



**ELECTRONICS INDUSTRY AND HOUSEHOLD ELECTRICAL APPLIANCES INDUSTRY
STATISTICAL REVIEW**

FIRST QUARTER, 1985

August 1985

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Sector Analysis Division
Electronics and Aerospace Branch
Regional Industrial Expansion
August 1985

Source of Statistics - Statistics Canada

ELECTRONICS INDUSTRY

In the first quarter of 1985 the electronics industry, as a whole, experienced modest declines in domestic market, shipments, exports and imports over the previous quarter although, on an annual basis, overall growth remains high. In particular, shipments have grown by 18.8 per cent and exports by 23.7 per cent over last year. The substantial increase in exports along with growth in domestic demand of only 7.4 per cent resulted in moderate import growth of 8.1 per cent and hence a reduction in the trade deficit of almost 5.0 per cent in 1984. The first quarter fall-off in the apparent domestic market of 2.5 per cent can be attributed to reduced demand in the radio and television, and office and store machinery subsectors. Similarly with regard to domestic production, minor increases in communications equipment and components shipments were unable to offset declines in office and store machinery, and radio and television shipments which fell 16.8 per cent and 10 per cent respectively. The trade deficit increased slightly over last quarter as exports declined at a slightly greater rate than did imports. Exports fell by 13.4 per cent and imports by 7.2 per cent resulting in an increase of 0.2 per cent in the trade deficit.

The first quarter of 1985, the **communications equipment and components** sector continued to show the steady growth in shipments and exports that it has exhibited since the first quarter of 1983. Imports declined for the third straight quarter as imports of communications equipment remained flat while imports of electronic components fell.

At the more detailed product level, continued strength was shown by exports of telephone apparatus and parts, with a year-to-year growth of 28.9 per cent. The exports of commercial communications equipment returned to its normal quarterly range of \$70 to 100 million, after the spurt to nearly \$200 million in the fourth quarter of 1984. This was largely caused by exports to Brazil, presumably in relation to the Brazilsat project. The other product grouping showing a strong export fourth quarter was telephone apparatus; typical in recent years for the product grouping.

The communications equipment and components sector created 3 500 jobs over the twelve month period, a growth rate of 7.7 per cent.

The Canadian market for **office and store machinery** (including computers) expanded at a rate of 6.0 per cent during 1984, a lower rate than previously. First quarter 1984 Apparent Domestic Market was \$1.02 billion, rising to \$1.2 billion in the fourth quarter. There was a decline in the first quarter of 1985 to \$1.07 billion, however, on a year-to-year basis, market size has increased by 5.0 per cent.

Shipments followed the same general trend with a 16.8 per cent decline between the first quarter of 1985 and the last quarter of 1984. Exports declined more sharply than imports, leading to a reduction in the sectoral deficit of 8.6 per cent. Imports recovered strongly in the first quarter of 1985.

Market performance for the **radio and television** sector was disappointing, compared to the last three quarters of 1984 when the market witnessed a significant upsurge. On an annual basis, deliveries increased by more than 13 per cent, but on a quarterly basis, they were actually lower by 10 per cent. The Canadian industry's inability to satisfy the domestic market resulted in the need for imports to supplement Canadian production. Imports actually declined over the October-December quarter of 1984 but were still 5.2 per cent higher than at the same time last year. The sharpest declines occurred in colour TVs under 19" (30 per cent), colour TVs over 19" (32 per cent), B & W under 19" (53 per cent) and B & W 19" (42 per cent). Although exports dropped from their unprecedented record high in the last quarter of 1984, they managed to remain higher than in preceding years. TV exports in the first quarter of 1985 enjoyed a 47 per cent increase over the same period last year, but only 1.4 per cent over the October/December quarter of 1984.

In the first quarter of 1985 shipment of **instruments** continued its growth. The annual increase in shipments amounted to 13.2 per cent. Exports of instruments stand at \$52.0 million showing a 30 per cent increase over the last twelve months. The Apparent Domestic Market grew by 15.5 per cent from \$271.0 million to \$313.0 million. One of the most export-oriented subsectors, Geophysical and Mineral Prospecting Equipment and Parts experienced the highest growth in exports of 44.3 per cent from the first quarter 1984 to the first quarter 1985.

TABLE 1
ELECTRONIC PRODUCTS
INDUSTRIAL SECTOR

	1985		1984		% Change	
	1st Qtr	4th Qtr	1st Qtr	Qtr	Annual	
----- \$ Millions -----						
COMMUNICATIONS EQUIPMENT & COMPONENTS						
ADM	1 049	918	961	14.3	9.2	
*Shipments	967	956	797	1.2	21.3	
Trade Surplus (Deficit)	(82)	38	(164)	-	(50.0)	
Exports	713	843	583	(15.4)	22.3	
Imports	795	805	747	(1.2)	6.4	
OFFICE & STORE MACHINERY						
ADM	1 074	1 215	1 023	(11.6)	5.0	
*Shipments	371	446	319	(16.8)	16.3	
Trade Surplus (Deficit)	(703)	(769)	(704)	(8.6)	(0.1)	
Exports	450	500	365	(10.0)	23.3	
Imports	1 153	1 269	1 069	(9.1)	7.9	
RADIO AND TELEVISION						
ADM	379	445	365	(14.8)	3.8	
*Shipments (estim.)	126	140	111	(10.0)	13.5	
Trade Surplus (Deficit)	(253)	(305)	(254)	(2.0)	(0.4)	
Exports	52	60	36	(13.3)	44.4	
Imports	305	365	290	(19.7)	5.2	
INSTRUMENTS						
ADM	313	308	271	1.6	15.5	
*Shipments (estim.)	137	133	121	3.0	13.2	
Trade Surplus (Deficit)	(176)	(175)	(150)	0.6	17.3	
Exports	52	60	40	(13.3)	30.0	
Imports	228	235	190	(3.0)	20.0	
TOTAL						
ADM	2 815	2 886	2 620	(2.5)	7.4	
*Shipments	1 601	1 675	1 348	(4.4)	18.8	
Trade Surplus (Deficit)	(1 214)	(1 211)	(1 272)	0.2	(4.6)	
Exports	1 267	1 463	1 024	(13.4)	23.7	
Imports	2 481	2 674	2 296	(7.2)	8.1	

*Shipments - goods of own mfr. classified by the 1980 S.I.C.
Note - radio and television and instruments sectors are estimated for shipments

TABLE 2
ELECTRONIC PRODUCTS
COMMODITY EXPORTS AND IMPORTS
FIRST QUARTER

	1985	1984		% Change	
	1st Qtr	4th Qtr	1st Qtr	Qtr	Annual
	----- \$ 000 -----				
COMMUNICATIONS EQUIPMENT					
Exports	407 134	548 869	356 820	(25.8)	14.1
Imports	218 760	227 740	187 826	(3.9)	16.5
Trade Surplus (Deficit)	188 374	321 129	168 994	(41.3)	11.5
ELECTRONIC COMPONENTS					
Exports	306 052	293 705	226 497	4.2	35.1
Imports	575 994	577 590	558 701	(0.3)	3.1
Trade Surplus (Deficit)	(269 942)	(283 885)	(332 204)	(4.9)	(18.7)
TELEPHONE APPARATUS EQUIPMENT & PARTS					
Exports	210 741	259 007	163 473	(18.6)	28.9
Imports	56 026	65 308	56 485	(14.2)	(0.8)
Trade Surplus (Deficit)	154 715	193 699	106 988	(20.1)	44.6
PRINTED CIRCUIT BOARDS					
Exports	12 834	13 583	10 375	(5.5)	23.7
Imports	9 193	13 175	10 231	(30.2)	(10.1)
Trade Surplus (Deficit)	3 641	408	144		
ELECTRONIC COMPUTERS & PARTS					
Exports	444 857	490 845	339 032	(9.4)	31.2
Imports	1 010 368	1 114 031	916 653	(9.3)	10.2
Trade Surplus (Deficit)	(565 511)	(623 186)	(577 621)	(9.3)	(2.1)
INTEGRATED CIRCUITS & SEMI-CONDUCTORS & PARTS					
Exports	198 083	170 151	148 619	16.4	33.3
Imports	327 320	319 780	301 106	2.4	8.7
Trade Surplus (Deficit)	(129 237)	(149 629)	(152 487)	(13.6)	(15.2)

