

NUMBER 71 • AUGUST 2002

THE ALBERTA AND WESTERN CANADA EXPORT EXPERIENCE  
UNDER THE FREE TRADE AGREEMENTS: 1988-2001

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The Western Centre for Economic Research  
gratefully acknowledges the support of  
Alberta International and Intergovernmental Relations.

National Library of Canada Cataloguing in Publication Data

Hoffmann, Katrin Anna, 1962-

The Alberta and Western Canada export experience under the free trade agreements,  
1988-2001

(Information bulletin ; no.71)

Includes index.

ISBN 1-55195-079-0

1.Exports— Alberta. 2.Exports— Canada, Western. 3.Free trade— Alberta. 4.Free trade—  
Canada, Western. I.University of Alberta. Western Centre for Economic Research. II.  
Title. III.Series:Information bulletin (University of Alberta. Western Centre for Economic  
Research) no.71

HF1769.W48H63 2002 382'.6097123 C2002-910756-3

## EXECUTIVE SUMMARY

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- This report summarizes the export performance of Western Canada in 2001. Only countries with whom Canada has a free trade agreement are examined.
- Over the past year, Western Canada as a whole experienced a 2% decrease in the dollar value of its merchandise exports.
- Alberta, with an increased export value of 2.9%, was the only western province to experience a growth in exports.
- The value of exports from British Columbia, Saskatchewan and Manitoba fell by 7.8%, 6.6% and 2.7%, respectively.
- Western Canada's exports in 2001 were based on natural resources. The energy sector provided over 40% of the total export value, followed by wood and wood pulp exports, which contributed approximately 14% and cereals, which contributed approximately 4%.
- Manufactured products, i.e., electrical equipment and machinery and appliances, accounted for 3.9% and 3.5% of the total export value.
- In Alberta, Saskatchewan and Manitoba, mineral fuel remained the dominant export category in 2001, while British Columbia's exports of forestry products were slightly higher in value than its energy exports.
- As in the previous year, the United States remained the major destination of exports from Western Canada. The US market share was 89% for Alberta, 71% for British Columbia, 59% for Saskatchewan and 80% for Manitoba. Except for Saskatchewan, all western provinces showed an increase in their US market share in 2001.
- Export values to Mexico increased significantly in 2001, with Alberta, Saskatchewan, Manitoba and British Columbia showing an increase of 35%, 16%, 34% and 34%, respectively. In the same time period, the percentage share of total exports from Western Canada to Mexico did not exceed 1%.
- Exports from the western provinces to other countries with which Canada has a free trade agreement have dropped since the establishment of the free trade agreement and during the past year.
- In 2001, total export values to Chile decreased by 28%, to Costa Rica by 38% and to Israel by 12%.

## INTRODUCTION

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International trade has been of increasing importance for Canada as a whole as well as for the different regions of the country. In particular the economies of Western Canada have undergone changes due to the increased globalization of the world economies. This report summarizes the international trade of Western Canada as a whole and of the four provinces separately. Among the western provinces, special emphasis is given to the export values of Alberta. The report provides data for the performance of selected product groups among Alberta's exports.

In addition to the US, which plays the dominant role in the trade for all western provinces, export data for Mexico, Costa Rica, Chile and Israel, all of whom have a free trade agreement with Canada, are presented. For the trade with the US, as well as all other countries discussed here, the year before the introduction of the free trade agreement is used as benchmark against which export growth is assessed.

The merchandise exports in this report are classified according to the Harmonized System (HS) Codes. Since the intent of the report is to give an overview of the development of international trade in Western Canada since 1988, product groups are differentiated only at the 2-digit-level in the HS-Coding System. Only the exports of Alberta are examined in greater detail. This report only presents data for the export of goods. Export values for services are not included. All export values are reported in Canadian dollars.

The value of the Canadian currency affects the competitive performance of the exports from Western Canada. This influence is of particular importance for raw materials and agricultural commodities, where the price on the world market is quoted in US dollars. The Canada-US exchange rate also influences the value of merchandise exports from Canada to the US. The Canadian dollar has dropped continuously over the last decade against the US dollar. The average annual Canada-US exchange rate decreased from 0.67 in 2000 to 0.64 in 2001.

This report uses current (nominal) price terms for the value of the merchandise exports. Therefore, the values include the effect of price changes as well as the change in export volume. This is of particular importance for the aggregate export values from Western Canada, which are dominated by the energy sector as well as by agricultural and forestry products. Statistics Canada's CANSIM raw material price index showed considerable changes in 2001 for natural gas, crude oil, wood and agricultural products. There were no significant changes for manufacturing products in 2001.

## 1. WESTERN CANADA'S AGGREGATE EXPORT VALUES, 1988 TO 2001

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### 1.1 DOLLAR VALUE OF MERCHANDISE EXPORTS

The total value of merchandise exports from the western provinces and the aggregate exports from Western Canada are summarized below. Table 1.1 shows that the aggregate exports from Western Canada decreased by 1.9% in 2001 to \$111.17 billion from \$113.39 billion in 2000. However, all western provinces experienced export growth from 1999 to 2001. The aggregate value of Western Canadian exports increased by 34.6% in this period.

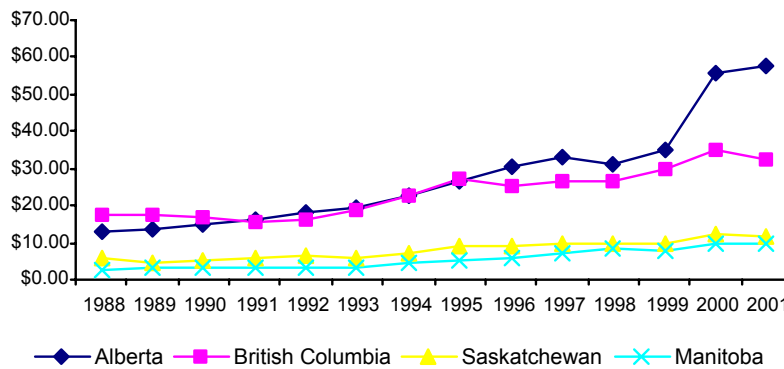
The decline in Western Canadian exports from 2000 to 2001 results from a decrease in export values of all western provinces except Alberta. The international shipments of British Columbia, Saskatchewan and Manitoba decreased by 7.8%, 6.7% and 2.7% respectively, while Alberta's export values rose by 2.9% from \$55.87 billion to \$57.50 billion. This is an increase of 64.9% from 1999 to 2001. The export values of Alberta in 2001 are 77.4% higher than the exports of British Columbia and account for 51.7% of the exports of Western Canada.

**Table 1.1. Western Canada: Value of Exports by Province, 1988-2001 (\$ billion)**

	<b>Alberta</b>	<b>British Columbia</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Western Canada</b>
1988	\$13.01	\$17.42	\$5.76	\$2.91	\$39.10
1989	\$13.49	\$17.80	\$4.49	\$2.93	\$38.71
1990	\$15.19	\$16.65	\$5.40	\$2.97	\$40.21
1991	\$16.03	\$15.30	\$5.69	\$3.08	\$40.10
1992	\$17.88	\$16.36	\$6.59	\$3.43	\$44.26
1993	\$19.69	\$19.00	\$5.98	\$3.44	\$48.10
1994	\$23.01	\$22.81	\$7.44	\$4.73	\$57.99
1995	\$26.54	\$26.93	\$8.78	\$5.44	\$67.69
1996	\$30.78	\$25.20	\$8.91	\$5.99	\$70.87
1997	\$33.33	\$26.57	\$9.80	\$7.01	\$76.71
1998	\$31.19	\$26.89	\$9.94	\$8.14	\$76.16
1999	\$34.87	\$29.74	\$9.96	\$8.04	\$82.61
2000	\$55.87	\$35.17	\$12.62	\$9.74	\$113.39
2001	\$57.50	\$32.41	\$11.78	\$9.48	\$111.17

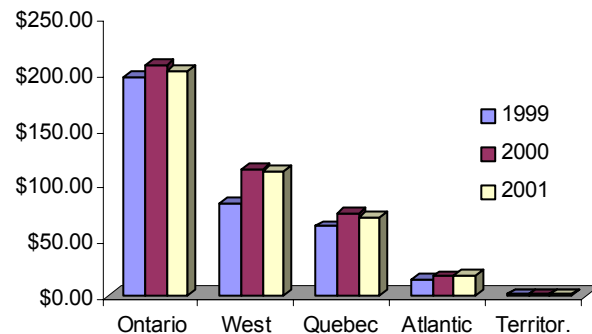
The export values of the Western Canadian provinces are presented in Figure 1.1. The graph shows that the exports of Saskatchewan and Manitoba have developed since 1988 in a very similar way, with Saskatchewan always exhibiting slightly higher values than Manitoba. Alberta and British Columbia showed a similar development of their exports until 1999, then Alberta experienced a significantly higher increase in export values than British Columbia.

**Figure 1.1. Western Canada: Value of Merchandise Exports in 1988-2001 (\$ billion)**



The recent development of exports of Western Canada is compared to Ontario, Quebec, the Atlantic region and the Territories in Figure 1.2. From 1999 to 2001, Western Canada experienced the highest export growth. In 2001, all regions showed a decline in export values, except for the Atlantic region, which experienced a 4.5% increase.

