BRITISH COLUMBIA

BC STATS Infoline

Issue: **98-20** **5** Pages
May 22, 1998

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highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Shipments of goods manufactured in British Columbia increased 0.5% (seasonally adjusted) between February and March, after rising 3.6% in the previous month.** Shipments of forest products edged down in March. Paper and allied products edged down 0.2% after increasing 15.3% in February, and wood shipments were also 0.2% lower than in the previous month. Non-durable goods shipments rose 0.9%, largely due to increased shipments by the food (+2.9%) and petroleum and coal products (+2.6%) industries. Shipments by the durable goods industries were virtually unchanged from the previous month (+0.1%).

  Canadian manufacturing shipments rose 0.9% in March. Manufacturer's shipments were up in 12 of the 22 major groups. The aircraft and parts industry (+27.0%), which rebounded from a two-month pause, was the largest contributor to the increase. Shipments rose in all provinces except Alberta (-0.6%) and Newfoundland (-9.5%). Quebec (+2.5%) and Manitoba (+2.5%) posted the largest increases. Ontario made only marginal gains (+0.3%).

  Source: Statistics Canada

- **Sales by BC retailers increased for the first time since December, rising 0.6% (seasonally adjusted) in March.** Canadian sales were up 0.2% during the same period.

  During the first quarter, seasonally adjusted sales in BC fell 2.1%, more than in any other region. Sales also weakened in Alberta (-0.5%) and Saskatchewan (-0.5%). Retail sales growth was strongest in Atlantic Canada, where increases ranged from 1.8% in Newfoundland to 2.6% in Nova Scotia, and Yukon (+2.6%). Nationally, retail sales were 0.8% higher than in the fourth quarter of last year. This was the smallest quarterly increase since the beginning of 1996.

  Source: Statistics Canada

- ***Unadjusted* sales data for BC indicate a widespread weakness in the retail sector during the first quarter.** Relative to the first quarter of 1997, sales were down in four of the seven major groups. The largest declines were in sales by furniture (-5.6%) and automotive (-4.0%) retailers. Partially offsetting these were increased sales by general merchandise (+5.0%) and clothing (+4.4%) retailers.

  Source: Statistics Canada

- **Wholesale sales in British Columbia decreased 1.2% (seasonally adjusted) between February and March.** Canadian wholesale sales were down 0.2%.

  During the first quarter, sales by BC wholesalers fell 2.1%. Sales were down in five of the ten provinces, declining 0.7% nationally. Nova Scotia (-8.5%), Alberta (-4.8%) and BC (-2.1%) posted the largest declines. Sales declined marginally in Ontario (-0.2%). In Quebec, there was a marginal increase (+0.1%) between the end of last year and the first quarter of 1998.

  Source: Statistics Canada

- **Exports of BC products continued to fall in March, declining for the eighth time since July.** Exports were down 12.1%. Forest sector exports continued to slump (-18.8%), and international sales of industrial goods were also significantly lower (-22.5%) than twelve months previously.

  Year-to-date, BC's exports were 13.5% lower than in the first quarter of 1997. Sharp declines in forest product (-20.0%) and industrial goods (-21.1%) exports were only partially offset by strong growth in the value of international sales

Report **BC hard hit by slumping Asian exports**

Did you know...?
In 1995/96, there were 17,500 students (0.4% of total enrolment) registered as receiving home schooling in Canada. Home schooling is most common in BC and Alberta. In BC, about 5,000 (0.7%) students are home schooled. Alberta has about 8,000 (1.3%) home-schooled students.

of automotive products (+20.0%) and consumer goods (+12.5%). Exports were also down significantly in Alberta (-14.7%), where the energy sector has been affected by falling oil and gas prices. Exports also declined in Saskatchewan (-4.8%) and New Brunswick (-1.1%). Canadian exports rose 4.0% overall, boosted by strong gains in Manitoba (+13.4%), Quebec (+12.0%), Ontario (+10.0%) and parts of Atlantic Canada.
Source: Statistics Canada

- **BC's exports to Asia continued to slump in the first quarter.** Exports to Japan were down 38.2%. Sales to Hong Kong (-31.6%), South Korea (-23.4%) and China (-17.6%) were also significantly lower than in the first quarter of 1997. *Source: BC STATS*

