

Saskatchewan State of Trade Report 2023



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Minister's Message



The Saskatchewan State of Trade 2023 report is an overview of the essential work being done by exporters, producers and investors throughout the province. We are proud to see another year of impressive growth for many key sectors and industries. In 2023, Saskatchewan had a total export value of over \$49 billion to 163 countries, making this year the second-highest year on record.

Saskatchewan has the food, fuel, fertilizer, and critical minerals the world needs, and we continue to produce them sustainably and deliver them reliably. Saskatchewan remains a supplier of choice for global markets. This year, we met our Growth Plan goal of reaching \$20 billion of agri-food exports, an achievement well worth celebrating. Our critical minerals, crude oil and petroleum products, potash, wheat, canola, pulses, agricultural machinery, steel and wood products were exported to customers around the world, creating prosperity for workers and business owners back home.

Our province exports nearly 70 per cent of what we produce, and we've made major investments to support existing

trade relationships and build new ones. We recently launched *Securing the Next Decade of Growth: Saskatchewan's Investment Attraction Strategy*, along with the new *InvestSK.ca* website. The new website offers essential information for Saskatchewan exporters. These are tools developed with the express purpose of making sure the world knows that Saskatchewan is the best place in the world to do business.

The Government of Saskatchewan has made concerted efforts to support Saskatchewan exporters to reach new markets. Our nine trade offices in China, Germany, India, Japan, Mexico, Singapore, United Kingdom, United Arab Emirates, and Vietnam support our exports and help create strong trade relationships that span the globe. I look forward to building on these successes in the coming year.

Honourable Jeremy Harrison
Minister of Trade and Export Development

Chair's Message



Saskatchewan Trade and Export Partnership (STEP) is pleased to partner with the provincial government to present the Saskatchewan State of Trade 2023 report.

Undoubtedly, 2023 was a strong year for Saskatchewan exports with total exports reaching \$49 billion. Export records were broken among many product categories, notably agri-food products and agricultural machinery, while challenges were faced by our two largest exports. Current challenges remain and others will arise, but opportunity is always present, and STEP is committed to the pursuit of that opportunity for our members and province.

Since 1996, STEP has been a leading force in promoting Saskatchewan exporters and products to the world. Working directly with our exporters, STEP understands the challenges exporters face and works to support companies in overcoming these obstacles. STEP remains steadfast in our commitment to our mandate and fully understand the importance of exports to Saskatchewan.

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

About STEP

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 almost 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 marketplace.

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

For information visit: <https://sasktrade.com/>



Introduction

In this year's report is a brief summary of Saskatchewan's export performance and environment in 2023 reviewing total¹ export statistics (goods). The report also considers the road ahead. All dollar figures are expressed in \$CAD unless otherwise specified. Major highlights from the report include:

Saskatchewan exports totalled **\$49.3 billion** in 2023, **the second highest** value ever.

Volumes of most major exports **increased** from 2022 levels.

Exports in Latin American countries reached a record **\$5.4 billion** in 2023.

Total agri-food exports surpassed **\$20 billion** in 2023.

Among Canadian provinces, Saskatchewan is the **top per capita exporter**.

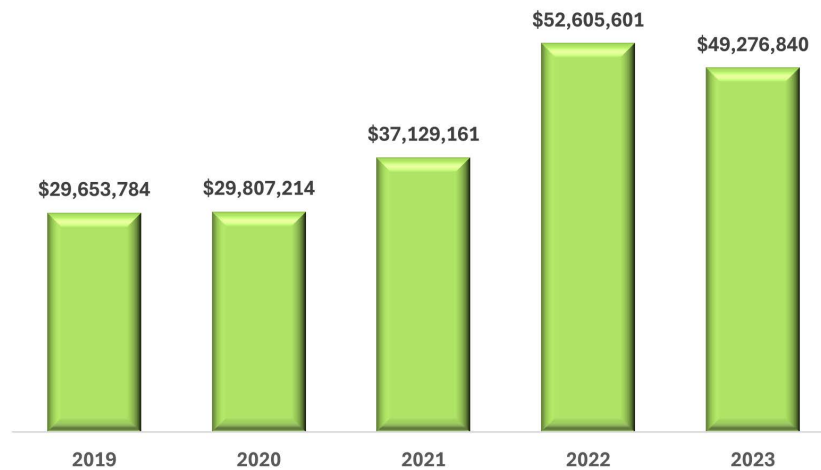
Agricultural equipment exports reached a record **\$834.6 million** in 2023.

