

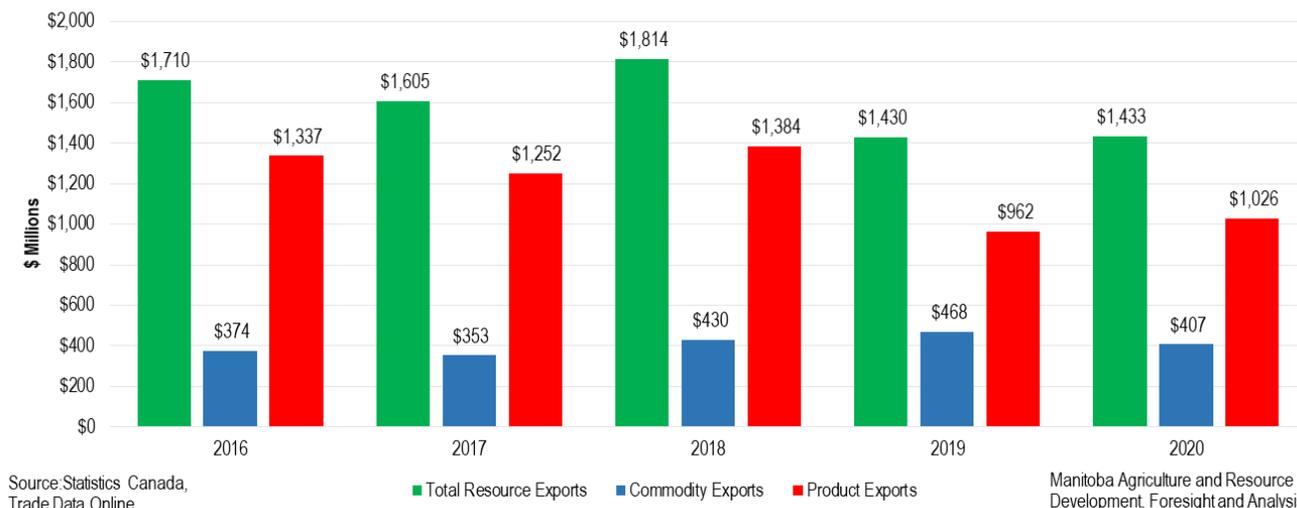
MANITOBA ANALYTICS

Natural Resource International Exports in 2020



In 2020, Manitoba's international exports of natural resources totaled \$1.43 billion. This was a slight increase of 0.2 per cent over the export sales experienced a year earlier. Of this total, \$407 million came from the export of resource commodities, a decrease of 13 per cent over the previous year, along with \$1.03 billion from the export of processed resource products, which increased by 6.7 per cent in 2020. The sector's overall performance for the past five years is captured below. These are laudable results, considering the economic slowdown that arose from the COVID-19 pandemic, which further demonstrates the appeal of Manitoba's natural resource commodities and products to consumers in global markets.

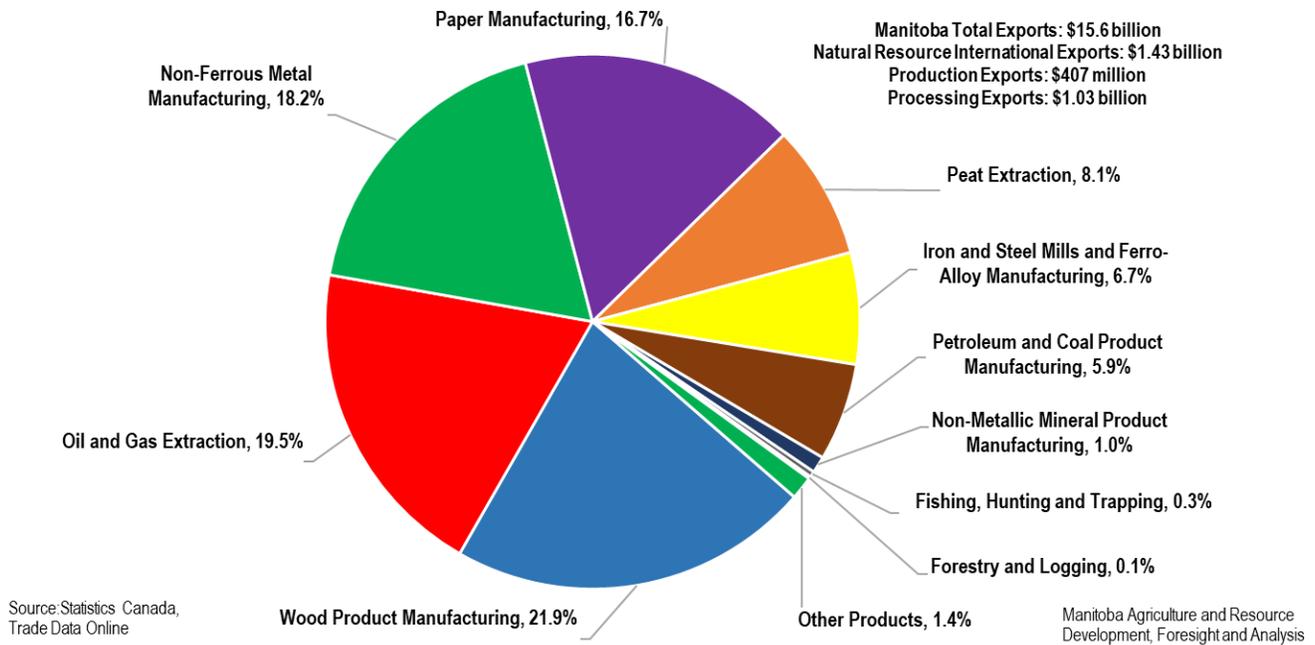
MANITOBA NATURAL RESOURCE INTERNATIONAL EXPORTS



