

# Canadian international merchandise trade: Annual review 2023

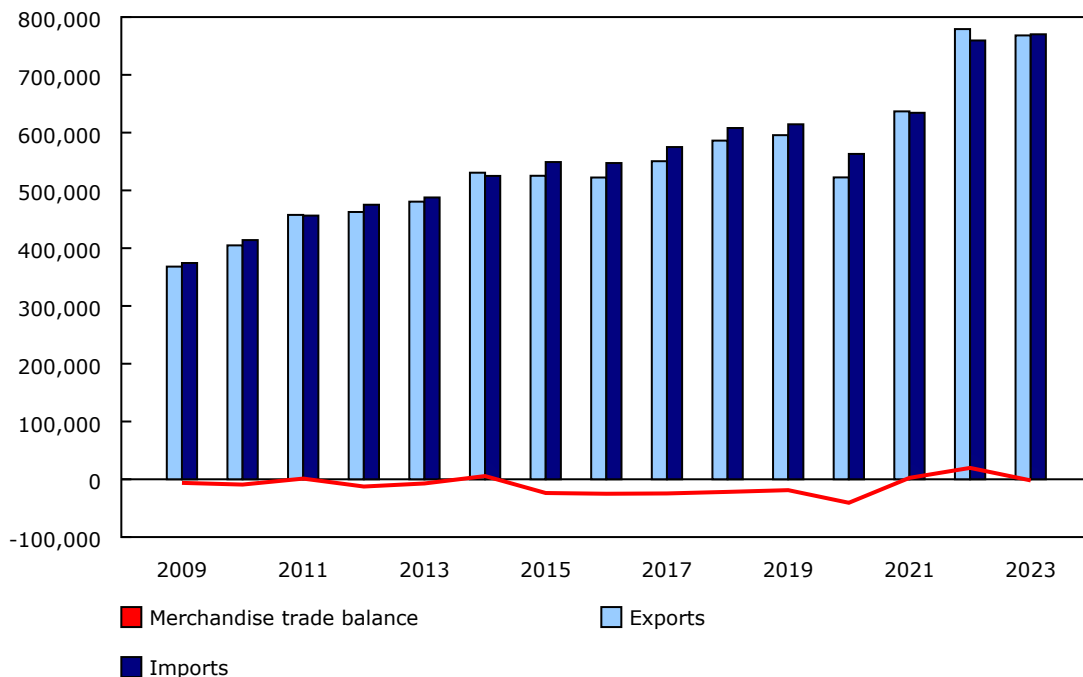
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, May 9, 2024

In 2023, the value of Canada's annual merchandise exports decreased 1.4% to \$768.2 billion, while the value of annual imports rose 1.4% to \$770.2 billion. As a result, Canada's merchandise trade balance with the world went from a surplus of \$19.7 billion in 2022 to a slight deficit of \$1.9 billion in 2023. Compared with the total trade value (imports and exports combined totalled \$1.54 trillion), the trade deficit represented approximately 0.1% of total trade in 2023. Therefore, Canada's merchandise trade for 2023 was essentially in a balanced position.

To explore Canada's international merchandise trade statistics for 2023 in an interactive format, see "[The International Trade Explorer](#)" and the "[International trade monthly interactive dashboard](#)."

## Chart 1 Exports and imports stabilize in 2023

millions of current dollars



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

## Context

The year 2022 was defined by a strong increase in prices, which had begun to rise in 2021, as economic activity—which ramped up after months of weakness due to the COVID-19 pandemic—led to an imbalance in supply and demand for many products. This imbalance worsened on account of supply chain issues that began to surface. The semi-conductor chip shortage and increases in transportation costs hindered goods manufacturing and placed upward pressure on prices.



