

Alberta – US Trade

An Evolving Trade Relationship in a Protectionist World

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Disclaimer

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Overview



Alberta Facts



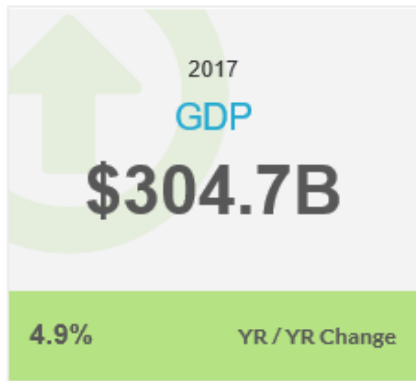
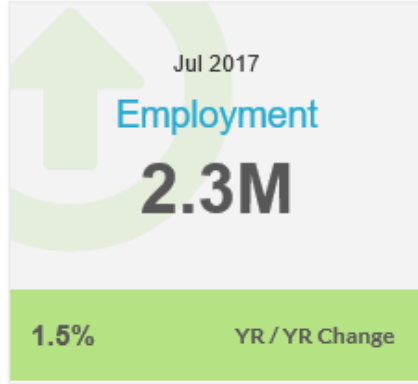
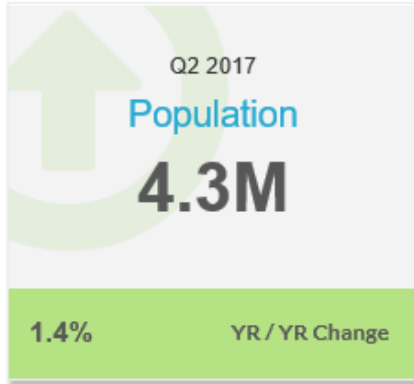
Update on Trade-Jobs
Profiles



Steel and Aluminum
Tariffs

Alberta Facts

Alberta's Economy



Top five sectors:

Mining, Oil and Gas extraction

Construction

Real Estate

Manufacturing

Health Care and Social Assistance

Canada

Gross Domestic Product at Basic Prices (\$ billion)

PROVINCES	2016 - 2017			
	TREND	2016	2017	% CHANGE
British Columbia	↑	219.6	228.2	3.9%
Alberta	↑	290.6	304.7	4.9%
Saskatchewan	↑	58.9	60.6	2.9%
Manitoba	↑	55.6	57.2	2.9%
Ontario	↑	634.3	651.9	2.8%
Quebec	↑	318.9	328.7	3.1%
Nova Scotia	↑	33.1	33.5	1.2%
New Brunswick	↑	26.8	27.4	1.9%
Prince Edward Island	↑	4.7	4.9	3.2%
Newfoundland And Labrador	↑	26.2	26.8	2.1%

Source: Alberta Economic Dashboard

<http://economicdashboard.alberta.ca/>

Alberta Facts



The term "trick or treat" was first used in Alberta.

The world's longest beaver dam is in Wood Buffalo National Park and measures 850 meters.



The largest collection of complete dinosaur skeletons in the world is in Drumheller.

Alberta is rat free.



Alberta

Update on US – Alberta: Job Profiles

Why do this?



Inputs

REMI Models

- 2 Region Alberta and Rest of Canada
- 51 Region US model

Time Period

- **Average of 2011-2014**
- Previous was 2010-2013

Foot Print Analysis

- Only considering Exports

Agriculture

- Based on United States Department of Agriculture Trade Multiplier calculator.

Inputs

Data sources

- Trade Data online, Statistics Canada Supply Use Tables, Bureau of Economic Analysis
- Added **Statistics Canada Trade Database** for this iteration (Statistics Canada table: 12-10-0100-01)

Data problems

- Alberta Imports by State reported by point-of entry, and are under represented
- Inputs adjusted to point of destination

