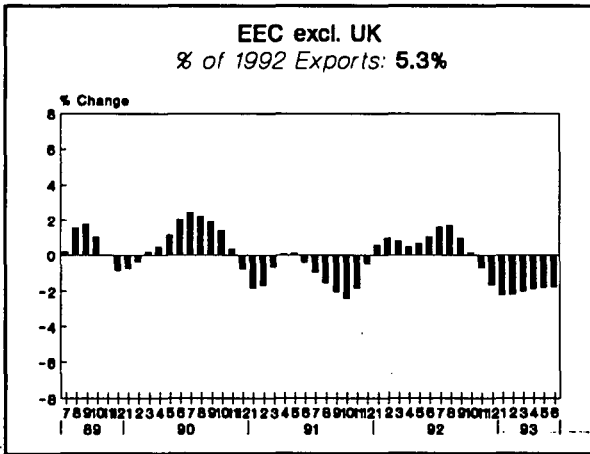
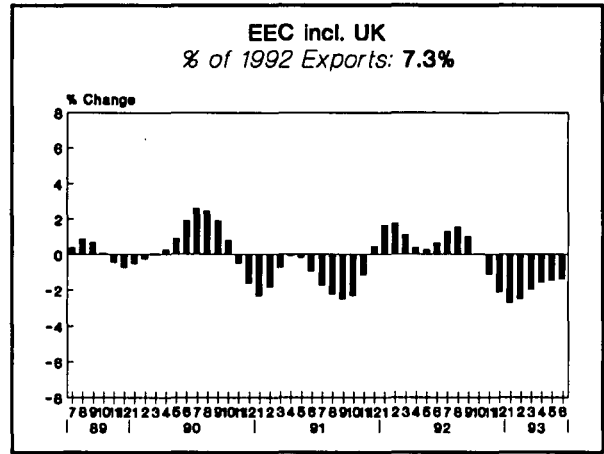
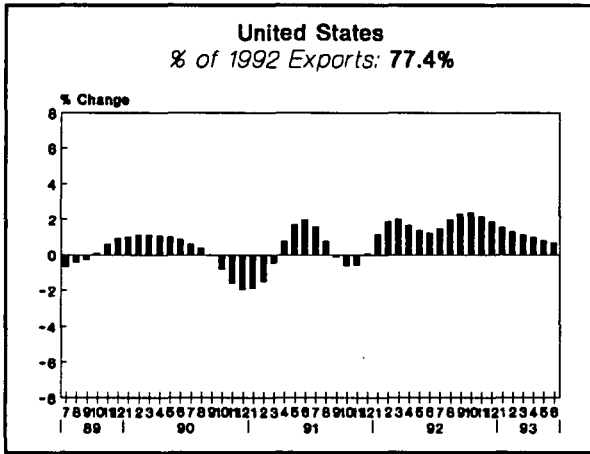
* Note: Scales vary to accommodate wider ranges in data

