

Canadian international merchandise trade, June 2018

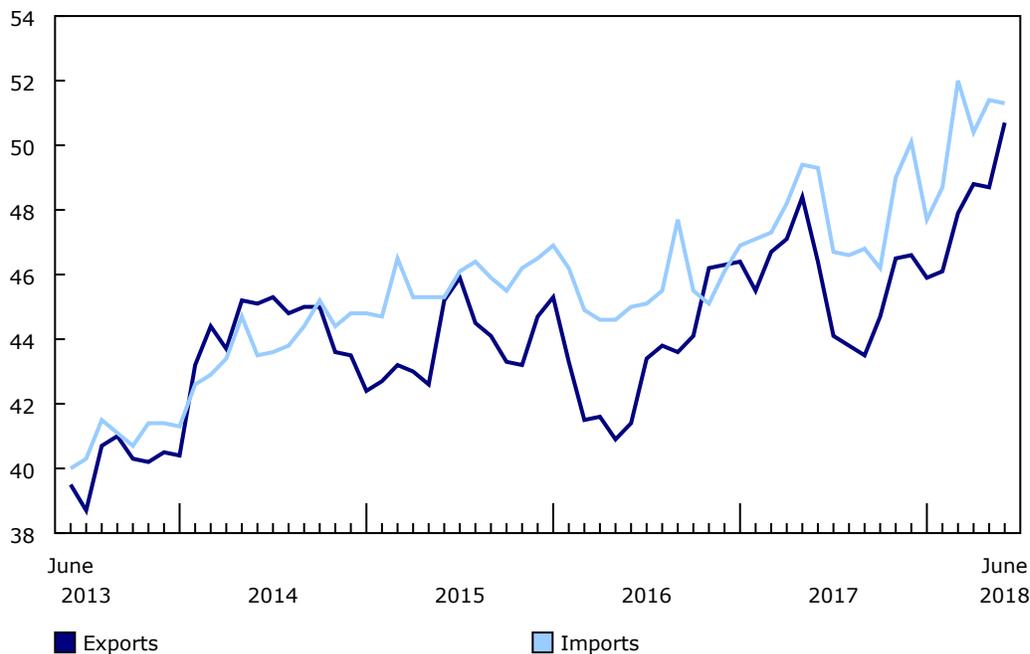
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Canada's merchandise trade deficit with the world narrowed from \$2.7 billion in May to \$626 million in June, the smallest deficit since January 2017. Total exports increased 4.1%, mainly on higher exports of energy products and aircraft. Total imports edged down 0.2%.

In real (or in volume) terms, exports rose 2.1% and imports were down 1.3%.

Chart 1
Merchandise exports and imports

billions of current dollars



Note(s): Data are seasonally adjusted.
Source(s): Table 12-10-0011-01.

Exports reach a record high

Exports rose 4.1% to \$50.7 billion in June, the first time they have surpassed the \$50 billion mark. Widespread increases throughout the product sections were led by energy products, and aircraft and other transportation equipment and parts. Excluding energy products, exports were up 3.4%. Year over year, total exports rose 9.2%.

Exports of energy products increased 7.1% to \$9.9 billion, the highest level since October 2014. Crude oil exports were primarily responsible for the gain, up 6.6% to \$7.2 billion on the strength of prices. Exports of refined petroleum energy products (+19.2%) also contributed to the growth, owing to higher exports of heavy fuel oils and diesel fuel.



Exports of aircraft and other transportation equipment and parts rose sharply in June, up 18.9% to a record \$2.5 billion. Exports of aircraft were up 44.5% to \$984 million, mostly on higher shipments of business jets to both the United States and non-US countries.

Significant export increases were also observed in other sections in June, including in the metal ores and non-metallic minerals (+22.9%), motor vehicles and parts (+3.7%) and industrial machinery, equipment and parts (+6.1%) sections.

Offsetting movements within imports

Imports edged down 0.2% to \$51.3 billion in June, despite increases in 7 of 11 product sections. Large decreases in imports of energy products and in aircraft and other transportation equipment and parts were largely offset by widespread increases. Year over year, total imports were up 4.2%.