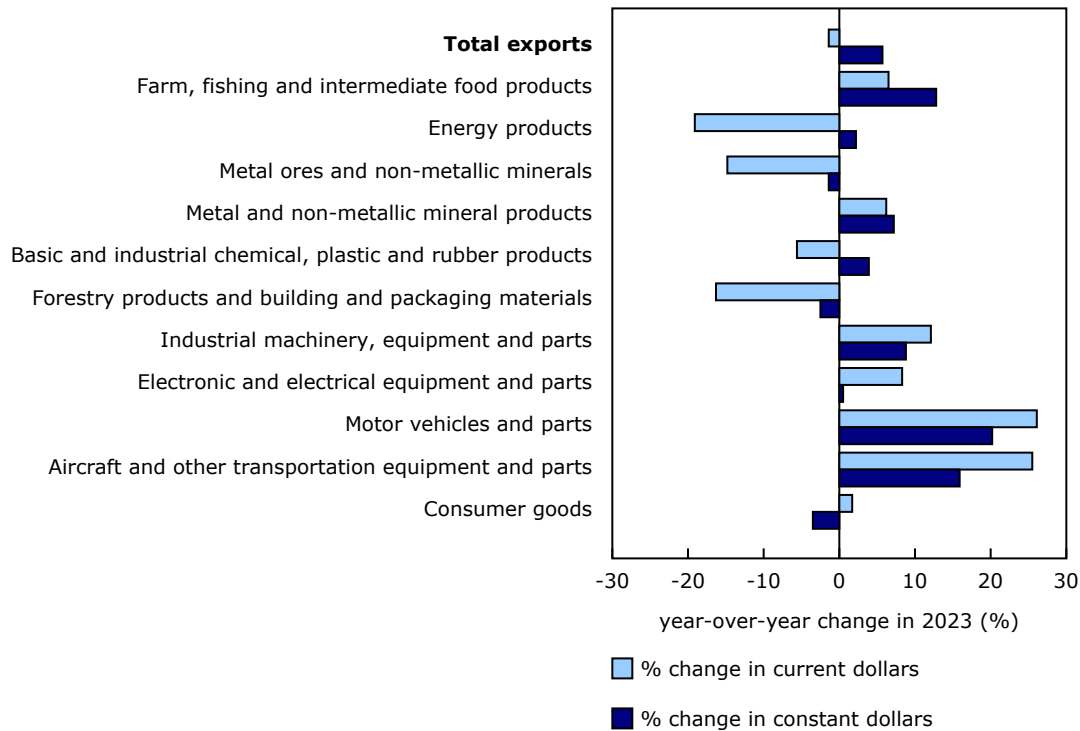
Russia's invasion of Ukraine in early 2022 contributed to prices, especially for raw materials, reaching historic highs in the months that followed. For example, the export price of energy products rose 30.9% from January to June 2022. Similar price increases were observed in other product sections, including metal ores and non-metallic minerals (+28.3%), a category that includes potash, a commonly used fertilizer.

Though prices remained high in the second half of 2022, overall they trended downward until December 2022. This downward trend coincided with improvements in the global supply chain and lower transportation costs, but also higher borrowing costs as most central banks around the world raised interest rates to dampen the level of demand and control inflation. This is the context in which Canada's international merchandise trade began the year 2023.

### A different trend in real terms for the past three years

Due to strong price fluctuations in the past three years, international merchandise trade data in nominal (or value) terms were significantly different from the data in real (or volume) terms. For example, a comparison of the 2020 and 2022 annual totals reveals that the value of exports increased 49.1% over that period. However, in real terms, exports were up 4.6% from 2020 to 2022. Meanwhile, imports rose 34.9% in nominal terms for that same period, while in real terms, the increase was more moderate (+15.1%).

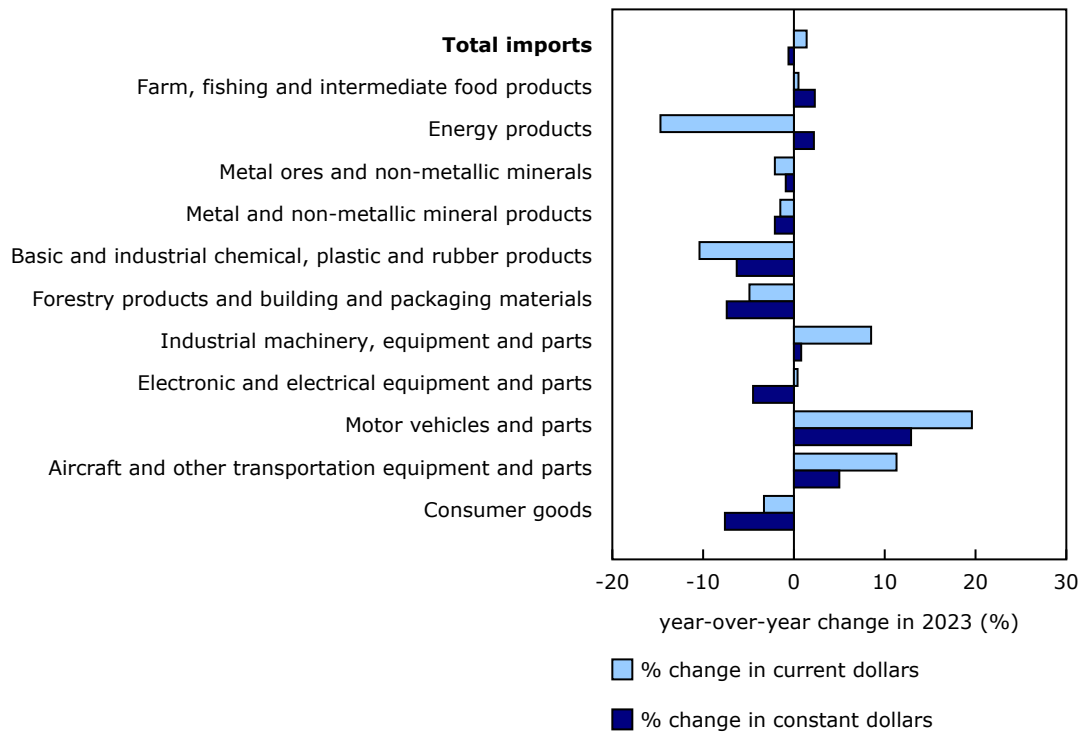
**Chart 2**  
**Product section contribution to the annual change in exports, in current and constant dollars**



**Note(s):** Data are on a balance-of-payments basis.  
**Source(s):** Table 12-10-0163-01; data in constant dollars are derived using table 12-10-0170-01.

