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THE ALBERTA AND WESTERN CANADA EXPORT EXPERIENCE UNDER THE FREE TRADE AGREEMENTS, 1988-2004

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Executive Summary

- The report summarizes the export performance of Western Canada and Alberta for 16 years of free trade with the U.S. and 11 years with Mexico, under the Canada-U.S. Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA). Attention is also given to each province (Alberta, British Columbia, Manitoba, and Saskatchewan) individually.
- The value of Alberta's exports has risen by 407% since the benchmark year of 1988, the year before the inception of the Canada-U.S. FTA. Alberta's share of total Western Canadian exports has risen from 33% in 1988 to 55% in 2004.
- Exports to NAFTA countries have risen to 79.7% of total Western Canadian exports, compared to 52.4% in 1988, though this is down from 80.4% in 2003.
- Of the four provinces, only Saskatchewan increased its exports to NAFTA countries in 2004 compared to 2003, rising from 65.9% to 67.8% in 2004. Alberta had the highest percentage going to NAFTA countries, with 89.3%, but this is down from 90.6% in 2003.
- The total value of Alberta's energy exports rose 15.3% in 2004 over 2003. This brings the total growth to 277% since the inception of the NAFTA in 1993.
- Energy accounted for the highest share of Alberta's total exports to NAFTA countries, up to 77.4% in 2004 compared to 76.4% in 1993. Despite the great rise of the value of energy exports on account of rising oil and natural gas prices, Alberta's manufacturing sector has seen an increase in its share of Alberta's total exports to NAFTA countries, up to 5.3% in 2004 compared to 3.8% in 1993. Alberta's commodity based exports' share of total exports to NAFTA countries has declined slightly, from 19.8% in 1993 to 17.3% in 2004.
- Energy remained Alberta's top export to NAFTA countries in 2004. The value of Alberta's manufactured exports has seen dramatic growth of 423% since 1993, but the numbers as yet remain relatively small compared to energy and commodities. Top manufactured exports include parts for TV and radio, telephone sets and furniture. The top commodity exports include plastic, beef and wood. The value of each of these commodity exports has at least quadrupled, with plastic up 456%, becoming the first commodity export to reach \$2 billion in value.
- Exports of live animals have continued to suffer due to the BSE crisis. In 2004, exports of live cows to NAFTA countries fell to \$0, compared to \$637 million in 2002.
- Wood and wood products remain British Columbia's top exports; and agricultural products remain Saskatchewan's and Manitoba's top exports, though there is greater diversification among Manitoba's exports compared to the other Western Provinces.
- Canada's free-trade agreements with Chile (1997), Israel (1997) and Costa Rica (2001) are also examined. Exports to Chile and Israel are down \$71 million since the implementation of the agreements in 1997. The total value of Canada's exports to Costa Rica is down from \$28.8 in 2001 to \$28.3 in 2004, though not enough time has elapsed to provide any telling observations of this free-trade agreement. It should be noted that these values are small, and are therefore liable to fluctuations from year to year.

Introduction

This report is a summary of the Western Canadian merchandise export experience for the years 1988 through 2004. The text, tables, and figures in this report refer only to merchandise exports. The exports are valued in Canadian dollars and are classified according to the Harmonized System (HS) Codes.

The total merchandise exports and top export categories of Western Canada – British Columbia, Alberta, Saskatchewan, and Manitoba – are examined in the first and second sections respectively. In the third section, Alberta's merchandise exports to NAFTA countries are examined in more detail. Alberta's energy, manufactured, and commodity-based exports are examined at the four-digit HS level.

Sections four, five, and six highlight Western Canada's export relationships with the U.S., Mexico, Chile, Costa Rica, and Israel, respective partners of the Canada-U.S. Free Trade Agreement (FTA), the North American Free Trade Agreement (NAFTA), and other specific trade agreements. The United States, for sixteen years a free trade partner and Western Canada's largest merchandise export buyer, is given special emphasis.

Because the U.S. is Western Canada's largest export buyer and because raw materials and processed agricultural products (two prominent Western Canadian export classes) are quoted internationally in U.S. dollars, the relative value of the Canadian dollar to the American dollar is significant to the discussion of Western Canadian exports. As a result of the strength of the Canadian dollar against the American dollar over the most recent year (and the previous year)¹, Western Canada's total exports as well as exports to the U.S. have been subjected to downward pressure for some time.

In this report, exports are valued in nominal terms. Export value changes include the effect of price changes as well as volume changes. Statistics Canada's CANSIM raw materials price index showed considerable increases in the price of crude oil from 2003 to 2004, but minimal changes in the prices of natural gas, wood, and most agricultural products. There were no significant changes in the prices of manufactured products from 2003 to 2004.

¹From 2003 to 2004, the Canadian dollar rose five basis points to \$0.82 against the American dollar.

1. Western Canada's Aggregate Export Values, 1988-2004

This section tracks Western Canada's total export growth since 1988, with emphasis on the involvement of NAFTA countries. It should be noted that while the NAFTA was implemented in 1994, the charts and tables in this section extend back to 1988, the year prior to the implementation of Canada-U.S. FTA. Mexico is thus included as a free-trade partner before it became one. Though this is not accurate, given the significance of the U.S. export market to Western Canada, and the relative insignificance of the Mexican export market, it does allow for an easy, introductory analysis.

1.1 Dollar Value of Merchandise Exports

Table 1.1 presents Western Canada's and the individual Western Provinces' total export values to the world for the years 1988 through 2004. Figure 1.1 is a graphical representation of Table 1.1. Comparing 2004 values to 1988 values, Western Canada's total exports increased by 206%. At 407%, Alberta's total export growth was the greatest of the Western Provinces. British Columbia's was the least at 83%. Alberta's share of total Western Canadian exports rose from 33% to 55% in that time.

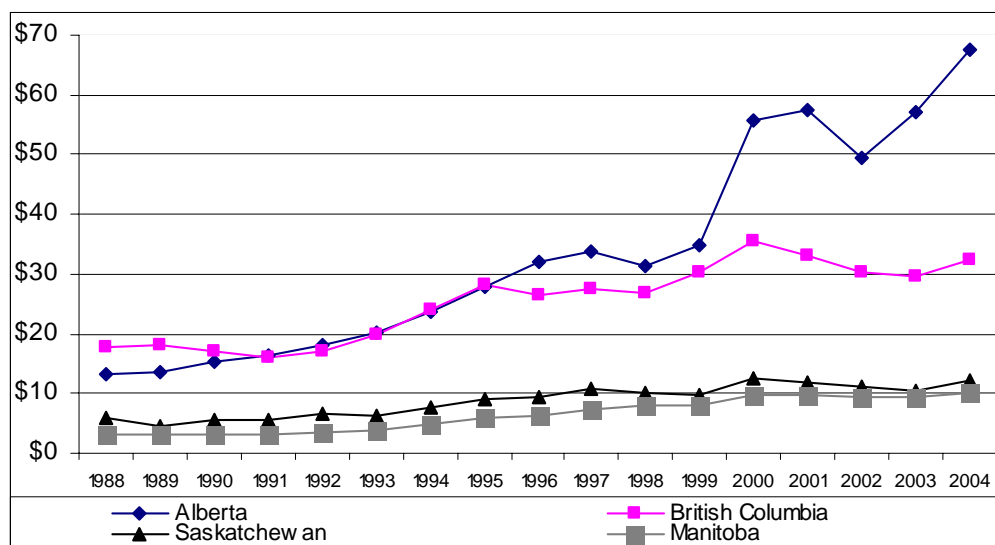
From 1988 to 2000, for each Western Province, total exports rose steadily. Increases from 1999 to 2000 were remarkable across the board, but from 2000 to 2004, with the exception of Alberta, Western Provincial total exports ceased rising. From 2000 to 2004, values for Alberta's total exports moved erratically yet noticeably up by 20.6% in that time, from \$55.88 billion to \$67.39 billion. Much of this increase came in 2004, as exports increased by 17.8% from a 2003 value of \$57.21 billion.

The most recent year has seen total export growth in British Columbia, Saskatchewan, and Manitoba as well (9.2%, 18.3%, and 7.6% respectively), as compared to negative growth for those same provinces from 2002 to 2003.

Table 1.1 Western Canada: Value of Exports by Province, 1988-2004 (\$ billions)

Year	Alberta	British Columbia	Saskatchewan	Manitoba	Western Canada
1988	13.28	17.67	5.78	3.11	39.84
1989	13.65	18.04	4.51	3.03	39.23
1990	15.48	17.16	5.45	3.24	41.33
1991	16.42	15.86	5.73	3.24	41.25
1992	18.24	16.93	6.63	3.59	45.39
1993	20.17	19.82	6.15	3.86	50.00
1994	23.51	24.02	7.64	4.76	59.93
1995	27.78	28.30	8.97	5.75	70.80
1996	32.08	26.60	9.35	6.34	74.37
1997	33.69	27.45	10.83	7.38	79.34
1998	31.22	26.89	9.95	8.14	76.19
1999	34.97	30.16	9.80	8.13	83.05
2000	55.88	35.48	12.60	9.70	113.67
2001	57.54	32.92	11.73	9.69	111.88
2002	49.31	30.26	11.28	9.57	100.42
2003	57.21	29.59	10.34	9.30	106.44
2004	67.39	32.30	12.23	10.01	121.94
% Change 1988-2004	407%	83%	112%	222%	206%

Figure 1.1 Western Canada: Value of Exports by Province, 1988-2004 (\$ billions)



1.2 Exports to NAFTA-Partners

Table 1.2 underscores the increasing ascendancy of NAFTA countries as Western Canadian export destinations. From 1988 to 2004, NAFTA-exports as a proportion of total Western Canadian exports increased dramatically. This is true for Western Canada as a whole as well as each Western Province individually. Of the \$122 billion of Western Canada's total exports in 2004, 79.7% went to NAFTA countries, compared to 52.4% of \$40 billion in 1988. As of 2004, of the Western Provinces, Alberta (89.3%) had the highest proportion of its total exports going to NAFTA countries, and British Columbia had the lowest (65.2%). Figure 1.2 illustrates these last facts more clearly.

