

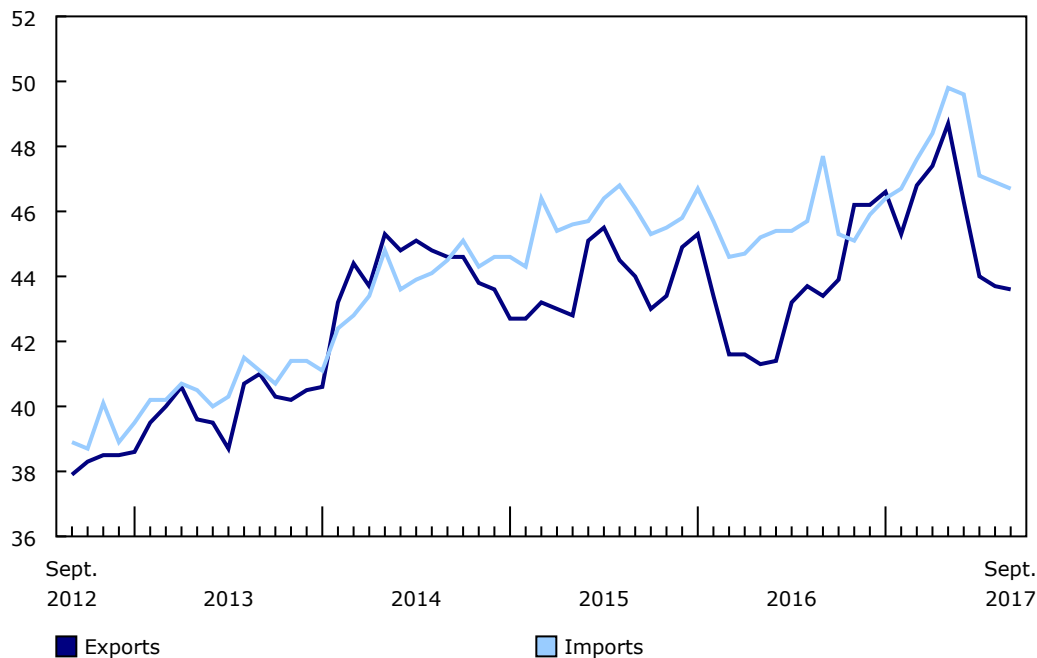
Canadian international merchandise trade, September 2017

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, November 3, 2017

Canada's merchandise trade deficit with the world totalled \$3.2 billion in September, essentially unchanged from the previous month. Exports were down 0.3% on lower passenger car and light truck exports, while imports decreased 0.3% on lower prices.

Chart 1
Merchandise exports and imports

billions of current dollars



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

Exports down despite increases in most sections

Total exports were down 0.3% to \$43.6 billion in September, the fourth consecutive monthly decline since the record high in May. Lower exports of motor vehicles and parts were largely offset by higher exports of energy products. Prices decreased 0.6%, while volumes rose 0.3%. Exports excluding energy products fell 1.8%. However, exports excluding motor vehicles and parts were up 1.8%. Year over year, total exports rose 0.3%.

In September, exports of motor vehicles and parts fell 10.6% to \$6.5 billion. This was the fourth consecutive monthly decrease and the lowest level since February 2015. Exports of passenger cars and light trucks (-15.6%) were responsible for the decline in September, due to work stoppages in the automotive industry as well as changes to certain models destined for the American market.

This decrease was largely offset by higher exports of energy products, up 7.2% to \$7.8 billion in September. Exports of crude oil and crude bitumen (+9.5%) were responsible for the gain, mainly on increased volumes. Exports of crude oil were higher in September than in previous years.



Widespread decline in imports led by electronic and electrical equipment and parts

Total imports amounted to \$46.7 billion in September, down 0.3% from the previous month. Declines in the electronic and electrical equipment and parts and consumer goods sections were mostly offset by higher imports of energy products. Prices decreased 1.5%, while volumes were up 1.3%. Year over year, total imports fell 2.0%, with the peak in September 2016 due to the import of a module for the Hebron offshore oil project.

Imports of electronic and electrical equipment and parts were down 4.6% to \$5.1 billion in September. Communications and audio and video equipment (-6.9%) posted the largest decrease, mainly on lower imports of cell phones in September compared with previous years.

Imports of consumer goods fell 1.9% to \$9.9 billion in September, a fifth consecutive monthly decline. Following a 7.6% increase in August, pharmaceutical and medicinal products (-7.0%) posted a similar decline in September, returning to July levels (\$1.4 billion).

Lower exports to the United States

Exports to the United States fell 1.2% to \$32.3 billion in September, due to lower exports of passenger cars and light trucks. Imports from the United States rose 0.4% to \$30.1 billion. As a result, Canada's trade surplus with the United States narrowed from \$2.7 billion in August to \$2.2 billion in September. The Canadian dollar gained 2.1 US cents on average relative to the US dollar between August and September.

Exports to countries other than the United States rose 2.4% to \$11.3 billion, as higher exports to China (unwrought gold) and Brazil (pharmaceutical products) were partially offset by lower exports to Japan (iron, coal and copper).

