

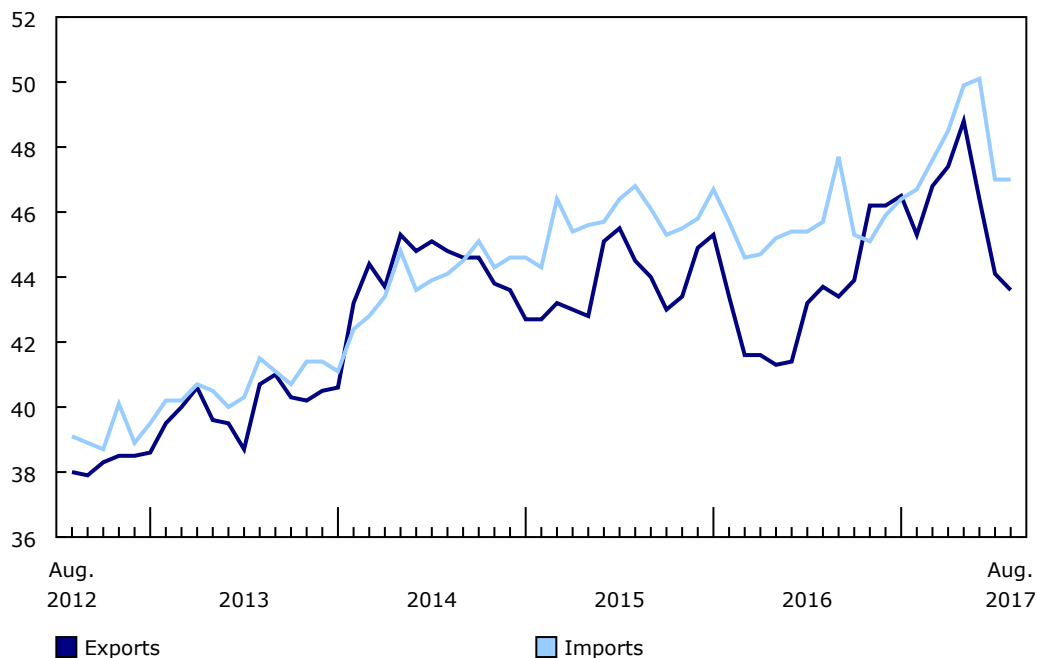
# Canadian international merchandise trade, August 2017

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Canada's merchandise trade deficit totalled \$3.4 billion in August, widening from a \$3.0 billion deficit in July. Exports decreased 1.0% on lower volumes, while imports were unchanged.

**Chart 1**  
**Merchandise exports and imports**

billions of current dollars



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

## Exports down for a third consecutive month

Following two months of large decreases, exports were down a further 1.0% to \$43.6 billion in August—despite increases in 6 of 11 sections. Exports have fallen 10.6% since the record high posted in May. Volumes decreased 1.9% in August, while prices were up 1.0%. Consumer goods, basic and industrial chemical, plastic and rubber products, as well as metal ores and non-metallic minerals were responsible for the decline in export values. Exports excluding energy products were down 1.4%. Year over year, total exports edged down 0.2%.

Exports of consumer goods were down 3.8% to \$5.7 billion in August, the third consecutive monthly decline. Pharmaceutical and medicinal products (-8.6%) led the decrease, mainly on lower exports to Italy. Prepared and packaged seafood products also contributed to the decline, down 10.5%, following the close of the snow crab fishing season at the end of July. Overall, volumes fell 2.4% and prices were down 1.4%.

Exports of basic and industrial chemical, plastic and rubber products declined 5.9% to \$2.7 billion. Basic chemicals decreased 8.3% to \$562 million in August, returning to June levels following increased exports of ethylene glycol to China in July.



Exports of metal ores and non-metallic minerals, down 9.7% to \$1.5 billion, also contributed to the decrease. Lower exports of radioactive ores and concentrates (-75.3%) were attributable to shutdowns at uranium refining facilities in August. Overall, prices were up 14.7% while volumes were down 21.2%.

