

Canada's Mineral Trade Surplus Rises to \$12.5 Billion in 2006

Canada benefits greatly from its trade in 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 2006, the value of Canada's total exports¹ for the mining and mineral processing industries² (metals, nonmetals, and coal and coke) increased by 15.9% to \$74.5 billion from \$64.3 billion in 2005. The total value of imports of these commodities was also up, rising by 9.2% to \$62.0 billion from \$56.7 billion in 2005. The resulting balance of trade (total exports minus total imports) generated from these mining and mineral processing products increased substantially by 60.9% to \$12.5 billion. The increase in Canadian mineral trade, as seen by the continued surge in mineral and metal commodity prices, was again driven by buoyant global demand, certain supply constraints, and active investor demand.

Total Exports

Of the \$74.5 billion in total exports in 2006, exports of metallic products rose by an impressive 22.5% to \$59.7 billion, compared to \$48.7 billion in 2005. Two commodities, aluminum, and iron and steel, accounted for 44.9% of these total exports. Significant increases in the value of exports were exhibited

by tungsten (+217.8%), zinc (+85.5%), copper (+61.0%), nickel (+42.8%), titanium metal (+35.7%), gold (+28.9%), and uranium and thorium (+23.9%). Strong decreases were shown by molybdenum (-28.6%), magnesium and magnesium compounds (-21.8%), chromium (-15.0%), and cobalt (-11.2%).

Nonmetal exports fell by 5.8% to \$11.4 billion from \$12.1 billion in 2005. Notable decreases were experienced by sulphur and sulphur compounds (-16.5%), diamonds (-13.5%), potash and potassium compounds (-12.0%), and chrysotile (asbestos) (-10.4%). Increases of note occurred for gypsum (+12.9%) and mineral pigments (+8.3%), peat (+4.9%), and glass and glassware products (+2.9%). Four commodities (potash and potassium compounds, diamonds, nitrogen, and glass and glassware products) accounted for 57.6% of total nonmetallic exports.

In 2006, total exports of coal increased by 1.3% to \$3.4 billion, while coke declined from \$108 million to \$25 million in 2006.

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, totaling \$49.1 billion in 2006, a 12.8% increase over 2005. Trade with the United

States represented 65.9% of the total exports with the balance distributed among the European Union at 14.8%, Japan at 4.3%, China at 3.3%, Mexico at 0.8%, and the remaining countries adding up to 10.8%. By stage, the United States accounted for 31.9% of Stage 1 exports, 61.2% of Stage 2, 83.7% of Stage 3, and 89.2% of Stage 4.

Total Imports

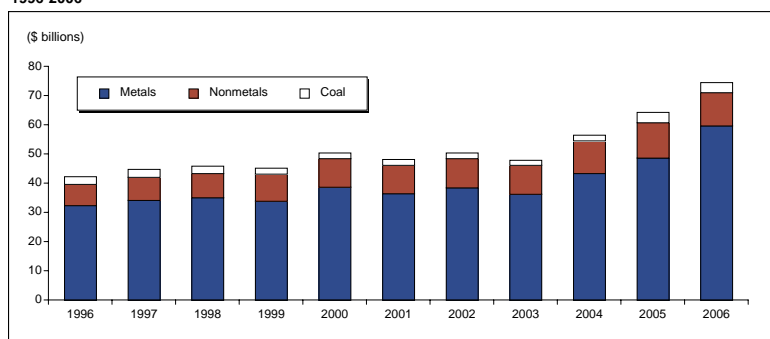
Of the total imports of \$62.0 billion in 2006, the value of metallic products rose to \$52.1 billion from \$47.2 billion in 2005, an increase of 10.4%. Major increases took place for zinc (+149.4%), silver (+55.4%), copper (+43.9%), gold (+37.1%), and platinum group metals (+16.4%), whereas large declines occurred for molybdenum (-19.8%) and nickel (-18.7%). Two commodities, iron and steel, and aluminum, accounted for 53.2% of all metal imports in 2006.

For nonmetals, import values rose from \$8.0 billion in 2005 to \$8.3 billion in 2006, an increase of 4.2%. Commodities of note included increases for diamonds (+37.8%), graphite (+15.0%), salt and salt compounds (+9.0%), and glass and glassware products (+4.4%), and decreases for nitrogen (-11.2%), titanium oxides (-7.6%), and phosphate and phosphate

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 production as defined on page 2.

Figure 1
Canada, Value of Total Exports of Mining and Mineral Processing Industry Products, 1996-2006



Sources: Natural Resources Canada; Statistics Canada.
Note: Coal data excluded for Stage 4.

