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ELECTRONICS INDUSTRY AND HOUSEHOLD ELECTRICAL APPLIANCES INDUSTRY
STATISTICAL REVIEW

SECOND QUARTER, 1985

September 1985

TABLE OF CONTENTS

ELECTRONIC PRODUCTS

Highlights	1
Table 1 - Second Quarter by Industrial Sectors	3
Table 2 - Second Quarter by Commodity Exports and Imports	4
Table 3 - First Half-Year by Industrial Sectors	6
Table 4 - First Half-Year by Commodity Exports and Imports	7
Table 5 - Number of Employees by Industrial Sectors	9
Graphs	10

HOUSEHOLD ELECTRICAL PRODUCTS

Highlights	17
Table 6 - Second Quarter by Industrial Sectors	18
Table 7 - Second Quarter by Commodity Exports and Imports	19
Table 8 - First Half-Year by Industrial Sectors	20
Table 9 - First Half-Year by Commodity Exports and Imports	21
Table 10 - Number of Employees by Industrial Sectors	22
Graphs	23

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

Source of Statistics - Statistics Canada

ELECTRONICS INDUSTRY

Canada's electronics industry continued to grow but at a reduced rate. Shipments of goods of own manufacture increased only 1.2 per cent over the previous quarter although they were a solid 18 per cent higher than the same quarter in 1984. Strongest performers were the communications equipment and radio and television sectors with shipments up 3.3 per cent and 4.8 per cent respectively. In the office and store machinery and instrumentation sectors shipments declined by 4.7 per cent and 0.7 per cent respectively.

Employment stood at 83 790 as at June 1985, up slightly from 83 138 a year earlier.

The outlook for the industry continues to be encouraging with continued growth in shipments and exports forecast particularly in the communications and defence sectors. However, expectations should be tempered by the lower than anticipated performance of the U.S. economy - the main market which has been quite disappointing in some electronic sectors, particularly computers and semi-conductors.

The second quarter performance of **the communications equipment** sector remained basically unchanged from the first quarter, but shipments and exports are substantially ahead compared to the second quarter of 1984. The \$100 million in export growth comes almost totally from the components side of the sector, led by a \$75 million increase in exports of integrated circuits, semi-conductors and parts. For the first half of 1985, as compared to the same period in 1984, exports are up \$234 million, over half of which is accounted for by integrated circuits, semi-conductors and parts. Employment levels remained strong, up 2 per cent from past year.

The domestic market for **computers and office machinery** along with imports of those products continued to decline in the second quarter although shipments and exports remain relatively strong. The domestic market for the sector remains unchanged for the first half of the year compared to the same period in 1984. On an annual basis shipments and exports are up strongly, resulting in a decline in the trade deficit. Employment growth, too, is strong, with June 1985 levels being some 20 per cent above the recent low of 13 000, which occurred in March 1984.

In the second quarter of 1985, the Canadian **radio and T.V.** industry performed well. A modest increase in shipments, combined with a decline in imports and a good expansion in exports, contributed to the 8 per cent reduction of the trade deficit despite a downturn of nearly 4 per cent in the domestic market. On an annual basis, the trade deficit dropped almost 22 per cent. Continuing declines in imports of television sets and a healthy increase of over 100 per cent annually in

TV exports were also responsible for the drop in the trade deficit. The largest decline in imports occurred in 19" colour sets, mainly from the U.S. where imports were down 71 per cent over the first quarter of this year.

In the second quarter of 1985 shipments of **instruments** continued at almost identical level to those of the first quarter amounting to \$136 million.

The annual increase in shipments amounted to 9.7 per cent. Exports of instruments stand at \$62 million which represents a 19.2 per cent increase over the last 12 months. The apparent domestic market for the second quarter of this year decreased from \$313 to \$289 million.

Shipments of geophysical instrumentation and prospecting equipment in the second quarter of this year have reached \$11 million, an increase of 55.3 per cent over the first quarter performance.

TABLE 1
ELECTRONIC PRODUCTS
INDUSTRIAL SECTOR
SECOND QUARTER

	1985		1984		% Change	
	2nd Qtr	1st Qtr	2nd Qtr	Qtr	Annual	
----- \$ Millions -----						
COMMUNICATIONS EQUIPMENT & COMPONENTS						
ADM	1 064	1 048	1 006	1.5	5.8	
*Shipments	996	964	829	3.3	20.1	
Trade Surplus (Deficit)	(68)	(84)	(177)	(19.0)	(61.6)	
Exports	753	713	649	5.6	16.0	
Imports	821	797	826	3.0	(0.6)	
OFFICE & STORE MACHINERY						
ADM	992	1 083	1 061	(8.4)	(6.5)	
*Shipments	362	380	312	(4.7)	16.0	
Trade Surplus (Deficit)	(630)	(703)	(749)	(10.4)	(15.9)	
Exports	478	450	458	6.2	4.4	
Imports	1 108	1 153	1 207	(3.9)	(8.2)	
RADIO AND TELEVISION						
ADM	365	379	412	(3.7)	(11.4)	
*Shipments (estim.)	132	126	114	4.8	15.8	
Trade Surplus (Deficit)	(233)	(253)	(298)	(7.9)	(21.8)	
Exports	59	52	41	13.5	43.9	
Imports	292	305	339	(4.3)	(13.9)	
INSTRUMENTS						
ADM	289	313	265	(7.7)	9.1	
*Shipments (estim.)	136	137	124	(0.7)	9.7	
Trade Surplus (Deficit)	(153)	(176)	(141)	(13.1)	8.5	
Exports	62	52	52	19.2	19.2	
Imports	215	228	193	(5.7)	11.4	
TOTAL						
ADM	2 710	2 823	2 744	(4.0)	(1.2)	
*Shipments	1 626	1 607	1 379	1.2	17.9	
Trade Surplus (Deficit)	(1 084)	(1 216)	(1 365)	(10.9)	(20.6)	
Exports	1 352	1 267	1 200	6.7	12.7	
Imports	2 436	2 483	2 565	(1.9)	(5.0)	

*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

SECOND QUARTER

	1985		1984		% Change	
	2nd Qtr	1st Qtr	2nd Qtr	2nd Qtr	Qtr	Annual
----- \$ 000 -----						
COMMUNICATIONS EQUIPMENT						
Exports	418 881	407 134	413 347		2.9	1.3
Imports	230 975	221 074	220 543		4.5	4.7
Trade Surplus (Deficit)	187 906	186 060	192 804		1.0	(2.5)
ELECTRONIC COMPONENTS						
Exports	334 193	306 052	236 052		9.2	41.6
Imports	589 652	575 892	605 133		2.4	(2.6)
Trade Surplus (Deficit)	(255 459)	(269 840)	(369 081)		(5.3)	(30.8)
TELEPHONE APPARATUS EQUIPMENT & PARTS						
Exports	211 388	210 741	203 230		0.3	4.0
Imports	61 525	56 389	58 718		9.1	4.8
Trade Surplus (Deficit)	149 863	154 352	144 512		(2.9)	3.7
PRINTED CIRCUIT BOARDS						
Exports	13 872	12 834	9 745		8.1	42.3
Imports	9 095	9 174	10 485		(0.9)	(13.3)
Trade Surplus (Deficit)	4 777	3 660	(740)		30.5	
ELECTRONIC COMPUTERS & PARTS						
Exports	472 584	444 857	441 493		6.2	7.0
Imports	965 314	1 010 001	1 037 560		(4.4)	(7.0)
Trade Surplus (Deficit)	(492 730)	(565 144)	(596 067)		(12.8)	(17.3)
INTEGRATED CIRCUITS & SEMI-CONDUCTORS & PARTS						
Exports	227 602	198 083	154 181		14.9	47.6
Imports	326 264	327 427	326 503		(0.4)	(.07)
Trade Surplus (Deficit)	(98 662)	(129 344)	(172 322)		(23.7)	(42.7)

