

Saskatchewan State of Trade Report 2022



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Minister's Message



The Saskatchewan State of Trade 2022 report is a proud look at the important work being done by exporters throughout the province. This year has shown impressive growth in many key industries, some among the best in Canada. In 2022, Saskatchewan saw a record-breaking \$52.6 billion in exports. This is an increase of over \$15 billion since 2021.

Saskatchewan has proven to have the food, fuel and fertilizer the world needs. While the past year saw global supply-chain issues, economic instability and Russia's invasion of Ukraine, our province has continued to provide vital resources the world needs. Our critical minerals, crude oil and petroleum products, potash, wheat, canola, pulses, agricultural machinery, steel and wood products were shipped to customers across the globe to the benefit of local stakeholders, businesses and citizens.

Our province is a primarily export-based economy, and we've made major investments to support existing trade relationships and build new ones. Our government has opened nine international trade offices, including our newest office in Germany which opened in 2023. Recent missions to India, Japan, Mexico, South Korea and the UAE have furthered our trade opportunities. These global networks increase our competitiveness and help attract new investments to the province.

This is an exciting time to be a Saskatchewan exporter. Recent numbers show that our wholesale trade and capital investment lead the nation in growth. We're also seeing record-breaking population numbers. In 2022, Saskatchewan's population grew by over 29,000 people, making it the largest increase in a single year in over 100 years. All of these are indicators of a vibrant province people want to invest in.

This government will continue to forge industry opportunities that keep Saskatchewan's economy healthy and thriving. Our province is in a strong position to expand on the economic and trade success we have seen over the past year. We are committed to fostering a competitive business environment and growth that works for everyone.

Honourable Jeremy Harrison
Minister of Trade and Export Development

Chair's Message



STEP is pleased to contribute to the 2022 State of Trade Report.

Since 1996, STEP has been a leading force in promoting Saskatchewan exporters and products to the world. Since that time, international exports from the province have grown from \$9.4 billion to now over \$52 billion. In 1996, only one country received a billion dollars in Saskatchewan goods. Today that number is eight. Saskatchewan is truly a global supply chain powerhouse.

While record exports were realized in 2022, challenges remain. Our exporters face strong competition from a globally competitive world and a new period of global uncertainty is creating geopolitical challenges. However, one thing remains constant – the world needs what Saskatchewan has to offer and, on behalf of Saskatchewan exporters we will rise to the challenge.

**Marlin Stangeland, Chair
STEP Board of Directors**

About STEP

Saskatchewan Trade and Export Partnership (STEP) is an independent, not-for-profit agency contracted by the provincial government to provide export promotion programs and services to Saskatchewan exporters. We are membership-based, with nearly 400 members in nearly every industry and from all areas of the province. Our team of trade professionals provide valuable services and information on markets, regulatory requirements, and transportation and logistics, in addition to a full suite of programs that are designed to reduce the unique risks of doing business on the international market place.

It's all about connecting Saskatchewan business with the world!

For information visit: www.sasktrade.com



Introduction

The Saskatchewan State of Trade report is a brief summary of Saskatchewan's export performance and environment in 2022 reviewing total export statistics¹ (goods). The report also considers the road ahead. All dollar figures are expressed in \$CAD unless otherwise specified. Major highlights from the 2022 Saskatchewan State of Trade include:

Saskatchewan exports reached a record **\$52.6 billion** in 2022, growing **41.7%** from 2021.

Saskatchewan exported more than **\$1 billion** in goods to eight countries.

Potash exports reached **\$16.3 billion** in 2022.

Saskatchewan exports to the United States were **\$29.3 billion** in 2022.

Global market uncertainly remains.

STEP forecasts Saskatchewan exports to grow **20-25%** in 2023.