The shares of the top five natural resource exports in 2020 were manufactured wood products (21.9 per cent), crude oil (19.5 per cent), non-ferrous metal products (18.2 per cent), manufactured paper products (16.7 per cent) and peat (8.1 per cent). These five commodities and products comprise 84 per cent of Manitoba's total natural resource exports, and are further represented with the province's other main resource exports in the diagram below.

Over the last five years, annual growth in commodity exports was a steady 2.2 per cent per year. Though commodity exports declined by 13 per cent in 2020, compared to 2019, they managed to stay near their five-year average of \$406 million. Crude oil exports were particularly hard hit during the past year, experiencing a decline of 24.1 per cent from \$369 million to \$280 million, primarily from reduced demand in other countries as containment measures kept their citizens at home and businesses closed.

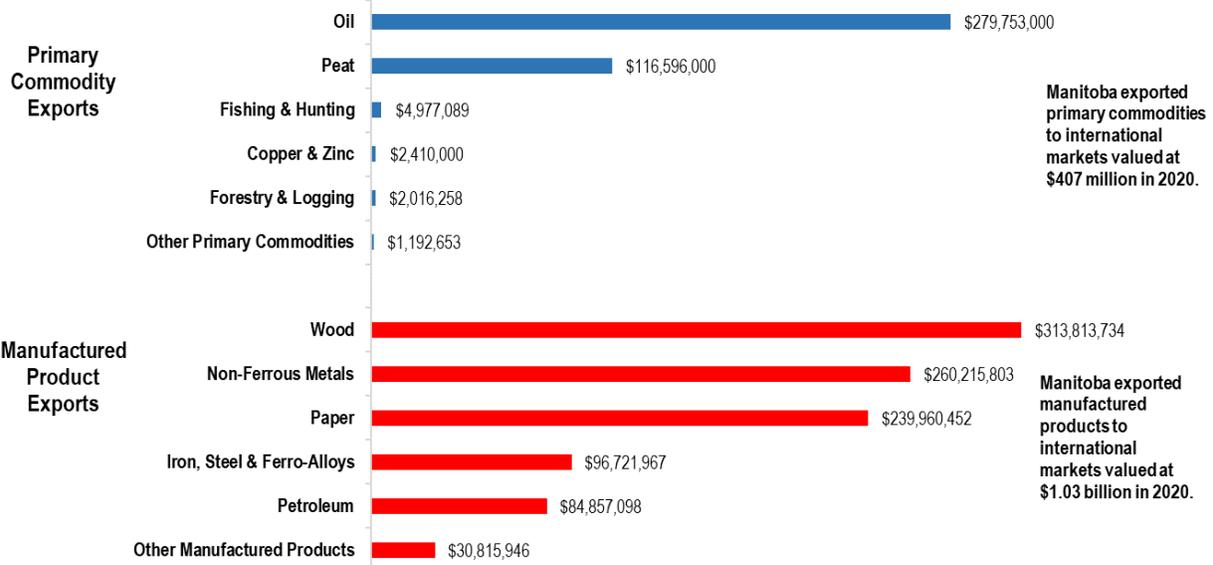
MANITOBA'S NATURAL RESOURCE INTERNATIONAL EXPORTS IN 2020



