

GOAL 6 – FIRMS PARTICIPATING IN FOREIGN EXPORT TRADE

By 2028, New Brunswick will have at least 1,080 firms participating in foreign export trade.

Status: NOT PROGRESSING

Current Situation

As outlined in *OneNS*, Nova Scotia has set a goal to increase the number of firms participating in international export trade by 50% of its 2012 total. If New Brunswick adopts a similar strategy and uses 2014 as a baseline year, the province would aim to increase the number of firms from 718 (the 2014 total) to 1,080 by 2028.

The suggested 2014 baseline (718 firms) reflects the lowest number of New Brunswick firms participating in foreign export trade this decade. More recently, the province saw an increase from 728 firms in 2016 to 775 in 2017, even though the total dollar value of New Brunswick exports has been decreasing since 2012. Despite this progress, the number of exporting firms has only fluctuated slightly since 2010, and there is no indication whether 2018 will see yet another increase. Currently, New Brunswick is not on track to meet the suggested target of 1,080 firms participating in foreign export trade by the year 2028.

Figure 1: New Brunswick Firms Participating in Export Trade (2010-2017)



Year	Participants
2010	766
2011	760
2012	765
2013	735
2014	718
2015	735
2016	728
2017	775

Source: Statistics Canada, Table 12-10-0104-01 (formerly CANSIM 228-0079)