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 multiple years of record growth, 2023 Saskatchewan exports reached \$49.3 billion, the second highest value on record. This was a decline of 6.3 per cent from 2022. While the total value of exports declined, the volume of most of our major exports increased, resulting in a scenario where our province is exporting more goods, but the value of the goods (primarily oil and potash) was impacted by lower prices. Major agricultural exports from Saskatchewan witnessed both increasing values and volumes. However, the volume increases in most cases outpaced the value increases. This environment of mixed performance saw a shift among our top 10 export markets, in favour of agriculture heavy markets, with major declines among more potash heavy markets. Overall, 2023 was the second strongest year on record for Saskatchewan exports, well above our province's 10-year average. Across Canada, Saskatchewan held the top position among provinces, with per capita exports at more than double the national average. To summarize, we are moving more goods to more places around the world.

Total Saskatchewan Goods Exports, 2019-23 (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 2023, Saskatchewan exported **\$49.3 billion** in goods.

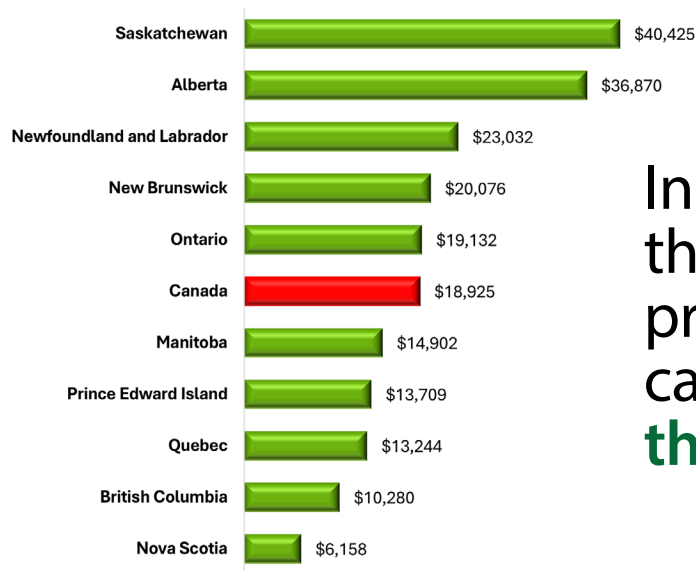


Total Goods Exports by Province & Territory, 2022-2023 (CAD Thousands)

	2022 Exports	2023 Exports	% Change
Ontario	\$273,441,675	\$302,316,760	+10.6%
Alberta	\$205,345,196	\$175,370,878	-14.6%
Quebec	\$113,406,348	\$118,517,899	+4.5%
British Columbia	\$66,153,399	\$57,373,154	-13.3%
Saskatchewan	\$52,605,601	\$49,276,840	-6.3%
Manitoba	\$20,980,153	\$21,838,093	+4.1%
New Brunswick	\$18,827,700	\$16,918,764	-10.1%
Nfld. & Labrador	\$15,894,768	\$12,447,091	-21.7%
Nova Scotia	\$6,703,195	\$6,566,582	-2.0%
Prince Edward Island	\$2,123,450	\$2,410,684	+13.5%
Nanavut	\$1,475,979	\$2,013,121	+36.4%
Northwest Territories	\$2,126,284	\$1,847,427	-13.1%
Yukon	\$201,533	\$111,852	-44.5%

Source: Trade Data Online

Per Capita Exports (Goods) by Province, 2023 (CAD)



Source: Trade Data Online

In 2023, Saskatchewan held the top position among provinces, with exports per capita at **more than double the national average.**



Products

While the value of potash exports declined significantly in 2023, primarily due to the average prices received for potash exports declining by 33.8 per cent from 2022 levels, Saskatchewan shipped 7.4 per cent more potash to international customers in 2023. The situation with crude oil exports to the United States followed a similar path—reduced prices and increased volumes.

Most major agri-food exports from the province witnessed increased values and volumes. However, in many cases the growth in volumes outpaced the growth in values, signalling a softening among prices. In 2023, Saskatchewan's international agri-food exports reached a record of over \$20 billion, led by record exports of wheat and canola oil.

For manufactured goods, Saskatchewan witnessed notable increases in shipments of no-till seeders and planters. In fact, 2023 witnessed a record in no-till seeding equipment with total exports reaching \$284.8 million. Wood exports did not fare as well in 2023. Exports of oriented strand board (OSB) held steady from a volume perspective, but the value of those exports declined by nearly half from the previous year. In 2023, unit values for OSB fell as new home builds declined in the United States and home builders paused procurement.

