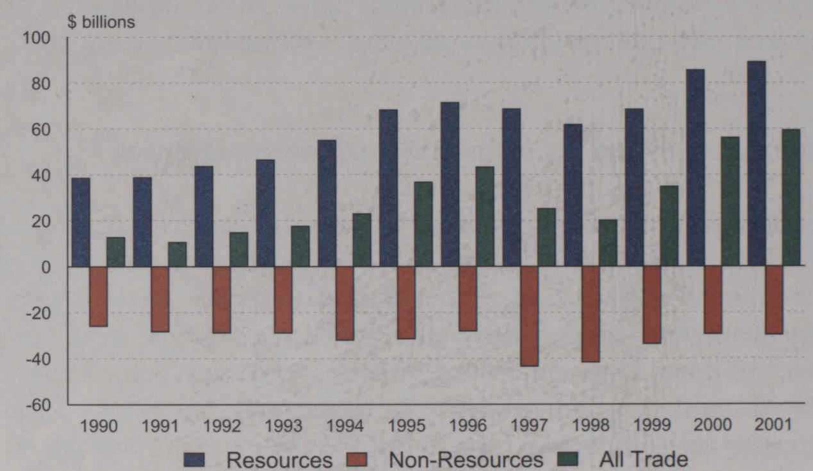
Despite the relative reduction in the role of resources in Canadian trade, the data above show a substantial increase in the merchandise trade surplus generated by the resource sector. In contrast, trade data show both a trade deficit for non-resources and a slight deterioration in that merchandise trade deficit between 1990 and 2001. Notwithstanding the fact that non-resource exports have grown at a faster pace than non-resource imports (10.7 per cent *vs.* 9.0 per cent), the differences in the initial magnitudes of the sectoral exports and imports have permitted the level of increase in non-resource imports to be slightly greater than that for resource-based exports. As a result, the overall merchandise trade surpluses that Canada has been running over the past decade have been driven entirely by the resources sector (Figure A-2).

Turning towards a sectoral breakdown of the resource sector surplus, the resource-based manufacturing surplus was about double that of primary resources in 1990 ($25.4 billion vs. $13.2 billion). On account of faster growing exports and slower growing imports, the primary resource surplus climbed to over 90 per cent of the surplus for resource-based manufactures by 2001 — $42.8 billion *vs.* $46.3 billion. The bulk of the $29.6 billion increase in the primary resource surplus came from the crude petroleum and natural gas industry, which accounted for $24.8 billion, or almost 85 per cent of the increase in the surplus. Agriculture ($2.4 billion) and mining ($2.0 billion) accounted for most of the remaining increase to the primary resource surplus. For resource-based manufactures, advances with respect to the surplus were led by wood industries, paper, refined petroleum products, and the food industry, while primary and fabricated metals and beverages limited the gains.

Figure A-2

Trade balances from resouces vs. non-resources



Resources dominate exports in most provinces

Ontario and Quebec together accounted for some two-thirds of total Canadian exports throughout the 1990s. Into the new decade, Ontario alone accounted for at least half of all exports. Given that the two provinces comprise the manufacturing heartland of the nation and also that Canadian exports contain a large proportion of imports (on average 33.1 per cent in 1999), it should come as no surprise that the two provinces are also heavy importers. Indeed, in any given year over the past decade, these two provinces have accounted for over three-quarters of total Canadian imports.

Looking at trade in resources, the Ontario and Quebec are important players to be sure: however, their dominance, particularly on the exports side, is less pronounced than is the case for all commodities trade. Throughout much of the past decade, the two provinces have recorded about 42-43 per cent of resources exports, with the share dropping off towards 38 per cent starting in the year 2000. Ontario, with its strong resource-based manufacturing sector, has traditionally been the largest resource-exporting province, though with the rise in energy prices beginning around the year 2000, Alberta has overtaken Ontario as the leading