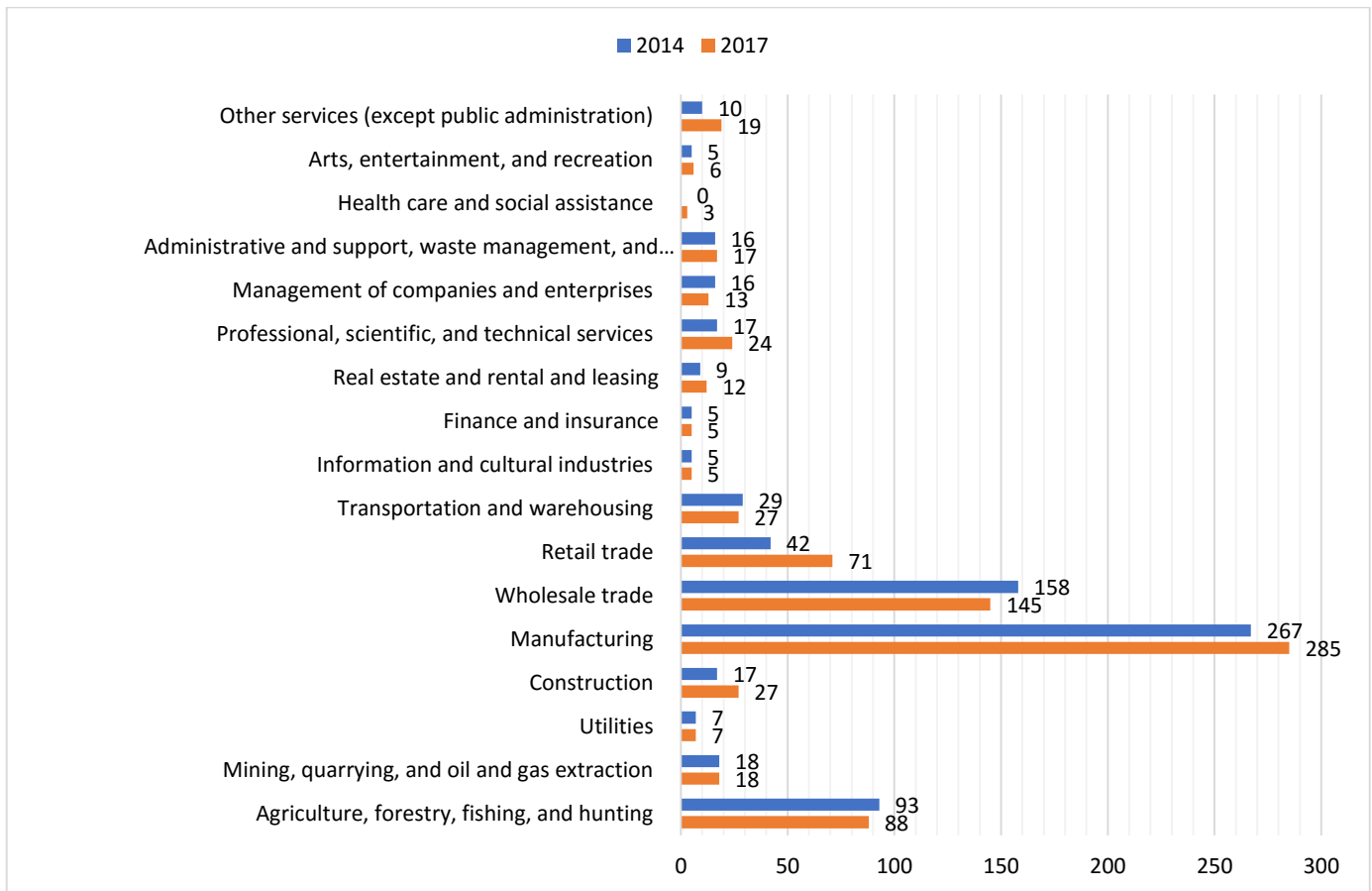
What This Means

Over the last decade, there has been little variation in the number of New Brunswick businesses participating in foreign markets. The province has not seen any clear, long-term upward or downward trends between 2012 and 2017, during which time amounts fluctuated only slightly. Although there was a significant jump in the number of firms between 2016 and 2017, it is too soon to tell whether this could be the beginning of an upward trend.

DEEP DIVE

The majority of New Brunswick establishments involved in international export fall into the production categories of manufacturing and agriculture, forestry, fishing, and hunting, as well as service industries, such as wholesale trade.

Figure 2: Exporting Establishments (NB), by Industry (2014, 2017)



Industry	Number of Exporting Firms (2014)	Number of Exporting Firms (2017)
Agriculture, forestry, fishing, and hunting	93	88
Mining, quarrying, and oil and gas extraction	18	18
Utilities	7	7
Construction	17	27
Manufacturing	267	285
Wholesale trade	158	145
Retail trade	42	71

Transportation and warehousing	29	27
Information and cultural industries	5	5
Finance and insurance	5	5
Real estate and rental and leasing	9	12
Professional, scientific, and technical services	17	24
Management of companies and enterprises	16	13
Administrative and support, waste management, and remediation services	16	17
Educational services*	-	-
Health care and social assistance*	-	3
Arts, entertainment, and recreation	5	6
Accommodation and food services*	-	-
Other services (except public administration)	10	19
Public administration*	-	-

*Statistics Canada has deemed the number of certain establishments unreliable; therefore, many have been omitted.

**The total number of exporting establishments does not equal the sum of all establishments from each industry, as certain counts have been omitted.

Source: Statistics Canada, Table 12-10-0098-01 (formerly CANSIM 228-0077)

The manufacturing industry accounted for 90% of the value of New Brunswick's merchandise exports in 2017, bringing in \$39.6 million dollars and producing the largest value per exporting establishment in the province. After manufacturing, the largest value of exports per establishment came from the utilities industry, which produced \$19.7 million. However, the high value per establishment in the utilities industry is due to the small number of firms sharing the large profit. Altogether, manufacturing, wholesale trade, and utilities were responsible for 96% of the value of New Brunswick's exports in 2017, and they represent over half of the province's exporting establishments.

Figure 3: Value of Exports per Establishment (NB), by Sector (2017)