For Alberta, British Columbia, Manitoba and Western Canada as a whole, this proportion (NAFTA-share) was less in 2004 than 2003. 80.4% of Western Canada's total exports in 2003 went to NAFTA countries as compared to 79.7% in 2004. Saskatchewan was the exception where 67.8% of total exports went to NAFTA countries in 2004, up from 65.9% in 2003.

Table 1.2 Proportion of Total Exports to NAFTA-Partners by Western Province

Year	Alberta	British Columbia	Saskatchewan	Manitoba	Western Canada
1988	70.0%	43.4%	35.1%	61.1%	52.4%
1993	81.7%	54.3%	57.2%	71.0%	67.0%
1998	82.4%	63.7%	57.1%	77.1%	71.9%
2003	90.6%	66.5%	65.9%	78.6%	80.4%
2004	89.3%	65.2%	67.8%	75.8%	79.7%

Figure 1.2 Distribution of Total Exports by Western Province, 2004 (%)

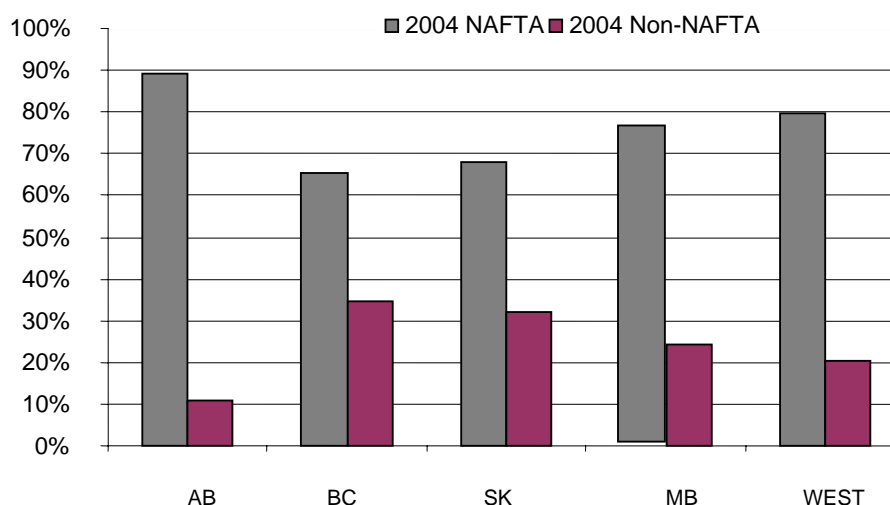


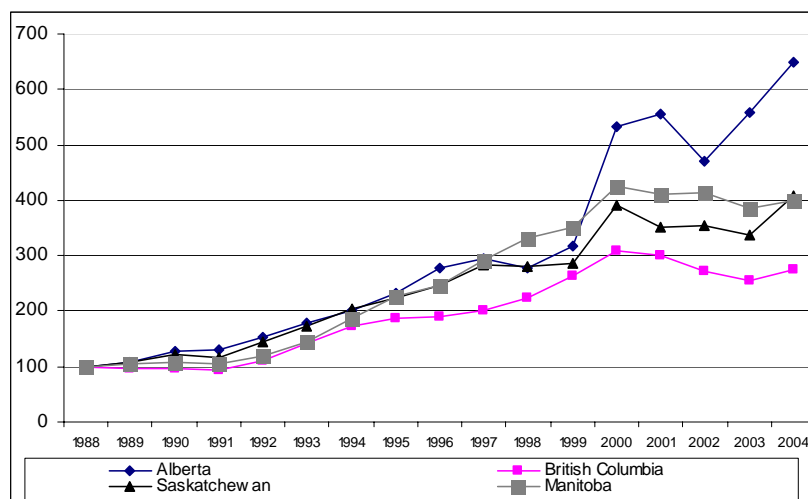
Table 1.3 presents Western Canada's NAFTA-export values for the years 1988 through 2004. The patterns of note are similar to those regarding Table 1.1: for each Western Province, exports to NAFTA countries increased substantially from 1988 to 2000, and except for Alberta, levelled off from 2000 to 2004. Using 1988 as the base year (1988=100), Figure 1.3 presents the proportional movements of these export values. Alberta's 2004 value for exports to NAFTA countries is 648% of its 1988 value while British Columbia's, Saskatchewan's, and Manitoba's 2004 values for exports to NAFTA countries are 275%, 409%, and 400% of their respective 1988 values. In 2004, \$97.13 billion in exports went to NAFTA countries from Western Canada.

From 2003 to 2004, NAFTA exports increased 13.4%, 16.1%, 7.1%, 21.6%, and 3.8% for Western Canada, Alberta, British Columbia, Saskatchewan, and Manitoba respectively.

Table 1.3 NAFTA Export Values by Western Province, 1988-2004 (\$ billions)

Year	Alberta	British Columbia	Saskatchewan	Manitoba	Western Canada
1988	9.29	7.67	2.03	1.90	20.89
1989	10.11	7.49	2.20	1.98	21.78
1990	11.77	7.48	2.47	2.04	23.76
1991	12.20	7.24	2.38	2.01	23.83
1992	14.22	8.55	2.92	2.28	27.97
1993	16.48	10.77	3.52	2.74	33.51
1994	18.82	13.25	4.14	3.56	39.77
1995	21.71	14.38	4.54	4.31	44.94
1996	25.81	14.58	5.01	4.71	50.10
1997	27.32	15.44	5.75	5.53	54.04
1998	25.72	17.13	5.69	6.27	54.82
1999	29.62	20.29	5.82	6.69	62.41
2000	49.55	23.69	7.92	8.09	89.25
2001	51.61	23.09	7.15	7.80	89.65
2002	43.82	20.79	7.21	7.88	79.71
2003	51.83	19.67	6.82	7.31	85.62
2004	60.18	21.06	8.29	7.59	97.13

Figure 1.3 Index of NAFTA Export Values by Western Province (1988=100), 1988-2004



1.3 Non-NAFTA Exports

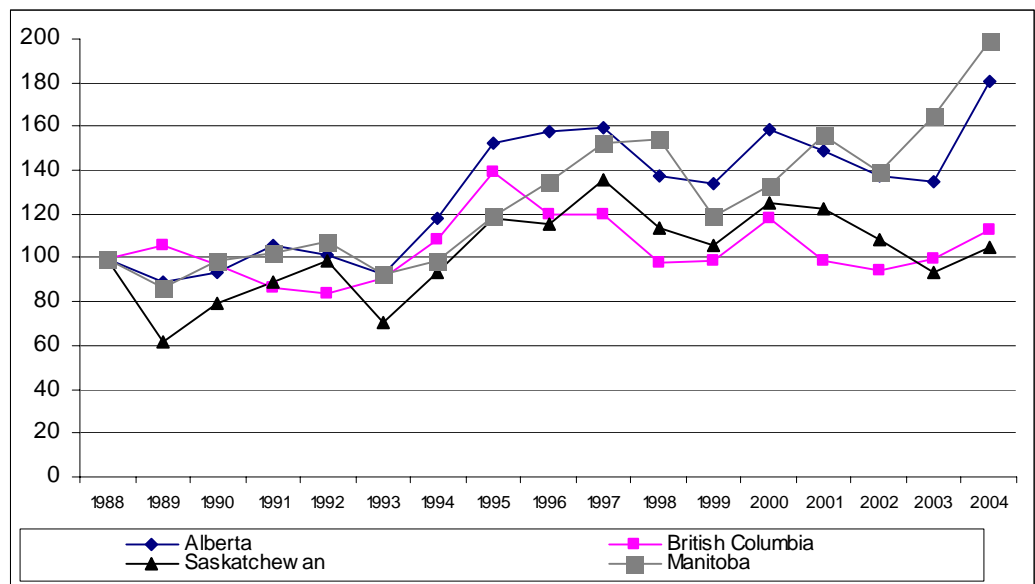
Table 1.4 and Figure 1.4., Western Canada's non-NAFTA exports, contrast with Table 1.3 and Figure 1.3. From 1988 to 2004, exports from Alberta and Manitoba to non-NAFTA countries increased, but much less markedly than exports to NAFTA countries over that same time. Alberta's and Manitoba's 2004 non-NAFTA export values are 181% and 199% of their respective 1988 values. Exports to non-NAFTA countries from British Columbia and Saskatchewan changed little overall, only 112% and 105% of their respective 1988 values.

From 2003 to 2004, however, non-NAFTA exports increased 19.1%, 33.9%, 13.3%, 11.8%, and 24.4% for Western Canada, Alberta, British Columbia, Saskatchewan, and Manitoba respectively. Only in Saskatchewan did NAFTA export growth exceed non-NAFTA export growth.

Table 1.4 Non-NAFTA Export Values by Western Province, 1988-2004 (\$ billions)

Year	Alberta	British Columbia	Saskatchewan	Manitoba	Western Canada
1988	\$3.98	\$10.00	\$3.76	\$1.21	\$18.95
1989	\$3.55	\$10.55	\$2.31	\$1.05	\$17.45
1990	\$3.71	\$9.69	\$2.97	\$1.20	\$17.57
1991	\$4.22	\$8.62	\$3.35	\$1.24	\$17.42
1992	\$4.02	\$8.38	\$3.71	\$1.30	\$17.42
1993	\$3.69	\$9.05	\$2.64	\$1.13	\$16.50
1994	\$4.69	\$10.80	\$3.50	\$1.20	\$20.18
1995	\$6.07	\$13.99	\$4.42	\$1.44	\$25.86
1996	\$6.27	\$12.02	\$4.34	\$1.63	\$24.27
1997	\$6.37	\$12.00	\$5.08	\$1.84	\$25.30
1998	\$5.49	\$9.76	\$4.26	\$1.86	\$21.38
1999	\$5.35	\$9.87	\$3.97	\$1.44	\$20.64
2000	\$6.33	\$11.80	\$4.69	\$1.61	\$24.43
2001	\$5.92	\$9.84	\$4.59	\$1.89	\$22.23
2002	\$5.49	\$9.46	\$4.07	\$1.69	\$20.71
2003	\$5.38	\$9.92	\$3.52	\$1.94	\$20.82
2004	\$7.20	\$11.24	\$3.94	\$2.42	\$24.81

Figure 1.4 Index of Non-NAFTA Export Values by Western Province (1988=100), 1988-2004



2. Western Canada's Top 20 Export Categories and Their Contribution to Export Growth

Tables 2.1 to 2.5 show the top 20 export categories for Western Canada, Alberta, British Columbia, Saskatchewan, and Manitoba respectively. These tables compare 2004 values with 1993 values, 1993 being the year prior to the implementation of the NAFTA, and highlight the respective NAFTA-shares of aggregate exports.

