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NAFTA partners are Alberta's top export destinations

Edmonton... An annual report prepared by the Western Centre for Economic Research, University of Alberta School of Business, shows that 90 per cent of Alberta's merchandise exports went to the United States and Mexico in 2005.

According to the *Alberta and Western Canada Export Experience Under the Free Trade Agreements: 1988-2005* report, record-high commodity prices and increased demand for oil and natural gas drove the increase in exports. In 2005, 90 per cent of Alberta's merchandise exports went to North American Free Trade Agreement (NAFTA) partners, compared to 80 per cent in 1993, the year before NAFTA came into effect.

Other highlights of the report include:

- the value of Alberta's global merchandise exports has risen by 509 per cent since 1988, the year before the inception of the Canada-U.S Free Trade Agreement (FTA);
- Alberta's share of total Western Canadian global exports has risen from 33 per cent in 1988 to 57 per cent in 2005;
- energy continues to account for the highest share of Alberta's total exports to NAFTA countries, making up 79 per cent of total NAFTA exports in 2005 compared to 74 per cent in 1993;
- the value of Alberta's energy exports to the NAFTA region has grown 372 per cent since 1993;
- the export of value-added products from Alberta continues to grow, with a 437 per cent increase in the value of exports of machinery and equipment, while chemical and plastics products have grown 347 per cent over the same period; and
- Alberta's exports of live cattle are beginning to recover after trade restrictions due to BSE have largely been lifted, reaching \$273 million in 2005 compared to \$637 million in 2002 before the restrictions.

NAFTA links Canada, the United States and Mexico in a free trade area. It came into effect on January 1, 1994. Under NAFTA, duties were eliminated on most goods traded between the three countries. NAFTA builds upon the Canada-U.S. FTA, an earlier free trade agreement between Canada and the United States, which came into effect on January 1, 1989.

A copy of the entire report is available at

http://www.iir.gov.ab.ca/trade_policy/international_publications.asp.

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Attachment: report highlights

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The Alberta and Western Canada Export Experience Under the Free Trade Agreements Report Highlights

- In 2005, Western Canada exported \$140.6 billion worth of goods worldwide.
- Alberta was the largest merchandise-exporting province in Western Canada in 2005, at \$80.8 billion, accounting for 57.5 per cent of Western Canada's global exports.
- 80.9 per cent of Western Canada's exports were to the NAFTA region (United States and Mexico) in 2005. In comparison, 90.3 per cent of Alberta's exports were to the NAFTA region in 2005.

Export Values to the NAFTA Region by Province

1988-2005 (\$ billions)

Year	Alberta	British Columbia	Saskatchewan	Manitoba	Western Canada
1988	9.29	7.67	2.03	1.90	20.89
1993	16.48	10.77	3.52	2.74	33.51
1998	25.72	17.13	5.69	6.27	54.82
2003	51.91	19.63	6.82	7.31	85.66
2004	60.24	21.06	8.30	7.52	97.13
2005	72.96	23.17	9.79	7.84	113.77

- The value of Alberta's exports to both the U.S. and Mexico has grown dramatically since the Canada-U.S. Free Trade Agreement and NAFTA came into effect.
 - Exports to the U.S. were \$9.2 billion in 1988 and \$72.4 billion in 2005, an increase of 687 per cent.
 - Exports to Mexico were \$85 million in 1993 and \$517 million in 2005, an increase of 509 per cent.
 - In comparison, exports to non-NAFTA countries have grown in value by 97 per cent since 1988 and 113 per cent since 1993.
 - From 2004 to 2005, Alberta's exports to NAFTA countries grew by 21.1 per cent compared to 5.6 per cent for non-NAFTA countries.

Growth in the Value of Alberta's Exports to the NAFTA Region, 1993 – 2005 (\$ millions)

Category	1993	1998	2003	2005	Export Growth 1993–2005 %
Forestry	418	1,861	1,990	2,384	470%
Machinery and Equipment	603	2,794	3,033	3,237	437%
Energy	12,234	15,664	40,023	57,742	372%
Chemicals and Plastics	1,175	1,952	3,344	5,246	347%
Mining and End Products	187	368	484	731	291%
Agriculture	1,349	2,589	2,226	2,770	105%
Other	517	496	809	850	64%
Total	\$16,483	\$25,724	\$51,909	\$72,961	343%

- Alberta's energy exports accounted for 79 per cent of the province's and 51 per cent of Western Canada's exports to NAFTA countries.
- Energy continues to be Alberta's principal export. Between 1993 and 2005, rising prices pushed the value of Alberta's energy exports to the NAFTA region up by 372 per cent,
- At the same time, value-added exports have grown greatly in importance. Between 1993 and 2005, machinery and equipment exports grew by 437 per cent, and chemicals and plastics by 347 per cent.
 - Machinery and Equipment Sector Highlights:
 - Exports of electronic parts increased from \$4 million in 1993 to \$266 million in 2005.
 - Exports of machinery parts increased from \$28 million to \$221 million from 1993 to 2005.
 - Chemicals and Plastics Sector Highlights:
 - Exports of ethylene polymers have increased by 600 per cent, from \$361 million in 1993 to \$2.5 billion in 2005.

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