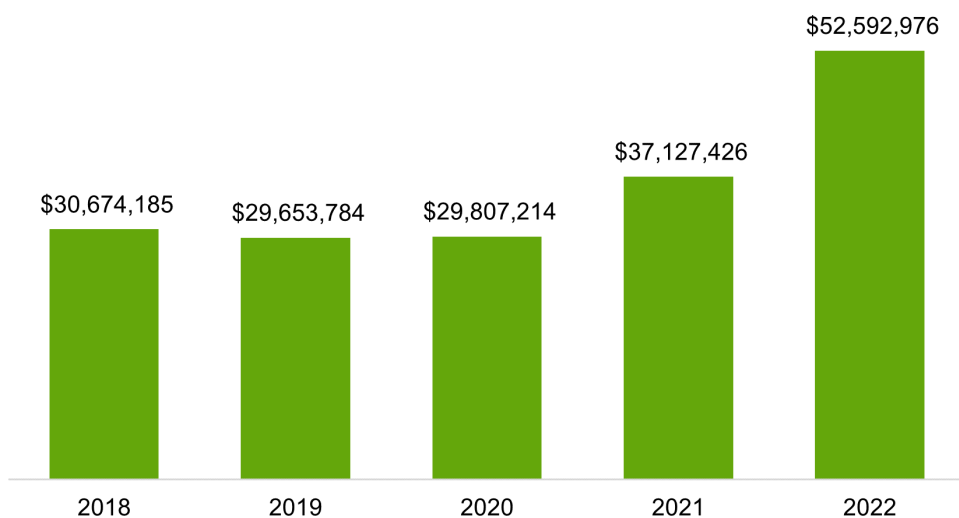
Saskatchewan exports grew by **41.7%** in 2022.

¹Total export statistics include re-exports and have slight differences from domestic export statistics. Given this, the figures reported in this report may differ from other reports using domestic export statistics.

Export Performance

Following a record year in 2021, where Saskatchewan exports surpassed \$37 billion, all indicators were that 2022 would be even more impressive. The 2021 State of Trade report forecasted that Saskatchewan exports would grow 20-30 per cent in 2022. Not only was that forecast met, it was surpassed. In 2022, exports reached \$52.6 billion, the highest figure ever recorded in the province's history and 42 per cent higher than last year's record year.

Total Saskatchewan Goods Exports, 2018-22 (CAD Thousands)*



Source: Trade Data Online

*The trade data contained within this report was sourced from Statistics Canada. This data consists of merchandise exports only. Trade data is also preliminary and subject to revision.

In 2022, Saskatchewan goods exports reached a record \$52.6 billion.



Products

Select Major Saskatchewan Exports, 2022 (CAD)

	HS6	2022 Exports (CAD Thousands)	YoY Growth
Potash	310420	\$16,308,598	↑129.4%
Crude Petroleum Oil	270900	\$13,244,427	↑53.3%
Wheat	100199	\$2,844,030	↑8.4%
Canola Seeds – Low Erucic Acid	120510	\$2,718,929	↓24.3%
Canola Oil – Low Erucic Acid – Non-Crude	151419	\$2,501,593	↑39.5%
Dried Lentils	071340	\$1,965,962	↑14.3%
Durum Wheat	100119	\$1,818,041	↑21.3%
Dried Peas	071310	\$1,143,194	↑8.2%
Canola Oil – Low Erucic Acid – Crude	151411	\$917,441	↑11.3%
Canola Meal	230641	\$907,350	↑4.6%
Barley	100390	\$549,460	↓18.3%
Oriented Strand Board – Wood	441012	\$522,096	↓26.5%
Natural Uranium	284410	\$495,594	↑282.6%
Soya Beans	120190	\$442,615	↓37.0%
Petroleum Bitumen	271320	\$357,043	↑37.8%
Semi-Chemical Wood Pulp	470500	\$331,195	↑50.8%
Oats	100490	\$296,656	↑2.7%
No-Till Direct Seeders, Planters or Transplanters	843231	\$271,201	↑87.7%
Corn	100590	\$265,569	↑72.6%
Chickpeas	071320	\$255,087	↑65.8%
Cattle	010229	\$228,755	↑50.1%
Oats – Hulled, Pearled, Sliced or Kibbled	110422	\$224,165	↑70.4%
Flax	120400	\$186,844	↓31.6%
Iron/Non-Alloy Steel – Rectangular NES	720712	\$164,027	↓36.3%
Malt – Not Roasted	110710	\$124,501	↑34.4%