Import Trends by Commodity Groupings



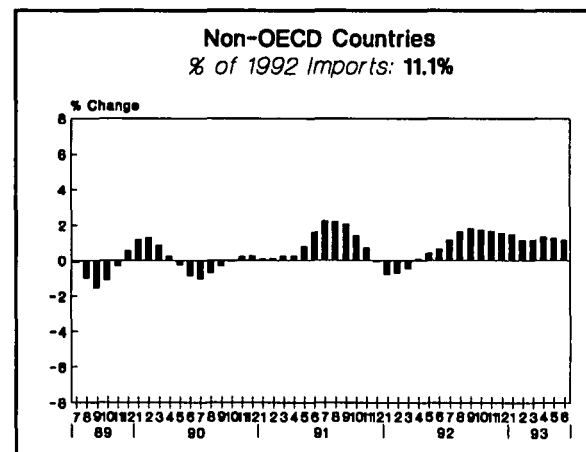
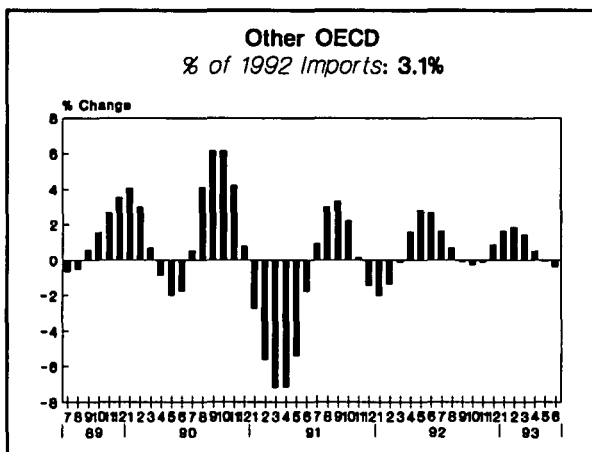
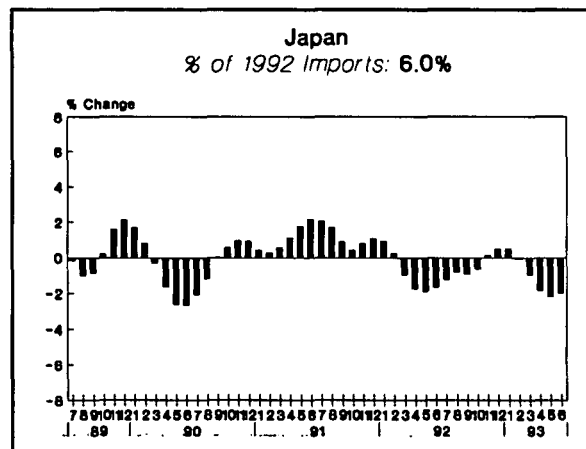
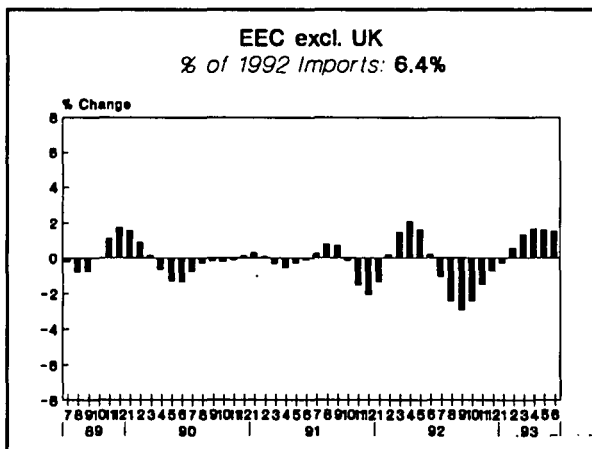
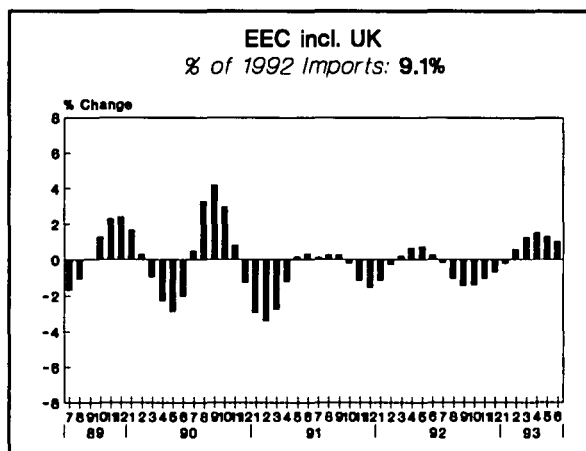
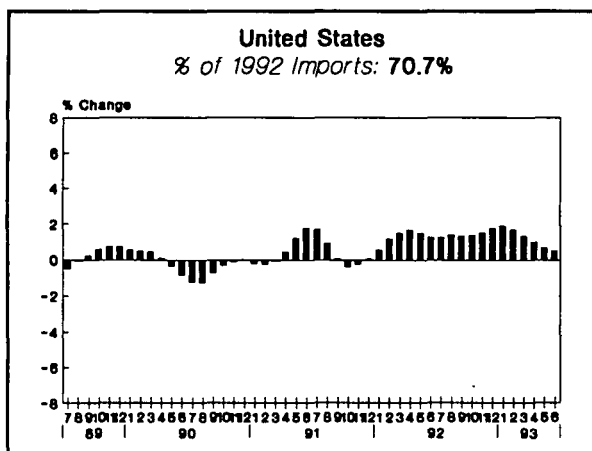
Six groupings accounted for 96.1% of Imports in 1992
 * Note: Scales vary to accommodate wider ranges in data

Export Trends by Principal Trading Areas



* Note: Scales vary to accommodate wider ranges in data

Import Trends by Principal Trading Areas



* Note: Scales vary to accommodate wider ranges in data

The New Face of Automobile Transplants in Canada

Increasing transplant presence: a bright spot for the Canadian automobile industry.