The 2023 results again show that the trend in real and nominal terms differed. Nominal exports decreased 1.4% in 2023, but increased 5.7% in real terms, while the value of nominal imports rose 1.4% in 2023, but edged down 0.6% in real terms.

**Chart 3**  
**Product section contribution to the annual change in imports, in current and constant dollars**



**Note(s):** Data are on a balance-of-payments basis.  
**Source(s):** Table 12-10-0163-01; data in constant dollars are derived using table 12-10-0170-01.

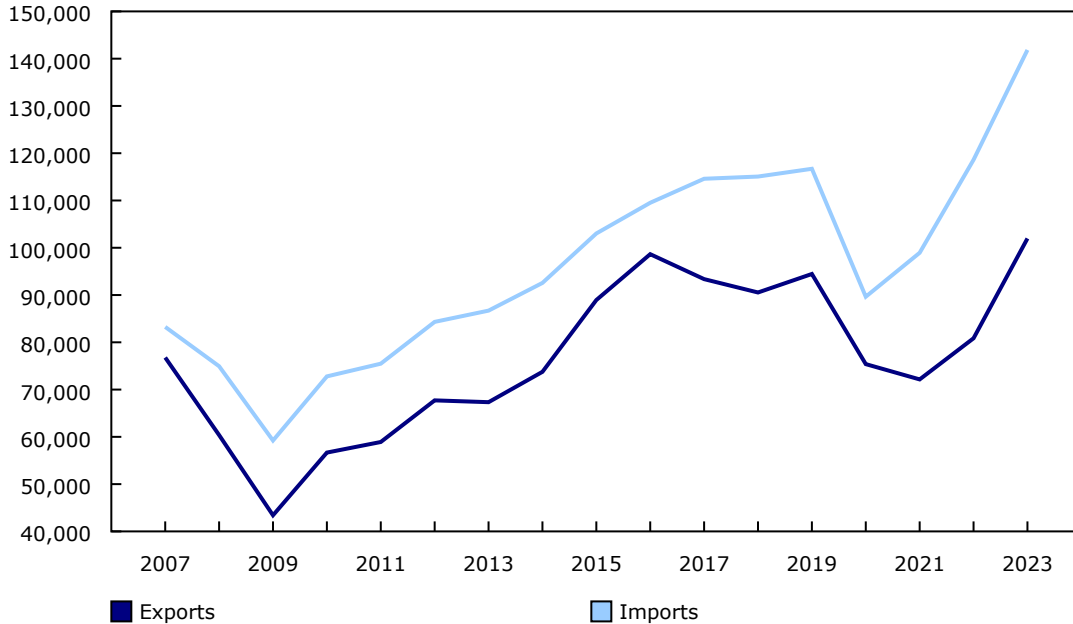
In 2023, trade of motor vehicles and parts posted the strongest increases in real terms for both imports and exports.

### Motor vehicles boost Canada's trade activity in 2023

Exports of motor vehicles and parts increased 26.1% to \$102.0 billion in 2023, which is not only an all-time high, but the first annual result to top the pre-pandemic levels of 2019. Supply chain-related production shutdowns in 2021 and 2022 affected many manufacturing plants around the world—and especially in Canada, which explains why it has taken longer for these exports to return to their pre-pandemic levels. Significant increases in exports of motor vehicles and parts were observed in December 2022 and January 2023, then remained high throughout almost all of 2023, indicating increased and sustained production in Canada over this period. Higher prices (+4.9%) also contributed to the annual increase. Despite returning to pre-pandemic values, exports of motor vehicles and parts in real (or volume) terms remained below (-2.8%) 2019 annual levels.

