

Saskatchewan's State of Trade

April 2005



Preface



The following report was commissioned by Trade Team Saskatchewan. The principal author was Shelley Thompson of SJT Solutions under the direction and guidance of the Trade Research Working Group of Trade Team Saskatchewan. Members of the Trade Research Working Group included representatives from Saskatchewan Trade and Export Partnership, Saskatchewan Government Relations, Saskatchewan Industry and Resources, Saskatchewan Agriculture and Food, Agriculture and Agri-Food Canada, and Western Economic Diversification.

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Western Economic
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Highlights

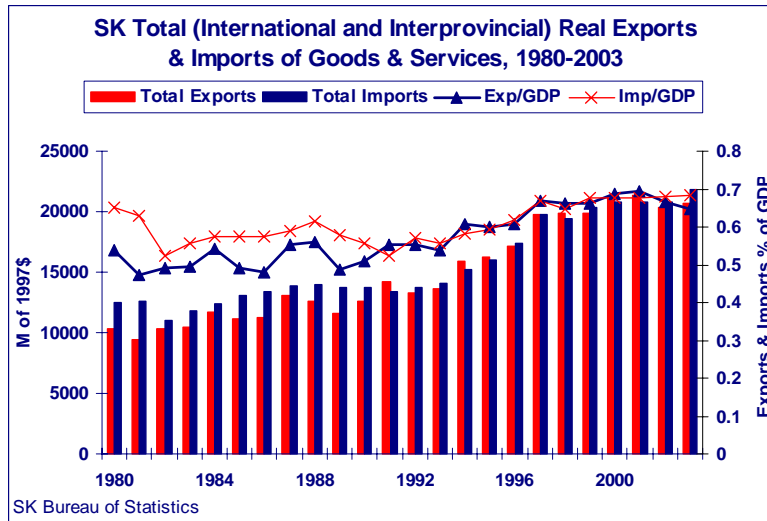
- **Saskatchewan's exports are competitive in both international and domestic markets.** Real (adjusted for inflation) international exports of goods and services increased from \$5.6 B in 1980 to \$12.1 B in 2003. Real interprovincial exports of goods and services increased from \$4.8 B in 1980 to \$8.6 B in 2003. Total (international and interprovincial) exports were equal to 65% of gross domestic product in 2003 compared to only 54% in 1980.
- **Over the past ten years, Saskatchewan's international exports, followed by interprovincial exports, have been the most important contributing factor to the province's overall economic growth** (relative to the contributions of personal consumption, business investment and government expenditure).
- **International trade generates jobs.** International trade is particularly important to employment in Saskatchewan where 26% of jobs are directly or indirectly related to the export of goods and services. On average in Canada 20% of jobs were related to the export of goods and services in 2003.
- **Saskatchewan is a major exporter on both the Canadian and world stage.** In 2003, in terms of the value of exports:
 - Saskatchewan was the largest exporter in the world of potash (49% of global exports), durum (25%), flax (42%), peas (24%), lentils (26%), mustard (29%), and canary seed (55%).
 - Saskatchewan was the second largest exporter in the world of canola/rapeseed (17%), oats (15%), and cured pork bellies (15%).
 - Saskatchewan was the third largest exporter in the world of crude canola/rapeseed oil (13%) and agricultural seeders (11%).
 - Saskatchewan was the largest exporter in Canada of potash, durum, wheat, canola, flaxseed, peas, lentils, barley, mustard, herbicides, crude canola oil, canary seed, seeders, and cured pork bellies.
- **The 14 international markets profiled in this report accounted for 90% of Saskatchewan's exports of goods and 98% of Saskatchewan's imports of goods in 2003.** The top destinations of Saskatchewan exports of goods within this group of countries in 2003 were the US, the EU 25, Japan, China, and Mexico. The fastest growing markets for Saskatchewan exports over the period 1999 to 2003 were Ukraine, Kazakhstan, and Russia. These markets have been the focus of significant market development efforts by Saskatchewan exporters.

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Total Trade

Saskatchewan's total (international and interprovincial) real exports of goods and services were \$20.7 B in 2003 while imports were \$21.8 B.¹ Since 1980, real total exports have



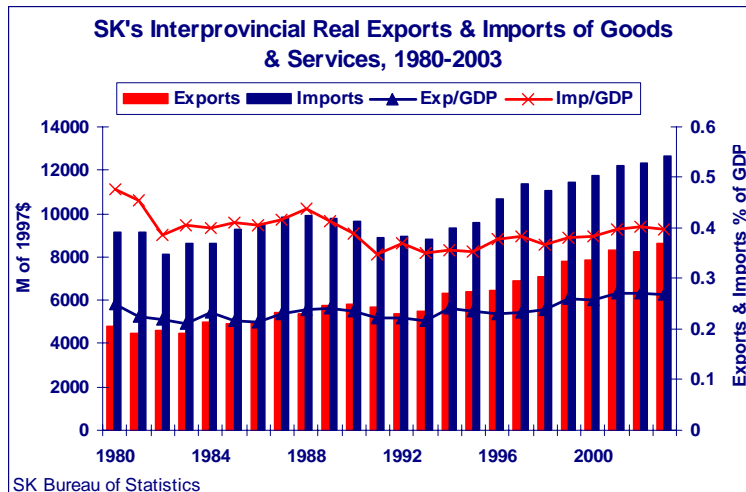
doubled and exports have increased from 54% of gross domestic product (GDP) to 65% of GDP.² Total imports rose by 1.7 times and increased from 65% of GDP to 68% of GDP over the same time period. Total trade is affected by global and domestic economic conditions as well as major events.

In 2003, total trade was affected by factors such as the lingering effect of two consecutive droughts, a slowdown in the Canadian

economy, an increase in the value of the Canadian dollar relative to the US, economic recovery in the US, SARS, and the discovery of BSE in Canada. Within Saskatchewan, increases in employment and retail trade and higher energy prices were some of the factors that resulted in strong GDP growth in 2003.³

Interprovincial Trade

Trade with other provinces is an important contributor to Saskatchewan's economy. In 2003, Saskatchewan exported \$8.6 B of real goods and services to the rest of Canada and imported almost \$13 B from other provinces. Saskatchewan is a net importer in terms of interprovincial trade and persistently has a trade deficit with the rest of Canada. Exports and imports of real goods and services have both generally increased since 1992 as the domestic economy recovered from poor economic conditions in the early 1990's.