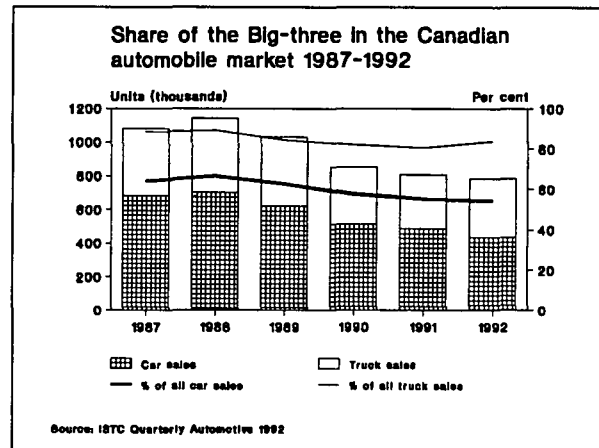
The automotive industry is a key component of the Canadian economy. In addition to being the country's largest manufacturing sector, the automotive industry contributes more to Canadian exports than any other industry, and has contributed significantly to Canada's recent export-led recovery.

Over the past decade, the nature of production and trade within the Canadian automotive industry has changed. Since the early eighties, the Big-three North American automobile producers have faced increasing competition from imports, forcing them to rethink their approach to production and marketing. In addition, since the mid-eighties, Asian-owned automobile assembly plants, or "transplants", have become high volume producers and exporters. The Big-three have responded by altering production methods, raising investment, and selling more "captive imports", or vehicles built overseas but sold under Big-three name plates. This note looks at transplant activity in Canada since 1986.

Market conditions

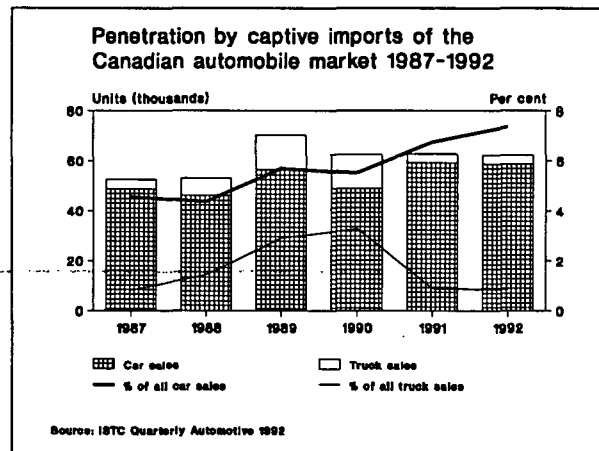
Between 1987 and 1992, the Canadian market for passenger cars declined by an average annual rate of 5%, compared to a drop of 1% annually for light trucks. Sales of cars and trucks produced in Canada and the US by the Big-three fell from 1.08 million to 781 thousand units. As a share of total Canadian automobile sales, the drop was from 71.4% to 64.5%. (Figure 1).

Figure 1



Sales of Big-three produced automobiles have been displaced to some extent by captive imports, up from a 3.5% share of total Canadian passenger car and light truck sales in 1987 to 5.1% in 1992 (Figure 2).

Figure 2



Automotive Terms

Big-three	The three largest North American owned automobile producers: General Motors, Ford, and Chrysler.
Transplants	Foreign-owned (mainly Asian) automobile assembly plants located in North America.
Pure imports	Automobiles assembled and exported by overseas producers.
Captive imports	Vehicles built by foreign-owned companies overseas, but sold under Big-three name plates.

This article was prepared by Patrick Adams, Analyst, International Trade Division.

Sales of "pure imports" (automobiles assembled and exported by overseas producers) declined at roughly the same rate as total automobile sales, maintaining a share in total passenger car and light truck sales of around 24% (Figure 3).

Figure 3

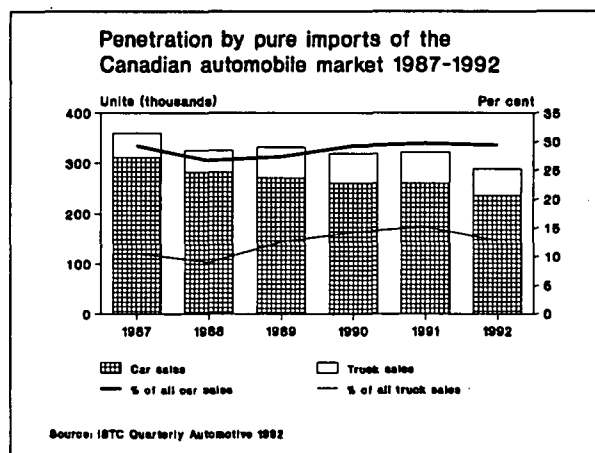
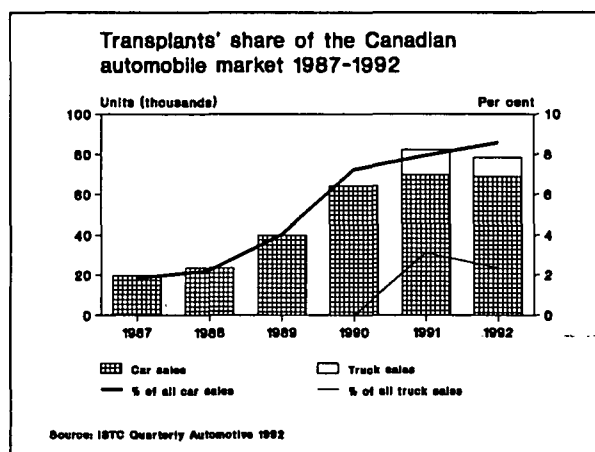