**Chart 4**  
**Imports of motor vehicles and parts surge in 2023; exports surpass pre-pandemic levels**

millions of current dollars



**Note(s):** Data are on a balance-of-payments basis.  
**Source(s):** Table 12-10-0163-01.

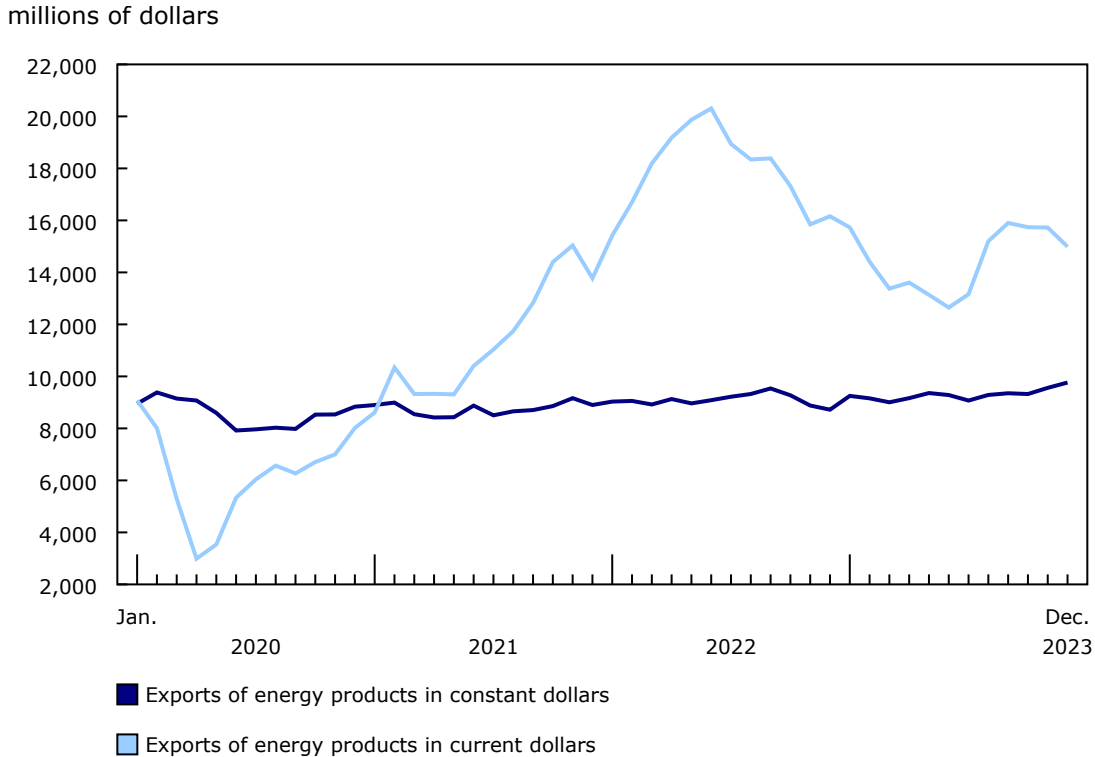
Meanwhile, imports of motor vehicles and parts rose 19.6% to \$141.8 billion in 2023. Imports had already surpassed their pre-pandemic annual levels in 2022 and the values observed in 2023 were well above these levels (+21.5% in 2023 compared with 2019). Improvement in the supply chain in 2023 benefitted imports of motor vehicles and parts. Production shutdowns around the world due to the semi-conductor chip shortage, which became less frequent in 2022, continued to improve, translating into higher worldwide shipments and supply catching up to unmet demand.

This rise in imports occurred despite higher prices for imports of motor vehicles and parts (+5.9% in 2023) and the highest borrowing costs in more than 25 years in Canada, factors that would typically limit shipments. The effects of the delays caused by numerous slowdowns and stoppages in production on account of continued supply chain issues—which kept demand stronger than supply since 2020—may have therefore contributed to the increase in imports for the year 2023. In fact, the beginning of 2024 was marked by a number of plant closures around the world, including in Canada, where projects are underway to modify assembly lines for passenger cars and light trucks. At the same time, the motor vehicle inventory level has shown strong growth in the second half of 2023. These recent events point to a shift in the industry and will likely affect Canadian import and export activity for motor vehicles and parts in 2024.

### Energy product prices fall sharply in 2023

After almost tripling from 2020 to 2022, exports of energy products fell 19.1% in 2023 and were the largest contributor to the decline in total exports. Excluding energy products, merchandise export values rose 5.3% in 2023. Additionally, the share of energy products relative to the value of total exports fell to 22.6% in 2023, after posting an all-time high of 27.5% in 2022.

**Chart 5**  
**Energy product export values experience volatility in 2023, while volumes grow steadily**



**Note(s):** Data are on a balance-of-payments basis and are seasonally adjusted.  
**Source(s):** Table 12-10-0163-01; data in constant dollars are derived using table 12-10-0170-01.

