BOX A: A SNAPSHOT OF CANADA'S RESOURCE SECTOR

From Canada's origins as a colony to today, resources have played an important role in this country's development as one of the premier trading nations of the world. Along the way, pelts and timber exports have given way to ores and lumber which, in turn, have given way to refined petroleum products, processed foods, and fine papers. And, of course, Canada has moved beyond resource-based products into non-resource-based manufactures such as computers, mechanical machines, automobiles and other forms of transportation equipment, and services, to name but a few. The purpose of this highlight section is to examine the role of the resource sector in Canadian trade over the past decade-or-so, focusing on two elements: its impact on the merchandise trade balance and its role in provincial trade.

For purposes of analysis, an industry classification rather than a commodity classification is used here. The resources sector is partitioned into two principal groupings: primary resource industries and resource-based manufacturing industries. The former group consists of the agriculture, fishing, logging, crude petroleum and natural gas, and mining and quarrying industries, while the latter includes both primary and fabricated metals, food, beverages, and tobacco, wood products, paper products, non-metallic minerals, and the refined petroleum and coal products industries[1].

The driver of Canada's merchandise trade surpluses

Canadian exports of resources more than doubled over the period 1990-2001, growing from $72.0 billion to $167.5 billion. This is equivalent to an annual rate of growth of just under 8.0 per cent for the period. However, this resource-based growth rate was less than the 10.7 per cent average annual rate recorded by non-resource exports, which increased from $76.9 billion to $234.8 billion. Thus, over the 1990s, the resource sector's share in total exports has dropped more-or-less steadily from about half of total exports in the early part of the decade to below 40 per cent beginning in 1998 before recovering somewhat to around the 40 per cent level in recent years.

Similarly, on the import side, the average annual rate of growth of resource imports has lagged behind that of non-resources, although the difference in the two rates is less pronounced than on the export side — 8.0 per cent *vs*. 9.0 per cent. As a result, resource-based imports as a share of total imports have also declined somewhat over time, hovering just above the 20 per cent mark for the last decade (Figure A-1). Canadian imports of resources have climbed from $33.5 billion in 1991 to $78.4 billion in 2001 while non-resource imports have risen from $102.8 billion to $264.6 billion over the same period.

Figure A-1

Exports and imports of resources in total trade