Source: Trade Data Online

A significant portion of export growth was driven by potash sales, which overtook crude oil as the number one Saskatchewan export. However, oil exports also increased by over 50 per cent in 2022. While potash and oil now account for 56 per cent of the province's exports and will dominate headlines, agri-food and manufactured goods exports also had record years, demonstrating the diversity and robustness of Saskatchewan's economy. Non-agriculture manufacturing and processing export growth was led by increases in semi-chemical wood pulp (50.8 per cent) and no-till direct seeders (87.7 per cent). More information about Saskatchewan's agri-food exports is available at [Trade Statistics](#) | [Resources for Importers](#).

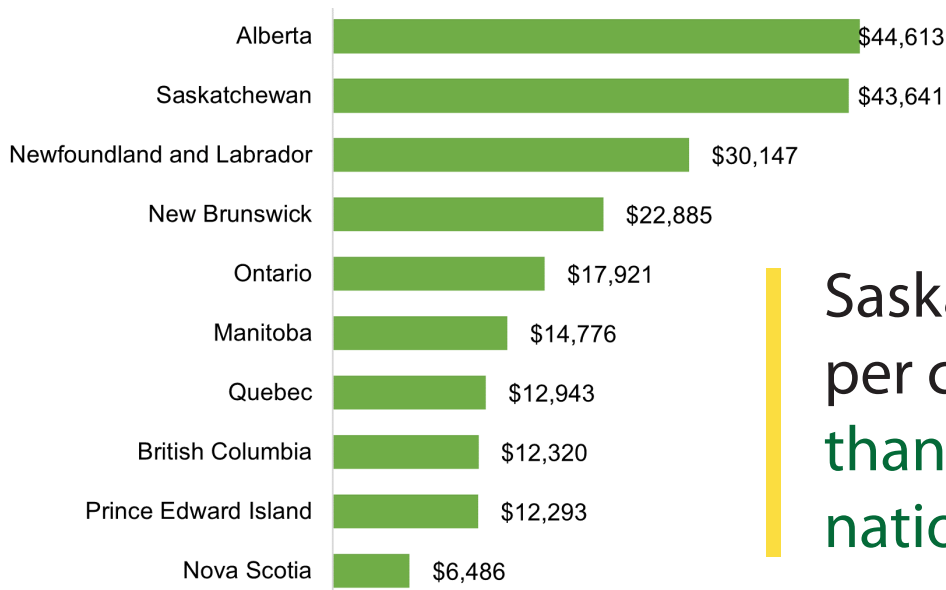
As an export driven province, the economic health of our province is directly tied to our ability to compete and thrive in the international marketplace. The world wants what we have and Saskatchewan is taking a leading role in ensuring that our province remains in a global competitive position. Saskatchewan is amongst the leaders in exports per capita in Canada and our exporters play a critical role in ensuring economic prosperity across the province.

Total Goods Exports by Province & Territory, 2021-2022 (CAD Thousands)

	2021 Exports	2022 Exports	% Change
Ontario	\$242,167,969	\$273,526,993	↑12.9%
Alberta	\$138,405,560	\$205,280,432	↑48.3%
Quebec	\$100,353,657	\$113,272,208	↑12.9%
British Columbia	\$54,850,009	\$66,134,955	↑20.6%
Saskatchewan	\$37,127,426	\$52,592,976	↑41.7%
Manitoba	\$17,630,776	\$20,985,344	↑19.0%
New Brunswick	\$14,786,351	\$18,783,888	↑27.0%
Nfld. & Labrador	\$14,542,814	\$15,942,440	↑9.6%
Nova Scotia	\$6,281,718	\$6,687,267	↑6.5%
Northwest Territories	\$1,694,501	\$2,139,958	↑26.3%
Prince Edward Island	\$1,800,995	\$2,123,026	↑17.9%
Nunavut	\$1,800,508	\$1,476,006	↓18.0%
Yukon	\$169,944	\$201,534	↑18.6%

Source: Trade Data Online, Statistics Canada

Per Capita Exports (Goods) by Province, 2022 (CAD)



Saskatchewan exports per capita are more than double the national average.

