

## ECONOMIC COMMENTARY

### Alberta's Imports from the other Provinces and Territories

April 19, 2018

#### Highlights:

Although Alberta is known to be a major exporter of goods and services to international and Canadian markets, Alberta's imports are also quite substantial. In 2016, imports of goods and services from the other provinces and territories totaled \$67 billion in 2016, actually exceeding Alberta's inter-provincial exports of \$63 billion in that year. Although inter-provincial imports into Alberta also declined during Alberta's 2015/2016 recession, they were still 38% higher in 2016 than they were in 2016. The top Canadian suppliers of Alberta imports are Ontario, British Columbia and Quebec.

## Overview of Alberta's Inter-Provincial Imports

According to Statistics Canada's latest GDP table<sup>1</sup>, Alberta imported \$67 billion in goods and services from the rest of Canada in 2016. The same table estimates international imports of goods and services at \$69 billion.

Inter-provincial imports of goods and services fell 11% during the 2015/2016 recession, from \$75 billion in 2014 to \$67 billion in 2016. By comparison, international imports declined 7% over the same period (Chart 1). All of the two-year decline in inter-provincial imports was the result of lower volumes which also declined by 11% between 2014 and 2016.

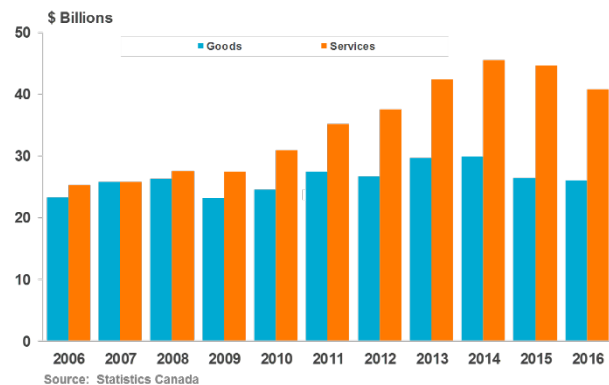
Between 1988 and 2008 the value of inter-provincial imports of goods was roughly equal to the value of imports of services. However, this has changed in recent years and services imports exceeded goods imports by more than 50% in 2014, 2015 and 2016 (Chart 2).

In fact, the service sector accounts for most of the inter-provincial import growth between 2006 and 2016 with a 10-year increase of 62% compared with a 12% increase in goods imports. During that 10-year period inter-provincial imports of goods and services rose 38%, compared with an increase of 43% for international imports of goods and services.

**Chart 1**  
Alberta's International and Inter-Provincial Imports



**Chart 2**  
Inter-Provincial Imports of Goods and Services



<sup>1</sup> Cansim Table 384-0038 - Gross domestic product, expenditure-based, provincial and territorial, annual.

## Alberta's Imports by Province/Territory of Origin

In 2014, Ontario accounted for 46% of Alberta's inter-provincial imports<sup>2</sup> (Chart 3).

Imports from Ontario totaled \$34.6 billion that year, up from \$24.8 billion in 2010.

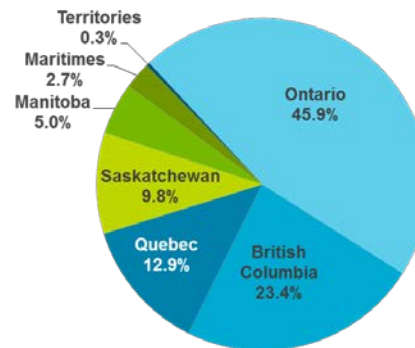
Financial and insurance services accounted for 23% of total imports from Ontario, followed by wholesale services or wholesale margins<sup>3</sup> with a 13% share (Chart 4).

British Columbia is Alberta's second largest Canadian supplier, accounting for 23% of inter-provincial imports. Imports from B.C. totaled \$17.6 billion that year, up from \$13.1 billion in 2010. Mineral fuels, mainly natural gas, accounted for 18% of imports from B.C., followed by transportation services with an 11% share (Chart 5).