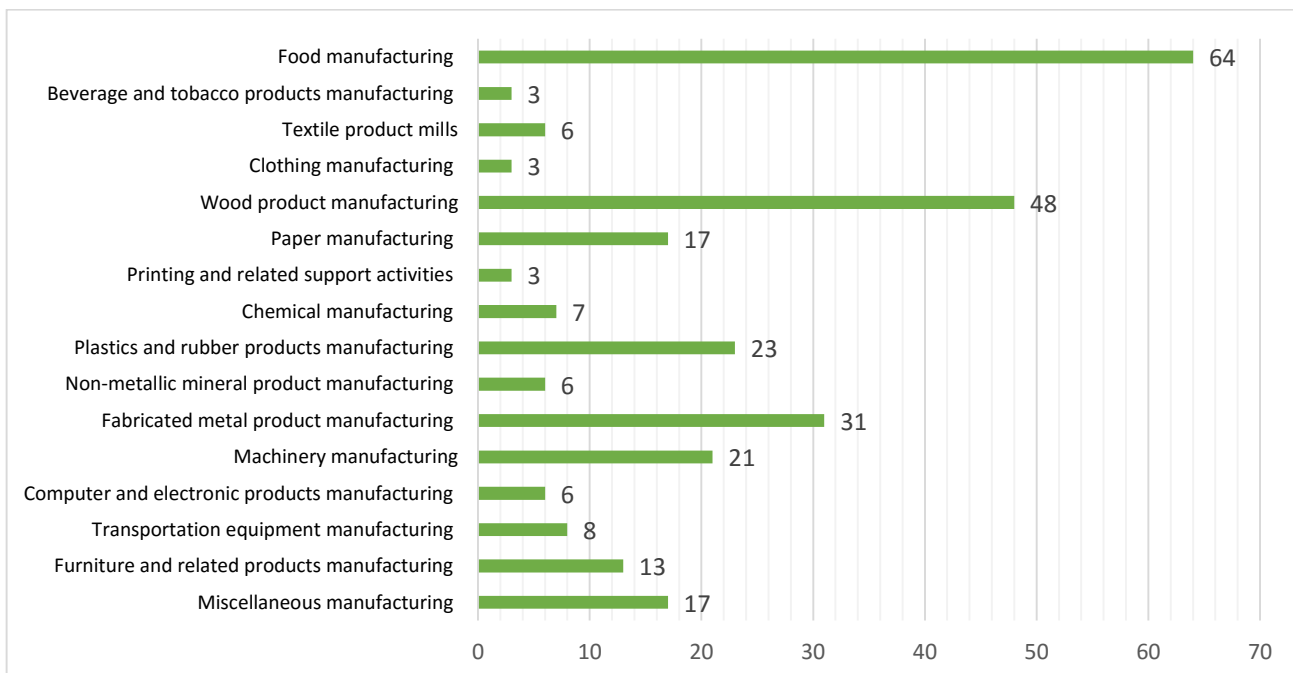


Industry	Value (CAD 2017)
Agriculture, forestry, fishing, and hunting	\$ 1,088,432
Mining, quarrying, and oil and gas extraction	\$ 6,050,667
Utilities	\$ 19,707,429
Construction	\$ 230,556
Manufacturing	\$ 39,564,589
Wholesale trade	\$ 4,031,593
Retail trade	\$ 375,930
Transportation and warehousing	\$ 2,529,074
Information and cultural industries	\$ 274,400
Finance and insurance	\$ 1,864,200
Real estate and rental and leasing	\$ 399,250
Professional, scientific, and technical services	\$ 725,500
Management of companies and enterprises	\$ 13,328,231
Administrative and support, waste management, and remediation services	\$ 99,941
Educational services*	\$ -
Health care and social assistance	\$ 11,667
Arts, entertainment, and recreation	\$ 99,667
Accommodation and food services*	\$ -
Other services (except public administration)	\$ 312,684
Public administration*	\$ -

*Statistics Canada has deemed the number of certain establishments unreliable; therefore, value per establishment has been omitted.
Source: Statistics Canada, Table 12-10-0098-01 (formerly CANSIM 228-0077)

Within the manufacturing sector, food manufacturing firms comprised the largest number of establishments exporting merchandise from New Brunswick in 2017. This follows a regional trend, as Nova Scotia's food manufacturing establishments also make up the bulk of the province's export businesses.

Figure 4: Manufacturing Export Establishments (NB), by Sub-Sector (2017)

