

Canadian international merchandise trade, March 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, May 5, 2020

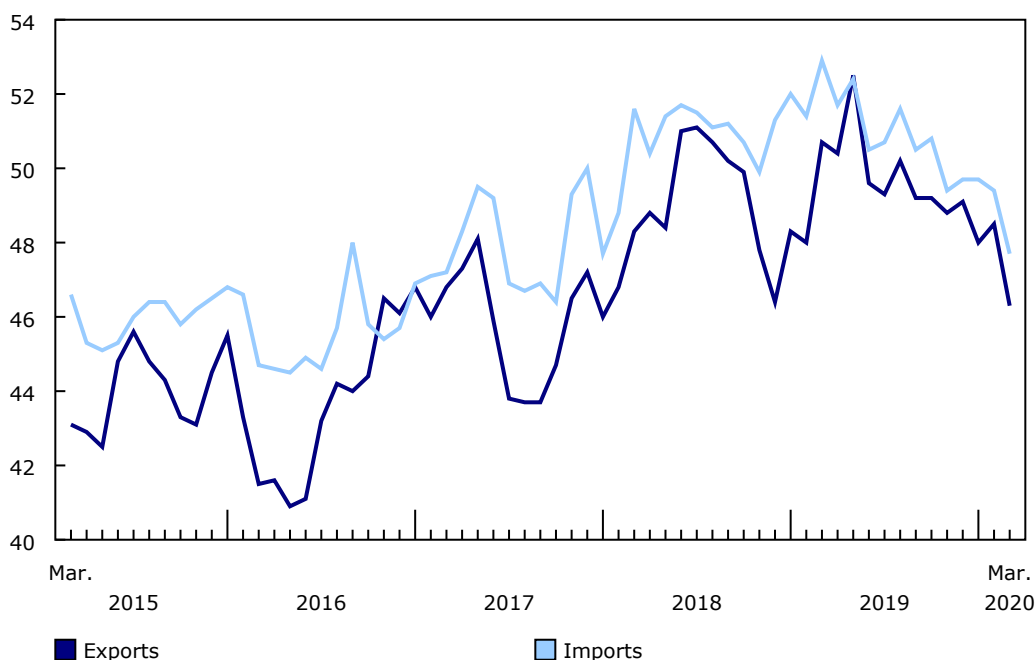
In March, despite Canadian borders remaining open for goods, both imports and exports decreased notably, as the impact of measures to contain the spread of COVID-19 in Canada became evident. With a full month of physical distancing policies in place in April, merchandise trade values are expected to decrease more severely next month.

Canada's merchandise exports fell 4.7% to \$46.3 billion in March, the lowest level since January 2018. Total imports declined 3.5% to \$47.7 billion, a level not observed since October 2017. Both exports and imports were down almost 10% on a year-over-year basis. Canada's trade deficit widened from \$894 million in February to \$1.4 billion in March.

In real (or volumes) terms, March exports decreased 4.8% and imports were down 5.8%.

Chart 1 Merchandise exports and imports

billions of current dollars



Note(s): Data are on a balance of payments basis and are seasonally adjusted.
Source(s): Table 12-10-0121-01.