Record exports were witnessed amongst many agri-food products in 2023.



Select Major Saskatchewan Exports, 2023

	HS6	2023 Exports (CAD Thousands)	Value YoY Growth	Volume YoY Growth
Crude Petroleum Oil	270900	\$11,568,421	-12.8%	+3.5%
Potash	310420	\$11,523,536	-29.3%	+7.4%
Wheat	100199	\$3,756,448	+32.1%	+57.7%
Canola Seeds – Low Erucic Acid	120510	\$3,196,612	+17.6%	+39.7%
Canola Oil – Low Erucic Acid – Non-Crude	151419	\$2,725,266	+8.7%	+20.1%
Dried Lentils	071340	\$1,997,106	+1.3%	-0.8%
Durum Wheat	100119	\$1,987,749	+9.4%	+29.1%
Natural Uranium	284410	\$1,718,990	+220.7%	+196.6%
Canola Meal	230641	\$1,199,807	+32.2%	+16.6%
Dried Peas	071310	\$992,390	-13.3%	-1.4%
Canola Oil – Low Erucic Acid – Crude	151411	\$630,326	-31.6%	-31.3%
Barley	100390	\$579,159	+5.5%	+13.4%
Soya Beans	120190	\$532,864	+20.3%	+27.0%
Petroleum Bitumen	271320	\$403,674	+13.1%	+23.3%
Oats	100490	\$359,117	+20.6%	+43.8%
Semi-Chemical Wood Pulp	470500	\$296,848	-10.4%	+4.6%
No-Till Direct Seeders, Planters or Transplanters	843231	\$284,798	+4.7%	N/A*
Chickpeas	071320	\$279,143	+10.0%	+4.7%
Oriented Strand Board – Wood	441012	\$275,640	-47.2%	-0.3%
Iron/Non-Alloy Steel – Rectangular NES	720712	\$270,855	+64.9%	+72.5%
Cattle	010229	\$207,736	-9.2%	-32.3%
Canola Oil – Low Erucic Acid – Crude	151491	\$188,525	+169.8%	+224.4%
Flax	120400	\$185,452	-0.7%	+33.6%
Petroleum Oils – Non-Crude	271019	\$183,369	+105.0%	+48.9%
Seeders, Planters, or Transplanters NES	843239	\$174,090	+54.0%	N/A*

Source: Trade Data Online, Global Trade Tracker

*Products within this category differ, which lowers the efficacy of the volume statistics.



Markets

In 2023, Saskatchewan goods reached 163 countries, with 32 of those countries receiving over \$100 million in Saskatchewan exports. The decline in potash prices saw a reshuffling of our top 10 export markets, which in 2022 were shaped by record potash sales.

Exports to the United States, our largest trading partner, declined by over \$2 billion, led by declines in the value of oil and potash. Exports to Indonesia fell by half, with the value of potash sales to market falling by nearly three-quarters, but with gains in wheat sales to the country. Exports to Brazil and India remained steady, while exports to Bangladesh also fell due to lower potash and pulse exports.

Growing exports were witnessed in many markets, most notably with European trading partners, led by gains in Germany, the United Kingdom and France. Notable gains were witnessed in many other European countries as well. Significant gains were witnessed amongst several African nations. Additionally, exports to Latin American countries hit a record \$5.4 billion in 2023, more than double the level seen five years prior. Markets such as Brazil, Mexico, Colombia, Peru and Ecuador are increasingly important to Saskatchewan.

The largest gain was in our second largest export market, China, with exports increasing by over \$400 million in 2023. While potash sales to China fell, canola seed exports doubled.

Saskatchewan exports to Latin America reached a record **\$5.4 billion** in 2023.

Top Saskatchewan Export Markets

	2023 Total Exports (CAD)	YoY Growth	% of Total Exports
United States	\$26,991,679,747	-8.0%	54.8%
China	\$5,509,981,165	+8.4%	11.2%
Brazil	\$2,566,623,971	+0.4%	5.2%
India	\$1,327,847,941	-4.8%	2.7%
Japan	\$1,011,335,055	-17.8%	2.1%
Mexico	\$961,949,555	-5.6%	2.0%
Indonesia	\$830,137,568	-49.9%	1.7%
Bangladesh	\$786,378,779	-24.5%	1.6%
Algeria	\$765,023,552	+32.9%	1.6%
United Kingdom	\$557,235,758	+43.5%	1.1%