2.1 Western Canada: Top 20 Exports

Energy, forestry, machinery, and agricultural products remain Western Canada's dominant exports. The top five export categories of Western Canada for 2004 – Mineral Fuel, Wood, Machinery, Woodpulp, and Cereals – accounted for 66.8% of Western Canada's total exports in 2004. Mineral Fuel alone accounted for 45.7% of the total, up from 32.7% of total 1993 exports. Mineral Fuel exports grew by 241% from 1993 to 2004 and accounted for 54.8% of Western Canada's total export growth over that period.

Table 2.1 Western Canada: Top Twenty Export Categories of 2004, Total Exports (\$ millions)

HS	Product Description	2004		1993		Export Growth (%) 1993-2004	Contribution to Total Export Growth (%) 1993-2004	% NAFTA Share	
		Export Value	% of Total	Export Value	% of Total			1993	2004
27	Mineral Fuel, Oil Etc.	\$55,759	45.7	\$16,355	32.7	241	54.8	89	97
44	Wood	\$12,524	10.3	\$8,186	16.3	53	6.0	62	81
84	Machinery	\$4,606	3.8	\$1,631	3.3	183	4.1	69	67
47	Woodpulp, Etc.	\$4,564	3.7	\$2,913	5.8	57	2.3	34	29
10	Cereals	\$3,999	3.3	\$3,405	6.8	18	0.8	17	15
39	Plastic	\$3,381	2.8	\$668	1.3	407	3.8	81	92
85	Electrical Machinery	\$2,817	2.3	\$819	1.6	244	2.8	73	71
31	Fertilizers	\$2,695	2.2	\$1,411	2.8	91	1.8	73	64
48	Paper, Paperboard	\$2,598	2.1	\$1,904	3.8	37	1.0	64	77
02	Meat	\$2,522	2.1	\$610	1.2	314	2.7	81	78
29	Organic Chemicals	\$2,386	2.0	\$910	1.8	162	2.1	50	48
12	Misc. Grain, Seed, Fruit	\$2,060	1.7	\$1,096	2.2	88	1.3	20	39
87	Vehicles, Not Railway	\$1,514	1.2	\$759	1.5	100	1.1	73	90
99	Miscellaneous	\$1,256	1.0	\$1,218	2.4	3	0.1	96	95
94	Furniture and Bedding	\$1,192	1.0	\$247	0.5	382	1.3	79	86
75	Nickel and Products	\$1,104	0.9	\$222	0.4	397	1.2	18	7
90	Precision Instruments	\$1,077	0.9	\$314	0.6	243	1.1	61	65
73	Iron/Steel Products	\$1,040	0.9	\$283	0.6	268	1.1	85	91
03	Fish and Seafood	\$1,018	0.8	\$743	1.5	37	0.4	43	58
07	Vegetables	\$1,000	0.8	\$280	0.6	257	1.0	19	36
Total Top 20		\$109,111	89.5	\$42,754	85.4%	155	92.3	66.6	81
Total Western Canada		\$121,936	100	\$50,078	100	144	100	66.9	80

2.2 Alberta: Top 20 Exports

Energy exports (Mineral Fuel), which include Oil, Natural Gas, and Coal, continue to make up the majority of Alberta's total exports. Alberta's total exports increased by 258% between 1993 and 2004 and 70.5% of this can be attributed to energy export growth. Alberta's energy exports accounted for 68.6% of Alberta's total exports in 2004, up from 63.9% of total Alberta exports in 1993. All of the 2004 energy exports went to NAFTA countries. As well, a number of other Alberta exports, including Meat, Wood, and Plastics, were for the most part purchased by NAFTA countries (83%, 96%, and 91% respectively).

From 2003 to 2004 however, energy exports as a percentage of total Alberta exports dropped from 70.1% to 68.6%. The value of energy exports increased by 15.2% in that time, from \$40.1 billion to \$46.2 billion, and accounted for 59.7% of the \$10.2 billion increase in total exports. However, non-energy exports increased at the even greater rate of 24.0%, from \$17.1 billion to \$21.2 billion. This is surprising given the rise in energy

prices. Most significantly, crude oil prices rose by 18.2% from 2003 to 2004, accounting for over two-thirds of the overall increase in crude oil exports. Volume only increased by 8.6%. Alberta's total exports increased from \$57.2 billion in 2003 to \$67.4 billion in 2004.

Plastics, Organic Chemicals, Machinery, Meat, Wood, Electrical Machinery, and Woodpulp are Alberta's top seven non-energy export categories, with exports of over \$13 billion in 2004. Though from 1993 to 2004 exports from each of these categories increased markedly, together they only accounted for 19.6% of Alberta's total exports in 2004. The export of cereals in 2004, Alberta's number nine export category, is little changed from 1993.

Table 2.2 Alberta: Top Twenty Export Categories of 2004, Total Exports (\$ millions)

HS	Product Description	2004		1993		Export Growth (%) 1993-2004	Contribution to Total Export Growth (%) 1993-2004	% NAFTA Share	
		Export Value	% of Total	Export Value	% of Total			1993	2004
27	Mineral Fuel, Oil, Etc.	\$46,200	68.6	\$12,891	63.9	258	70.5	95	100
39	Plastic	\$2,480	3.7	\$524	2.6	373	4.1	80	91
29	Organic Chemicals	\$2,163	3.2	\$721	3.6	200	3.1	54	51
84	Machinery	\$1,997	3.0	\$482	2.4	315	3.2	35	57
02	Meat	\$1,958	2.9	\$444	2.2	341	3.2	82	83
44	Wood	\$1,934	2.9	\$315	1.6	513	3.4	80	96
85	Electrical Machinery	\$1,437	2.1	\$373	1.8	286	2.3	71	75
47	Woodpulp, Etc.	\$1,246	1.8	\$413	2.0	202	1.8	31	43
10	Cereals	\$1,076	1.6	\$885	4.4	22	0.4	17	11
99	Miscellaneous	\$582	0.9	\$488	2.4	19	0.2	92	94
75	Nickel and Products	\$578	0.9	\$57	0.3	919	1.1	16	3
12	Misc. Grain, Seed, Fruit	\$532	0.8	\$336	1.7	58	0.4	20	37
90	Precision Instruments	\$505	0.7	\$137	0.7	269	0.8	39	56
31	Fertilizers	\$374	0.6	\$219	1.1	71	0.3	93	97
94	Furniture and Bedding	\$353	0.5	\$78	0.4	355	0.6	81	93
28	Inorganic Chemicals	\$337	0.5	\$136	0.7	147	0.4	83	84
25	Salt/Sulfur/Earth/Stone	\$297	0.4	\$172	0.9	73	0.3	45	26
73	Iron/Steel Products	\$291	0.4	\$78	0.4	274	0.5	59	80
87	Vehicles, Not Railway	\$253	0.4	\$76	0.4	236	0.4	45	88
20	Preserved Food	\$243	0.4	\$2	0.0	14,716	0.5	42	66
Total Top 20		\$64,836	96.2	\$18,824	93.3	244	97.4	80	90
Total Alberta		\$67,390	100	\$20,168	100	234	100	82	89

2.3 British Columbia: Top 20 Exports

British Columbia's exports are less concentrated than Alberta's, but were still dominated in 2004, as they were in 1993, by forestry and energy products. Wood, Mineral Fuel, Woodpulp, and Paper, the top four export categories of 2004, accounted for 59.6% of British Columbia's total exports in 2004, as compared to 68.4% of total exports in 1993. Of these four categories, only energy exports increased notably from 1993 to 2004, up 145%. Energy exports accounted for 14% of British Columbia's total exports in 2004, up from 9.3% of British Columbia's total exports in 1993.

Of British Columbia's top four export categories, only Woodpulp is sent in majority to countries outside of the NAFTA. 78% of British Columbia's Woodpulp exports were sent to non-NAFTA countries in 2004, up from 66% in 1993. In comparison, 68% of British Columbia's energy exports went to NAFTA countries in 2004, up from 37% in 1993. Nonetheless, British Columbia remains the western province with the least dependence on the markets of the NAFTA, followed by Saskatchewan.

Table 2.3 British Columbia: Top Twenty Export Categories of 2004, Total Exports (\$ millions)

HS	Product Description	2004		1993		Export Growth (%) 1993-2004	Contribution to Total Export Growth (%) 1993-2004	% NAFTA Share	
		Export Value	% of Total	Export Value	% of Total			1993	2004
44	Wood	\$9,755	30.2	\$7,676	38.6	27	16.7	61	77
27	Mineral Fuel, Oil, Etc.	\$4,522	14.0	\$1,845	9.3	145	21.6	37	68
47	Woodpulp, Etc.	\$3,039	9.4	\$2,354	11.8	29	5.5	34	22
48	Paper, Paperboard	\$1,937	6.0	\$1,732	8.7	12	1.6	61	70
84	Machinery	\$1,479	4.6	\$756	3.8	96	5.8	80	67
85	Electrical Machinery	\$1,022	3.2	\$300	1.5	241	5.8	70	63
26	Ores, Slag, Ash	\$972	3.0	\$658	3.3	48	2.5	5	17
03	Fish and Seafood	\$965	3.0	\$708	3.6	36	2.1	42	57
76	Aluminum	\$772	2.4	\$435	2.2	78	2.7	12	27
39	Plastic	\$552	1.7	\$77	0.4	620	3.8	82	94
94	Furniture and Bedding	\$478	1.5	\$98	0.5	390	3.1	65	73
90	Optic/Med. Instruments	\$469	1.5	\$127	0.6	268	2.8	74	71
99	Miscellaneous	\$440	1.4	\$482	2.4	-9	-0.3	99	95
73	Iron/Steel Products	\$428	1.3	\$148	0.7	189	2.3	93	94
87	Vehicles, Not Railway	\$415	1.3	\$316	1.6	32	0.8	51	80
79	Zinc and Products	\$381	1.2	\$211	1.1	81	1.4	67	74
28	Inorganic Chemicals	\$322	1.0	\$105	0.5	207	1.8	61	75
07	Vegetables	\$298	0.9	\$44	0.2	571	2.0	54	81
49	Book Manuscript	\$265	0.8	\$48	0.2	456	1.7	96	91
72	Iron and Steel	\$261	0.8	\$99	0.5	163	1.3	88	89
Total Top 20		\$28,770	89.1	\$18,219	91.6	58	85.0	51	65
Total British Columbia		\$32,303	100	\$19,891	100	62	100	54	65

2.4 Saskatchewan: Top 20 Exports

Energy, fertilizers, and cereals, Saskatchewan's top three export categories of both 2004 and 1993, accounted for 65.7% of Saskatchewan's total exports in 2004, compared to 69.3% in 1993. Energy replaced cereals as the number one export category in that time. From 1993 to 2004, energy exports increased by 235% and accounted for 47% of Saskatchewan's total export growth.