Exchange rate impacts trade values in March

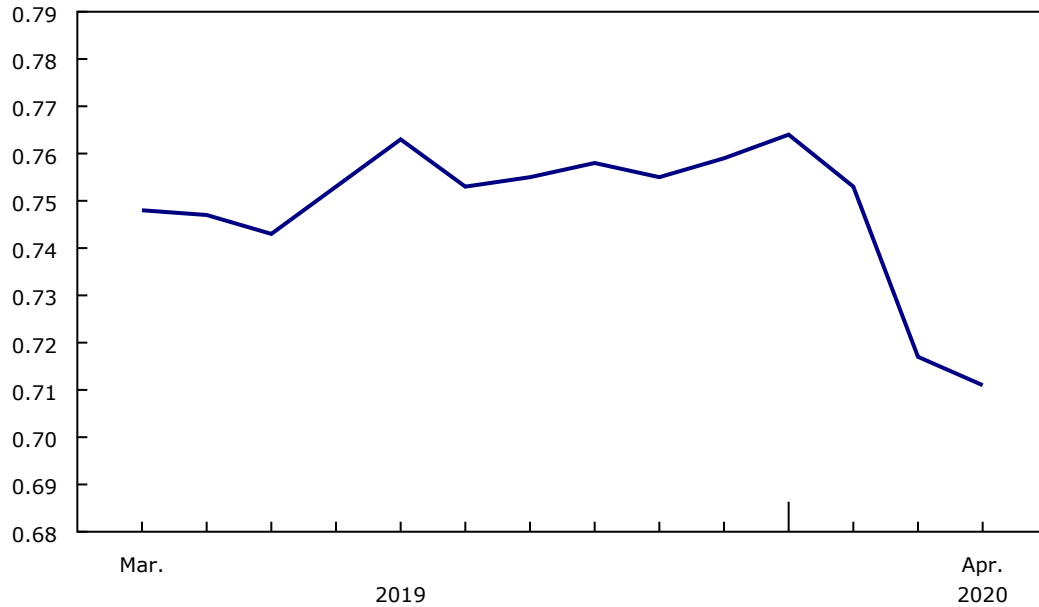
For both imports and exports, a large proportion of transactions are completed in US dollars, and must be converted to Canadian dollars in the compilation of monthly trade statistics. In the case of a depreciation of the Canadian dollar against the US dollar, the result in the short run is higher trade values in Canadian dollars.



In March, the average value of the Canadian dollar decreased substantially, falling 3.6 US cents compared with the average of February. This represents the strongest average monthly decline in the value of the Canadian dollar since January 2015.

Chart 2
Monthly average of the Canadian dollar value in US dollars

US dollars



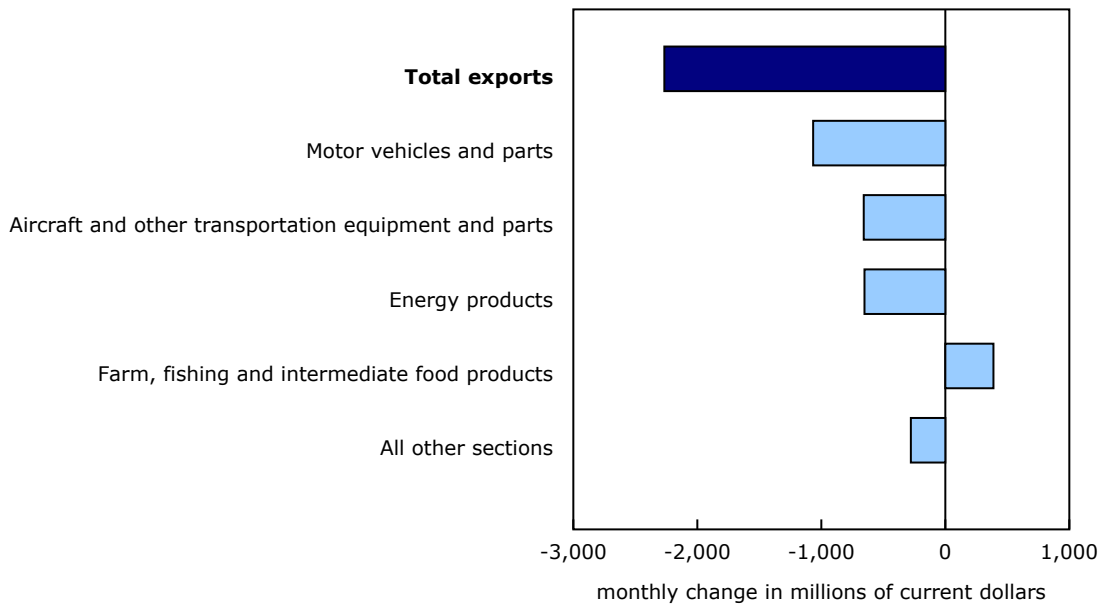
Source(s): Table 33-10-0163-01.