Source: Trade Data Online, Statistics Canada



Markets



Overall export figures are a barometer of export health, but markets are where stories are told and relationships forged. Export strength and growth, whether by provinces or companies, depends on having a diversity of core customers and a drive to explore new markets to find new customers in the face of global competition. At the provincial level, this takes the form of building trade and investment relationships and facilitating the ease of commerce. At the exporter level, this is manifested in time, effort, and risk. Export prosperity can only be achieved when both the province and exporters work together towards this goal.

In 2022, Saskatchewan goods reached 163 countries, with 34 of those countries receiving over \$100 million in Saskatchewan exports. Additionally, eight of our top 10 export partners received over \$1 billion in Saskatchewan exports. Overall, these figures and relationships support a growing and robust export economy within the province.

The United States (U.S.) remained Saskatchewan's leading export partner in 2022, with exports reaching a record \$29.3 billion, representing year-over-year growth of 47 per cent. While crude oil and potash exports to the U.S. both witnessed strong growth in 2022, agri-food products and agricultural machinery sales also witnessed significant growth. Tremendous growth was witnessed amongst many other notable markets, including China, Brazil, India, Indonesia and Bangladesh. In many respects, potash and agri-food exports were key drivers in many of the growing markets in 2022.

Exports to our major trading partner Japan fell in 2022, the only top 10 market to witness a decline. The decline in exports to Japan was primarily related to reduced canola sales.

In 2022, Saskatchewan exported a record **\$29.3 billion to the United States.**

Top Saskatchewan Export Markets

	2022 Total Exports (CAD)	YoY Growth	% of Total Exports
United States	\$29,301,152,454	↑47.1%	55.7%
China	\$5,082,923,207	↑22.6%	9.7%
Brazil	\$2,556,317,114	↑106.9%	4.9%
Indonesia	\$1,656,779,370	↑81.8%	3.2%
India	\$1,393,735,067	↑130.7%	2.7%
Japan	\$1,229,772,737	↓9.6%	2.3%
Bangladesh	\$1,041,258,781	↑90.2%	2.0%
Mexico	\$1,018,623,261	↑2.6%	1.9%
Malaysia	\$645,624,527	↑116.1%	1.2%
Italy	\$594,939,425	↑57.4%	1.1%

Source: Trade Data Online

Top Saskatchewan Export Markets by Export Value Growth

	2022 Total Exports (CAD)	Change from 2021 (CAD)
United States	\$29,301,152,454	↑\$9,384,999,615
Brazil	\$2,556,317,114	↑\$1,320,569,608
China	\$5,082,923,207	↑\$936,832,954
India	\$1,393,735,067	↑\$789,604,262
Indonesia	\$1,656,779,370	↑\$745,287,767
Bangladesh	\$1,041,258,781	↑\$493,943,975
Malaysia	\$645,624,527	↑\$346,793,647
Morocco	\$562,147,090	↑\$252,926,962
Netherlands	\$386,203,603	↑\$247,307,299
Italy	\$594,939,425	↑\$216,894,212

Source: Trade Data Online

Largest Declining Saskatchewan Export Markets by Export Value Decline

	2022 Total Exports (CAD)	Change from 2021 (CAD)
United Arab Emirates	\$363,616,974	↓\$272,646,133
France	\$130,133,664	↓\$141,804,017
Japan	\$1,229,772,737	↓\$131,193,677
Iran	\$138,912	↓\$76,453,187
Ecuador	\$158,433,346	↓\$50,249,180
Chile	\$185,101,789	↓\$46,881,988
Norway	\$217,607	↓\$40,193,177
Nepal	\$5,454,018	↓\$35,611,317
Egypt	\$24,307,655	↓\$32,611,237
Venezuela	\$72,318,813	↓\$24,197,220

Source: Trade Data Online

Service Exports

Saskatchewan's service exports include services delivered by Saskatchewan providers to non-resident individuals and businesses.