As with Alberta and Manitoba, Saskatchewan exports energy exclusively to NAFTA countries; while cereals, vegetables, and miscellaneous grains, seeds, and fruits, go mainly to non-NAFTA countries.

From 1993 to 2004, overall Cereal exports changed little, but Table 2.4 does not reflect adequately the cyclical nature of the cereals industry, which is subject to year to year weather changes (drought for instance). Taking into account all the years in between 1993 and 2004, exports in Cereals are seen to be somewhat erratic. Therefore, Cereal exports for 2004, while similar to 1993, are not necessarily indicative of the general capacity, and changes from 1993 to 2004 are not necessarily indicative of any broader pattern. Indeed, Saskatchewan's 2003 and 2004 Cereal exports were noteworthy for being low (as were 2003 Cereal exports), especially when compared to 1996 and 1997, which were banner years for Cereal exports.

Table 2.4 Saskatchewan: Top Twenty Export Categories of 2004, Total Exports (\$ millions)

HS	Product Description	2004		1993		Export Growth (%) 1993-2004	Contribution to Total Export Growth (%) 1993-2004	% NAFTA Share	
		Export Value	% of Total	Export Value	% of Total			1993	2004
27	Mineral Fuel, Oil, Etc.	\$4,078	33.3	\$1,218	19.8	235	47.0	100	100
31	Fertilizers	\$2,180	17.8	\$1,144	18.6	91	17.1	68	56
10	Cereals	\$1,791	14.6	\$1,900	30.9	-6	-1.8	16	14
12	Misc. Grain, Seed, Fruit	\$778	6.4	\$416	6.8	87	6.0	16	37
07	Vegetables	\$466	3.8	\$135	2.2	245	5.4	4	7
84	Machinery	\$421	3.4	\$108	1.8	290	5.1	83	81
44	Wood	\$373	3.1	\$74	1.2	402	4.9	98	98
47	Woodpulp, Etc.	\$274	2.2	\$146	2.4	88	2.1	48	36
15	Fats and Oils	\$267	2.2	\$14	0.2	1824	4.2	97	66
73	Iron/Steel Products	\$221	1.8	\$39	0.6	469	3.0	99	99
85	Electrical Machinery	\$172	1.4	\$38	0.6	360	2.2	63	79
48	Paper/Paperboard	\$163	1.3	\$52	0.9	211	1.8	99	100
28	Inorganic Chemicals	\$151	1.2	\$193	3.1	-22	-0.7	100	74
11	Milling, Malt, Starch	\$135	1.1	\$37	0.6	269	1.6	12	74
99	Miscellaneous	\$116	1.0	\$81	1.3	43	0.6	100	99
02	Meat	\$101	0.8	\$72	1.2	40	0.5	93	70
87	Vehicles, Not Railway	\$90	0.7	\$22	0.4	315	1.1	88	96
38	Chemical Products	\$76	0.6	\$29	0.5	163	0.8	100	100
72	Iron and Steel	\$66	0.5	\$54	0.9	23	0.2	100	99
23	Animal Feed	\$66	0.5	\$20	0.3	221	0.7	20	94
Total Top 20		\$11,986	98.0	\$5,791	94.1	107	101.9	55	67
Total Saskatchewan		\$12,233	100	\$6,155	100	99	100	57	68

2.5 Manitoba: Top 20 Exports

There is greater diversification among Manitoba's exports compared to the other Western Provinces. Many of Manitoba's top twenty export categories of 2004 contributed significantly to total exports in 2004, and many contributed to total export growth from 1993 to 2004. The top five export categories (Cereals, Mineral Fuel, Vehicles, Machinery, and Miscellaneous Grains, Seeds, and Fruit) accounted for 41.9 % of total exports in 2004 (down from 50% in 1993); while the next five export categories (Nickel and Products, Wood, Meat, Live Animals, and Furniture and Bedding) accounted for 21% of total 2004 exports. Now compare this to the export picture in Alberta, where the top five export categories of 2004 accounted for 81.4% of total exports, while the next five accounted for 8.8%.

In general, most of Manitoba's exports go to NAFTA countries, Cereals and Nickel and Nickel Products being the two most noteworthy exceptions.

As discussed in subsection 2.4, comparing 1993 Cereal exports with 2004 Cereal exports may produce faulty conclusions. Accounting for all the years in between 1993 and 2004, Manitoba's 2004 Cereal exports are seen to be exceptionally high but the 83% increase from 1993 is not necessarily indicative of any real growth pattern.

Table 2.5 Manitoba: Top Twenty Export Categories of 2004, Total Exports (\$ millions)

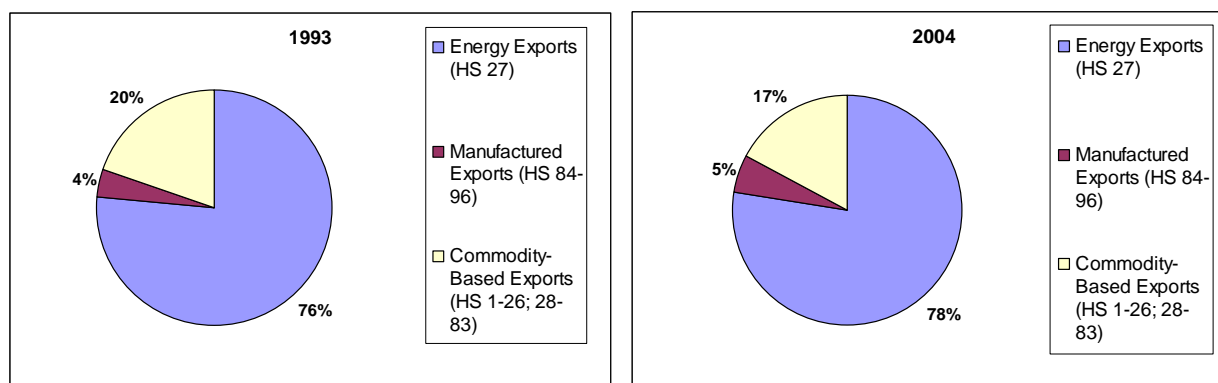
HS	Product Description	2004		1993		Export Growth (%) 1993-2004	Contribution to Total Export Growth (%) 1993-2004	% NAFTA Share	
		Export Value	% of Total	Export Value	% of Total			1993	2004
10	Cereals	\$1,091	10.9	\$596	15.4	83	8.1	17	19
27	Mineral Fuel, Oil, Etc.	\$959	9.6	\$401	10.4	139	9.1	100	100
87	Vehicles, Not Railway	\$755	7.5	\$346	9.0	118	6.7	99	96
84	Machinery	\$709	7.1	\$284	7.4	149	6.9	92	85
12	Misc. Grain, Seed, Fruit	\$680	6.8	\$300	7.8	126	6.2	28	44
75	Nickel and Products	\$512	5.1	\$165	4.3	211	5.7	18	11
44	Wood	\$462	4.6	\$120	3.1	284	5.6	99	99
02	Meat	\$419	4.2	\$71	1.8	489	5.7	65	56
01	Live Animals	\$366	3.7	\$234	6.1	57	2.2	100	100
94	Furniture and Bedding	\$345	3.4	\$71	1.8	388	4.5	96	97
39	Plastic	\$291	2.9	\$57	1.5	412	3.8	96	96
74	Copper Products	\$286	2.9	\$5	0.1	6,052	4.6	97	100
48	Paper, Paperboard	\$277	2.8	\$89	2.3	211	3.1	89	95
20	Preserved Food	\$258	2.6	\$8	0.2	3,083	4.1	98	95
88	Aircraft, Spacecraft	\$201	2.0	\$130	3.4	55	1.2	93	94
15	Fats and Oils	\$201	2.0	\$67	1.7	200	2.2	59	95
30	Pharmaceuticals	\$196	2.0	\$1	0.0	17,584	3.2	4	91
85	Electrical Machinery	\$186	1.9	\$108	2.8	71	1.3	92	90
49	Book Manuscript	\$175	1.8	\$21	0.5	727	2.5	78	87
07	Vegetables	\$143	1.4	\$73	1.9	97	1.1	17	36
Total Top 20		\$8,514	85.0	\$2,552	66.0	234	97.0	83	73
Total Manitoba		\$10,010	100	\$3,864	100	159	100	71	76

3. Alberta: Selected Highlights

In this section a closer look is taken at Alberta's top exports to NAFTA countries. Values for the year 1993, the year prior to the implementation of NAFTA, have been employed as the base from which to review export growth. Three main export categories are examined: Energy (HS27), Manufactured (HS 84-96), and Commodity-based (HS 1-26; 28-83). Miscellaneous exports (HS 97-99) are ignored. Values at the four digit level for each category are compared for the years of 1993, 1998, 2003, and 2004.

Figure 3.1 depicts Alberta's exports to NAFTA breakdown for 1993 and 2004. In both years energy exports represented the largest proportion of Alberta's total exports, 76.4% and 77.4% respectively. Commodity-based exports represented the second largest proportion, but shrunk from 19.8% of total exports in 1993 to 17.3% in 2004. The proportion of manufactured exports increased slightly, rising to 5.3% in 2004 from 3.8% in 1993.