Port Activity

- **The Port of Vancouver handled a record 71.8 million tonnes of cargo in 1997, making it the busiest port in the country.** The port loaded 28.3 million tonnes of coal and 8.3 million tonnes of wheat in 1997. About a fifth of the 375.5 million tonnes of cargo entering or leaving Canada by ship last year passed through Vancouver's port. However, total tonnage handled by the port was up only moderately (+0.5%) from 1996. Canadian port activity increased 5.0% last year. Shipping activity at Port Hawkesbury, Nova Scotia increased the most, almost doubling (+96.1%) during 1997. Crude oil from Norway and the UK is trans-shipped to the eastern seaboard of the US through this port. *Source: Statistics Canada*

- **Prince Rupert, which handled 12.5 million tonnes of cargo during 1997, was ranked tenth among Canadian ports.** Coal (6.6 million tonnes) and grain (1.5 million tonnes) account for about two-thirds of the cargo handled by Prince Rupert. Activity at the port increased by a third (+32.7%) last year. *Source: Statistics Canada*

Tourism

- **Room revenues at accommodation properties in the province rose 1.6% in January.** Cariboo led the regions with a 5.0% increase. Mainland/Southwest (+3.2%) rebounded from a December decline, while Thompson/Okanagan (+1.2%) and Kootenay (+0.8%) exhibited moderate growth. In Vancouver Island/Coast, revenues were unchanged from the previous month. Room revenues declined in North Coast (-18.3%), Nechako (-13.1%), and Northeast (-2.2%). *Source: BC STATS*

- **Passenger traffic through Victoria's airport surged ahead in April, increasing to 17.2% over the April 1997 level.** During the first four months of 1998, the number of passengers using the airport was up 10.2% from the same period last year. *Source: Victoria Airport Authority*

HIV Infection

- **Last year, 560 British Columbians tested newly positive for HIV infection, bringing the rate of new positive HIV test results to 14.21 per 100,000 population, down from 18.52 in 1996, when there were 714 new positive HIV test results.** Since 1985, a total of 8,938 British Columbians have tested newly positive for HIV infection. There were 223 new positive test results among intravenous drug users last year, down from 312 in 1996. Intravenous drug users (who are not also in other risk categories) accounted for 40% of new positive HIV test results last year.
Source: AIDS Update: Fourth Quarter 1997, BC Centre for Disease Control

Oops!

*In last week's edition of **highlights,** the first bullet in the personal income section should have read as follows:*

- **After adjusting for inflation, per capita after-tax income in the province declined 2.3% in 1997, falling to $16,515 per person.** Nationally, after-tax income fell 1.8%, to $16,056. Yukon ($19,921), Ontario ($17,111) and Alberta ($17,071) were the only regions where after-tax income was higher than in BC.
Source: Statistics Canada, BC STATS

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Infoline Report:

May 22, 1998

British Columbia hardest hit by slumping Asian exports

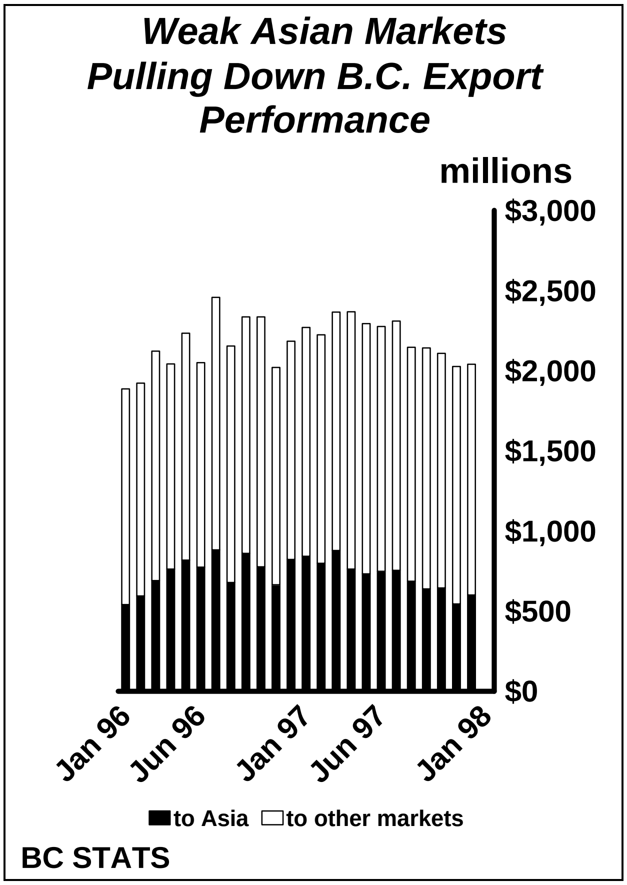
Originally published in January 1998 issue of *Exports.* Annual subscription is $60 + GST