4 Unique Inputs

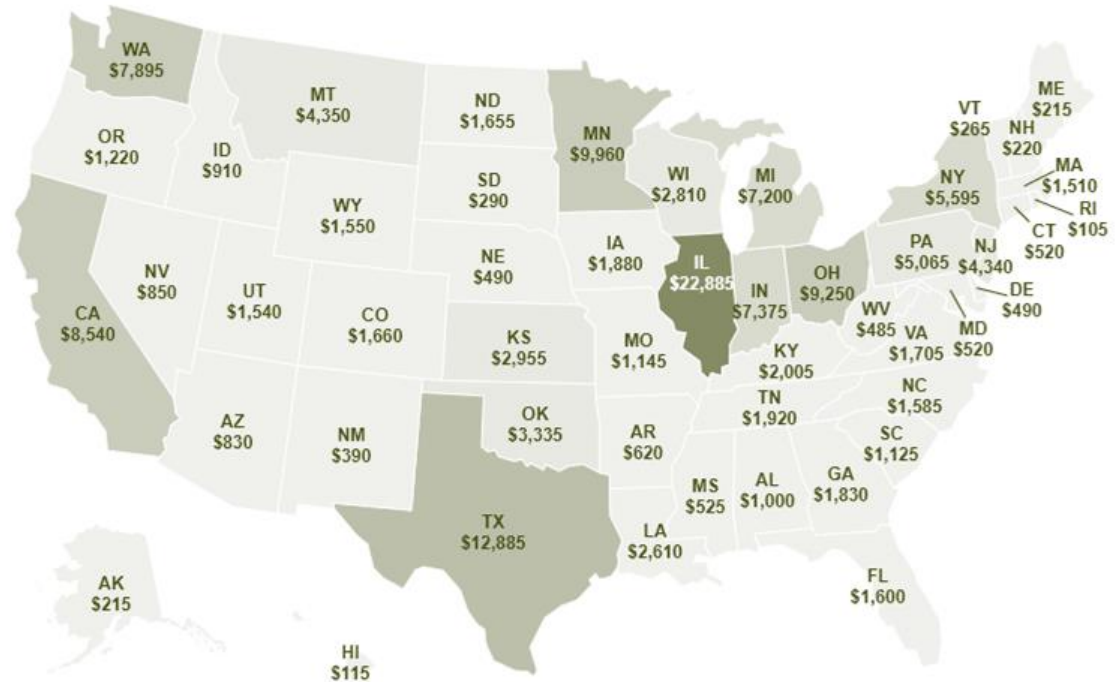
- Alberta exports of goods
- Alberta exports of services
- US exports of goods
- US exports of services

Inputs: Bilateral Trade

Alberta Exports: \$95,000

US Exports: \$55,000

Bilateral Trade: \$150,000



\$ Millions, USD

Source: EDT Estimates
Estimated Spring 2018

Alberta Exports to US, Industry Distribution

75%

Oil, gas and mining



US exports to Alberta, Industry Distribution

80%

Gen. Mfg

Chemical Mfg

Prof Service s

Oil, gas and mining

Ag...