When expressed in US dollars, Canadian exports fell 9.2% in March and imports decreased 8.1%. Therefore, had the average monthly exchange rate been relatively stable in March, stronger decreases would have been likely for both exports and imports.

The monthly average exchange rate was more stable in April compared with March, but continued to decrease.

Chart 3

Contributions to the monthly change in exports, by product, March 2020

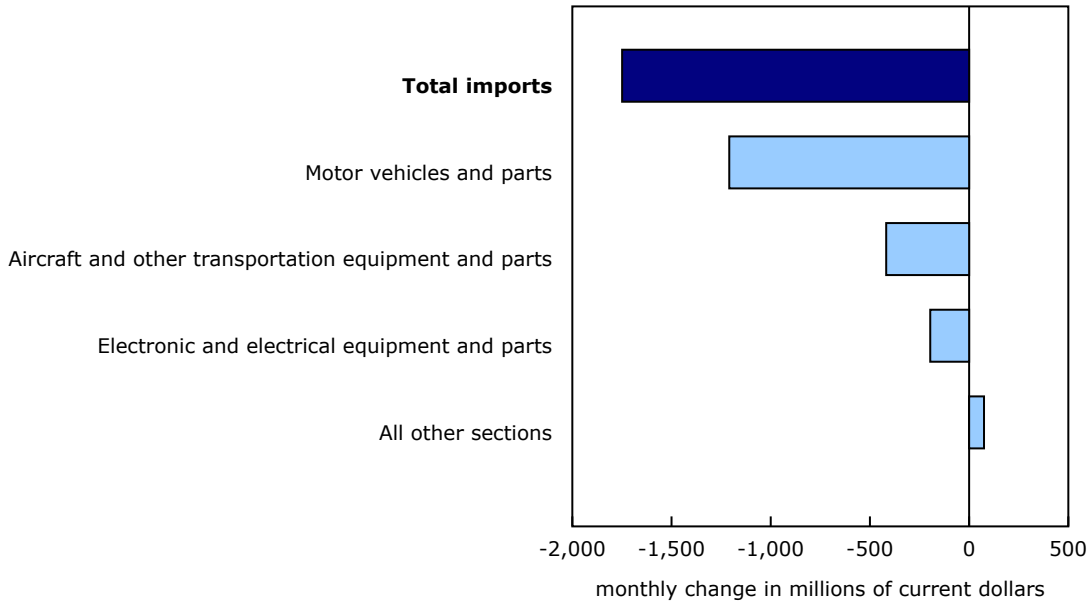


Note(s): Data are on a balance of payments basis and are seasonally adjusted.

Source(s): Table [12-10-0121-01](#).

Chart 4

Contributions to the monthly change in imports, by product, March 2020



Note(s): Data are on a balance of payments basis and are seasonally adjusted.
Source(s): Table 12-10-0121-01.