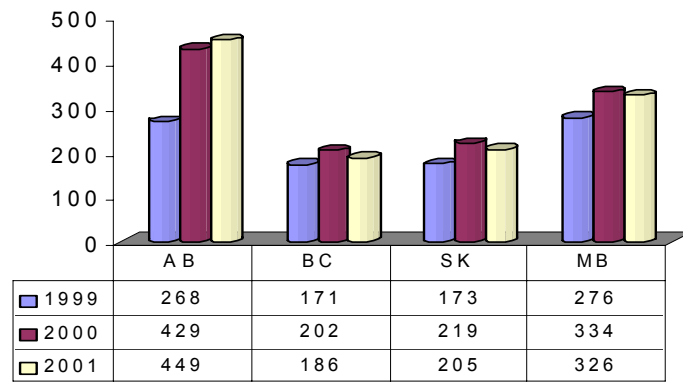
**FIGURE 1.2. AGGREGATE EXPORTS BY REGIONS IN CANADA FROM 1999-2001 (\$ BILLION)**



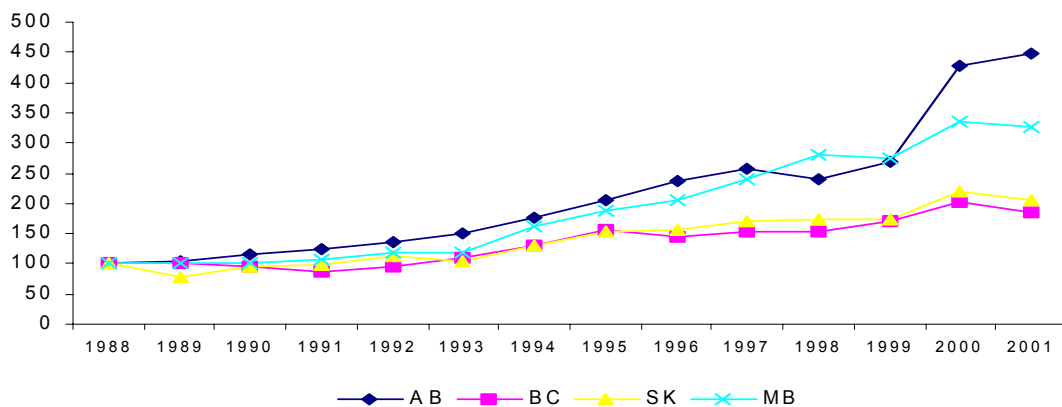
## 1.2 Provincial Index Of Export Values

The trend of the provincial export values since 1988 converted to an index basis (1988 = 100) is shown in Figures 1.3 and 1.4. The export values of Alberta have grown continuously since 1988 except for 1998. In 2000 and 2001, the index of Alberta exports rose to 429 and 449, respectively. Alberta's export growth was, therefore, higher than that of Manitoba (334 in 2000, 326 in 2001), a province with fast growing exports in recent years. Saskatchewan and British Columbia exhibited lower export growth in 2001 with an index of 205 and 186, respectively.

**Figure 1.3. Index of Provincial Export Values (1988 = 100), 1999-2001 (\$ billion)**



**Figure 1.4. Evolution of Index of Export Values (1988 = 100), 1988-2001 (\$ billion)**



### 1.3 EXPORT PERFORMANCE PER EMPLOYEE

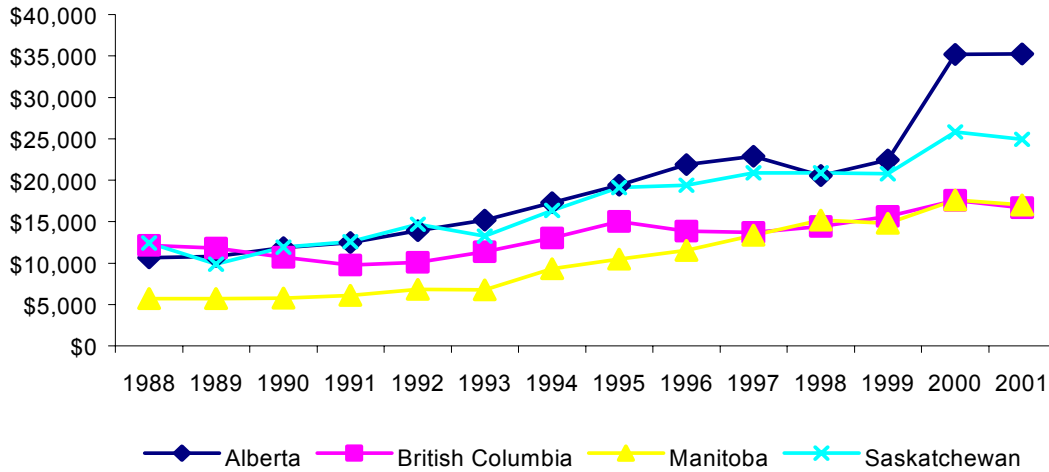
The value of exports per employed person can also be used to measure the export intensity in the western provinces. These values are shown for 1988 to 2001 in Table 1.2 and Figure 1.5. For Alberta and Manitoba, this measure of export intensity has more than tripled since 1988, while it has only doubled for Saskatchewan and increased by a little more than a third for British Columbia. Over the last year, only Alberta exhibited a small increase of 0.15%, while British Columbia, Manitoba and Saskatchewan experienced a decline in the export performance per employee of 5.0%, 3.5% and 3.3%, respectively. As we shall see below, Alberta's increase is largely due a price increase for natural gas.

**Table 1.2. Export Performance on a per Employee Basis, 1988-2001**

	Alberta	British Columbia	Manitoba	Saskatchewan	Western Canada
1988	\$10,632	\$12,135	\$5,730	\$12,427	\$10,770
1989	\$10,780	\$11,798	\$5,702	\$9,846	\$10,378
1990	\$11,882	\$10,708	\$5,763	\$11,889	\$10,574
1991	\$12,452	\$9,729	\$6,075	\$12,552	\$10,497
1992	\$13,927	\$10,096	\$6,830	\$14,685	\$11,480
1993	\$15,205	\$11,335	\$6,782	\$13,268	\$12,245
1994	\$17,278	\$13,006	\$9,284	\$16,331	\$14,316
1995	\$19,384	\$15,028	\$10,480	\$19,108	\$16,351
1996	\$21,857	\$13,835	\$11,543	\$19,417	\$16,852
1997	\$22,862	\$13,679	\$13,333	\$20,860	\$17,515
1998	\$20,581	\$14,378	\$15,191	\$20,878	\$17,319
1999	\$22,448	\$15,597	\$14,812	\$20,754	\$18,429
2000	\$35,178	\$17,571	\$17,604	\$25,795	\$24,557
2001	\$35,231	\$16,687	\$16,985	\$24,945	\$24,143

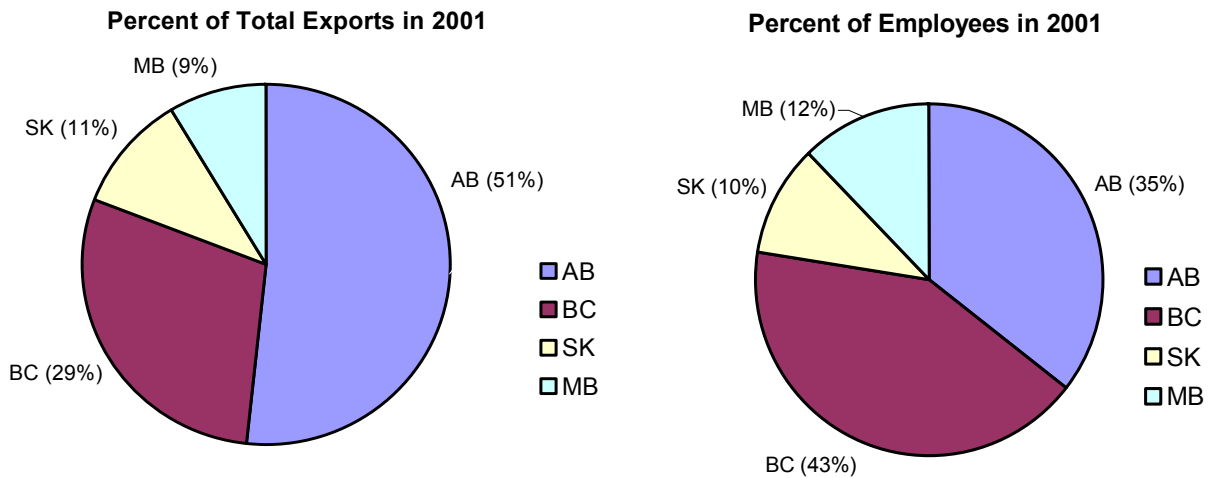


**Figure 1.5. Export Performance on a \$ per Employee Basis, 1988-2001**



As shown in Figure 1.6 Alberta accounted for 52% of the exports of Western Canada while having only 35% of the employees. British Columbia accounted for only 29% of the Western Canadian exports although having 43% of the regional employees. For Manitoba and Saskatchewan, the percentage contribution to total western exports is similar to their share of regional employees.

**Figure 1.6. Share of Western Canadian Exports and Employees per Province (2001)**



## 2. WESTERN CANADA'S TOP 20 EXPORTS AND THEIR CONTRIBUTION TO EXPORT GROWTH

### 2.1 WESTERN CANADA: TOP 20 EXPORTS

The composition of Western Canada's merchandise exports remains dominated by the energy sector. The forestry and agricultural sectors provide other major commodities. Table 2.1 gives an overview of the 20 major merchandise export categories in Western Canada, ordered according to their contribution to the total export value in 2001. The table also shows the growth in the export value from 1988 to 2001 and the contribution of each category to total export growth. The US market share of the product groups is also provided.

The top twenty export categories produced approximately 90% of the growth in the value of Western Canadian exports from 1988 to 2001. The top five exports, energy, wood, wood pulp, cereals and electrical equipment, accounted for 65.9% of the export growth. The energy sector made up 52.1% of the total increase in exports from 1988 to 2001.

**Table 2.1. Western Canada's Top Twenty Exports, Their Share in Export Growth and Percentage of US Exports (\$ million)**

HS Category	Export Value 2001	% of Total 2001	Export Value 1988	Contribution to Total Export Growth (1988 - 2001)		% US share	
				\$	%	2001	1988
27 Mineral fuels, oil	\$47,335	42.6	\$9,810	37,525	52.1	95.1	79.6
44 Wood, articles of wood	\$10,730	9.7	\$5,256	5,474	7.6	79.1	58.4
47 Wood pulp	\$4,651	4.2	\$3,934	717	0.9	30.7	31.7
10 Cereals	\$4,573	4.1	\$4,829	-256	-0.3	17.8	3.3
85 Electrical Equipment	\$4,312	3.9	\$277	4,035	5.6	85.1	75.3
84 Machinery	\$3,935	3.5	\$961	2,974	4.1	73.7	77.1
48 Paper, paperboard	\$2,863	2.6	\$1,674	1,189	1.6	86.9	68.5
02 Meat	\$2,730	2.5	\$324	2,406	3.3	66.1	76.0
31 Fertilizer	\$2,655	2.4	\$1,429	1,226	1.7	58.9	55.4
39 Plastics	\$2,212	2.0	\$726	1,486	2.1	89.9	65.1
87 Vehicles, not railway	\$2,137	1.9	\$515	1,622	2.3	95.2	87.3
29 Organic chemicals	\$2,081	1.9	\$1,037	1,044	1.4	75.2	44.3
12 Oil seeds, misc. grains	\$1,948	1.8	\$995	953	1.3	13.7	11.7
01 Live animals	\$1,727	1.6	\$448	1,279	1.8	99.6	98.7
99 Special transactions	\$1,448	1.3	\$0	1,448	2.0	92.4	0.0
94 Furniture, bedding	\$1,270	1.1	\$121	1,149	1.6	89.6	81.8
07 Vegetables	\$1,058	1.0	\$138	920	1.3	30.2	14.7
90 Optical, photo equip.	\$942	0.9	\$86	856	1.2	69.3	55.7
28 Inorganic chemicals	\$863	0.8	\$354	509	0.7	68.4	56.7
73 Iron and steel products	\$844	0.8	\$56	788	1.1	93.7	72.5
Total – Top 20	\$100,314	90.2	\$32,970	65,896	93.4	-	-
Total – All Exports	\$111.173	100	\$39.097	72,076	100	79.7	51.5

## 2.2 ALBERTA: TOP 20 EXPORTS

Table 2.2 shows Alberta's top 20 export categories, ranked according to their 2001 export value, along with their percentage contribution to the 2001 export total. The table also indicates the growth in dollar value of the 20 categories over the 1988 to 2001 period, and the percentage contribution of these categories to total export growth over that period. US market share figures for these categories, in both 1988 and 2001, are also provided.