The annual decrease in exports of energy products in 2023 was driven by prices. When adjusted for prices, exports of energy products in fact rose 2.2% in 2023, pushed by higher crude oil export quantities. Energy product prices rose sharply in early 2022, largely because of uncertainty surrounding the emerging conflict in Ukraine and the sanctions imposed on Russia, a major global producer and exporter of crude oil and natural gas. As a result, export prices for energy products rose in each of the first five months of 2022. In the second half of 2022, prices began falling and continued to fall until June 2023. Over the period from June 2022 to June 2023, monthly export prices for energy products fell 11 times. A number of factors contributed to the drop in prices, including an anticipated global economic slowdown and a possible decline in demand on account of the rapid growth of borrowing costs. Increased production and higher inventories in the United States during the year also pushed prices downward. When comparing annual prices for energy products, they fell 20.9% from 2022 to 2023.

**Crude oil export values fall in 2023, but export volumes rise**

The value of crude oil exports declined 15.5% in 2023 and contributed the most to the annual nominal decrease in exports of energy products. This drop followed significant increases in 2021 (+88.0%) and 2022 (+51.6%). Despite the annual decrease in 2023, levels were 45.2% higher than in 2019, before the pandemic. In real (or volume) terms, crude oil exports were up 3.2% in 2023. This was an all-time high for crude oil export volumes, reflecting another record production in Alberta in 2023. The oil extraction industry undertook major maintenance in the summer of 2023, especially at upgrading facilities in Alberta. Once this work was completed, crude oil export volumes trended upward and had a **strong finish to the year**. Like oil production in Alberta, crude oil export quantities have more than doubled in Canada since 2010.

Changes in economic activity in 2024, as well as factors such as production and inventory levels in North America, production targets of the Organization of the Petroleum Exporting Countries and its partners (OPEC+), and evolving global conflicts, will continue to influence crude oil prices. Canadian crude oil in particular may benefit from the completion of the Trans Mountain pipeline expansion project in 2024. An increased capacity to transport crude oil should bolster exports of this product to markets in Asia and the West Coast of the United States. Expanding to new markets could also translate into a smaller differential between the benchmark price of North American light crude oil (West Texas Intermediate) and Canadian heavy crude oil (Western Canadian Select), which would encourage an increase in the value of Canadian crude oil exports.

### **Export values of natural gas decrease on lower prices and lower volumes**

The value of natural gas exports (-46.6%) also fell sharply in 2023. After rising 85.0% in 2022, these exports fell in 2023 to levels very similar to 2021 (\$13.2 billion in 2023 versus \$13.3 billion in 2021). While the increase in 2022 was mostly driven by strong price growth, natural gas exports in volume terms (+8.1%) had also posted a considerable annual gain that year. The amounts of liquefied natural gas exported from the United States to Europe more than doubled from 2021 to 2022. As a result, inventories and continental supply of natural gas in North America were lower, leading to higher prices of Canadian natural gas and larger quantities exported to the United States.

The situation was different in 2023, with both volumes and prices of natural gas exports falling. Higher exports of natural gas from the United States to European countries continued, but the increase was more moderate; at the same time, natural gas production in the United States rose. Despite an increase in annual production in Canada in 2023, [warmer weather](#) during traditional periods of high consumption in North America led to lower demand for Canadian natural gas in the United States, and thus to higher inventories. This had a negative effect on both prices (-44.8%) and the volumes (-3.2%) of natural gas exported from Canada in 2023.

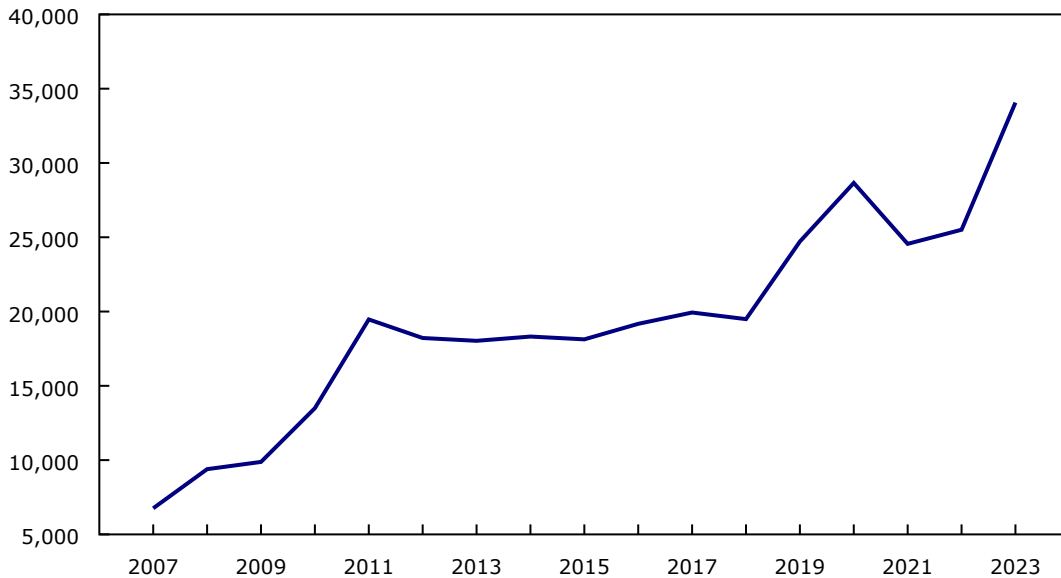
Natural gas exports could also benefit from increased transportation capacity on account of the liquefied natural gas terminal being built in Kitimat, British Columbia. Once construction is finished, liquefied natural gas can be transported to countries other than the United States by water. However, the first exports of liquefied natural gas will not happen in 2024. Until the terminal is complete, exports of Canadian natural gas—not only in terms of value, but also of volumes and prices—will depend partly on the weather during heating season. Atypical and harsh winter weather in the United States would drive natural gas export prices up sharply, while unusually warm weather would have the opposite effect.