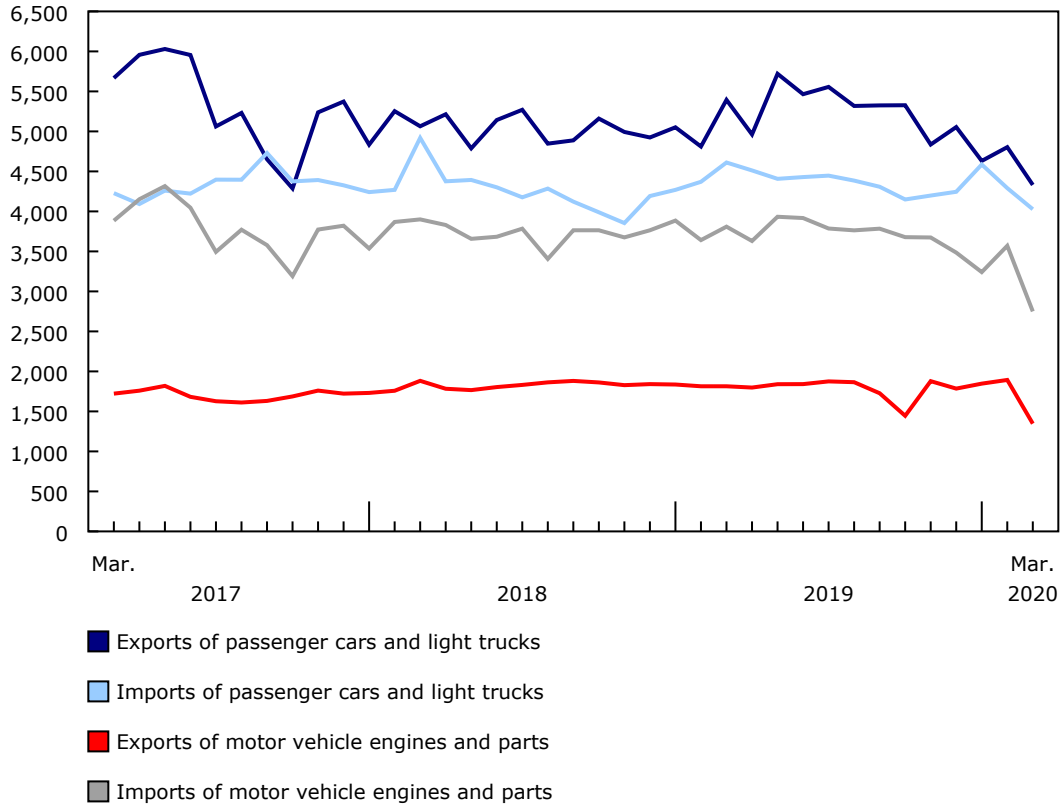
Production stoppages in the auto manufacturing industry lead to strong declines in both exports and imports of motor vehicles and parts

In March, automakers and several auto engine and parts suppliers in North America began to cease production (or shifted production to medical equipment) as physical distancing measures were introduced. This had a significant impact on both exports and imports of these products. Exports of passenger cars and light trucks decreased 9.8% in March, while imports fell 6.2%. As for engines and parts, exports dropped 28.9% and imports decreased 23.0%.

These production stoppages continued throughout the month of April and into May. Low levels of exports and imports for these products should therefore be expected until production resumes.

Chart 5
Exports and imports of passenger cars and light trucks, and motor vehicle engines and parts

millions of dollars



Note(s): Data are on a balance of payments basis and are seasonally adjusted.
Source(s): Table 12-10-0121-01.

Trade in aircraft and other transportation equipment and parts down in March after a strong February

Following strong increases in February, exports and imports of aircraft and other transportation equipment and parts were down in March. Aircraft exports fell \$469 million, after increasing \$364 million in February. Meanwhile, exports of boats and other transportation equipment fell 63.3% to \$97.7 million, the lowest level since January 2018.

On the import side, aircraft engines and parts fell \$175 million in March. Imports of aircraft also decreased (-\$169 million), following a \$565 million increase in February.

There were notable work stoppages in industries that produce aircraft and other transportation equipment that began towards the end of March and continued into April. These stoppages will likely affect imports and exports of goods that are related to that industry in the upcoming months.

Energy product exports down on lower demand

The importance of energy products to Canadian exports is one of the main reasons for the larger decrease observed in total exports compared with imports during the month. Energy products comprised about 19.2% of Canadian exports in 2019, while imports of energy products accounted for 6.1% of total imports in 2019.

Exports of energy products decreased 7.4% in March, a third consecutive monthly decline. Exports of crude oil were down 7.9% on both lower prices as well as lower volumes, mainly reflecting weaker global demand for crude oil in March. Since fluctuations in oil prices are normally observed with a certain delay in exports statistics, the recent collapse in market prices could affect crude oil export values more severely in future months. In March, non-energy exports were down 4.1%.