TABLE 2 (Cont'd)
ELECTRONIC PRODUCTS
COMMODITY EXPORTS AND IMPORTS
FIRST QUARTER

	1985		1984		% Change	
	1st Qtr	4th Qtr	1st Qtr	4th Qtr	Qtr	Annual
----- \$ 000 -----						
TAPE PLAYERS, RECORDERS						
(EXC. PTS.)						
Exports			N.A.	N.A.	-	
Imports	137 111	160 383	108 190		(14.5)	26.7
Trade Surplus (Deficit)		-	-		-	
TELEVISION SETS						
Exports	15 234	15 018	10 338		1.4	47.4
Imports	45 442	64 836	61 180		(29.9)	(25.7)
Trade Surplus (Deficit)	(30 208)	(49 818)	(50 842)		(39.4)	(40.6)
RADIOS						
Exports	1 755	3 397	4 419		(48.3)	(60.3)
Imports	51 517	59 325	59 046		(13.2)	(12.8)
Trade Surplus (Deficit)	(49 762)	(55 928)	(54 627)		(11.0)	(8.9)
COMBINATION RADIO- PHONOGRAPH SETS						
Exports	33 714	40 099	20 869		(15.9)	61.6
Imports	65 654	74 668	55 854		(12.1)	17.5
Trade Surplus (Deficit)	(31 940)	(34 569)	(34 985)		(7.6)	(8.7)
GEOPHYSICAL & MINERAL PROSPECTION EQUIPMENT & PARTS						
Exports	7 240	8 736	5 017		(17.1)	44.3
Imports	48 051	49 281	42 210		(2.5)	13.8
Trade Surplus (Deficit)	(40 811)	(40 545)	(37 193)		0.7	9.7
COMMERCIAL COMMUNICATIONS EQUIPMENT N.E.S.						
Exports	91 961	192 451	93 432		(52.2)	(1.6)
Imports	70 323	86 834	61 331		(19.0)	14.7
Trade Surplus (Deficit)	21 638	105 617	32 101		(79.5)	(32.6)
PHOTOCOPY AND SIMILAR MACHINES & PARTS						
Exports	N.A.	N.A.	N.A.			
Imports	72 880	85 639	81 666		(14.9)	(10.8)

TABLE 3

ELECTRONIC PRODUCTS

INDUSTRIAL SECTORS

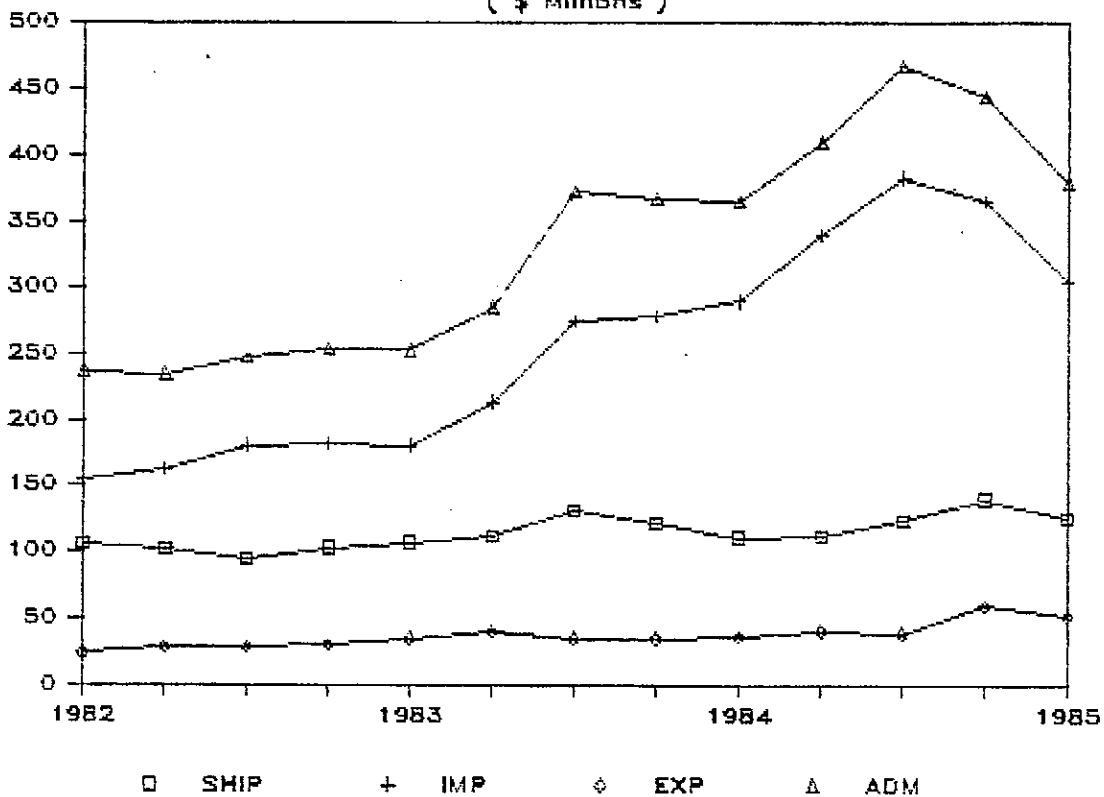
NUMBER OF EMPLOYEES

	<u>As At March 1985</u>	<u>As At March 1984</u>
Radio and Television	3 949	3 726
Communications Equipment & Components	48 312	44 857
Office & Store Machinery	14 985	13 025
Instruments (estimated)	<u>18 137</u>	<u>19 398</u>
	<u>85 383</u>	<u>81 006</u>

SOURCE: Employment, Earnings and Hours - Cat. No. 72-002.

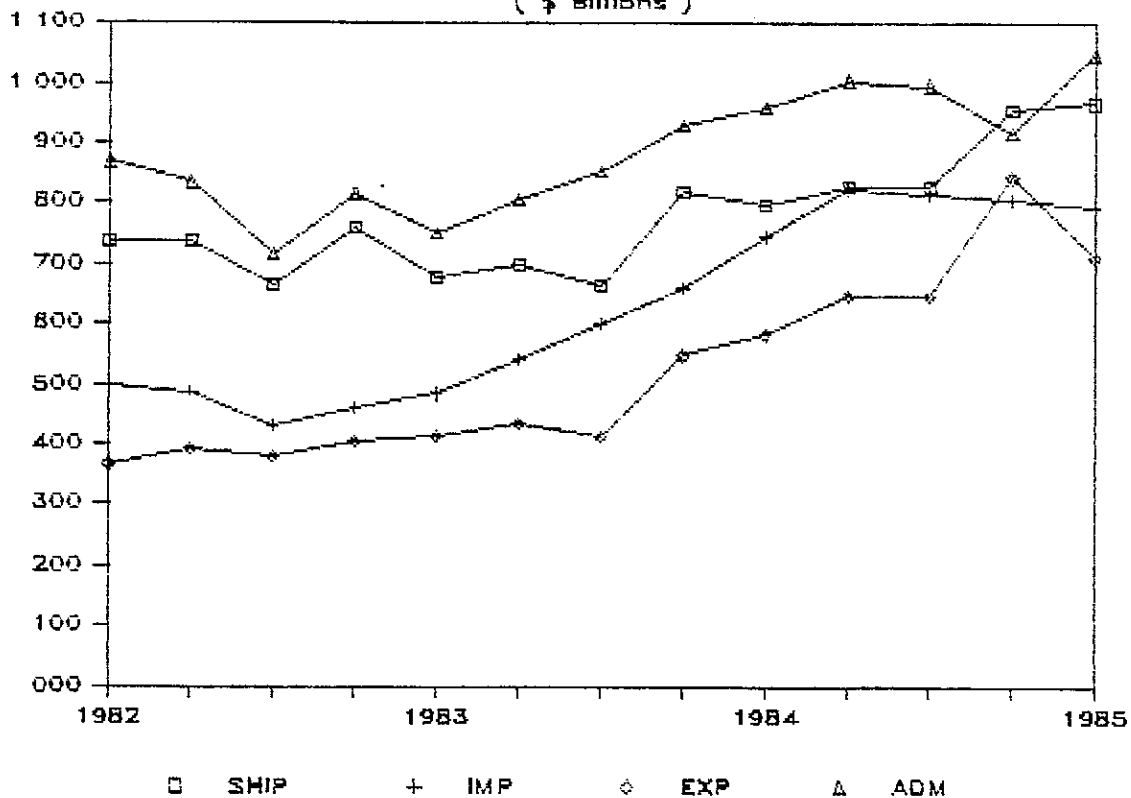
HOUSEHOLD RADIOS & TELEVISIONS

(\$ Millions)