Figure 3.1 Breakdown of Alberta's Exports to NAFTA, 1993 and 2004



3.1 Energy Exports (HS 27)

Table 3.1 shows an increase of 15.2% in total energy exports to NAFTA countries from 2003 to 2004. This increase came mostly in the Crude Oil category, which experienced a 22.2% rise, while the export value of Natural Gas also increased, by 6.4%. The export value of Oil (not crude) fell by 2.5% while the export value of other energy exports rose by 38.7%. These last two percentages are, however, not as significant due to the relatively small values, which are likely to experience fluctuations from one year to the next.

Since the beginning of the NAFTA in 1993, the value of Alberta's energy exports has increased by 277%. This increase is largely due to a 297% increase in natural gas exports and a 264% increase in crude oil exports.

Natural Gas and Crude Oil made up 95% of Alberta's energy exports in 2004 (23.5% and 20.4% of Alberta's total exports respectively). The value of Natural Gas exports rose 6.1% from \$22.1 billion in 2003 to \$23.5 billion in 2004. This was accounted for by a 4.6% increase in volume of exports and a 1.4% increase in the average price per unit. The value of crude oil exports rose 28.4% from \$15.9 billion in 2003 to \$20.4 billion in 2004. This was accounted for by an 8.6% increase in volume of exports and an 18.2% increase in the average price per unit.

Table 3.1 Alberta Exports of Energy to NAFTA Countries: Selected Categories and Years (\$ millions)

HS	Description	1993	1998	2003	2004
2711	Natural Gases	\$6,321	\$8,618	\$23,612	\$25,121
2709	Crude Oil	\$5,598	\$6,693	\$15,851	\$20,392
2710	Oil (Not Crude)	\$219	\$230	\$393	\$383
	Other	\$96	\$123	\$168	\$233
Total HS 27 (Energy) Exports		\$12,234	\$15,664	\$40,023	\$46,129

3.2 Manufactured Exports (HS 84-96)

Alberta's manufactured exports have risen significantly since the NAFTA was signed. The export value of manufactured products as a whole has increased 423%, while the top 20 manufactured exports have increased 672% in value. These exports grew by 3.9% in 2004, marking the first increase since 2000 when their value peaked.

Table 3.2 shows Alberta's top 20 manufactured exports to NAFTA countries at the more detailed 4 digit HS level. While many exports showed dramatic percentages of growth from 1993 to 2004, it is important to note that many also started from very low base values. On the other hand, Telephone Sets experienced growth of a relatively low 145%, but this is a \$159 million increase, from \$117 million in 1993 to \$286 million in 2004. This value does however represent a decrease of 16.4% from the 2003 level of \$342 million. New industries have been created, such as Prefabricated Buildings, which had exports of only \$1 million in 1993, but in 2004 had grown to \$58 million.

The export of parts for Radio, Television and Radar increased the most from 2003 to 2004, from \$4 million in 1993 to \$304 million in 2004 or 7,489%, becoming Alberta's top manufactured products export. While in 1993, Alberta's exports of Machinery (HS 84), Electrical Machinery (HS 85) and Precision Instruments (HS 90) accounted for only \$ 992 million in exports, in 2004 these sectors have increased exports by 297% to \$ 3.9 billion.

Table 3.2 Alberta: Top 20 Manufactured Exports (HS 84-96) to NAFTA of 2004, with Select Year Comparisons (\$ millions)

Rank in 2004	HS	Description	2004	2003	1998	1993	Growth from 1993 to 2004
1	8529	Parts for TV/Radio	\$304	\$242	\$136	\$4	7,489%
2	8517	Telephone Sets	\$286	\$342	\$257	\$117	145%
3	9403	Furniture other than Medical	\$228	\$242	\$268	\$58	294%
4	8525	Antennae for Radio/TV	\$194	\$290	\$823	\$90	116%
5	8431	Parts for Machinery	\$165	\$138	\$159	\$28	489%
6	8413	Pumps and Liquid Elevators	\$125	\$97	\$59	\$12	938%
7	8414	Air or Vacuum Pumps	\$106	\$54	\$53	\$6	1,669%
8	8481	Taps and Valves for Pipes	\$103	\$96	\$47	\$10	928%
9	8411	Gas Turbines	\$95	\$82	\$21	\$6	1,491%
10	8479	Special Machinery appliances	\$94	\$64	\$35	\$4	2,253%
11	9015	Surveying Instruments	\$86	\$60	\$48	\$4	2,047%
12	8412	Engines and Motors	\$78	\$96	\$47	\$18	333%
13	8704	Motor Vehicles for Transport of Goods	\$75	\$140	\$67	\$15	398%
14	8471	Computers and Peripherals	\$65	\$45	\$30	\$16	304%
15	8705	Special Purpose Motor Vehicles	\$59	\$65	\$24	\$7	741%
16	9406	Prefabricated Buildings	\$58	\$41	\$14	\$1	5,734%
17	8802	Helicopters, Airplanes, and Spacecrafts	\$57	\$3	\$16	\$9	538%
18	8536	Electrical Apparatus for Switching	\$52	\$37	\$15	\$3	1,644%
19	8504	Elec Transformers and Inductors	\$38	\$29	\$12	\$3	1,175%
20	8708	Motor Vehicles Parts	\$38	\$32	\$28	\$3	1,175%
Top 20 Manufactured Exports to NAFTA			\$2,307	\$2,195	\$2,159	\$414	672%
Total Manufactured Exports to NAFTA			\$3,153	\$3,033	\$2,794	\$603	423%
Total NAFTA Exports			\$60,181	\$51,828	\$25,724	\$16,483	265%

3.3 Other Exports (HS 01-26, 28-83)

This subsection includes all other categories not included in the Energy and Manufactured subsections. HS categories 97-99 are also excluded. Exports of note are: Agricultural Products; Forestry and Mining Commodities; Chemicals and Petrochemicals; and other primary manufactured commodities. Important exports for Alberta include Plastics (HS 39), Wood (HS 44), Meat (HS 02), Organic Chemicals (HS 29) and Woodpulp (HS47). The total export value for these other categories grew 224% from 1993 to 2004, and 26.1% from 2003.

At the two-digit HS level, the most important export categories for 2004 were Plastics (up 33.3% from 2003), Organic Chemicals (up 92.4%), Meat (up 39.7%), Wood (up 42.4%), Woodpulp (up 3.2%) and Cereals (up 32%).

Table 3.3 details Alberta's top 20 commodity exports to NAFTA-partners for 2004 at the four-digit HS level. As with manufactured exports, many of these values were at very low levels in 1993. Therefore, large growth percentages from 1993 to 2004 may be misleading. All of these top 20 commodity exports increased in value in 2004. The most important categories were Polyethylene (up 38.9% from 2003), Beef Fresh/Chilled (up 50.3%) and Particle Board (up 66.4%).

The impact of the Bovine Spongiform Encephalopathy (BSE) crisis on Alberta is not adequately reflected in table 3.3. The first case of BSE was reported on May 20th, 2003. Alberta's beef and cattle products exports to the world were: \$1.94 billion (2000), \$2.43 billion (2001), \$2.29 billion (2002), \$1.29 billion (2003) and \$1.54 billion (2004). A comparison of 2002 to 2004 reveals a \$748 million decline in Alberta beef and cattle exports. Of this amount 85% is attributable to the loss of the live cattle market, which fell from \$637 million in 2002 to \$0 in 2004. Exports of Fresh Meat have remained unchanged at \$1.4 billion, while Frozen Meat exports declined from \$130.7 million to \$65.8 million in 2004. A decline also occurred in offal and cured meat exports, with 2004 levels at \$56 million compared to \$124 million in 2002.

The BSE crisis has also caused a shift away from bone-in cuts (which accounted for around 20% of fresh and frozen meat exports between 2000 and 2002) and towards increased exports of boneless cuts, which accounted for 99% of beef meat exports in 2004.

Table 3.3 Alberta: Top 20 Commodity and Value Added Exports (Excl. HS 97-99) to NAFTA of 2004 with Selected Year Comparisons (\$ millions)

Rank in 2004	HS	Description	2004	2003	1998	1993	Growth from 1993 to 2004
1	3901	Polyethylene	\$2,008	\$1,446	\$359	\$361	456%
2	0201	Beef Fresh/Chilled	\$1,407	\$936	\$779	\$239	489%
3	4410	Particle Board	\$955	\$574	\$325	\$140	582%
4	4407	Wood	\$666	\$515	\$601	\$89	648%
5	4703	Chemical Wood-Pulp, Soda or Sulfate	\$482	\$425	\$501	\$762	-37%
6	2902	Cyclic Hydrocarbons	\$454	\$427	\$125	\$1	45,293%
7	3102	Fertilizers	\$346	\$287	\$389	\$199	74%
8	2901	Acyclic Hydrocarbons	\$265	\$207	\$78	\$0	88,189%
9	2814	Ammonia	\$245	\$199	\$148	\$82	199%
10	2905	Acyclic Alcohols & Derivatives	\$244	\$153	\$165	\$96	154%
11	1205	Rape or Colza Seeds	\$153	\$75	\$128	\$39	293%
12	2306	Vegetable Fats & Oils	\$149	\$125	\$97	\$26	471%
13	2004	Vegetables	\$141	\$115	\$4	\$0	70,296%
14	4801	Newsprint	\$131	\$114	\$159	\$1	13,002%
15	0203	Pork Fresh/Chilled/Frozen	\$117	\$54	\$62	\$67	74%
16	2909	Ethers, Ether-Alcohols, Alcohol Peroxides	\$85	\$39	\$319	\$216	-61%
17	7019	Glass Fibres	\$79	\$69	\$15	\$1	7,771%
18	1001	Wheat and Mesline	\$76	\$59	\$156	\$72	5%
19	0103	Swine, Live	\$73	\$54	\$86	\$16	357%
20	1514	Organic Rapeseed, Colza or Mustard Oil	\$73	\$70	\$84	\$57	28%
Top 20 Commodity Exports to NAFTA			\$8,148	\$5,944	\$4,580	\$2,465	231%
Total Commodity Exports to NAFTA			\$10,282	\$8,155	\$6,882	\$3,174	224%
Total NAFTA Exports			\$60,181	\$51,828	\$25,724	\$16,483	265%

4. Exports to the United States

In this section, export values for the year 1988 are employed as the base from which to review export growth, as this was the year prior to the implementation of the Canada-U.S. Free Trade Agreement (FTA). As Figure 4.1 illustrates, from 1988 to 2004, exports to the U.S. from British Columbia, Saskatchewan, and Manitoba increased steadily; while exports from Alberta increased markedly. Growth percentages over this time period are given in Table 4.1. Figure 4.2 shows that Alberta accounted for 62% of Western Canada's total exports to the U.S. in 2004.

