

## Sources of Canada's Merchandise Imports

As noted earlier, Canada's merchandise imports declined by 3.4 percent in 2001 to \$351.0 billion. The drop in imports was broadly distributed among Canada's trading partners, except for the EU. Imports from the United States and Japan fell more substantially than imports from the rest of the world. As a result, the U.S. share of Canada's total imports decreased from 73.7 percent in 2000 to 72.8 percent in 2001 (Table 10). While the share of imports from the EU fell during the 1990s, some recovery occurred over the last three years, reaching 10 percent in 2001. In 2001, imports from the EU grew strongly, led by increases in consumer goods, automotive products, industrial goods and agricultural products.

**Table 10: Canada's Merchandise Imports, 1950-2001**

	1950-1959	1960-1969	1970-1979	1980-1989	1990-2001	1998	1999	2000	2001
<b>Share (percent)</b>									
<b>U.S.</b>	71.6	70.8	70.1	70.4	77.4	77.1	76.3	73.7	72.8
<b>ROW</b>	28.4	29.2	29.9	29.6	26.8	22.9	23.7	26.3	27.2
<b>EU</b>	n.a.	n a	9.5	10.0	9.4	8.3	8.7	9.2	10.0
<b>Japan</b>	n.a.	n a	4.2	5.8	3.9	3.1	3.2	3.2	3.0
<b>Annual Growth (percent)</b>									
<b>U.S.</b>		10.4	16.1	7.5	8.4	10.6	6.7	7.4	-4.7
<b>ROW</b>		8.1	15.4	7.4	7.1	5.0	11.3	23.3	-0.2
<b>EU</b>		n. a.	n. a.	11.5	7.5	4.1	12.7	17.6	4.8
<b>Japan</b>		n. a.	n. a.	6.6	2.0	10.9	9.6	10.6	-9.6

Source: Statistics Canada, CANSIM, Table 228-0001: "Merchandise Imports on a Balance of Payments Basis by 63 Major Groups and by 6 Principal Trading Areas based on the Standard Commodity Classification.." n.a. = not available.

## Structural developments in merchandise import growth

In volume terms, merchandise imports dropped by 5.8 percent in 2001, reflecting the deceleration in Canada's output growth to 1.5 percent in 2001 (Table 11). The decline in the value of Canada's imports of goods in 2001 was notably smaller, at 3.4 percent, reflecting the impact of the higher average price of imports.

**Table 11: Canada's Merchandise Imports by Sector - Growth (percent) in 2001**

Products	Value of imports (\$ billions)	Growth in current dollars	Real growth in 1997 constant dollars
<b>Agriculture and fishing</b>	20.4	9.7	5.9
<b>Energy</b>	17.7	-0.9	2.2
<b>Forestry</b>	2.9	-5.8	-5.7
<b>Industrial goods and materials</b>	68.5	-2.9	-6.3
<b>Machinery and equipment</b>	112.4	-8.4	-10.1
<b>Automotive products</b>	72.5	-6.3	-8.7
<b>Other consumer goods</b>	42.9	7.1	2.5
<b>Total</b>	351.0	-3.4	-5.8

Source: Statistics Canada, *Canadian International Merchandise Trade 2001*. Catalogue no. 65-001-XPB, December 2001.

The double-digit rate of decline in the volume of machinery and equipment imports in 2001 occurred at a time when domestic business spending fell in an environment of very low rates of capacity utilization. The decline in imports of machinery and equipment and parts also reflected reduced demand for inputs into domestic production of machinery and equipment destined for markets abroad.

## Merchandise Exports and Imports by Sector

The main developments in the composition of Canada's merchandise trade by sector in 2001 included the following:

- ◆ The machinery and equipment sector remained the largest in Canada's exports and imports, despite the collapse in global investment and related activity in electronic and telecommunications equipment;
- ◆ The resource sector's contribution to merchandise trade rose marginally; and
- ◆ Trade in energy products continued to account for the lion's share of Canada's trade surplus.