Top Saskatchewan Export Markets by Export Value Growth

	2023 Total Exports (CAD)	Change from 2022 (CAD)
China	\$5,509,981,165	+\$427,057,958
Germany	\$514,749,431	+\$362,402,618
Algeria	\$765,023,552	+\$189,445,552
United Kingdom	\$557,235,758	+\$168,964,449
France	\$220,089,191	+\$89,417,258
Peru	\$388,729,473	+\$88,568,599
Venezuela	\$135,764,698	+\$63,384,118
Ecuador	\$211,451,954	+\$52,848,955
Guatemala	\$118,883,696	+\$46,216,944
Netherlands	\$413,910,908	+\$46,157,083

Largest Declining Saskatchewan Export Markets by Export Value Decline

	2023 Total Exports (CAD)	Change from 2022 (CAD)
United States	\$26,991,679,747	-\$2,343,271,866
Indonesia	\$830,137,568	-\$826,641,802
Malaysia	\$290,901,885	-\$354,722,642
Bangladesh	\$786,378,779	-\$254,880,002
Japan	\$1,011,335,055	-\$218,718,643
Pakistan	\$64,680,927	-\$214,521,928
Thailand	\$194,027,102	-\$121,592,122
Italy	\$483,378,823	-\$112,440,924
Belgium	\$524,841,469	-\$66,563,977
India	\$1,327,847,941	-\$66,275,186

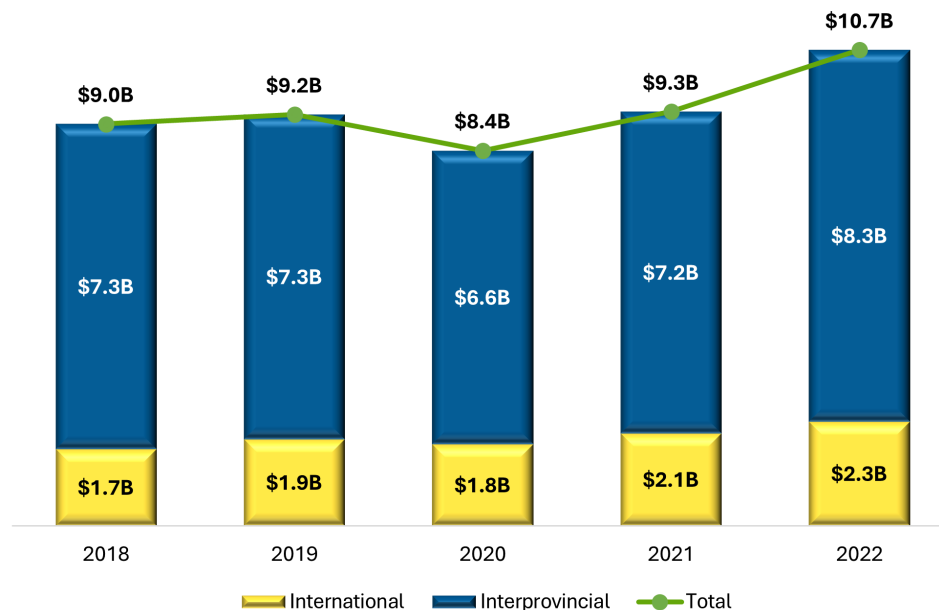
Service Exports

Saskatchewan's service exports encompass a broad spectrum of activities delivered by Saskatchewan providers to non-resident individuals and businesses. Service exports are an important contributor to the province's economy and play a key role in getting goods to domestic and international markets.

In 2022², Saskatchewan's overall service exports totaled \$10.7 billion, representing 9.3 per cent of the province's gross domestic product. Saskatchewan's total service exports increased by 14.9 per cent compared to 2021, including a 15.6 per cent increase in inter-provincial service exports and a 12.7 per cent increase in service exports to international markets.

The majority of Saskatchewan's service exports come from providing services to businesses and travelers from other Canadian provinces. In 2022, Saskatchewan's interprovincial service exports were valued at over \$8.3 billion. In the same year, Saskatchewan's international service exports were valued at about \$2.3 billion.

Total Saskatchewan Service Exports at Current Prices. 2018-22



Source: Statistics Canada



² Data for total service exports measured as a contribution to GDP is available up to 2022.

Service exports can be grouped into four broad categories:

Travel service exports include goods and services purchased in Saskatchewan by non-residents while traveling. This includes food, accommodations, recreational activities, gifts and other tourist spending, as well as local travel.