TABLE 2 (Cont'd)

ELECTRONIC PRODUCTS

COMMODITY EXPORTS AND IMPORTS

SECOND QUARTER

	1985		1984		% Change	
	2nd Qtr	1st Qtr	2nd Qtr	Qtr	Annual	
----- \$ 000 -----						
TAPE PLAYERS, RECORDERS (EXC. PTS.)						
Exports		N.A.	N.A.	-		
Imports	93 376	137 113	124 038	(31.9)		(24.7)
Trade Surplus (Deficit)		-	-	-		
TELEVISION SETS						
Exports	17 827	15 234	8 222	17.0		116.8
Imports	43 704	45 443	62 824	(3.8)		(30.4)
Trade Surplus (Deficit)	(25 877)	(30 209)	(54 602)	(14.3)		(52.6)
RADIOS						
Exports	1 900	1 755	4 502	8.3		(57.8)
Imports	71 143	51 463	67 703	38.2		5.1
Trade Surplus (Deficit)	(69 243)	(49 708)	(63 201)	39.3		9.6
COMBINATION RADIO- PHONOGRAPH SETS						
Exports	37 765	33 714	26 594	12.0		42.0
Imports	77 643	65 706	77 319	18.2		0.4
Trade Surplus (Deficit)	(39 878)	(31 992)	(50 725)	24.6		(21.4)
GEOPHYSICAL & MINERAL PROSPECTION EQUIPMENT & PARTS						
Exports	11 241	7 240	10 992	55.3		2.3
Imports	43 117	48 051	36 473	(10.3)		18.2
Trade Surplus (Deficit)	(31 876)	(40 811)	(25 481)	(21.9)		25.1
COMMERCIAL COMMUNICATIONS EQUIPMENT N.E.S.						
Exports	99 468	91 961	88 468	8.2		12.4
Imports	78 999	67 768	74 692	16.6		5.8
Trade Surplus (Deficit)	20 469	24 193	13 776	(15.4)		48.6
PHOTOCOPY AND SIMILAR MACHINES & PARTS						
Exports	N.A.	N.A.	N.A.			
Imports	76 690	73 289	101 835	4.6		(24.7)

TABLE 3
ELECTRONIC PRODUCTS
INDUSTRIAL SECTOR
FIRST HALF-YEAR

	1985	1984	% Change
	----- \$ Millions -----		
COMMUNICATIONS EQUIPMENT AND COMPONENTS			
ADM	2 112	1 966	7.4
Shipments	1 960	1 626	20.5
Trade Deficit	152	340	(55.3)
Exports	1 466	1 232	19.0
Imports	1 618	1 572	2.9
OFFICE AND STORE MACHINERY			
ADM	2 076	2 081	(0.2)
Shipments	743	630	17.9
Trade Deficit	1 333	1 451	(8.1)
Exports	928	823	12.8
Imports	2 261	2 274	(0.6)
RADIO AND TELEVISION			
ADM	745	777	(4.1)
Shipments	258	225	14.7
Trade Deficit	487	552	(11.8)
Exports	110	77	42.9
Imports	597	629	(5.1)
INSTRUMENTS			
ADM	602	536	12.3
Shipments	273	245	11.4
Trade Deficit	329	291	13.1
Exports	114	92	23.9
Imports	443	383	15.7
TOTAL			
ADM	5 535	5 360	3.3
Shipments	3 234	2 726	18.6
Trade Deficit	2 301	2 634	(12.6)
Exports	2 618	2 224	17.7
Imports	4 919	4 858	1.3

TABLE 4
ELECTRONIC PRODUCTS
COMMODITY EXPORTS AND IMPORTS
FIRST HALF-YEAR

	1985	1984	% Change
	----- \$ 000 -----		
COMMUNICATIONS EQUIPMENT			
Exports	826 014	770 167	7.3
Imports	452 049	408 288	10.7
Trade Surplus (Deficit)	373 965	361 879	3.3
ELECTRONIC COMPONENTS			
Exports	640 244	462 549	38.4
Imports	1 165 543	1 163 215	0.2
Trade Surplus (Deficit)	(525 299)	(700 666)	(25.0)
TELEPHONE APPARATUS EQUIP. AND PTS.			
Exports	422 128	366 704	15.1
Imports	117 914	114 680	2.8
Trade Surplus (Deficit)	304 214	252 024	20.7
PRINTED CIRCUIT BOARDS			
Exports	26 706	20 120	32.7
Imports	18 269	20 691	(11.7)
Trade Surplus (Deficit)	8 437	(571)	
ELECTRONIC COMPUTERS & PTS.			
Exports	917 441	780 317	17.6
Imports	1 975 315	1 952 388	1.2
Trade Surplus (Deficit)	(1 057 874)	(1 172 071)	(9.7)
INTEGRATED CIRCUITS AND SEMI-CONDUCTORS & PTS.			
Exports	425 685	302 801	40.6
Imports	653 691	627 501	4.2
Trade Surplus (Deficit)	(228 006)	(324 700)	29.8
TAPE PLAYERS, RECORDERS (EXC. PTS.)			
Exports	nil	nil	nil
Imports	230 489	232 227	(0.8)
Trade Surplus (Deficit)			

TABLE 4 (Cont'd)
ELECTRONIC PRODUCTS
COMMODITY EXPORTS AND IMPORTS
FIRST HALF-YEAR

	1985	1984	% Change
	----- \$ 000 -----		
TELEVISION SETS			
Exports	33 061	18 560	78.1
Imports	89 147	124 001	(28.1)
Trade Surplus (Deficit)	(56 086)	(105 441)	(46.8)
RADIOS			
Exports	3 655	8 921	(59.0)
Imports	122 606	126 749	(3.3)
Trade Surplus (Deficit)	(118 951)	(117 828)	0.9
COMBINATION RADIO- PHONOGRAPH SETS			
Exports	71 478	47 462	50.6
Imports	143 349	133 129	7.7
Trade Surplus (Deficit)	(71 871)	(85 667)	(16.1)
GEOPHYSICAL AND MINERAL PROSP.			
Exports	18 480	16 009	15.4
Imports	91 168	78 248	16.5
Trade Surplus (Deficit)	(72,688)	(62 239)	14.4
COMMERCIAL COMMUNICATIONS			
Exports	191 429	181 900	5.2
Imports	146 767	136 524	7.5
Trade Surplus (Deficit)	44 662	45 376	(1.6)