¹ "Real" means that the dollar value has been adjusted for inflation. This study used the year 1997 as the base year when correcting for inflation. Unless otherwise specified, all monetary values are in Canadian dollars.

² GDP is a measure of the total value of all goods and services produced by an economy over a specified time period, normally a year or a quarter.

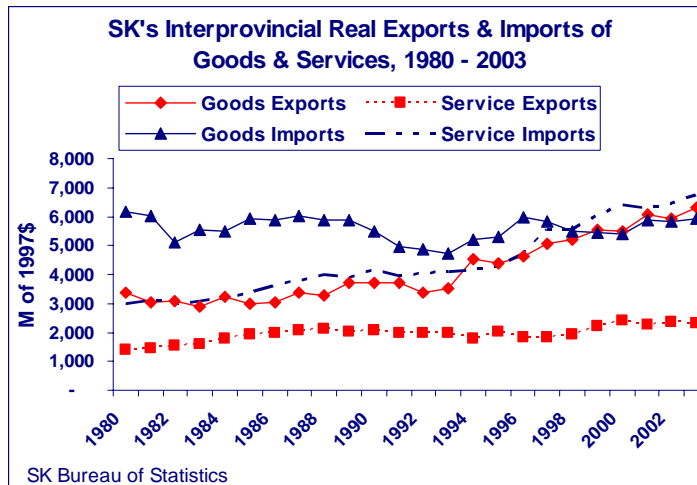
³ Saskatchewan Bureau of Statistics, "Economic Review 2003", December 2003.



In 2003, interprovincial exports represented 27% of GDP while interprovincial imports represented 40% of GDP.⁴

The top destinations of Saskatchewan's interprovincial exports of goods and services in 2003 were Ontario, Alberta, and Manitoba. The top sources of Saskatchewan's interprovincial imports were Alberta and Ontario.

In 2003, Saskatchewan's interprovincial real exports of goods were \$6.3 B while imports of goods were \$5.9 B. In the same year, the province's interprovincial exports and imports of services were \$2.3 B and \$6.8 B respectively. Since 1980, interprovincial service imports have grown the fastest followed by interprovincial exports of goods.



International Trade

Saskatchewan's total real international trade (exports and imports) in goods and services was approximately \$21 B in 2003. Exports of \$12.1 B offset imports of \$9.2 B to create a \$2.9 B trade surplus. As the chart below indicates, Saskatchewan is very competitive in international markets and is a net international exporter of goods and services. The value of Saskatchewan's international exports and imports is affected by economic factors such as the value of the Canadian dollar, commodity prices, energy prices, and global economic growth. They can also be affected by "economic shocks" such as droughts and SARS. The competitiveness of Saskatchewan exports is affected by a number of factors. Saskatchewan's exports peaked in 2000 and then fell because of weak foreign demand, a rise in the



⁴ Statistics Canada attributes imports to the province where the goods first enter Canada. Because this is not necessarily the province of import, data on international imports and trade balances can be misleading. This problem also creates difficulties in the data on interprovincial imports.

value of the Canadian dollar relative to the US dollar, drought reduced crop production and the closure of borders after the discovery of BSE in Canada.

The amount of international trade relative to economic activity is one indicator of the extent of the openness of an economy or the degree to which it is integrated into the global economy. Since 1980, the ratio of real international exports of goods and services to GDP has risen from 29% to reach 38% in 2003. Real international imports of goods and services have grown from 18% of GDP in 1980 to 29% in 2003. Total international trade in goods and services was equal to 67% of provincial GDP in 2003.



In 2003, Ontario was the province most connected to the global economy with real international exports representing 48% of provincial GDP. New Brunswick and Saskatchewan were in second and third spots respectively. However, this ignores the fact that since the 1989 free trade agreement⁵ with the US, Canadian firms have significantly increased the import of goods that are then incorporated into other products and exported. Because of Ontario's proximity to the US heartland and the province's industrial structure, it has the highest ratio of imbedded imports (40% in 1999).

After Ontario's exports are adjusted for imbedded imports, its export intensity drops significantly. **Because Saskatchewan's major exports are resource products with few imbedded inputs, this adjustment made Saskatchewan the most export intensive province in 1999.**⁶

Although the US states in close proximity to Saskatchewan are often viewed as being similar to Saskatchewan in terms of the importance of exports, the data portrays a different picture.

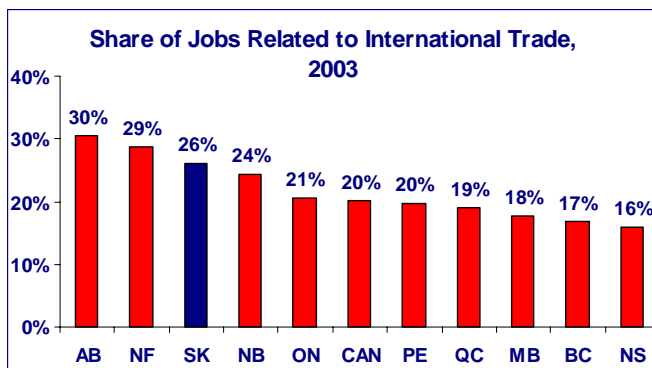
International exports are much more important to the economy of Western Canada than they are to the economies of neighbouring US states. For example, international exports of goods accounted for 29% of Saskatchewan's GDP in 2003 but represented only 4% of North Dakota's gross state product and only 1% of Montana's. International goods exports are also more important to Canada's economy than they are to the US economy.



⁵ Free trade agreements improve access to markets and reduce tariffs facing importers and exporters.

⁶ Canadian Economic Observer, "The Import Intensity of Provincial Exports", June 2003.

In 2003, **Saskatchewan exported \$9.6 B of goods internationally and imported \$8.1 B of goods** (in 1997 dollars). **Exports of services internationally were \$2.5 B while imports were \$1.1 B** (in 1997 dollars). International trade in services has grown rapidly since 1980, mirroring the growth in the Saskatchewan economy's service sector and the increasing "tradability" of services because of advances in information and communication technology. During the last five years, an average of \$1 out of every \$5 earned by Saskatchewan's exports of goods and services came from services compared to an average of \$1 out of every \$8 for Canada.



Over the past ten years, Saskatchewan's international exports, followed by interprovincial exports, have been the most important contributing factor to the province's overall economic growth (relative to the contributions of personal consumption, business investment and government expenditure).

