

Agricultural and Fishing Products

Exports of agricultural and fishing products accounted for 7.3 per cent of total merchandise exports in 2003, down from 7.5 per cent a year earlier. Exports of these products fell \$1.6 billion in 2003, the second consecutive year of decline. The largest decline in exports came in the *live animals* and *meat and meat preparations* categories, the direct result of foreign markets closing their markets to Canadian beef following the discovery of a BSE-infected cow in May 2003. *Live animal* exports fell by \$1.2 billion while *meat and meat preparations* exports fell by \$623 million. About a half-dozen categories recorded increased exports last year, most notably *rapeseed* (up \$311 million) and *other food, feed, beverages and tobacco* (up \$144 million).

Imports of agricultural and fishing products were down slightly last year, falling \$263 million. Imports of *fruits and vegetables* were off by \$152 million, as all four product categories that make up this sub-component experienced declines. Imports of *Other agricultural and fishing products* were down by \$112 million as gains largely offset losses posted by individual product categories. For example, *beverage* imports, the product to register the largest increase, advanced \$266 million, but were slightly more than offset by declines in *shelled corn* (down \$136 million) and *fish and marine animals* (down \$124 million), the products to register the largest decreases. Overall, imports of agricultural and fishing products accounted for 6.3 per cent of total commodity imports, up 0.2 percentage points from a year earlier.

Consumer goods

Consumer goods are the smallest of Canada's major export commodity groupings. Exports of consumer goods fell by \$545 million last year, to account for 4.3 per cent of total merchandise exports in 2003, unchanged from 2002.

Consumer goods are much more important on the import side — accounting for 13.5 per cent of total merchandise imports and up half a percentage point from the share one year earlier. Overall, imports of consumer goods edged down \$221 million in 2003. Most of the decline came from reduced imports of *apparel and footwear* (down \$198 million). The remaining decline of

\$23 million came from *miscellaneous consumer goods*. The declines were split fairly evenly between *apparel* (down \$96 million) and *footwear* (down \$103 million) in the *apparel and footwear* category. Within *miscellaneous consumer goods*, declines in imports of *watches, sporting goods and toys* (down \$125 million), *television and radio sets and phonographs* (down \$123 million), and *photographic goods* (down \$76 million) more than offset the \$309 million advance in *inedible miscellaneous end products*.

Merchandise trade by principal trading regions*The United States*

At 86.1 per cent of total merchandise exports on a Customs basis¹, the United States is the principal destination for Canadian exports, bar none. This is true at the aggregate level as well as for each of the seven major sub-categories of trade, where the U.S. export shares in total merchandise exports run from a low of 65.0 per cent for exports of agricultural and fishing products to a high of 98.0 per cent for exports of automotive products.

Canada's total merchandise exports to the U.S. fell \$17.7 billion, or 5.1 per cent, to \$327.7 billion on a Customs basis in 2003. It was the third consecutive year of decline and Canada's merchandise exports to the U.S. are now 8.8 per cent lower than their peak of \$359.3 billion recorded in the year 2000.

Exports to the United States fell in six of the seven major categories, led down by declines in automotive products, as exports of motor vehicles (HS chapter 87) fell \$8.7 billion, or 10.5 per cent. Exports of machinery and equipment to the U.S. were also down substantially in 2003, falling some \$5.8 billion, or 10.1 per cent. Exports of mechanical (or non-electrical) machinery and equipment declined \$3.2 billion (down 11.6 per cent) and exports of electrical machinery and equipment fell \$2.6 billion (down 16.4 per cent), to account for the bulk of the declines. Falling exports of medical, scientific, and technical instrument (HS chapter 90) — down \$0.5 billion, or 14.9 per cent — also contributed to the losses. Advances were led by bilateral exports of aircraft (HS chapter 88) and rail transportation equipment (HS chapter 86), which posted gains of \$0.6 billion (or 7.3 per cent) and \$128 million (or 24.8 per cent), respectively.