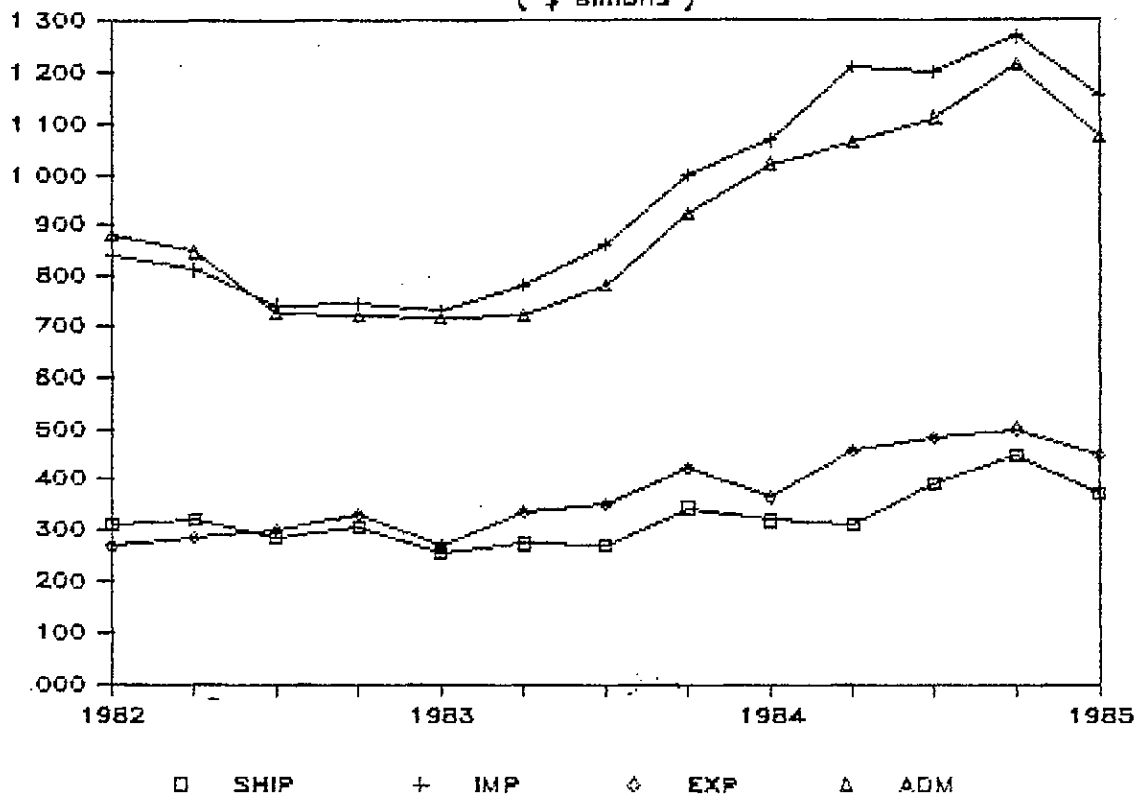
COMMUNICATIONS EQUIP. & COMPONENTS

(\$ Billions)



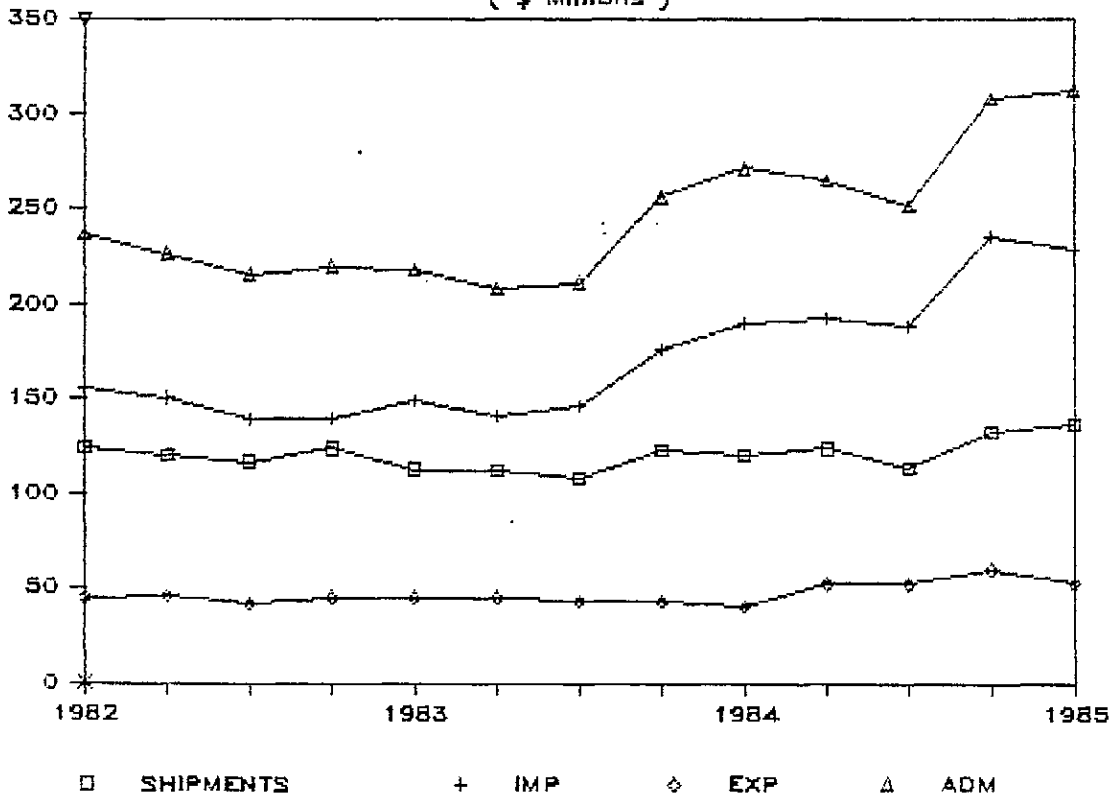
OFFICE & STORE MACHINERY

(\$ Billions)