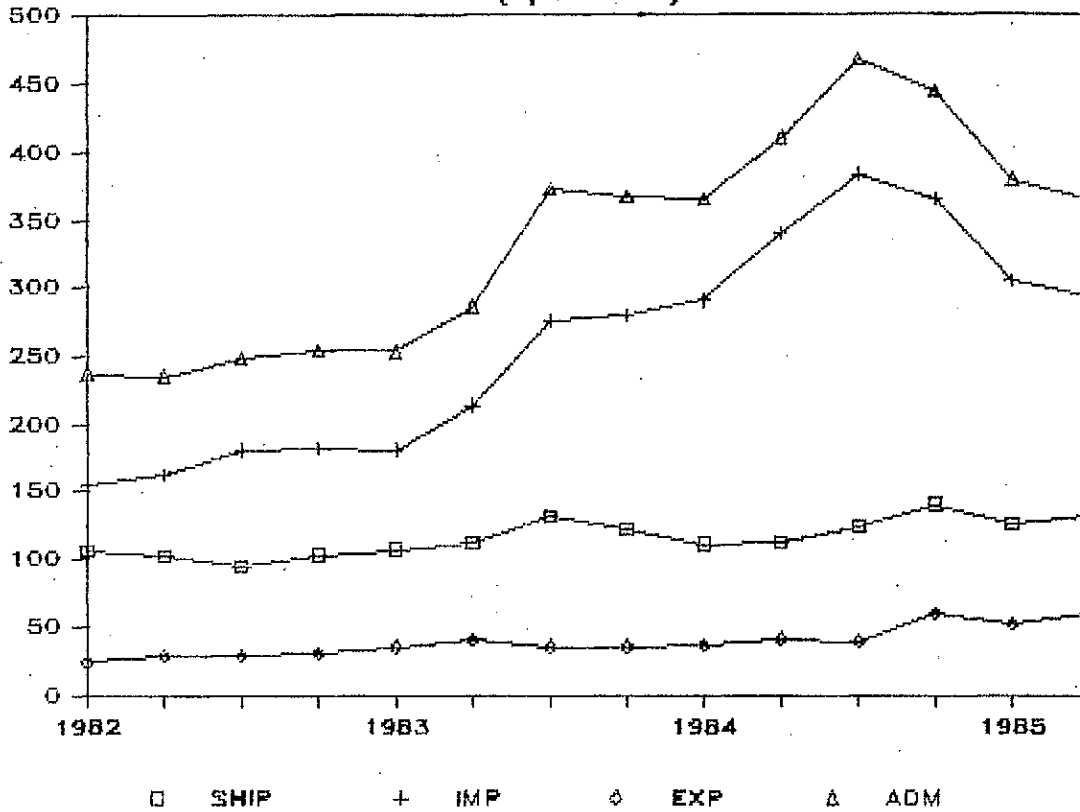
TABLE 5
ELECTRONIC PRODUCTS
INDUSTRIAL SECTORS
NUMBER OF EMPLOYEES

	<u>As At</u> <u>June 1985</u>	<u>As At</u> <u>June 1984</u>
Radio and Television	3 965	3 942
Communications Equipment & Components	46 622	45 594
Office & Store Machinery	15 604	13 705
Instruments (estimated)	<u>17 599</u>	<u>19 897</u>
	<u>83 790</u>	<u>83 138</u>

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

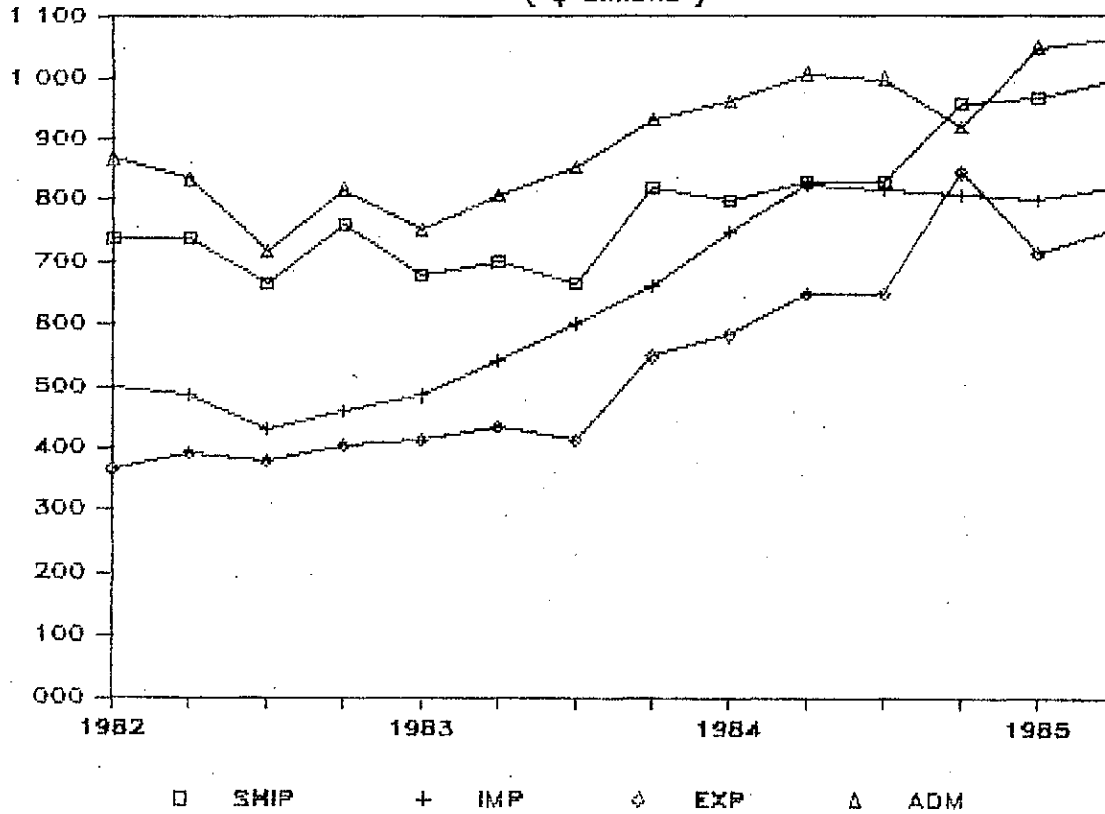
HOUSEHOLD RADIOS & TELEVISIONS

(\$ Millions)



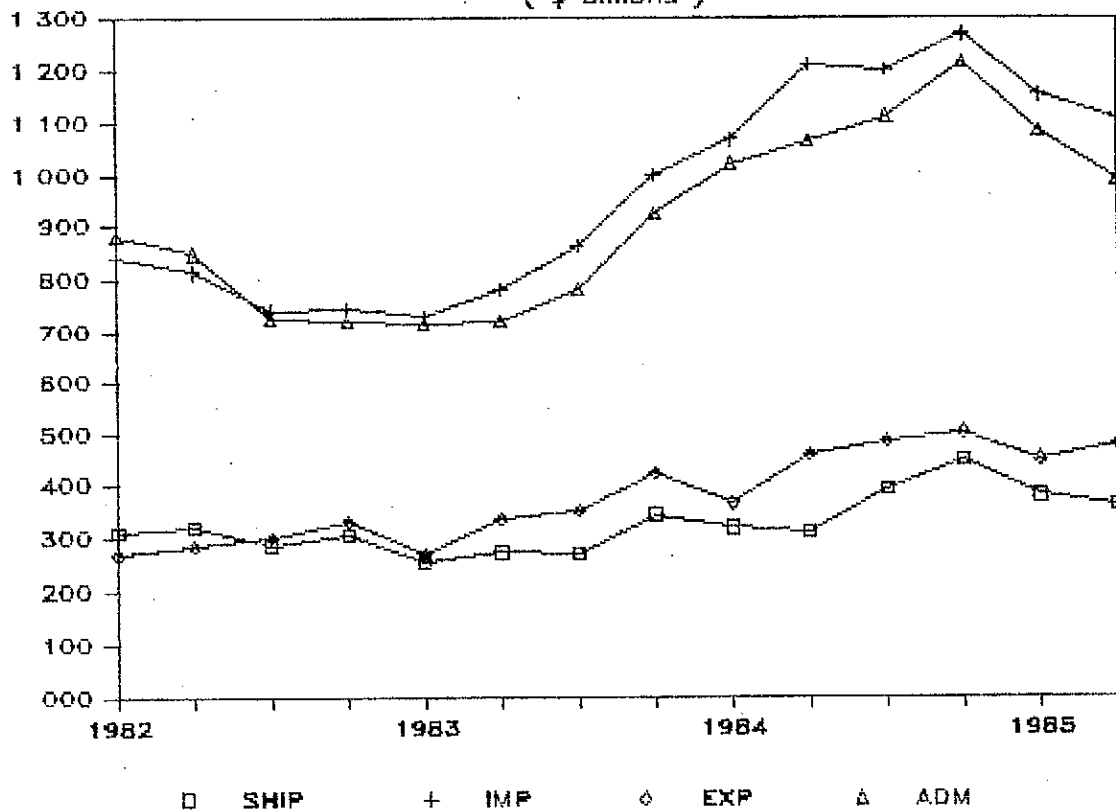
COMMUNICATIONS EQUIP. & COMPONENTS

(\$ Billions)



