

# Canadian international merchandise trade: Annual review, 2015

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## Fluctuations in prices affect pattern of trade

The value of imports increased 4.5% in 2015, while that of exports declined 0.8%. As a result, Canada's annual merchandise trade balance with the world went from a surplus of \$4.8 billion in 2014 to a deficit of \$23.1 billion in 2015.

The value of Canada's total merchandise trade (exports plus imports) rose 1.9% from \$1,053 billion in 2014 to \$1,072 billion in 2015. By comparison, nominal gross domestic product increased from \$1,973 billion in 2014 to \$1,986 billion in 2015.

The change in international trade activity in 2015 was primarily attributable to prices. Specifically, annual trade figures were strongly influenced by changes in exchange rates and energy prices, as import prices were up 3.3% while export prices fell 4.6%. Canada's terms of trade with the world declined 6.0% to 0.92 (reference year 2007), the largest annual decrease since 2009.

In nominal terms, total imports increased while total exports were down. However, in real (or volume) terms, exports rose 4.0% and imports were up 1.1%. As a result, Canada's merchandise trade balance with the world in real terms went from a deficit of \$10.3 billion in 2014 to a surplus of \$2.6 billion in 2015.

**Table 1**  
**Annual merchandise trade: Principal statistics – Seasonally adjusted**

	2014	2015	2014 to 2015	2014 to 2015
	billions of dollars		change in billions of dollars	% change
Exports (current dollars)	528.8	524.7	-4.2	-0.8
Exports (constant dollars)	460.1	478.3	18.3	4.0
Imports (current dollars)	524.1	547.8	23.7	4.5
Imports (constant dollars)	470.4	475.7	5.4	1.1
Trade balance (current dollars)	4.8	-23.1	...	...
Trade balance (constant dollars)	-10.3	2.6	...	...
	(2007=100)			% change
Exports (price index)	115.0	109.7	...	-4.6
Imports (price index)	111.4	115.1	...	3.3

... not applicable

Source(s): CANSIM tables [228-0065](#) and [228-0069](#); International Merchandise Trade Price Index ([2203](#)).

## Energy products lead decline in the value of exports

Following five consecutive annual increases, the value of exports declined 0.8% to \$524.7 billion in 2015. Decreases were recorded in 2 of 11 sections, as lower exports of energy products were largely offset by gains in most of the remaining sections. The largest gains in exports were in motor vehicles and parts, and consumer goods. Exports excluding energy products were up 10.2% in 2015, the sixth consecutive annual increase.

Nominal exports of energy products fell 34.9% to \$83.8 billion, the lowest annual value since 2010. The main contributor was crude oil and crude bitumen, down 39.3% to \$56.2 billion. The share of energy products of total exports fell from 17.7% in January 2015 to 13.0% by December 2015.



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Moderating this decrease, the value of exports of motor vehicles and parts rose 16.9% to \$87.1 billion. Exports of passenger cars and light trucks increased 16.4% to \$57.8 billion. Motor vehicle engines and motor vehicle parts were up 16.8% to \$22.9 billion. This is the first year since 2006 that exports of motor vehicles and parts surpassed exports of energy products.

Exports of consumer goods increased 18.8% to \$69.8 billion. There were higher exports of other food products (+22.8%), pharmaceutical and medicinal products (+26.3%), and miscellaneous goods and supplies (+31.9%).

### **Widespread increases in real exports**

In real (or volume) terms, exports increased to \$478.3 billion in 2015, representing 27.1% of real gross domestic product (\$1,768 billion). Real exports increased in 9 of 11 sections in 2015, led by energy products and consumer goods. Excluding energy products, real exports increased 3.6%.

Real exports of energy products rose 5.3% to \$107.9 billion, which accounted for almost a third of the overall increase in total real exports. Exports of crude oil and crude bitumen were up 5.8% to \$68.6 billion. Exports of refined petroleum energy products rose 11.6% to \$10.0 billion.

In 2015, real exports of consumer goods increased 7.6% to \$55.1 billion. There were gains in exports of miscellaneous goods and supplies (+26.5%), pharmaceutical and medicinal products (+8.9%), and furniture and fixtures (+18.5%).

### **Lower prices for energy products lead to gap between nominal and real exports**

The difference between the nominal and real trends in export values in 2015 was largely attributable to a decline in the price of exported goods. The decline in total nominal exports was the first in five years; by comparison, the increase in total real exports was the sixth consecutive gain since 2009.