In 2021², Saskatchewan's overall service exports totaled \$9.6 billion, representing 12.4 per cent of the province's GDP. In 2021, interprovincial service exports increased by 12.1 per cent, and service exports to international markets increased by 9 per cent, leading to an overall increase of 11.5 per cent compared to 2020.

Total Saskatchewan Service Exports at Current Prices, 2017- 21 (CAD Billions)



Source: Statistics Canada

In 2022, Saskatchewan service exports totalled \$9.6 billion.

In 2021, Saskatchewan's international service exports were valued at approximately \$2.0 billion. In the same year, Saskatchewan's interprovincial service exports were valued at over \$7.6 billion. Saskatchewan's top five interprovincial export destinations in 2021 were Ontario, Alberta, Manitoba, British Columbia, and Quebec.

²Data for total service exports measured as a contribution to GDP is available up to 2021.



There are four main categories of service exports:

- **Travel:** The purchase of goods and services in Saskatchewan by non-resident individuals while traveling. This includes food, lodging, recreation, gifts and other incidentals, as well as local travel. Passenger fares for international travel are included in the transportation category.
- **Transportation:** International revenue arising from the transportation of goods and cross-border travelers.
- **Government:** Expenditures in Canada by foreign governments and their staff recruited abroad.
- **Commercial:** All other international transactions primarily by non-governmental units for services not covered elsewhere.

In 2019³, commercial services accounted for 66 per cent (\$8.6B) of total service exports, transportation services 28.4 per cent (\$3.7B), travel services 5.6 per cent (\$721M) and government services 0.02 per cent (\$2.7M).

Below are Saskatchewan's service exports by category in 2019⁴:

Service Export Category	Interprovincial exports	International exports	Total
Commercial	\$3.3B	\$5.3B	\$8.6B
Transportation	\$2.2B	\$1.4B	\$3.7B
Travel	\$195.1M	\$526.3M	\$721.4B
Government	\$2.7M	\$0.0M	\$2.7M

Source: Statistics Canada

³Data for service exports by category is available up to 2019.

⁴Due to rounding, some totals may not correspond with the sum of the separate figures.

Notable Events

Potash, Potash, Potash

The importance of potash in 2022 and beyond to Saskatchewan cannot be understated. In 2022, potash exports increased by 129 per cent from 2021 to reach \$16.3 billion, overtaking crude oil as the province's number one export. Notably, Saskatchewan exported over \$1 billion in potash to four markets in 2022 (U.S., Brazil, China and Indonesia) with potash exports to India (\$966.5 million) nearly reaching that mark. While from a quantity perspective, potash exports remained strong in 2022, price was the primary driver of the large increase in exports. Several factors have resulted in the elevated prices, most notable of which was the conflict in Ukraine, which had a significant impact on exports of potash from Russia (Russia was the world's second largest potash supplier in 2021). While current potash prices have receded from their 2022 peak, prices remain elevated from 2021 levels and current and new supply constraints remain in place.

Market Re-Engagement

As 2022 progressed, markets and business people started to re-engage, moving from virtual relationship building to in-person events. Trade shows globally were restarted, along with trade missions and greater business travel. While virtual mediums will ever remain an important tool in commerce, most agree that there is no substitution for face-to-face personal relationships when it comes to building new export markets, both at the provincial and exporter level.

Global Uncertainty Remains Elevated

While Saskatchewan continues to grow exports, political and economic uncertainty remains both within Canada and globally. Recessionary pressures are impacting growth levels across North America. The Conference Board forecasts that the U.S. economy will enter a recession in mid-2023⁵. While Saskatchewan's economic composition has positioned the province well to withstand these pressures, negative economic pressure on key export customers will pose challenges in the year ahead.