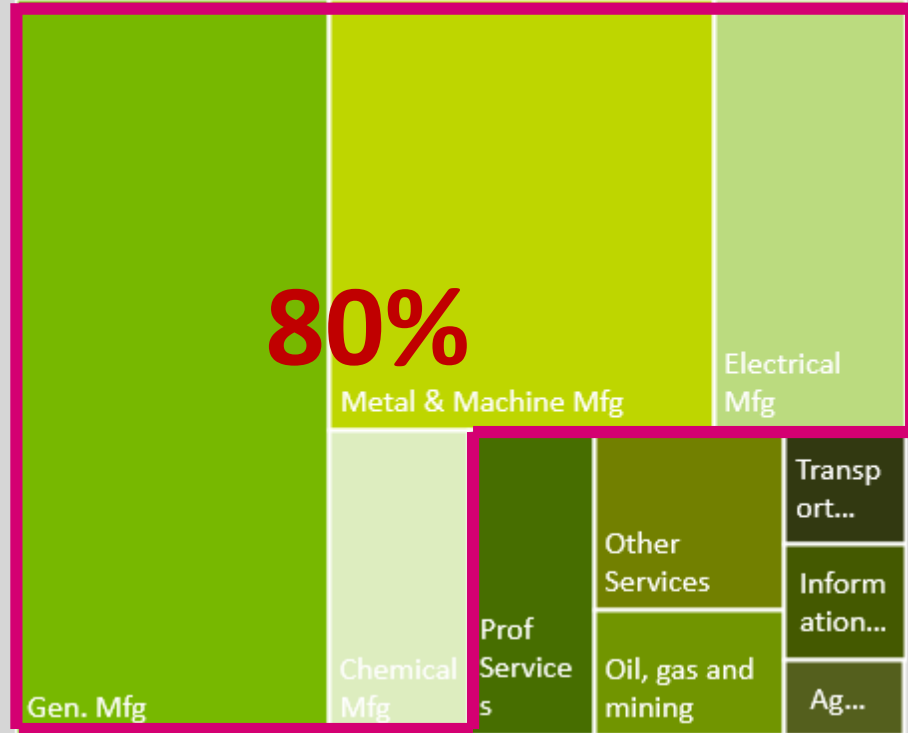
Metal & Machine Mfg

Electrical Mfg

Other Services

Transp ort...

Inform ation...