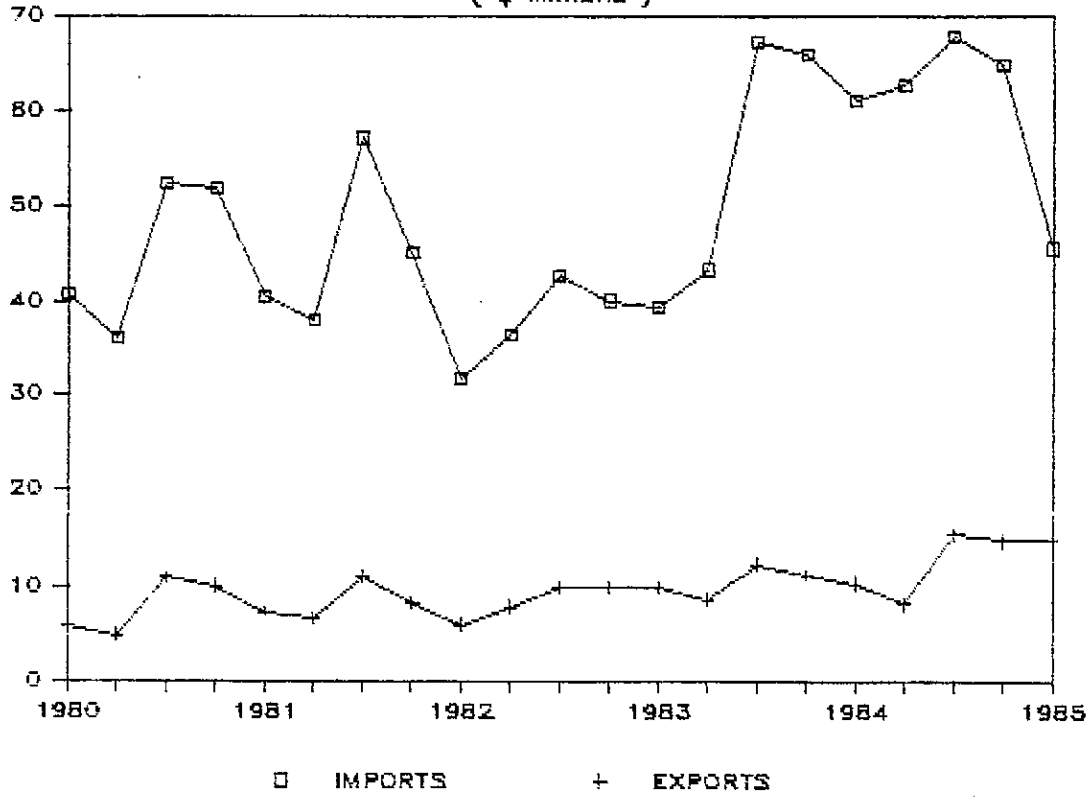
INSTRUMENTATIONS

(\$ Millions)



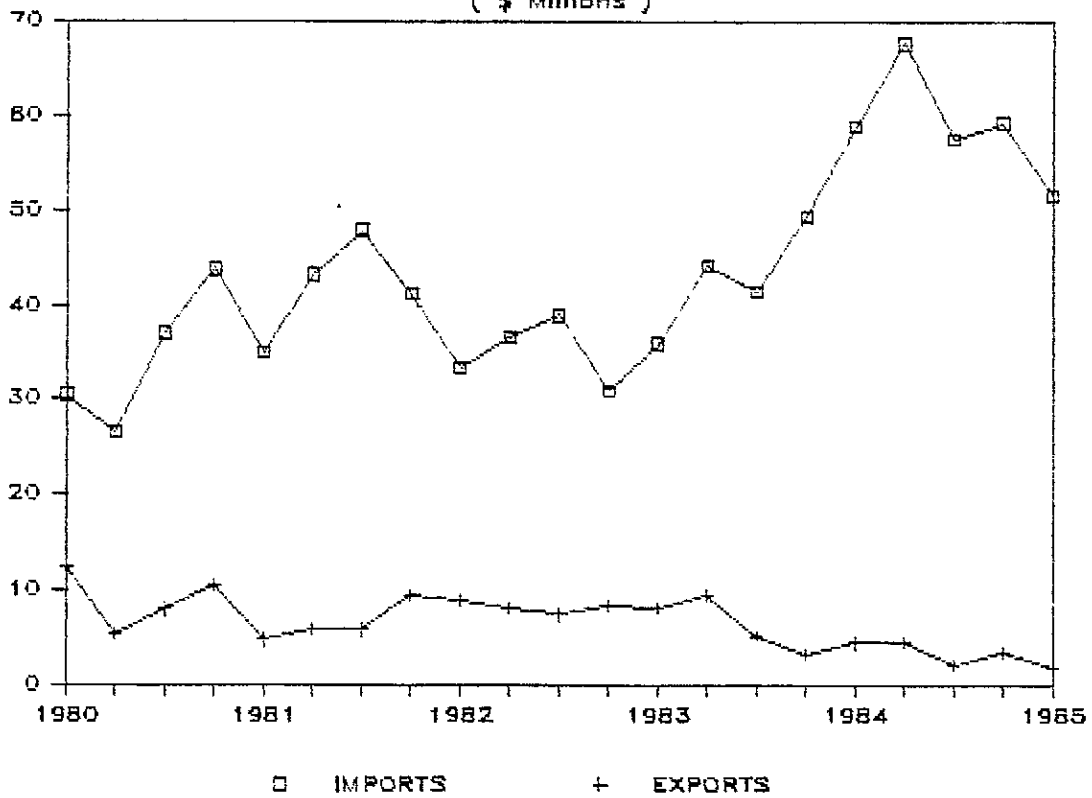
TELEVISION SETS

(\$ Millions)



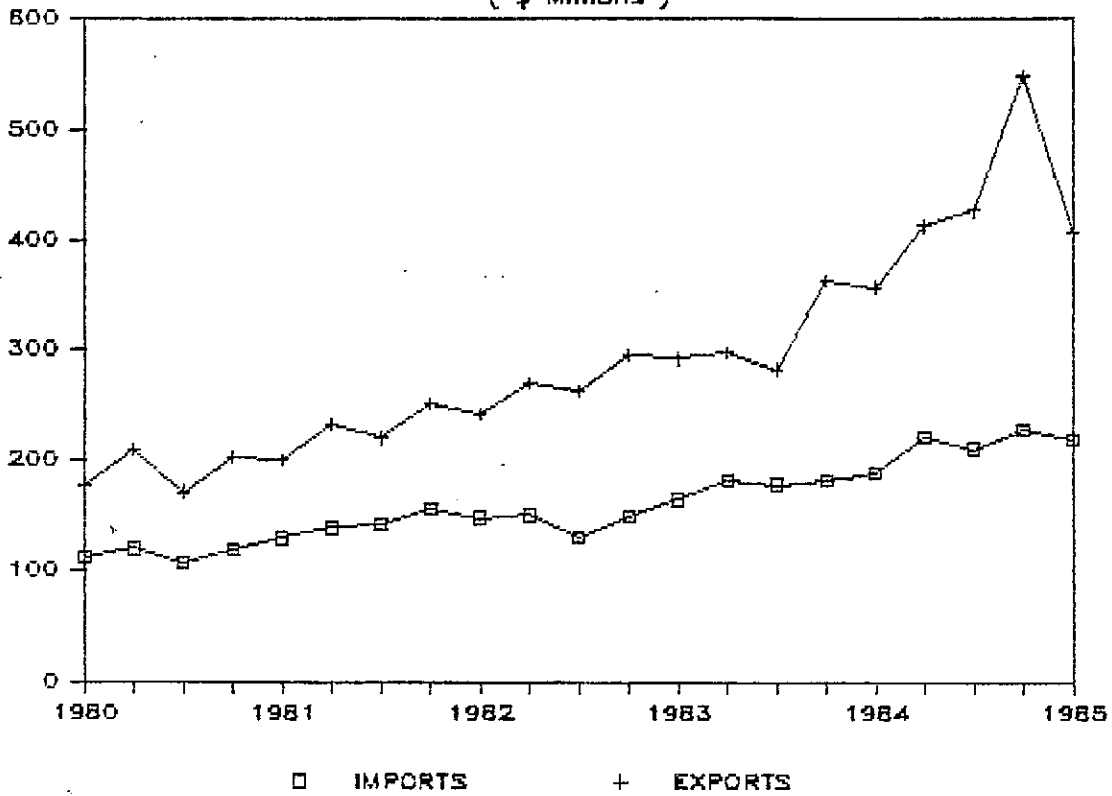
RADIOS

(\$ Millions)



