

Canadian international merchandise trade, December 2016

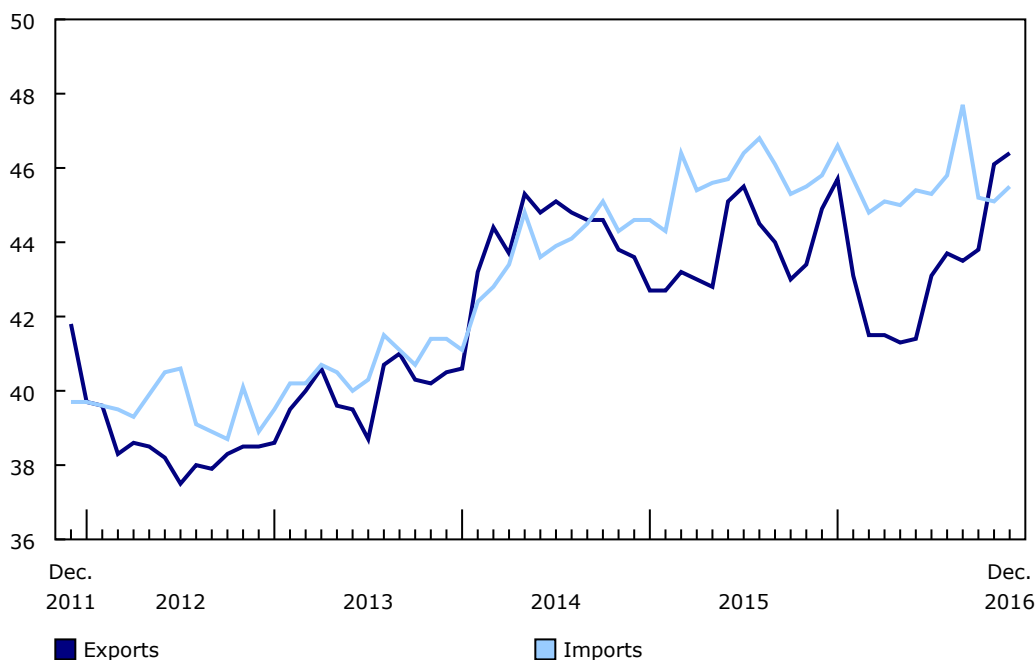
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Canada's merchandise trade balance with the world recorded its second consecutive monthly surplus, narrowing from a revised \$1.0 billion in November to \$923 million in December. Exports were up 0.8% on the strength of higher energy product prices. Imports increased 1.0%, mainly on stronger imports of aircraft and industrial machinery.

In real (or volume) terms, exports were down 1.4% in December as a result of declines in metal ores and non-metallic minerals as well as motor vehicles and parts. Import volumes were up 0.4% on higher real imports of industrial machinery, equipment and parts. Consequently, Canada's trade surplus with the world in real terms narrowed from \$2.9 billion in November to \$2.1 billion in December.

Chart 1 Merchandise exports and imports

billions of current dollars



Note(s): Data are seasonally adjusted.
Source(s): CANSIM table 228-0069.

Exports up on higher energy product prices

Total nominal exports rose 0.8% to a record \$46.4 billion in December, despite declines in 7 of 11 sections. This was the third consecutive monthly gain in exports. Higher exports of energy products were partially offset by lower exports of motor vehicles and parts; metal ores and non-metallic minerals; and metal and non-metallic mineral products. In December, exports excluding energy products were down 2.1%. Year over year, total exports increased 3.4%.



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In December, energy product exports rose 15.9% to \$8.5 billion, the highest value since November 2014. Crude oil and crude bitumen was the main contributor to the increase, up 17.2% to \$5.7 billion on higher prices. Natural gas exports were up 36.0% to \$1.1 billion in December, as below-average seasonal temperatures in the northeastern United States drove up natural gas prices. Overall, prices rose 16.5% while volumes were down 0.6%.

