

# Canadian international merchandise trade: Annual review, 2014

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## Annual overview of international trade in 2014

### International trade activity advances

Canada's total merchandise trade—exports plus imports—was \$1,053 billion in 2014, up from \$966 billion in 2013. As an indicator of size, the value of total trade flows represented 53% of nominal gross domestic product of \$1,976 billion in 2014.

Exports rose 10.3% in 2014 and imports increased 7.8%. As a result, Canada's annual merchandise trade balance with the world went from a deficit of \$7.2 billion in 2013 to a surplus of \$4.6 billion in 2014. However, the growth in exports in 2014 was strongest in the first three quarters. As a result, the trade surplus was \$6.5 billion in the first three quarters of 2014, followed by a \$1.9 billion deficit in the fourth quarter.

International trade activity contributed to economic growth in 2014, as export volumes advanced 5.3% while import volumes were up 2.2%. At the same time, export prices rose 4.8% compared with import price gains of 5.4%. As a result, Canada's terms of trade with the rest of the world—the price of its exports relative to that of its imports—declined 0.9% in 2014 to 0.98 (reference year 2007).

### Trade with the United States increases

Exports to the United States rose 11.6% to \$400.0 billion in 2014. The United States' share of Canada's total exports increased to 75.7% in 2014 from 74.8% in 2013. Meanwhile, imports from the United States increased 12.0% to \$350.7 billion, as the share of imports from the United States reached 66.9% compared with 64.4% in 2013.

Canada averaged a trade surplus of \$13.5 billion with the United States during the first three quarters in 2014, which was reduced to \$8.8 billion in the fourth quarter. The string of three quarterly surpluses in total trade followed by a deficit in the fourth quarter of 2014 was attributable to the decline in trade with the United States in the second half of the year.

Consequently, Canada's trade surplus with the United States widened from \$45.4 billion in 2013 to \$49.3 billion in 2014.

Exports to countries other than the United States advanced 6.6% to \$128.8 billion, led by Italy (+\$2.0 billion), the United Kingdom (+\$1.2 billion) and Belgium (+\$1.0 billion). These increases were moderated by lower exports to China (-\$1.2 billion). Imports from countries other than the United States edged up 0.1% to \$173.5 billion, although there were some fluctuations by country. Among the countries whose imports changed the most in 2014, the \$3.6 billion increase in imports from China was partially offset by the \$2.1 billion decline in imports from Algeria.

As a result, Canada's trade deficit with countries other than the United States narrowed from \$52.6 billion in 2013 to \$44.8 billion in 2014.



**Table 1**  
**Annual merchandise trade: Canada's top 10 principal trading partners – Seasonally adjusted, current dollars**

	2013	2014	2013 to 2014	2013 to 2014
	billions of dollars		change in billions of dollars	% change
<b>Total exports</b>	<b>479.3</b>	<b>528.8</b>	<b>49.5</b>	<b>10.3</b>
United States	358.5	400.0	41.5	11.6
China	21.8	20.6	-1.2	-5.4
Mexico	6.8	6.8	0.1	1.0
United Kingdom	14.8	15.9	1.2	7.9
Japan	10.9	11.1	0.1	1.4
Germany	4.1	3.5	-0.6	-15.1
South Korea	3.7	4.4	0.7	19.3
Hong Kong	4.7	4.7	0.0	-0.2
Netherlands	3.7	4.0	0.4	9.9
France	3.3	3.5	0.2	5.4
<b>Total imports</b>	<b>486.5</b>	<b>524.2</b>	<b>37.8</b>	<b>7.8</b>
United States	313.2	350.7	37.6	12.0
China	32.0	35.6	3.6	11.2
Mexico	16.4	17.2	0.9	5.3
United Kingdom	7.5	8.1	0.6	7.9
Japan	9.6	9.2	-0.4	-4.2
Germany	12.6	13.1	0.5	3.8
South Korea	5.6	5.6	0.0	0.3
Hong Kong	4.1	4.2	0.0	0.5
Netherlands	4.0	4.3	0.3	8.6
France	4.0	4.4	0.4	9.7
<b>Trade balance</b>	<b>-7.2</b>	<b>4.6</b>	<b>...</b>	<b>...</b>
United States	45.4	49.3	...	...
China	-10.2	-15.0	...	...
Mexico	-9.6	-10.4	...	...
United Kingdom	7.2	7.8	...	...
Japan	1.4	1.9	...	...
Germany	-8.5	-9.6	...	...
South Korea	-1.9	-1.2	...	...
Hong Kong	0.5	0.5	...	...
Netherlands	-0.3	-0.3	...	...
France	-0.7	-0.9	...	...

