

Electrical machinery and equipment imports were also up (\$110 million), but were more than offset by a \$130 million decline in mechanical machinery and appliances.

Imports from the **United Kingdom**, which placed sixth among Canada's top ten import sources, were up \$1.3 billion (13.9 percent) to \$10.7 billion. Mineral fuels and oils registered the largest increase, at nearly \$1.0 billion, with crude oil accounting for some 80 percent of the gains and non-crude oil making up most of the remainder.

Imports from seventh-ranked **Korea** were up \$217 million (3.7 percent) to \$6.1 billion. The largest increase was for ships and boats (up \$193 million), followed by automotive products (up \$77 million) and mineral fuels and oils (up \$49 million). Partially offsetting the gains was a \$175-million decline in electrical machinery and equipment.

Eighth-ranked **France** was the only country in the top ten to register a decline in imports in 2010. Imports fell 3.6 percent to \$5.4 billion in 2010 from \$5.6 billion a year earlier. Despite a \$314-million increase in aircraft and parts imports, declines in a number of other categories contributed to the overall decrease. Imports of pharmaceutical products fell the most (\$194 million), with notable declines recorded for mineral fuels and oils (\$92 million), electrical machinery and equipment (\$66 million), mechanical machinery and appliances (\$65 million) and articles of iron and steel (\$40 million).

Italy held on to its ninth place standing, as imports from that country expanded by \$0.2 billion to \$4.6 billion. Mineral fuels and oils (almost totally non-crude oils) were up by \$113 million, followed by pharmaceutical products (\$43 million), and beverages (\$27 million).

Taiwan entered the top ten import-supplying economies for the first time in tenth spot. Canadian imports from Taiwan rose by \$625 million (up 18.7 percent) to almost \$4.0 billion in 2010. Electrical machinery and equipment accounted for just under half of the overall gains (up \$286 million), with precious metals and stones (up \$85 million) and articles of iron and steel (up \$82 million) also contributing strongly to the advance.

Merchandise Trade by Top Drivers

Out of more than 1,200 goods,³ the 26 products listed in Table 5-1 were included for their overall impact on the change in Canada's trade balance. Jointly, these products made up slightly less than half of Canada's merchandise exports in 2010 and nearly a third of merchandise imports. Twelve of the selected products generated improvements to the trade balance amounting to nearly \$25.9 billion. Another fourteen products registered the largest declines in the trade balance, totalling some \$16.8 billion. When taken together, these 26 products produced a \$9.1-billion improvement in Canada's trade balance from 2009 to 2010. In comparison, Canada's overall trade balance only improved by \$1.4 billion.

As seen in the Table 5-1, these top drivers fall into two broad categories: trade surplus products and trade deficit products. Within each category, trade is further subdivided into trade that flows substantially in both directions and trade that is primarily one-way.

Products for which there are substantial trade flows and for which Canada registers a trade surplus include passenger

3 Canada's merchandise trade is usually reported by what is known as the Harmonized System (HS) of Trade Classification, an internationally defined system for codifying traded products. Within the HS system, trade is broken down into some 97 chapters, also known as the HS 2-digit level. Each chapter is then broken down into sub-categories at the 4-digit level and each 4-digit sub-category is further broken down into individual products at the 6-digit level. This section examines those products at the HS 4-digit level that drove the change in Canada's trade balance over the past year.