Mechanical Machinery and Appliances[7]

Mechanical machinery and appliances (hereafter machinery) comprises a single chapter in the HS classification system. It is also one of the largest categories of goods in Canada's trade, covering a variety of items ranging from ball bearings to mobile cranes and derricks.

Machinery exports fell $1.1 billion (3.7 percent) in 2010, to $28.8 billion. Declines were widespread, with only 36 of 87 subcategories registering increases. Leading the declines were gas turbines (mainly for aircraft), air or vacuum pumps, appliances for manufacturing semiconductor crystals, and computers and components, as these exports decreased by $349 million, $321 million, $220 million, and $196 million, respectively. A pickup in the automotive sector led to gains for piston engines and engine parts, which partially offset the declines. Notable declines occurred in exports to China (down $279 million), Mexico (down $201 million), Korea (down $134 million) and France (down $112 million). There was a gain of $132 million posted to Russia.

In contrast to exports, imports of machinery rose over 2010, up $4.1 billion (7.8 percent) to nearly $57.0 billion. The vast majority of the increase went to four countries—China, the United States, Mexico and Japan—as imports from those countries rose by $1.6 billion, $1.6 billion, $695 million and $415 million, respectively. Piston engines posted the largest increase, at $1.1 billion followed by computers, self propelled dozers, and engine parts, at $933 million, $721 million and $381 million, respectively. Gas turbines posted the largest decrease, at $645 million.

The combination of falling exports and rising imports in 2010 meant that the trade deficit for mechanical machinery and appliances widened by $5.2 billion to $28.2 billion, completely erasing the $4.3-billion improvement in the balance registered in 2009. The trade deficits with China (up $1.9 billion), the United States (up $1.6 billion), Mexico (up $0.9 billion) and Japan (up $0.5 billion) all widened, to account for over 90 percent of the deterioration in the trade balance.

Electrical and Electronic Machinery and Equipment[8]

Exports of electrical and electronic products fell by $1.1 billion to $15.1 billion, most notably to the United States (down $1.0 billion, or 90.6 percent of the total). Smaller declines to Mexico (down $154 million) and Hungary (down $96 million) accounted for much of the remainder while a $71-million increase in exports to China helped stem the losses. Among the products that comprise this category, gains and losses were evenly split with 23 of the 48 major subcomponents posting gains, another 23 posting losses, and no trade in the final two categories. However, the losses compiled were greater than the gains and so overall exports fell. The key losses were concentrated in three products—integrated circuits, telephone and related equipment, and television receivers—which fell by a combined $1.2 billion.

Imports of electrical and electronic products advanced to $42.5 billion in 2010, up $4.2 billion from a year earlier. Higher imports from China (up $1.5 billion), Mexico (up $1.2 billion), the United States (up $0.8 billion), Denmark (up $0.4 billion) and Taiwan (up $0.3 billion) accounted for the overall gain. Increases were widespread

7 HS Chapter 84.

8 HS Chapter 85.