Figure 4.1 Western Canada: Exports to the U.S. by Province, 1988-2004 (\$ billions)

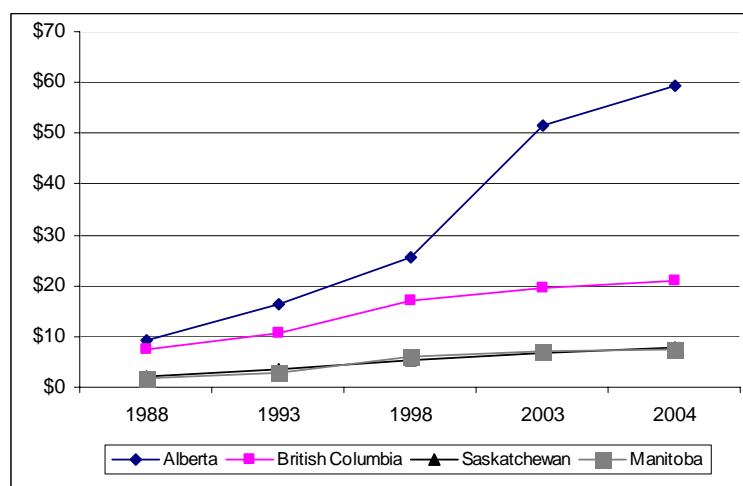
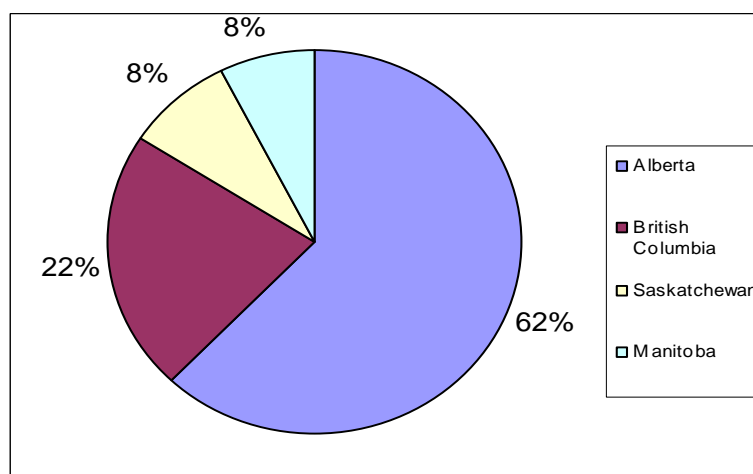


Figure 4.2 Western Canadian Exports to the U.S., Contribution by Province, 2004



For the years 1988, 1993, 1998, 2003, and 2004, Table 4.1 presents values for Western Canadian exports to the U.S., as well as percentages for U.S. shares of total Western Canadian exports. Western Canada's exports to the U.S. increased 362% from 1988 to 2004, up from \$20.7 billion to \$95.6 billion. Of the Western Provinces, over this same time period, Alberta's exports to the U.S. increased the most, by 547% (up to \$59.5 billion from \$9.2 billion), while British Columbia's exports to the U.S. increased the least, by 175%.

Table 4.1 Western Canada: Exports to the U.S. by Province (\$ billions), U.S. Share of Total Exports by Province

Province	Exports to the U.S.					Export Growth	U.S. Share of Total Exports					U.S. Share Growth
	1988	1993	1998	2003	2004	1988 - 2004	1988	1993	1998	2003	2004	1988 - 2004
WESTERN CANADA	20.7	33.2	54.1	84.7	95.6	362%	52%	66%	71%	80%	78%	51%
Alberta	9.2	16.4	25.4	51.5	59.5	547%	69%	81%	81%	90%	88%	28%
British Columbia	7.6	10.7	17.1	19.5	20.9	175%	43%	54%	63%	66%	65%	51%
Saskatchewan	2.0	3.4	5.4	6.6	8.0	299%	35%	55%	54%	64%	65%	89%
Manitoba	1.9	2.7	6.1	7.1	7.3	284%	61%	69%	75%	76%	73%	19%

Large shares of each Western Provinces' total exports go to U.S. markets, and for each Western Province this share value increased significantly from 1988 to 2004. Manitoba had the least growth at 19% and Saskatchewan had the most growth at 89%. Alberta has consistently had the greatest share of its exports going to U.S. markets. Figure 4.3 depicts this growth.

Figure 4.3 Western Canada: U.S. Share of Total Exports by Province, 1988 and 2004 (%)

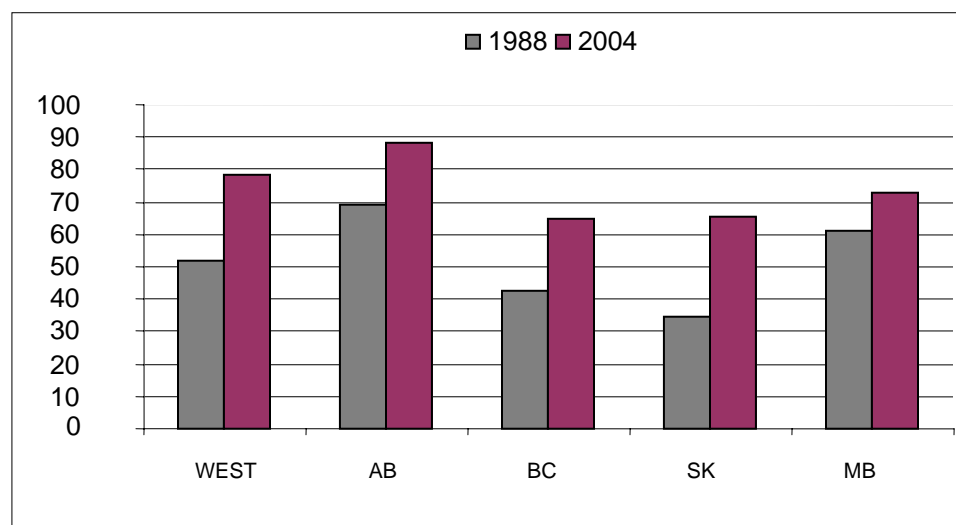


Table 4.2 gives an overview of Western Canada's top exports to U.S. markets. With the exception of British Columbia, for the years 2002, 2003, and 2004, mineral fuel was the top export to the U.S. from each Western Province, up 13.6% from 2003 to 2004 for Western Canada as a whole, and 47.7% from 2002 to 2004. In 2004, mineral fuel from Alberta accounted for 48.2% of all Western Canadian exports to the U.S. For British Columbia, from 2002 to 2004, Wood was the top export to the U.S. followed by Mineral Fuel.

For Alberta, Plastics were the second largest export to the U.S. in 2004 and showed notable growth, up 31.6% from 2003 and 89.7% from 2002. For Saskatchewan, from 2002 to 2004, fertilizers were consistently the second largest export to the U.S., but the export values changed little.

Table 4.2 Top Exports to the U.S. by Western Province (Two Digit HS Code), 2002-2004 (\$billions)

Western Canada								
2002			2003			2004		
27	Mineral Fuel	\$36,703	27	Mineral Fuel	\$47,727	27	Mineral Fuel	\$54,208
44	Wood	\$8,457	44	Wood	\$7,692	44	Wood	\$10,172
84	Machinery	\$3,069	84	Machinery	\$2,696	84	Machinery	\$3,053
85	Electrical Machinery	\$2,675	39	Plastic	\$2,483	39	Plastic	\$3,044
48	Paper, Paperboard	\$2,347	85	Electrical Machinery	\$1,967	85	Electrical Machinery	\$1,983
87	Vehicles, Not Railway	\$1,972	48	Paper, Paperboard	\$1,952	48	Paper, Paperboard	\$1,943
39	Plastic	\$1,957	31	Fertilizers	\$1,549	31	Fertilizers	\$1,718
01	Live Animals	\$1,826	87	Vehicles, Not Railway	\$1,414	02	Meat	\$1,592
02	Meat	\$1,720	02	Meat	\$1,312	87	Vehicles, Not Railway	\$1,366
31	Fertilizers	\$1,701	47	Woodpulp, Etc.	\$1,175	47	Woodpulp, Etc.	\$1,295
Alberta								
2002			2003			2004		
27	Mineral Fuel	\$30,173	27	Mineral Fuel	\$40,023	27	Mineral Fuel	\$46,103
85	Electrical Machinery	\$1,656	39	Plastic	\$1,668	39	Plastic	\$2,195
02	Meat	\$1,344	44	Wood	\$1,278	44	Wood	\$1,847
44	Wood	\$1,203	85	Electrical Machinery	\$1,114	02	Meat	\$1,310
39	Plastic	\$1,157	02	Meat	\$958	84	Machinery	\$1,124
29	Organic Chemicals	\$1,142	84	Machinery	\$934	29	Organic Chemicals	\$1,100
84	Machinery	\$1,044	29	Organic Chemicals	\$864	85	Electrical Machinery	\$1,046
01	Live Animals	\$736	99	Special Provisions	\$511	99	Special Provisions	\$545
99	Special Provisions	\$543	47	Woodpulp, Etc.	\$464	47	Woodpulp, Etc.	\$525
47	Woodpulp, Etc.	\$510	94	Furniture and Bedding	\$315	31	Fertilizers	\$355
British Columbia								
2002			2003			2004		
44	Wood	\$6,757	44	Wood	\$5,854	44	Wood	\$7,502
27	Mineral Fuel	\$2,469	27	Mineral Fuel	\$3,488	27	Mineral Fuel	\$3,069
48	Paper, Paperboard	\$1,644	48	Paper, Paperboard	\$1,340	48	Paper, Paperboard	\$1,300
84	Machinery	\$1,021	84	Machinery	\$936	84	Machinery	\$989
87	Vehicles, Not Railway	\$772	03	Fish and Seafood	\$620	47	Woodpulp, Etc.	\$676
Saskatchewan								
2002			2003			2004		
27	Mineral Fuel	\$2,763	27	Mineral Fuel	\$3,263	27	Mineral Fuel	\$4,077
31	Fertilizers	\$1,243	31	Fertilizers	\$1,158	31	Fertilizers	\$1,226
01	Live Animals	\$418	84	Machinery	\$255	44	Wood	\$367
10	Cereals	\$387	44	Wood	\$207	84	Machinery	\$339
84	Machinery	\$311	48	Paper, Paperboard	\$146	73	Iron/Steel Products	\$218
Manitoba								
2002			2003			2004		
27	Mineral Fuel	\$1,298	27	Mineral Fuel	\$953	27	Mineral Fuel	\$959
84	Machinery	\$694	87	Vehicles, Not Railway	\$636	87	Vehicles, Not Railway	\$727
87	Vehicles, Not Railway	\$609	84	Machinery	\$571	84	Machinery	\$601
01	Live Animals	\$542	01	Live Animals	\$398	44	Wood	\$456
94	Furniture and Bedding	\$413	94	Furniture and Bedding	\$360	01	Live Animals	\$366