Imports from countries other than the United States fell 1.4% to \$16.6 billion in September. Lower imports from Switzerland (pharmaceutical products) and Japan (gold bars) were partially offset by higher imports from Saudi Arabia (crude oil) and Singapore.

As a result, Canada's trade deficit with countries other than the United States narrowed from \$5.8 billion in August to \$5.3 billion in September.

Sharp decrease in quarterly exports and imports

Following four consecutive quarterly gains, exports fell 7.9% to \$131.2 billion in the third quarter of 2017, the strongest decrease since the second quarter of 2009. Motor vehicles and parts contributed the most to the decline.

Imports were down 4.9% to \$140.7 billion, returning to first quarter levels. Declines were widespread throughout the sections in the third quarter.

Export prices were down 4.8% while import prices decreased 4.6% in the third quarter. These declines coincided with an average increase of the Canadian dollar of 5.5 US cents relative to the US dollar between the second and third quarters.

As a result, Canada's quarterly trade deficit with the world widened from \$5.5 billion in the second quarter to \$9.4 billion in the third quarter.

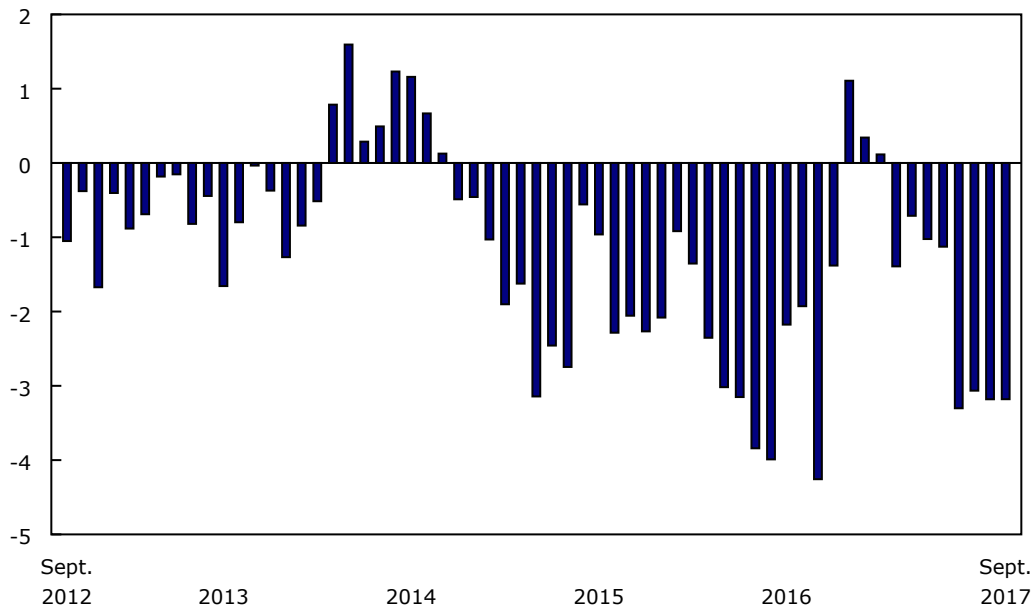
Real imports and exports down in the third quarter

Following a 2.4% increase in the second quarter, real exports were down 3.2% in the third quarter, primarily due to lower real exports of motor vehicles and parts.

Real imports edged down 0.2%, resulting in Canada's real trade balance moving from a \$340 million surplus in the second quarter to a \$3.4 billion deficit in the third quarter.

Chart 2
International merchandise trade balance

billions of current dollars



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

Revisions to August exports and imports

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 August, originally reported as \$43.6 billion in last month's release, were revised to \$43.7 billion in the current month's release. August imports, originally reported as \$47.0 billion in last month's release, were revised to \$46.9 billion.



In celebration of the country's 150th birthday, Statistics Canada is presenting snapshots from our rich statistical history.

A brief history of Canadian automotive trade

Canada's automotive industry was born in 1904 when Henry Ford opened a car plant in Windsor, Ontario, in order to export vehicles to the British Empire. The first vehicle the company produced in Canada was the Ford Model C, and the first exports were to India. Production continued to grow throughout the years spanning the First and Second World Wars. In fact, over 800,000 military transport vehicles were produced in Canada for the war effort in the Second World War, with 38% of that production going to Canada's ally Britain.

The modern Canadian auto industry has its roots in the 1965 Canada-US Auto Pact that helped to integrate the auto industries of both countries in a shared North American market. Within five years of the implementation of the agreement, four new auto plants had opened in Canada, and total exports to the United States more than doubled.

The implementation of the Canada-US Free Trade Agreement in 1989 and the North American Free Trade Agreement in 1994 also helped to increase bilateral trade with both the United States and Mexico. Total automotive trade with the United States grew from just over \$30 billion in 1988 to \$90 billion in 2016. Similarly, automotive trade with Mexico grew from just over \$1 billion in 1994 to over \$6 billion in 2016. In spite of increasing North American integration, imports from overseas countries have been rising in recent years, up from a 16.5% share of automotive imports in 1998 to 22.6% in 2016.