Export prices declined in 3 of 11 sections, led by energy products, which were down 38.2% following two consecutive annual increases. Prices of crude oil and crude bitumen fell 42.6%, the largest annual decline since 1986. Additionally, prices of natural gas liquids and related products (-47.9%) and natural gas (-37.2%) recorded notable declines. Excluding energy products, annual export prices rose 6.4%.

### **Widespread increase in import values**

Nominal imports totalled a record high of \$547.8 billion in 2015, up 4.5% from 2014. Higher imports of consumer goods and motor vehicles and parts were partially offset by lower imports of energy products.

Imports of consumer goods rose 10.6% to \$117.5 billion, the fifth consecutive annual increase. Gains were widespread throughout the section, led by clothing, footwear and accessories (+13.3%), miscellaneous goods and supplies (+9.8%), and other food products (+17.1%).

Imports of motor vehicles and parts increased 11.0% to \$100.4 billion. There were higher nominal imports of motor vehicle engines and motor vehicle parts, up 13.4% to \$41.5 billion in 2015. Imports of passenger cars and light trucks increased 11.6% to \$44.5 billion.

Moderating these gains, the value of imports of energy products declined 28.8% to \$30.7 billion. This decline was led by crude oil and crude bitumen, down 33.0% to \$15.1 billion. Imports of refined petroleum energy products (-21.2%) and natural gas (-42.4%) also fell in 2015.

### **Offsetting movements result in modest increase in real imports**

In real (or volume) terms, imports totalled \$475.7 billion in 2015, up 1.1% from 2014, the lowest rate of growth since 2009. Higher real imports of motor vehicles and parts were partially offset by lower imports of industrial machinery, equipment and parts.

Real imports of motor vehicles and parts increased 6.2% to \$93.3 billion in 2015. The main contributor was higher imports of passenger cars and light trucks, which rose 14.0% to \$49.6 billion. There were record sales of new motor vehicles in Canada in 2015.

Partially offsetting this gain, real imports of industrial machinery, equipment and parts declined 7.6% to \$38.6 billion in 2015. There were lower imports of other general-purpose machinery and equipment (-7.7%), logging, mining and construction machinery and equipment (-17.1%), and miscellaneous parts of machinery and equipment (-9.4%).

## Imports rise on higher prices

In 2015, import prices were up 3.3% despite the sharp decline in energy prices. Prices rose in 9 of 11 sections, with notable growth seen in aircraft and other transportation equipment and parts (+18.1%), industrial machinery, equipment and parts (+14.1%), and farm, fishing and intermediate food products (+12.4%).

Energy products (-31.0%) and basic and industrial chemical, plastic and rubber products (-5.1%) were the only sections to record declines in prices. Excluding these two sections, whose prices are tied to that of crude oil, the notable increases in prices reflect the strong positive correlation between the exchange rate and import prices.

**Table 2**  
**Annual merchandise trade: North American Product Classification System<sup>1</sup> – Seasonally adjusted, current dollars**

	2014	2015	2014 to 2015	2014 to 2015
	billions of dollars		change in billions of dollars	% change
<b>Total exports</b>	<b>528.8</b>	<b>524.7</b>	<b>-4.2</b>	<b>-0.8</b>
Farm, fishing and intermediate food products	31.1	32.1	1.1	3.4
Energy products	128.7	83.8	-44.9	-34.9
Metal ores and non-metallic minerals	18.6	19.0	0.4	1.9
Metal and non-metallic mineral products	57.6	57.8	0.2	0.3
Basic and industrial chemical, plastic and rubber products	35.8	35.4	-0.3	-1.0
Forestry products and building and packaging materials	36.9	39.7	2.9	7.8
Industrial machinery, equipment and parts	29.4	32.8	3.4	11.4
Electronic and electrical equipment and parts	24.4	27.7	3.3	13.4
Motor vehicles and parts	74.5	87.1	12.6	16.9
Aircraft and other transportation equipment and parts	21.6	24.9	3.3	15.4
Consumer goods	58.8	69.8	11.1	18.8
<b>Total imports</b>	<b>524.1</b>	<b>547.8</b>	<b>23.7</b>	<b>4.5</b>
Farm, fishing and intermediate food products	15.1	16.4	1.3	8.6
Energy products	43.1	30.7	-12.4	-28.8
Metal ores and non-metallic minerals	10.9	10.3	-0.5	-4.8
Metal and non-metallic mineral products	46.2	46.6	0.4	0.8
Basic and industrial chemical, plastic and rubber products	44.8	44.7	0.0	-0.1
Forestry products and building and packaging materials	22.9	24.6	1.8	7.7
Industrial machinery, equipment and parts	50.9	53.7	2.8	5.4
Electronic and electrical equipment and parts	58.7	63.2	4.5	7.7
Motor vehicles and parts	90.5	100.4	10.0	11.0
Aircraft and other transportation equipment and parts	17.0	21.3	4.3	25.4
Consumer goods	106.2	117.5	11.3	10.6

