

Canada's Mineral Trade Expands Again in 2005, Surplus Widens to \$7.6 Billion

Canada depends heavily on its trade of mineral commodities. The export of these products has a significant impact on Canada's overall merchandise balance of trade, and hence on the national economy and standard of living. In 2005, the total value of exports¹ from Canada's mining and mineral processing industries² (metals, nonmetals, and coal and coke) increased by 13.8% to \$64.3 billion from \$56.5 billion in 2004. The total value of imports of these commodities was also up, rising by 8.3% to \$56.7 billion from \$52.4 billion in 2004. The balance of trade (total exports minus total imports) generated for these mining and mineral processing products rose dramatically by 82.2% in 2005 to \$7.6 billion. The increase in Canadian mineral trade was due to favourable supply/demand factors and the recent global boom in commodity prices that continued during 2005.

Total Exports

Of the \$64.3 billion in total exports in 2005, exports of metallic products rose by 12.6% to \$48.9 billion, compared to \$43.4 billion in 2004. Significant increases in the value of exports were seen for uranium (+113.6%), iron ore (+71.2%), copper (+29.9%), and gold (+22.3%). Important decreases occurred for manganese (-34.5%), cobalt (-31.1%), and nickel (-5.7%).

Two commodities, aluminum and iron and steel, accounted for 48.1% of these total exports in 2005.

Nonmetal exports increased by 7.0% to \$11.9 billion from \$11.2 billion in 2004. Impressive increases were experienced by sulphur and sulphur compounds (+49.8%), potash and potassium compounds (+27.0%), nitrogen (+24.0%), and titanium oxides (+22.6%). Decreases occurred for chrysotile (-25.1%) and granite (-16.8%). Potash and potassium compounds, diamonds, and nitrogen together accounted for 49.6% of total nonmetallic exports.

Total exports of coal and coke increased from \$1.9 billion in 2004 to \$3.5 billion in 2005, a remarkable increase of 78.9%.

On a country basis, the United States was again, by far, the leading destination for Canada's total exports of mining and mineral processing products, amounting to \$43.8 billion in 2005. The value of total exports to the United States represented 68.0%, with the European Union at 13.6%, Japan at 4.0%, China at 3.3%, Mexico at 0.7%, and the remaining countries adding up to 10.4%. By stages,² the United States accounted for 32.7% of Stage 1 exports, 63.4% of Stage 2

exports, 86.5% of Stage 3 exports, and 89.9% of Stage 4 exports.

Total Imports

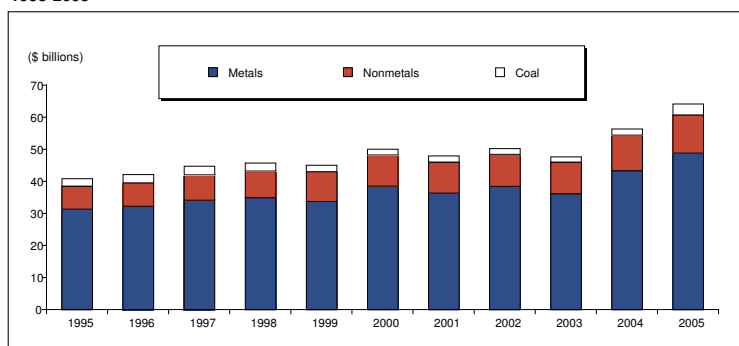
For imports of \$56.7 billion in 2005, the value of metallic products rose to \$47.2 billion from \$42.9 billion in 2004, an increase of 10.0%. Commodities with major increases in 2005 were titanium metal (+79.9%), iron ore (+63.5%), gold (+46.6%), uranium and thorium (+39.1%), and iron and steel (+12.1%), whereas declines occurred for silver (-24.1%), manganese (-13.0%), zinc (-4.2%), and nickel (-1.4%). Two commodities, aluminum and iron and steel, accounted for 55.0% of all metal imports in 2005.

For nonmetals, import values fell from \$8.2 billion in 2004 to \$8.0 billion in 2005, a decline of 2.2%. Commodities of note included increases for salt and sodium compounds (+18.3%), nitrogen (+14.0%), and cement (+9.8%), and decreases for graphite (-14.1%), glass and glassware products (-11.2%), and

¹ For full details of the methods used in computing Canadian exports and imports of minerals, please refer to the NRCan web site at http://mmsd1.mms.nrcan.gc.ca/mmsd/trade/default_e.asp.

² Unless otherwise specified, these industries include all four stages of mining and mineral processing as defined on page 2.

Figure 1
Canada, Value of Total Exports of Mining and Mineral Processing Industry Products, 1995-2005



Sources: Natural Resources Canada; Statistics Canada.

TABLE 1. VALUE OF CANADIAN MINERAL TRADE, 2005

	Domestic Exports	Total Exports	Total Imports	Balance of Trade
(\$000)				
Stage 1	14 986 732	15 058 744	5 609 118	9 449 626
Stage 2	18 287 807	18 493 760	6 705 390	11 788 370
Stage 3	15 441 944	16 431 331	18 121 413	(1 690 082)
Stage 4	13 201 695	14 348 698	26 257 653	(11 908 955)
Total	61 918 178	64 332 533	56 693 574	7 638 959

Sources: Natural Resources Canada; Statistics Canada.

Notes: Mineral trade includes coal. Totals may not add due to rounding.



phosphate and phosphate compounds (-4.5%). Two commodities, glass and glassware products and clay and clay products, represented 41.6% of total imports of nonmetals in 2005.