Exports of refined petroleum products (-9.8%) were down for a fifth consecutive month. Lower prices were behind this decrease, while volumes rose in March.

Imports of energy products were down 5.2%, mainly on lower imports of crude oil (-12.8%). Both crude oil prices and volumes declined in March.

Rebound in exports of farm, fishing and intermediate food products amid end of rail blockades

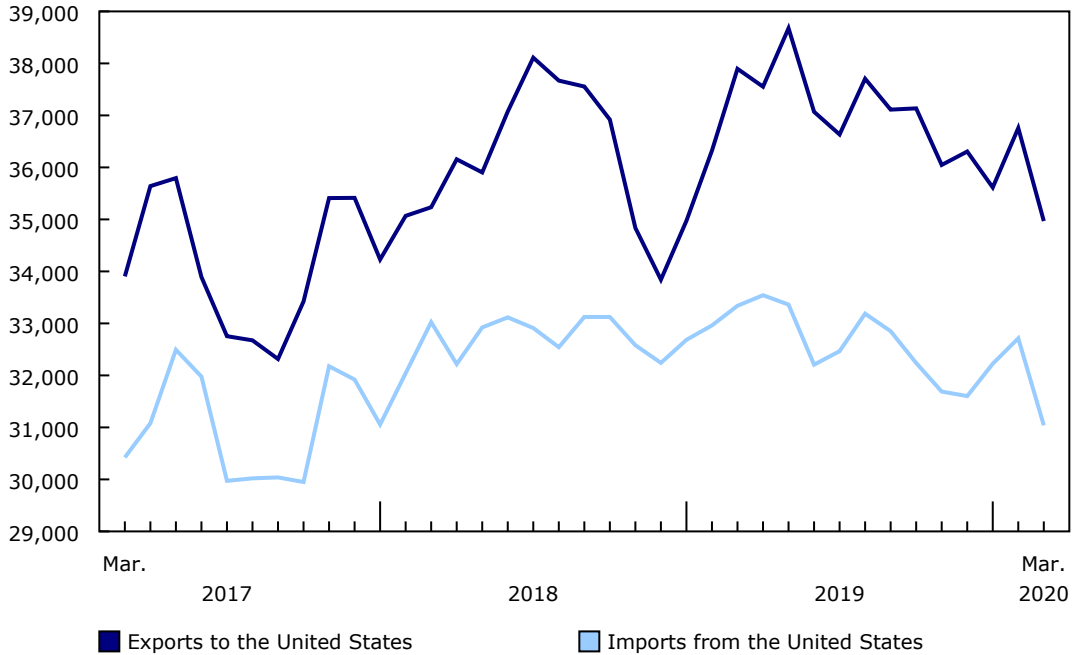
Moderating the overall decrease in exports in March were higher exports of farm, fishing and intermediate food products (+12.1%). This increase was mainly the result of the clearing of a grain backlog after rail blockades were lifted at the beginning of March. Increases were observed in almost all sub-categories, led by other crop products, wheat and canola.

Sharp decline in trade with the United States

With the auto industry on pause at the end of March, and lower demand for crude oil, the United States was the main contributor to the decreases in total exports and imports this month. Exports to the United States were down 4.9%, while imports fell 5.1%. These declines were likely attenuated by a weaker Canadian currency in March. The trade surplus with the United States narrowed slightly from \$4.0 billion in February to \$3.9 billion in March.