... not applicable

**Note(s):**

Totals may not equal the sum of their components.

Countries listed are the top 10 principal trading partners of Canada based on annual 2013 total merchandise trade data.

**Source(s):** CANSIM table [228-0069](#).

**Energy products lead gain in exports**

Canada's exports reached a record \$528.8 billion in 2014, as increases were recorded for all commodity sections. Higher exports of energy products led the gains, followed by consumer goods as well as motor vehicles and parts.

Exports of energy products rose 13.5% to a record \$128.7 billion in 2014, with prices up 9.4% and volumes up 3.8%. Price gains in 2014 were moderated by lower prices for crude oil and crude bitumen in the second half of the year. The main contributors to the increase in exports in 2014 were crude oil and crude bitumen, up 14.4% to \$92.7 billion, and natural gas, up 47.3% to \$16.0 billion.

Exports of consumer goods were up 12.8% to \$58.8 billion, as volumes increased 7.8% and prices 4.7%. This mainly reflected increased exports of pharmaceutical and medicinal products (+35.6%), other food products (+12.3%) and meat products (+21.4%).

Motor vehicles and parts advanced 9.3% to \$74.5 billion. Half of the increase in exports was the result of passenger cars and light trucks, which rose 6.8% to \$49.7 billion. Motor vehicle engines and motor vehicle parts also increased, up 15.3% to \$19.6 billion.

### Widespread increases in imports

Imports totalled \$524.2 billion in 2014. There were gains in 9 of 11 sections, led by consumer goods, and metal and non-metallic mineral products.

Imports of consumer goods rose 8.9% to \$106.2 billion. Miscellaneous goods and supplies (+10.2%), pharmaceutical and medicinal products (+12.0%) and clothing, footwear and accessories (+9.5%) were the main contributors to the increase in the section. Overall, prices rose 7.4% and volumes 1.3%.

Imports of metal and non-metallic mineral products were up 15.5% to \$46.2 billion, on a 9.9% increase in volumes. The gain in imports was led by unwrought iron, steel and ferro-alloys, and basic and semi-finished ferrous metal products (+20.5%) as well as unwrought precious metals and precious metal alloys (+23.3%).

**Table 2**

### Annual merchandise trade: North American Product Classification System<sup>1</sup> – Seasonally adjusted, current dollars

	2013	2014	2013 to 2014	2013 to 2014
	billions of dollars		change in billions of dollars	
				% change
<b>Total exports</b>	<b>479.3</b>	<b>528.8</b>	<b>49.5</b>	<b>10.3</b>
Farm, fishing and intermediate food products	27.8	31.1	3.2	11.6
Energy products	113.4	128.7	15.3	13.5
Metal ores and non-metallic minerals	17.9	18.6	0.6	3.4
Metal and non-metallic mineral products	53.7	57.6	4.0	7.4
Basic and industrial chemical, plastic and rubber products	35.1	35.8	0.6	1.8
Forestry products and building and packaging materials	33.8	36.9	3.1	9.2
Industrial machinery, equipment and parts	26.8	29.4	2.7	10.0
Electronic and electrical equipment and parts	22.5	24.4	1.9	8.3
Motor vehicles and parts	68.2	74.5	6.3	9.3
Aircraft and other transportation equipment and parts	17.4	21.5	4.2	23.9
Consumer goods	52.1	58.8	6.7	12.8
<b>Total imports</b>	<b>486.5</b>	<b>524.2</b>	<b>37.8</b>	<b>7.8</b>
Farm, fishing and intermediate food products	13.1	15.1	2.0	15.0
Energy products	43.7	43.6	-0.2	-0.3
Metal ores and non-metallic minerals	11.5	10.8	-0.7	-6.0
Metal and non-metallic mineral products	40.0	46.2	6.2	15.5
Basic and industrial chemical, plastic and rubber products	40.8	44.7	3.9	9.5
Forestry products and building and packaging materials	21.0	22.8	1.8	8.6
Industrial machinery, equipment and parts	45.4	51.0	5.6	12.3
Electronic and electrical equipment and parts	56.6	58.7	2.1	3.7
Motor vehicles and parts	85.0	90.5	5.4	6.4
Aircraft and other transportation equipment and parts	14.9	16.9	2.0	13.4
Consumer goods	97.5	106.2	8.7	8.9

1. International merchandise trade data are based on the North American Product Classification System (NAPCS) 2007.

**Note(s):** Totals do not equal the sum of all NAPCS sections, as special transactions trade and other balance of payments adjustments are not shown in this table.