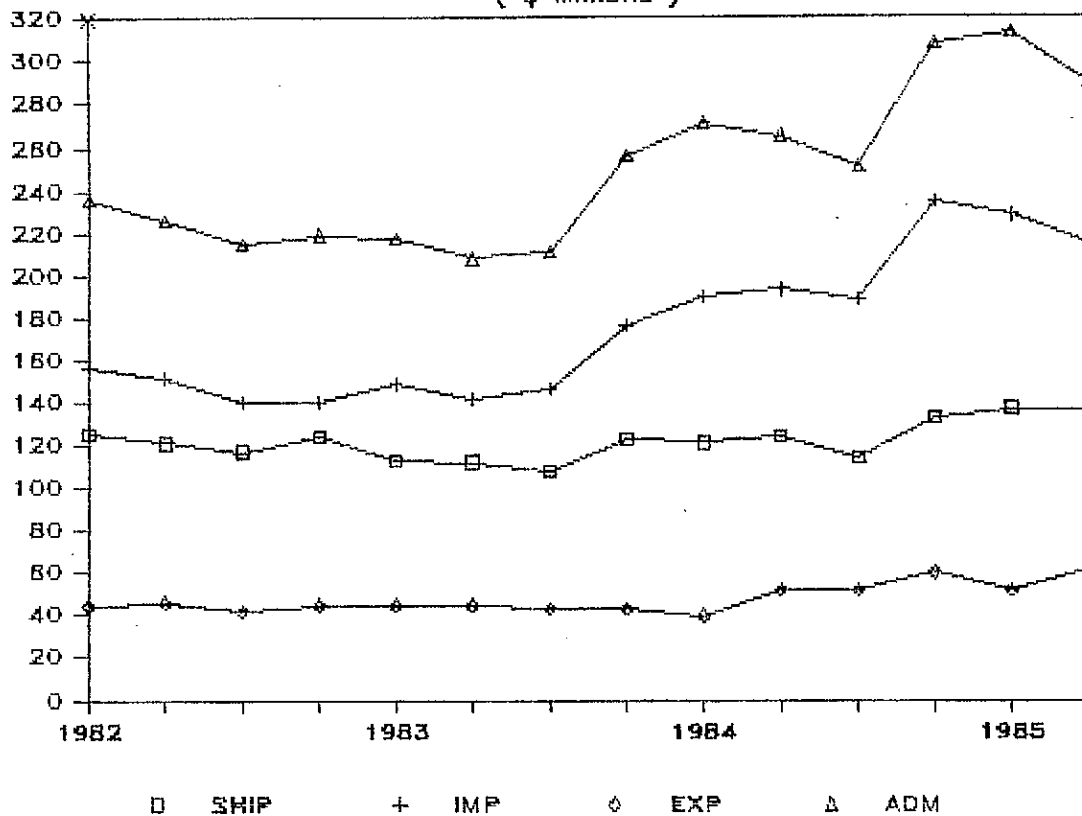
OFFICE & STORE MACHINERY

(\$ Billions)



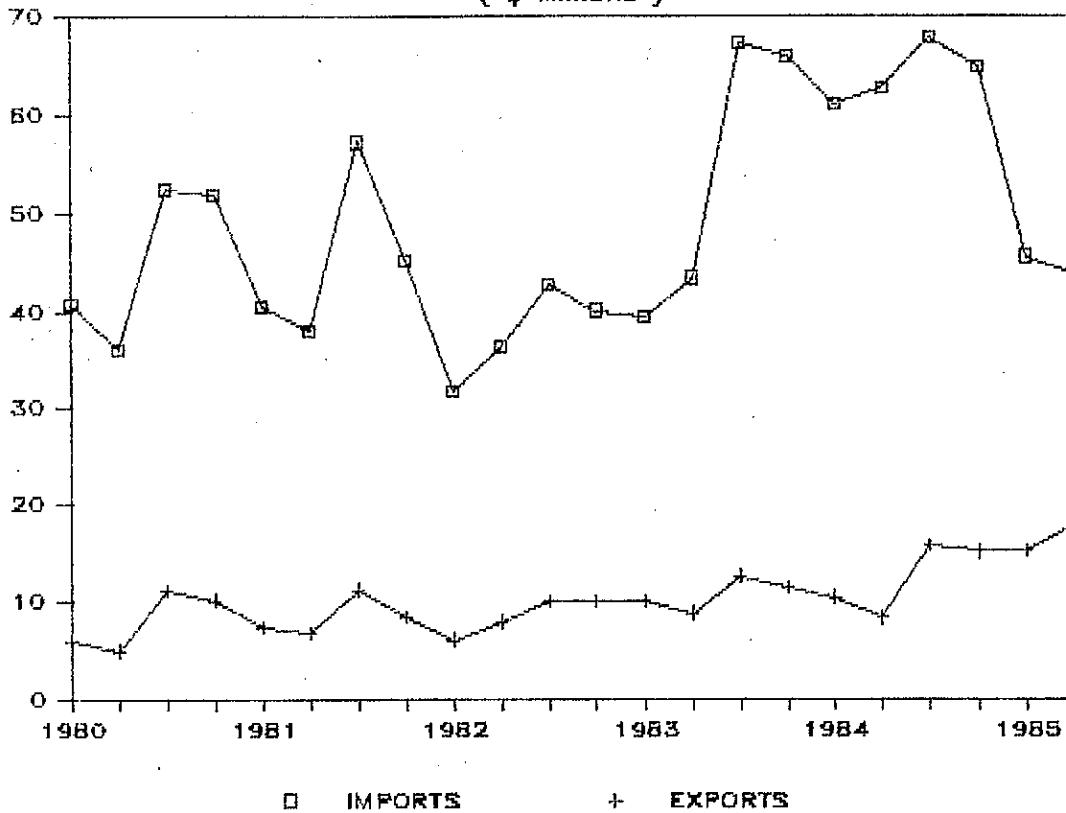
INSTRUMENTATIONS

(\$ Millions)



