



Highlights

- Despite some strong headwinds Ontario exports still managed to grow 5.1 per cent in 2021

Strong gain caps off disappointing year for Ontario exports

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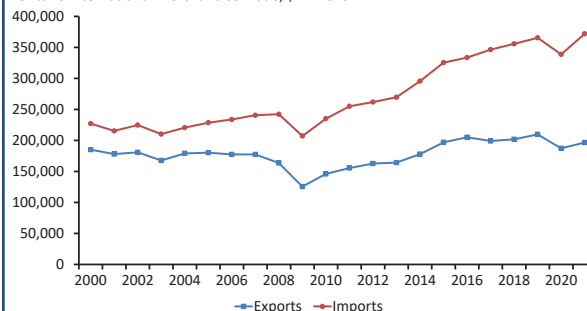
Ontario international trade firmed in December to cap off a relatively disappointing year for exporters. Dollar-volume exports reached \$17.6 billion. While up 8.2 per cent year-over-year and, by our calculation more than six per cent from November (seasonally-adjusted), the trend was generally range-bound through 2021. Annual sales rose 5.1 per cent but owed in part to a lower base-year from early-2020 and the pandemic-induced declines associated with temporary auto plant closures. The tempered pace over the past year reflects a combination of supply-chain factors affecting provincial automakers and manufacturers.

December's uptick was relatively broad-based. Energy exports surged 200 per cent from a year ago and more than 50 per cent from November. Consumer goods exports rose 19 per cent year-over-year with a 3.6 per cent increase from the previous month. Motor vehicle and parts exports increased from November but continued to struggle with a 10.5 per cent year-over-year decline: a direct result of ongoing chip shortages and supply chain constraints in the sector.

On an annual basis, dollar-volume exports rose 5.1 per cent to \$196.6 billion. Key drivers included metal and mineral products which rose 9.2 per cent and contributed about one third of the net gain, consumer goods which rose 7.7 per cent made up about 26 per cent of the increase, and chemicals/plastic products with growth of 27 per cent and a 33 per cent share of the net gain. In contrast, the 10 per cent drop-off in motor vehicle parts was a drag offsetting broader gains. It should also be noted that real export growth was likely negligible. Commodity prices and inflation have contributed to increased sales which have supported revenues and profits, although growth in real activity was limited. Real growth in 2021 exports were likely negligible, near two per cent.

Ontario exports disappoint on supply chain disruptions

Ontario International Merchandise Trade, \$ millions



Source: Statistics Canada, Central 1

Latest: 2021

Motor vehicle and parts lead export decline as supply chains tangle broader sector



Source: Statistics Canada, St Louis Federal Reserve (FRED), Central 1

Latest: 2021

Meanwhile, the value of goods imports nearly doubled that of exports with growth of 9.8 per cent to reach \$371.9 billion, driven largely by natural resources and higher input costs.

Going forward, easing of global supply chain challenges will likely lift goods trade, although there remain short-term issues including impacts of protests occurring at key border entry points, which is hampering inflows and outflows.

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