### **Gold exports soar**

Exports of metal and non-metallic mineral products increased 6.2% in 2023. Despite higher exports for this product section, more subcategories posted decreases than increases in 2023. Exports of unwrought gold, silver, and platinum group metals and their alloys—a category largely composed of unwrought gold—rose \$8.6 billion (+33.6%) to a record \$34.1 billion in 2023. This growth more than offset the declines observed in most other subcategories of this product section. Both prices and volumes of gold exports contributed to the increase in exports of unwrought gold, silver, and platinum group metals and their alloys in 2023.

**Chart 6**  
**Strong increase in exports of unwrought gold in 2023**

millions of current dollars



**Note(s):** Data are on a balance-of-payments basis. Unwrought gold refers to the product grouping Unwrought gold, silver, and platinum group metals, and their alloys.

**Source(s):** Table 12-10-0163-01.

Exports of unwrought gold fell sharply in 2021 (-14.3%), then rose slightly in 2022 (+3.9%). In 2021, the promising economic outlook driven primarily by COVID-19 vaccination campaigns and the easing of public health restrictions lowered the demand for gold. However, in 2022, gold exports rose, spurred in part by the uncertainty caused by the armed conflict unfolding in Ukraine and central banks around the world buying gold at a steady pace. In 2023, gold exports rose in the context of a negative economic outlook (slowed economic growth due to inflation and higher borrowing costs), continued uncertainty surrounding the conflicts in Ukraine and the Middle East, and persistent demand from central banks.

The market prices of gold reached record high levels in early 2024. Not only are central banks continuing to build their inventories, but given that inflation is stabilizing in many countries around the world, interest rates are expected to decrease, which could boost demand for gold as an asset.

### **The trade surplus with the United States narrows, while the deficit with other countries reaches an all-time high**

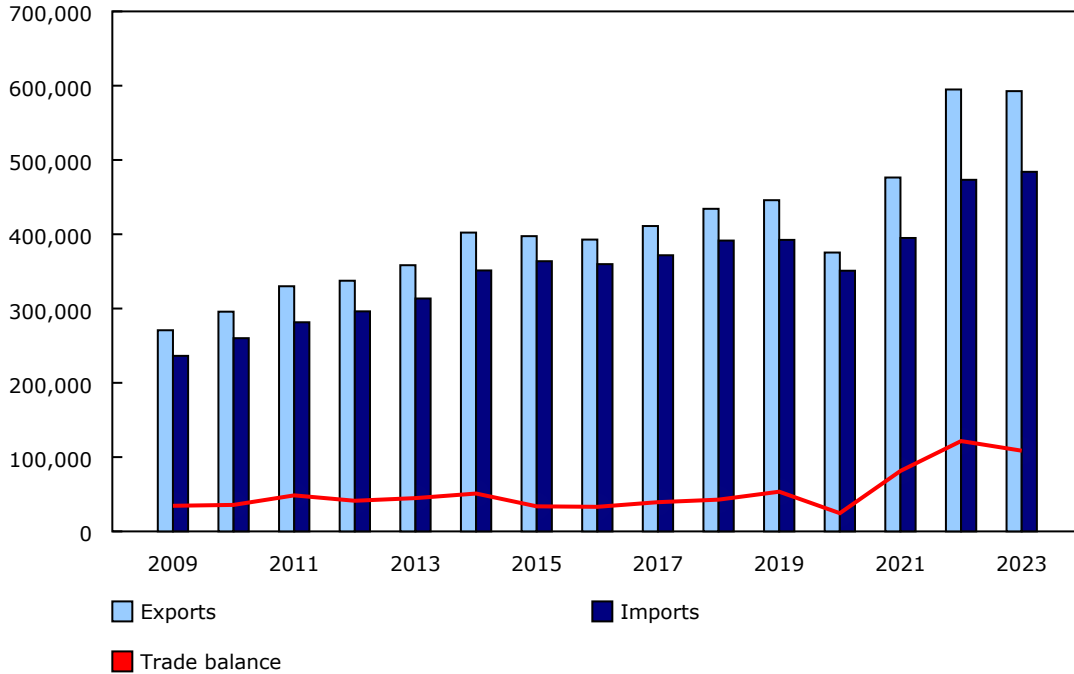
Exports to the United States edged down 0.4% to \$592.7 billion in 2023. This was largely the result of lower exports of energy products, which fell in 2023 due mainly to lower prices. The share of energy products, which represented 34.2% of total exports to the United States in 2022, fell to 27.9% in 2023 on a customs basis.