International trade generates jobs.

International trade is particularly important to employment in Saskatchewan where 26% of jobs are directly or indirectly related to the export of goods and services.⁷ On average in Canada 20% of jobs were related to the export of goods and services in 2003.⁸

International Trade by Region

Saskatchewan's top trade partners for 2003 are shown below. The top ten export destinations represented 85% of total provincial exports. Imports by Saskatchewan were more concentrated with the top ten sources of imports accounting for 97% of total provincial imports. The US is Saskatchewan's top trade partner, accounting for 64% of the province's goods exports and 89% of its imports. Exports to the US grew by an average annual rate of 4% from 1999 to 2003, much faster than the growth in total exports. Saskatchewan's exports of goods to Illinois and Minnesota, the top two destinations in the US, were \$1.9 B and \$1.6 B respectively.⁹ Exports to each of these states are greater than three times the level of exports to the next largest market, Japan.

While imports from the US remained constant over the period 1999 to 2003 and total imports contracted, imports from countries such as Germany and China grew very quickly. Among the Canadian provinces, Saskatchewan has the lowest share of goods exports to the US and the

⁷ DFAIT Presentation on the Use and Abuse of International Trade Data.

⁸ If we also include interprovincial exports, then 44% of Saskatchewan's jobs are supported by exports.

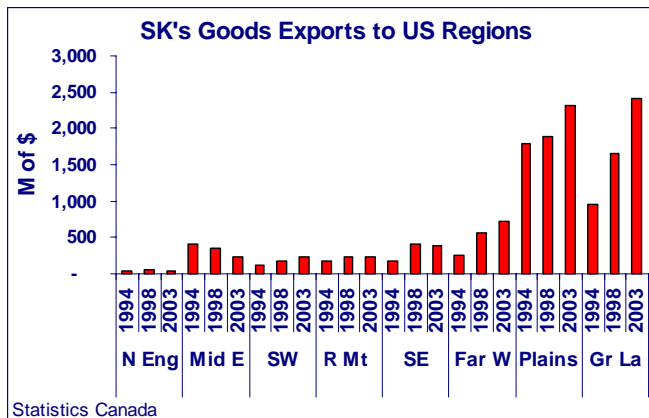
⁹ Data from Strategis on Saskatchewan's trade with individual US states and regions is not allocated properly by state and region. The data used in this study was obtained from Government Relations.

highest share of imports from the US. In 2003, the US accounted for 86% of total goods exports by Canada and 61% of total imports of goods by Canada.

| SK's Top Ten Trade Partners in Goods, 2003 | | | | | | | |
|--------------------------------------------|------------|-------|--------|---------------|-----------|-------|--------|
| Exports | | | | Imports | | | |
| | 000 \$ | Share | Growth | | 000 \$ | Share | Growth |
| US | 6,592,308 | 64% | 4% | US | 3,709,883 | 89% | 0% |
| Japan | 500,265 | 5% | -6% | Germany | 72,472 | 2% | 13% |
| China | 410,809 | 4% | -8% | China | 42,925 | 1% | 15% |
| Belgium | 236,232 | 2% | 27% | Japan | 40,980 | 1% | 3% |
| Mexico | 229,965 | 2% | 3% | UK | 37,698 | 1% | 12% |
| Italy | 209,307 | 2% | 21% | Re-Imports | 35,108 | 1% | -12% |
| Brazil | 183,038 | 2% | 8% | Mexico | 34,677 | 1% | -33% |
| Algeria | 176,680 | 2% | -13% | Italy | 19,892 | 0% | -11% |
| India | 175,758 | 2% | 17% | France | 17,493 | 0% | 17% |
| S Korea | 85,499 | 1% | -7% | S Korea | 16,018 | 0% | 43% |
| Top Ten Total | 8,799,861 | 85% | 3% | Top Ten Total | 4,027,147 | 97% | -1% |
| Total | 10,338,489 | | 1% | Total | 4,151,378 | | -1% |

Average Annual Growth from 1999 to 2003
 Statistics Canada from Strategis

Since the Canada – US Free Trade Agreement (FTA) has been in place, Saskatchewan's trade with the US has increased.¹⁰ Saskatchewan's exports of goods to the US expanded from \$2.5 B in 1990 to \$7.9 B in 2000 before contracting to \$6.6 B in 2003. The share of Saskatchewan's exports going to the US increased from 45% in 1990 to 64% in 2003. Imports of goods from the US by Saskatchewan rose from \$1.3 B in 1990 to reach \$4.2 B in 2001. Saskatchewan imported \$3.7 B of goods from the US in 2003.



Within the US, most of Saskatchewan's exports of goods are to the Great Lakes and Plains regions. Exports to the Great Lakes region have grown significantly since 1994.

In 1994, when NAFTA was signed, Saskatchewan exported \$178 M of goods to Mexico but imported only \$7 M. In 2003, Saskatchewan exported \$230 M of goods to Mexico and imported \$35 M of goods. Saskatchewan's exports to Mexico in recent years have been affected by the lower availability of agricultural products for export because

¹⁰ Free trade agreements improve access to markets and reduce tariffs facing importers and exporters.

of consecutive droughts. Although Saskatchewan's exports to Mexico have increased since 1994 as import tariffs were reduced, the type of goods exported remains primarily agricultural products like canola, wheat and malt and forestry products like semi-chemical wood pulp. The type of products imported from Mexico changed as the Mexican economy industrialized due in part to inflows of foreign direct investment once NAFTA was implemented. In 1994, imports were primarily fruit, vegetables and alcohol. In 2003, the top three imports were detonators, electric static converters and road tractors.



Free Trade Agreements

Canada also has free trade agreements with Chile (1997), Israel (1998) and Costa Rica (2002). In 2003, Saskatchewan exported \$30 M of goods to Chile and imported \$2.9 M of goods. Saskatchewan's top exports to Chile were durum, lentils, potash, and wheat. The top imported products from Chile were grapes, wine and peaches. Saskatchewan's exports of goods to Israel in 2003 were \$5.5 M while imports were \$1.7 M. Parts for products such as televisions and radar, canola, lentils and peas were Saskatchewan's most valuable exports to Israel in 2003. The top imports from Israel were toluidines (used in the production of agricultural chemicals) and fabrics. Saskatchewan's exports and imports of goods to and from Costa Rica were \$5.3 M and \$270,000 in 2003. Potash was the major export to Costa Rica while melons were the major import.