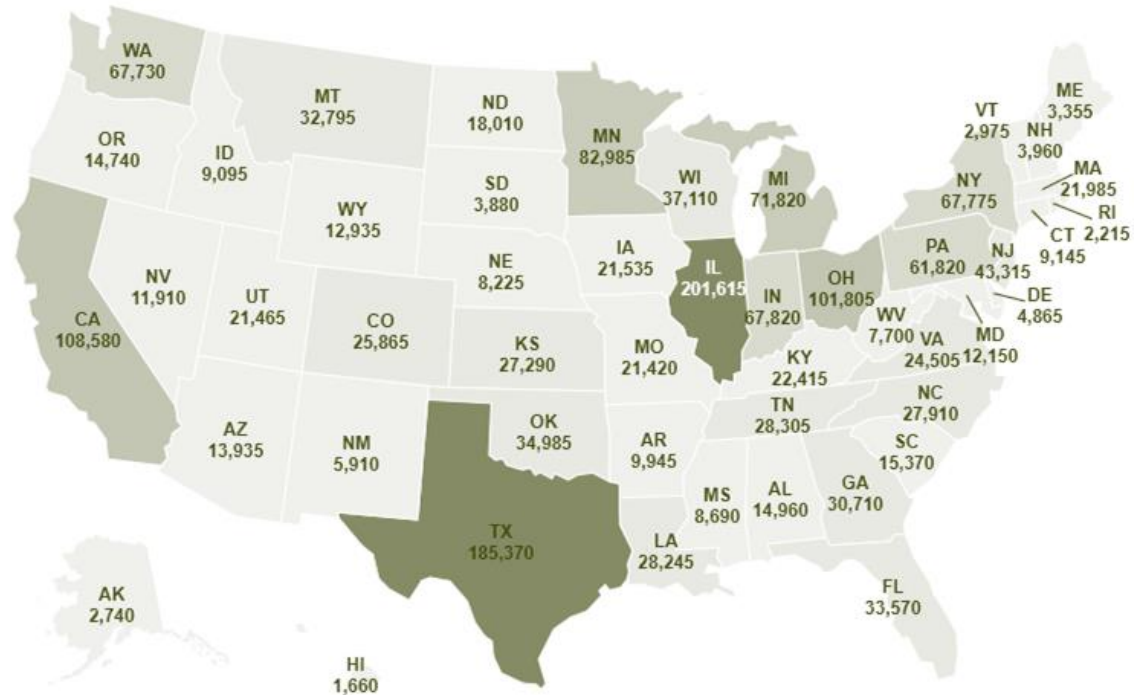


Results: Bilateral Jobs

Alberta Jobs: 750,000

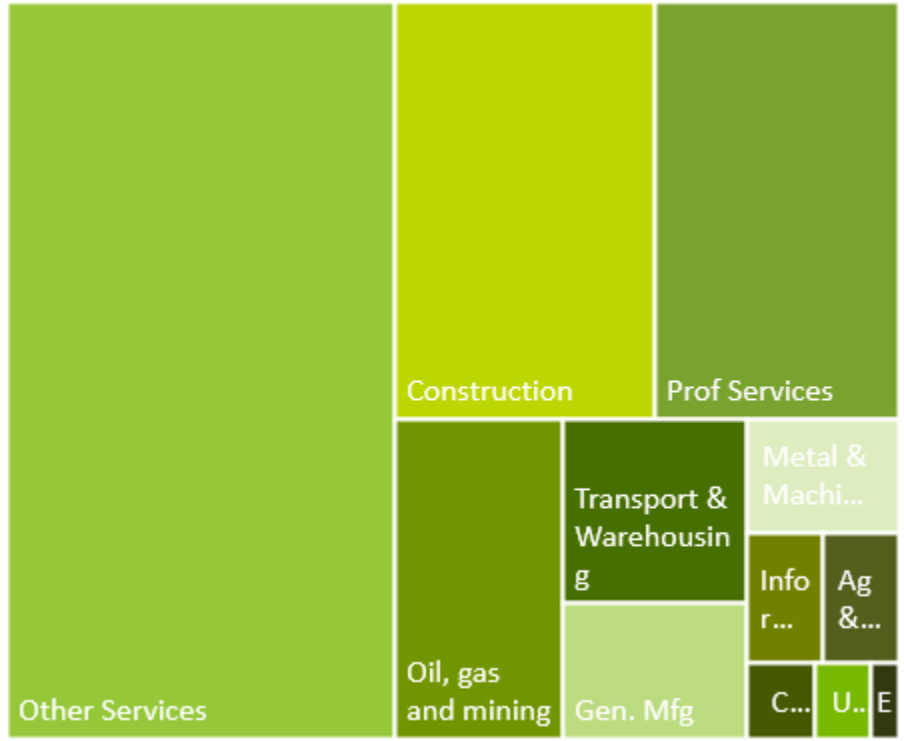
US Jobs: 950,000

Bilateral Jobs: 1,700,000

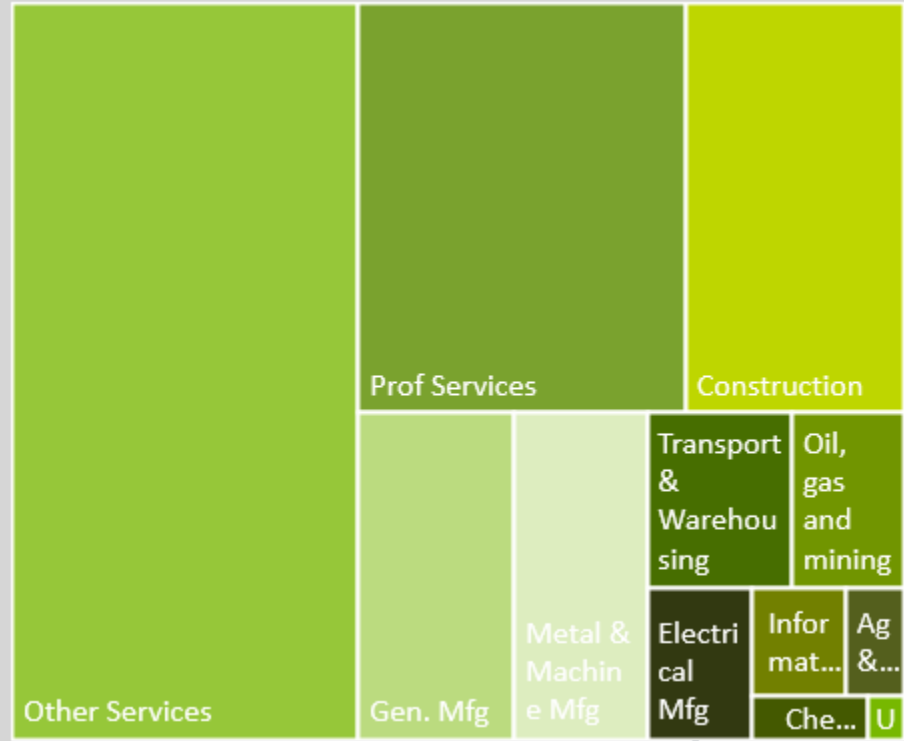


Source: EDT, REMI
Estimated Spring 2018

Alberta Jobs Supported by Exports to US, Industry Distribution



US Jobs Supported by Exports to Alberta, Industry Distribution



Steel and Aluminum Tariffs

Economic Analysis of the US Steel and
Aluminum Tariffs and Canadian Retaliatory
Tariffs on Alberta

Why do this?