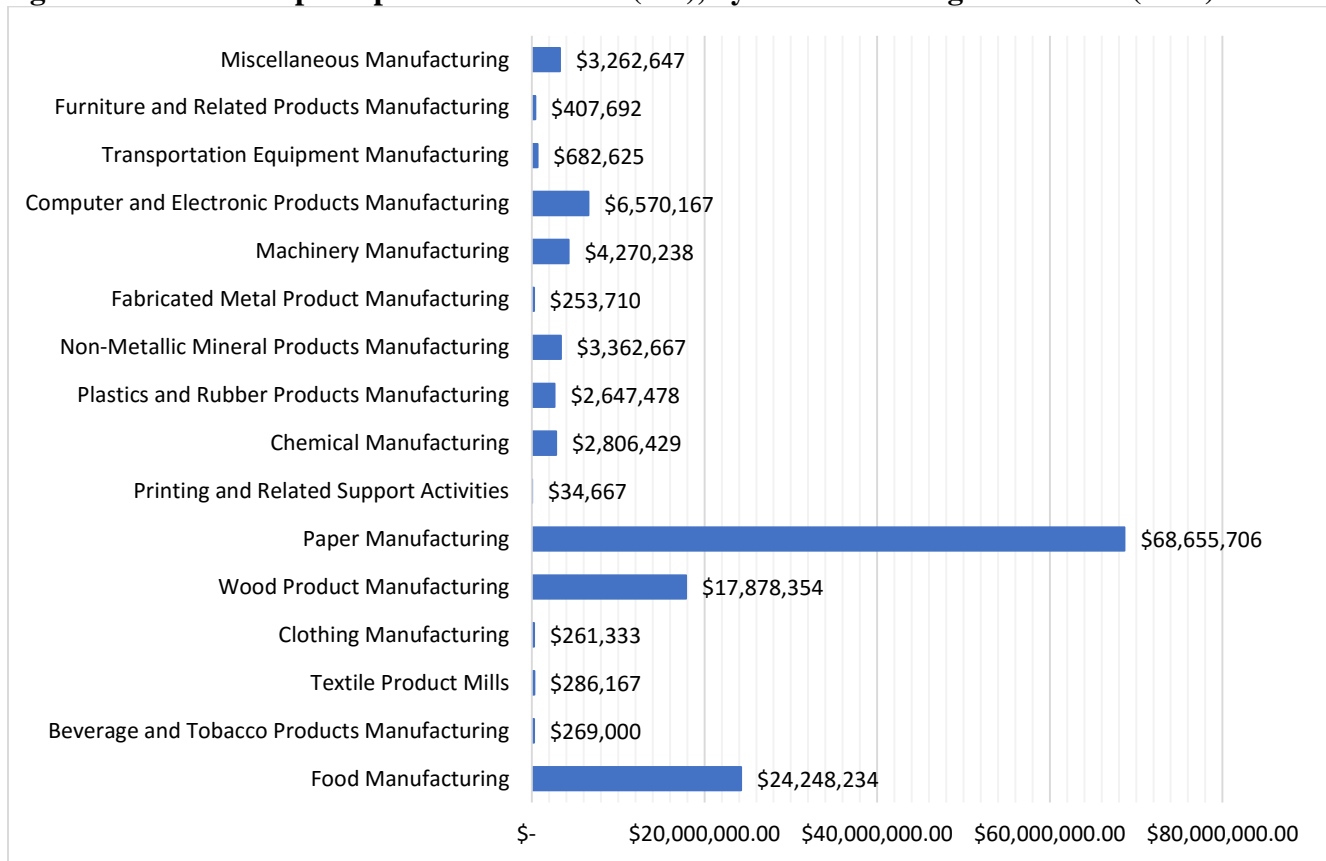


Manufacturing Sub-Sector	Number of Establishments
Food manufacturing	64
Beverage and tobacco products manufacturing	3
Textile mills*	-
Textile product mills	6
Clothing manufacturing	3
Leather and allied products manufacturing*	-
Wood product manufacturing	48
Paper manufacturing	17
Printing and related support activities	3
Petroleum and coal products manufacturing*	-
Chemical manufacturing	7
Plastics and rubber products manufacturing	23
Non-metallic mineral product manufacturing	6
Primary metal manufacturing*	-
Fabricated metal product manufacturing	31
Machinery manufacturing	21
Computer and electronic products manufacturing	6
Electrical equipment, appliance, and component manufacturing*	-
Transportation equipment manufacturing	8
Furniture and related products manufacturing	13
Miscellaneous manufacturing	17

**Statistics Canada deemed the data on certain exporting establishments unreliable; therefore, it has been omitted for the sub-sector.
Source: Statistics Canada, Table 12-10-0098-01 (formerly CANSIM 228-0077)*

Within the manufacturing sub-sector of foreign export businesses, the food and paper manufacturing industries had the highest value of exports per establishment within the New Brunswick in 2017. It might have been expected that food manufacturing (which has the largest number of establishments) would provide a large percentage of the province's export value. However, the export values of the paper manufacturing industry are surprisingly above average. While the 64 food manufacturing firms in New Brunswick made \$24.2 million in 2017, the 17 paper manufacturing firms brought in \$68.7 million.