**Source(s):** CANSIM table [228-0059](#).

## 2014 at a glance: Energy products

Total trade of energy products—exports plus imports—reached a record \$172.3 billion in 2014, led by higher exports. Energy products accounted for 24.3% of total exports in 2014, up from 23.7% in 2013. As a result, although crude oil and crude bitumen exports lost some ground in the second half of the year, the value of Canada's trade surplus of energy products widened from \$69.7 billion in 2013 to \$85.2 billion in 2014.

### Exports of energy products increase

Exports of energy products increased in 2014, as prices and volumes were up. There were gains in four of the six commodity groupings in the section. Crude oil and crude bitumen exports advanced 14.4% and accounted for 72.0% of the exports in the section. Volumes of crude oil and crude bitumen rose 11.7% and prices increased 2.4%.

Natural gas exports rose 47.3% to \$16.0 billion, entirely on higher prices. The increase in natural gas prices accompanied the intense cold winter months in the northern United States at the beginning of 2014. Exports of natural gas accounted for 12.4% of exports of energy products in 2014, up from 9.6% in 2013.

**Table 3**  
**Annual merchandise exports: Energy products<sup>1</sup> – Seasonally adjusted, current dollars**

	2013	2014	2013 to 2014	2013 to 2014	2013 to 2014
	billions of dollars		% change	% change in price	% change in volume
<b>Total exports of energy products</b>	<b>113.4</b>	<b>128.7</b>	<b>13.5</b>	<b>9.4</b>	<b>3.8</b>
Crude oil and crude bitumen	81.0	92.7	14.4	2.4	11.7
Natural gas	10.9	16.0	47.3	55.8	-5.4
Natural gas liquids and related products	1.9	2.3	19.9	-1.1	21.2
Refined petroleum energy products	12.8	11.5	-9.8	2.0	-11.5
Electricity	2.4	2.9	20.6	27.1	-5.2
Other energy products	4.4	3.3	-24.9	-3.4	-22.2

1. International merchandise trade data are based on the North American Product Classification System 2007.

**Note(s):** Totals may not equal the sum of their components.

**Source(s):** CANSIM tables [228-0059](#) and [228-0065](#).

### Imports of energy products decline on lower volumes

Imports of energy products declined 0.3% to \$43.6 billion in 2014, the third consecutive annual decrease. Volumes fell 5.0% while prices rose 4.9%.

Crude oil and crude bitumen was the lone commodity grouping to record a decrease in 2014. Imports of crude oil and crude bitumen fell 12.7% to \$22.9 billion, on lower volumes (-11.1%) and prices (-1.7%). This was partially offset by higher imports of natural gas (+28.7%) and refined petroleum energy products (+9.1%).

### Higher exports of energy products to the United States

On a customs basis, exports of energy products to the United States increased 17.2% to \$126.3 billion in 2014. The main contributor was crude oil and crude bitumen, up 16.7% to \$94.2 billion in 2014. Most of these exports were destined for the Midwest; in particular, 38.3% of crude oil and crude bitumen exports were shipped to Illinois and 9.4% to Minnesota.

Exports of natural gas, all destined for the United States, increased from \$10.9 billion in 2013 to \$16.0 billion in 2014.

Exports of energy products to countries other than the United States also advanced, rising 9.2% to \$8.4 billion in 2014, on a customs basis. There were increased exports of crude oil and crude bitumen to Italy (+\$1,423 million) and Chile (+\$226 million).

