TRADE BY PROVINCE

In the 1990s, provincial and territorial international trade patterns were significantly influenced by a number of economic events, such as free trade agreements, the volatility in world commodity prices, the explosive growth of the high-tech economy and the adjustment in the external value of the Canadian dollar. The relative importance of these driving forces varied greatly, reflecting diversity in industry mix and resource endowment.

Alberta

Alberta's endowments of oil and natural gas continued to dominate the province's exports in the 1990s. Over this period, however, Alberta's industry mix underwent substantial diversification, making the economy less susceptible to global volatility in energy prices. The major factors behind the success of diversification efforts were the relaxation in export restrictions associated with the implementation of free trade agreements with the United States and Mexico, and the prolonged strong growth of the U.S. economy. Outside oil and gas, the major sectors contributing to the export expansion included: cattle and calves; chemicals; machinery and equipment; wood and paper products; and electronics and communications equipment. Alberta's major imports were machinery and equipment, and industrial goods. Over the 1990s, Alberta enjoyed a large surplus in its merchandise trade, with exports typically 50 percent higher than the level of imports. The surplus in merchandise trade more than offset the deficit in services, which began to narrow in recent years. In 1999, Alberta's surplus in merchandise trade rose to $10.8 billion; exports jumped by 11.4 percent while imports fell by 4.6 percent.

British Columbia

With excellent trade connections to Asia and the U.S. West Coast, international trade plays a paramount role in economic activity in B.C. While resource-based goods (e.g., lumber, pulp and newsprint, coal and metals) have traditionally accounted for the bulk of exports, recent years have seen substantial growth in sales of high-tech electronics products, and specialized machinery and equipment. Trade disputes with the United States led to the imposition of quota restrictions on sales of softwood lumber to that country; and since these sales were considerable, the move adversely affected B.C.'s exports. The 1990s saw robust rises in exports of machinery and equipment, such as computer equipment and logging and pulp and paper machinery. On the import side, the major categories were transportation equipment, computer equipment and machinery, and equipment used in the forestry and mining industries. The province registered a merchandise trade surplus throughout most of the 1990s. Exceptions were the years 1997 and 1998, when resource-based exports were hit hard by the economic downturn in major B.C. markets in Southeast Asia. The poor trade performance in 1997 and 1998 would have been worse without the substantial decline in value of the Canadian dollar against the U.S. dollar. In 1999, B.C. again achieved a merchandise trade surplus amounting to $2.1 billion; this reflected a 10.2 percent jump in exports, exceeding the 5.6 percent growth in imports. Unlike most of Canada's other larger provinces, B.C. recorded a persistent surplus in trade in services, such as tourism, financial services, and business services related to the sale and distribution of goods.