As for other commodities, export sales for forestry and logging declined by 13.8 per cent, from \$2.3 million in 2019 to \$2 million in 2020. Peat exports grew by 29.5 per cent, from \$90 million to \$117 million, and fishing and hunting grew by 20.7 per cent, from \$4.1 million to \$5 million. Copper and zinc exports have declined by 97 per cent since 2018, from \$80 million to \$2.4 million, due to their decreased demand in international markets. However, there have been upswings in world prices for base metals since the second half of 2020, likely reflecting manufacturers' intentions to increase the global production of electric vehicles, batteries, solar panels and digital technologies. These developments may prove beneficial to Manitoba's commodity exports in future years, because these innovative technologies make significant use of copper and nickel.

Despite natural resource manufactured products declining by 6.4 per cent per year for the last five years, they had a good year in 2020 with exports to international markets growing by 6.7 per cent. Though product exports of \$1.03 billion in 2020 are 14 per cent below the five-year average of \$1.19 billion, exports grew in wood products by 31 per cent from \$240 million in 2019 to \$314 million in 2020, and petroleum products grew by 2.1 per cent, from \$83 million to \$85 million. Paper products declined by 6.9 per cent, from \$258 million to \$240 million, in iron, steel and ferro-alloys by 1.8 per cent, from \$99 million to \$97 million, and a slight decline of 0.4 per cent occurred in non-ferrous metals from \$261 million to \$260 million. The top commodity and product exports for 2020 are shown in the chart below.

MANITOBA NATURAL RESOURCE TOP COMMODITY AND PRODUCT EXPORTS IN 2020



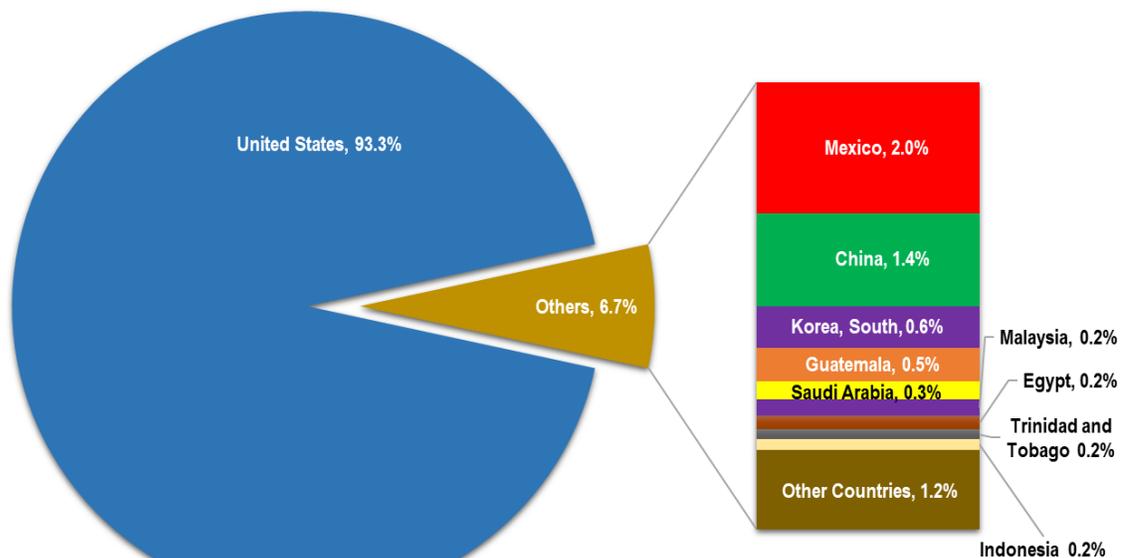
Source: Statistics Canada, Trade Data Online

Manitoba Agriculture and Resource Development, Foresight and Analysis

For every year over the past decade, the United States has been the main destination for Manitoba's natural resource exports, with 93.3 per cent of them flowing southward in 2020. The other markets comprising the top five in 2020 included Mexico (two per cent), China (1.4 per cent), South Korea (0.6 per cent) and Guatemala (0.5 per cent). This is demonstrated in the graph below. Along with the United States, China, Mexico and South Korea have been the main markets for Manitoba's natural resource exports since 2011.

As for market performance, Manitoba resource exports to the United States increased by 0.9 per cent, from \$1.32 billion in 2019 to \$1.34 billion in 2020, along with increased shipments to South Korea by 27.5 per cent, from \$7.1 million to \$9 million. Declines occurred in Manitoba's exports to China by 6.5 per cent, from \$21.4 million to \$20 million, to Mexico by 24.2 per cent, from \$37.4 million to \$28.3 million, and to Guatemala by 30 per cent, from \$10.2 million to \$7.2 million.