Geopolitically, uncertainty levels remain elevated. There is no end in sight for the war in Ukraine and countries (including Canada) continue to apply economic sanctions to Russia. Other countries continue to conduct business with Russia. This situation is impacting trade flows and commodity prices and the long-term outcome of the situation is unknown. Additionally, political uncertainty around China remains, a key Saskatchewan trading partner.

Overall, this uncertainty continues to impact the trade environment. Like any business, exporters do not like uncertainty. Investment, which deepens trade relationships, is often difficult in times of high uncertainty and can lead to the inability to obtain financing for exporters or assurances for buyers. Diversification of trade and investment partnerships is one way to mitigate uncertainty.

⁵"The Conference Board Economic Forecast for the US Economy," May 15, 2023, The Conference Board, <https://www.conference-board.org/research/us-forecast>, accessed April 11, 2023.

Billion Dollar Club, Export Growth & Diversification

The provincial government's Saskatchewan Growth Plan – The Next Decade of Growth established some very specific targets to be achieved by 2030 including “growing the number of international markets to which Saskatchewan exports more than \$1 billion.”

In 2022, Saskatchewan exported over \$1 billion to eight individual countries, doubling the number of billion-dollar exports countries from 2021. This is an incredible milestone and an important mark for the industry. In 2022, Saskatchewan exported over \$1 billion to three broader economic regions: European Union, Middle East and North Africa, and the Association of Southeast Asian Nations (ASEAN)⁶. Provincial export health not only depends on making sales to key markets, but also growing markets and diversifying products. The three F's (food, fuel and fertilizer) continue to drive Saskatchewan's economic prosperity, but the province is witnessing growth in other key sectors, including agricultural machinery and related goods, technology, and services.



⁶Indonesia, with exports over \$1 billion, is included in the ASEAN region.