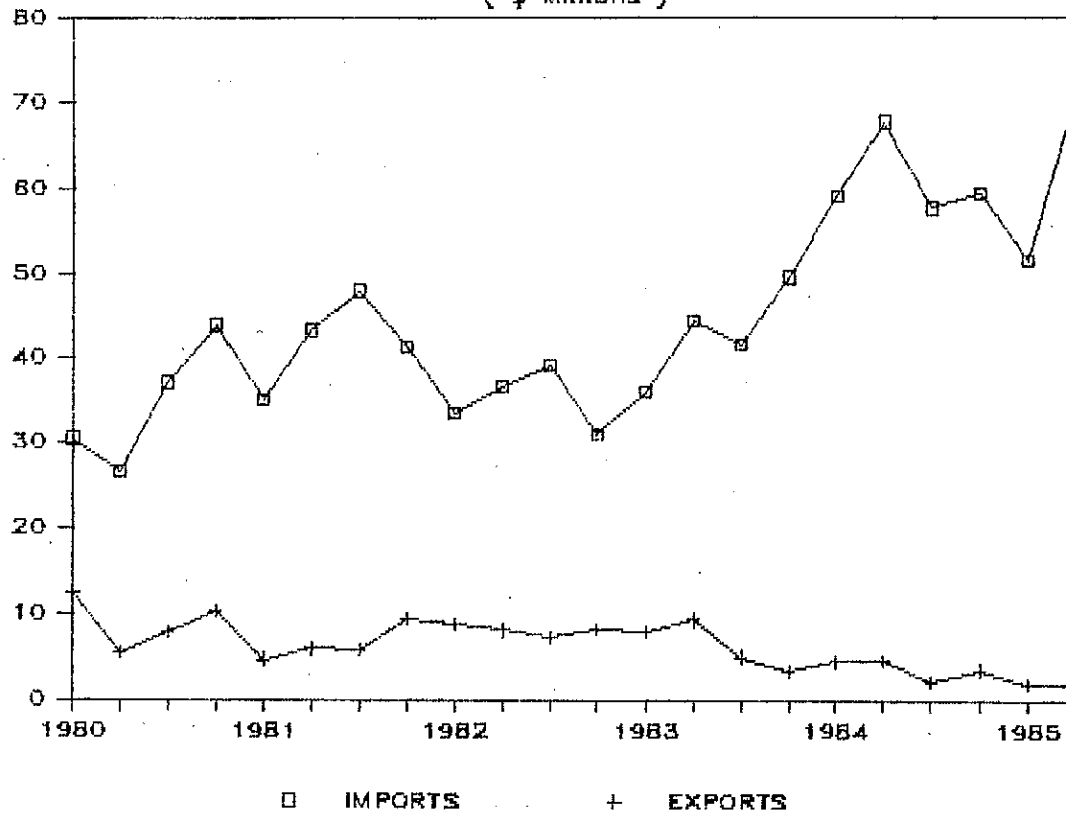
TELEVISION SETS

(\$ Millions)



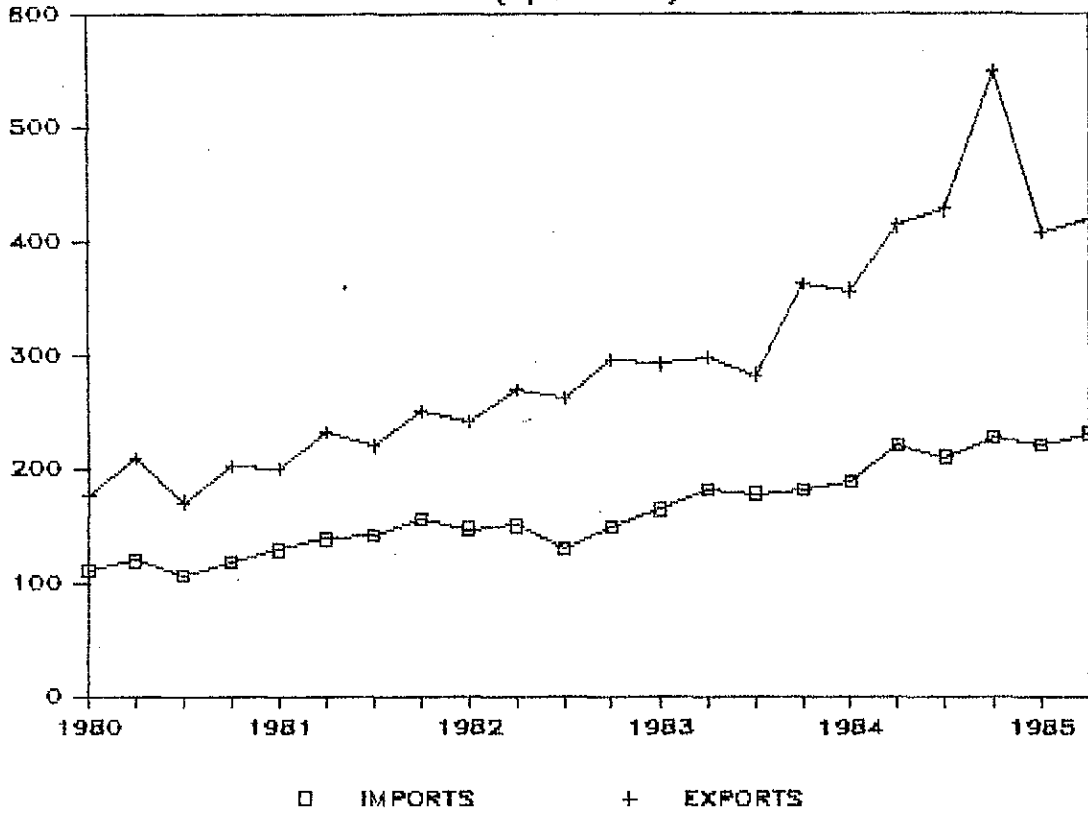
RADIOS

(\$ Millions)



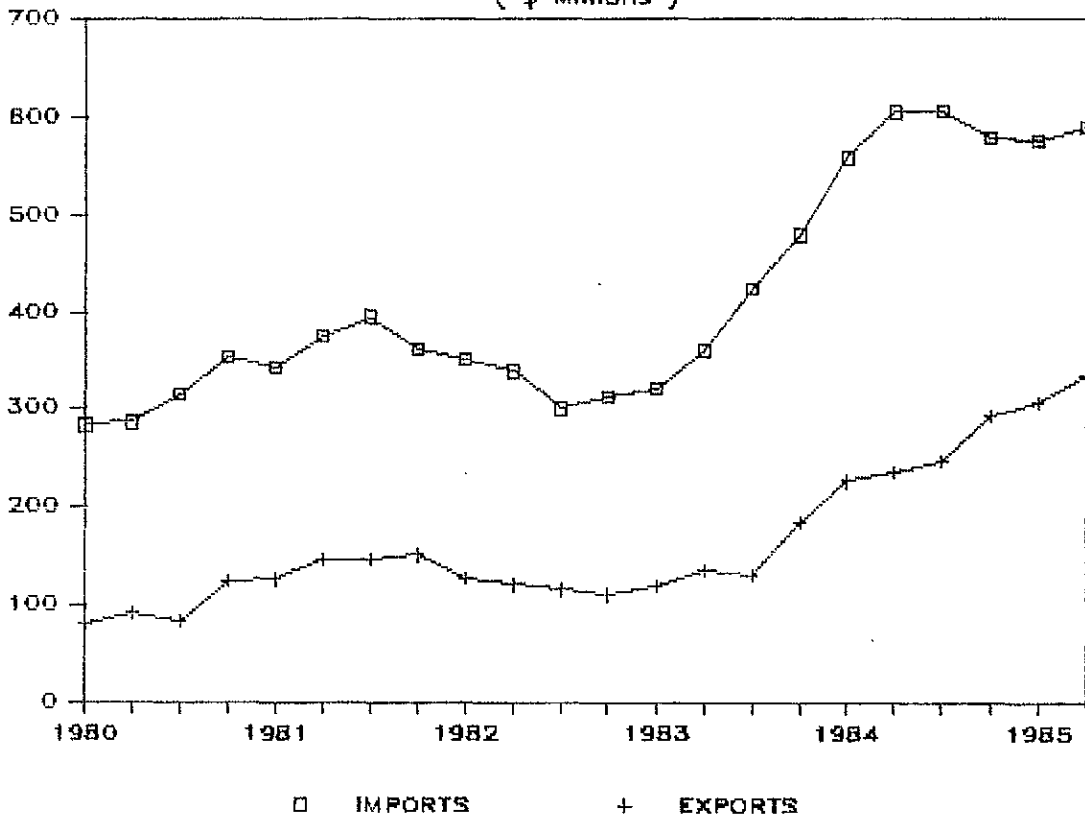
COMMUNICATIONS EQUIPMENT

(\$ Millions)