Quebec accounted for 13% of inter-provincial imports. Imports rose from \$7.8 billion in 2010 to \$9.7 billion in 2014. Financial and insurance services accounted for 14% of total imports from Quebec, followed by processed foods and beverages, such as dairy products, with an 11.5% share (Chart 6).

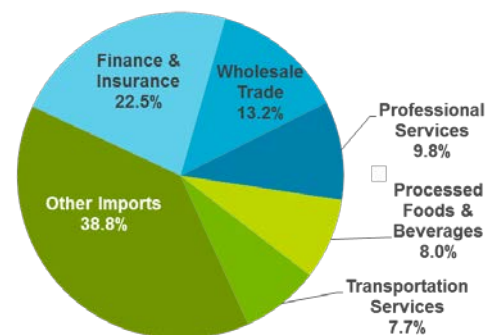
Saskatchewan imported \$7.4 billion from Alberta in 2014, up from \$5.3 billion in 2010. The largest import commodities are refined petroleum products, such as gasoline and diesel, with a 13% share of Alberta imports from Saskatchewan, followed by agricultural products with a 12% share.

**Chart 3**  
Inter-Provincial Imports by Province and Territory – 2014  
(\$75.4 billion)



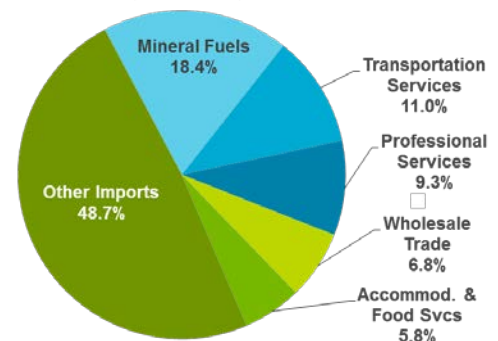
Source: Statistics Canada

**Chart 4**  
Imports from Ontario by Industry – 2014  
(\$34.6 billion)



Sources: Statistics Canada and Alberta Economic Development & Trade

**Chart 5**  
Imports from British Columbia by Industry – 2014  
(\$17.6 billion)



Sources: Statistics Canada and Alberta Economic Development & Trade

<sup>2</sup> Cansim Tables 386-0003 and 386-0005 - Interprovincial and international trade flows. Inter-provincial import estimates by commodity and by province are only available for the years 2010 to 2014.

<sup>3</sup> Wholesale margins are the difference between wholesale revenues and the cost of goods sold. In Alberta, these margins accounted for just over 8% of total wholesale sales in 2014.

Alberta imports from Manitoba increased from \$2.9 billion in 2010 to \$3.8 billion in 2014. Processed food products accounted for 15% of imports from Manitoba, followed by wholesale services or wholesale margins with an 11% share.

Alberta imported \$2.2 billion from the four Maritime provinces in 2014, higher than the \$1.7 billion recorded in 2014. Oil and gas services, such as exploration, drilling and rigging services, accounted for 20% of imports from the Maritimes, followed by administrative and support services with a 16% share.

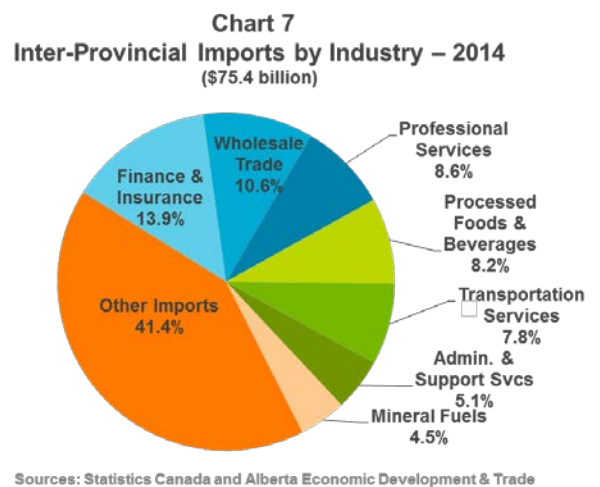
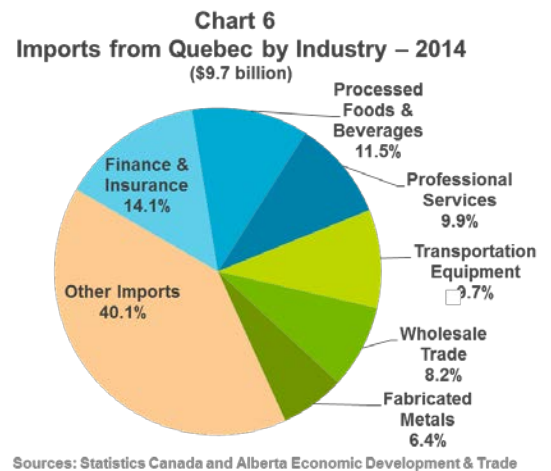
In 2014, the three Territories shipped \$250 million to Alberta, up from \$225 million in 2010. Transportation services, mainly air transportation, accounted for nearly one-half of imports from the Territories.