In 2005, coal imports increased by 24.5% to \$1.4 billion while coke imports fell by 23.7% to \$150 million.

Shipments from the United States accounted for 58.5% of total imports in 2005 with the European Union at 9.9%, China at 6.9%, Mexico at 3.4%, Japan at 1.8%, and all other countries at 19.5%. For the four stages of mining and mineral processing products, total imports from the United States accounted for 72.6% of Stage 1, 21.0% of Stage 2, 63.6% of Stage 3, and 61.5% of Stage 4.

Balance of Trade

The balance of trade surplus in 2005 of \$7.6 billion, compared to \$4.1 billion in 2004, \$2.5 billion in 2003 and \$2.0 billion in 2002, was the highest since 1996. Since 1988, a surplus has resulted in every year except 2000. In 2005, the largest individual surpluses were with the United States, the United Kingdom, Japan and Norway, whereas major deficits existed with China, Germany and Brazil.

For the four stages of mining and mineral processing products in 2005, surpluses for Stages 1 and 2 were sufficient to outweigh the deficit in Stage 3 and the sizeable deficit in Stage 4. Historically, there has always been a very significant balance of trade deficit in Stage 4 because of the strong demand in Canada for these value-added products.

Provincial/Territorial Trade Activities

Not surprisingly, the majority of Canada's 2005 mineral trade occurred in Ontario and Quebec. For exports, Ontario accounted for 45.3% and Quebec for 23.7% of the total. The four western provinces (British Columbia, Alberta, Saskatchewan and Manitoba) together made up another 25.7%. Moreover, these mineral exports were responsible for a significant percentage of total merchandise exports in all

provinces and territories with the exception of the Atlantic provinces and Alberta. Indeed, in the Northwest Territories and the Yukon, the mineral industry was responsible for 99.8% and 55.1%, respectively, of the total exports from these territories in 2005, with these exports

being nearly all from Stage 1 (mining) activity. For imports, Ontario accounted for 61.3% of the total followed by Quebec at 16.4%. All provinces had a positive balance of trade with the exception of Ontario, Manitoba, Nova Scotia and Prince Edward Island.

TABLE 2. VALUE OF CANADIAN MINERAL TRADE BY LEADING COUNTRY, 2005

Country	Total Exports	Total Imports	Balance of Trade
(\$000)			
United States	43 775 949	33 145 648	10 630 301
United Kingdom	4 339 911	739 125	3 600 786
Japan	2 558 051	1 018 950	1 539 101
China	2 098 738	3 930 624	(1 831 887)
Norway	1 311 287	102 181	1 209 106
Belgium	1 181 971	335 902	846 069
South Korea	1 067 267	601 741	465 525
Germany	1 013 095	1 591 075	(577 980)
Netherlands	812 343	153 376	658 967
Brazil	527 988	997 623	(469 635)
Total Canada	64 332 533	56 693 574	7 638 959

Sources: Natural Resources Canada; Statistics Canada.

Notes: Mineral trade includes coal. Totals may not add due to rounding.

TABLE 3. VALUE OF CANADIAN MINERAL TRADE BY PROVINCE AND TERRITORY OF ORIGIN, 2005

Province/Territory	Total Exports	Total Imports	Balance of Trade	Total Economy Total Exports	Total Exports as a Percentage of Provincial Total
(\$000)					(%)
Newfoundland and Labrador	937 400	122 600	814 800	4 596 754	20.39
Prince Edward Island	18 340	23 732	(5 392)	809 942	2.26
Nova Scotia	282 197	548 838	(266 641)	5 829 088	4.84
New Brunswick	626 650	400 567	226 083	10 712 528	5.85
Quebec	15 248 209	9 318 690	5 929 519	71 093 407	21.45
Ontario	29 114 497	34 730 109	(5 615 612)	201 175 396	14.47
Manitoba	1 502 689	1 892 053	(389 364)	10 061 410	14.94
Saskatchewan	3 597 798	1 072 676	2 525 122	13 998 602	25.70
Alberta	3 629 205	3 256 447	372 758	80 328 667	4.52
British Columbia	7 834 415	5 326 154	2 508 261	35 493 570	22.07
Yukon	6 282	1 681	4 601	11 412	55.05
Northwest Territories	1 533 584	29	1 533 555	1 537 248	99.76
Nunavut	1 266	-	1 266	5 858	21.61
Total Canada	64 332 533	56 693 574	7 638 959	435 653 882	(a) 14.77

Sources: Natural Resources Canada; Statistics Canada.

- Nil.

(a) Percentage of Canadian total.

Notes: Mineral trade includes coal. Totals may not add due to rounding. The data in this table are attributed to the last province or territory where the mineral was transformed. As an example, gold mined in the Yukon that is refined in Ontario would be attributed to Ontario.

Canada's Mining and Mineral Processing Industries Include the Following Four Stages:

STAGE 1	STAGE 2	STAGE 3	STAGE 4
Mineral Extraction and Concentrating examples: gold mining, sand and gravel quarrying	Smelting and Refining examples: nonferrous metal smelting and refining, alloying, and the production of primary steel	Nonmetals and Metals-Based Semi-Fabricating Industries examples: copper rolling, casting and extruding, and concrete products	Metals Fabricating Industries examples: manufacturing of ornamental metal products and machine parts

For more information on the mining industry in Canada, please visit www.nrcan.gc.ca/mms or send an e-mail to info-mms@nrcan.gc.ca