

Vehicles and Parts⁶

As reported earlier, exports of vehicles and parts reversed a five-year slide and posted a gain in 2010. For the year as a whole, exports were up \$11.8 billion (30.8 percent) to \$50.2 billion. Imports also increased, although at a slower pace. Imports of vehicles and parts posted a \$10.9-billion increase to \$60.3 billion, up 22.1 percent over the 2009. With these movements, the automotive trade deficit narrowed to \$10.1 billion in 2010 from \$11.0 billion a year earlier.

Some 96 percent of Canadian automotive exports were destined for the United States in 2010, while that country supplied roughly two thirds of Canada's automotive imports. Other important suppliers of automotive products to the Canadian market include Mexico (9.9 percent), Japan (9.5 percent) and Germany (5.6 percent).

The bulk of the changes in automotive trade can be attributed to three products—passenger vehicles, transportation vehicles (i.e. trucks) and automotive parts. Together, these three products accounted for over 95 percent of exports and nearly 88 percent of imports of automotive products.

Passenger vehicles were the largest of the three major automotive product categories, accounting for over 75 percent of automotive exports and nearly 40 percent of automotive imports in 2010. Passenger vehicle exports were up 43.0 percent (\$11.4 billion) to \$38.0 billion last year, with the United States accounting for all of the increase. At the same time, imports of these products grew by 18.5 percent (\$3.6 billion) to \$23.0 billion. Import gains were led by the United States (\$2.1 billion), followed by Mexico (\$0.8 billion) and Germany (\$0.6 billion). Korea (down \$116 million) and Brazil (down \$100 million) registered the largest declines over the year. With exports advancing

considerably more than imports, the trade surplus for passenger vehicles more than doubled in 2010, rising from \$7.2 billion in 2009 to \$15.0 billion last year.

Parts and accessories were the second-largest category of automotive trade, and represented 18 percent of automotive exports and 30 percent of imports in 2010. Trade in these products expanded with the pickup in North American automotive production: exports increased by \$2.1 billion to \$9.1 billion, while imports were up by \$3.4 billion to \$18.4 billion. With these movements, the trade deficit in automotive parts and accessories widened by \$1.3 billion to \$9.3 billion. On the export side, the bulk of the increase was to the United States (up \$2.0 billion) followed by Mexico (up \$57 million). For imports, the United States accounted for about 70 percent of the increase (\$2.4 billion), with Japan (\$286 million), Mexico (\$273 million), Korea (\$192 million) and China (\$173 million) accounting for most of the remainder of the gains.

Canadian truck exports have virtually disappeared over the past decade or so. They reached a peak of \$14.4 billion in 2002 and have fallen every year since, with the exception of the slight increase registered in 2005. In 2010, exports were valued at \$705 million, less than one-twentieth of the 2002 value; export values have more than halved in each of the past three years. The bulk of the decline was in shipments to the United States. At the same time, truck imports were up by more than a third last year, or nearly \$3.0 billion. Canada sources over 95 percent of all truck imports from its two North American neighbours, so it is no surprise that imports of trucks sourced in the United States led the advances (up \$1.8 billion) followed by Mexico (up \$940 million).

⁶ HS Chapter 87.