International Engagement

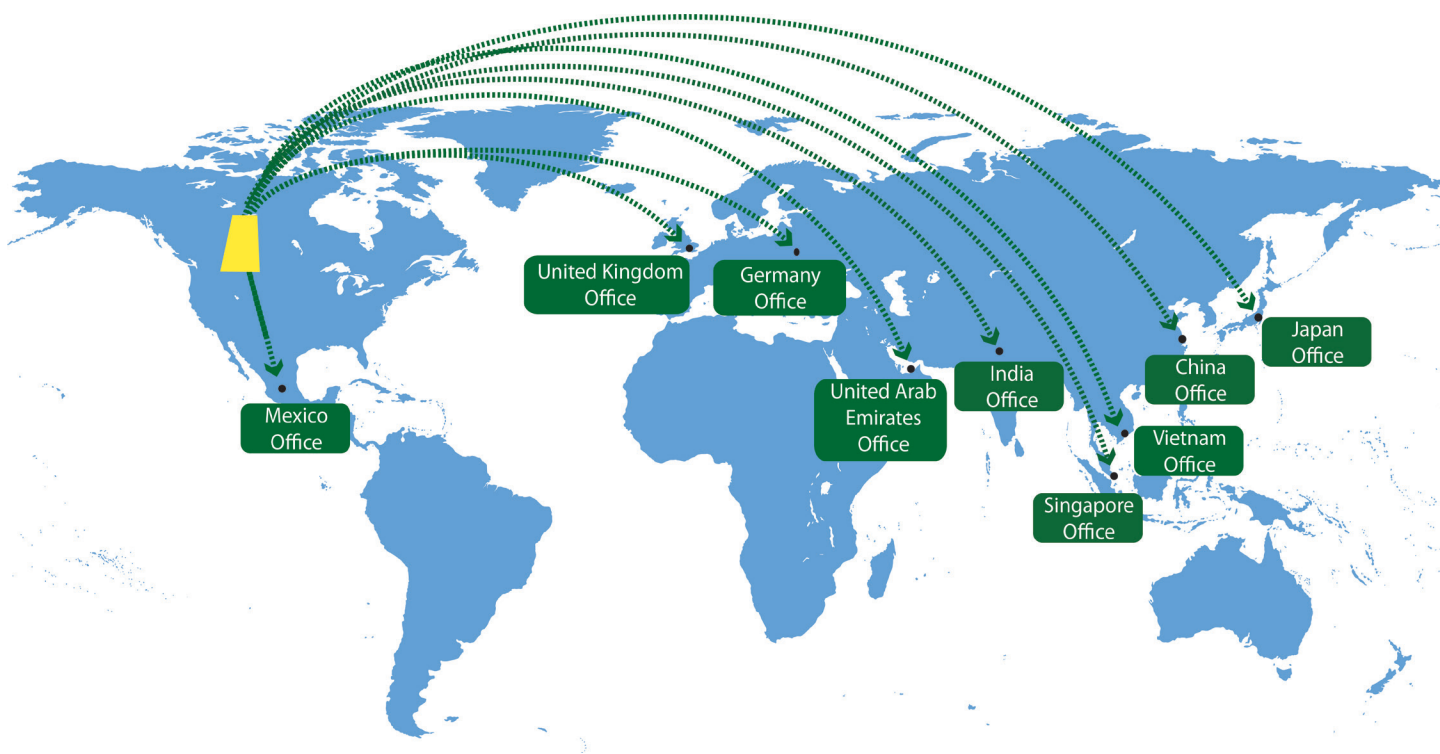
International Offices

Since 2020, the Government of Saskatchewan has pursued an aggressive strategy to enhance the province's international presence by establishing a network of nine international trade and investment offices; including the newest office in Germany. This network is designed to diversify export markets, strengthen economic ties with global partners and secure Saskatchewan's reputation as a stable supplier of high quality, environmentally sustainable products.

Saskatchewan's international office network has become a key resource in helping create the opportunities needed to achieve Saskatchewan's Growth Plan targets. This includes increasing the value of exports by 50 per cent, growing the number of international markets to which Saskatchewan exports more than \$1 billion and increasing private capital investment to \$16 billion annually.

Saskatchewan's international offices are strategically located in China, Germany, India, Japan, Mexico, Singapore, United Arab Emirates (UAE), United Kingdom (UK) and Vietnam. The offices provide regional coverage throughout the Indo-Pacific, Europe, Latin America, Middle East and North Africa regions.

Saskatchewan's international offices have a broad mandate to provide export and investment support as well as advance additional Saskatchewan priorities including research, innovation and education partnerships. Services provided by the offices range from tailored export assistance and facilitation of investment opportunities to mitigating market entry barriers and advancing partnerships. Despite the disruptions caused by the pandemic, the international offices have seen success in securing trade deals, advancing investment opportunities, facilitating education and research partnerships, and reinforcing Saskatchewan as a reliable business partner in 2022-23.



Investment Attraction

In addition to the staff in international offices, the Ministry of Trade and Export Development (TED) has employees in Regina, Saskatoon, Prince Albert and Île-à-la-Crosse dedicated to attracting investment in Saskatchewan's key sectors, in alignment with Growth Plan priorities. TED works closely with the Ministry of Agriculture, Ministry of Energy and Resources, Global Affairs Canada, Saskatchewan Crown utilities, First Nations and Métis communities and organizations, and other stakeholders, including STEP, to facilitate investment into the province. TED and STEP officials work closely, both in Saskatchewan and in international offices, to promote trade which is often a precursor to investment.

Investment attraction activities begin with identifying and contacting companies whose business model and/or strategic direction aligns with the province's Growth Plan priorities.