Almost 90% of Canada's steel and aluminum exports are destined to the U.S

US. and Canada have a highly integrated supply chain

Consider the economic impact of tariffs on industries and consumers

US tariffs On Canada

- Implemented: June 1, 2018
- Targeted Steel Products: 25% Tariff
- Targeted Aluminum Products: 10% Tariff
- Alberta exports to US of targeted products: \$215 million

Canada Retaliatory Tariffs

- Implemented: July 1, 2018
- Targeted Steel Products: 25% Tariff
- Targeted Aluminum and Consumer Products: 10% Tariff
- Alberta imports from US of targeted products: \$3.9 billion

NOTE: Estimates are based on a methodology that adjusts customs-based import data to reflect Alberta-destined imports

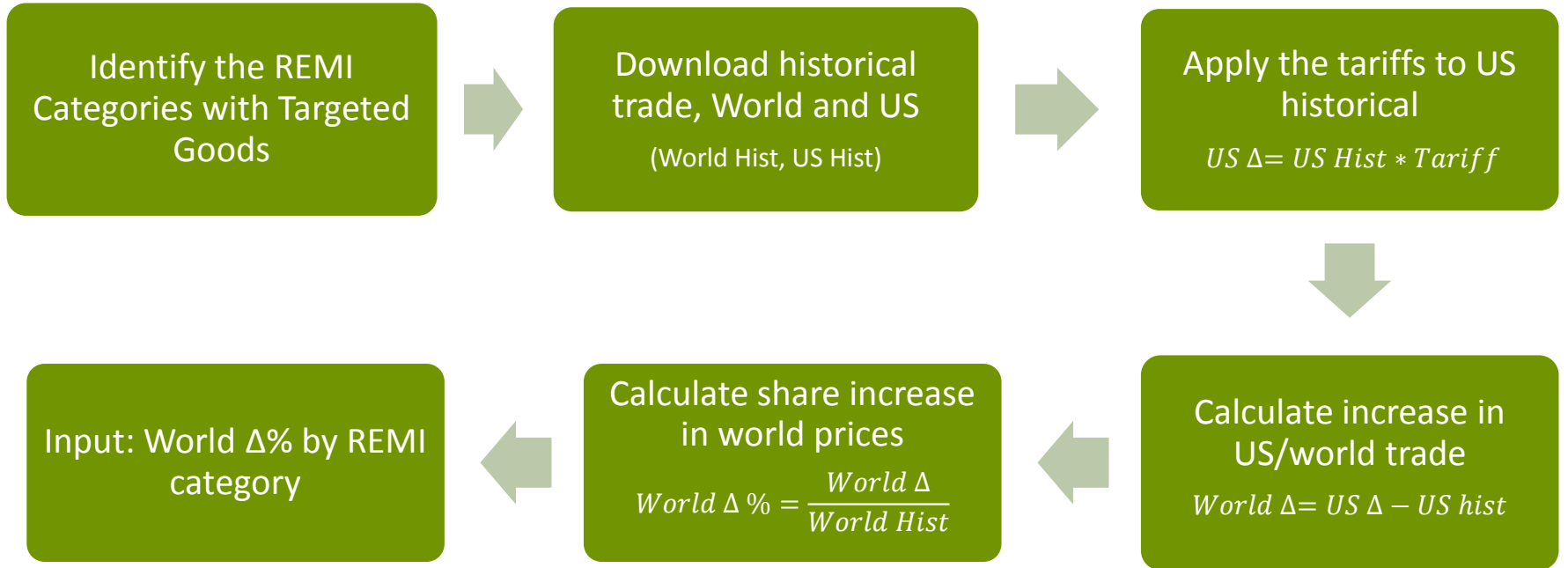
Modelling Process

- Estimate the economic impact of both tariffs on the Alberta Economy
- Alberta and Rest of Canada REMI model
- Data: Global Trade Atlas, Special Statistics Canada Run of the 2014 Supply-Use Tables.
- Estimated Trade for 2013-2017

Modelling Process

- Assumption 1: full cost burden of the tariffs falls on Canadian consumers and producers.
- Assumption 2: the distribution of products traded by targeted industries is unchanged
- Assumption 3: results do not consider increased government revenues