5. Exports to Mexico

Western Canada's exports to Mexico for the years 1993, 1998, 2003, and 2004 are compared in Figure 5.1 and Table 5.1. Export values for the year 1993, the year prior to the implementation of the NAFTA, of which Mexico is a member, have been employed as the base against which to measure growth in exports to Mexico. Western Canada's exports to Mexico increased 402% from 1993 to 2004. Of the Western Provinces, Alberta's exports to Mexico increased the most, 689%, and Saskatchewan's the least, 186%. Mexico has grown to become Western Canada's fourth most important export destination, though exports to Mexico still represent only a small fraction of Western Canada's total exports (1.2% in 2004).

Figure 5.1 Western Canada: Exports to Mexico by Province, 1993-2004 (\$ millions)

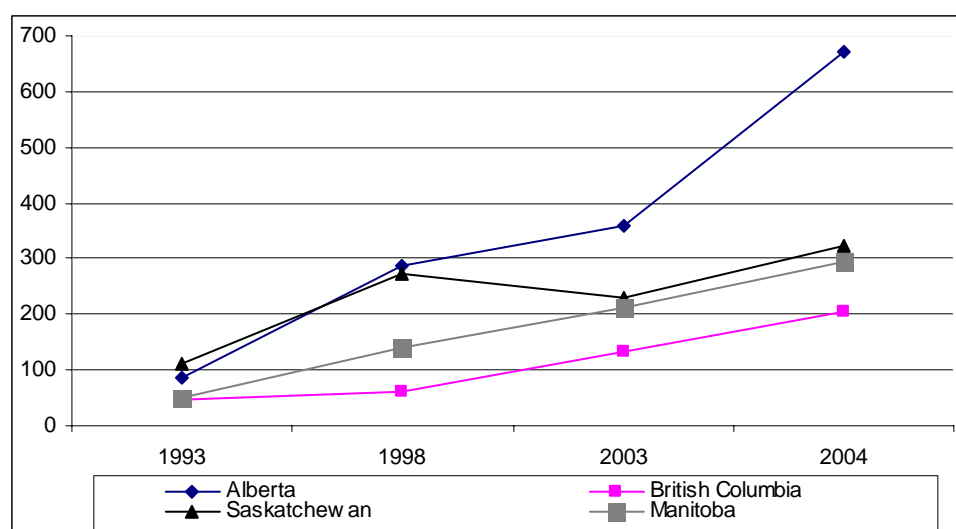


Table 5.1 Exports to Mexico by Western Province (\$ millions), Mexico's Share of Total Western Exports

Province	Exports to Mexico				Export Growth 1993 - 2004	Mexico's Share of Total Exports				Mexico's Share Growth 1993 - 2004
	1993	1998	2003	2004		1993	1998	2003	2004	
WESTERN CANADA	297	762	935	1,492	402%	0.6%	1.0%	0.9%	1.2%	104%
Alberta	85	289	360	671	689%	0.4%	0.9%	0.6%	1.0%	149%
British Columbia	47	61	133	204	334%	0.2%	0.2%	0.5%	0.6%	215%
Saskatchewan	113	271	230	323	186%	1.9%	2.7%	2.2%	2.6%	39%
Manitoba	52	141	212	295	466%	1.5%	1.7%	2.3%	2.9%	96%

Western Canada's top exports to Mexico are listed in Table 5.2. Agricultural Products (Meats, Cereals, and Miscellaneous Grains, Seeds, and Fruits) remain Western Canada's, as well as the Prairie Provinces' in general, top exports to Mexico. This is based on a comparison of 2004, 2003, and 2002 export values. Paper and Paperboard was British Columbia's top export to Mexico over those years.

Exports of Miscellaneous Grains, Seeds and Fruits, increased 76% from 2003 to 2004. Exports of Meats from Alberta increased by 174% from 2003 to 2004, after decreasing by 44% from 2002 to 2003.

Table 5.2 Western Canada: Top Exports to Mexico by Province (Two Digit HS Code), 2002-2004 (\$ millions)

Western Canada								
2002			2003			2004		
02	Meat	\$228	12	Misc Grain, Seed, Fruit	\$249	12	Misc Grain, Seed, Fruit	\$439
10	Cereals	\$209	10	Cereals	\$194	02	Meat	\$365
12	Misc Grain, Seed, Fruit	\$189	02	Meat	\$147	10	Cereals	\$190
47	Woodpulp, Etc.	\$39	84	Machinery	\$58	48	Paper, Paperboard	\$60
84	Machinery	\$34	11	Milling; Malt; Starch	\$42	26	Ores, Slag, Ash	\$53
48	Paper, Paperboard	\$30	48	Paper, Paperboard	\$35	27	Mineral Fuel, Oil, Etc.	\$52
85	Electrical Machinery	\$21	47	Woodpulp, Etc.	\$34	39	Plastic	\$52
11	Milling; Malt; Starch	\$19	27	Mineral Fuel, OIL ETC	\$25	15	Fats and Oils	\$47
07	Vegetables	\$19	29	Organic Chemicals	\$23	11	Milling; Malt; Starch	\$35
41	Hides and Skins	\$18	39	Plastic	\$20	47	Woodpulp, Etc.	\$30
Alberta								
2002			2003			2004		
02	Meat	\$205	02	Meat	\$115	02	Meat	\$315
12	Misc Grain, Seed, Fruit	\$82	12	Misc Grain, Seed, Fruit	\$62	12	Misc Grain, Seed, Fruit	\$110
10	Cereals	\$54	84	Machinery	\$49	39	Plastic	\$51
84	Machinery	\$31	10	Cereals	\$49	10	Cereals	\$50
47	Woodpulp, Etc.	\$19	39	Plastic	\$20	27	Mineral Fuel, Oil, Etc.	\$26
85	Electrical Machinery	\$15	47	Woodpulp, Etc.	\$16	85	Electrical Machinery	\$24
39	Plastic	\$15	11	Milling; Malt; Starch	\$13	84	Machinery	\$21
04	Dairy, Eggs, Honey	\$9	85	Electrical Machinery	\$11	47	Woodpulp, Etc.	\$17
07	Vegetables	\$5	73	Iron/Steel Products	\$5	29	Organic Chemicals	\$12
87	Vehicles, Not Railway	\$4	20	Preserved Food	\$3	31	Fertilizers	\$9
British Columbia								
2002			2003			2004		
48	Paper, Paperboard	\$30	48	Paper, Paperboard	\$35	48	Paper, Paperboard	\$58
27	Mineral Fuel, Oil, Etc.	\$17	27	Mineral Fuel, Oil, Etc.	\$24	26	Ores, Slag, Ash	\$53
47	Woodpulp, Etc.	\$8	29	Organic Chemicals	\$23	27	Mineral Fuel, Oil, Etc.	\$26
26	Ores, Slag, Ash	\$7	47	Woodpulp, Etc.	\$7	15	Fats and Oils	\$23
85	Electrical Machinery	\$5	08	Edible Fruit and Nuts	\$6	12	Misc Grain, Seed, Fruit	\$9
Saskatchewan								
2002			2003			2004		
10	Cereals	\$100	12	Misc Grain, Seed, Fruit	\$95	12	Misc Grain, Seed, Fruit	\$167
12	Misc Grain, Seed, Fruit	\$65	10	Cereals	\$81	10	Cereals	\$77
47	Woodpulp, Etc.	\$11	11	Milling; Malt; Starch	\$17	11	Milling; Malt; Starch	\$23
07	Vegetables	\$10	47	Woodpulp, Etc.	\$12	15	Fats and Oils	\$20
31	Fertilizers	\$6	07	Vegetables	\$12	07	Vegetables	\$13
Manitoba								
2002			2003			2004		
10	Cereals	\$55	12	Misc Grain, Seed, Fruit	\$87	12	Misc Grain, Seed, Fruit	\$153
12	Misc Grain, Seed, Fruit	\$42	10	Cereals	\$62	10	Cereals	\$61

02	Meat	\$22	02	Meat	\$29	02	Meat	\$44
41	Hides and Skins	\$17	11	Milling; Malt; Starch	\$12	11	Milling; Malt; Starch	\$11
11	Milling; Malt; Starch	\$16	41	Hides and Skins	\$5	20	Preserved Food	\$6

6. Exports to Chile, Israel, and Costa Rica

Canada signed free-trade agreements with Chile and Israel in 1996, and Costa Rica in 2001; these came into effect in 1997 and 2002 respectively. In this section, Tables 6.1 and 6.2 pertain to Chile and Israel respectively, employing 1996 as the base year against which to measure export growth. Table 6.3, pertaining to Costa Rica, employs 2001 as the base year. Western Canada's exports to these three countries have been small in value, thus making percentage changes quite volatile.

6.1 Chile

Western Canada's exports to Chile dropped 40% from 1996 to 2004, down to \$150 million from \$258 million. This \$150 million is up by 27% from exports of \$118 million to Chile in 2003, however. Exports from each Western province follow a similar pattern. Predictably, exports to Chile make up only a small fraction of Western Canada's total exports, 0.12% in 2004.