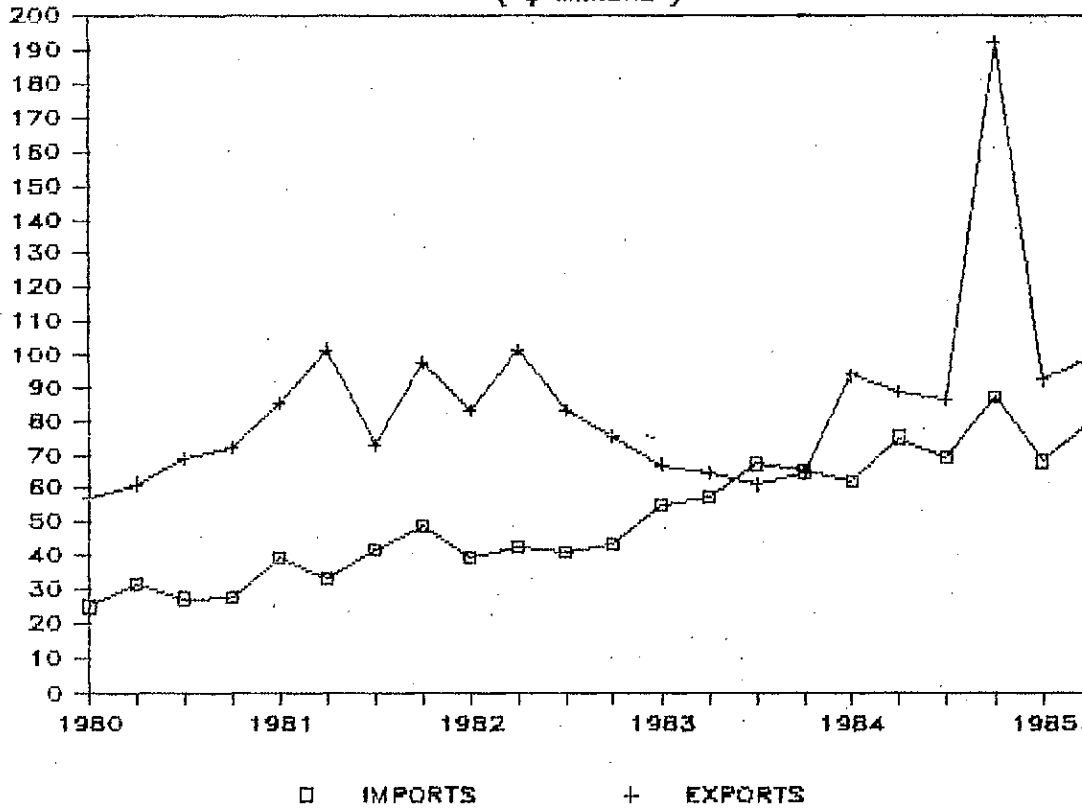
ELECTRONIC COMPONENTS

(\$ Millions)



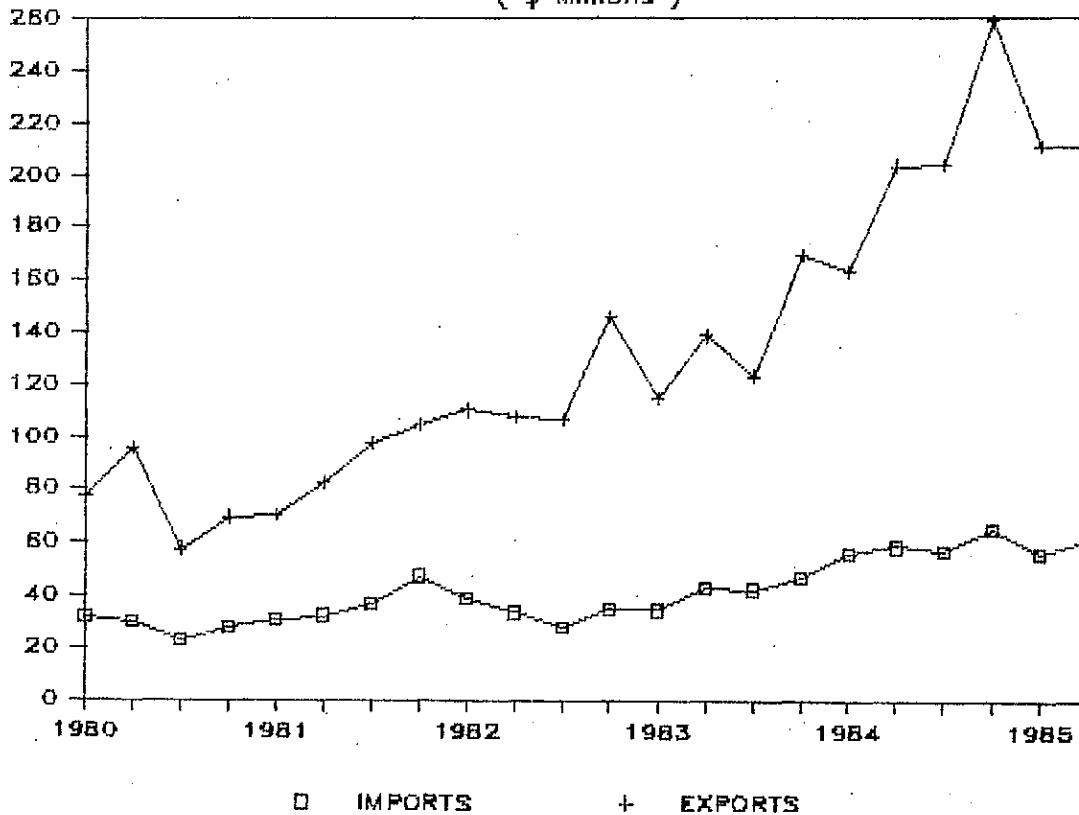
COMMERCIAL COMMUNICATIONS EQUIP. & PT

(\$ Millions)



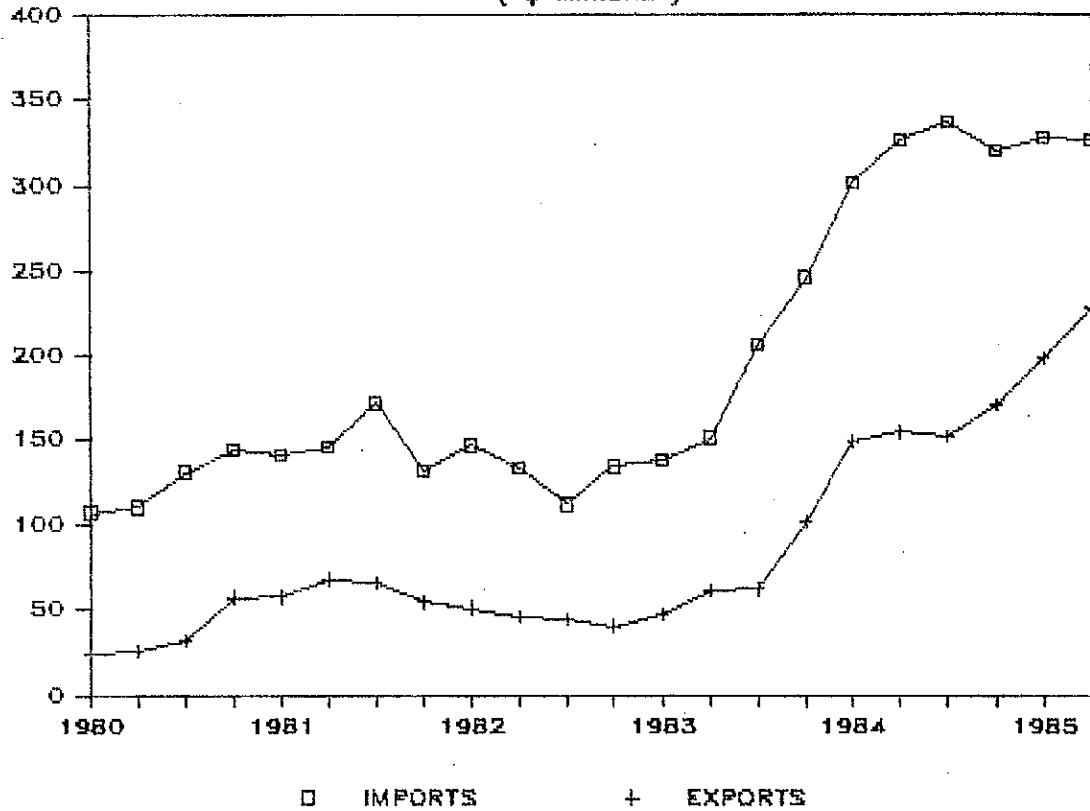
TELEPHONE APPARATUS & PARTS

(\$ Millions)