Input Process



Modelling Process: Inputs

	REMI Category	Alberta	Rest of Canada
US Tariffs (Exports)	Primary metal manufacturing	5.2%	9.3%
	Fabricated metal product manufacturing	0.0%	0.0%
	Misc. Consumption Categories	N/A	N/A
Canadian Tariffs (Imports)	Primary metal manufacturing	5.8%	3.5%
	Fabricated metal product manufacturing	0.1%	0.2%
	Misc. consumption Categories	0.1%-3.0%	0.1%-2.7%

Alberta Results: US Tariffs



International Trade



Imports: -\$50 M
Exports: -\$115 M

Interprovincial Trade



Imports: -\$160 M
Exports: -\$45 M

Alberta Results: Canadian Tariff



International Trade



Imports: -\$1,040M
Exports: -\$160 M

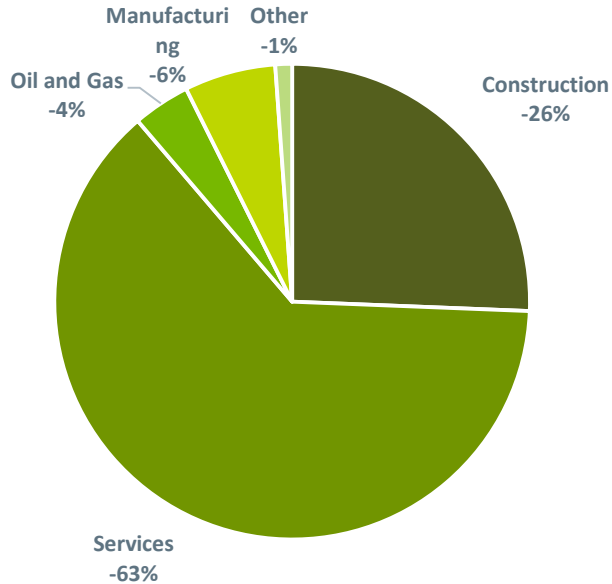
Interprovincial Trade



Imports: -\$440 M
Exports: -\$690 M

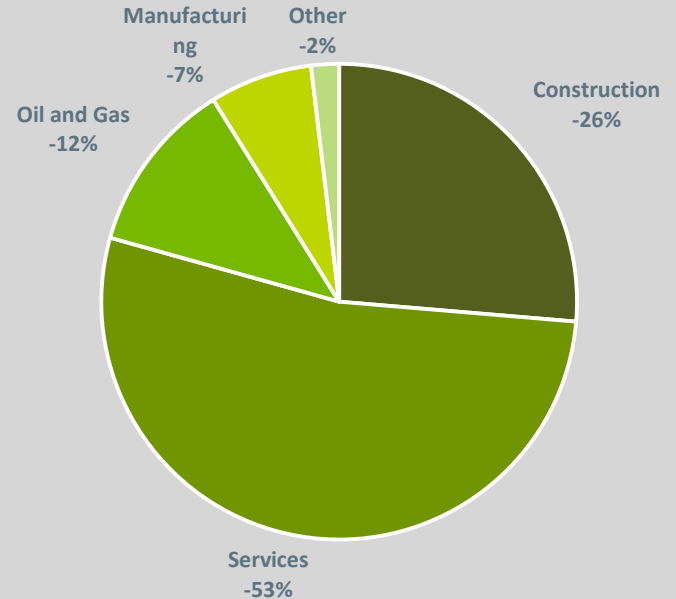
Tariff impact on Jobs by sector

US and Canadian Tariffs



Tariff impact on GDP by sector

US and Canadian Tariffs



Other considerations

- This analysis looked only at one component of the tariffs, but the final results are expected to be more ambiguous. The full economic analysis of the tariffs should include:
 - World price changes
 - Product substitutes
 - Alternate trade partners
 - Increased government revenue from the tariffs collected
 - Shared cost burden

Final Thoughts

- Trade is a complex topic that should be considered from multiple perspectives
- Changes to a trade relationship will be felt throughout the economy
- Important to understand the current state when discussing the possible impacts of a policy change
- The trade relationship between the US and Alberta is important to both economies

Questions?