Figure 5: Value of Exports per Establishment (NB), by Manufacturing Sub-Sector (2017)



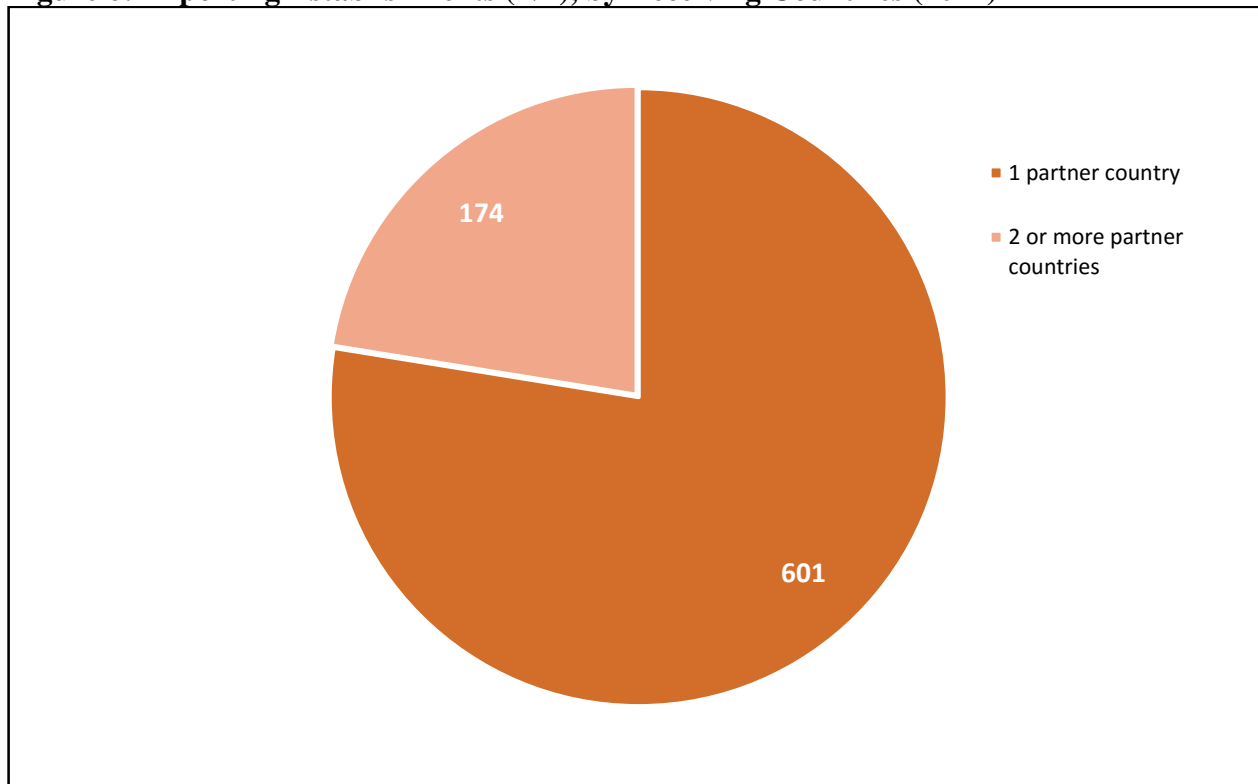
Manufacturing Sub-Sector	Value of Exports per Establishment (CAD 2017)
Food manufacturing	\$ 24,248,234
Beverage and tobacco products manufacturing	\$ 269,000
Textile mills	-
Textile product mills	\$ 286,167
Clothing manufacturing	\$ 261,333
Leather and allied products manufacturing	-
Wood product manufacturing	\$ 17,878,354
Paper manufacturing	\$ 68,655,706
Printing and related support activities	\$ 34,667
Petroleum and coal products manufacturing	-
Chemical manufacturing	\$ 2,806,429
Plastics and rubber products manufacturing	\$ 2,647,478
Non-metallic mineral product manufacturing	\$ 3,362,667
Primary metal manufacturing	-
Fabricated metal product manufacturing	\$ 2,053,710
Machinery manufacturing	\$ 4,270,238
Computer and electronic products manufacturing	\$ 6,570,167
Electrical equipment, appliance, and component manufacturing*	-
Transportation equipment manufacturing	\$ 6,082,625
Furniture and related products manufacturing	\$ 407,692
Miscellaneous manufacturing	\$ 3,262,647

Source: Statistics Canada, Table 12-10-0098-01 (formerly CANSIM 228-0077)

*Statistics Canada deemed the data on certain exporting establishments unreliable; therefore, it has been omitted for the sub-sector.