Canada recently launched discussions with MERCOSUR (Brazil, Argentina, Paraguay and Uruguay) regarding a trade and investment agreement that would fit into the Free Trade Area of the Americas (FTAA). Saskatchewan's exports of goods to MERCOSUR were \$190 M in 2003. Brazil accounted for 96% of exports to the region. Saskatchewan's imports from MERCOSUR totaled \$12.5 M in 2003 with Brazil accounting for most of the imports. Potash is Saskatchewan's largest export to MERCOSUR and represented 76% of total exports in 2003. The next largest exports were canary seed and wheat, each about \$15 M. Herbicides accounted for 20% of total imports in 2003.

Canada is also exploring the possibility of a free trade agreement with South Korea which is considered to be the "gateway" to Northeast Asia. In 2003, Saskatchewan exported \$85 M in goods and imported \$16 M from South Korea. Semi-chemical wood pulp and potash were the major export products. Transmission/reception devices represented almost 50% of imports in 2003.

International Trade by Product

Saskatchewan's **top 25 exports and imports of goods in 2003** are shown below. Resource and agricultural products dominate Saskatchewan exports while industrial and agricultural equipment and inputs dominate imports.¹¹ **Saskatchewan's exports are very concentrated with the top 25 exports accounting for 84% of total exports.** A very different situation exists in terms of imported goods. The top import, herbicides, accounted for just 4% of total imports and the **top 25 imports accounted for only 31% of total imports.**

¹¹ Import data, however, appears to be more accurate for industrial and farm inputs than for imports of consumer products such as automobiles and clothing.

| SK's Top Exports and Imports of Goods in 2003 | | | | |
|-----------------------------------------------|----------------------------------|------------|----------------------------------|-----------|
| Rank | Exports | | Imports | |
| | Product | 000 \$ | Product | 000 \$ |
| 1 | Crude Oil | 3,056,066 | Herbicides | 156,990 |
| 2 | Potash | 1,836,759 | Truck Tractors | 109,082 |
| 3 | Durum | 650,219 | Other Wheeled Tractors | 92,261 |
| 4 | Wheat | 637,873 | Combines | 76,345 |
| 5 | Canola | 492,254 | Other Engines | 76,248 |
| 6 | Semi-Chemical Wood Pulp | 202,835 | Trucks > 20 tonnes | 74,386 |
| 7 | Flaxseed | 185,939 | Shovel Loaders | 66,823 |
| 8 | Peas | 181,761 | Shovels & Excavators | 59,199 |
| 9 | Lentils | 162,227 | House & Camping Trailers | 48,246 |
| 10 | Uranium | 140,210 | Oil/Gas Casing & Tubing | 46,967 |
| 11 | OSB/Waferboard | 115,402 | Off-Highway Dumpers | 44,825 |
| 12 | Urea | 87,439 | Monoammonium Phosphate | 44,639 |
| 13 | Barley | 86,236 | Construction Equipment Parts | 38,280 |
| 14 | Lumber | 84,237 | Electrical Energy | 36,844 |
| 15 | Herbicides | 77,021 | Ag Machinery Parts | 36,434 |
| 16 | Live Cattle | 75,595 | Ventilating & Recycling Hoods | 34,719 |
| 17 | Chemical Wood Pulp | 73,235 | Trucks, 5 to 20 tonnes | 32,781 |
| 18 | Oats | 71,019 | Soybean Oil Cake | 31,870 |
| 19 | Crude Canola Oil | 70,658 | Supported Catalysts | 31,321 |
| 20 | Canary Seed | 69,702 | Other Heterocyclic Compounds | 29,642 |
| 21 | Seeders | 69,438 | Bull & Angle Dozers | 29,302 |
| 22 | Fine Writing Paper | 69,130 | Insecticides | 28,327 |
| 23 | Malt | 68,415 | Newspapers & Magazines | 26,550 |
| 24 | Crude Low Erucic Acid Canola Oil | 66,386 | Pet Food | 25,461 |
| 25 | Cured Pork Bellies | 63,415 | Chemical Products & Preparations | 25,243 |
| | Top 25 Exports | 8,693,471 | Top 25 Imports | 1,302,784 |
| | Total Exports | 10,338,489 | Total Imports | 4,151,378 |
| | Harmonized Code 6 Digit Level | | | |
| | Canola uses Historic Code | | | |
| | Statistics Canada from Strategis | | | |

Saskatchewan is a major exporter on both the Canadian and world stage. In 2003, in terms of the value of exports:

- Saskatchewan was the largest exporter in the world of potash (49% of global exports), durum (25%), flax (42%), peas (24%), lentils (26%), mustard (29%), and canary seed (55%).
- Saskatchewan was the second largest exporter in the world of canola/rapeseed (17%), oats (15%), and cured pork bellies (15%).
- Saskatchewan was the third largest exporter in the world of crude canola/rapeseed oil (13%) and agricultural seeders (11%).
- Saskatchewan was the largest

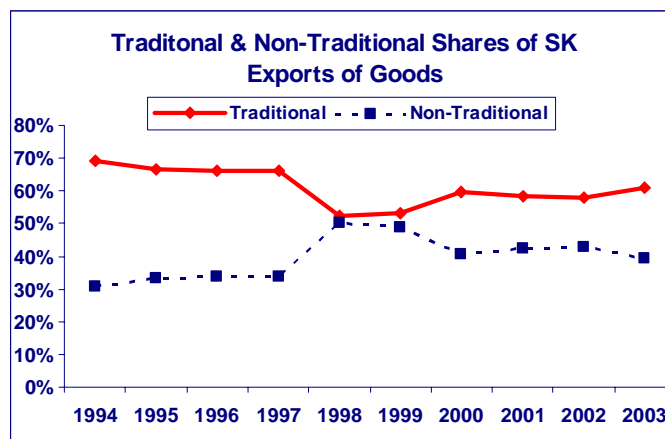
Where's the Uranium?