In Alberta, the top 5 categories accounted for 78.5% of the value of 2001 exports and the next 15 categories for 17.7%. All other export categories accounted for only 3.8%. Alberta's exports are dominated by the energy sector, which includes crude oil, natural gas and coal. This sector represented 64.1% of all exports in 2001 and contributed 67.4% to the total export growth from 1988 to 2001. Second and third ranking categories are electrical equipment, which includes telecommunications equipment, and the category of meat products. With the exception of wood pulp, inorganic chemicals and nickel the US market share has increased since 1988 for the top 20 export categories. The US share of Alberta's total exports rose from 69.5% in 1988 to 88.8% in 2001.

**Table 2.2. Alberta: Top 20 Exports, Their Share in Export Growth and Percentage of US Exports (\$ million)**

HS Category	Export Value 2001	% of Total 2001	Export Value 1988	Contribution to Total Export Growth (1988 - 2001)		% US share	
				\$	%	2001	1988
27 Mineral fuel, oil	\$36,856	64.1	\$6,874	29,982	67.4	99.1	93.0
85 Electrical equipment	\$2,901	5.1	\$113	2,788	6.3	88.6	64.9
02 Meat	\$2,010	3.5	\$159	1,851	4.2	70.1	67.9
84 Machinery	\$1,690	2.9	\$172	1,518	3.4	61.1	54.6
29 Organic chemicals	\$1,666	2.9	\$892	774	1.7	80.2	45.1
39 Plastics	\$1,470	2.6	\$622	848	1.9	87.0	61.8
10 Cereals	\$1,415	2.5	\$1,251	164	0.4	14.8	4.8
47 Wood pulp	\$1,315	2.3	\$385	930	2.1	42.8	94.9
44 Wood	\$1,247	2.2	\$229	1,018	2.3	94.7	92.4
01 Live animals	\$863	1.5	\$282	581	1.3	99.5	98.4
12 Oil seeds, misc. grain	\$625	1.1	\$296	329	0.7	13.3	8.8
99 Special Transactions	\$609	1.1	\$0	609	1.4	92.3	0.0
87 Vehicles, not railway	\$526	0.9	\$42	484	1.1	91.7	70.3
94 Furniture and bedding	\$415	0.7	\$33	382	0.8	95.1	83.3
90 Optical, photo equip.	\$312	0.5	\$34	278	0.6	58.7	40.5
31 Fertilizer	\$307	0.5	\$196	111	0.2	97.3	62.2
48 Paper, paperboard	\$286	0.5	\$8	178	0.6	99.6	96.3
28 Inorganic chemicals	\$270	0.5	\$94	176	0.4	86.7	89.2
75 Nickel, articles of nickel	\$255	0.4	\$21	234	0.5	6.8	43.3
73 Iron and steel products	\$247	0.4	\$46	201	0.4	86.6	29.2
Total – Top 20	\$55,285	96.2	\$11,749	42,927	97.2	-	-
Total – All Exports	\$57,501	100	\$13,009	44,492	100	88.8	69.5

### 2.3 BRITISH COLUMBIA: TOP 20 EXPORTS

Table 2.3 shows British Columbia's top 20 export categories, ranked according to their 2001 export value, and their contribution to the total provincial exports in 2001. The table also indicates the export growth from 1988 to 2001 and the US market share of the major products in 1988 and 2001.

In 2001, the top 20 product categories accounted for 90.5 % of the value of total exports. The first four categories, including wood, wood pulp, paper and paperboard, and energy contributed 63.3% to the total export value, clearly indicating the dominance of the forestry and energy sectors. The first four categories were the same in 1988 and 2001, while machinery has replaced category 26 (ores, slag, ash) - i.e. mining commodities - in fifth position. The US share of total exports rose from 42.7% in 1988 to 70.9% in 2001, mainly due to the increase in US market share for wood and energy.

**Table 2.3. British Columbia's Top 20 Exports, Their Contribution to Export Growth and Percentage of US Exports (\$ million)**

HS Category	Export Value 2001	% of Total 2001	Export Value 1988	Contribution to Total Export Growth (1988 - 2001)		US share	
				\$	%	2001	1988
44 Wood, articles of wood	\$8,988	27.7	\$4,951	4,037	26.9	75.8	57.2
27 Mineral fuels, oils	\$6,342	19.6	\$2,096	4,246	28.3	79.4	27.3
47 Wood pulp	\$3,097	9.6	\$3,362	-265	-1.8	24.4	23.1
48 Paper, paperboard	\$2,060	6.4	\$1,538	522	3.5	81.8	66.0
84 Machinery	\$1,326	4.1	\$376	950	6.3	76.7	74.7
85 Electrical equipment	\$971	3.0	\$78	893	5.9	76.5	70.0
03 Fish and fish products	\$932	2.9	\$570	362	2.4	66.5	24.6
87 Vehicles, not railway	\$831	2.6	\$264	567	3.8	93.9	82.8
76 Aluminum	\$628	1.9	\$594	34	0.2	31.0	16.6
26 Ores, slag and ash	\$552	1.7	\$1,035	-483	-3.2	4.2	0.9
99 Spec. transactions	\$486	1.5	\$0	486	3.2	89.2	0.0
90 Optical & photo equip.	\$465	1.4	\$45	420	2.8	80.6	63.2
94 Furniture and bedding	\$459	1.4	\$54	405	2.7	76.3	71.5
39 Plastics	\$443	1.4	\$50	393	2.6	94.0	75.7
73 Iron and steel products	\$382	1.2	\$105	277	1.8	96.5	92.6
29 Organic chemicals	\$371	1.1	\$138	233	1.6	50.9	36.8
07 Vegetables	\$279	0.9	\$55	224	1.5	80.0	19.2
79 Zinc, articles of zinc	\$244	0.8	\$105	139	0.9	77.9	69.7
49 Books, newspaper	\$241	0.7	\$27	214	1.6	96.2	97.1
89 Ships and boats	\$218	0.7	\$3	215	1.4	90.1	86.4
Total – Top 20	\$29,317	90.5	\$15,445	13,89.2	92.4	-	-
Total – All Exports	\$32,412	100	\$17,419	14,993	100	70.9	42.7

## 2.4 SASKATCHEWAN: TOP 20 EXPORTS

Table 2.4 shows the major export categories in Saskatchewan by total export value and their contribution to the export growth from 1988 to 2001. This table also includes the US market share in 1988 and 2001 for the Saskatchewan's exports.

The table reveals that in 2001 the top three export categories accounted for 63.5% of the total export value and 45% of the increase in export value since 1988. Except for cereals, which decreased in export value by 7.3% since 1988, all product groups increased their export value over the past decade. The energy sector has contributed 34.5% to the total export growth and replaced cereals in first position among the top exports in 2001. While the US market share has increased in Saskatchewan from 33.8% in 1988 to 58.9% in 2001, the orientation towards the US market is lower than in other western provinces.

**Table 2.4. Saskatchewan's Top 20 Exports, Their Contribution to Export Growth and Percentage of US Exports (\$ million)**

	Export Value 2001	% of Total 2001	Export Value 1988	Contribution to Total Export Growth (1988 - 2001)		US share	
				\$	%	2001	1988
27 Mineral fuels, oils	\$2,805	23.8	\$729	2,076	34.5	99.9	100
10 Cereals	\$2,438	20.7	\$2,877	-439	-7.3	17.6	2.3
31 Fertilizer	\$2,243	19.0	\$1,169	1,074	17.8	51.7	53.0
12 Oilseeds, misc. grains	\$806	6.8	\$337	469	7.8	35.0	6.4
07 Vegetables	\$488	4.1	\$15	473	7.9	2.7	14.6
28 Inorganic Chemicals	\$325	2.8	\$78	247	4.1	49.8	92.0
84 Machinery	\$282	2.4	\$53	229	3.8	92.2	90.2
48 Paper, paperboard	\$262	2.2	\$19	243	4.0	100	99.4
47 Wood pulp	\$235	2.0	\$176	59	0.9	44.7	54.3
01 Live animals	\$231	1.9	\$45	186	3.1	99.0	98.5
99 Spec. Transactions	\$230	1.9	\$0	230	3.8	97.7	0.0
85 Electrical Equip.	\$186	1.6	\$22	164	2.7	68.6	93.3
44 Wood	\$160	1.4	\$24	136	2.3	99.9	99.1
02 Meat	\$138	1.2	\$57	81	1.3	90.2	93.3
15 Fats and oils	\$137	1.2	\$12	125	2.1	80.4	27.4
73 Iron/steel products	\$124	1.1	\$59	65	1.1	98.4	99.6
11 Milling industry prod.	\$108	0.9	\$10	98	1.6	48.5	41.5
38 Misc. chemical prod.	\$94	0.8	\$11	83	1.4	98.3	95.6
87 Vehicles, not railway	\$90	0.8	\$12	78	1.3	98.8	98.7
90 Optical, photo equip.	\$76	0.6	\$4	72	1.2	50.8	75.1
Total – Top 20	\$11,459	97.2	\$5,709	5,519	95.4	-	-
Total – All Exports	\$11,784	100	\$5,760	6,024	100	58.9	33.8

## 2.5 MANITOBA: TOP 20 EXPORTS

Table 2.5 shows the top 20 export categories for Manitoba, their contribution to export growth and the US market share in 1988 and 2001. The product groups are ranked according to their 2001 export value.

