

Key Developments in Canadian Merchandise Trade

Canada's trade rebounded with the turnaround in global market conditions in 2010. The pickup in global economic activity, re-stocking of inventories, and a better outlook for consumers helped strengthen foreign demand for Canadian products. This in turn strengthened Canadian demand for foreign intermediate inputs, boosted employment, and helped stimulate consumption in this country. Thus, both Canadian exports and imports were on the rise last year.

This chapter examines in greater detail the developments in Canada's merchandise trade over the past year—across trading partners, commodities and provinces—using Canadian trade statistics that are prepared at the detailed commodity and individual country levels.¹

Canadian merchandise exports to the world rose to \$399.4 billion in 2010, while imports advanced to \$403.3 billion. However, for the most part, trade levels with Canada's largest partners remained below their pre-recessionary levels. The bulk of Canada's trade is conducted with very few partners. The top ten destinations for exports made up about 90 percent of total merchandise exports and the top ten import-supplying countries accounted for over 80 percent of all Canadian imports in 2010. There was very little movement in the rankings of Canada's top trading partners. On the export side, the top eight last year were the same

eight in the same order as the year before, while on the import side the top nine were unchanged in composition and order.

The three countries breaking into the top ten partners were Brazil and Norway in the ninth and tenth spots, respectively, for exports, and Taiwan in tenth position for imports.

In terms of specific products driving Canada's trade performance in 2010, passenger vehicles, gold, certain energy products (i.e., crude oil and natural gas) and a number of non-energy resources, such as potash, wheat, and metals, generated huge trade surpluses and, for the most part, positive changes to trade balances. On the other hand, a number of manufactured products, led by trucks and automotive parts, telecom equipment, medicines, computers, and integrated circuits generated trade deficits and, again for the most part, negative changes to trade balances. Many of the resource-based products were subject to strong price increases last year, resulting from the historic economic expansion now underway in the emerging markets of the world. The North American automotive sector also appears to be emerging from a huge restructuring effort over the past several years. A bright spot in Canada's trade performance was the upturn in passenger automobile exports after five years of consecutive decline. However, a

¹ Canadian trade statistics are provided in two basic forms: Customs basis and Balance of Payments basis. In Chapter Four, the analysis of trade with "major partners" used trade data prepared on the Balance of Payments basis. Trade statistics at greater detailed commodity and individual country levels are provided on a Customs basis only. As Chapter Five examines trade developments in detail, the data in this chapter are provided on a Customs basis.