Of the 775 New Brunswick businesses participating in international trade in 2016, over 78% of them exported to only one country. However, the establishments that diversified their partnerships and shipped to multiple countries produced more value. The 174 establishments that exported merchandise to two or more partner countries produced 80% of New Brunswick's \$12 million export value, despite making up only 22% of the province's export establishments. These numbers suggest the economic advantage of exporting to multiple locations and participating in international trade, as both factors have the potential to assist the growth of the province's GDP and its international trade balance.

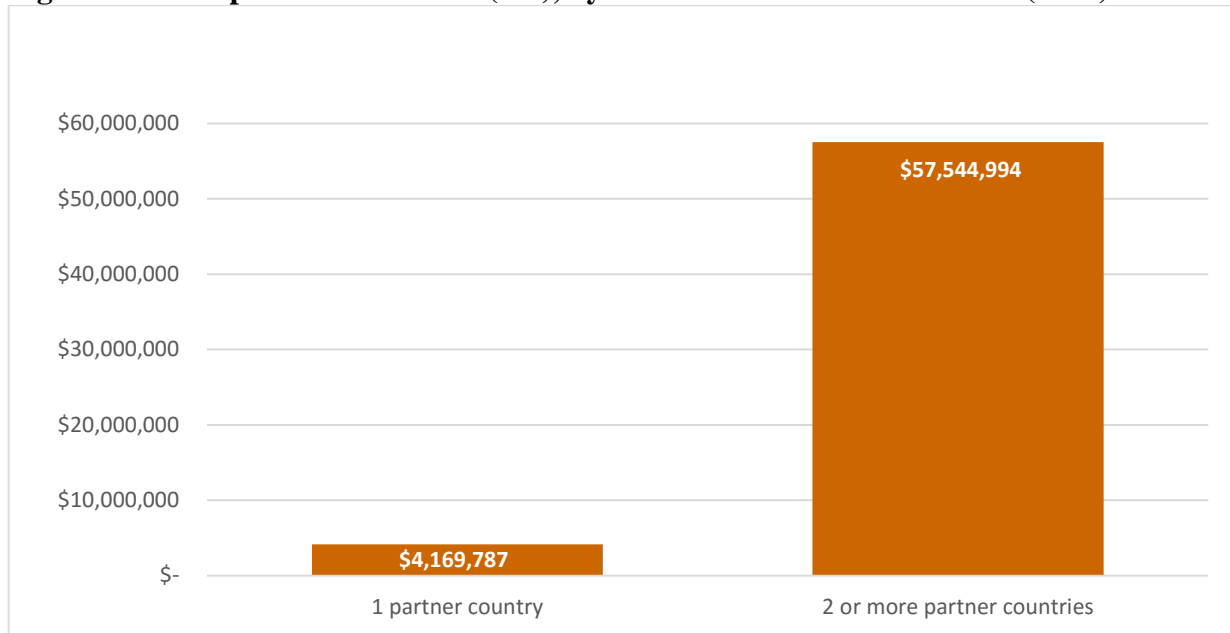
Figure 6: Exporting Establishments (NB), by Receiving Countries (2017)



Group	Number of Establishments	Value of Exports (CAD 2017)	Share of Firms
1 partner country	601	\$ 2,506,042,000	78%
2 or more partner countries	174	\$ 10,012,829,000	22%

Source: Statistics Canada, Table 12-10-0103-01 (formerly CANSIM 228-0078)

Figure 7: Value per Establishment (NB), by Number of Partner Countries (2017)