Compared to other western provinces, Manitoba's economy shows more diversification as indicated by the distribution of total export values. The first five categories accounted for 41.1% of the total export value in 2001 and contributed 37% to the export growth since 1988. Although energy is ranked first among the export categories, the first five categories include a variety of sectors, such as manufacturing and agricultural production. Manitoba has experienced an increase in the US market share from 58.1% in 1988 to 79.7% in 2001, mainly due to a higher US share for cereals, wood, vegetables, pharmaceutical products and preserved food.

**Table 2.5. Manitoba's Top 20 Exports, Their Contribution to Export Growth and Percentage of US Exports (\$ million)**

HS Category	Export Value 2001	% of Total 2001	Export Value 1988	Contribution to Total Export Growth (1988 - 2001)		US share	
				\$	%	2001	1988
27 Mineral fuels, oils	\$1,331	14.1	\$111	1,220	18.2	100	100
10 Cereals	\$694	7.3	\$666	28	0.4	24.7	3.8
87 Vehicles, not railway	\$690	7.3	\$196	494	7.5	99.3	96.1
84 Machinery	\$646	6.8	\$359	287	4.3	91.4	88.4
01 Live animals	\$529	5.6	\$93	436	6.6	100	99.8
02 Meat	\$509	5.4	\$73	436	6.6	48.0	86.7
12 Oil seeds, misc. grains	\$450	4.8	\$238	212	3.2	20.4	21.2
88 Aircraft, spacecraft	\$391	4.1	\$89	302	4.6	99.2	96.7
94 Furniture, bedding	\$381	4.0	\$33	348	5.3	99.3	98.1
74 Copper, articles thereof	\$369	3.9	\$5	364	5.5	100	91.7
75 Nickel, articles thereof	\$343	3.6	\$38	305	4.6	8.3	83.6
44 Wood	\$334	3.5	\$52	282	4.3	97.9	9.2
48 Paper, paperboard	\$256	2.7	\$109	147	2.2	99.7	96.1
85 Electrical equipment	\$254	2.7	\$63	191	2.9	96.1	94.3
39 Plastics	\$245	2.6	\$51	194	2.9	97.0	93.0
07 Vegetables	\$166	1.8	\$53	113	1.7	30.4	9.3
49 Books, newspaper	\$161	1.7	\$21	140	2.1	75.8	43.2
30 Pharmaceut. products	\$146	1.5	\$54	92	1.4	95.7	23.5
20 Preserved food	\$142	1.5	\$12	130	1.9	99.4	25.7
99 Spec. transactions	\$123	1.3	\$0	123	1.8	96.0	0.0
Total – Top 20	\$8,160	86.1	\$2,316	5,721	88.0	-	-
Total – All Exports	\$9,476	100	\$2,909	6,567	100	79.7	58.1

### 3. ALBERTA: SELECTED 2001 EXPORTS HIGHLIGHTS

The following section examines in greater detail seven of Alberta's major export categories which exhibited large changes in export value over the past year. In each category, selected products at the 4-digit-HS code level are presented and their export values in 2000 and 2001 are compared.

#### 3.1 ENERGY AND PLASTICS EXPORTS

Table 3.1 shows that the export value of the energy sector increased by 6.5% in 2001. This increase was mainly due to an increase in the value of natural gas exports by 24.4% and, to a lesser extent, an increase in coal exports by 3.8%. The export value of crude oil has decreased by 15.4% and of refined oil by 28.6%.

The value of polyethylene exports rose by nearly 40%, accounting almost entirely for the 36% increase in the plastics export group.

**Table 3.1. Exports of Energy and Plastics: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
		2000	2001	2000-01
27	Energy			
2711	Natural gas	\$18,557.50	\$23,086.60	24.4
2709	Crude Oil	\$14,902.88	\$12,614.62	-15.4
2710	Oil, not crude	\$656.70	\$468.62	-28.6
2701	Coal	\$378.19	\$392.38	3.8
	Total of the above	\$34,495.27	\$36,562.22	
	<b>Total HS 27 Energy Exports</b>	<b>\$34,620.96</b>	<b>\$36,856.41</b>	<b>6.5</b>
39	Plastics			
3901	Polyethylene	\$823.89	\$1,149.17	39.5
3904	Polyvinylchloride	\$47.06	\$93.52	98.7
3917	Tubes, pipes and hoses	\$51.36	\$50.99	-0.7
3920	Plastic plates and sheets	\$38.54	\$37.38	-3.0
3923	Plastic packing material	\$34.70	\$36.00	3.8
3926	Other plastic articles	\$30.63	\$31.45	2.7
	Total of the above	\$1,026.19	\$1,398.50	
	<b>Total HS 39 Plastic Exports</b>	<b>\$1,080.30</b>	<b>\$1,470.29</b>	<b>36.1</b>

### 3.2 WOOD, PULP AND PAPER PRODUCTS

Table 3.2 shows the export data for wood, pulp and paper products for 2000 and 2001. Total wood exports decreased by 4%, largely due to a decrease in the value of particle board by 12.2% in 2001. The small decrease in the export value of sawn lumber can be accounted for by a decrease in the price index of 9.6%, revealing an increase in the export volume of wood during the past year.

The decrease in export value of wood pulp was almost entirely due to a decline in exports of chemical wood pulp by 19.1% and semi-chemical wood pulp by 31.3% in 2001.

Paper and paperboard shipments showed an increase of 33.5% over the export value in the previous year.

**Table 3.2. Exports of Wood, Pulp and Paper: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
44	Wood	2000	2001	2000-01
4407	Sawn lumber	\$691.75	\$688.95	-0.4
4410	Particle board	\$396.41	\$347.87	-12.2
	Total of the above	\$1,088.16	\$1,036.82	
	Total HS 44 Wood Exports	\$1,299.49	\$1,247.23	-4.0
47	Wood pulp	2000	2001	2000-01
4703	Chemical wood pulp	\$1,300.58	\$1,051.25	-19.2
4705	Mechanical/chemical wood pulp	\$370.66	\$254.62	-31.3
	Total of the above	\$1,671.24	\$1,305.86	
	Total HS 47 Wood Pulp Exports	\$1,690.34	\$1,314.87	-22.2
48	Paper, paperboard	2000	2001	2000-01
	Total HS 48 Paper, Paperboard	\$214.04	\$285.76	33.5

### 3.3 MEAT PRODUCTS

Table 3.3 examines the exports of meat products in 2000 and 2001, showing an increase in the value of meat exports by 22.7% in 2001. The 24.5% increase in the value of fresh and chilled beef products mainly accounted for this increase in exports of meat.

Export values of pork and edible animal offal both increased by 20.9% while the export of frozen beef decreased by 11.0% in 2001.

**Table 3.3. Exports of Meat Products: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
02	Meat	2000	2001	2000-01
0201	Beef, fresh/chilled	\$1,162.35	\$1,447.37	24.5
0203	Pork	\$172.90	\$209.05	20.9
0206	Edible animal offal	\$127.60	\$154.31	20.9
0202	Beef, frozen	\$143.57	\$127.75	-11.0
	Total of the above	\$1,606.42	\$1,938.48	
	Total HS 02 Meat Products	\$1,664.98	\$2,009.88	20.7



### 3.4 LIVE ANIMALS

Table 3.4 shows an increase in live animal export values of 36.3% from 2000 to 2001, which is mainly accounted for by the increase in bovine exports and swine exports of 38.9% and 33.8% respectively.

The gains in bovine and swine export value are in part due to a rise in the cattle price index by 9.2% and the hog price index by 5.4% in 2001. The increase in export volume is, therefore, lower than suggested in Table 3.4.

**Table 3.4. Exports of Live Animals: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
01	Live Animals	2000	2001	2000-01
0102	Bovine	\$513.11	\$712.69	38.9
0103	Swine	\$92.40	\$123.67	33.8
0101	Horses, Asses, Mules etc	\$16.58	\$17.06	2.9
Total of the above		\$622.09	\$853.42	
Total HS 01 Live Animal		\$633.06	\$863.04	36.3

### 3.5 OIL SEEDS

Table 3.5 summarizes the export value of selected categories of oilseeds, misc. grains, fruits and nuts. The export value in this product group rose by 14.1% in 2001, which was mainly due to an increase the export value of canola seeds of 13.9% and, to a smaller extent, an increase in export value for forage products of 32.2% in 2001.

The increase in the export value of canola seeds resulted partially from a higher price index, which rose by 6.1% over the price index of 2000.

**Table 3.5. Exports of Oilseeds: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
12	Oilseeds, misc. grain, fruit	2000	2001	2000-01
1205	Canola seeds	\$393.15	\$447.73	13.9
1214	Forage products	\$89.78	\$118.64	32.2
1209	Sowing seed	\$39.66	\$37.79	-4.7
1207	Fruits and Nuts	\$17.76	\$11.92	-32.9
1204	Linseed	\$4.87	\$6.04	23.8
Total of the above		\$545.21	\$622.12	
Total HS 12 Oilseeds		\$548.20	625.45	14.1

### 3.6 ELECTRICAL EQUIPMENT

Table 3.6 examines the changes in export value of electrical equipment from 2000 to 2001. This product group has exhibited very high rates of export growth since 1988 and now is the second largest product group among Alberta's exports, when the two digit HS categories are used for ranking. While this sector had grown by 34% in 1999 and 118% in 2000, the exports of electrical equipment declined in 2001 by 37.9%.

The decline is mainly accounted for by a decrease in exports of transmission equipment for radio and TV of 39.6% and a 58.9% lower export value of telephone sets compared to the previous year. These two product categories comprised 74% of the electrical equipment export sector in 2001. The decrease in exports of these two categories could, therefore, not be offset by an increase in exports of antennae for radio and TV by 42.2%, of cable and wire by 369.3%, of boards and panels by 40.1%, of power supplies by 45.4% and of radio navigation aids by 67.8%.