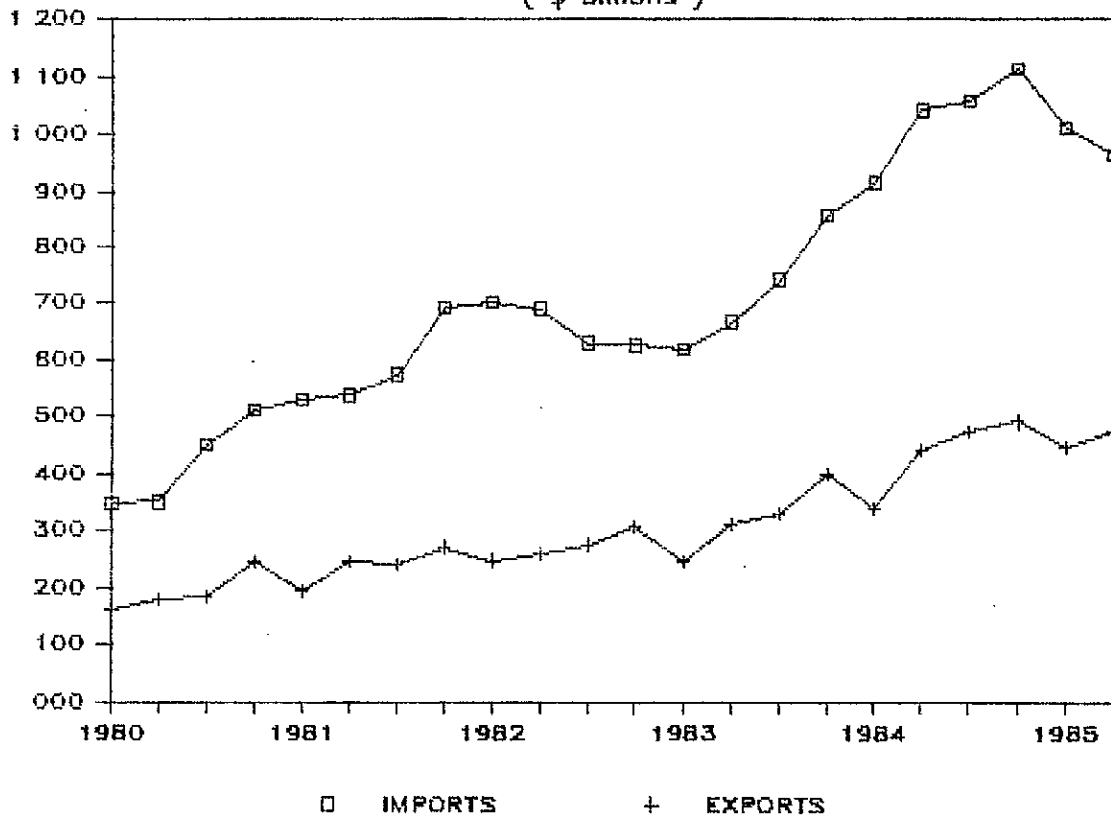
SEMI-CONDUCTORS & PARTS

(\$ Millions)



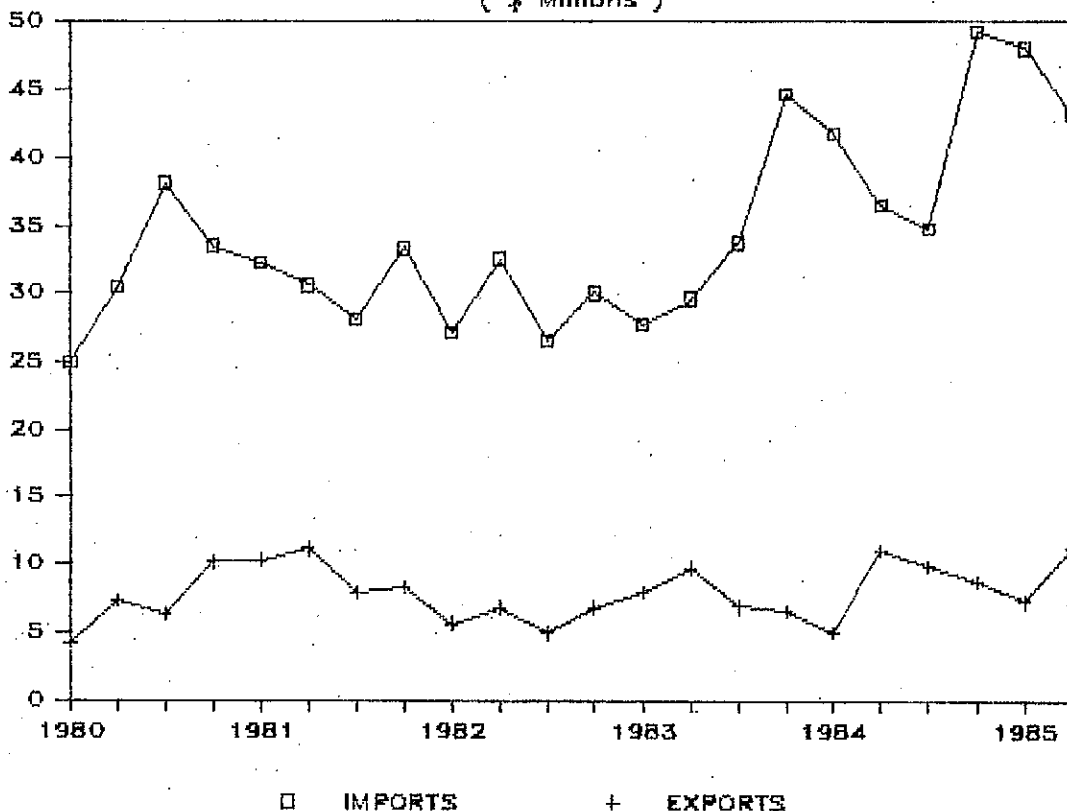
ELECTRONIC COMPUTERS & PTS.

(\$ Billions)



