



Forestry Products

Despite lower export volumes of newsprint and pulp and a minor increase (+0.5 per cent) in lumber exports, all three forestry products continue to be in the top 12 net exports for Canada. Export prices for newsprint were up 4.3 per cent, while prices for pulp and lumber fell by 5.9 per cent and 9.7 per cent, respectively. Overall, the forestry products sector contributed \$22.4 billion to Canada's merchandise trade surplus in 2005. This was an 8.7 per cent drop from the previous year when prices for lumber and pulp were higher by 11 per cent and 6 per cent, respectively. Despite the lacklustre price performance of forestry products compared to other industrial products, they will continue to play an important role in contributing to the trade surplus in the future, adding to \$26.7 billion to the trade surplus by 2010 in the base case scenario.

Conclusion

In all three scenarios examining the impact of changes in commodity prices on Canada's trade balance, commodities will account for a larger share of Canada's trade balance in 2010 than they do today. Even with prices declining in both nominal and real terms, sheer volume will lead to the result that Canada will increasingly be characterized by some once again as a 'hewer of wood and a drawer of water.'