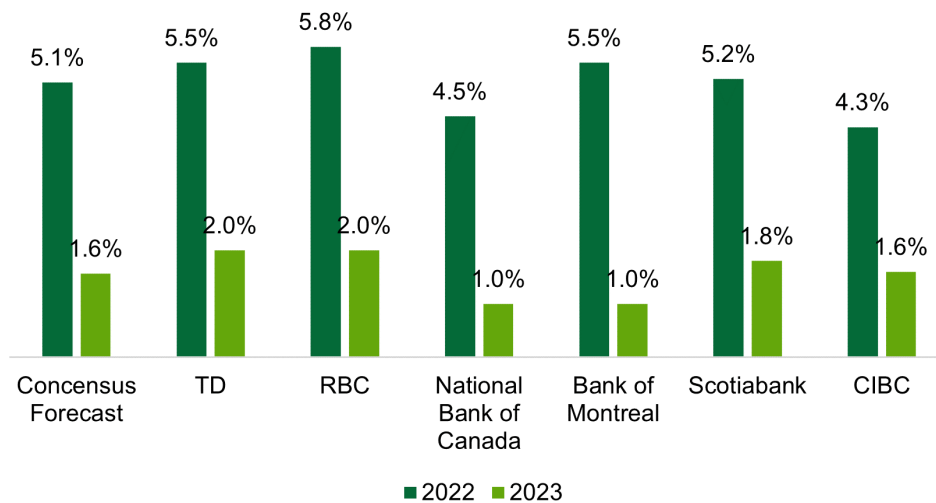
Once an investment decision is made, TED continues to support companies throughout the process by making connections with potential companies, including Indigenous owned businesses and communities, sources of financing, regulators, Crown utilities, and potential suppliers and customers. In 2022-23 TED directly supported more than 29 companies with combined investment plans of \$1.88 billion.



Saskatchewan Economic & Export Forecast

Having grown at an exceptional pace since 2020, Saskatchewan exports reached record levels in 2022. However, this pace is unlikely to continue in the face of global economic issues, namely recessionary pressures in many of the province's key trading markets. Canada's major financial institutions are forecasting that Saskatchewan's real gross domestic product (GDP) will have grown 5.1 per cent (consensus forecast) in 2022, but this growth will taper off in 2023. The consensus forecast for GDP growth in Saskatchewan is 1.6 per cent, the second highest among the provinces.

Saskatchewan Economic Growth Forecast, 2022-23 (Annual Real GDP % Change)



Sources: STEP, TD, RBC, National Bank of Canada, Bank of Montreal, Scotiabank, CIBC

Saskatchewan's Real GDP is forecasted to reach 1.6% in 2023.

While an economic slow down is expected in 2023, Saskatchewan is well positioned compared to the rest of Canada. Pressures on potash prices remain in place and prices should remain elevated compared to 2021. Crude oil prices are expected follow suit, as continued growth in global production along with some economic slow down should see crude oil prices remain steady or decline slightly.

Agriculture commodity prices should generally remain elevated in 2023, as the Ukraine-Russia conflict is expected to continue throughout the year, providing ongoing disruptions to global commodity supplies. Pulse commodities may witness growing demand in India, who is coming off an excessively wet season, but intense price competition from Australian suppliers (who are expecting a record crop in 2022-23) is impacting Saskatchewan pulse exporters.

Saskatchewan's largest trading partner, the U.S., is aggressively attacking inflationary pressures through monetary policy, in the form of interest rate hikes. In time, this is expected to impact consumer spending. There is some disagreement whether the U.S. economy is in for a hard or soft landing, but there is general agreement that economic activity will slow as 2023 progresses.

Taking all of this into consideration, uncertainty exists within the global market and factors could unexpectedly impact dynamics. The Ukraine-Russia conflict could expand, China is an unknown and the weather is always a factor. The U.S. economy could land hard and grow slow, dragging Canada's economy along. 2023 should be an interesting year for Saskatchewan exporters, but at the moment things are looking positive. In the first two months of 2023, exports are off to a healthy start, in the range of a repeat of last year's growth. However, STEP does not believe this pace will continue. Overall, STEP forecasts that export growth continue at 20-25 per cent in 2023, a healthy and sustainable level.

STEP forecasts Saskatchewan exports to grow 20-25% in 2023.

