

Trade

Alberta GPI

Noteworthy:

- Alberta's economic prosperity is highly dependent on the export of natural capital.
- The value of exports from Alberta in 1999 was 53% of the provincial GDP (and an estimated 34% in 2003).
- The value of Alberta's exports increased by 490% between 1961 and 1999.
- The value of imports to Alberta represented 45% of Alberta's GDP in 1999 (and an estimated 28% in 2003).
- In 2003, Alberta's estimated trade surplus was \$7,763 million (1998\$).
- The steady increase in the GDP in Alberta from 1961 to 2003 has been accompanied by an increase in the trade balance of the province.
- As exports in the province continue to increase, so too do imports, although at a lower rate than exports.
- The Alberta economy is becoming increasingly dependent on both the export of natural capital and the import of other goods and services.
- With the increasing dependence on imports and exports, Alberta's self sufficiency may be at stake.

Trade in Alberta: How Much?

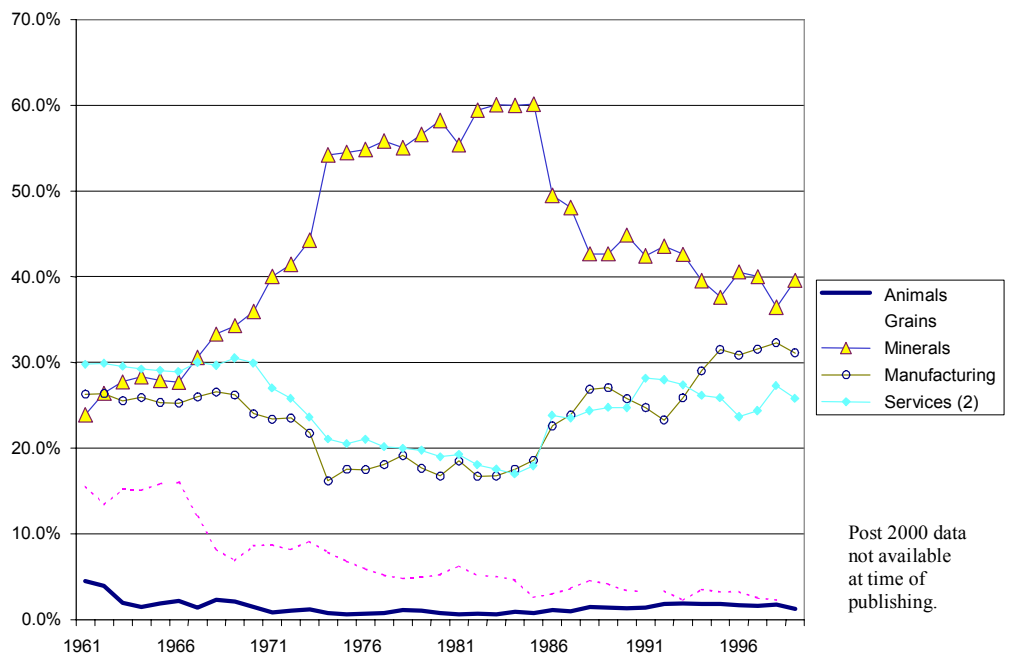
Alberta's economic prosperity is highly dependent on trade, primarily the export of natural capital—oil, gas, coal, timber, and agricultural products. The monetary value of exports to the Alberta economy represented 53% of Alberta's Gross Domestic Product (GDP) by value in 1999 (and an estimated 34% of Alberta's GDP by value in 2003). Exports have been as high as 60% of the GDP (in

1974). In 1961, the value of exports totaled \$9,910 million (1998\$), growing to \$58,510 million (in 1998\$) in 1999—an increase of 490%.

The significance of exports is partly but not wholly offset by imports; for example, the value of imports in 1999 represented 45% of Alberta's GDP (and an estimated 28% in 2003). The balance of trade for Alberta

is equal to the value of exports less the value of imports. Alberta's trade balance improved between 1961 and 2003 from an all-time low, negative trade balance of -\$3,048 million (1998\$) in 1969 to an all-time high trade surplus of \$14,693 million (1998\$) in 1996. In 2003, Alberta's trade surplus was an estimated \$7,763 million (1998\$).