MANITOBA'S TOP TEN NATURAL RESOURCE EXPORT MARKETS IN 2020

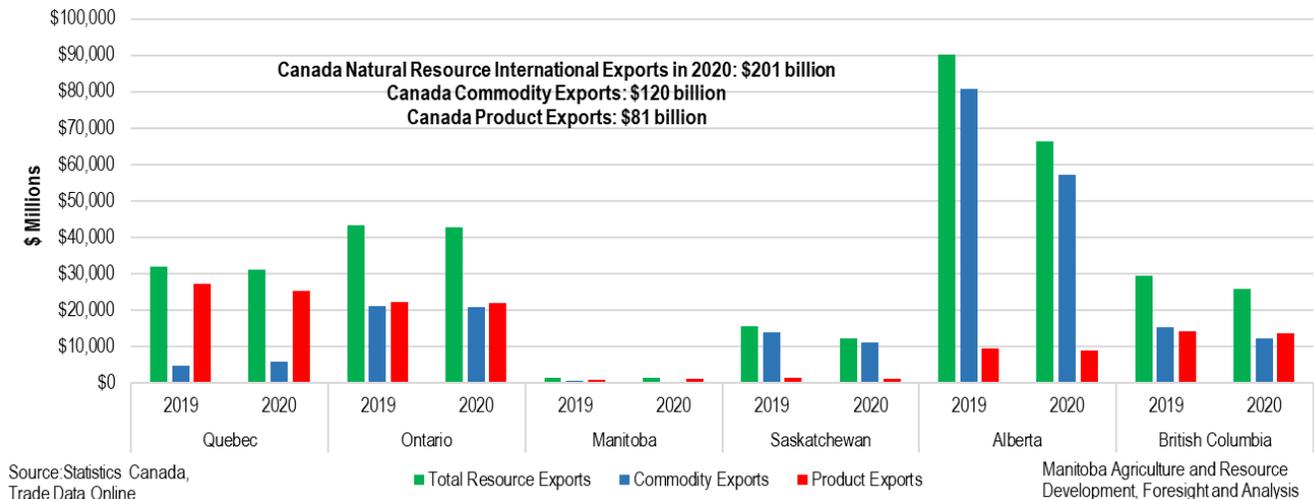


Source: Statistics Canada, Trade Data Online

Manitoba Agriculture and Resource Development, Foresight and Analysis

In contrast to Canada's top five natural resource exporting provinces, Manitoba fared well with a 0.2 per cent increase in total international exports of natural resources from \$1.43 billion in 2019 to \$1.433 billion in 2020. Though a small rise, Manitoba's performance is far above the Canadian average which declined by 16.2 per cent, from \$239.9 billion in 2019 to \$201 billion in 2020. This is reflected in the chart below. Alberta faced the largest drop of 26.5 per cent, from \$90.1 billion to \$66.2 billion, mainly due to a decline in crude oil prices. This was followed by Saskatchewan which declined by 21.4 per cent, from \$15.5 billion to \$12.2 billion, and British Columbia fell by 12.3 per cent, from \$29.5 billion to \$25.8 billion. Smaller declines were experienced by Quebec of 2.2 per cent, from \$31.8 billion to \$31.1 billion, and by Ontario of one per cent from \$43.2 billion to \$42.8 billion.

PROVINCIAL NATURAL RESOURCE INTERNATIONAL EXPORTS



Relative to other Canadian provinces, Alberta had the country's largest percentage share of total natural resource international exports in 2020 at 33 per cent, followed by Ontario (21.3 per cent), Quebec (15.5 per cent), British Columbia (12.9 per cent) and Saskatchewan (six per cent), with Manitoba coming in ninth (0.7 per cent). For the past decade, Manitoba's share of Canada's natural resource exports to global markets has been slowly declining from 1.4 per cent in 2011 to 0.7 per cent in 2020.

As a world leading oil producer, Alberta is Canada's largest commodity exporter (47.7 per cent) followed by Ontario (17.4 per cent) and British Columbia (10.2 per cent). As for manufactured product exports, Quebec leads at 31.2 per cent, then Ontario at 27 per cent and British Columbia at 16.8 per cent. Manitoba's commodity and product exports are 0.3 per cent and 1.3 per cent, eleventh and eighth respectively across the nation.

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