

Given that these products serve largely as intermediate inputs in other products and that 2003 was a period of overall anaemic global recovery, it comes as no surprise that exports of industrial goods and materials declined by \$3.6 billion last year.

Slightly over half of the decline in these exports, or \$1.9 billions-worth, originated in the *metals and alloys* sub-component. Exports of most metals and their alloys were down last year, with the exception of *nickel and alloys* (up \$190 million) and of *primary iron and steel* (up \$2 million). Losses were widespread in *chemicals, plastics and fertilizers*, most notably in *fertilizers* (down \$470 million), *inorganic chemicals* (down \$243 million), and *synthetic rubber and plastics* (down \$219 million). Exports of *other industrial goods and materials* also experienced widespread declines, in particular those of *metal fabricated basic products* (down \$564 million), *textile fabricated products* (down \$225 million) and *non-metallic mineral basic products* (down \$154 million), while a \$436 million advance in exports of *other crude non-metallic minerals* helped limit the losses. Finally, increased exports of *iron ores* (up \$134 million) and *copper in ores* (up \$33 million) were completely offset by declines in *zinc in ores* (down \$174 million) and in all other types of ores as total exports of *metal ores* fell \$59 million last year.

With respect to imports, those of industrial goods and materials fell \$3.8 billion in 2003. Imports of *metals and metal ores* fell by slightly more than \$1.5 billion as did imports of *other industrial goods and materials*, with imports of *chemicals and plastics* falling by \$701 million). Notable declines were observed for *precious metals, including alloys* (down \$974 million), *metal fabricated basic products* (down \$940 million), and *textile fabricated materials* (down \$528 million).

Industrial goods and materials accounted for 16.6 per cent of total merchandise exports in 2003 and 19.1 per cent of total merchandise imports. These shares were down from 17.0 per cent and 19.3 per cent, respectively, one year earlier.

Energy products

As noted earlier, geopolitical uncertainties surrounding the situation with Iraq resulted in substantial risk *premia* in oil prices through the latter part of 2002 and into 2003. This drove energy prices in a strong upward direction. The result of this strong price effect was that imports and exports of energy products were both up in 2003 over their values a year earlier. Thus, energy products as a share of Canadian exports rose in importance (from 12.0 per cent of total exports in 2002 to 15.3 per cent in 2003) and as a share of Canadian imports (from 4.6 per cent in 2002 to 5.7 per cent a year later). Exports of these products jumped up \$11.7 billion in 2003, as gains in *natural gas* (up \$8.2 billion), *crude petroleum* (up \$1.9 billion), and *petroleum and coal products* (up \$1.5 billion) led the advances.

Imports of energy products advanced \$3.0 billion last year. *Crude petroleum* imports were responsible for about half of the gains (up \$1.6 billion) while *coal and other related products* as well as *petroleum and coal products* were each responsible for about one-quarter of the gains (up \$703 million and \$756 million, respectively).

Forestry products

Forestry product exports fell for the third consecutive year, down \$2.7 billion in 2003. Nearly half of the decline came from *lumber and sawmill products* and the other half of the decline came from *newsprint and other paper and paperboard*. Exports of *wood pulp* also fell last year (by \$134 million). Within the *lumber and sawmill products* category, declines in *lumber* exports (down \$1.9 billion) were partially offset by a \$704 million advance in *other wood fabricated materials*. *Lumber* exports have fallen each year since 1999. Forestry products accounted for 8.6 per cent of total Canadian merchandise exports in 2003, down slightly from the 9.0 per cent share they held in 2002.

Canada imports few forestry products; they account for less than one per cent of total commodity imports. Imports of these products fell slightly last year — down \$115 million.