### What Products and Services Do We Buy from the Other Provinces?

In 2014, Alberta's largest three international import sectors were goods producing sectors: industrial machinery; transportation equipment; and computers and electronic equipment. By comparison, the three largest inter-provincial import sectors all fall in the services producing sector: financial and insurance services; wholesale trade (trade margins); and professional services. These three sectors accounted for one-third of inter-provincial imports in 2014 (Chart 7).

In 2014, inter-provincial imports of financial and insurance services reached a record \$10.5 billion. The largest components of finance and insurance are holding company services and miscellaneous financial investment services (\$2.6 billion) and mutual funds and other similar services (cost of service was \$1.8 billion).

Alberta's largest Canadian provincial supplier of financial and insurance services is Ontario, which sold \$7.8 billion of these services to Alberta in 2014. Quebec is the next largest supplier at \$1.4 billion in 2014, followed by British Columbia at \$732 million.



Alberta imported \$8.0 billion of wholesale services or wholesale margins from the other provinces and territories in 2014<sup>4</sup>. Wholesale margins are the difference between wholesale revenues and the cost of goods sold and therefore represent the value of the actual services. The largest sub-sectors are the wholesaling of machinery and equipment (\$3.0 billion) and of personal and household goods (\$2.0 billion). Ontario is the largest supplier of wholesale services at \$4.6 billion, followed by British Columbia at \$1.2 billion, Saskatchewan at \$872 million and Quebec at \$801 million.

Alberta imported a record \$6.5 billion of professional, scientific and technical services from the other provinces in 2014, up from \$3.1 billion in 2010. Computer systems design and related services are the largest sub-sector with \$2.0 billion in imports in 2014, followed by engineering, architectural and related services at \$1.7 billion and custom software design and development services at \$571 million. Ontario is by far Alberta's largest supplier of professional, scientific and technical services at \$3.4 billion, followed by British Columbia at \$1.6 billion, Quebec at \$961 million and Saskatchewan at \$251 million.

The third largest import category is processed foods and beverages. Alberta imported \$6.2 billion of these commodities from the other provinces, up from \$5.5 billion in 2010. The meat products sub-sector accounted for \$1.5 billion of these imports, followed by beverages, such as beer and soft drinks, at \$1.0 billion. Alberta imported \$2.8 billion of processed foods and beverages from Ontario in 2014, followed by Quebec at \$1.1 billion and B.C. at \$1.0 billion.

Inter-provincial imports of transportation services reached a record \$5.9 billion in 2014. Freight transportation arrangement and customs brokering services was the largest sub-sector with \$1.9 billion in imports, followed by air services, especially for passenger transportation, at \$1.3 billion and truck transportation services at \$653 million. Alberta's largest provincial supplier of transportation services is Ontario which sold \$2.7 billion of these services to Alberta in 2014, followed by B.C. at \$1.9 billion.

Imports of administrative and support services totaled \$3.8 billion in 2014, up from \$2.7 billion in 2010. Office administrative services was the largest sub-sector with \$1.1 billion in imports, followed by employment services at \$924 million. Ontario accounts for one-half or \$1.9 billion of these imports followed by B.C. at \$720 million.