Saskatchewan is the largest supplier of uranium with 30% of the global supply. However, due to the nature of the uranium market, Saskatchewan's percentage of the total value of world sales can only be estimated. Saskatchewan is the only producer of uranium in Canada but processing occurs mainly in Ontario. Although Statistics Canada reports Saskatchewan exports of uranium as \$141 M in 2003, the Saskatchewan Bureau of Statistics reports the value of the industry to be \$549 million (\$489 million abroad and \$60 million to the rest of Canada) in 2003. Natural Resources Canada reports a net export value of \$620 million which by definition can include value added processing.

exporter in Canada of potash, durum, wheat, canola, flaxseed, peas, lentils, barley, mustard, herbicides, crude canola oil, canary seed, seeders, and cured pork bellies.

Some of Saskatchewan's exports of goods grew very rapidly from 1999 to 2003. In response to significant market development efforts, exports of agricultural seeders grew the fastest with an average annual growth rate of 42%. Capital investment in processing capacity assisted exports of cured pork bellies to expand by 20% annually.

Saskatchewan's exports of goods have diversified over time. In 1994, traditional exports represented 69% of total exports of goods and non-traditional exports represented 31% of total exports.¹² In 1998 and 1999 the split between traditional and non-traditional exports was roughly even. Although the share of traditional exports rose after that because of strong demand and prices for energy, it is still significantly below the 1994 figure.



Foreign Direct Investment

When foreigners make direct investments in Canada it is called Foreign Direct Investment in Canada (FDIC) or more generally **inward Foreign Direct Investment (FDI)**. When Canadians make investments in other countries it is called Canadian Foreign Investment Abroad (CFIA) or generally **outward FDI**. In 2003 the stock of FDIC was \$358 B while the stock of CFIA was \$399 B. Canada was a net exporter of direct investment in 2003 and has been since 1997.

There are three explanations for direct foreign investment: market seeking, resource/asset seeking and efficiency. Companies may establish an office in another country in order to gain access to a market, be close to foreign customers or to gain access to specific resources or assets. Alternatively, companies may establish operations in other countries in order to take advantage of differences in prices for labour and other inputs.¹³ Historically, the need to gain market access to the Canadian market was the primary reason for FDI in Canada. Before Canada liberalized its trade policy in 1989, US firms built plants in Canada because trade barriers prevented a direct export strategy.¹⁴

¹² Wheat, barley, oil and gas, uranium and fertilizer exports are viewed as being traditional by Saskatchewan Trade and Export Partnership (STEP). All other exports of goods are viewed as being non-traditional.

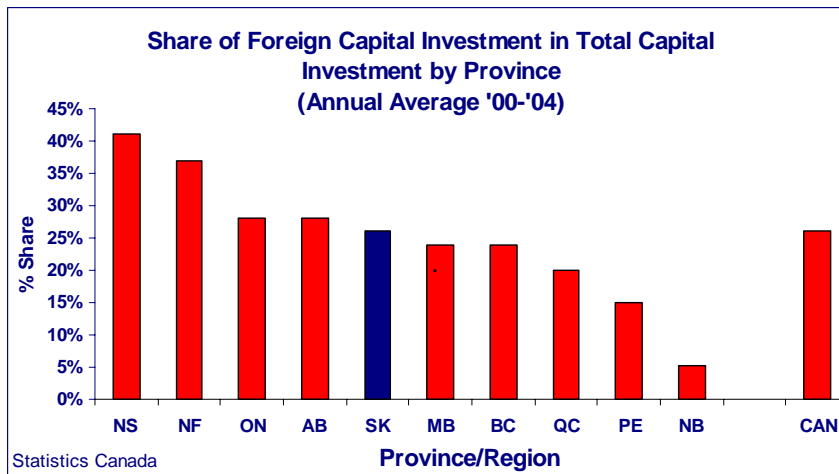
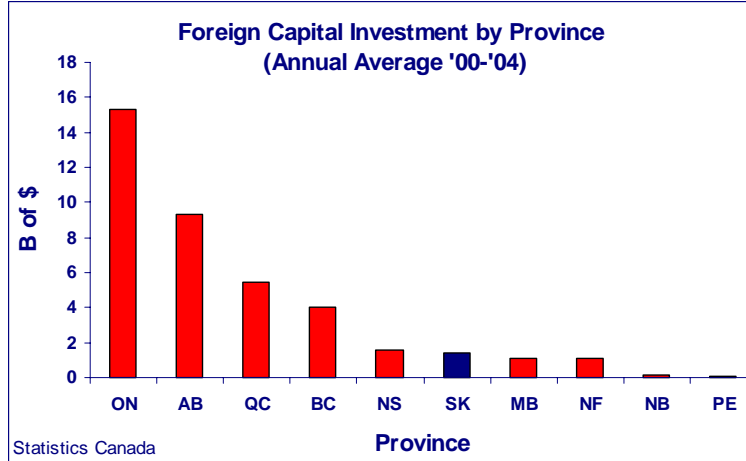
¹³ B Copeland, "Services in the New Economy: Research Issues", for Industry Canada, October 2003.

¹⁴ Export Development Corporation, "The Quiet Creator of Canadian Wealth: Direct Foreign Investment", 2003.

Capital investment by foreign controlled firms in Canada averaged \$40 B annually from 2000-2004.¹⁵ As shown below, Ontario, Alberta, and Quebec received over 75% of total investment on average.

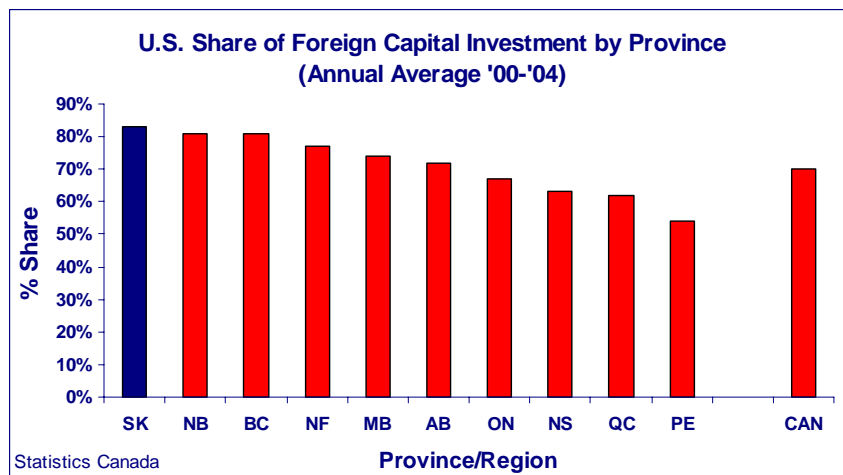
Saskatchewan received an average of \$1.5 B of foreign investment annually.¹⁶

According to analysis by the Export Development Corporation, this foreign investment could potentially increase Saskatchewan's exports by \$450 M annually.¹⁷



Foreign capital investment represented an average of 26% of total capital investment in Saskatchewan from 2000 to 2004. Nova Scotia and Newfoundland had the highest proportion of foreign capital investment relative to total capital investment.