## Change in the origins of imports of crude oil and crude bitumen

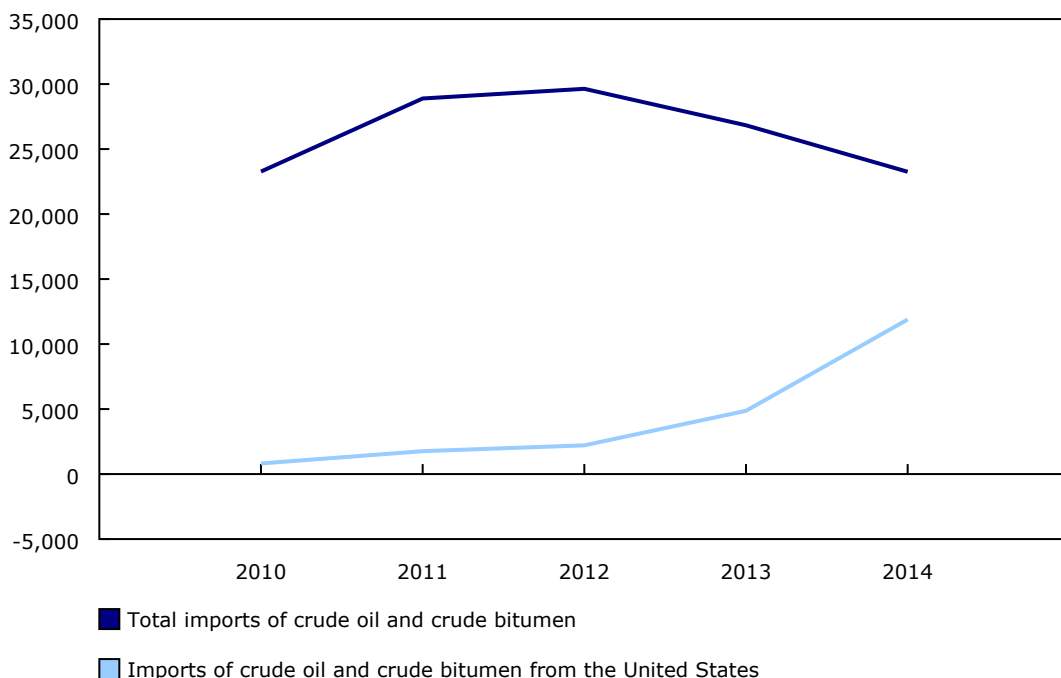
On a customs basis, overall imports of crude oil and crude bitumen declined. However, those from the United States increased 144.4% to \$11.9 billion in 2014. The value of imports of crude oil and crude bitumen from the United States in 2014 was almost seven times higher than in 2011. Additionally, the United States' share of Canada's total imports of crude oil and crude bitumen advanced in each of the past three years, rising from 6.1% in 2011 to 51.1% in 2014.

Most of the imports of crude oil and crude bitumen from the United States came from Texas in 2014, with a 61.5% share in 2014 compared with 35.7% in 2013. Imports from Texas increased 320.7% in 2014. Imports from North Dakota increased by 38.3%, although the state's share fell by almost half to 26.9% in 2014. The majority of the imports from Texas were transported to Canada by water, while most of the imports from North Dakota were transported by rail.

This increased activity with the United States was more than offset by lower imports from the countries that have traditionally been sources of crude oil and crude bitumen imports for Canada. On a customs basis, there were lower imports from Kazakhstan (-89.5%), Algeria (-60.1%), Norway (-54.4%) and Iraq (-42.3%) in 2014.

**Chart 1**  
**Annual merchandise imports: Crude oil and crude bitumen,<sup>1</sup> customs basis**

millions of dollars



1. International merchandise trade data are based on the North American Product Classification System 2007.  
Source(s): Canadian International Merchandise Trade: Customs Basis (2201).

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**Note to readers**

*International trade data by commodity are available on both a BOP and a customs basis. International trade data by country are available on a customs basis for all countries, and on a BOP basis for Canada's 27 principal trading partners (PTPs). The list of PTPs is based on their annual share of total merchandise trade—imports and exports—with Canada in 2012. BOP data are derived from customs data by making adjustments for factors such as valuation, coverage, timing and residency. These adjustments are made to conform to the concepts and definitions of the Canadian System of National Accounts.*

*Unless otherwise indicated, data in this release are on a BOP basis, seasonally adjusted and in current dollars. Constant dollars are calculated using the Laspeyres volume formula (2007=100).*

**Available in CANSIM: tables [228-0059](#), [228-0060](#), [228-0065](#), [228-0068](#) and [228-0069](#).**

**Definitions, data sources and methods: survey numbers [2201](#), [2202](#) and [2203](#).**

Data on Canadian international merchandise trade for March will be released on May 5.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)).

To enquire about the concepts, methods or data quality of this release, contact Nita Boushey (613-404-4965), International Accounts and Trade Division.