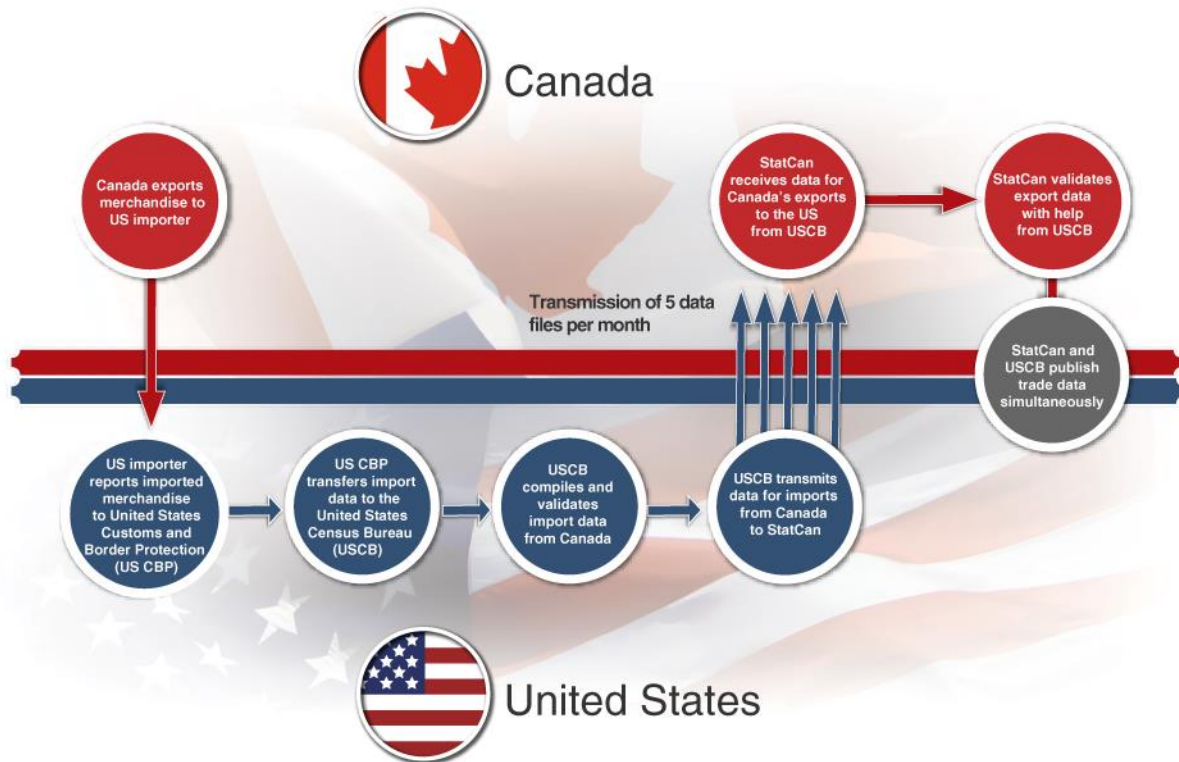


Impacts of the US government shutdown on the upcoming release of Canadian international merchandise trade data

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Under the terms of a data sharing agreement, Canada and the United States both use the other country's import data to produce their export statistics. Both Statistics Canada and the United States Census Bureau (USCB) produce their national import data based on import documentation collected by their respective customs agencies. Canada's export data are therefore sourced from import documentation submitted to the United States Customs and Border Protection. Similarly, US export data are sourced from import documentation submitted to the Canada Border Services Agency. Import documentation is considered to be of higher quality than export documentation because import shipments are subject to greater scrutiny by customs agencies. At the same time, the administrative burden on companies exporting to the United States is reduced, as they are not required to submit export documentation to their national customs agency.

Infographic 1 – Overview of merchandise trade data transfer from the United States to Canada



On December 22, 2018, a partial shutdown of the US federal government came into effect, resulting in the closure of certain government agencies, including the USCB. This has a direct impact on Statistics Canada's ability to compile, produce and publish Canadian international merchandise trade data, as Statistics Canada will not receive data on Canada's exports to the United States for the duration of the shutdown. Since 1990, Statistics Canada and the USCB have exchanged import data on a monthly basis and published international merchandise trade data simultaneously at 8:30 a.m. Eastern Time on predetermined release dates. Prior to the current US government shutdown, the most recent disruption to this arrangement occurred in October 2013, when the US federal

government was shut down from October 1 to October 17. At that time, Statistics Canada postponed the publication of international merchandise trade data for the September 2013 reference month by nine days, from November 5 to November 14, 2013.

As a result of the current disruption, the publication of the December 2018 reference month for Canadian international merchandise trade data will not occur as scheduled on February 5, 2019. Statistics Canada's present approach, following consultation with stakeholders, is to delay the release of monthly international merchandise trade statistics until the USCB resumes normal operations and a new joint release date is negotiated with the USCB as per the data exchange agreement. Trade statistics without Canada's exports to the United States have limited use as a current economic indicator, as these exports represent approximately 75% of Canada's total exports. Trade patterns can shift frequently, making estimation of missing monthly trade in goods data challenging. Publishing such an estimate risks providing users with an inaccurate picture of Canada's trade with the United States and misleading signals about total export trends.

Other quarterly economic accounts programs rely on international merchandise trade data, including the quarterly balance of international payments and quarterly gross domestic product. If international merchandise trade data are not received for December 2018 at the time these accounts are compiled, special estimates of Canadian exports of goods to the United States will be produced for December. Within the economic accounts context, combining an estimate of one month of trade in goods data with two months of actual trade figures and other sources of economic data reduces the risks associated with publishing an estimate for December trade data on its own. Publication of the fourth quarter economic accounts will therefore proceed as scheduled. Given that the data would be estimated in this scenario, they would be subject to larger than normal variation and potential revisions once the estimates are replaced with actual data in the quarterly statistics.

While Statistics Canada's current approach is to delay the publication of monthly international merchandise trade data, other options may be considered should the shutdown extend for a significant period of time. Statistics Canada is closely monitoring the situation and will regularly review and communicate options to our key stakeholders and to Canadians in light of any new information or developments.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300;
STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636;
STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).