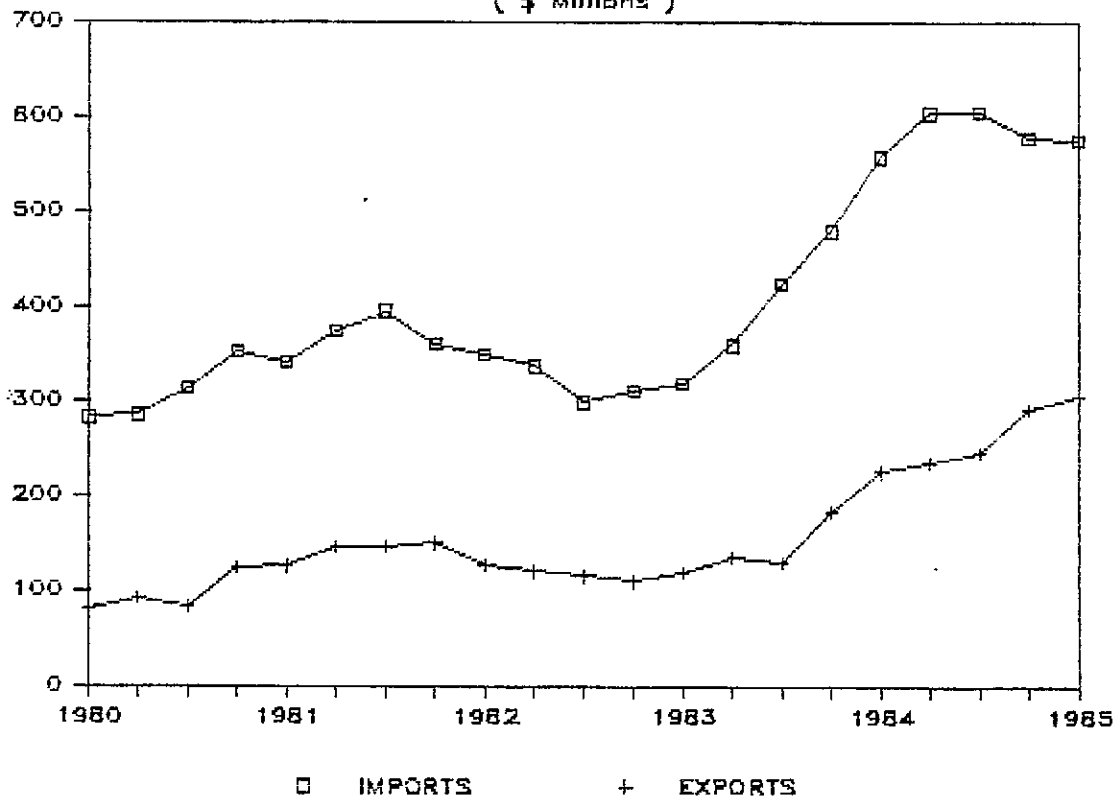
COMMUNICATIONS EQUIPMENT

(\$ Millions)



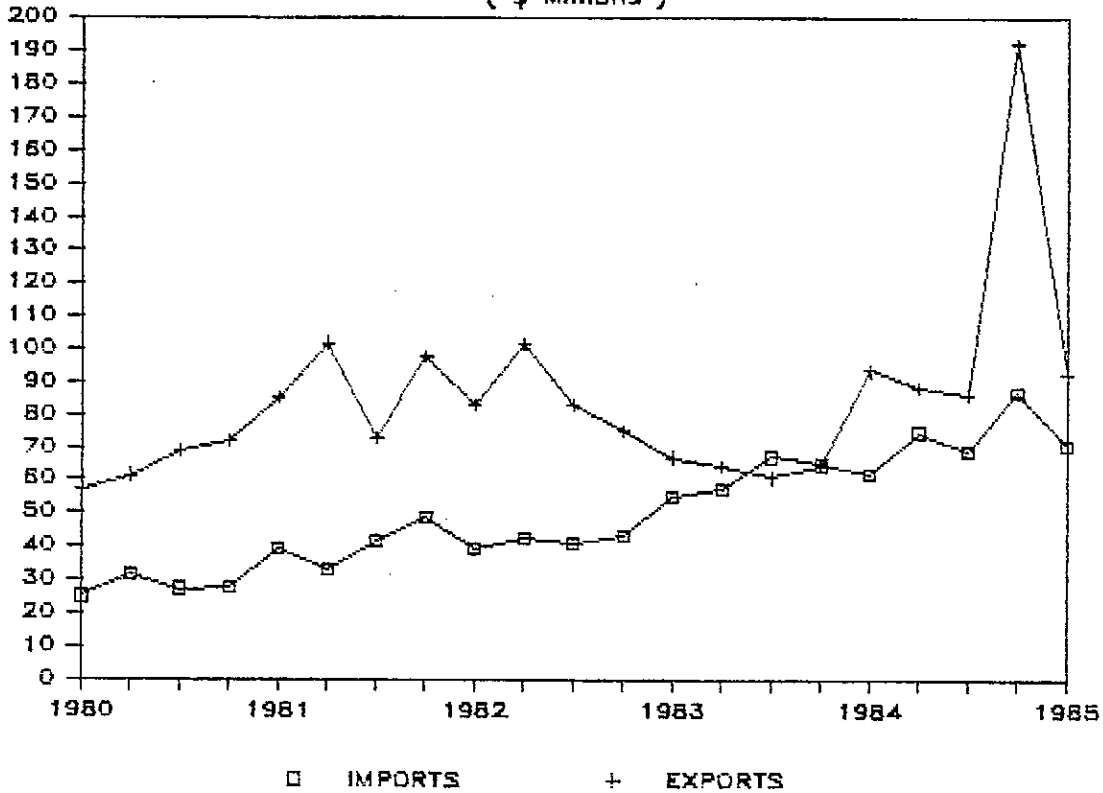
ELECTRONIC COMPONENTS

(\$ Millions)



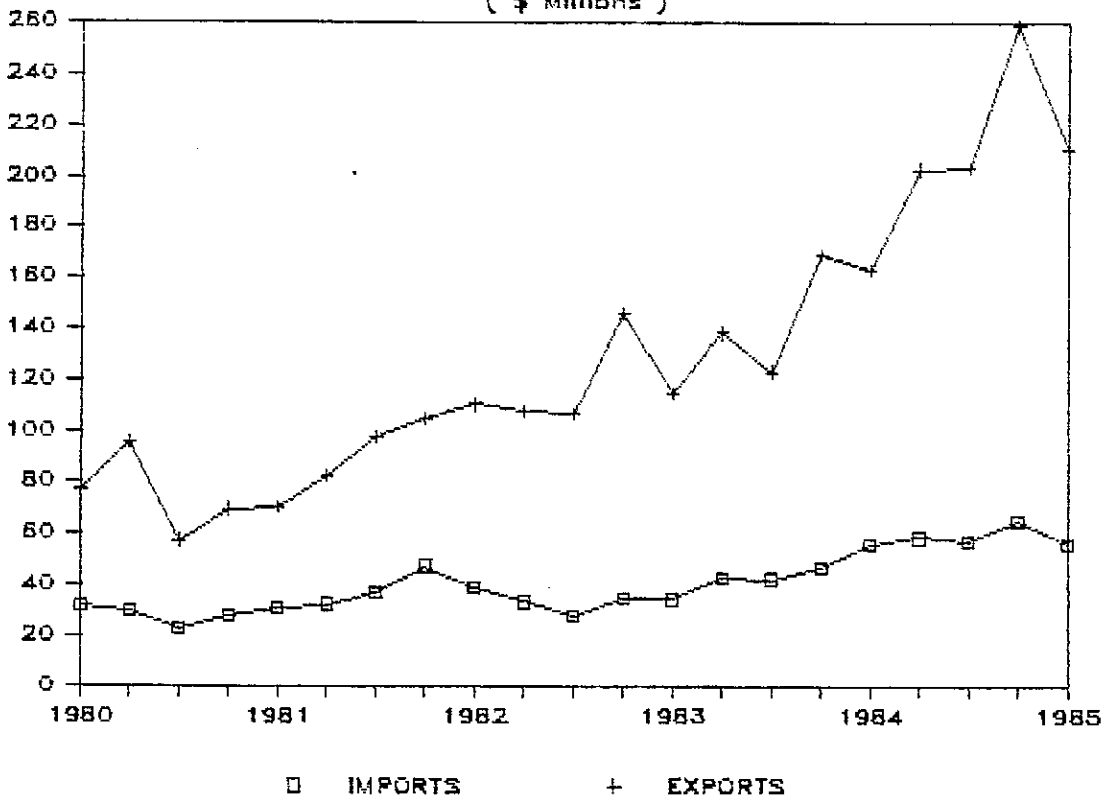
COMMERCIAL COMMUNICATIONS EQUIP. & PT

(\$ Millions)