Imports of energy products decreased 15.1% to \$2.9 billion in June. Following four consecutive monthly increases, imports of refined petroleum energy products (-27.4%) drove the decline in June, mainly on lower volumes. A number of Canadian refineries that were temporarily shut down in April and May resumed production in June, reducing the demand for foreign motor gasoline and diesel fuel.

After posting a record high in May, imports of aircraft and other transportation equipment and parts decreased 17.1% to \$2.0 billion, returning to April levels. This reflected lower imports of aircraft (-47.9%) in June, following a sharp increase in imports of airliners from the United States in May.

These declines were largely offset by increases in several other product sections, including metal ores and non-metallic minerals (+16.2%), consumer goods (+1.2%) and basic and industrial chemical, plastic and rubber products (+2.7%).

Exports to non-US countries rise sharply

Exports to countries other than the United States increased 8.7% in June to a record \$13.6 billion. Higher exports destined for Germany (aircraft), India (metal ores, potash), Belgium (nickel) and Mexico (aircraft) contributed the most to the increase. Lower exports to Hong Kong (unwrought gold) partially offset the overall gain.

Imports from countries other than the United States fell 1.2% to \$18.4 billion. Lower shipments from China (cellphones, aircraft) and the United Kingdom (motor gasoline) led the decrease.

Consequently, Canada's trade deficit with countries other than the United States narrowed from \$6.1 billion in May to \$4.7 billion in June, the smallest deficit since March 2017.

Exports to the United States increased 2.5% to a record \$37.1 billion, mainly on higher exports of passenger cars and light trucks. Imports from the United States edged up 0.3% in June to \$32.9 billion. As a result, Canada's trade surplus with the United States widened from \$3.3 billion in May to \$4.1 billion. Comparing the average exchange rates of May and June, the Canadian dollar lost 1.5 US cents relative to the American dollar.

Strong increase in exports in the second quarter

Exports rose 6.0% to \$148.2 billion in the second quarter, the largest quarterly increase in 10 years. Notable gains were observed in the energy products, forestry products and building and packaging materials, metal and non-metallic mineral products, and consumer goods sections.

Imports rose 3.2% to \$153.2 billion in the second quarter. Widespread increases were led by basic and industrial chemical, plastic and rubber products, consumer goods, as well as aircraft and other transportation equipment and parts. As a result, the quarterly trade deficit narrowed from \$8.6 billion in the first quarter, to \$4.9 billion.

In real (or volume) terms, exports rose 3.8% in the second quarter, mainly on higher exports of energy products and consumer goods. Import volumes were up 1.7%, led by basic and industrial chemical, plastic and rubber products, and by electronic and electrical equipment and parts.

Exports of tariffed steel and aluminum products

June was the first month in which Canadian exports of steel and aluminum products to the United States were subject to tariffs. On a customs basis and unadjusted for seasonality, exports of steel products to the United States that were subject to a 25% tariff fell 36.8%. This decrease followed a 40.0% gain from February to May. The average growth for these products from February to May in the previous three years was 8.7%, while the average June decline was 0.2%. Compared with June 2017, exports of steel were down 14.3%.