Partially offsetting this increase were lower exports of motor vehicles and parts, down 5.2% to \$7.4 billion in December, the lowest level since June 2015. Widespread declines in the section were led by passenger cars and light trucks, down 6.2% to \$4.8 billion. A higher proportion of Canadian produced motor vehicles was destined for the domestic market in December. For the section as a whole, volumes were down 3.9% and prices decreased 1.4%.

Following a 25.8% gain in November, exports of metal ores and non-metallic minerals decreased 12.6% to \$1.4 billion in December. Lower exports of iron ores and concentrates led the decline, down 36.9% to \$254 million on lower volumes. Copper ores and concentrates decreased 30.2% to \$246 million, mostly on lower exports to India. Overall, volumes were down 22.5% while prices increased 12.8%.

Aircraft, industrial machinery and metals drive the gain in imports

Total imports were up 1.0% to \$45.5 billion in December, with 6 of 11 sections posting gains. Higher imports of aircraft and other transportation equipment and parts; industrial machinery, equipment and parts; and metal and non-metallic mineral products were partially offset by lower imports of energy products. Year over year, total imports declined 0.7%.

Imports of aircraft and other transportation equipment and parts increased 21.8% to \$1.5 billion in December. After settling at a \$6 million low in November, imports of aircraft rebounded to \$200 million in December. Aircraft engines and aircraft parts also contributed to the increase for the section, up 13.6% to \$917 million.

Industrial machinery, equipment and parts rose 6.4% to \$4.3 billion in December with all commodity groupings recording gains. Excluding the large increase in September, which was attributable to the import of an offshore oil drilling module, the increase in December was the largest gain since January 2015.

Imports of metal and non-metallic mineral products, up 6.3% to \$3.9 billion on higher volumes, also contributed to the overall increase in December. Unwrought precious metals and precious metal alloys (principally unwrought gold) rose 28.0% to \$941 million.

Partially offsetting these gains were lower imports of energy products, down 11.9% to \$2.2 billion, with widespread decreases throughout the section. Imports of crude oil and crude bitumen were mainly responsible for the decline in December, falling 18.0% to \$1.1 billion, the lowest level since February 2016. Lower imports from the United States led the decline in December. For the section as a whole, volumes were down 14.8% and prices were up 3.4%.

Non-US countries lead increase in exports

Exports to countries other than the United States rose 2.6% in December to a record \$12.3 billion. Exports to Switzerland (+\$218 million) led the gain, mainly on higher exports of aircraft, followed by Spain (+\$126 million), mostly on increased exports of crude oil.

Imports from countries other than the United States were up 0.5% to \$15.8 billion in December. Higher imports from Mexico (+\$217 million) were moderated by lower imports from Switzerland (-\$135 million). As a result, Canada's merchandise trade deficit with countries other than the United States narrowed from \$3.7 billion in November to \$3.5 billion in December.

Exports to the United States edged up 0.2% to \$34.2 billion in December, while imports from the United States increased 1.3% to \$29.7 billion. Consequently, Canada's merchandise trade surplus with the United States narrowed from \$4.7 billion in November to \$4.4 billion in December.

Nominal and real trade balance return to a surplus in the fourth quarter

Following a 4.9% increase in the third quarter, nominal exports rose 4.7% to \$136.4 billion in the fourth quarter, mainly on higher exports of energy products. Imports decreased 2.3% to \$135.7 billion as lower imports of industrial machinery, equipment and parts in the fourth quarter followed the import of a module for the Hebron offshore oil project in the third quarter. Consequently, Canada's quarterly merchandise trade balance with the world went from an \$8.6 billion deficit in the third quarter to a \$612 million surplus in the fourth quarter.