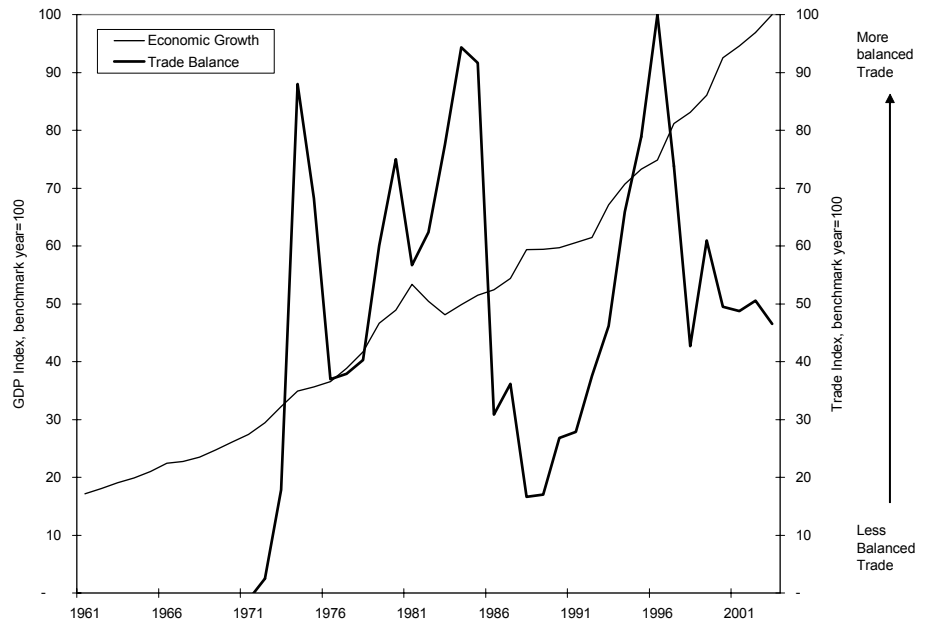
Trade in Alberta, Percent of Total Exports Contributed by Each Industry or Commodity Group, 1961 to 1999



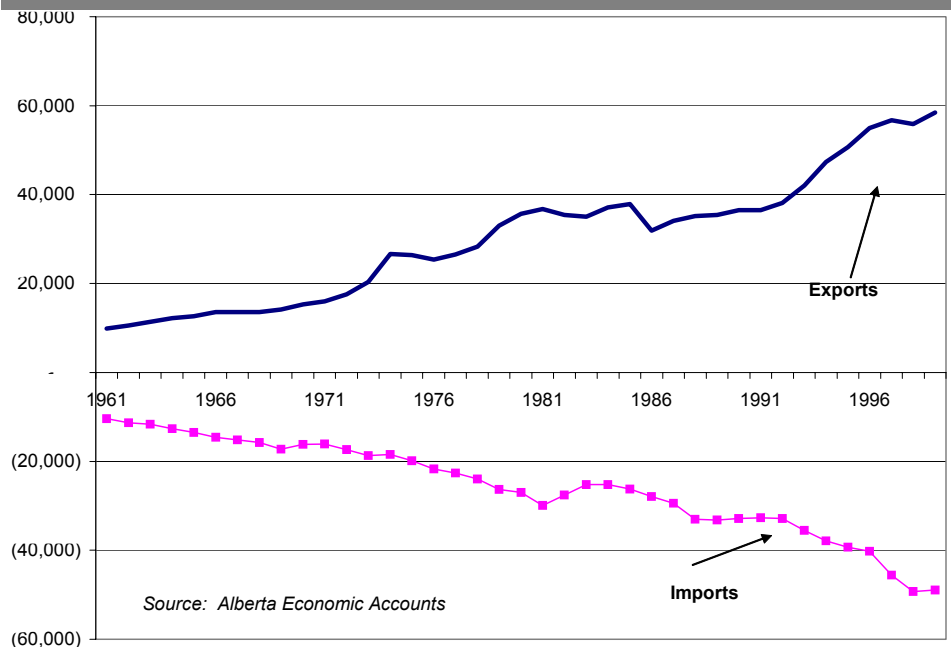
So What?

The figure at the upper right shows Alberta's trade balance as an index, where the highest trade balance (exports minus imports) over the study period is set equal to 100. The figure compares the trend in the indexed trade balance with the trend in the indexed Gross Domestic Product for Alberta over the study period. As the figure indicates, both the trade balance and the GDP show generally rising trends from 1961 to 2003. In other words, as Alberta's GDP has expanded, the value of exports is increasingly outweighing the value of imports to the province. The figure at the lower right reveals an interesting trend; imports continue to increase steadily over time in almost perfect unison with exports. In the figure, exports are positive because they represent revenue to the province, whereas imports are negative because they represent a cost—we have to pay to purchase imports from other provinces and countries. As the figure indicates, in Alberta the cost of imports is almost totally offset by the revenue from exports. The balance between the imports and exports—or in other words, the balance of trade—tells us something about our capacity as a people and society to achieve sustainability and self-sufficiency at a personal, household and societal level. The graph shows that the more we export of our natural resources and human capital the more we spend on imports. How sustainable and vulnerable is our economy with our heavy reliance on exports of natural capital stocks? How much of our natural capital “comparative advantage” should we be exporting beyond a level of self-sufficiency that meets current and future generational needs for natural resources? These are complex but important issues in a discussion of sustainability and well-being.

Alberta Trade Index: Where are we today?



The Economic Value of Exports Relative to Imports in Alberta



Source: Alberta Economic Accounts



As an index, the trade balance in Alberta in 2003 ranked 47 on a scale of 0 to 100, where 100 represents the greatest trade balance between 1961 and 2003.

In 2003, Alberta's trade surplus was \$7,763 million (1998\$).