### **Offsetting movements in imports**

Following the largest decline since January 2009 in July, total imports were virtually unchanged in August. Notable offsetting movements were observed in motor vehicles and parts (+2.5%), metal ores and non-metallic minerals (+9.9%), consumer goods (-1.8%) and aircraft and other transportation equipment and parts (-10.2%). Year over year, total imports were up 3.0%.

Imports of motor vehicles and parts rose 2.5% in August to \$9.3 billion. Following a 17.9% decrease over June and July, imports of motor vehicle engines and motor vehicle parts were up 5.3% in August. This year, planned summer closures in the automotive manufacturing industry were more concentrated in the month of July compared with previous years. Overall, volumes increased 2.1% and prices were up 0.4%.

Imports of metal ores and non-metallic minerals rose 9.9% to \$1.2 billion in August on higher volumes. Other metal ores and concentrates (+15.0%) were responsible for the increase, mostly on higher imports of lead. There were no imports of lead from Peru in July due to a national strike in the mining industry in that country.

Imports of consumer goods fell 1.8% to \$10.1 billion in August, the fourth consecutive monthly decrease. Clothing, footwear and accessories (-5.9%) led the decline, mostly on lower clothing imports from Bangladesh. In the section as a whole, volumes were down 1.3% and prices decreased 0.4%.

### **Lower exports to the United States**

Exports to the United States were down 1.8% to \$32.6 billion in August, notably on lower exports of unwrought gold. Imports from the United States rose 0.9% to \$30.3 billion. As a result, Canada's trade surplus with the United States narrowed from \$3.2 billion in July to \$2.3 billion in August. The Canadian dollar gained 0.5 US cents relative to the American dollar from July to August.

Imports from countries other than the United States decreased 1.6% to \$16.7 billion in August. Lower imports from China (cellphones), Saudi Arabia (crude oil) and Norway (ships) were partially offset by higher imports from Mexico (motor vehicles and parts).

Exports to countries other than the United States rose 1.5% to \$11.0 billion, as increased exports to the United Kingdom (unwrought gold) and Japan (coal and canola) were partially offset by lower exports to China (canola) and India (uranium). Consequently, Canada's trade deficit with countries other than the United States narrowed from \$6.2 billion in July to \$5.7 billion in August.

### **Real exports decrease in August**

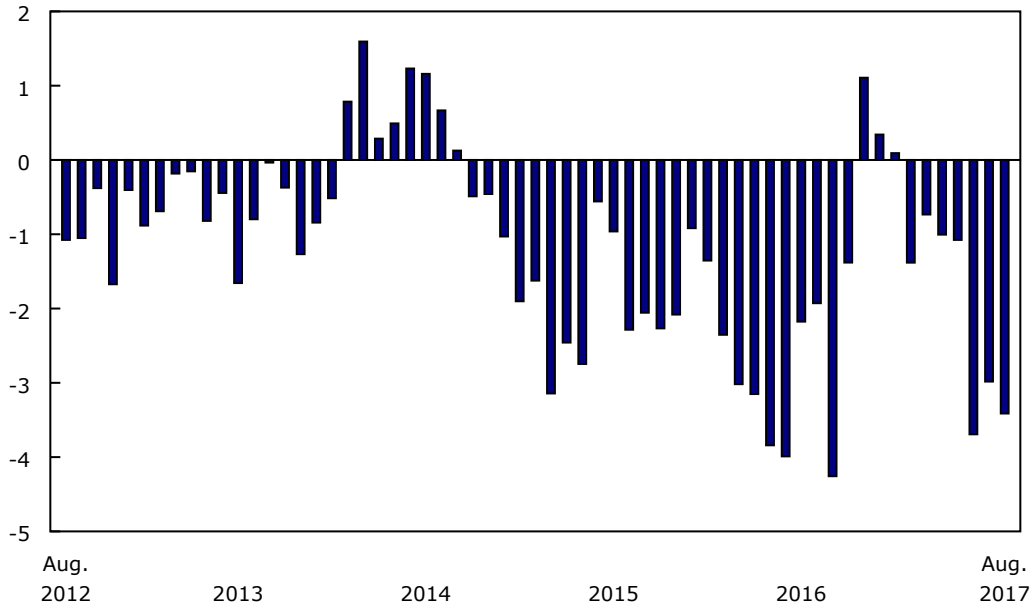
In real (or volume) terms, exports decreased 1.9% in August. For the first time since 2011, real exports declined for three consecutive months. Real imports edged up 0.2%. Consequently, Canada's trade deficit in real terms widened from \$378 million in July to \$1.3 billion in August.