Figure 4



Since 1987, sales of Big-three automobiles and pure imports have been increasingly displaced by sales of transplant-built automobiles. In 1992 there were five transplants in Canada which accounted for 16.2% of total Canadian automobile production. As a share of total Canadian automobile sales, transplant built automobiles (assembled in either Canada or the US) rose from 1.3% in 1987 to 6.5% by 1992 (Figure 4).

Why did transplants come to Canada?

In the wake of the 1979 oil shock, North American automobile producers saw their sales plummet, as gas prices soared and the recession set in. A sharp shift in demand towards cheaper, more fuel-efficient automobiles had emerged, which overseas producers were well positioned to meet. In a single year, the share of imports grew from 22.7% to 28.2% of automobile sales in the US. As a result, the automobile industry petitioned the US Congress to restrict Japanese automobile exports to the US. Japan obliged in 1981 with the introduction of the Voluntary Export Restriction (VER) agreement. Canada, likewise, negotiated a VER with Japan, reducing imports of cars and trucks from the 1981 level of 207,000 to 162,000 units between 1983 and 1984.

VERs provided stimulus for Japanese firms to begin assembling low-valued vehicles in North America, while exporting increasingly upscale models from Japan. The first Japanese transplant was built in the US in 1981.

A second factor that persuaded Japanese assemblers to locate in North America was the rising value of the Yen, which served to erode Japan's long-standing cost advantage in the automobile industry. The average price of a Japanese import by 1986 exceeded that of a

Transplants in Canada

Company	Location	Operations start date
CAMI Automotive Ltd.	Ingersoll, Ontario	April 1989
Toyota Motor Mfg. Inc.	Cambridge, Ontario	November 1988
Honda of Canada Mfg. Inc.	Alliston, Ontario	November 1986
Hyundai Auto Canada Inc.	Bromont, Quebec	January 1989
Volvo Canada Ltd. Mfg. Div.	Halifax, Nova Scotia	June 1963

Source: WARDS, ISTC Quarterly automotive circular 1992

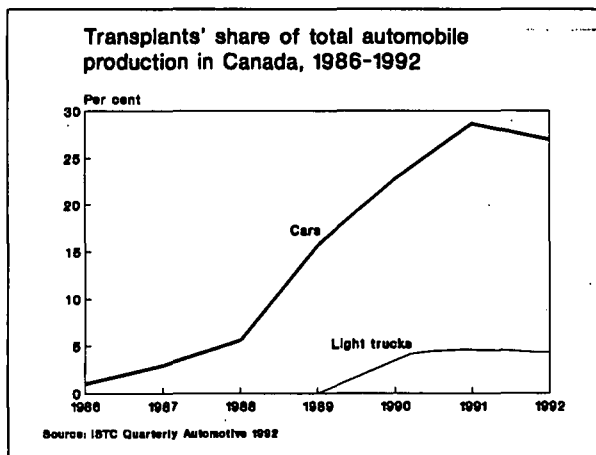
North American built car by more than 6%. Japanese efforts to remain competitive and preserve market share may have also been frustrated by wage growth and growing competition from Korean automobile makers.

By 1985 the Japanese began building transplants in Canada. Aside from gaining tariff-free access to the Canadian market, foreign producers were attracted by customs rebate programs, which allowed foreign producers to obtain remittance of duties on imported parts. Producers could reclaim a dollar's worth of customs duties for each dollar spent on Canadian content in automobile production. With 75% of Canadian transplant production exported to the US, customs rebate programs have provided an incentive for offshore producers to locate some of their North American production in Canada. The availability of grants, loans, and other financial inducement packages offered by various levels of governments has influenced transplants to choose Canada over the US in some instances.