Imports from the United States increased 2.3% to \$484.0 billion in 2023. The largest contributor to the increase was imports of motor vehicles and parts which, as previously mentioned, reflects supply catching up to an unmet demand for passenger cars and light trucks.

Since imports from the United States rose and exports fell, the trade surplus with the United States narrowed from \$121.6 billion in 2022 to \$108.6 billion in 2023. Despite this contraction, the annual surplus with the United States is the second-highest ever recorded.

**Chart 7**  
**Trade surplus with the United States narrows in 2023**

millions of current dollars



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

Exports to countries other than the United States fell 4.7% to \$175.6 billion in 2023. The three destination countries that posted the largest decreases were the United Kingdom (-23.9%), Japan (-12.4%) and South Korea (-20.0%). In 2023, exports of potash, coal and unwrought gold were mostly responsible for the decline in exports to countries other than the United States.

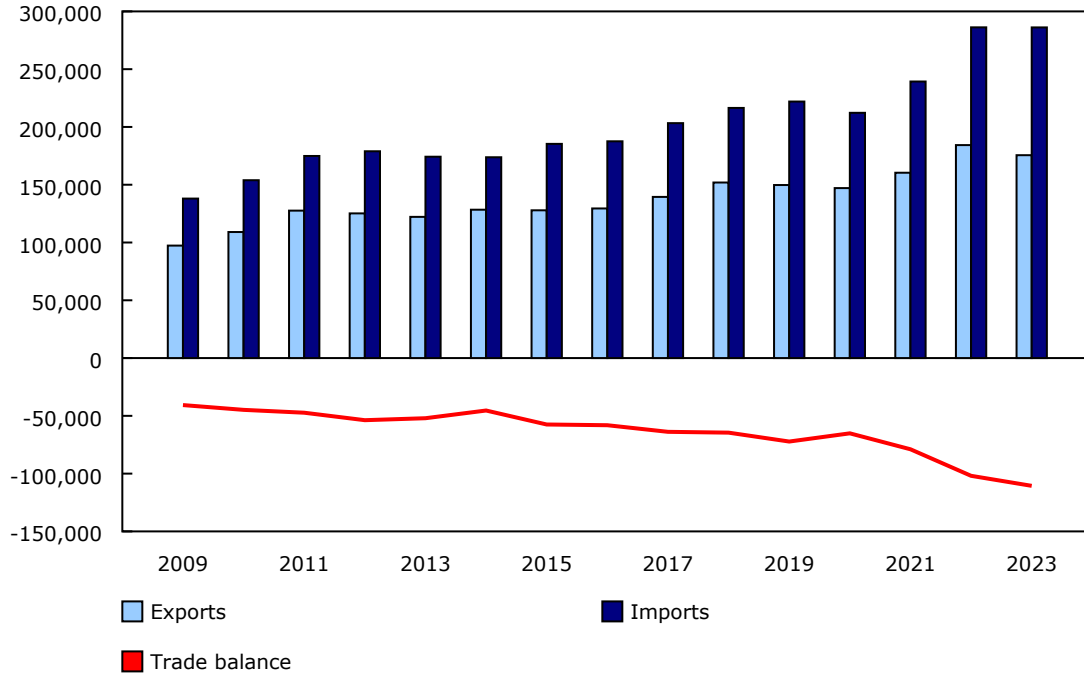
Imports from countries other than the United States were virtually unchanged in 2023, standing at roughly \$286 billion for a second consecutive year. This followed a sharp increase of 19.6% from 2021 to 2022. In 2023, higher imports from Mexico (+18.0%), Japan (+27.0%) and Germany (+13.2%) were offset by the decrease in imports from China (-13.6%) and Saudi Arabia (-42.4%). Of the products imported, passenger cars and light trucks posted the largest increase by far, while consumer goods fell the most.

Since exports fell and imports were stable, the trade deficit with countries other than the United States widened from \$101.9 billion in 2022 to \$110.6 billion in 2023. Canada's annual trade deficit with countries other than the United States posted an all-time high for a third consecutive year.