The US is the dominant foreign investor in Saskatchewan accounting for an average of 83% of foreign investment from 2000 to 2004, the highest level in Canada. The US accounted for 70% of total foreign investment in Canada over the same period.



¹⁵ The available data on FDI at the provincial level pertains to capital investment in construction and machinery by country of control. This provides a partial picture of inwards FDI because equity and stock investments are not measured.

¹⁶ Statistics Canada, "Foreign and Domestic Investment in Canada", February 2005.

¹⁷ In the Export Development Corporation's, "The Quiet Creator of Canadian Wealth: Direct Foreign Investment", 2003 the suggested multiplier for inward FDI is 0.6. We have used a multiplier of 0.3 in this paper.

Globally, foreign direct investment is more important in delivering goods and services than exports. According to UNCTAD, global sales by transnational corporations were US\$ 18 trillion in 2002 while global exports were US\$ 8 trillion. **For Saskatchewan, however, trade is the most important mode of delivering goods and services.** This is likely to remain so for the foreseeable future.¹⁸

Market Profiles

This section provides market profiles of Saskatchewan's top international trade partners plus other emerging and mature markets.¹⁹ The 14 markets profiled in this section accounted for 90% of Saskatchewan's exports of goods and 98% of Saskatchewan's imports of goods in 2003. The top destinations of Saskatchewan exports of goods within this group of countries in 2003 were the US, the EU 25, Japan, China, and Mexico. The fastest growing markets for Saskatchewan exports over the period 1999 to 2003 were Ukraine, Kazakhstan, and Russia. These markets have been the focus of significant market development efforts by Saskatchewan exporters.

- Algeria
- Australia
- Brazil
- Chile
- China
- EU 25
- India
- Japan
- Kazakhstan
- Mexico
- Russia
- South Korea
- Ukraine
- United States

¹⁸ UNCTAD, "World Investment Report 2003", 2003.

¹⁹ The following information sources were used: Export Development Canada, CIA Fact Book, Statistics Canada, World Economic Forum, Global Edge, Trade Map Canada, and the US Consular Service Country Guides.

Algeria



Area

2.4 M sq km

Population

32 M (2004)

Population Growth Rate

1.28%

GDP (PPP)

US\$196 B (2003)

Real GDP Growth Rate

5.5% (2004)

GDP per Capita (PPP)

US\$6,000 (2003)

Inflation Rate

3.6% (2004)

Structure of Economy

GDP Shares (2003): agriculture 10%, industry 57%, services 33%

Competitiveness

Ranked 71st out of 104 countries in 2004 Growth Competitiveness Index

Major Trade Partners

Total Exports of US\$24.6 B in 2003, US 20%, Italy 19%, and France 13%

Total Imports of US\$13.5 B in 2003, France 24%, Italy 9%, and Germany 6%

Top Exports and Imports

Exports 2003: crude oil, natural gas (liquid) and natural gas (gas)
Imports 2003: durum, medicine, and bars and rods

SK's Exports To

SK's total exports to Algeria were \$177 M in 2003, durum exports were \$148 M

SK's Imports From

SK's total imports from Algeria were \$2,6000 in 1999 (veneer sheets)

Export Opportunities

Wheat, durum, vegetable oil, grain mill equipment and controls, and equipment for enhanced oil recovery

Australia



Area

7.7 M sq km

Population

19.9 M (2004)

Population Growth Rate

0.9%

GDP (PPP)

US\$570.3 B (2003)

Real GDP Growth Rate

3.4% (2004)

GDP per Capita (PPP)

US\$28,900 (2003)

Inflation Rate

3% (2004)

Structure of Economy

GDP Shares (2003): agriculture 3.5%, industry 26%, services 70%

Competitiveness

Ranked 14th out of 104 countries in 2004 Growth Competitiveness Index

Major Trade Partners

Total Exports of US\$70.2 B in 2003, Japan 18%, US 9%, and China 8%

Total Imports of US\$84.5 B in 2003, US 16%, Japan 13%, and China 11%

Top Exports and Imports

Exports 2003: coal, semi-manufactured gold and crude oil
Imports 2003: crude oil, automobiles, and medicine

SK's Exports To

SK's total exports to Australia were \$51 M in 2003, agricultural equipment and parts dominate

SK's Imports From

SK's total imports from Australia were \$3.4 M in 2003

Export Opportunities

Information technology services, travel and tourism, biotechnology, agricultural equipment, and food products

Brazil



Area
8.5 M sq km
Population
184 M (2004)
Population Growth Rate
1.11%
GDP (PPP)
US\$1,375 B (2003)
Real GDP Growth Rate
4.5% (2004)
GDP per Capita (PPP)
US\$7,600 (2003)
Inflation Rate
7.5% (2004)
Structure of Economy
GDP Shares (2003): agriculture 10%, industry 39%, services 51%
Competitiveness
Ranked 57th out of 104 countries in 2004 Growth Competitiveness Index
Ranked 20th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$73 B in 2003, US 23%, Argentina 6%, and China 6%
Total Imports of US\$51 B in 2003, US 20%, Argentina 10%, and Germany 9%
Top Exports and Imports
Export 2003: soybeans, soybean oil cake and iron ore
Imports 2003: crude oil, refined oil and wheat
SK's Exports To
SK's total exports to Brazil were \$183 M in 2003, potash exports were \$142 M
SK's Imports From
SK's total imports from Brazil were \$10.6 M in 2003
Export Opportunities
Wheat, pollution control equipment and services, and oil and gas machinery and services