**Table 3.6. Exports of Electrical Equipment: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
85	Electrical Equipment	2000	2001	2000-01
8525	Transmission equipment radio/TV	\$1,834.84	\$1,108.01	-39.6
8517	Telephone sets	\$2,126.99	\$874.06	-58.9
8529	Antennae for radio/TV	\$249.72	\$355.66	42.4
8544	Cable and wire	\$40.27	\$188.98	369.3
8537	Boards and panels	\$33.62	\$47.10	40.1
8504	Power supplies	\$27.72	\$40.31	45.4
8524	Tapes, software	\$60.72	\$33.78	-44.4
8526	Radio navigation aids	\$18.15	\$30.45	67.8
Total of the above		\$4,392.03	\$2,678.71	
Total HS 85 Electrical Equip.		\$4,673.79	\$2901.21	-37.9

### 3.7 MACHINERY AND MECHANICAL APPLIANCES

Table 3.7 shows the recent developments in exports of machinery and mechanical appliances. The category experienced an increase in export value of 30.6% in 2001. This increase was due in part to higher export values for all top ten commodities in this HS category on the 4-digit-level, except for electric dryers and distillers, and computer-components. The main contributors of the increase in export value in this category were parts for lifting and moving machinery (+ 117.1%), gas turbines (+ 40.8%), special machines and appliances (+ 18.4%), engines and motors (+ 40.7%) and pumps and liquid elevators (+ 89.3%).

**Table 3.7. Exports of Machinery and Mechanical Appliances: Selected Categories, 2000 and 2001**

HS Category		Export Value (millions)		% Change
84	Machinery	2000	2001	2000-01
8431	Parts for lifting, moving mach.	\$151.00	\$327.83	117.1
8411	Gas turbines	\$131.08	\$184.54	40.8
8479	Special mach., appliances	\$134.47	\$159.18	18.4
8412	Engines and motors	\$112.66	\$158.54	40.7
8413	Pumps and liquid elevators	\$70.90	\$134.19	89.3
8414	Air or vacuum pumps	\$44.82	\$108.64	142.4
8481	Taps, valves for pipes	\$84.15	\$102.26	21.5
8419	Electric dryers and distillers	\$93.28	\$77.89	-16.5
8430	Moving or grading machinery	\$46.68	\$57.07	22.3
8471	Computers and components	\$102.62	\$48.52	-52.7
Total of the above		\$971.67	\$1,358.67	
Total HS 84 Machinery		\$1294.41	\$1689.89	30.6

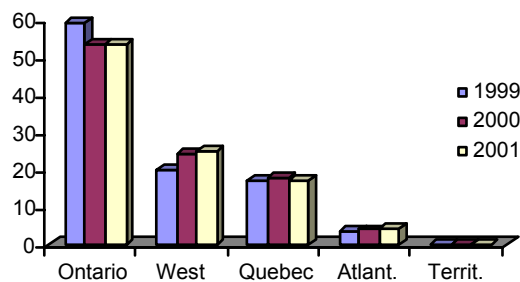
#### 4. EXPORTS TO THE UNITED STATES

Figures 4.1 and 4.2 show the percentage distribution of Canadian exports to the US by region from 1999 to 2001 and the provincial share of exports from Western Canada to the US in 2001.

In all three years, Ontario dominated the exports to the US, contributing more than 50% of Canada's total exports. The western provinces accounted for the second largest contribution to the US exports, with a share increasing from 20.1% in 1999, to 24.6% in 2000, and 25.2% in 2001.

In 2001, more than half (57%) of the exports from Western Canada originated in Alberta. British Columbia contributed 26% while Manitoba and Saskatchewan contributed 9% and 8%, respectively.

**Figure 4.1. Percentage of Canadian Exports by Region to the US, 1999-2001**



**Figure 4.2. Provincial Share of Exports from Western Canada to the US in 2001**

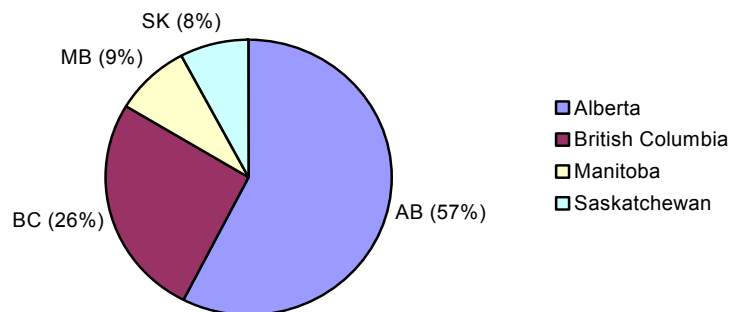


Table 4.1 summarizes the value of provincial exports to the US and the share of the western provinces in the export value of Canada as a whole. Table 4.2 shows the change in export value of the western provinces in 2001 and in the fourth quarter (Q4) of 2000 and 2001.

Alberta dominated the trade with the US among the western provinces and increased the value of its US exports in 2001 by 3.8% from \$49.19 billion to \$51.06 billion. The total

export value of Alberta rose by 2.9%, indicating the increasing importance of exports to the US. All other western provinces experienced a decline in total export value as well as US export value – the decline of US exports from British Columbia being 2.7%, from Saskatchewan 9.6%, and from Manitoba 4.9%.

Table 4.2 compares the exports in the fourth quarter of 2000 and 2001. In 2001 Q4, Alberta, British Columbia and Saskatchewan experienced a decline in total export values of 32.3%, 31.2% and 10.4%, respectively, which was accounted for partly by a decrease in exports to the US. Manitoba, while experiencing a decline in US exports in 2001 Q4, maintained a growth in total exports to the US. The decline in Canadian exports to the US in the fourth quarter of 2001 can be partially attributed to the effect of the September 11, 2001 terrorist attacks.

**Table 4.1. Value of Provincial Exports to the US and Provincial Share of US Exports, 1999-2001 (\$ billion)**

	Export Value by Province			% Share of Cdn. Exports to US		
	1999	2000	2001	1999	2000	2001
Alberta	\$29.36	\$49.19	\$51.06	9.53	13.69	14.53
British Columbia	\$20.24	\$23.62	\$22.98	6.57	6.58	6.54
Manitoba	\$6.58	\$7.96	\$7.57	2.14	2.22	2.16
Saskatchewan	\$5.61	\$7.68	\$6.95	1.82	2.14	1.98

**Table 4.2. Western Canada: Total Export Value, Exports to the US (\$ billion) and Export Growth in 2001 (Jan.-Dec.) and 2001 (Q4)**

		Export	Export	Export	Export	% change	% change
		2000	2001	2000	2001	2000-01	2000-01
		(Jan.-Dec.)	(Jan.-Dec.)	(Q4)	(Q4)	(Jan.-Dec.)	(Q4)
Alberta	Total	\$55.87	\$57.50	\$16.86	\$11.42	2.9%	-32.3
	US	\$49.19	\$51.06	\$15.10	\$9.76	3.8%	-35.4
Brit. Col.	Total	\$35.17	\$32.41	\$9.73	\$6.69	-7.8%	-31.2
	US	\$23.62	\$22.99	\$6.91	\$4.56	-2.7%	-34.0
Sask.	Total	\$12.62	\$11.78	\$3.16	\$2.83	-6.6%	-10.4
	US	\$7.68	\$6.95	\$1.85	\$1.57	-9.6%	-15.1
Manitoba	Total	\$9.74	\$9.48	\$2.38	\$2.41	-2.7%	1.3
	US	\$7.96	\$7.58	\$1.89	\$1.87	-4.9%	-1.1
West. Can.	Total	\$113.40	\$111.17	32.13	23.35	-1.9	-27.33
	US	\$88.45	\$88.58	25.75	17.76	0.1	-31.0

Table 4.3 gives an overview over the top five exports from the western provinces to the US from 1999 to 2001. The exports are ranked according to the 2 digit HS categories.

Alberta's main export commodity to the US was mineral fuel, showing an increase in export value from \$34.26 billion in 2000 to \$36.52 billion in 2001. Electrical equipment, although having experienced a large drop in export value in 2001, still ranked second in Alberta. Meat has gained considerable importance in exports to the US and became the third largest product group in 2001.

British Columbia's exports to the US relied on natural resources, such as wood, mineral fuels, and paper and paperboard, all three showing an increase in export value in 2001.

Manitoba's top export to the US was mineral fuel, which increased in export value in 2001 from \$1.19 billion to \$1.33 billion.

Saskatchewan's exports to the US decreased slightly in four of its top five categories, with mineral fuel still remaining the major export commodity, followed by fertilizer, and cereals in 2001.

**Table 4.3. Western Canada: Top Five Exports (2 digit HS Code) to the US in 1999, 2000 and 2001 (\$ billion)**

	Top Five Export 1999		Top Five Exports 2000		Top five Exports 2001	
AB	Mineral Fuels (27)	\$18.27	Mineral Fuels (27)	\$34.26	Mineral Fuels (27)	\$36.52
	Electrical Equip. (85)	\$1.90	Electrical Equip. (85)	\$4.28	Electrical Equip. (85)	\$2.56
	Wood (44)	\$1.39	Org. Chemicals (29)	\$1.26	Meat (02)	\$1.41
	Meat (02)	\$1.14	Meat (02)	\$1.21	Org. Chemicals (29)	\$1.34
	Org. Chemicals (29)	\$0.72	Wood (44)	\$1.20	Plastic (39)	\$1.29
BC	Wood (44)	\$7.40	Wood (44)	\$6.66	Wood (44)	\$6.82
	Mineral Fuels (27)	\$1.93	Mineral Fuels (27)	\$4.14	Mineral Fuels (27)	\$5.04
	Paper, Board (48)	\$1.58	Paper, Board (48)	\$1.62	Paper, Board (48)	\$1.69
	Machinery (84)	\$1.14	Electrical Equip. (85)	\$1.34	Machinery (84)	\$1.02
	Vehicles (87)	\$1.04	Machinery (84)	\$1.18	Vehicles (87)	\$0.78
MB	Mineral Fuels (27)	\$0.95	Mineral Fuels (27)	\$1.19	Mineral Fuels (27)	\$1.33
	Vehicles (87)	\$0.75	Precious Stones (71)	\$0.95	Vehicles (87)	\$0.69
	Aircraft, Spacecraft (88)	\$0.50	Vehicles (87)	\$0.76	Machinery (84)	\$0.59
	Machinery (84)	\$0.45	Machinery (84)	\$0.46	Live Animals (01)	\$0.53
	Live Animals (01)	\$0.36	Live Animals (01)	\$0.41	Aircraft, Spacecraft (88)	\$0.39
SK	Mineral Fuels (27)	\$1.77	Mineral Fuels (27)	\$3.44	Mineral Fuels (27)	\$2.80
	Fertilizer (31)	\$1.26	Fertilizer (31)	\$1.20	Fertilizer (31)	\$1.16
	Cereals (10)	\$0.39	Opt. Instruments (90)	\$0.52	Cereals (10)	\$0.43
	Spec. Transactions(99)	\$0.31	Cereals (10)	\$0.36	Paper, Board (48)	\$0.26
	Wood (44)	\$0.27	Paper, Board (48)	\$0.27	Machinery (84)	\$0.26

Table 4.4 and Figure 4.3 compare the total exports from the western provinces and the US market share in 1988, the year before the establishment of the Free Trade Agreement between Canada and the US, with the exports in 1999, 2000 and 2001.