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## Chart 2 International merchandise trade balance

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billions of current dollars



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

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## Revisions to exports and imports in July

Revisions reflected initial estimates being updated with or replaced by administrative and survey data as they became available, as well as amendments made for late documentation of high-value transactions. Exports in July, originally reported as \$44.1 billion in last month's release, were virtually unchanged in the current month's release. July imports, originally reported as \$47.2 billion in last month's release, were revised to \$47.0 billion.



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### **North American trade agreements and Canada's trade activity**

On January 1, 1989, the Canada-US Free Trade Agreement came into effect. This agreement was designed to eliminate merchandise trade tariffs, reduce non-tariff barriers and address trade in services, investment and labour mobility.

In the decade following the implementation of this agreement, Canada's total merchandise trade with the United States increased by 150%. By comparison, total trade with all other countries increased by 70% over the same time period. Duties on goods imported from the United States represented 2.6% of the total imported value in 1989. This ratio was down to 0.1% a decade later.

The North American Free Trade Agreement (NAFTA) was implemented on January 1, 1994, replacing the Canada-US Free Trade Agreement and adding Mexico to the partnership. In the decade that followed, Canada's total trade with Mexico rose 157%, compared with a 69% increase for non-NAFTA countries. As was the case with the United States, the ratio of duties on goods to the total import value decreased following the implementation of the agreement, falling from 1.5% in 1994 to 0.2% in 2003.

For more information on Canada's trade relationship with the United States, you can now access the updated [Canada and the World statistics Hub - United States \(13-609-X\)](#), available from the home page of our website.

Statistics Canada recently released a paper on Canada's trade history in the publication *Canadian Megatrends (11-630-X)*, entitled [Canada's exports over time: Resources and manufactured goods](#).

## 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.

## Real-time CANSIM tables

Real-time CANSIM table 228-8059 will be updated on October 16. For more information, consult the document [Real-time CANSIM tables](#).

## Next release

Data on Canadian international merchandise trade for September will be released on November 3.

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

	August 2016	July 2017 <sup>r</sup>	August 2017	July to August 2017	August 2016 to August 2017
	millions of dollars			% change	
<b>Total exports</b>	<b>43,732</b>	<b>44,051</b>	<b>43,630</b>	<b>-1.0</b>	<b>-0.2</b>
United States	32,767	33,202	32,614	-1.8	-0.5
China	1,986	2,070	1,877	-9.3	-5.5
Mexico	783	720	746	3.6	-4.7
United Kingdom	1,872	1,352	1,698	25.6	-9.3
Japan	966	857	1,052	22.7	8.9
Germany	359	383	310	-19.0	-13.6
South Korea	423	375	430	14.5	1.6
Hong Kong	149	143	138	-3.7	-7.6
Netherlands	235	324	236	-27.3	0.2
France	222	272	275	1.2	24.0
<b>Total imports</b>	<b>45,660</b>	<b>47,034</b>	<b>47,043</b>	<b>0.0</b>	<b>3.0</b>
United States	29,989	30,022	30,301	0.9	1.0
China	3,055	3,573	3,367	-5.8	10.2
Mexico	1,562	1,697	1,897	11.8	21.4
United Kingdom	856	671	652	-2.8	-23.8
Japan	1,016	1,220	1,258	3.1	23.7
Germany	1,210	1,233	1,270	3.0	5.0
South Korea	454	603	580	-3.8	27.6
Hong Kong	375	339	300	-11.4	-19.9
Netherlands	422	352	382	8.7	-9.4
France	363	421	378	-10.2	4.2
<b>Trade balance</b>	<b>-1,928</b>	<b>-2,983</b>	<b>-3,413</b>	<b>...</b>	<b>...</b>
United States	2,779	3,180	2,313	...	...
China	-1,070	-1,503	-1,490	...	...
Mexico	-779	-977	-1,151	...	...
United Kingdom	1,016	681	1,046	...	...
Japan	-50	-363	-205	...	...
Germany	-851	-850	-960	...	...
South Korea	-32	-228	-150	...	...
Hong Kong	-226	-196	-163	...	...
Netherlands	-187	-27	-147	...	...
France	-141	-149	-103	...	...