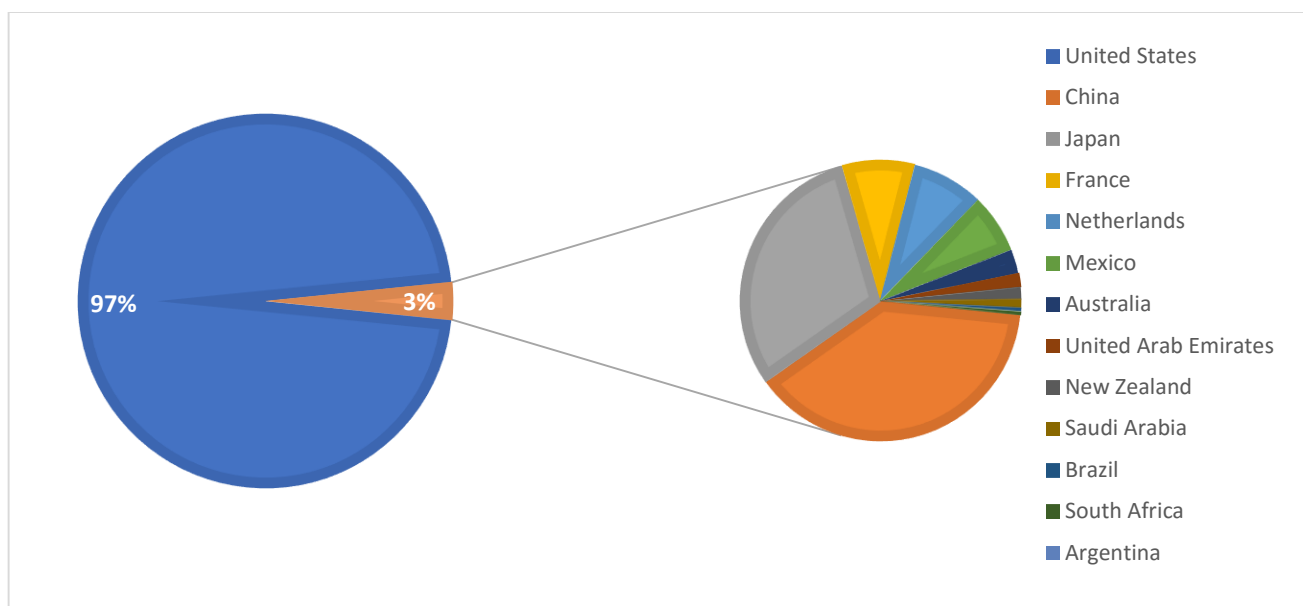


Group	Value per Establishment (CAD 2017)
1 partner country	\$ 4,169,787.02
2 or more partner countries	\$ 57,544,994.25

Source: Statistics Canada, Table 12-10-0103-01 (formerly CANSIM 228-0078)

The primary destination for New Brunswick's exports is the United States. In 2017, the United States received 97% of all the province's international merchandise exports, with products coming from 673 New Brunswick establishments. This is a large increase from the 624 firms that were exporting to the United States only a year earlier (in 2016). Exports to the United States also have the largest value per establishment: in 2017, they were worth \$16 million.

Figure 8: New Brunswick's 10 Largest Export Destinations (2017)



Trading Partner	Value of Exports	Number of Establishments	Value Per Exporting Establishment (CAD 2017)
United States	\$11,377,163,000	673	\$16,905,146
China	\$143,497,000	50	\$2,869,940
Japan	\$112,629,000	33	\$3,413,000
France	\$31,440,000	40	\$786,000
Netherlands	\$30,610,000	19	\$1,611,053
Mexico	\$25,401,000	19	\$1,336,895
Australia	\$10,378,000	25	\$415,120
United Arab Emirates	\$5,889,000	16	\$368,063
New Zealand	\$5,058,000	16	\$316,125
Saudi Arabia	\$3,405,000	10	\$340,500
Brazil	\$1,474,000	11	\$134,000
South Africa	\$1,460,000	14	\$104,286
Argentina	\$222,000	5	\$44,400

Source: Statistics Canada, Table 12-10-0104-01 (formerly CANSIM 228-0079)

*Note that the sum of the exporting establishments column exceeds the provincial total of 775. This is because some establishments export to two or more countries.

Changes to the Indicator, Baseline or Target:

- The suggested goal of 1,080 foreign export firms in New Brunswick mirrors the strategy used by *OneNS*. The *OneNS* website based its numerical target for Nova Scotian firms participating in international export trade on the province's lowest 6-year participant count (930 firms in 2012). The baseline for New Brunswick's goal (718 firms in 2014) has been rounded slightly to produce an even-numbered target.
- The strategy for determining value per exporting establishment was also taken from *OneNS*. Value per exporting establishment was calculated by dividing an industry's total export value by the number of participating firms within that industry.
- Certain manufacturing sub-sectors were not assigned values per exporting establishment because Statistics Canada deemed the data on certain establishments to be unreliable.