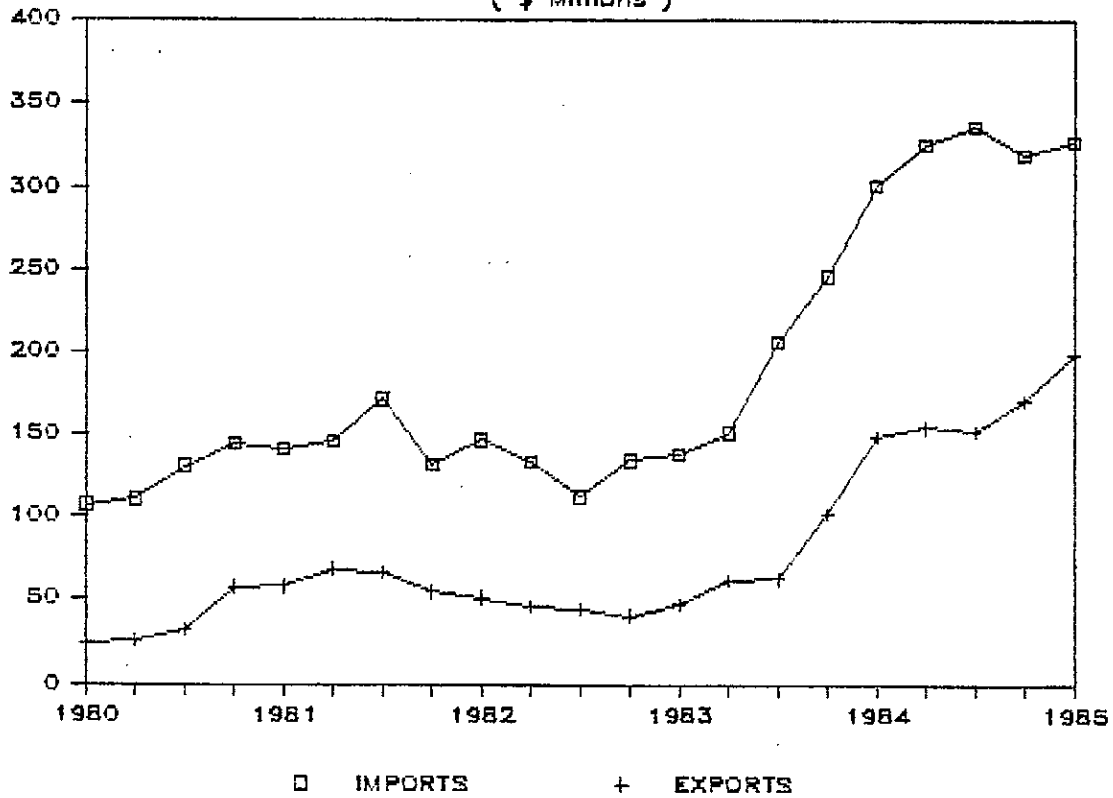
TELEPHONE APPARATUS & PARTS

(\$ Millions)



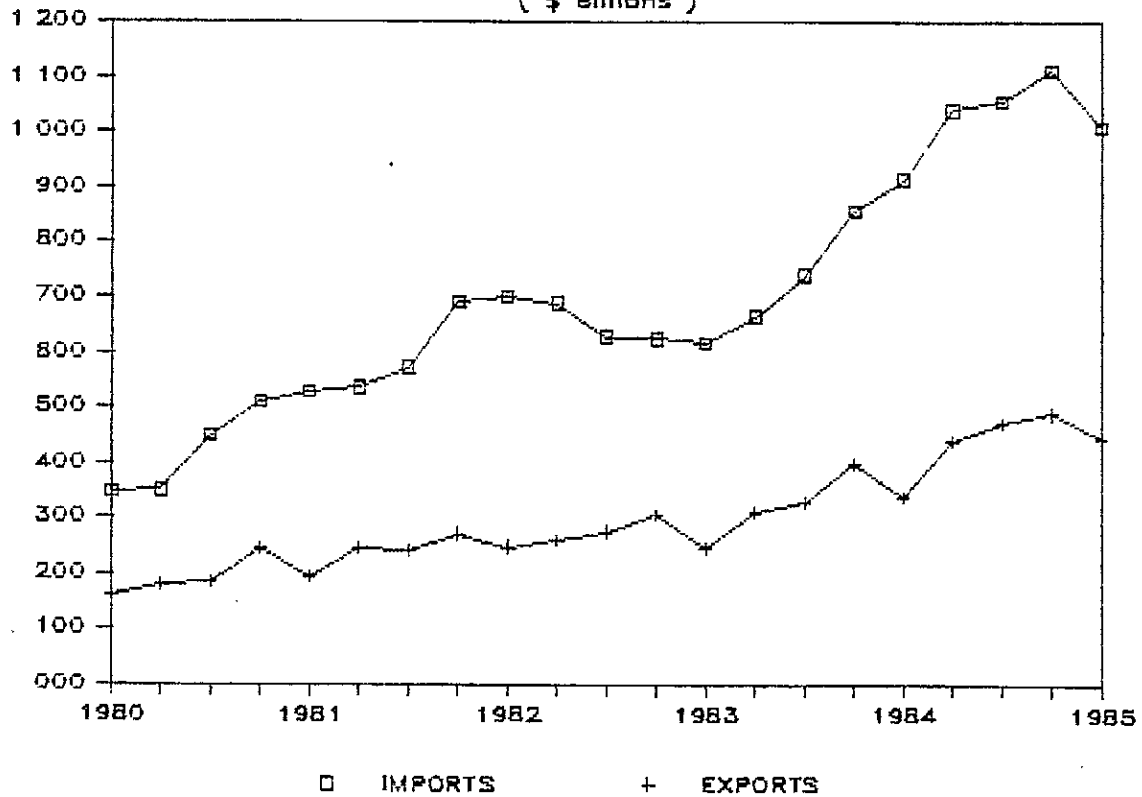
SEMI-CONDUCTORS & PARTS

(\$ Millions)