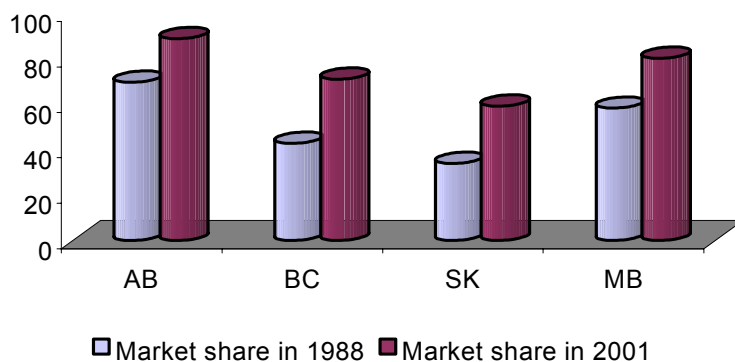
Alberta's US market share increased by 19.3% from 1988 to 2001; British Columbia's share of US exports rose by 28.2%, Saskatchewan's by 25.1% and Manitoba's by 21.9% during this time period. The US market share of all western provinces has risen by approximately 30% since the establishment of the Free Trade Agreement.

Alberta, with 88.8% in 2001, had the highest percentage of its exports going to the US, while the dependence on the US market was lowest in Saskatchewan with a 58.9% US market share. Saskatchewan and Manitoba also showed a small decrease in the percentage of exports to the US in 2001 while Alberta and British Columbia experienced an increase in the percentage of their exports going to the US. All western provinces have increased their dependency on the US market since 1988.

**Table 4.4. Export Value by Western Province and Percentage Share of Total Provincial Exports to the United States, 1988 and 1999-2001**

	Total Exports (\$ billion)				Export Growth 1988-01	% US Market Share				% Market Change 1988-01
	1988	1999	2000	2001		1988	1999	2000	2001	
AB	13.01	\$34.95	\$55.87	\$57.50	\$44.49	69.5	84.0	88.1	88.8	19.3
BC	17.42	\$29.85	\$35.17	\$32.41	\$14.99	42.7	67.8	67.2	70.9	28.2
SK	5.76	\$9.80	\$12.62	\$11.78	\$6.02	33.9	57.4	60.9	58.9	25.1
MB	2.91	\$8.14	\$9.74	\$9.48	\$6.57	58.1	80.8	81.8	79.9	21.9
West	\$39.10	\$82.74	\$113.40	\$111.17	\$72.07	51.5	74.7	78.0	79.7	28.2

**Figure 4.3. Western Canada: Market Share of Provincial Exports to the United States in 1988 and 2001 (% of total exports)**

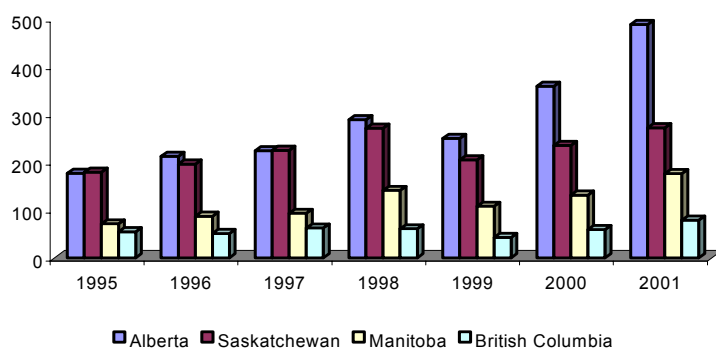


## 5. EXPORTS TO MEXICO

Figure 5.1 and Table 5.1 summarize the exports of the four western provinces to Mexico from 1995 to 2001. Table 5.1 uses the export value and share of provincial exports in 1993, the year before the establishment of the NAFTA, as a benchmark for comparison of current export values.

All four western provinces have experienced an increase in trade with Mexico in 2001, leading to a growth in exports of 35.9% for Alberta, 15.7% for Saskatchewan, 34.4% for Manitoba and 33.8% for British Columbia. The increase in exports to Mexico since the establishment of NAFTA has been particularly dramatic for Alberta with 481.0% growth followed by Manitoba (238.5%) and Saskatchewan (140.7%). British Columbia increased its trade with Mexico in the same time by only 68.1%. Although the trade between Western Canada and Mexico has shown a 30% growth in 2001, the percentage share of sales to Mexico did not exceed 1% of total exports.

**Figure 5.1. Western Canada: Provincial Exports to Mexico, 1995-2001 (\$ million)**



**Table 5.1. Export Value by Western Province, Percentage Share of Total Provincial Exports for 1993 and 1999-2001 and Export Growth**

	Export Value (\$ million)				% Share of Exports				% Growth	
	1993	1999	2000	2001	1993	1999	2000	2001	2000-01	1993-01
Alberta	\$84	\$250	\$359	\$488	0.42	0.72	0.64	0.85	35.96	480.95
Saskatchewan	\$113	\$205	\$235	\$272	1.89	2.09	1.87	2.31	15.69	140.71
Manitoba	\$52	\$108	\$131	\$176	1.51	1.33	1.35	1.86	34.36	238.46
British Columbia	\$47	\$43	\$59	\$79	0.24	0.14	0.17	0.24	33.75	68.08
Western Canada	\$296	\$606	\$784	\$1015	0.61	0.73	0.69	0.91	29.46	242.91



Table 5.2 highlights the top five exports to Mexico from each of the western provinces.

The exports from Alberta were dominated by agricultural products. Meat has played a dominant role in 2000 and 2001, with an increase in export value from \$128.37 million to \$226.12 million. Manufactured products were of secondary importance.

British Columbia's exports to Mexico relied increasingly on mineral fuel, which has increased in export value from \$16.16 million in 2000 to \$26.39 million in 2001. All top five exports were based on natural resources.

Saskatchewan's top 5 exports to Mexico were made up exclusively of agricultural products and wood pulp. Cereals and oilseeds played a major role among the top five exports and have increased in export value in 2001.

Manitoba's top five exports were, as well, solely based on agricultural production, with oilseeds and cereals in the top two positions. The export value of meat rose considerably in 2001 from \$12.35 million to \$26.78 million.

**Table 5.2. Western Canada: Top 5 Exports (2 Digit HS Code) to Mexico in 1999, 2000 and 2001 (\$ million)**

	Top 5 Exports 1999		Top 5 Exports 2000		Top 5 Exports 2001	
AB	Cereal (10)	\$58.04	Meat (02)	\$128.37	Meat (02)	\$226.12
	Misc. Grains, etc (12)	\$53.63	Misc. Grains, etc (12)	\$78.46	Misc. Grains, etc (12)	\$86.66
	Meat (02)	\$42.85	Cereal (10)	\$60.38	Cereal (10)	\$79.72
	Electrical Equip. (85)	\$24.39	Electrical Equip. (85)	\$18.55	Machinery (84)	\$20.67
	Salt, Sulfur, Stone (25)	\$23.79	Salt, Sulfur, Stone (25)	\$14.00	Plastic (39)	\$17.95
BC	Mineral Fuels (27)	\$17.80	Mineral Fuels (27)	\$16.16	Mineral Fuels (27)	\$26.39
	Wood Pulp (47)	\$4.45	Paper, Paperboard (48)	\$11.59	Paper, Paperboard (48)	\$14.10
	Paper, Paperboard (48)	\$4.40	Salt, Sulfur, Stone (25)	\$7.02	Ores, Slag, Ash (26)	\$9.66
	Fruits, Nuts (08)	\$3.23	Wood Pulp (47)	\$4.24	Salt, Sulfur, Stone (25)	\$6.17
	Electrical Equip. (85)	\$2.27	Misc. Grains, etc (12)	\$3.05	Wood Pulp (47)	\$5.42
SK	Cereal (10)	\$95.72	Misc. Grains, etc (12)	\$101.59	Cereal (10)	\$122.74
	Misc. Grains, etc (12)	\$69.41	Cereal (10)	\$101.51	Misc. Grains, etc (12)	\$111.71
	Diary, Eggs, etc (04)	\$13.38	Wood Pulp (47)	\$14.20	Vegetables (07)	\$11.09
	Wood Pulp (47)	\$11.31	Vegetables (07)	\$8.40	Wood Pulp (47)	\$10.25
	Vegetables (07)	\$6.50	Milling, Malt Starch (11)	\$6.00	Diary, Eggs, etc (04)	\$6.52
MB	Misc. Grains, etc (12)	\$44.13	Misc. Grains, etc (12)	\$64.26	Misc. Grains, etc (12)	\$58.57
	Cereal (10)	\$33.53	Cereal (10)	\$38.24	Cereal (10)	\$44.44
	Milling, Malt Starch (11)	\$9.14	Meat (02)	\$12.35	Meat (02)	\$26.78
	Fats, Oil (15)	\$4.75	Milling, Malt Starch (11)	\$11.43	Milling, Malt Starch (11)	\$22.12
	Vegetables (07)	\$3.80	Vegetables (07)	\$4.64	Hides and Skins (41)	\$10.21

## 6. EXPORTS TO CHILE

A free trade agreement between Canada and Chile was signed in 1996 and implemented in 1997. Figure 6.1 and Table 6.1 summarize the export values for 1996 and 1999-2001. The year before the establishment of the free trade agreement, 1996, is used as a benchmark for comparison with current trade data.