During most of the 1990s, British Columbia was able to count on rapidly rising exports to Asia to maintain its economic growth. But monthly exports to the region went into sharp decline early in 1997 and continued to fall throughout the year, dropping 46 per cent from January 1997 to January 1998. The single most important reason for this trend has been the slowdown in the Japanese economy. The more recent development of the Asian financial crisis in July of last year compounded the problem. However, its direct affect on British Columbia's exports has been secondary to the affect of Japan's chronic economic difficulties.

The slump in exports to Japanese and other Asian markets has been felt across Canada, but inflicted the most damage in British Columbia. The province's export losses accounted for almost half (46 per cent) of the $840 million drop in the monthly value of Canadian goods exported to major Asian markets between January 1997 and January 1998.

British Columbia's economy has become closely linked to Asia over the past two decades. In 1997, its Asian exports were about four times as large in relation to our gross domestic product (GDP) as those of other provinces (taken together). And while Asia has been the destination for only 5 per cent of the combined exports of other provinces, it has accounted for 32 per cent of British Columbia's exports.

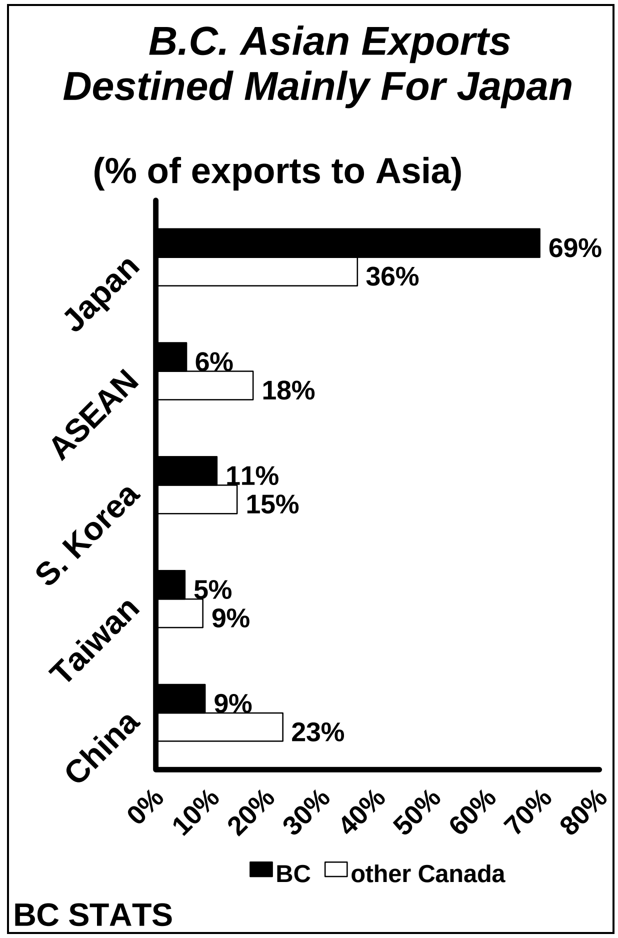
The province's exports are all the more sensitive to changing economic conditions in Asia because they are concentrated in resource commodities that are subject to wide variations in international trading prices. Eighty-five per cent of British Columbia exports to Asia are natural resource products, compared to only about 20 per cent for the rest of Canada. Weak Asian markets have reduced the prices British Columbia exporters have received for resource products shipped to other parts of the world, effectively magnifying the impact of the Asian crisis on British Columbia's economy.



Most importantly, weak Asian markets have affected resource prices and supplies in the all important U.S. market. This played a part in reducing values of British Columbia exports to the United States from a monthly peak of $1, 319 million in April to $1,162 in January this year.

Another way in which British Columbia's Asian exports differ from those of other provinces is the extent to which they are concentrated in Japan. Although trade with other Asian countries has been growing rapidly, Japan was still the destination for 69 per cent of British Columbia's Asian exports in 1997. By contrast, only 36 per cent of Asian exports from the rest of Canada went to the Japanese market.