**Chart 8**  
**The widening of the trade deficit with countries other than the United States continues**

millions of current dollars



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

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

	2022	2023	2022 to 2023
	millions of dollars		% change
<b>Total exports</b>	<b>779,188</b>	<b>768,225</b>	<b>-1.4</b>
United States	594,889	592,663	-0.4
China	29,258	31,014	6.0
Mexico	9,887	9,565	-3.3
Japan	18,229	15,975	-12.4
United Kingdom	19,911	15,155	-23.9
Germany	7,595	7,063	-7.0
South Korea	8,813	7,050	-20.0
Netherlands	6,595	7,553	14.5
India	5,443	5,239	-3.7
Italy	2,890	2,708	-6.3
<b>Total imports</b>	<b>759,482</b>	<b>770,175</b>	<b>1.4</b>
United States	473,283	484,034	2.3
China	69,635	60,187	-13.6
Mexico	24,359	28,735	18.0
Japan	11,950	15,182	27.0
United Kingdom	9,900	10,873	9.8
Germany	18,726	21,190	13.2
South Korea	10,865	11,455	5.4
Netherlands	7,130	5,963	-16.4
India	6,465	5,518	-14.7
Italy	8,943	9,775	9.3
<b>Trade balance</b>	<b>19,706</b>	<b>-1,950</b>	<b>...</b>
United States	121,606	108,629	...
China	-40,377	-29,173	...
Mexico	-14,472	-19,170	...
Japan	6,279	793	...
United Kingdom	10,010	4,282	...
Germany	-11,131	-14,127	...
South Korea	-2,053	-4,404	...
Netherlands	-535	1,590	...
India	-1,022	-279	...
Italy	-6,053	-7,067	...

... not applicable

**Note(s):**

Totals may not equal the sum of their components.

Countries listed are the top 10 principal trading partners of Canada based on annual 2023 total merchandise trade data.

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

**Table 2**  
**Merchandise trade: North American Product Classification System<sup>1</sup> – Balance of payments basis, current dollars**

	2022	2023	2022 to 2023
	millions of dollars		% change
<b>Total exports</b>	<b>779,188</b>	<b>768,225</b>	<b>-1.4</b>
Farm, fishing and intermediate food products	57,334	61,064	6.5
Energy products	214,659	173,620	-19.1
Metal ores and non-metallic minerals	34,412	29,319	-14.8
Metal and non-metallic mineral products	85,565	90,877	6.2
Basic and industrial chemical, plastic and rubber products	45,009	42,484	-5.6
Forestry products and building and packaging materials	55,903	46,767	-16.3
Industrial machinery, equipment and parts	45,823	51,382	12.1
Electronic and electrical equipment and parts	30,657	33,217	8.3
Motor vehicles and parts	80,854	101,966	26.1
Aircraft and other transportation equipment and parts	24,309	30,509	25.5
Consumer goods	84,569	85,993	1.7
Special transactions trade <sup>2</sup>	3,713	4,040	8.8
Other balance of payments adjustments	16,380	16,989	3.7
<b>Total imports</b>	<b>759,482</b>	<b>770,175</b>	<b>1.4</b>
Farm, fishing and intermediate food products	28,327	28,479	0.5
Energy products	51,369	43,801	-14.7
Metal ores and non-metallic minerals	19,077	18,671	-2.1
Metal and non-metallic mineral products	64,911	63,956	-1.5
Basic and industrial chemical, plastic and rubber products	66,642	59,687	-10.4
Forestry products and building and packaging materials	35,229	33,513	-4.9
Industrial machinery, equipment and parts	82,956	90,008	8.5
Electronic and electrical equipment and parts	85,597	85,946	0.4
Motor vehicles and parts	118,612	141,847	19.6
Aircraft and other transportation equipment and parts	23,604	26,260	11.3
Consumer goods	155,275	150,134	-3.3
Special transactions trade <sup>2</sup>	14,574	14,710	0.9
Other balance of payments adjustments	13,309	13,163	-1.1

1. International merchandise trade data are based on the 2022 North American Product Classification System.

2. These are mainly low-value 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 12-10-0163-01.

### Did you know we have a mobile app?

Download our mobile app and get timely access to data at your fingertips! The [StatsCAN](#) app is available for free on the [App Store](#) and on [Google Play](#).

## Note to readers

### Release notes

International trade data by commodity are available on both a balance of payments (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 plus 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.

Customs based data were used in the analysis of Canada's trade in commodities with its trading partners. The data for the remainder of the analysis are on a BOP basis, seasonally adjusted and in current dollars, unless otherwise indicated.

Constant dollars are calculated using the Laspeyres volume formula (2017=100).

Prices are calculated using the Paasche price index (2017=100).

Data in this release are available in Tables [12-10-0011-01](#), [12-10-0163-01](#) and [12-10-0170-01](#).

For a detailed overview of the Canadian International Merchandise Trade program, please see "[Guide to Canadian International Merchandise Trade Statistics](#)."

### Revisions

International merchandise trade data for reference year 2023 are subject to revision with the upcoming releases of the monthly Canadian international merchandise trade for the April and October reference months.

### Next release

Monthly data on Canadian international merchandise trade for April will be released on June 6.

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

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).