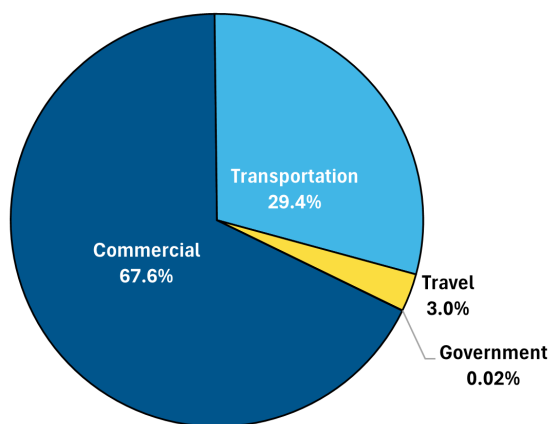
Transportation service exports include passenger fares for international travel, as well as spending for the transportation of goods to other markets.

Government service exports include expenditures in the province by non-Saskatchewan governments and overhead to administer official assistance.

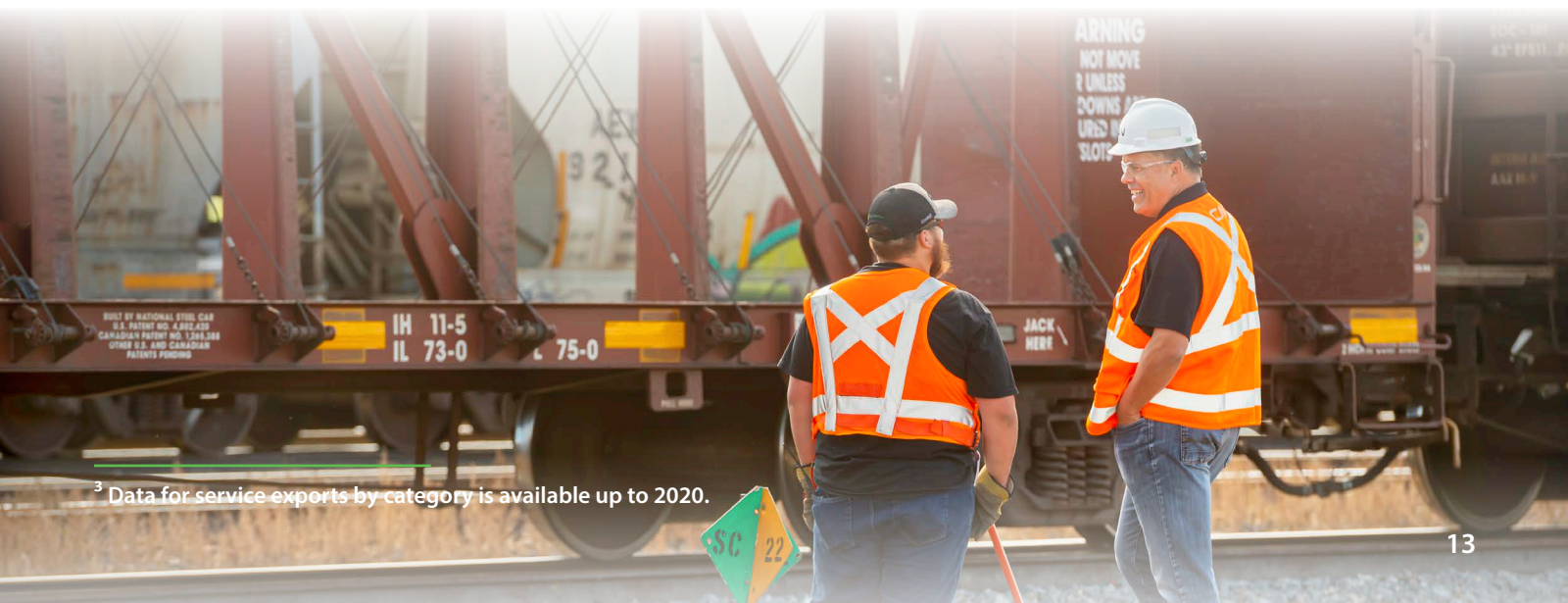
Commercial service exports include all other transactions for services not covered in the above categories. Examples include financial and insurance services, communications services, and architectural, engineering, scientific and other technical services.

In 2020³, over two-thirds of Saskatchewan's total service exports were commercial services. In the same year, transportation services accounted for 29.4 per cent of the province's total service exports, while travel services and government services accounted for 3.0 per cent and 0.02 per cent, respectively.

Saskatchewan Service Exports by Category, 2020



Source: Statistics Canada



³ Data for service exports by category is available up to 2020.