Unfortunately for British Columbia, exports to Japan have fallen further since early 1997 than exports to other Asian markets (taken together). Most of the weakness in Japanese markets for resource commodities is associated with long term financial and structural problems that have plagued the Japanese economy throughout the 1990s. But growing international competition has also played a part. British Columbia exporters have been confronted with a steady increase in the number of international competitors selling forest and mineral commodities in Japan from South America, New Zealand and Europe. When the affect of the relatively recent Asian-wide financial crisis on Japanese economic growth is added to these problems, the outlook for British Columbia's exports to Japan cannot be optimistic, at least for the short term.



The most serious impacts for British Columbia from these developments have been felt by the province's sawmills, particularly those in the coastal industry that have traditionally relied heavily on the Japanese market and that do not hold sizeable export quotas for the United States market. Lumber exporters faced an additional handicap in 1997 as the Japanese government introduced a sales tax increase applying to new home purchases.

All of this has brought a predictable sharp drop in lumber exports to Japan. These sank from $293 million in December 1996 to $118 million in December 1997. In January this year they dropped further, to $92 million, a third of what they had been in the same month last year.

Japanese and wider Asian economic problems also produced drops in the value British Columbia's exports of metallic mineral commodities. These fell off from $85 million in October to $40 million in December. They recovered somewhat in January to $68 million. Much of this was caused by falling metal prices, as world markets anticipated the impact of the Asian crisis on world demand.

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Recent Feature Articles Listed By Release Date

March 1998	*Export Emphasis Shifts to Manufactured Goods, As Resource Commodities Falter*
January 1998	*Air Freight Services Promoting Export Growth and Diversification*
January 1998	*Forty Years Later, Forestry Exports As Important As Ever*
December 1997	*British Columbia Export Focus Swings Back To United States*
December 1997	*Exporting To Latin America Calls For New Export Mix*
October 1997	*New APEC Markets For British Columbia As Asia Industrialises*
October 1997	*New Jobs Tied To New Exports*
September 1997	*Canadian Building Products Climb As Japanese Regulatory Barriers Fall*

Infoline

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BC at a glance . . .

POPULATION (thousands)	Jan 1/98	% change on one year ago
BC	3,950.7	1.7
Canada	30,425.3	1.0
GDP and INCOME		% change on
(BC - at market prices)	1997	one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	25,039	0.2
Personal Disposable Income *($ 1992 per Capita)*	16,515	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Mar	2,841	-4.1
Merchandise Exports (raw) Mar	2,086	-11.9
Retail Sales (seasonally adjusted) Mar	2,681	-0.4
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Apr '98	one year ago
BC	109.8	0.2
Canada	108.3	0.8
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Apr '98	one year ago
Labour Force - BC	2,035	1.4
Employed - BC	1,847	1.2
Unemployed - BC	188	3.1
		Apr '97
Unemployment Rate - BC *(percent)*	9.3	9.1
Unemployment Rate - Canada *(percent)*	8.4	9.5
INTEREST RATES (percent)	May 20/98	May 21/97
Prime Business Rate	6.50	4.75
Conventional Mortgages - 1 year	6.55	5.40
- 5 year	6.95	7.50
US/CANADA EXCHANGE RATE	May 20/98	May 21/97
(avg. noon spot rate) Cdn $	1.4498	1.3669
US $ *(reciprocal of above rate)*	0.6898	0.7316
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Feb '98	one year ago
BC	614.83	1.2
Canada	608.36	2.3

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

Socio-Economic Profiles

BC STATS has just completed the annual update of ***Socio-Economic Statistical Profiles***. Included in the publication are 4-page profiles of each and every development region and regional district in the province. Individual region profiles provide a set of consistent and comparable data with one page each devoted to demographic, economic and social issues. The introductory page for each region contains a region map and an inset showing the location within the province. At the province level there is a more detailed 8-page profile showing how the various characteristics are experienced in the development regions. A series of background statistical tables round out the publication. Copies may be ordered for $150 plus GST.

Undecided about whether you need a copy? See, on our Internet site, a 4-page region profile taken directly from the new publication:

http://www.bcstats.gov.bc.ca/data/lss/socec/socpage.htm

If you wish to know more about the publication or to order a copy, please contact Kris Ovens at

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Correction

The figure for Personal Disposable Income & its percent change presented on this page in last week's ***BC at a glance . . .*** have been revised.

Released this week by BC STATS

- Tourism Room Revenue, January 1998

Next week

- Exports, March 1998
- Business Indicators, May 1998
- Current Statistics, May 1998