Chart 6
Canada's imports and exports with the United States

millions of current dollars



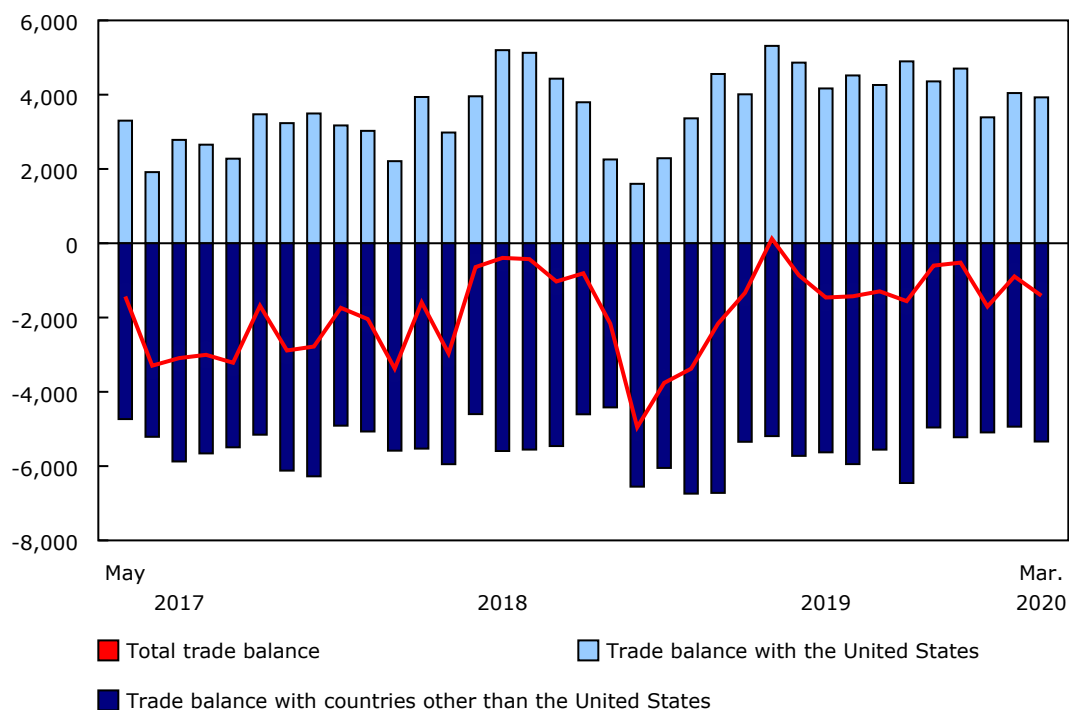
Note(s): Data are on a balance of payments basis and are seasonally adjusted.
Source(s): Table 12-10-0011-01.

Exports to countries other than the United States also decreased in March (-4.1%), mainly on lower exports to the United Kingdom (gold) and Saudi Arabia (other transportation equipment). Imports from non-US countries were down 0.5%, due to lower imports from Mexico (-14.4%) and Germany (-10.2%), both in part on decreased imports of motor vehicles and parts. The trade deficit with countries other than the United States widened from \$4.9 billion in February to \$5.3 billion in March.

Following two months of sharp decreases, imports from China (-1.1%) fell slightly in March. However, on a year-over-year basis, imports from that country plunged 32.9%. Exports to China decreased 2.3% in March, but were down 16.1% compared with March 2019.

Chart 7
International merchandise trade balance

millions of current dollars



Note(s): Data are on a balance of payments basis and are seasonally adjusted.
Source(s): Table [12-10-0011-01](#).

First quarter results

In the first quarter of 2020, exports decreased 3.0%, a third consecutive quarterly decline. Exports of energy products (-6.8%) and motor vehicles and parts (-6.6%) contributed the most to the decrease.

Following a 2.0% decrease in the last quarter of 2019, imports decreased 2.0% once again in the first quarter of 2020. This was the fourth consecutive quarterly import decrease. Imports of electronic and electrical equipment and parts (-7.7%), which were impacted by decreased trade with China, posted the largest quarterly decline. This was followed by a decrease in imports of motor vehicles and parts (-3.8%).

On a constant dollar basis, exports decreased 1.7% in the first quarter of 2020. This followed a 1.2% decline in the last quarter of 2019. Real imports were down 2.5% in the first quarter, after decreasing 1.1% in the previous quarter.