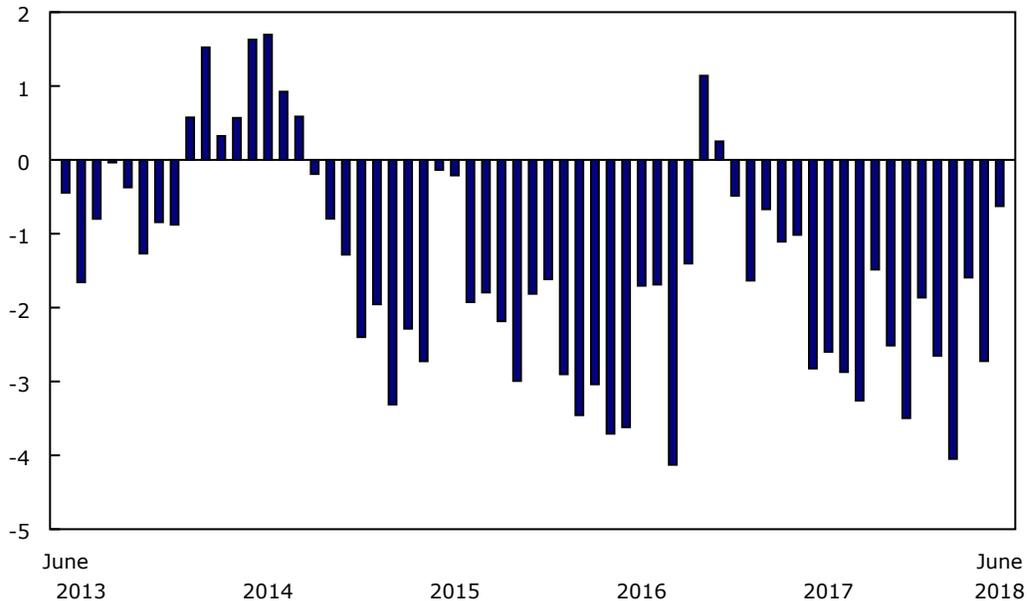
Exports of aluminum to the United States that were subject to a 10% tariff were down 7.0% in June, on a customs unadjusted basis. This also followed a significant ramp up (+28.5%) in exports from February to May. In the previous three years, the average increase for these products from February to May was 11.7%, while the average June decline was 2.3%. Year over year, exports of aluminum were up 10.2% in June.

Revisions to May exports and imports

Revisions reflect initial estimates being updated with or replaced by administrative and survey data as they become available, as well as amendments made for late documentation of high-value transactions. Exports in May, originally reported as \$48.3 billion in last month's release, were revised to \$48.7 billion in the current month's release. May imports, originally reported as \$51.1 billion in last month's release, were revised to \$51.4 billion.

Chart 2 International merchandise trade balance

billions of current dollars



Note(s): Data are seasonally adjusted.
Source(s): Table 12-10-0011-01.

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 the *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)*.

Data in this release are on a BOP basis and are seasonally adjusted. Unless otherwise stated, values are expressed in nominal terms, or current dollars. References to prices are based on aggregate Paasche (current-weighted) price indexes (2007=100). Volumes, or constant dollars, are calculated using the Laspeyres 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 tables.

New version of the North American Product Classification System

Statistics Canada is updating the North American Product Classification System (NAPCS) Canada for merchandise import and export statistics. The NAPCS 2017 version will replace the NAPCS 2007 version, which is currently in use.

Revised data based on NAPCS 2017 for the reference period of January 1988 to December 2014 will be disseminated on November 21, 2018.

The first regular release based on NAPCS 2017 will occur on December 6, 2018, and will include data covering the reference period from January 2015 to October 2018.

For more information, please see [NAPCS 2017](#) and [Variant of NAPCS Canada 2017 Version 1.0 - Merchandise import and export accounts](#).

Real-time data table

Real-time table 12-10-0089-01 will be updated on August 20.

Next release

Data on Canadian international merchandise trade for July will be released on September 5.