Notable Events

Mineral Price Drop

In 2023, the value of Saskatchewan exports was impacted by reduced mineral prices, notably amongst exports of oil and potash. The average value received for Saskatchewan potash fell from \$0.77/kg to \$0.51/kg, while the average value received for oil exports fell from \$690/m³ to \$580/m³. These two exports accounted for nearly half of all exports from the province in 2023. Looking ahead, crude oil prices are forecasted to be largely unchanged throughout 2024,⁴ and research firm Fitch Ratings is forecasting potash prices to fall in 2024.⁵ However, export volumes increased in 2023 and new mine investments are being realized, which should soften value declines.

Uncertainty – The New Normal?

From geopolitical conflicts to changing political landscapes and protectionist tendencies by some trading partners, uncertainty will continue in the years ahead. For exporters, this translates to an ever increasing need to diversify export markets. This includes strengthening and diversifying markets both abroad and closer to home, notably across Canada and the United States. The export industry has termed this “nearshoring” and “friendshoring.” Saskatchewan’s preferred access to our largest market, the United States, is secured through the Canada-US-Mexico free trade agreement. While the upcoming election in the United States adds a level of uncertainty for Saskatchewan exporters, Canada and the United States will continue to be important partners in these efforts to maintain resilient supply chains through 2024 and beyond.

These changing geopolitical landscapes are also shifting trade patterns. For Saskatchewan, the most notable of these is the increasing agricultural trade ties between Russia and China. China has a significant need for agricultural commodities. Saskatchewan’s exports and trade ties to China have grown dramatically over the last two decades, largely focused on major agricultural-related commodities, such as canola, peas and potash. However, China is also increasingly purchasing from Russia. Specifically in the cases of peas and potash, Russia has been gaining market share in China in recent years. This creates a risk for Saskatchewan’s second largest export market.

⁴ Alberta Energy Regulator, “Crude Oil Prices,” <https://www.aer.ca/providing-information/data-and-reports/statistical-reports/st98/prices-and-capital-expenditure/crude-oil-prices>, accessed February 20, 2024.

⁵ Fitch Ratings Raises Several Fertiliser Price Assumptions,” December 11, 2023, Fitch Ratings, <https://www.fitchratings.com/research/corporate-finance/fitch-ratings-raises-several-fertiliser-price-assumptions-11-12-2023>, accessed February 20, 2024.



Saskatchewan Export Business Continues to Grow and Thrive

Potash and crude oil exports account for a major proportion of Saskatchewan's total exports. While potash exports have expanded considerably in recent years, we cannot overlook growth in other exports. Exports from Saskatchewan outside of potash and crude oil reached a record \$26.1 billion in 2023, an increase of \$3 billion from last year and an increase of more than \$10 billion from five years ago. Nearly 80 per cent of this growth was in agri-food products. Agricultural equipment exports topped a record \$834.6 million in 2023, nearly \$500 million more than five years prior. This is unprecedented industry growth. Additionally, uranium prices have been rising in recent years. The long-term supply and demand scenario is positive for Saskatchewan uranium exports.

Additional Headwinds

Saskatchewan exporters continue to emphasize the importance of Canada's export infrastructure, including its operation and physical condition. Capacity and resilience to disruptions (e.g., labour, weather related) is critical for moving a growing volume of goods to markets around the world.