Revisions to February merchandise exports and imports

Imports in February, originally reported as \$49.3 billion in the previous release, were revised to \$49.4 billion in the current month's release. Exports in February, originally reported as \$48.3 billion in the previous release, were revised to \$48.5 billion.

Trade in medical and protective goods

The article "[Trade in medical and protective goods](#)" was released today. This article examines recent trends in exports and imports of products required for the prevention, testing and treatment of COVID-19, providing a basis for understanding the potential impact of the pandemic on Canada's international merchandise trade. To this end, Statistics Canada has produced a special data compilation to examine trade in particular categories of products, specifically disinfectants and sterilization products, personal protective equipment, medical equipment and products, and diagnostic products.

Monthly trade in services

Monthly exports of [services](#) decreased 7.2% to \$10.4 billion in March, while imports of services fell 11.5% to settle at \$11.4 billion.

Combining international trade in goods and services, exports declined 5.1% to \$56.6 billion in March, while imports were down 5.2% to \$59.0 billion. As a result, Canada's trade deficit with the world for goods and services combined totalled \$2.4 billion in March.

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 (2012=100). Volumes, or constant dollars, are calculated using the Laspeyres formula (2012=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-based data are revised with the release of the January and February reference months, and thereafter 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 data for 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.

Real-time data table

Real-time table 12-10-0120-01 will be updated on May 19.

Next release

Data on Canadian international merchandise trade for April will be released on June 4.

Table 1
Merchandise trade: Canada's top 10 principal trading partners – Balance of payments basis, seasonally adjusted, current dollars

	March 2019 ^r	February 2020 ^r	March 2020	February to March 2020	March 2019 to March 2020
	millions of dollars			% change	
Total exports	50,714	48,523	46,257	-4.7	-8.8
United States	37,896	36,757	34,968	-4.9	-7.7
China	2,124	1,823	1,781	-2.3	-16.1
Mexico	734	684	633	-7.4	-13.7
Japan	1,067	1,061	1,038	-2.1	-2.7
United Kingdom	1,800	1,548	1,161	-25.0	-35.5
Germany	607	547	796	45.5	31.1
South Korea	454	431	349	-19.0	-23.0
Netherlands	470	380	353	-7.2	-24.9
Italy	193	341	400	17.3	107.7
Belgium	275	238	227	-4.5	-17.4
Total imports	52,877	49,417	47,668	-3.5	-9.9
United States	33,339	32,713	31,040	-5.1	-6.9
China	4,564	3,094	3,060	-1.1	-32.9
Mexico	1,824	1,645	1,409	-14.4	-22.8
Japan	1,066	1,046	1,016	-2.8	-4.7
United Kingdom	721	655	656	0.1	-9.0
Germany	1,389	1,351	1,213	-10.2	-12.7
South Korea	679	586	623	6.4	-8.2
Netherlands	545	444	373	-16.0	-31.5
Italy	607	588	592	0.6	-2.5
Belgium	487	421	365	-13.3	-25.0
Trade balance	-2,163	-894	-1,411	...	...
United States	4,557	4,044	3,928	...	...
China	-2,440	-1,271	-1,279	...	...
Mexico	-1,090	-961	-776	...	...
Japan	1	15	22	...	...
United Kingdom	1,079	893	506	...	...
Germany	-782	-804	-417	...	...
South Korea	-225	-155	-274	...	...
Netherlands	-75	-64	-20	...	...
Italy	-414	-247	-192	...	...
Belgium	-212	-183	-138	...	...

^r revised

... not applicable

Note(s):

Totals may not equal the sum of their components as a result of rounding.

Countries listed are Canada's top 10 principal trading partners based on annual 2018 total merchandise trade data.