Export volumes rose 0.5% in the fourth quarter, as higher real exports of energy products were partially offset by lower real exports of motor vehicles and parts. Quarterly import volumes fell 4.5% on lower real imports of energy products and industrial machinery, also related to the import for the Hebron project in the previous quarter. As a result, Canada's quarterly trade balance in real terms went from a \$100 million deficit in the third quarter to a \$5.9 billion surplus in the fourth quarter.

Annual trade deficit widens in 2016

Total annual exports on a nominal basis were down 0.7% to \$521.1 billion in 2016. Lower exports of energy products were partially offset by higher exports of motor vehicles and parts. Total annual imports edged down 0.1% to \$547.2 billion. Fewer imports of energy products; aircraft and other transportation equipment and parts; and metal and non-metallic mineral products were mostly offset by more imports of motor vehicles and parts. Consequently, Canada's annual merchandise trade deficit with the world widened from \$23.0 billion in 2015 to \$26.1 billion in 2016.

Revisions to November imports and exports

Revisions reflected initial estimates being updated with or replaced by administrative and survey data as they became available, and amendments made for late documentation of high-value transactions. Imports in November, originally reported as \$45.1 billion in last month's release, were virtually unchanged in the current month's release. Exports, originally reported as \$45.6 billion in last month's release, were revised to \$46.1 billion.

150 years of Canadian trade – the early years

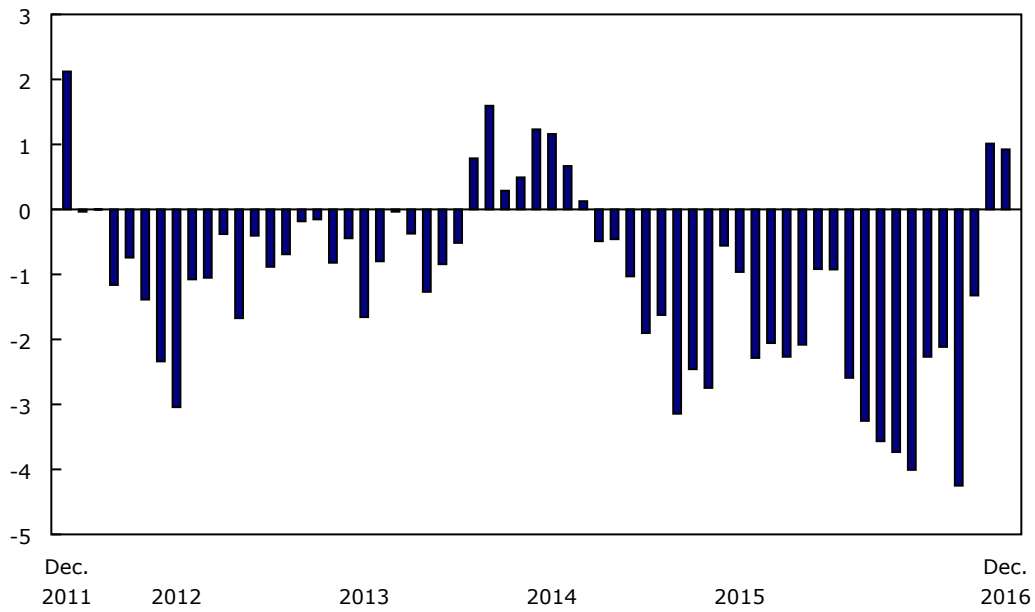
Canada's 150th anniversary of Confederation will be marked in the *Daily* every month in 2017 with a significant moment in Canada's trade history.

Canada's total merchandise exports were valued at \$49.7 million in 1868, while in 2016 they totalled \$521 billion. Exports of the product grouping "the forest" (41.2%) accounted for the largest share of total exports in 1868, followed by "agricultural products" (28.3%). In 2016, exports of forestry products and building and packaging materials accounted for 7.9% of total exports.

Canada's total imports were valued at \$72.0 million in 1868, resulting in a trade deficit of \$22.2 million. Canada would post trade deficits for the next 12 years.