Imports of oil, gas and gas liquids totaled \$3.4 billion in 2014. B.C. supplied almost all of these imports (\$3.2 billion): imports of natural gas from B.C. were \$2.3 billion that year.

## **Summary**

Alberta's imports of goods and services from the other provinces and the territories totaled \$67 billion in 2016. Inter-provincial imports declined 11% during Alberta's 2015/2016

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<sup>4</sup> No estimates are available for 2010 to 2012

recession but were still 38% higher in 2016 than in 2006. Until 2007, inter-provincial goods imports exceeded imports of services. However, by 2016 imports of services totaled \$41 billion and were about one-half larger than imports of goods which totaled \$26 billion that year. Imports of services increased by 62% between 2006 and 2016 while imports of goods rose 12%. Ontario is Alberta's largest Canadian supplier of imports, followed by British Columbia and Quebec.

### Alberta's Interprovincial Imports by Province and Industry

<b>IMPORTS By Province of Origin and Industry (\$Millions)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>%Change 2010-2014</b>	<b>%Change 2013-2014</b>
<b>From all Provinces and Territories:</b>	<b>55,828</b>	<b>62,909</b>	<b>64,605</b>	<b>73,109</b>	<b>75,423</b>	<b>35.1%</b>	<b>3.2%</b>
Finance & Insurance	7,659	8,766	9,148	10,110	10,496	37.0%	3.8%
Wholesale Trade Margins	NA	NA	NA	7,504	7,957	NA	6.0%
Professional & Technical Services	3,147	4,515	5,048	5,940	6,465	105.4%	8.8%
Processed Foods & Beverages	5,497	5,755	5,652	6,430	6,203	12.8%	-3.5%
Transportation Services	4,096	4,749	4,905	5,444	5,881	43.6%	8.0%
Administrative & Support Services	2,659	2,874	3,157	3,683	3,808	43.2%	3.4%
Oil, Gas & Gas Liquids	1,995	2,656	1,746	2,240	3,399	70.3%	51.7%
<b>From Ontario:</b>	<b>24,788</b>	<b>27,588</b>	<b>28,726</b>	<b>33,785</b>	<b>34,612</b>	<b>39.6%</b>	<b>2.4%</b>
Finance & Insurance	5,364	6,213	6,527	7,428	7,775	44.9%	4.7%
Wholesale Trade Margins	NA	NA	NA	4,569	4,557	NA	-0.3%
Professional & Technical Services	1,653	2,284	2,590	2,920	3,386	104.8%	16.0%
Processed Foods & Beverages	2,103	2,133	2,116	2,816	2,779	32.1%	-1.3%
Transportation Services	1,865	2,198	2,297	2,423	2,674	43.4%	10.3%
Information Services & Culture	1,450	1,672	1,826	2,002	1,931	33.2%	-3.5%
<b>From British Columbia:</b>	<b>13,097</b>	<b>14,953</b>	<b>14,752</b>	<b>16,608</b>	<b>17,644</b>	<b>9.4%</b>	<b>3.6%</b>
Oil, Gas & Gas Liquids	1,793	2,468	1,543	2,139	3,239	80.7%	51.4%
Transportation Services	1,330	1,500	1,492	1,789	1,938	45.7%	8.4%
Professional & Technical Services	770	1,215	1,288	1,630	1,638	112.8%	0.5%
Wholesale Trade Margins	NA	NA	NA	968	1,189	NA	22.8%
Accommodation & Food Services	827	897	906	1,001	1,017	22.9%	1.6%
<b>From Quebec:</b>	<b>7,764</b>	<b>8,490</b>	<b>8,967</b>	<b>9,562</b>	<b>9,737</b>	<b>25.4%</b>	<b>1.8%</b>
Finance & Insurance	1,191	1,350	1,453	1,418	1,365	14.5%	-3.8%
Processed Foods & Beverages	1,108	1,092	1,052	1,089	1,116	0.8%	2.6%
Professional & Technical Services	414	637	732	926	961	131.9%	3.8%
Transportation Equipment	298	239	513	867	941	215.9%	8.5%

Source: Statistics Canada – Cansim table 386-0005. Industry aggregations by Alberta Economic Development and Trade.