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

Table 2

Merchandise trade: North American Product Classification System¹ – Balance of payments basis, seasonally adjusted, current dollars

	March 2019 ^r	February 2020 ^r	March 2020	February to March 2020	March 2019 to March 2020
	millions of dollars			% change	
Total exports	50,714	48,523	46,257	-4.7	-8.8
Farm, fishing and intermediate food products	3,197	3,194	3,582	12.1	12.0
Energy products	10,797	8,843	8,191	-7.4	-24.1
Metal ores and non-metallic minerals	1,617	1,730	1,619	-6.4	0.1
Metal and non-metallic mineral products	4,994	5,266	5,375	2.1	7.6
Basic and industrial chemical, plastic and rubber products	2,924	2,746	2,612	-4.9	-10.7
Forestry products and building and packaging materials	3,794	3,407	3,479	2.1	-8.3
Industrial machinery, equipment and parts	3,442	3,429	3,216	-6.2	-6.6
Electronic and electrical equipment and parts	2,584	2,361	2,273	-3.7	-12.0
Motor vehicles and parts	7,956	7,421	6,356	-14.4	-20.1
Aircraft and other transportation equipment and parts	2,138	2,653	1,995	-24.8	-6.7
Consumer goods	5,833	6,033	6,077	0.7	4.2
Special transactions trade ²	318	322	308	-4.3	-3.3
Other balance of payments adjustments	1,120	1,116	1,175	5.3	4.9
Total imports	52,877	49,417	47,668	-3.5	-9.9
Farm, fishing and intermediate food products	1,806	1,718	1,871	8.9	3.6
Energy products	3,217	2,865	2,715	-5.2	-15.6
Metal ores and non-metallic minerals	1,185	1,041	1,047	0.5	-11.7
Metal and non-metallic mineral products	3,299	3,262	3,213	-1.5	-2.6
Basic and industrial chemical, plastic and rubber products	3,825	3,938	3,852	-2.2	0.7
Forestry products and building and packaging materials	2,265	2,168	2,188	0.9	-3.4
Industrial machinery, equipment and parts	5,927	5,381	5,277	-1.9	-11.0
Electronic and electrical equipment and parts	6,176	5,533	5,338	-3.5	-13.6
Motor vehicles and parts	10,129	9,253	8,044	-13.1	-20.6
Aircraft and other transportation equipment and parts	2,445	2,451	2,033	-17.1	-16.9
Consumer goods	10,856	10,095	10,277	1.8	-5.3
Special transactions trade ²	740	792	909	14.8	22.8
Other balance of payments adjustments	1,009	920	905	-1.7	-10.3

^r revised

1. International merchandise trade data are based on the 2017 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 as a result of rounding.**Source(s):** Table 12-10-0121-01.

Table 3
Canada's international trade in goods and services – Balance of payment basis, seasonally adjusted, current dollars

	February 2020 ^r	March 2020	February to March 2020
	millions of dollars		% change
Exports			
Goods	48,523	46,257	-4.7
Services	11,196	10,388	-7.2
Goods and services	59,719	56,645	-5.1
Imports			
Goods	49,417	47,668	-3.5
Services	12,855	11,381	-11.5
Goods and services	62,272	59,049	-5.2
Balances			
Goods	-894	-1,411	...
Services	-1,658	-993	...
Goods and services	-2,552	-2,404	...

^r revised

... not applicable

Note(s): Totals may not equal the sum of their components as a result of rounding.

Source(s): Tables [12-10-0011-01](#) and [12-10-0044-01](#).

Available tables: [12-10-0011-01](#), [12-10-0099-01](#), [12-10-0119-01](#), [12-10-0121-01](#) to [12-10-0130-01](#), [12-10-0132-01](#), [12-10-0133-01](#), [12-10-0136-01](#), [12-10-0140-01](#), [12-10-0143-01](#) and [12-10-0144-01](#).

Definitions, data sources and methods: survey numbers [2201](#), [2202](#), [2203](#) and [5295](#).

Because of the current situation, the product "[International Trade Explorer](#)" ([71-607-X](#)) will not be updated with revised data published in the current month.

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 now 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.

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.