Exports of motor vehicles, which posted a record \$66 billion in 2000, contributed to Canada's overall strong merchandise trade surplus from the early 1980s to the late 2000s. Since the discontinuation of Canadian pick-up truck manufacturing, Canada's merchandise trade balance has for the most part been in a deficit.

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 November 20. For more information, consult the document [Real-time CANSIM tables](#).

Next release

Data on Canadian international merchandise trade for October will be released on December 5.

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

	September 2016	August 2017 ^r	September 2017	August to September 2017	September 2016 to September 2017
	millions of dollars			% change	
Total exports	43,448	43,690	43,560	-0.3	0.3
United States	32,293	32,675	32,283	-1.2	0.0
China	1,778	1,867	2,107	12.8	18.5
Mexico	810	740	702	-5.2	-13.4
United Kingdom	2,043	1,710	1,758	2.8	-14.0
Japan	894	1,036	898	-13.3	0.5
Germany	360	310	385	24.0	6.9
South Korea	366	443	403	-9.0	10.1
Hong Kong	161	140	162	16.2	1.0
Netherlands	175	234	196	-16.2	11.8
France	300	272	283	4.3	-5.6
Total imports	47,705	46,871	46,740	-0.3	-2.0
United States	29,703	30,013	30,125	0.4	1.4
China	2,992	3,388	3,394	0.2	13.5
Mexico	1,532	1,920	1,960	2.1	27.9
United Kingdom	684	659	649	-1.5	-5.1
Japan	976	1,251	1,135	-9.3	16.3
Germany	1,172	1,313	1,218	-7.3	3.9
South Korea	3,442	587	675	15.0	-80.4
Hong Kong	339	302	311	3.1	-8.1
Netherlands	484	401	446	11.1	-7.8
France	374	379	375	-1.1	0.2
Trade balance	-4,257	-3,181	-3,180	...	...
United States	2,590	2,662	2,159	...	...
China	-1,214	-1,520	-1,287	...	...
Mexico	-722	-1,180	-1,258	...	...
United Kingdom	1,359	1,051	1,109	...	...
Japan	-82	-215	-237	...	...
Germany	-813	-1,003	-833	...	...
South Korea	-3,076	-144	-272	...	...
Hong Kong	-178	-162	-149	...	...
Netherlands	-308	-168	-250	...	...
France	-74	-107	-91	...	...

^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

	September 2016	August 2017 ^r	September 2017	August to September 2017	September 2016 to September 2017
	millions of dollars			% change	
Total exports	43,448	43,690	43,560	-0.3	0.3
Farm, fishing and intermediate food products	2,595	2,686	2,611	-2.8	0.6
Energy products	6,182	7,249	7,769	7.2	25.7
Metal ores and non-metallic minerals	1,255	1,462	1,561	6.7	24.4
Metal and non-metallic mineral products	4,856	5,137	5,227	1.8	7.6
Basic and industrial chemical, plastic and rubber products	2,792	2,666	2,713	1.8	-2.8
Forestry products and building and packaging materials	3,431	3,408	3,479	2.1	1.4
Industrial machinery, equipment and parts	2,786	2,853	2,943	3.2	5.6
Electronic and electrical equipment and parts	2,364	2,314	2,231	-3.6	-5.6
Motor vehicles and parts	7,820	7,243	6,474	-10.6	-17.2
Aircraft and other transportation equipment and parts	2,000	1,855	1,963	5.8	-1.8
Consumer goods	6,180	5,626	5,407	-3.9	-12.5
Special transactions trade ²	324	312	314	0.7	-3.2
Other balance of payments adjustments	864	880	868	-1.4	0.5
Total imports	47,705	46,871	46,740	-0.3	-2.0
Farm, fishing and intermediate food products	1,445	1,393	1,341	-3.7	-7.2
Energy products	2,271	2,281	2,703	18.5	19.0
Metal ores and non-metallic minerals	958	1,162	1,245	7.2	30.0
Metal and non-metallic mineral products	3,629	3,582	3,500	-2.3	-3.6
Basic and industrial chemical, plastic and rubber products	3,756	3,881	3,743	-3.6	-0.3
Forestry products and building and packaging materials	1,941	2,068	2,056	-0.6	6.0
Industrial machinery, equipment and parts	6,934	4,556	4,470	-1.9	-35.5
Electronic and electrical equipment and parts	5,180	5,319	5,076	-4.6	-2.0
Motor vehicles and parts	8,981	9,427	9,474	0.5	5.5
Aircraft and other transportation equipment and parts	1,295	1,474	1,443	-2.1	11.5
Consumer goods	9,764	10,129	9,933	-1.9	1.7
Special transactions trade ²	653	698	858	23.0	31.4
Other balance of payments adjustments	899	900	897	-0.4	-0.3

^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 [228-0065](#), [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 \(65F0013X\)](#).

The updated [Canada and the World Statistics Hub – United States \(13-609-X\)](#) is now available from the home page of our website. This new product illustrates the nature and the extent of Canada's economic and financial relationship with the United States using interactive graphs and tables. This product provides an easy access to information on trade, investment, employment and travel, including merchandise trade by Canadian provinces and US states.

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

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