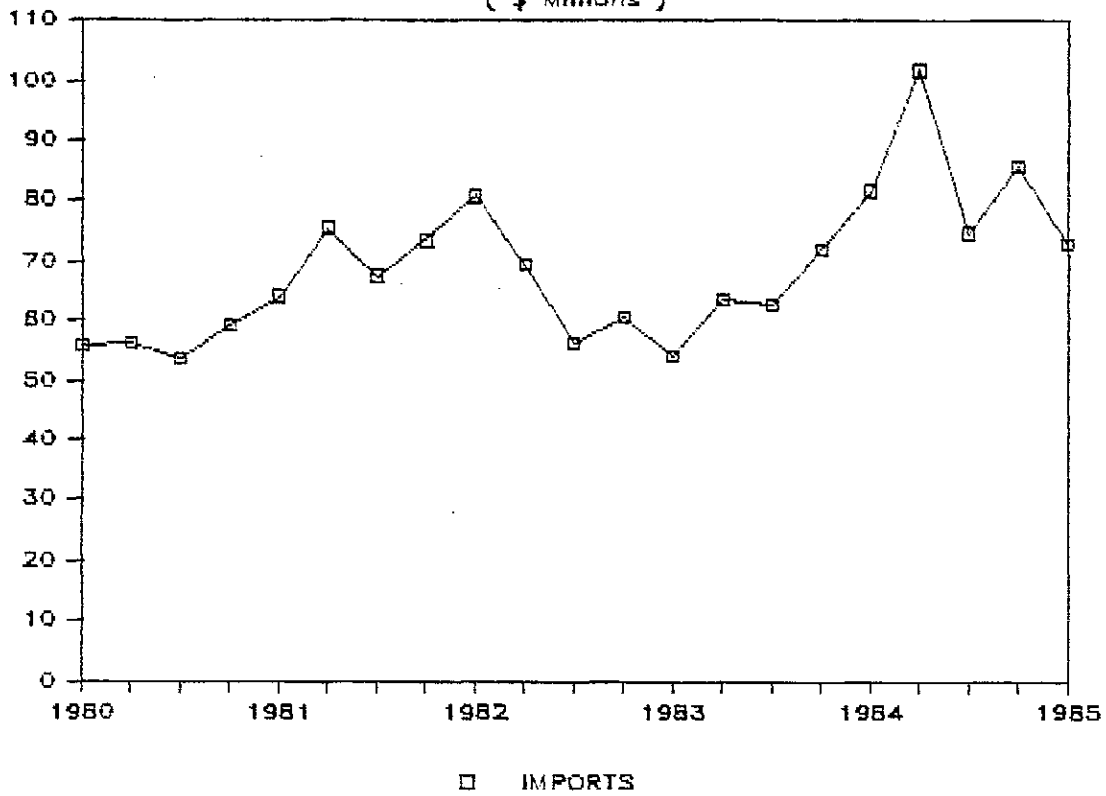
ELECTRONIC COMPUTERS & PTS.

(\$ Billions)



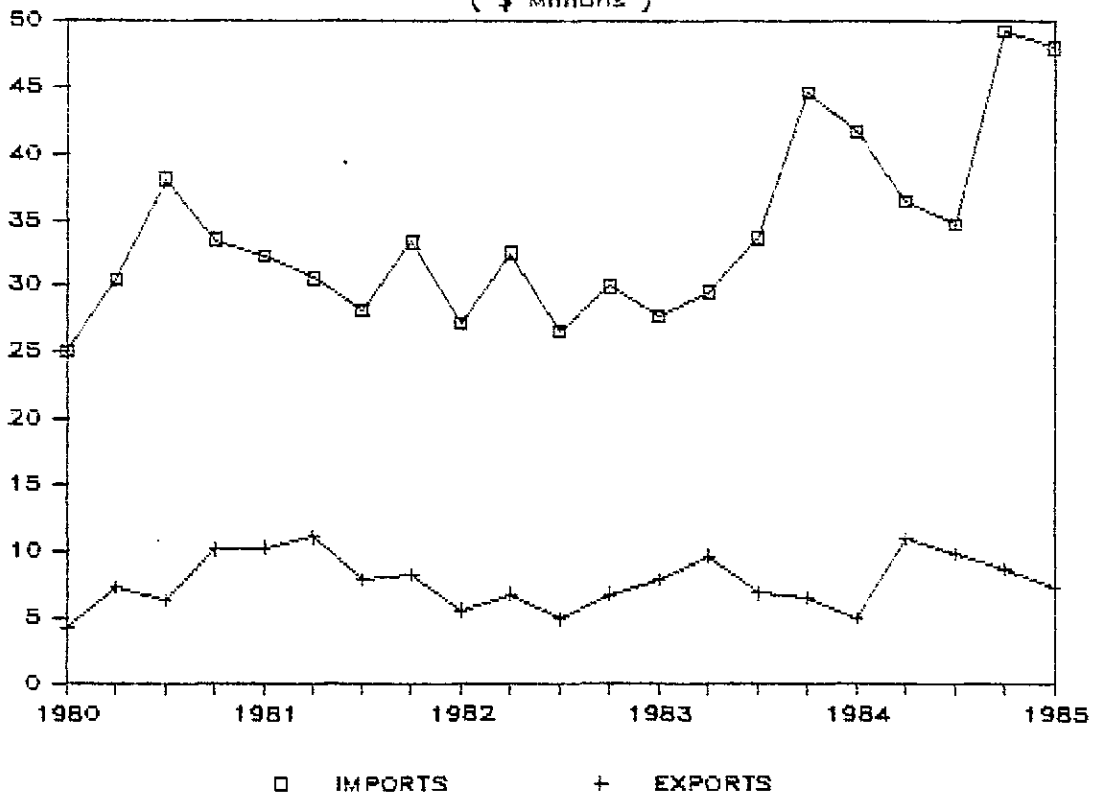
PHOTOCOPIERS & PTS.(919-47)

(\$ Millions)



GEOPHYSICAL EQUIP. & PARTS

(\$ Millions)



HOUSEHOLD ELECTRICAL PRODUCTS

Industrial Sectors (See Table 4, Page 15)

In the first quarter of 1985, Canadian demand (ADM) for household electrical products decreased 8.2 per cent, a significant reduction from the fourth quarter of 1984. Exports, however, were up a strong 23.4 per cent and imports decreased 7.3 per cent, cutting the trade deficit by a substantial 19.9 per cent. Most of the export activity was in the U.S. in refrigerators, and most of the imports were dishwashers from the U.S.

The small appliance market saw a decrease in ADM of 7.4 per cent although shipments strengthened by 1.9 per cent. The normal fourth quarter decline did not happen in 1984, and this strength carried over into the first quarter of 1985. Imports were reduced by 14.9 per cent, reducing the trade deficit by 15.7 per cent. This is one reason for a certain note of optimism currently existing in this industry subsector. With the present trend of product rationalization and product mandating, strengths are being developed in specific product lines which are helping to reduce imports.

The major appliance industry did not get off to an auspicious start in the first quarter of 1985. The ADM and shipments were down 8.9 per cent and 5.1 per cent and imports were up 4.0 per cent. The one bright fact was that exports jumped by 31.4 per cent, decreasing the trade deficit by 34.3 per cent.

Commodity Exports and Imports (See Table 5, page 16)

Trade in refrigerators and freezers in the first quarter of 1985 indicated strength over the last quarter of 1984, showing an increase of \$2.3 million, while imports increased \$1.4 million, a trade surplus of \$1.6 million. This trend of export strength, especially in the U.S., should continue. In the area of washing machines, which is normally a volatile market, practically no change was experienced in imports or exports. This stabilization is a result of the concerted effort of industry to actively effect import replacement. Principal washing machine imports (approximately 80 per cent) are from the U.S. followed by Japan.

TABLE 4

HOUSEHOLD ELECTRICAL PRODUCTS

INDUSTRIAL SECTORS

FIRST QUARTER

	<u>1985</u>	<u>1984</u>		<u>% Change</u>	
	<u>1st Qtr</u>	<u>4th Qtr</u>	<u>1st Qtr</u>	<u>Qtr</u>	<u>Annual</u>
----- \$ Millions -----					
MAJOR APPLIANCES					
ADM	245	269	264	(8.9)	(7.2)
*Shipments	222	234	232	(5.1)	(4.3)
Trade Surplus (Deficit)	(23)	(35)	(32)	(34.3)	(28.1)
Exports	67	51	47	31.4	42.6
Imports	90	86	79	4.7	13.9
SMALL APPLIANCES					
ADM	212	229	189	(7.4)	12.2
*Shipments	110	108	95	1.9	15.8
Trade Surplus (Deficit)	(102)	(121)	(94)	(15.7)	8.5
Exports	12	13	8	(7.7)	50.0
Imports	114	134	102	(14.9)	11.8
TOTAL					
ADM	457	498	453	(8.2)	0.9
Shipments	332	342	327	(2.9)	1.5
Trade Surplus (Deficit)	(125)	(156)	(126)	(19.9)	(0.8)
Exports	79	64	55	23.4	43.6
Imports	204	220	181	(7.3)	12.7

SOURCE: Inventories, Shipments and Orders in
 Manufacturing Industries - Cat. No. 31-001
 Imports by Commodities - Cat. No. 65-007
 Exports by Commodities - Cat. No. 65-004

*Shipments - Goods of own mfr. - classified by the 1980 S.I.C.