International Engagement

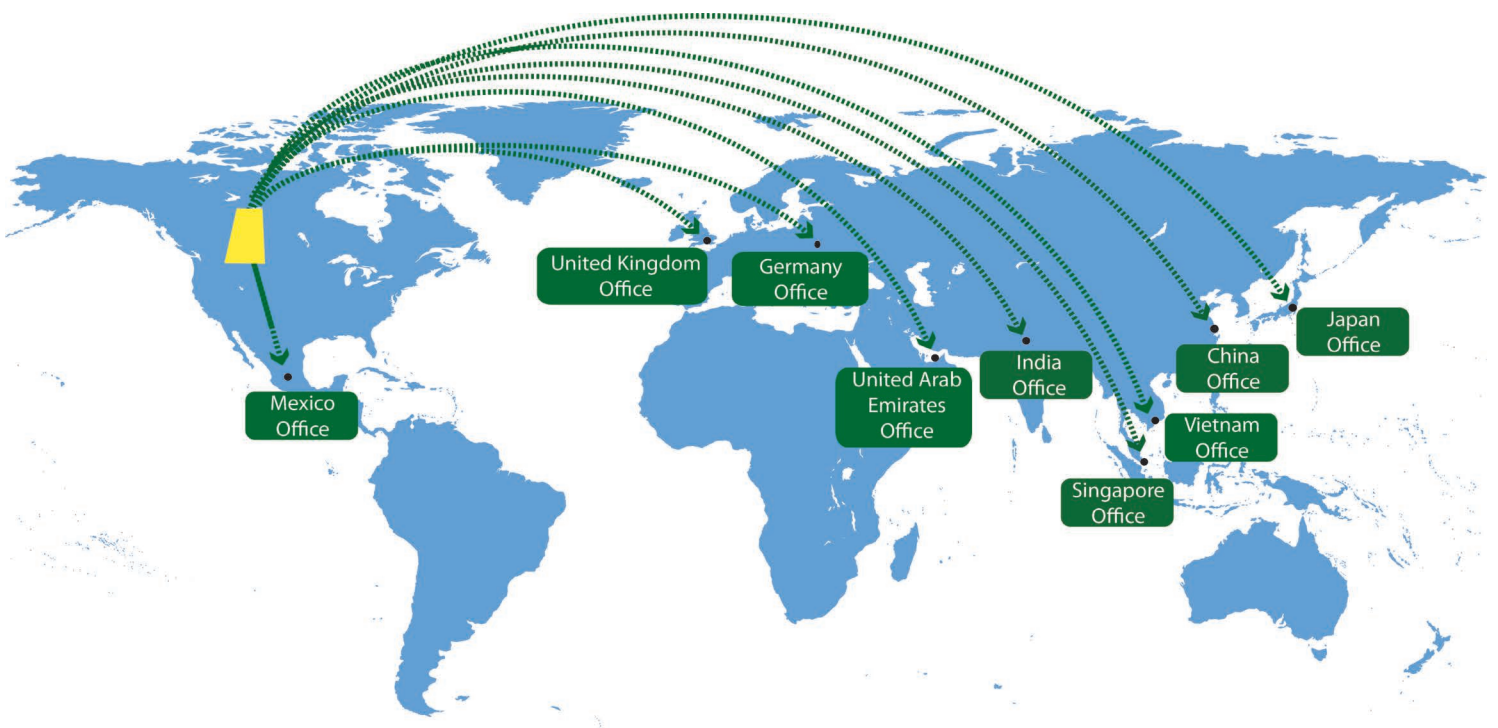
Global Engagement

The Government of Saskatchewan continues to enhance its international engagement efforts through Saskatchewan's network of international offices, trade and investment missions and incoming visits from foreign diplomats and commercial stakeholders. These efforts have enhanced market access, fostered partnerships, and capitalized on emerging opportunities in diverse international markets, ultimately driving economic growth and prosperity for the province.

Saskatchewan's network of nine international offices across Asia, Europe, the Middle East, and Latin America plays a vital role in advancing the province's interests in global markets. These offices, located in China, Germany, India, Japan, Mexico, Singapore, the United Arab Emirates, the United Kingdom and Vietnam continue to diversify Saskatchewan's export markets, secure trade deals, advance investment opportunities, forge new economic ties, attract talent to the province and facilitate educational and innovation partnerships.

International missions provide an opportunity to maintain and grow trade opportunities, increase investment attraction and showcase Saskatchewan's capacity to support global food and energy security. In 2023-24, the Government of Saskatchewan led missions to ten countries, including France, Germany, India, Mexico, Philippines, Poland, Singapore, United Arab Emirates, United Kingdom, and the United States

In December 2023, Saskatchewan showcased its sustainability efforts with its first-ever dedicated pavilion at COP28 in Dubai, which provided a valuable opportunity to strengthen existing relationships and forge new partnerships. This gave the province an opportunity to collaborate with high-profile government and industry stakeholders and convey Saskatchewan's sustainability message to a global audience. Saskatchewan's pavilion hosted over 50 panel discussions on critical topics such as carbon capture, energy transition and sustainable agriculture. Nearly 60 businesses, institutions, and organizations from Saskatchewan joined the provincial delegation.



The province also welcomes foreign diplomats and industry leaders to witness firsthand the abundant resources, innovative practices, and promising opportunities for collaboration and investment that Saskatchewan has to offer. In 2023-24, Saskatchewan welcomed over 70 incoming visits, including 27 diplomatic visits, and over 40 international commercial delegations. These engagements help strengthen relations between Saskatchewan and its international partners and is an opportunity to connect with stakeholders. All of this reinforces Saskatchewan's position as a trusted and reliable international business partner.