Chart 2
International merchandise trade balance

billions of current dollars



Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [228-0069](#).

Note to readers

Merchandise trade is one component of Canada's international balance of payments (BOP), which also includes trade in services, investment income, current transfers and capital and financial flows.

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.

For a conceptual analysis of BOP versus customs-based data, see ["Balance of Payments trade in goods at Statistics Canada: Expanding geographic detail to 27 principal trading partners."](#)

For more information on these and other macroeconomic concepts, see the *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)* and *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)*.

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).

For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Revisions

In general, merchandise trade data are revised on an ongoing basis for each month of the current year. Current-year revisions are reflected in both the customs and BOP-based data.

The previous year's customs data are revised with the release of the January and February reference months and then on a quarterly basis. The previous two years of customs-based data are revised annually and revisions are released in February with the December reference month.

The previous year's BOP-based data are revised with the release of the January, February, March and April reference months. To remain consistent with the Canadian System of Macroeconomic Accounts, revisions to BOP based data for previous years are released annually in December with the October reference month.

Factors influencing revisions include the late receipt of import and export documentation, incorrect information on customs forms, replacement of estimates produced for the energy section with actual figures, changes in classification of merchandise based on more current information, and changes to seasonal adjustment factors.

For information on data revisions for crude oil and natural gas, see ["Revisions to trade data for crude oil and natural gas."](#)

Revised data are available in the appropriate CANSIM tables.

Changes to the Harmonized Commodity Description and Coding System

Changes were introduced to the Harmonized Commodity Description and Coding System (HS) starting in January 2017.

The changes are due in part to World Customs Organization updates to the six-digit HS codes, which are applied every five years to reflect changing international standards and trade patterns.

Additional changes have been applied at the HS ten-digit (import) and HS eight-digit (export) levels in order to improve the coding system. The changes are intended to address data gaps, eliminate seldom-used categories and reduce response burden for importers and exporters.

A concordance between the 2012 and the 2017 six-digit HS classification codes is now available. This [concordance table](#) lists the terminated HS codes alongside with the new 2017 recoded HS codes at the six-digit level.

A more detailed concordance at the eight- and ten-digit Harmonized Commodity Description and Coding System classification code level is available upon request (statcan.itdtrade-dcicommerce.statcan@canada.ca).

Real-time CANSIM tables

Real-time CANSIM table 228-8059 will be updated on February 20. For more information, consult the document [Real-time CANSIM tables](#).

Next release

Data on Canadian international merchandise trade for January will be released on March 7.

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

	December 2015	November 2016 ^r	December 2016	November to December 2016	December 2015 to December 2016
	millions of dollars			% change	
Total exports	44,931	46,070	46,440	0.8	3.4
United States	33,601	34,101	34,159	0.2	1.7
China	1,769	2,046	2,110	3.2	19.3
Mexico	683	771	774	0.4	13.2
United Kingdom	1,341	1,339	1,376	2.8	2.7
Japan	917	1,033	1,010	-2.2	10.2
Germany	324	406	448	10.3	38.1
South Korea	382	480	538	12.1	40.8
Hong Kong	365	267	209	-21.6	-42.7
Netherlands	288	347	174	-50.0	-39.7
France	295	367	403	9.7	36.7
Total imports	45,850	45,057	45,518	1.0	-0.7
United States	30,601	29,364	29,740	1.3	-2.8
China	3,087	3,108	3,157	1.6	2.3
Mexico	1,485	1,466	1,683	14.7	13.3
United Kingdom	639	600	549	-8.6	-14.1
Japan	816	1,061	998	-6.0	22.3
Germany	1,729	1,281	1,307	2.1	-24.4
South Korea	424	511	539	5.3	27.0
Hong Kong	393	342	325	-5.0	-17.1
Netherlands	390	485	475	-2.1	21.8
France	374	376	364	-3.2	-2.7
Trade balance	-918	1,012	923	...	...
United States	3,000	4,737	4,418	...	...
China	-1,318	-1,063	-1,047	...	...
Mexico	-802	-695	-909	...	...
United Kingdom	702	738	828	...	...
Japan	101	-28	13	...	...
Germany	-1,405	-875	-860	...	...
South Korea	-42	-32	-1	...	...
Hong Kong	-27	-75	-116	...	...
Netherlands	-103	-139	-302	...	...
France	-79	-8	39	...	...