Table 6.1 Exports to Chile by Western Province (\$ millions)

Province	Exports to Chile				Export Growth	Chile's Share of Total Exports				Chile's Share Growth
	1996	2001	2003	2004	1996 - 2004	1996	2001	2003	2004	1996 - 2004
WESTERN CANADA	248	180	118	150	-40%	0.33%	0.16%	0.11%	0.12%	-63%
Alberta	72	62	25	43	-41%	0.23%	0.11%	0.04%	0.06%	-72%
British Columbia	66	51	56	61	-7%	0.25%	0.16%	0.19%	0.19%	-23%
Saskatchewan	85	62	30	32	-62%	0.91%	0.53%	0.29%	0.26%	-71%
Manitoba	25	6	7	14	-45%	0.40%	0.06%	0.08%	0.14%	-65%

6.2 Israel

Exports to Israel continue to make up only a small fraction of Western Canada's total exports (0.06% in 2004), but contrary to the general trend of decline since 1996, Western Canada's exports to Israel increased by 106% over the most recent year, up to \$70 million in 2004 from \$34 million. Of this, 75% or \$27 million may be attributed to exports from Alberta where exports increased in 2004 by 178% over those in 2003. Exports were primarily Electrical Machinery (HS 95), which Western Canada as a whole exported \$28.7 million in value in 2004, up from \$6.5 million in 2003. Exports of Plastics (HS 39), also primarily from Alberta, and Machinery (HS 84), mostly from British Columbia, increased from 2003 to 2004 as well.

Table 6.2 Exports to Israel by Western Province (\$ millions)

Province	Exports to Israel				Export Growth	Israel's Share of Total Exports				Israel's Share Growth
	1996	2001	2003	2004	1996 - 2004	1996	2001	2003	2004	1996 - 2004
WESTERN CANADA	43	34	34	70	61%	0.06%	0.03%	0.03%	0.06%	-2%

Alberta	12	13	7	34	178%	0.04%	0.02%	0.01%	0.05%	32%
British Columbia	19	17	18	24	29%	0.07%	0.05%	0.06%	0.07%	6%
Saskatchewan	10	2	5	7	-32%	0.11%	0.02%	0.05%	0.06%	-48%
Manitoba	2	2	4	4	128%	0.03%	0.03%	0.04%	0.04%	44%

6.3 Costa Rica

Exports to Costa Rica make up only a small fraction of Western Canada's total exports, 0.02% in 2004. British Columbia was Western Canada's leading exporter to Costa Rica in 2003 and 2004, whereas Saskatchewan was in 2001 and 2002.

Since the free-trade agreement with Costa Rica was only implemented in 2002, not enough time has passed to allow any meaningful analysis of export growth. However, by 2004, exports to Costa Rica from Alberta were up 439% or \$6.3 million.

Table 6.3 Exports to Costa Rica by Western Province (\$ millions)

Province	Exports to Costa Rica				Export Growth	Costa Rica's Share of Total Exports				Costa Rica's Share Growth
	2001	2002	2003	2004	2001 - 2004	2001	2002	2003	2004	2001 - 2004
WESTERN CANADA	28.8	30.2	17.9	28.3	-2%	0.03%	0.03%	0.02%	0.02%	-10%
Alberta	1.4	1.3	5.1	7.7	439%	0.002%	0.00%	0.01%	0.01%	360%
British Columbia	9.2	12.9	6.9	11.9	30%	0.03%	0.04%	0.02%	0.04%	33%
Saskatchewan	15.8	15.5	5.3	7.8	-51%	0.13%	0.14%	0.05%	0.06%	-53%
Manitoba	2.4	0.6	0.6	0.9	-64%	0.03%	0.01%	0.01%	0.01%	-65%

7. Conclusions

- The Canada-U.S. Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) appear to have contributed significantly to Alberta's and Western Canada's export growth.
- From 1988 to 2004, exports to the U.S. from Alberta and Western Canada increased by 547% and by 362% respectively, while exports to the rest of the world increased by 93% and by 32%, respectively.
- From 1993 to 2004, exports to Mexico from Alberta and Western Canada increased by 689% and by 402% respectively, while exports to non-NAFTA countries increased by 96% and by 51%.
- Western Canada is now sending a higher proportion of its exports to the NAFTA region – from 52.4% in 1988 to 79.7% in 2004.
- From 2003 to 2004, non-NAFTA exports increased by greater percentages than NAFTA exports, 33.9% versus 16.1% for Alberta, and 19.1% versus 13.4% for Western Canada.

- By most measures, Alberta is the strongest export performer in Western Canada. Much of this is due to rising oil prices. Since 1999 the price of crude oil has tripled and the price of natural gas has doubled. In 2004, energy exports constituted 78% of Alberta's total exports.
- Energy exports to the U.S. from Alberta dominate the Western Canadian export picture. From 1993 to 2004, Alberta's energy exports increased from \$12.9 billion to \$46.2 billion, accounting for 70.5% of Alberta's total export growth and 46.4% of Western Canada's total export growth. In 2004, Alberta's energy exports constituted 37.9% of Western Canada's total exports. Of Alberta's energy exports, over 99% went to the U.S.
- Alberta is increasingly building up its value-added exports. From 1993 to 2004, while Alberta's energy exports to NAFTA increased by 277% and commodity exports by 224%, manufactured exports to NAFTA rose by 423%. Between 1993 and 2004, manufactured exports increased their percentage of Alberta's total exports to NAFTA countries from 3.8% to 5.3%, a significant rise in light of the very considerable growth in both energy prices and the value of Alberta's energy exports over that time period.
- BSE has been detrimental to Alberta's export performance. From 2002 to 2004, Alberta's beef and cattle exports decreased by \$748 million. 85% of this amount is attributable to the loss of the live cattle market, which fell from \$637 million to zero.
- Trade agreements with Chile, Israel, and Costa Rica have had no discernable effect on exports as of yet.

AGRICULTURAL PRODUCTS*Section I - Live Animals & Animal Products*

- 1 Live animals
- 2 Meat
- 3 Fish and seafood
- 4 Dairy, eggs, honey, etc.
- 5 Other products of animal origin

Section II - Vegetable Products

- 6 Live trees and plants
- 7 Vegetables
- 8 Edible fruit and nuts
- 9 Spices, coffee and tea
- 10 Cereals
- 11 Milled products; malt & starch
- 12 Misc. grains, seeds and fruit
- 13 Resin; vegetable saps & extracts
- 14 Other vegetable products

Section III - Oils & Fats

- 15 Fats and oils

Section IV - Prepared Food

- 16 Prepared meat, fish, etc.
- 17 Sugars and confectionery
- 18 Cocoa
- 19 Baking-related preparations
- 20 Preserved food
- 21 Miscellaneous food
- 22 Beverages
- 23 Food waste; animal feed
- 24 Tobacco

NON-AGRICULTURAL PRODUCTS*Section V - Mineral Products*

- 25 Salt; sulfur; earth; stone
- 26 Ores; slag; ash
- 27 Mineral fuels; coal, oil & gas

Section VI - Chemical Products

- 28 Inorganic chemicals
- 29 Organic chemicals
- 30 Pharmaceutical products
- 31 Fertilizers
- 32 Tanning extracts; dye; paint; putty
- 33 Perfumery; cosmetics
- 34 Soap; wax; dental plasters
- 35 Albumins; glues
- 36 Explosives
- 37 Photographic & cinematographic goods
- 38 Misc. chemical products

Section VII - Plastics & Articles Thereof

- 39 Plastic
- 40 Rubber

Section VIII - Raw Hides, Leather & Fur

- 41 Hides and skins
- 42 Articles of leather
- 43 Furskins & artificial fur

Section IX - Wood & Articles Thereof

- 44 Wood
- 45 Cork
- 46 Straw

Section X - Wood Pulp; Paper

- 47 Wood pulp
- 48 Paper & paperboard
- 49 Books & newsprint

Section XI - Textiles & Articles Thereof

- 50 Silk
- 51 Wool
- 52 Cotton
- 53 Other vegetable textile fibres
- 54 Manmade filament
- 55 Manmade staple fibres
- 56 Wadding; felt; twine; rope
- 57 Textile floor coverings
- 58 Special woven fabrics
- 59 Coated textile fabrics
- 60 Knitted fabrics
- 61 Apparel - knitted
- 62 Apparel - not knitted
- 63 Misc. textile articles

Section XII - Footwear; Headgear; Umbrellas; Etc.

- 64 Footwear
- 65 Headgear
- 66 Umbrellas, etc.
- 67 Feathers; artificial flowers; etc.

Section XIII - Stone; Ceramics; Glass

- 68 Stone, plaster, cement, etc.
- 69 Ceramic products
- 70 Glass and glassware

Section XIV - Precious Stones; Jewellery; Coins

- 71 Precious stones & metals; jewellery; coins

*Section XV - Base Metals & Articles
Thereof*

- 72 Iron and steel
- 73 Articles of iron or steel
- 74 Copper and articles thereof
- 75 Nickel and articles thereof
- 76 Aluminum and articles thereof
- 77 (NOT USED)
- 78 Lead and articles thereof
- 79 Zinc and articles thereof
- 80 Tin and articles thereof
- 81 Other base metals and
articles thereof
- 82 Tool, cutlery, etc. of base
metal
- 83 Misc. art of base metal

*Section XVI - Machinery &
Electrical Equipment*

- 84 Machinery
- 85 Electrical machinery

Section XVII - Vehicles

- 86 Railway
- 87 Vehicles, not railway
- 88 Aircraft; spacecraft
- 89 Ships and boats
- 90 Optical, photographic
measuring & medical apparatus
- 91 Clocks and watches
- 92 Musical instruments

Section XIX - Arms & Ammunition

- 93 Arms and ammunition

*Section XX - Misc. Manufactured
Articles*

- 94 Furniture and bedding
- 95 Toys and sports equipment
- 96 Miscellaneous manufactured
articles

*Section XXI - Works of Art; Special
Classifications*

- 97 Art and antiques
- 98 Special classification
provisions
- 99 Special (miscellaneous)
transactions