Investment Attraction

The province actively promotes Saskatchewan investment opportunities across the country and in key markets around the world. The Ministry of Trade and Export Development (TED) and STEP officials work closely – both in Saskatchewan and around the world to promote trade, which is often a precursor to investment.

Ministry staff provide valuable pathfinding services to potential investors, helping them to explore opportunities, partners, sources of capital, suppliers, and markets to develop their unique business case. When investment decisions follow, TED works with its network of partners in provincial, municipal, and federal governments to help investors navigate the regulatory environment and ensure that projects move ahead smoothly.

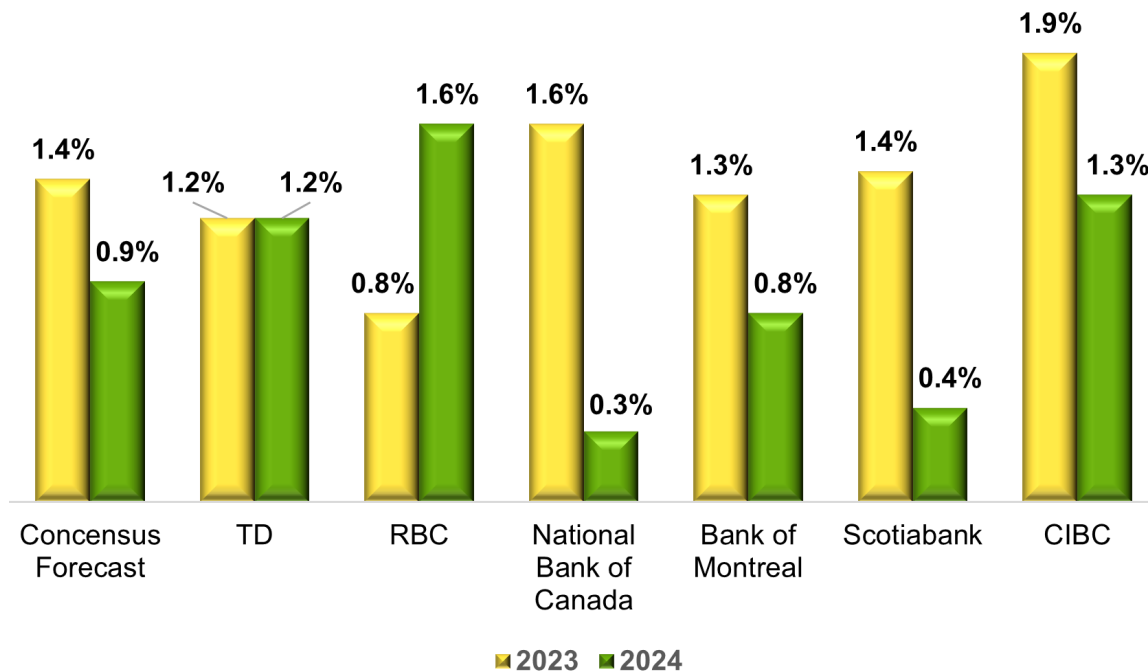


Saskatchewan Export Forecast

Exports and economic growth are tied together in Saskatchewan. One reflects the other and this year's forecasts are in line. Saskatchewan led the nation with Gross Domestic Product (GDP) growth of 6.0 per cent in 2022. GDP growth slowed down in 2023 and is expected to follow a similar trend in 2024. This is due to subdued commodity prices and slower economic growth among our major trading partners. Canada's major financial institutions are forecasting that Saskatchewan's Real GDP will have grown 1.4 per cent (consensus forecast) in 2023, with growth continuing to slow in 2024. The consensus forecast for GDP growth in Saskatchewan is 0.9 per cent.

Saskatchewan's Real GDP is forecasted to reach **0.9%** in 2024.

Saskatchewan Economic Growth Forecast, 2023-24 (Annual Real GDP % Change)



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

Forecasting export values can be notoriously difficult. When looking at the future path for Saskatchewan exports, one recognizes that 2022 was an exceptional year. STEP had forecasted aggressive growth for Saskatchewan exports in 2023. Given the increase in volume of key exports, this growth would have largely been realized if prices remained stable. Looking ahead to 2024, stable potash and crude oil prices are expected, economic growth is likely to slow and farm cash receipts are forecasted to be down. On the other hand, new investment continues in the potash sector and oil prices should remain stable. Taking all this into consideration, STEP predicts that the total value of exports may increase between 0.5 and 2.5 per cent in 2024.