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

	June 2017	May 2018 ^r	June 2018	May to June 2018	June 2017 to June 2018
	millions of dollars			% change	
Total exports	46,440	48,709	50,699	4.1	9.2
United States	34,410	36,160	37,053	2.5	7.7
China	1,979	2,335	2,233	-4.4	12.8
Mexico	751	792	914	15.5	21.8
United Kingdom	1,633	1,306	1,322	1.2	-19.1
Japan	991	1,153	1,214	5.3	22.6
Germany	346	375	528	40.9	52.8
South Korea	461	498	481	-3.4	4.4
Italy	254	267	318	19.1	25.0
France	272	203	297	46.4	9.2
Netherlands	247	344	363	5.7	46.8
Total imports	49,263	51,432	51,324	-0.2	4.2
United States	31,968	32,828	32,936	0.3	3.0
China	3,720	3,989	3,774	-5.4	1.5
Mexico	1,822	1,720	1,824	6.0	0.1
United Kingdom	648	696	608	-12.7	-6.2
Japan	1,229	1,184	1,206	1.8	-1.9
Germany	1,218	1,392	1,337	-3.9	9.8
South Korea	719	733	768	4.7	6.8
Italy	536	566	594	5.0	10.8
France	383	428	390	-9.0	1.7
Netherlands	357	534	521	-2.5	46.0
Trade balance	-2,824	-2,724	-626	...	...
United States	2,442	3,332	4,116	...	...
China	-1,741	-1,654	-1,542	...	...
Mexico	-1,071	-928	-909	...	...
United Kingdom	985	610	714	...	...
Japan	-239	-31	9	...	...
Germany	-873	-1,017	-809	...	...
South Korea	-258	-235	-286	...	...
Italy	-282	-299	-276	...	...
France	-111	-226	-93	...	...
Netherlands	-109	-190	-157	...	...

^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 2016 total merchandise trade data.

Source(s): Table [12-10-0011-01](#).

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

	June 2017	May 2018 ^r	June 2018	May to June 2018	June 2017 to June 2018
	millions of dollars			% change	
Total exports	46,440	48,709	50,699	4.1	9.2
Farm, fishing and intermediate food products	2,771	2,881	2,981	3.5	7.6
Energy products	7,325	9,204	9,859	7.1	34.6
Metal ores and non-metallic minerals	1,410	1,365	1,678	22.9	19.0
Metal and non-metallic mineral products	5,265	5,881	5,819	-1.1	10.5
Basic and industrial chemical, plastic and rubber products	2,816	3,153	3,117	-1.1	10.7
Forestry products and building and packaging materials	3,582	4,068	4,235	4.1	18.2
Industrial machinery, equipment and parts	3,108	2,949	3,129	6.1	0.7
Electronic and electrical equipment and parts	2,321	2,355	2,360	0.2	1.7
Motor vehicles and parts	8,400	7,304	7,577	3.7	-9.8
Aircraft and other transportation equipment and parts	2,255	2,102	2,499	18.9	10.8
Consumer goods	5,926	6,152	6,125	-0.4	3.4
Special transactions trade ²	339	318	314	-1.2	-7.3
Other balance of payments adjustments	921	978	1,007	3.0	9.4
Total imports	49,263	51,432	51,324	-0.2	4.2
Farm, fishing and intermediate food products	1,490	1,413	1,515	7.2	1.6
Energy products	2,525	3,373	2,862	-15.1	13.4
Metal ores and non-metallic minerals	1,300	1,164	1,352	16.2	4.0
Metal and non-metallic mineral products	3,811	3,805	3,886	2.1	2.0
Basic and industrial chemical, plastic and rubber products	4,173	4,543	4,665	2.7	11.8
Forestry products and building and packaging materials	2,109	2,197	2,200	0.1	4.3
Industrial machinery, equipment and parts	4,644	4,821	4,928	2.2	6.1
Electronic and electrical equipment and parts	5,755	5,714	5,696	-0.3	-1.0
Motor vehicles and parts	9,439	9,554	9,552	0.0	1.2
Aircraft and other transportation equipment and parts	2,006	2,450	2,031	-17.1	1.2
Consumer goods	10,425	10,728	10,852	1.2	4.1
Special transactions trade ²	671	720	830	15.2	23.6
Other balance of payments adjustments	918	951	957	0.6	4.2

^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): Table 12-10-0001-01.

Available tables: [12-10-0001-01](#) to [12-10-0004-01](#) , [12-10-0006-01](#), [12-10-0007-01](#), [12-10-0011-01](#), [12-10-0012-01](#), [12-10-0087-01](#) and [12-10-0099-01](#).

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 updated [Canada and the World Statistics Hub \(13-609-X\)](#) is available online. This product illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, the United Kingdom, Mexico, China, Japan, Belgium, Italy, the Netherlands and Spain.

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