Chile



Area
0.8 M sq km
Population
15.8 M (2004)
Population Growth Rate
1.01%
GDP (PPP)
US\$154.7 B (2004)
Real GDP Growth Rate
5.6% (2004)
GDP per Capita (PPP)
US\$9,900 (2004)
Inflation Rate
2.4% (2004)
Structure of Economy
GDP Shares (2003): agriculture 6.4%, industry 39%, services 55%
Competitiveness
Ranked 22nd out of 104 countries in 2004 Growth Competitiveness Index
Ranked 10th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$20.1 B in 2003, US 18%, Japan 11%, and China 9%
Total Imports of US\$17.4 B in 2003, Argentina 22%, US 15%, Brazil 12%
Top Exports and Imports
Exports 2003: copper cathodes, copper ore, and grapes
Imports 2003: crude oil, refined oil, and automobiles
SK's Exports To
SK's total exports to Chile were \$30 M in 2003, durum exports were \$12 M
SK's Imports From
SK's total imports from Chile were \$3 M in 2003, grapes dominate
Export Opportunities
Environmental technologies and services, feed, fodder and genetics, cookies and crackers, and food processing equipment

China



Area
9.6 M sq km
Population
1.3 B (2004)
Population Growth Rate
0.57%
GDP (PPP)
US\$6,449 B (2004)
Real GDP Growth Rate
9.2% (2004)
GDP per Capita (PPP)
US\$5,000 (2004)
Inflation Rate
3.8% (2004)
Structure of Economy
GDP Shares (2003): agriculture 15%, industry 53%, services 32%
Competitiveness
Ranked 46th out of 104 countries in 2004 Growth Competitiveness Index
Ranked 4th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$438 B in 2003, US 21%, Hong Kong 17%, Japan 14%
Total Imports of US\$413 B in 2003, Japan 18%, Taiwan 12%, South Korea 10%
Top Exports and Imports
Exports 2003: data processing parts, computer inputs/outputs, digital cameras
Imports 2003: semiconductors, crude oil and circuits
SK's Exports To
SK's total exports to China were \$411 M in 2002, potash exports were C\$255 M
SK's Imports From
SK's total imports from China were \$43 M in 2003
Export Opportunities
Oilseeds, grass seed, malting barley and feed grains, fertilizer and pesticides, pollution control equipment and software

EU 25

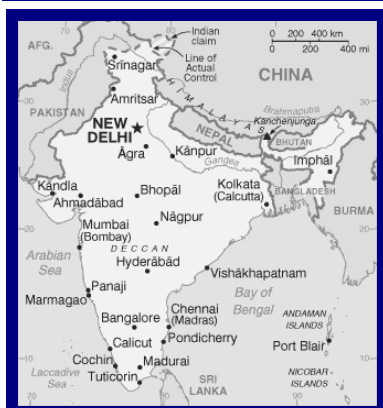


Area
4 M sq km
Population
456 M (2004)
Population Growth Rate
0.17%
GDP (PPP)
US\$11,050 B (2004)
Real GDP Growth Rate
3.6% (2004)
GDP per Capita (PPP)
US\$25,700 (2004)
Inflation Rate

Structure of Economy
GDP Shares (2003): agriculture 2%, industry 28%, services 70%
Competitiveness
Finland ranked 1st out of 104 countries in 2004 Growth Competitiveness Index
Hungary, Czech Republic and Poland ranked 6th, 7th, and 9th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total external exports of Euro \$900 B in 2002, US 27%, Switzerland 8% and Japan 5%
Total external imports of Euro \$941 B in 2002, US 19%, China 10%, and Japan 8%
Top Exports and Imports
Exports 2002: machinery, motor vehicles, aircraft
Imports 2002: machinery, vehicles, aircraft
SK's Exports To
SK's total exports to EU 25 were \$811 M in 2003, durum exports were \$243 M
SK's Imports From
SK's total imports from EU 25 were \$189 M in 2003
Export Opportunities
Wheat, animal genetics, and organic products

India



Area
3.3 M sq km
Population
1.1 B (2004)
Population Growth Rate
1.44%
GDP (PPP)
US\$3,033 B (2003)
Real GDP Growth Rate
6% (2004)
GDP per Capita (PPP)
US\$2,900 (2003)
Inflation Rate
4.1% (2004)
Structure of Economy
GDP Shares (2003): agriculture 24%, industry 28%, services 48%
Competitiveness
Ranked 55th out of 104 countries in 2004 Growth Competitiveness Index
Ranked 8th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$63 B in 2003, US 18%, UAE 8%, and Hong Kong 5%
Total Imports of US\$77 B in 2003, US 6%, China 5%, and Belgium 5%
Top Exports and Imports
Exports 2003: non-industrial diamonds, crude oil, jewelry with precious metal
Imports 2003: crude oil, non-industrial diamonds, and unwrought gold
SK's Exports To
SK's total exports to India were \$176 M in 2003, potash and peas dominate
SK's Imports From
SK's total imports from India were \$2.5 M in 2003
Export Opportunities
Pulse crops, vegetable oils, educational services, pollution control equipment, and renewable energy equipment

Japan



Area
0.4 M sq km
Population
127 M (2004)
Population Growth Rate
0.08%
GDP (PPP)
US\$3,582 B (2003)
Real GDP Growth Rate
2.9% (2004)
GDP per Capita (PPP)
US\$28,200 (2003)
Inflation Rate
-0.1% (2004)
Structure of Economy
GDP Shares (2003): agriculture 1%, industry 25%, services 73%
Competitiveness
Ranked 9th out of 104 countries in 2004 Growth Competitiveness Index

Major Trade Partners
Total Exports of US\$472 B in 2003, US 25%, China 12%, and South Korea 7%
Total Imports of US\$384 B in 2003, China 20%, US 16%, and South Korea 7%
Top Exports and Imports
Exports 2003: automobiles and semiconductors
Imports 2003: crude oil, natural gas and parts for data processing machines
SK's Exports To
SK's total exports to Japan were \$500 M in 2003, canola exports were \$267 M
SK's Imports From
SK's total imports from Japan were \$41 M in 2003
Export Opportunities
Biotechnology, new energy power generation, dietary supplements, and soil remediation/engineering services

Kazakhstan



Area
2.7 M sq km
Population
15 M (2004)
Population Growth Rate
0.26%
GDP (PPP)
US\$105 B (2003)
Real GDP Growth Rate
8% (2004)
GDP per Capita (PPP)
US\$6,300 (2003)
Inflation Rate
8% (2004)
Structure of Economy
GDP Shares (2003): agriculture 8%, industry 38%, services 55%
Competitiveness
Not available