Alberta experienced a reduction in its export value to Chile in 2001 by approximately 50%. Manitoba observed a similar decrease. The export values of Alberta, British Columbia and Saskatchewan were in a similar range in 2001, at \$61.8, \$48.2 and \$55.6 million respectively. Compared to export values in 1996, the exports of Alberta, British Columbia, Saskatchewan and Manitoba decreased by 14.4%, 26.5%, 34.4 and 81.6% respectively in 2001. For all western provinces, sales to Chile in 2001 represented less than one half percent of total exports.

Figure 6.1. Western Canada: Value of Provincial Exports to Chile, 1996-2001 (\$ million)

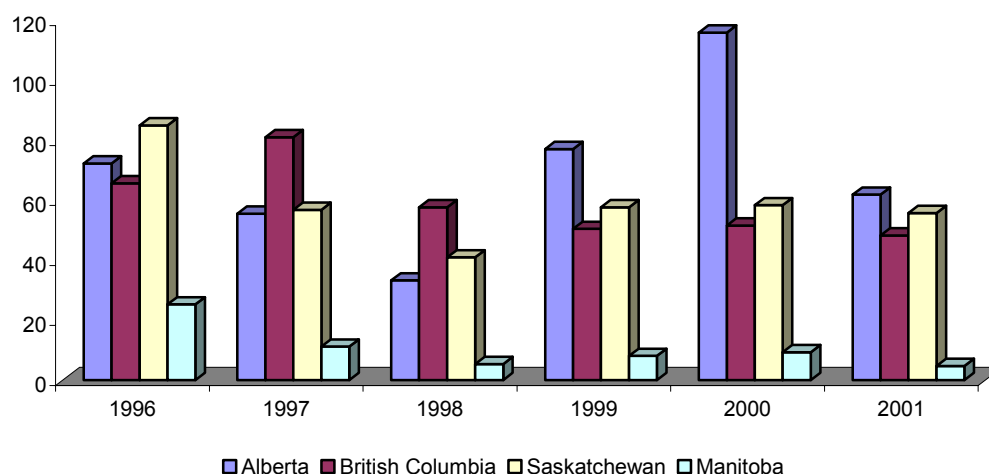


Table 6.1. Export Value by Western Province, Percentage Share of Total Provincial Exports for 1997, 1999-2001 and Export Growth

	Export Value (\$ million)				% Share of Exports				% Growth	
	1996	1999	2000	2001	1996	1999	2000	2001	2000-01	1996-01
Alberta	\$72.23	\$77.04	\$115.88	\$61.82	0.23	0.22	0.21	0.11	-46.7	-14.4
British Columbia	\$65.57	\$50.42	\$51.53	\$48.21	0.25	0.17	0.15	0.15	-6.6	-26.5
Saskatchewan	\$84.93	\$57.58	\$58.28	\$55.69	0.91	0.59	0.46	0.47	-4.4	-34.4
Manitoba	\$25.23	\$8.05	\$9.27	\$4.65	0.40	0.10	0.10	0.05	-49.9	-81.6
Western Canada	\$247.96	\$193.09	\$234.96	\$170.37	0.35	0.23	0.21	0.15	-27.5	-31.3

Table 6.2 presents the top five export categories to Chile from the western provinces.

Exports from British Columbia in all three years were mainly based on the energy and forestry sectors. The export value of machinery was similar to the value of the top commodity exports in all three consecutive years. Electrical equipment was included in the top five exports only in 1999.

For Alberta, the main exports to Chile were mineral fuel, cereals and electrical equipment. All three categories experienced a decrease in export value in 2001 compared to 2000.

The exports from Manitoba were mainly based on agricultural products, with cereals being the major commodity. Machinery exports ranked second in all three years and did not experience any decrease in export value in 2001, unlike the other product groups.

Saskatchewan exports to Chile were commodity based and included cereals, fertilizer and vegetables. The export value of cereals and vegetables dropped in 2001 compared to 2000.

**Table 6.2. Western Canada: Top Five Exports (2 digit HS Code) to Chile, in 1999, 2000 and 2001 (\$ million)**

	Top Five Exports 1999		Top Five Exports 2000		Top Five Exports 2001	
BC	Paper, Board (48)	\$10.76	Paper, Board (48)	\$16.10	Mineral Fuel (27)	\$9.48
	Mineral Fuel (27)	\$10.43	Machinery (84)	\$8.70	Machinery (84)	\$9.13
	Machinery (84)	\$10.01	Mineral Fuel (27)	\$8.05	Paper, Board (48)	\$8.45
	Wood (44)	\$4.22	Animal Feed (23)	\$2.88	Wood Pulp (47)	\$7.13
	Electrical Equip. (85)	\$3.51	Wood Pulp (47)	\$1.97	Wood (44)	\$3.38
AB	Mineral Fuel (27)	\$37.80	Electrical Equip. (85)	\$49.03	Mineral Fuel (27)	\$21.82
	Cereals (10)	\$13.83	Mineral Fuel (27)	\$25.04	Cereals (10)	\$11.58
	Fertilizer (31)	\$5.55	Cereals (10)	\$16.08	Electrical Equip. (85)	\$10.93
	Electrical Equip. (85)	\$4.65	Plastic (39)	\$8.78	Milling, Malt (11)	\$6.07
	Plastic (39)	\$4.26	Fertilizer (31)	\$6.23	Plastic (39)	\$5.39
MB	Cereals (10)	\$5.59	Cereals (10)	\$7.34	Cereals (10)	\$3.24
	Machinery (84)	\$0.82	Machinery (84)	\$0.82	Machinery (84)	\$0.83
	Vegetables (07)	\$0.32	Iron/Steel products (73)	\$0.55	Vegetables (07)	\$0.12
	Furniture, Bedding (94)	\$0.29	Vegetables (07)	\$0.53	Grain, Seed (12)	\$0.10
	Meat (02)	\$0.25	Meat (02)	\$0.14	Iron/Steel products (73)	\$0.09
SK	Cereals (10)	\$36.25	Cereals (10)	\$34.69	Cereals (10)	\$30.70
	Fertilizer (31)	\$9.07	Fertilizer (31)	\$13.33	Fertilizer (31)	\$18.35
	Vegetables (07)	\$7.10	Vegetables (07)	\$8.21	Vegetables (07)	\$6.04
	Milling, Malt(11)	\$3.19	Mineral Fuel (27)	\$1.92	Spec. Transaction (99)	\$0.29
	Spec. Transactions (99)	\$0.87	Live Animals (01)	\$0.28	Grain, Seed (12)	\$0.20

## 7. EXPORTS TO COSTA RICA

Costa Rica has been included in this report due to a recent free trade agreement between Canada and Costa Rica in 2001. Figure 7.1 and Table 7.1 illustrate the trade developments of the western provinces with Costa Rica. Figure 7.1 shows the value of provincial exports from 1999 to 2001 and Table 7.1 indicates the percentage share of total provincial exports and the export growth during 2001.

Saskatchewan remains the western province with the largest value of exports to Costa Rica, followed by British Columbia. All provinces experienced a decrease in export value from 2000 to 2001. Exports to Costa Rica from Saskatchewan dropped by 18.4%, from British Columbia by 29.3%, from Manitoba by 40.5%, and from Alberta by 80.1%. Exports to Costa Rica in 2001 represented 0.14% or less of the total export value for all western provinces.

Figure 7.1. Western Canada: Value of Provincial Exports to Costa Rica, 1999-2001 (\$ million)

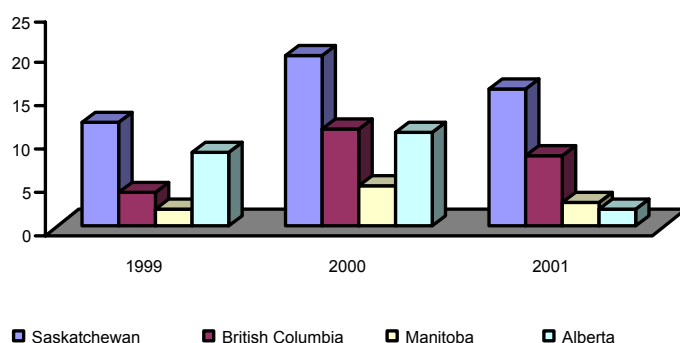


Table 7.1. Export Value by Western Province, Percentage Share of Total Provincial Exports and Export Growth in 2001

	Export Value (\$ million)			% Share of Exports			% Growth
	1999	2000	2001	1999	2000	2001	2000-01
Saskatchewan	\$12.20	\$20.06	\$16.36	0.13	0.16	0.14	-18.43
British Columbia	\$4.25	\$11.64	\$8.23	0.01	0.03	0.03	-29.27
Manitoba	\$1.96	\$4.76	\$2.83	0.02	0.05	0.03	-40.54
Alberta	\$8.62	\$11.21	\$2.13	0.03	0.02	0.003	-80.96
Western Canada	\$27.03	\$47.66	\$29.55	0.03	0.04	0.03	-37.99

Table 7.2 presents the top five exports from the western provinces to Costa Rica. Saskatchewan mainly exported commodity items to Costa Rica, the major export groups over the last three years being fertilizer and cereals. In 2000 and 2001, category 11 (milling, malt, starch) has gained increasing importance.

British Columbia's exports to Costa Rica were mainly paper and paperboard, while other product groups played a minor role. The value-added merchandise category machinery has gained importance in 2001 and is now ranked second.

For Manitoba, the importance of cereal exports to Costa Rica has decreased considerably in 2001, while the export value of chemical products has increased, indicating a shift in export groups from agricultural products to manufacturing products.

In Alberta, exports of cereal experienced a dramatic decrease in 2001 from \$5.74 million to \$0.85 million. A similar decrease was observed for the milling, malt, starch product group and plastics. The export value of electrical machinery and machinery rose in 2001, indicating a shift from agricultural commodities to value-added products.

