

## 2004 Alberta Transportation and Trade Report

### *Introduction*

Transportation plays an important role in Alberta's trade with other provinces and countries. Of the \$66.72 billion in goods exported in 2004, over \$24 billion was moved out of Alberta by trucks, railways, marine and airplanes. The balance was moved by pipeline. Pipelines may be the dominant mode of transport for moving Alberta's exports, but air, rail and truck transportation are the most important modes for moving the province's value-added goods. Imports also play an important role in our provincial economy. Imports offer both industrial and retail consumers a broader range of products and bring an important source of price competition to local markets. Alberta imported \$13.58 billion in goods in 2004. The balance of trade is a surplus of \$53.14 billion.



North American transportation deregulation and international trade liberalization have produced policies that foster economic growth and competition on a global scale. This in turn has produced both quantitative and qualitative transportation trends. The quantitative change is reflected in the continuous growth in the volume and distance freight is moved. The second attribute is a broad qualitative changes in the nature and scope of services the distribution industry offers. The third trend is that as firms engage in more value-added production there is a corresponding shift in their transport and logistics needs. Value-added manufacturing results in an increase demand for road transport as trucks move containers to intermodal rail facilities or air cargo terminals or directly to ports or markets.

Transportation and logistics services play an important role in helping the Alberta economy realize the gains from trade. Aggregate economic efficiency is enhanced when cheaper, better, or more reliable transportation is offered. This not only enables interregional and international trade to take place but value-added specialization to occur. Increased product specialization is by definition a movement up the value-added chain. High quality transport, especially road infrastructure serves as the vital link that connects production with markets. On average, 16% of the retail price of all goods and services traded in North America is associated with transportation cost. For some bulk commodities, transportation can be 50% of the selling price. Exports make up 60-70% of the total GDP of the province. Studies have determined that transportation factors are among the most important considerations made by industries when looking to select new locations for development. Therefore, infrastructure and transportation play a vital role in the future growth of the Alberta economy and are a key part of the Alberta Advantage.

The purpose of this reference document is to present a simple overall picture of trade flows for the different transportation modes. This information provides insights useful to developing the transportation policies and programs which are necessary to sustain Alberta's export oriented economy and increase the understanding of Alberta's import trade patterns.

Information contained in this document comes from Statistics Canada. For exports, information represents the mode of transport by which the international boundary is crossed. This may be different from the mode of transport within Canada. For imports, it is the last mode of transport by which the cargo was transported to the port of clearance in Canada. This may not be the mode of transport by which the cargo arrived at the Canadian port of entry in the case of inland clearance. This may lead to some underestimation of Alberta imports.

Although every effort has been made to ensure the accuracy, currency and reliability of the content and data, Alberta Transportation can accept no responsibility in this regard. The data on trade by mode is from a customized tabulation prepared for Alberta Transportation in August 2002 by Statistics Canada using the Canadian Trade Merchandise database. This report includes error corrections confirmed with Statistics Canada. However, please note that Trade Merchandise database errors may appear in other official Statistics Canada publications or sources.

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For information regarding logistics, physical distribution, and transportation for both established and emerging Alberta businesses, visit Alberta Economic Development's AlbertaPORT Online at:  
<http://www.alberta-canada.com/altaport/index.cfm>.