<sup>r</sup> 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 System<sup>1</sup> – Seasonally adjusted, current dollars**

	August 2016	July 2017 <sup>r</sup>	August 2017	July to August 2017	August 2016 to August 2017
	millions of dollars			% change	
<b>Total exports</b>	<b>43,732</b>	<b>44,051</b>	<b>43,630</b>	<b>-1.0</b>	<b>-0.2</b>
Farm, fishing and intermediate food products	2,643	2,674	2,679	0.2	1.3
Energy products	6,198	7,029	7,131	1.5	15.1
Metal ores and non-metallic minerals	1,453	1,612	1,456	-9.7	0.2
Metal and non-metallic mineral products	5,025	5,000	5,022	0.4	-0.1
Basic and industrial chemical, plastic and rubber products	2,749	2,827	2,659	-5.9	-3.3
Forestry products and building and packaging materials	3,484	3,387	3,407	0.6	-2.2
Industrial machinery, equipment and parts	2,778	2,929	2,852	-2.6	2.7
Electronic and electrical equipment and parts	2,292	2,267	2,325	2.5	1.4
Motor vehicles and parts	7,804	7,431	7,394	-0.5	-5.3
Aircraft and other transportation equipment and parts	1,781	1,799	1,854	3.1	4.1
Consumer goods	6,338	5,877	5,654	-3.8	-10.8
Special transactions trade <sup>2</sup>	324	323	313	-3.3	-3.4
Other balance of payments adjustments	861	896	883	-1.4	2.6
<b>Total imports</b>	<b>45,660</b>	<b>47,034</b>	<b>47,043</b>	<b>0.0</b>	<b>3.0</b>
Farm, fishing and intermediate food products	1,401	1,472	1,394	-5.3	-0.5
Energy products	2,573	2,460	2,372	-3.6	-7.8
Metal ores and non-metallic minerals	959	1,050	1,153	9.9	20.3
Metal and non-metallic mineral products	3,826	3,573	3,585	0.3	-6.3
Basic and industrial chemical, plastic and rubber products	3,723	3,890	3,871	-0.5	4.0
Forestry products and building and packaging materials	1,961	2,064	2,056	-0.4	4.9
Industrial machinery, equipment and parts	4,042	4,508	4,531	0.5	12.1
Electronic and electrical equipment and parts	5,237	5,490	5,334	-2.8	1.9
Motor vehicles and parts	9,208	9,109	9,333	2.5	1.4
Aircraft and other transportation equipment and parts	1,332	1,545	1,387	-10.2	4.2
Consumer goods	9,873	10,303	10,122	-1.8	2.5
Special transactions trade <sup>2</sup>	661	669	997	49.2	51.0
Other balance of payments adjustments	867	901	907	0.7	4.6

<sup>r</sup> 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 [228-0064](#), [228-0069](#) and [228-0080](#).

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

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

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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