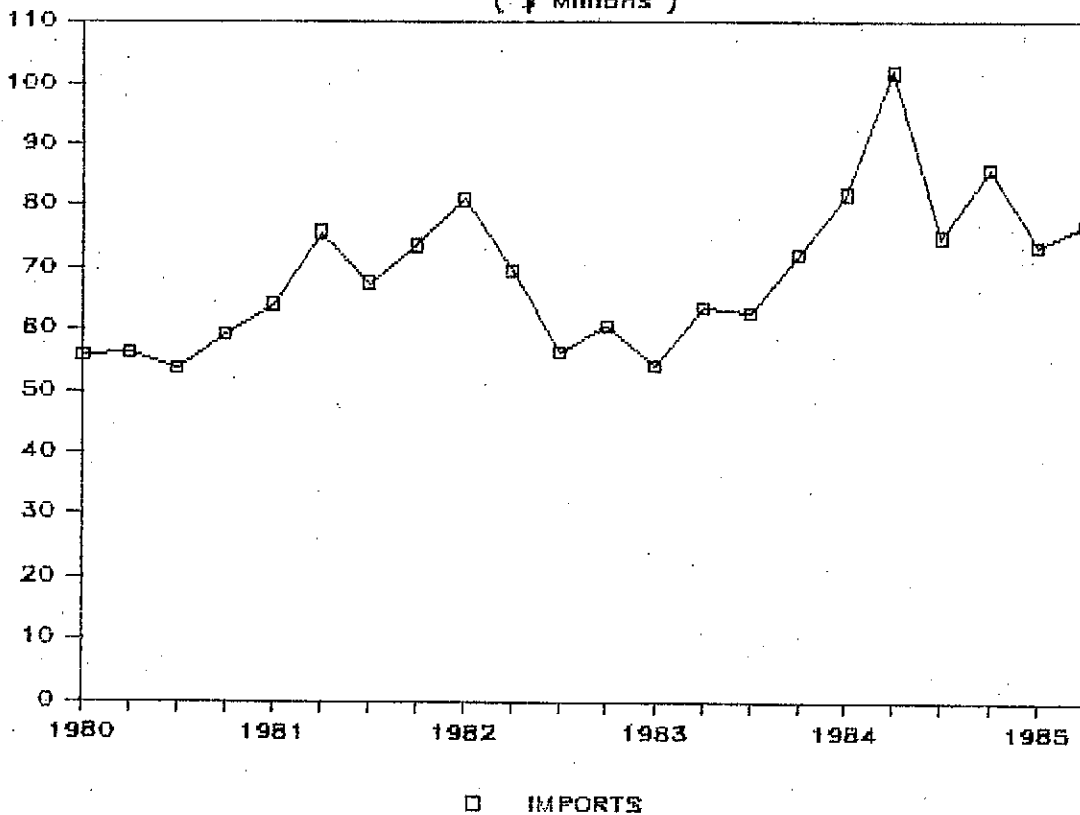
GEOPHYSICAL EQUIP. & PARTS

(\$ Millions)



PHOTOCOPIERS & PTS.(919-47)

(\$ Millions)



HOUSEHOLD ELECTRICAL PRODUCTS

Second Quarter, 1985

Industrial Sectors (See Table 6, page 18)

In the second quarter of 1985, Canadian demand (ADM) for household electrical products witnessed a significant increase of 14.6 per cent from the first quarter of 1985. Exports were down marginally at 14 per cent while imports increased 10.8 per cent, increasing the trade deficit by a substantial 17.2 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 an increase in ADM of 8.4 per cent while shipments declined by 1.8 per cent. The strong first quarter softened slightly as expected. Imports increased by 16.7 per cent, increasing the trade deficit by 18.6 per cent. In spite of this, there is 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** got off to an auspicious second quarter of 1985. The ADM and shipments were up 20 per cent and 21.2 per cent while imports were only up 3.3 per cent. Exports, however, decreased by 1.7 per cent, increasing the trade deficit by 12.5 per cent. The disastrous 1982 market bounced back in 1983, and 1984 succeeded in sustaining this trend although very tentatively with a yearly increase in ADM of 4.1 per cent and in exports of 7.2 per cent. On an annual basis shipments didn't quite break even, experiencing a minimal decrease of 0.9 per cent. On the darker side, in 1984 there was a substantial increase in imports of 23.2 per cent which boosted the trade deficit a whopping 50.4 per cent. This is a source of some apprehension to manufacturers, with the GATT agreed reduction on major appliances from 20 per cent to 12.5 per cent in 1987 coming ever closer. In spite of this, there is a note of optimism in the major appliance subsector for 1985 which seems to have been justified as indicated by the second quarter statistics.

Commodity Exports and Imports (See table 7, page 19)

Trade in **refrigerators and freezers** in the second quarter of 1985 indicated a slight weakening in exports compared with the first quarter of 1985, showing a decrease of 5.5 per cent while imports increased by 37.8 per cent, a trade deficit of \$1.9 million. This softening trend in export strength, especially in the U.S., could continue. In the area of **washing machines**, which is normally a volatile market, exports dropped 16.2 per cent while imports increased an alarming 39.6 per cent. It was hoped that this market had stabilized so this must be watched very closely. Principal washing machine imports are from the U.S., approximately 80 per cent, followed by Japan.

TABLE 6

HOUSEHOLD ELECTRICAL PRODUCTS

INDUSTRIAL SECTORS

SECOND QUARTER

	<u>1985</u>		<u>1984</u>	<u>% Change</u>	
	<u>2nd Qtr</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>Qtr</u>	<u>Annual</u>
----- \$ Millions -----					
MAJOR APPLIANCES					
ADM	305	254	315	20.1	(3.2)
*Shipments	269	222	268	21.2	0.4
Trade Surplus (Deficit)	(36)	(32)	(47)	12.5	(23.4)
Exports	57	58	50	(1.7)	14.0
Imports	93	90	97	3.3	(4.1)
SMALL APPLIANCES					
ADM	228	211	210	8.1	8.6
*Shipments	107	109	96	(1.8)	11.5
Trade Surplus (Deficit)	(121)	(102)	(114)	18.6	6.1
Exports	12	12	10	Ø	20.0
Imports	133	114	124	16.7	7.3
TOTAL					
ADM	533	465	525	14.6	1.5
Shipments	376	331	364	13.6	3.3
Trade Surplus (Deficit)	(157)	(134)	(161)	17.2	(2.5)
Exports	69	70	60	(1.4)	15.0
Imports	226	204	221	10.8	2.3

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 7

HOUSEHOLD ELECTRICAL PRODUCTS

COMMODITY EXPORTS AND IMPORTS

SECOND QUARTER

	1985		1984	% Change	
	2nd Qtr	1st Qtr	2nd Qtr	Qtr	Annual
----- \$ 000 -----					
REFRIGERATORS AND FREEZERS					
Exports	9 212	9 745	9 264	(5.5)	(0.6)
Imports	11 194	8 123	12 986	37.8	(13.8)
Trade Surplus (Deficit)	(1 982)	1 622	(3 722)		(46.7)
ELECTRIC WASHING MACHINES AND PARTS					
Exports	1 938	2 312	1 826	(16.2)	6.1
Imports	14 916	10 685	11 461	39.6	30.2
Trade Surplus (Deficit)	(12 978)	(8 373)	(9 635)	55.0	34.7

TABLE 8
HOUSEHOLD ELECTRICAL PRODUCTS
INDUSTRIAL SECTORS
FIRST HALF-YEAR

	1985	1984	% Change
	----- \$ Millions -----		
MAJOR APPLIANCES			
ADM	559	563	(0.7)
Shipments	491	500	(1.8)
Trade Deficit	68	63	7.9
Exports	115	113	1.8
Imports	183	176	4.0
SMALL APPLIANCES			
ADM	440	399	10.3
Shipments	217	191	13.6
Trade Deficit	223	208	7.2
Exports	24	18	33.3
Imports	247	226	9.3
TOTAL			
ADM	999	962	3.9
Shipments	708	691	2.5
Trade Deficit	291	271	7.4
Exports	139	131	6.1
Imports	430	402	7.0

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

TABLE 9
HOUSEHOLD ELECTRICAL PRODUCTS
COMMODITY EXPORTS AND IMPORTS
FIRST HALF-YEAR

	<u>1985</u>	<u>1984</u>	<u>% Change</u>
	----- \$ Millions -----		
REFRIGERATORS AND FREEZERS			
Exports	18 957	19 444	(2.5)
Imports	19 317	21 254	(9.1)
Trade Surplus (Deficit)	(360)	(1 810)	(80.1)
ELEC. WASHING MACHINES AND PARTS			
Exports	4 249	3 854	10.3
Imports	25 600	21 923	16.8
Trade Surplus (Deficit)	(21 351)	(18 069)	18.2

TABLE 10
HOUSEHOLD ELECTRICAL PRODUCTS
INDUSTRIAL SECTORS
NUMBER OF EMPLOYEES

	<u>As At</u> <u>June 1985</u>	<u>As At</u> <u>June 1984</u>
Major Appliances	8 405	7 325
Small Appliances	3 618	3 689
	<u>12 023</u>	<u>11 014</u>

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