**Table 7.2. Western Canada: Top Five Exports to Costa Rica (2 Digit HS Code) in 1999, 2000 and 2001 (\$ million)**

	Top Five Exports 1999		Top Five Exports 2000		Top Five Exports 2001	
SK	Fertilizer (31)	\$6.25	Cereals (10)	\$9.54	Fertilizer (31)	\$13.21
	Cereals (10)	\$4.48	Fertilizer (31)	\$8.58	Cereals (10)	\$1.35
	Vegetables (07)	\$0.60	Milling, Malt (11)	\$1.52	Milling, Malt (11)	\$1.26
	Spec. Transaction (99)	\$0.30	Vegetables (07)	\$0.28	Grain, Seed (12)	\$0.31
	Grain, Seed (12)	\$0.26	Grain, Seed (12)	\$0.27	Spec. Transaction (99)	\$0.07
BC	Paper, Board (48)	\$2.74	Paper, Board (48)	\$9.36	Paper, Board (48)	\$7.14
	Vehicles, not railway (87)	\$0.61	Toys, Sports Equip. (95)	\$0.84	Machinery (84)	\$0.22
	Toys, Sports Equip.	\$0.22	Fruits, Nuts (08)	\$0.32	Wood (44)	\$0.19
	Other Transactions (98)	\$0.18	Furniture, Bedding (94)	\$0.23	Furniture, Bedding (94)	\$0.18
	Opt. Instruments (90)	\$0.11	Opt. Instruments (90)	\$0.17	Fruits, Nuts (08)	\$0.16
MB	Cereals (10)	\$1.65	Cereals (10)	\$3.05	Chem. Products (38)	\$1.56
	Grain, Seed (12)	\$0.18	Paper, Board (48)	\$1.14	Cereals (10)	\$0.97
	Plastic (39)	\$0.05	Chem. Products (38)	\$0.77	Grain, Seed (12)	\$0.18
	Furniture (94)	\$0.05	Vegetables (07)	\$0.09	Furniture, Bedding (94)	\$0.07
	Vegetables (07)	\$0.03	Meat (02)	\$0.04	Vegetables (07)	\$0.03
AB	Cereals (10)	\$2.92	Cereals (10)	\$5.74	Cereals (10)	\$0.85
	Milling, Malt (11)	\$2.67	Plastic (39)	\$2.31	Milling, Malt (11)	\$0.34
	Plastic (39)	\$2.30	Milling, Malt (11)	\$1.89	Spec. Transaction (99)	\$0.29
	Vegetables (07)	\$0.32	Electrical Equip. (85)	\$0.04	Electrical Equip. (85)	\$0.27
	Iron, Steel (72)	\$0.18	Spec. Transaction (99)	\$0.06	Machinery (84)	\$0.09

## 8. EXPORTS TO ISRAEL

A free trade agreement was signed between Canada and Israel in 1996, and then implemented in 1997. Figure 8.1 and Table 8.1 show the export value of exports from the western provinces to Israel and the growth in export value in 2001 and since 1996, the year before the free trade agreement came into affect.

All four western provinces have experienced a decrease in export value in 2001 13.6% for Alberta, 5.3% for British Columbia, 45.0 % for Saskatchewan and 18.3% for Manitoba. Using 1996 as a benchmark, there has been almost no change in Alberta's export value, a decrease of 47.6% in British Columbia's exports, but an increase of 27.8% and 28.8% in Saskatchewan and Manitoba, respectively. In 2001, the value of exports to Israel accounted for 0.03% or less of total exports in all western provinces.

Figure 8.1. Western Canada: Value of Provincial Exports to Israel, 1997-2001 (\$ million)

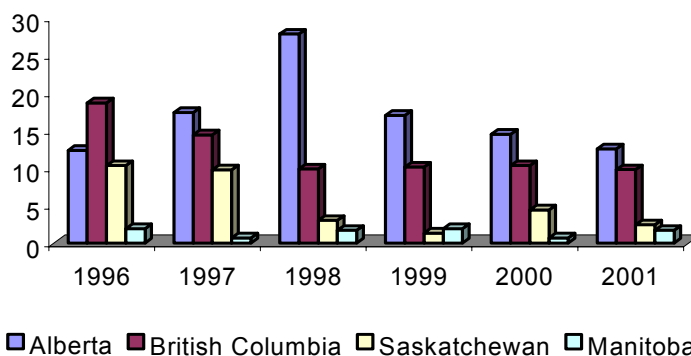


Table 8.1. Export Value by Western Province, Percentage Share of Total Provincial Exports and Export Growth in 2001

	Export Value (\$ million)				% Share of Exports				% Growth	
	1996	1999	2000	2001	1996	1999	2000	2001	2000-01	1996-2001
Alberta	\$12.38	\$17.04	\$14.54	\$12.56	0.04	0.05	0.03	0.02	-13.6	1.5
British Columbia	\$18.72	\$10.14	\$10.34	\$9.80	0.07	0.03	0.03	0.03	-5.3	-47.7
Saskatchewan	\$1.91	\$1.35	\$4.44	\$2.44	0.11	0.01	0.04	0.02	-45.0	27.8
Manitoba	\$1.91	\$2.61	\$3.02	\$2.46	0.03	0.03	0.03	0.03	-18.3	28.8
Western Canada	\$43.34	\$30.44	\$30.01	\$26.50	0.06	0.03	0.02	0.02	-11.7	-38.9

Table 8.2 highlights the top five exports to Israel from each of the western provinces. For Alberta, there were no changes in the composition of the top five export groups to Israel from 2000 to 2001. While category 25 (salt, sulfur) was the most important product group in terms of export value, electrical equipment and machinery contributed significantly.

Among the top five exports of British Columbia, electrical equipment and machinery replaced the exports of paper and paperboard as major export commodities, indicating the increasing importance of value-added products for exports.

Exports of Saskatchewan to Israel consisted almost exclusively of vegetables. All other product groups contributed only marginally to the export value.

Manitoba's exports to Israel included vegetables and organic chemicals as major product categories in 2001.

**Table 8.2. Western Canada: Top Five Exports to Israel (2 Digit HS Code) in 1999, 2000 and 2001 (\$ million)**

	Top Five Exports 1999		Top Five Exports 2000		Top Five Exports 2001	
AB	Salt, Sulfur (25)	\$13.37	Salt, Sulfur (25)	\$8.59	Salt, Sulfur (25)	\$6.76
	Optical Instruments (90)	\$0.98	Electrical Equip. (85)	\$1.04	Electrical Equip. (85)	\$2.57
	Spec. Transaction (99)	\$0.60	Machinery (84)	\$0.52	Machinery (84)	\$1.07
	Electrical Equip. (85)	\$0.47	Vegetables (07)	\$0.47	Vegetables (07)	\$0.88
	Plastic (39)	\$0.40	Plastic (39)	\$0.44	Plastic (39)	\$0.41
BC	Paper, Board (48)	\$2.88	Electrical Equip. (85)	\$3.75	Machinery (84)	\$4.75
	Machinery (84)	\$2.81	Machinery (84)	\$3.08	Electrical Equip. (85)	\$2.18
	Electrical Equip. (85)	\$2.12	Paper, Board (48)	\$0.70	Vegetables (07)	\$0.91
	Furniture (94)	\$0.50	Precious Stones (71)	\$0.65	Paper, Board (48)	\$0.44
	Spec. Transaction (99)	\$0.47	Furniture, Bedding (94)	\$0.46	Precious Stones (71)	\$0.29
SK	Vegetables (07)	\$1.27	Vegetables (07)	\$1.80	Vegetables (07)	\$2.16
	Electrical Equip. (85)	\$0.02	Cereals (10)	\$0.11	Electrical Equip. (85)	\$0.17
	Iron/Steel products (73)	\$0.02	Spec. Transaction (99)	\$0.04	Spec. Transaction (99)	\$0.06
	Misc. Grain etc (12)	\$0.02	Machinery (84)	0.001	Misc. Grain etc (12)	\$0.04
	Cereals (10)	\$0.01	Electrical Equip. (85)	0.001	Machinery (84)	\$0.01
MB	Paper, Board (48)	\$0.77	Vegetables (07)	\$0.81	Org. Chemicals (29)	\$0.80
	Pharmaceuticals (30)	\$0.76	Pharmaceuticals (30)	\$0.37	Vegetables (07)	\$0.79
	Vegetables (07)	\$0.74	Paper, Board (48)	\$0.20	Spec. Transaction (99)	\$0.20
	Wood (44)	\$0.11	Machinery (84)	\$0.17	Machinery (84)	\$0.14
	Milling, Malt, Starch (11)	\$0.06	Wood (44)	\$0.16	Wood (44)	\$0.12

## CONCLUSIONS

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- Exports have been growing in value and importance in both Western Canada and in Canada as a whole. As a result of liberalized trade policies, Western Canada is exporting large quantities of its production to foreign markets.
- The United States remains the largest market for Canada as a whole and for all western provinces. The high demand stimulated by a growing US economy and the Canada-US Free Trade Agreement (FTA) of 1989, which was replaced by the Canada-US-Mexico North American Free Trade Agreement (NAFTA) in 1994, have been the major driving forces behind Canada's increased international trade.
- Western Canada provides approximately 25% of total Canadian exports to the US. Among the western provinces, Alberta is the dominant trading partner for the US. Except for Alberta, there has been a decline in Western Canadian exports to the US in 2001. The decrease in US exports during the last year can be partially attributed to a slowdown in the US economy and to the effects of the September 11 terrorist attacks.
- The trade between Western Canada and Mexico has experienced considerable growth since the establishment of the NAFTA, and increased by a third in 2001. Despite the growing importance of Mexico as a trading partner, the contribution of the trade with Mexico to the total export value of the western provinces does not exceed 1%.
- In addition to the US and Mexico, Canada has free trade agreements with Costa Rica, Chile and Israel. Exports from all western provinces to Costa Rica, Chile and Israel declined in 2001. So far, the establishment of the free trade agreements with these countries appears not to have influenced international trade appreciably.
- In 2001, the exports of the western provinces consisted largely of natural resources. Energy exports (e.g., oil, gas, coal and electricity) dominated. Energy was the top valued export category in Alberta, Saskatchewan and Manitoba. In Alberta, 64.1% of the value of total exports came from mineral fuel, with 99.1% exported to the US.
- The forestry sector (e.g., wood, wood pulp, and paper) played an important secondary role in Western Canadian exports, and was the most significant export sector in British Columbia. Agricultural exports were also important – among the agricultural products, the export value of cereals has decreased slightly since 1988, while meat products and vegetables have experienced a significant export growth.
- Value-added exports have increased in importance over the last decade. These exports are often closely related to the natural resource sectors, which provide the raw materials for, e.g., exports of paper, plastics, and processed agricultural products. Manufactured items (e.g., machinery, electrical equipment) contributed to 15% of the export growth in the 1988 to 2001 period (compared to 50% for energy).
- In 2001, Alberta was the only western province whose exports grew in value, both internationally and to the US. For the entire period 1988-2001, Alberta's exports increased, not only due to a rising value in energy exports, but also due to a greater contribution of manufactured products, in particular electrical equipment and machinery.