

Western Canada and the EU: Background

Rolf Mirus, Academic Director

Western Centre for Economic Research,
School of Business, University of
Alberta

1. How is Western Canada Different?

- Trade (West is freer trader in agricultural products than East)
- Investment (no serious issues)
- Labor Mobility (no serious issues)
- Hence focus on trade (in goods)

1.Cont'd

- Export share of Western Canada:
- 1995: 27%
- 2008 (Jan-June): 37.8%
- Both GDP and exports of the West are more volatile than those of the rest of Canada
- West's exports as share of world exports:
- 1995: 1%
- 2007: 1%

2. Top Markets and Export Products of the West

- Export Markets:
- 1995: US 62.8%, Japan 13.9%, EU(27) 7.5%, China 3.3%
- 2008 (Jan-June): US 76%, Japan 4.6%, China 4%, EU(27) 3.4%
- Top 20 Exports 2008: Table 3.5 from CWF/WCER study

2. Cont'd

HS Code	HS Description	1995	2007	Jan-Jun 2008	1995-2007 Growth
2709	Crude Oil	9,094	35,381	26,690	289%
2711	Natural Gas	7,467	29,312	17,552	293%
4407	Wood Sawn Or Chipped	7,547	5,239	2,009	-31%
1001	Wheat And Meslin	3,914	4,632	3,646	18%
4703	Chemical Woodpulp	5,955	3,953	1,820	-34%
3901	Polymers Of Ethylene	1,061	3,134	1,671	195%
3104	Mineral Or Chemical Fertilizers	1,536	2,831	2,295	84%
7502	Nickel, Unwrought	399	2,630	861	560%
2701	Coal	1,421	2,483	2,020	75%
1205	Rape Or Colza Seeds	1,419	2,248	1,854	58%
2844	Radioactive Chemical Elements & Isotopes	165	1,379	638	735%
2905	Acyclic Alcohols	527	1,364	634	159%
102	Live Cattle	994	1,278	584	29%
2716	Electrical Energy	342	1,183	458	246%
2603	Copper Ores And Concentrates	868	1,159	603	35%
713	Leguminous Vegetables, Dried Shelled	290	1,049	595	262%
1514	Rapeseed, Colza Or Mustard Oil	244	972	653	299%
7901	Zinc, Unwrought	250	932	394	273%
2710	Oil (Not Crude)	226	882	437	290%
8431	Parts For Machinery	105	849	494	710%

3. Western Canada-EU Issues

- Failure of Doha Round to date, proliferation of bilateral trade deals creates threat of trade diversion for Western Canada's exports
- Defensive strategy: "keep up" with key competitors
- WCER developed methodology to identify key target countries for new FTA's (competition watch)

3.Cont'd

- Key countries for FTA's for Western Canada: China, Indonesia, Sri Lanka, South Korea
- EU not among top candidates for FTA on that basis
- BUT: EU-FTA as a spur to overcome interprovincial trade and labor mobility issues, as tool to increase competitiveness and productivity would benefit Western Canada