Major Trade Partners
Total Exports of US\$13 B in 2003, Bermuda 17%, Russia 15%, and Switzerland 13%
Total Imports of US\$8.4 B in 2003, Russia 39%, Germany 9%, and China 6%
Top Exports and Imports
Exports 2003: crude oil, copper cathodes, and wheat
Imports 2003: refined oil, crude oil and natural gas
SK's Exports To
SK's total exports to Kazakhstan were \$1.8 M in 2003, agricultural machinery and parts only exports
SK's Imports From
SK's total imports from Kazakhstan were \$50,000 in 2002 (ferro chromium)
Export Opportunities
Oil and gas equipment, agricultural equipment and machinery, and architecture, construction and engineering services

Mexico



Area
1.97 M sq km
Population
105 M (2004)
Population Growth Rate
1.18%
GDP (PPP)
US\$941.2 B (2003)
Real GDP Growth Rate
4.2% (2004)
GDP per Capita (PPP)
US\$9,000 (2003)
Inflation Rate
5% (2004)
Structure of Economy
GDP Shares (2003): agriculture 4%, industry 26%, services 70%
Competitiveness
Ranked 48th out of 104 countries in 2004 Growth Competitiveness Index
Ranked 11th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$165.4 B in 2003, US 89%, Canada 2%, and Germany 1%
Total Imports of US\$171 B in 2003, US 62%, China 5%, and Japan 4%
Top Exports and Imports
Exports 2003: crude oil, automobiles, and colour televisions
Imports 2003: data processing machinery parts, automobiles, integrated circuits
SK's Exports To
SK's total exports to Mexico were \$230 M in 2003, canola and wheat dominate
SK's Imports From
SK's total imports from Mexico were \$35 M in 2003
Export Opportunities
Red meats, snack foods, pet foods, environmental engineering services, water resources equipment and services, and oil and gas field equipment and services

Russia



Area
17.1 M sq km
Population
143.8 M (2004)
Population Growth Rate
-0.45%
GDP (PPP)
US\$1,282 B (2003)
Real GDP Growth Rate
7% (2004)
GDP per Capita (PPP)
US\$8,900 (2003)
Inflation Rate
10.5% (2004)
Structure of Economy
GDP Shares (2003): agriculture 5%, industry 35%, services 60%
Competitiveness
Ranked 70th out of 104 countries in 2004 Growth Competitiveness Index
Ranked 12th out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$133.7 B in 2003, Netherlands 6%, China 6%, Belarus 6%
Total Imports of US\$57.4 B in 2003, Germany 14%, Belarus 9%, Ukraine 8%
Top Exports and Imports
Exports 2003: crude oil, natural gas, refined oil
Imports 2003: automobiles, medicine, raw sugar cane
SK's Exports To
SK's total exports to Russia were \$3.4 M in 2003, peas and harvester parts dominate
SK's Imports From
SK's total imports from Russia were \$1.5 M in 2003
Export Opportunities
Agricultural machinery, poultry meat, unprocessed and semi-processed pork, oil recovery, well optimization and idle well recovery services

South Korea



Area
0.098 M sq km
Population
48.6 M (2004)
Population Growth Rate
0.62%
GDP (PPP)
US\$857.8 B (2003)
Real GDP Growth Rate
5% (2004)
GDP per Capita (PPP)
US\$17,800 (2003)
Inflation Rate
3.7% (2004)
Structure of Economy
GDP Shares (2003): agriculture 4%, industry 36%, services 60%
Competitiveness
Ranked 29th out of 104 countries in 2004 Growth Competitiveness Index
Ranked 3rd out of 24 countries in 2004 Emerging Market Potential Index

Major Trade Partners
Total Exports of US\$194 B in 2003, China 18%, US 18%, and Japan 9%
Total Imports of US\$179 B in 2003, Japan 20%, US 14%, and China 12%
Top Exports and Imports
Exports 2003: transmission apparatuses, semiconductors, and engines
Imports 2003: crude oil, semiconductors and refined oil
SK's Exports To
SK's total exports to South Korea were \$85.5 M in 2003, semi-chemical wood pulp and potash dominate
SK's Imports From
SK's total imports from South Korea were \$16 M in 2003
Export Opportunities
Educational services, geographical information systems, pet foods, animal by-products, environmental services and equipment

Ukraine



Area
0.6 M sq km
Population
47.7 M (2004)
Population Growth Rate
-0.66%
GDP (PPP)
US\$260.4 B (2003)
Real GDP Growth Rate
9% (2004)
GDP per Capita (PPP)
US\$5,400 (2003)
Inflation Rate
7.5% (2004)
Structure of Economy
GDP Shares (2003): agriculture 19%, industry 45%, services 36%
Competitiveness
Ranked 86th out of 104 countries in 2004 Growth Competitiveness Index

Major Trade Partners
Total Exports of US\$20.2 B in 2003, Russia 22%, Italy 7%, and Turkey 7%
Total Imports of US\$20.3 B in 2003, Russia 31%, Germany 14% and Poland 7%
Top Exports and Imports
Exports 2003: crude oil, semi-finished products and rods & bars
Imports 2003: crude oil, automobiles, and wheat
SK's Exports To
SK's total exports to Ukraine were \$12.5 M in 2003, wheat and agricultural equipment dominate
SK's Imports From
SK's total imports from Ukraine were \$321,000 in 2003
Export Opportunities
Agricultural equipment, agricultural chemicals, pet food, meat and poultry products and oil and gas field machinery

United States



Area
9.6 M sq km
Population
293 M (2004)
Population Growth Rate
0.92%
GDP (PPP)
US\$10,990 B (2003)
Real GDP Growth Rate
4.4 % (2004)
GDP per Capita (PPP)
US\$37,800 (2003)
Inflation Rate
2.1% (2004)
Structure of Economy
GDP Shares (2003): agriculture 1%, industry 26%, services 73%
Competitiveness
Ranked 2nd out of 104 countries in 2004 Growth Competitiveness Index

Major Trade Partners
Total Exports of US\$651 B in 2003, Canada 23%, Mexico 13%, Japan 8%
Total Imports of US\$1,305 B in 2003, Canada 17%, China 13%, and Mexico 11%
Top Exports and Imports
Exports 2003: semiconductors, aircraft, data processing parts
Imports 2003: crude oil and automobiles
SK's Exports To
SK's total exports to US were \$6.6 B in 2003, crude oil and potash dominate
SK's Imports From
SK's total imports from US were \$3.7 B in 2003
Export Opportunities
Potash, prepared food, oil and gas, lumber, pulp and agricultural equipment