TABLE 1. VALUE OF CANADIAN MINERAL TRADE, 2006

	Domestic Exports	Total Exports	Total Imports	Balance of Trade
	(\$'000)			
Stage 1	16 317 256	16 365 292	7 129 870	9 235 422
Stage 2	24 874 282	25 052 984	7 741 277	17 311 707
Stage 3	17 147 846	18 339 635	19 880 513	(1 540 878)
Stage 4	13 395 967	14 730 229	27 200 314	(12 470 084)
Total	71 735 352	74 488 140	61 951 973	12 536 168

Sources: Natural Resources Canada; Statistics Canada.

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

compounds (-7.0%). Two commodities, glass and glassware products, and clay and clay products, accounted for 41.1% of total imports of nonmetals in 2006.

In 2006, coal imports increased by 1.9% to \$1.4 billion and coke imports fell by 25.4% to \$111.9 million.

Of these total imports in 2006, shipments from the United States accounted for 57.9% with the European Union at 8.9%, China at 7.5%, Mexico at 3.3%, Japan at 1.8%, and all other countries at 20.6%. For the four stages of mining and mineral processing products, total imports from the United States accounted for 75.1% of Stage 1, 23.3% of Stage 2, 62.2% of Stage 3, and 60.0% of Stage 4.

Balance of Trade

The balance of trade surplus in 2006 of \$12.5 billion compares to \$7.9 billion in 2005, \$4.2 billion in 2004 and \$2.5 billion in 2003, and was the highest since 1996. Since 1988, a surplus has occurred in every year except 2000. In 2006, the largest individual surpluses were with the United States, the United Kingdom, Japan, and Norway, whereas major deficits existed with China, Mexico, and Germany.

For the four stages of mining and mineral processing products in 2006, 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 significant balance of trade deficit in Stage 4 because of the strong demand in Canada for these value-added products.

Provincial/Territorial Trade Activities

As in previous years, the majority of Canada's 2006 mineral trade occurred with Ontario and Quebec. Ontario accounted for 43.7% and Quebec for 26.5% of the total exports in mining and mineral processing products. The four western provinces (British Columbia, Alberta, Saskatchewan, and Manitoba) together made up another 25.1%. Moreover, mineral exports were responsible for a large percentage of total merchandise exports in all provinces and territories with the exception of Prince Edward

Island, Nova Scotia, New Brunswick, and Alberta. Indeed, in the Northwest Territories and the Yukon, the mineral industry was responsible for 99.8% and 82.2%, respectively, of the total exports from these territories in 2006, nearly all from Stage 1 (mining) activity.

For imports, Ontario accounted for 58.7% of the total mining and mineral processing products, followed by Quebec at 17.8%. All provinces had a positive balance of trade with the exception of Ontario, Nova Scotia, and Prince Edward Island.

TABLE 2. VALUE OF CANADIAN MINERAL TRADE BY LEADING COUNTRY, 2006

Country	Total Exports	Total Imports	Balance of Trade
(\$000)			
United States	49 056 635	35 879 077	13 177 558
United Kingdom	6 125 949	616 418	5 509 530
Japan	3 231 660	1 104 134	2 127 526
China	2 490 376	4 672 421	(2 182 045)
Norway	1 686 506	121 588	1 564 918
South Korea	1 392 304	790 943	601 362
Belgium	1 325 455	308 092	1 017 363
Netherlands	1 205 008	197 858	1 007 149
Germany	990 088	1 634 312	(644 225)
Mexico	621 223	2 048 235	(1 427 012)
Total Canada	74 488 140	61 951 973	12 536 168

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, 2006

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	1 045 811	74 475	971 336	4 987 864	20.97
Prince Edward Island	9 869	18 861	-8 992	837 494	1.18
Nova Scotia	325 558	519 922	-194 364	5 118 853	6.36
New Brunswick	735 235	407 617	327 618	10 422 920	7.05
Quebec	19 739 810	11 047 309	8 692 501	73 329 900	26.92
Ontario	32 524 802	36 357 153	-3 832 351	198 839 034	16.36
Manitoba	2 197 667	2 024 309	173 358	11 585 814	18.97
Saskatchewan	3 666 285	1 260 549	2 405 736	15 647 693	23.43
Alberta	4 254 639	3 854 633	400 006	82 554 748	5.15
British Columbia	8 544 092	6 385 560	2 158 532	34 716 123	24.61
Yukon	32 605	1 532	31 073	39 684	82.16
Northwest Territories	1 410 903	41	1 410 862	1 414 382	99.75
Nunavut	864	12	852	5 914	14.61
Total Canada	74 488 140	61 951 973	12 536 168	439 500 423	(a) 16.95

Sources: Natural Resources Canada; Statistics Canada.

(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