Transplants become significant producers

Between 1986 and 1992, the share of total Canadian passenger car production accounted for by transplants grew from 1.0% to 27%. Production of light trucks over this period increased from zero to 4.3% (Figure 5). In 1986, total transplant production in Canada stood at 10,800 vehicles. Growing steadily over the next six years, this figure exceeded 314,000 by 1992.

Figure 5



For US-owned assembly plants in Canada, the years following the industry peak of 1985 were marked by decreasing production, with the Big-three facing declining sales and increasing foreign penetration in the North American automobile market. Big-three capacity utilization for passenger car plants fell from peak rates

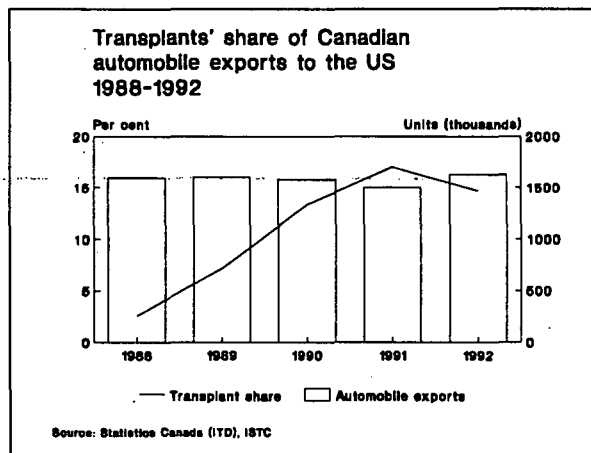
reached in the mid-eighties, with actual output falling and potential output showing slight increases.

While capacity utilization among Canada's US-owned assembly plants has declined slowly since the mid-eighties, the opposite has been the case for the country's transplants. In 1986, output capacity of the Canadian transplants was 36,000 light automobiles, and they registered a 33% rate of capacity utilization. Potential output grew to 460,000 by 1991 and capacity utilization rose to 74%. In the late eighties, capacity utilization rates remained relatively low, reflecting the fact that new facilities require two to three years of fine-tuning before output reflects true plant capability.

Production for export

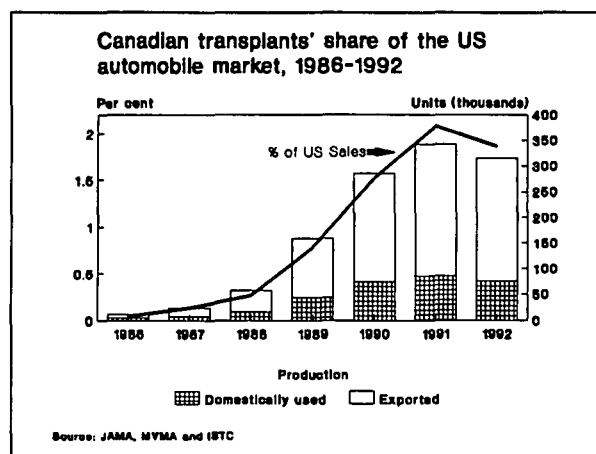
Canadian automobile exports to the US declined between 1988 and 1991, reflecting the shrinking US automobile market. However, exports of transplants grew rapidly as new facilities came on stream. Between 1988 and 1989, for example, transplant exports grew an estimated 181%. As a result, production by Canadian transplants represented 17% of Canadian automobile exports to the US in 1991, up from less than 3% in 1988 (Figure 6).

Figure 6



Since 1986, about three quarters of Canadian transplant output has been exported. These exports have been almost exclusively destined for the US, where they represent about 2% of the large US automobile market (Figure 7).

Figure 7



By 1992 the tide was turning. Exports of transplant-built automobiles fell 6%. At the same time, total Canadian automobile exports to the US expanded slightly as the US automobile market regained volume lost to the recession. In keeping with US market trends, total Canadian exports of light trucks grew rapidly in 1992, up some 30% compared to 1991 levels. Canadian exports

of cars to the US showed only a marginal increase in 1992, bringing the overall rate of growth in light-vehicle exports to 8.3%. By 1992, the share of automobile exports accounted for by transplants had fallen slightly, to 16%.

Conclusion

Sparked by shifting consumer preferences and the response to the energy crisis of the late 1970s, transplants have had a significant effect on the North American automobile industry. Growing sales by transplants have significantly displaced sales of automobiles produced in North America by the Big-three as well as imports.

In 1992, transplants produced over 17% of all automobiles built in Canada. Since the mid-eighties, capacity utilization rates have grown faster for transplants than for their US-owned counterparts. Rising exports of automobiles built by transplants have contributed significantly to Canada's surplus in automobile trade with the US, and to the strength of exports in the latter half of 1992.