TABLE 5

HOUSEHOLD ELECTRICAL PRODUCTS

COMMODITY EXPORTS AND IMPORTS

FIRST QUARTER

	<u>1985</u>	<u>1984</u>		<u>% Change</u>	
	<u>1st Qtr</u>	<u>4th Qtr</u>	<u>1st Qtr</u>	<u>Qtr</u>	<u>Annual</u>
	----- \$ 000 -----				
REFRIGERATORS AND FREEZERS					
Exports	9 745	7 546	10 181	29.1	(4.3)
Imports	8 123	6 703	8 268	21.2	(1.8)
Trade Surplus (Deficit)	1 622	843	1 913	92.4	(15.2)
ELECTRIC WASHING MACHINES AND PARTS					
Exports	2 312	2 217	2 028	4.3	14.0
Imports	10 685	10 305	10 461	3.7	2.1
Trade Surplus (Deficit)	(8 373)	(8 088)	(8 433)	3.5	(0.7)

TABLE 6

HOUSEHOLD ELECTRICAL PRODUCTS

INDUSTRIAL SECTORS

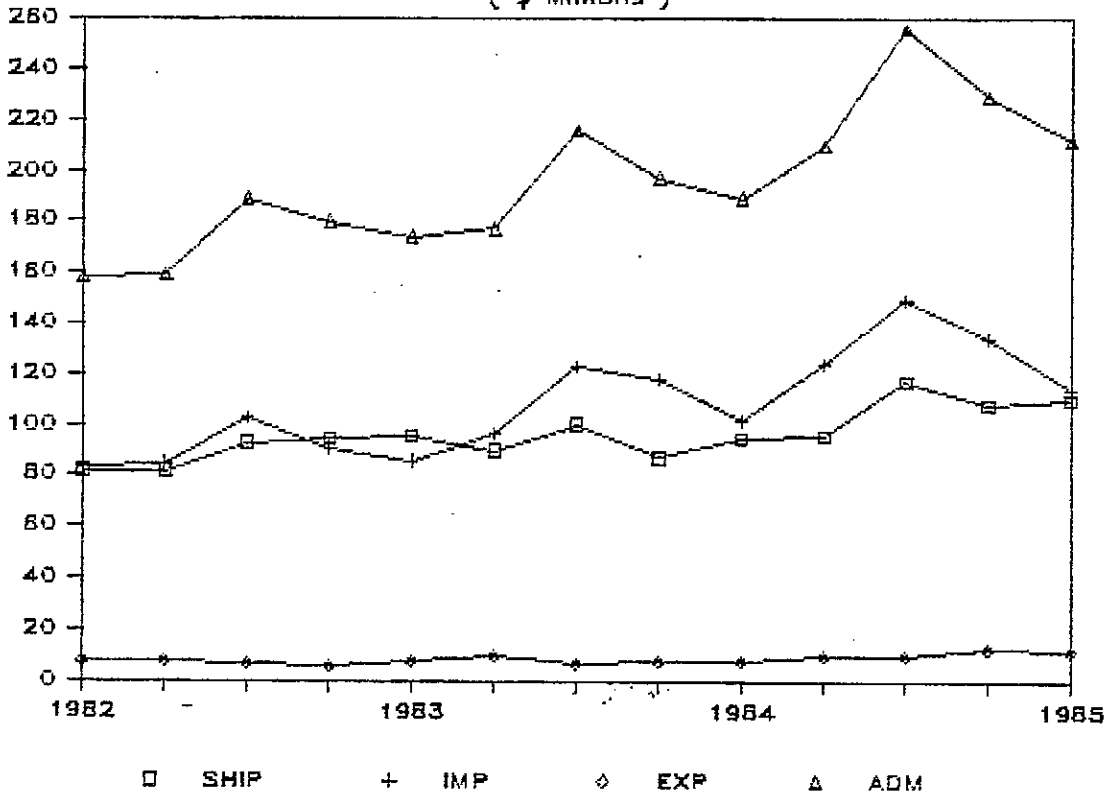
NUMBER OF EMPLOYEES

	<u>As At March 1985</u>	<u>As At March 1984</u>
Major Appliances	7 993	7 151
Small Appliances	3 725	3 161
	<u>11 718</u>	<u>10 312</u>

SOURCE: Employment, Earnings and Hours - Cat. No. 72-002.

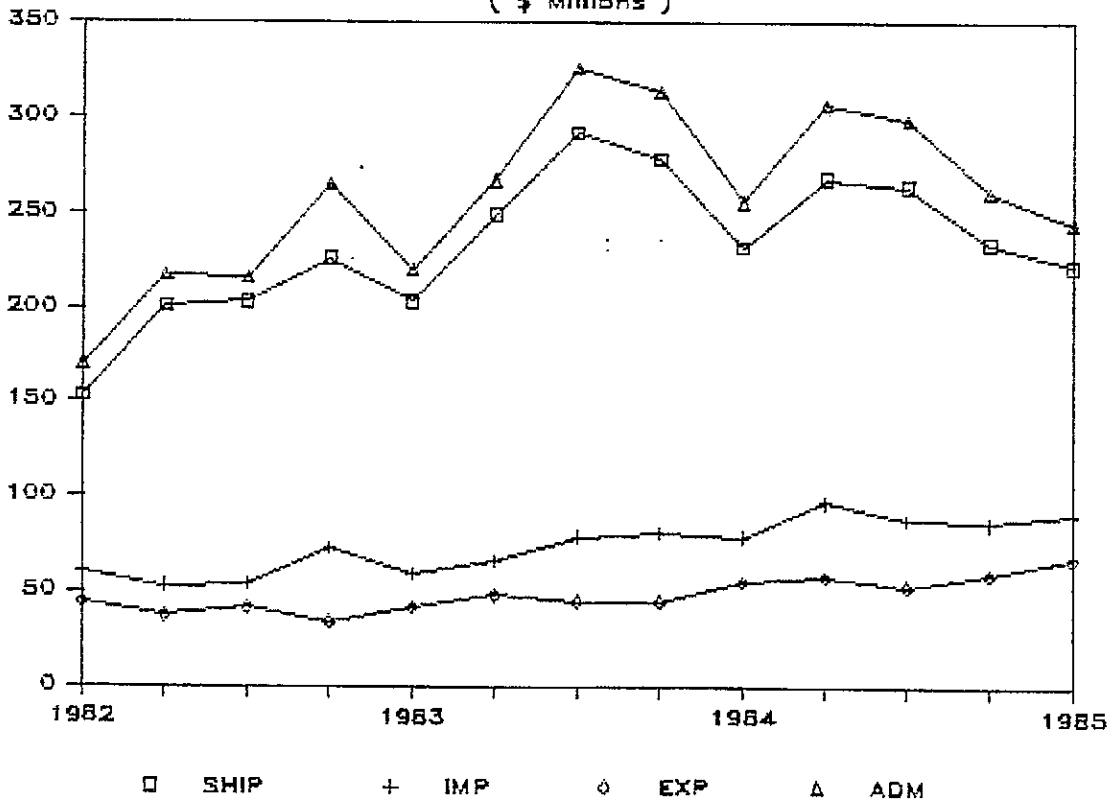
SMALL HHLD. ELECTRICAL APPLIANCES

(\$ Millions)



MAJOR HHLD. ELECTRICAL APPLIANCES

(\$ Millions)



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(Mrs.) Réjeanne Scott - Statistical Officer

Sector Officers:

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J. Szymanowski - Instruments

L. Doyle - Radio and Television

M. Koroniak - Office Equipment .

L. Maher - Major Appliances

Sector Analysis Division

Electronics Directorate

Electronics and Aerospace Branch (GELA)

Department of Regional Industrial Expansion