^r revised

... not applicable

Note(s):

Totals do not equal the sum of their components.

Countries listed are Canada's top 10 principal trading partners based on annual 2015 total merchandise trade data.

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

Table 2
Merchandise trade: North American Product Classification System¹ – Seasonally adjusted, current dollars

	December 2015	November 2016 ^r	December 2016	November to December 2016	December 2015 to December 2016
	millions of dollars			% change	
Total exports	44,931	46,070	46,440	0.8	3.4
Farm, fishing and intermediate food products	2,791	2,763	2,756	-0.3	-1.3
Energy products	5,887	7,357	8,524	15.9	44.8
Metal ores and non-metallic minerals	1,458	1,657	1,448	-12.6	-0.7
Metal and non-metallic mineral products	4,920	5,292	5,093	-3.8	3.5
Basic and industrial chemical, plastic and rubber products	2,849	2,866	2,924	2.0	2.6
Forestry products and building and packaging materials	3,432	3,597	3,515	-2.3	2.4
Industrial machinery, equipment and parts	2,934	2,867	2,710	-5.5	-7.7
Electronic and electrical equipment and parts	2,347	2,463	2,388	-3.0	1.8
Motor vehicles and parts	8,348	7,757	7,352	-5.2	-11.9
Aircraft and other transportation equipment and parts	2,267	2,048	2,206	7.7	-2.7
Consumer goods	6,431	6,130	6,288	2.6	-2.2
Special transactions trade ²	351	334	329	-1.6	-6.3
Other balance of payments adjustments	916	938	909	-3.1	-0.7
Total imports	45,850	45,057	45,518	1.0	-0.7
Farm, fishing and intermediate food products	1,414	1,483	1,376	-7.2	-2.7
Energy products	2,037	2,466	2,173	-11.9	6.6
Metal ores and non-metallic minerals	808	866	941	8.6	16.4
Metal and non-metallic mineral products	3,800	3,705	3,938	6.3	3.6
Basic and industrial chemical, plastic and rubber products	3,706	3,770	3,736	-0.9	0.8
Forestry products and building and packaging materials	2,066	1,981	1,993	0.6	-3.5
Industrial machinery, equipment and parts	4,522	4,051	4,312	6.4	-4.6
Electronic and electrical equipment and parts	5,238	5,217	5,256	0.7	0.3
Motor vehicles and parts	8,689	8,726	8,613	-1.3	-0.9
Aircraft and other transportation equipment and parts	1,925	1,212	1,475	21.8	-23.4
Consumer goods	10,082	10,022	10,005	-0.2	-0.8
Special transactions trade ²	686	681	827	21.5	20.6
Other balance of payments adjustments	877	876	873	-0.3	-0.4

^r revised

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

2. These are mainly low-valued transactions, value of repairs to equipment, and goods returned to country of origin.

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

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

Available in CANSIM: tables [228-0059](#) to [228-0069](#).

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

Customs based data are now available in the *Canadian International Merchandise Trade Database* ([65F0013X](#)).

The December 2016 issue of *Canadian International Merchandise Trade*, Vol. 70, no. 12 ([65-001-X](#)), is also available. The December 2016 issue is the final release of this publication. The data for this publication can be found in CANSIM tables 228-0059 to 228-0069.

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

To enquire about the concepts, methods or data quality of this release, contact Benoît Carrière (613-415-5305; benoit.carriere@canada.ca), International Accounts and Trade Division.