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

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

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

## Advances in imports from the United States and non-US countries

Nominal imports from the United States increased 3.6% to \$363.1 billion in 2015, while exports to the United States decreased 0.8% to \$396.5 billion. Consequently, Canada's trade surplus with the United States narrowed from \$49.0 billion in 2014 to \$33.4 billion in 2015.

The value of imports from countries other than the United States rose 6.4% to \$184.7 billion. Imports from most of Canada's principal trading partners increased in 2015, led by China (+9.5%), Germany (+14.4%) and Japan (+18.7%).

Meanwhile, exports to countries other than the United States declined 0.9% to \$128.2 billion. Lower exports to Italy (-45.0%) were partially offset by higher exports to India (+33.0%) and Mexico (+15.8%). As a result, Canada's trade deficit with countries other than the United States widened from \$44.2 billion in 2014 to \$56.5 billion in 2015.

**Table 3**  
**Annual merchandise trade: Canada's top 10 principal trading partners – Seasonally adjusted, current dollars**

	2014	2015	2014 to 2015	2014 to 2015
	billions of dollars		change in billions of dollars	% change
<b>Total exports</b>	<b>528.8</b>	<b>524.7</b>	<b>-4.2</b>	<b>-0.8</b>
United States	399.5	396.5	-3.0	-0.8
China	20.6	21.5	0.9	4.3
United Kingdom	16.0	16.6	0.6	3.6
Mexico	6.8	7.9	1.1	15.8
Japan	11.1	10.1	-1.0	-8.9
Germany	3.5	3.9	0.4	12.8
South Korea	4.4	4.2	-0.1	-3.4
Italy	4.3	2.4	-1.9	-45.0
Hong Kong	4.7	4.1	-0.6	-13.2
Netherlands	4.0	3.7	-0.3	-8.0
<b>Total imports</b>	<b>524.1</b>	<b>547.8</b>	<b>23.7</b>	<b>4.5</b>
United States	350.5	363.1	12.6	3.6
China	35.5	38.9	3.4	9.5
United Kingdom	8.1	8.6	0.5	6.2
Mexico	17.2	18.4	1.1	6.6
Japan	9.2	10.9	1.7	18.7
Germany	13.1	15.0	1.9	14.4
South Korea	5.6	6.2	0.6	10.0
Italy	4.7	5.4	0.7	14.8
Hong Kong	4.2	4.4	0.2	5.8
Netherlands	4.3	4.4	0.0	1.0
<b>Trade Balance</b>	<b>4.8</b>	<b>-23.1</b>	...	...
United States	49.0	33.4	...	...
China	-15.0	-17.4	...	...
United Kingdom	7.9	8.0	...	...
Mexico	-10.4	-10.5	...	...
Japan	1.9	-0.8	...	...
Germany	-9.6	-11.1	...	...
South Korea	-1.2	-1.9	...	...
Italy	-0.4	-3.1	...	...
Hong Kong	0.5	-0.3	...	...
Netherlands	-0.3	-0.6	...	...

... not applicable

**Note(s):**

Totals are not equal to the sum of their components.

Countries listed are the top 10 principal trading partners of Canada based on annual 2014 total merchandise trade data.

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

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### Note to readers

International trade data by commodity are available on both a balance of payments (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 plus 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).

Prices are calculated using the Paasche price index (2007=100). However, the terms of trade (the price of exports relative to that of imports) is calculated using the Laspeyres price index.

Data in this release are available in CANSIM tables [228-0059](#), [228-0065](#) and [228-0069](#).

### Next release

Monthly data on Canadian international merchandise trade for March will be released on May 4.

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

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

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