

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Retail trade in British Columbia declined 3.3% seasonally adjusted in October from the same month one year previous.** The western provinces all recorded decreases, with Saskatchewan (-3.9%) registering the largest drop. Both Ontario and Newfoundland had the strongest growth in the retail sector at 6.0%. Nationally, retailers posted an increase of 2.5%, the lowest year-over-year increase since August 1996.

Across the country, most sectors recorded declining sales from the previous month; the automotive sector led with a decrease of 4.0%. Only drug (0.8%) and clothing (0.2%) stores increased sales from the previous month.

Source: Statistics Canada

The Cost of Buying a Home

- **Legal fees and land transfer/registry costs are significant charges when buying a home.** Land registry charges vary between provinces, but are calculated by using a fixed percentage of the value of the property. The rates range from 1.0% in Alberta, to a high of 2.0% in BC and Ontario. As the housing price on a dwelling is higher in these two provinces a special rate of 2.0% applies only to the portion above \$200,000 in British Columbia and \$400,000 in Ontario. On a typical single-detached dwelling, the land transfer fee was as high as \$7,634 in Burnaby, followed by Saanich (\$3,684), and Surrey (\$3,448). The lowest registry fees are found in the Alberta municipalities of Calgary (\$156) and Edmonton (\$165). First time homebuyers in Ontario, where land transfer taxes can be as high as

\$1,725, have received a respite from these charges.

Legal fees relating to the purchase of a single-family dwelling range from an estimated \$500 to \$750. The estimates cover the cost of arranging both the purchase and the mortgage fees. BC home buyers typically paid \$500 for legal costs, compared to the Territories (\$700) and the Prairies (\$600). Quebecers paid the largest amount for legal fees at \$750.

Source: Canada Mortgage and Housing-Levies, Fees, Charges, Taxes and Transaction Costs on New Housing

Impaired Driving

- **Of all the provinces, British Columbia had the third-lowest impaired driving rate in 1997.** Impaired driving traffic offences totalled 263 per 100,000 population, with the majority (235) of incidents involving the operation of a vehicle while having a blood alcohol content over 80 milligrams. Ontario had the lowest rate of 196 followed by Newfoundland at 250. The highest rates are found in the Yukon (1,089) and Saskatchewan (960).

Source: Canadian Centre for Justice Statistics

Student Loans

- **The estimated typical living costs for an eight-month college or university program in 1996 was between \$10,000 and \$13,000 for a student living away from home.** Students living with parents were able to reduce the school term living costs to between \$3,400 and \$6,400. Based on a four-year program, costs can exceed \$50,000 for someone living away from family, and \$25,000 for students living at home.

Did you know...?

The last thing the Grinch takes out of the Who refrigerator?...A can of Who hash!

In constant 1995 dollars, the average student loan owed at the time of graduation with a bachelor's degree amounted to \$5,800 in 1982. By 1986, this increased to \$9,000, and in 1995, the average owed was \$13,300. Relative to other graduating classes, the class of 1995 (from which this study was done) borrowed the most from the student loan program. Within two years of graduation, one student in 20 graduating in 1995 defaulted on their loans while more than 5 in 20 had repaid their debt in full.

Source: SC, Social Trends Catalogue 11-008 XPE

Net Debt

- **In 1997, the general government net debt in BC was \$7.5 billion, or \$1,904 per person.** Total liabilities for the general government sector (government ministries, departments and agencies, including some not reported in the consolidated revenue and expenditure fund) were \$69.8 billion, but these were offset by financial assets of \$62.3 billion.

Alberta (\$1,427) was the only province with a lower per capita net debt. The two territories both had more assets than liabilities (there was a net surplus of \$5,969 per person in Yukon and \$1,162 in NWT). In the rest of the country, per capita debt levels ranged from \$7,397 in New Brunswick to \$14,018 in Newfoundland. The average for all provinces and territories was \$8,084—four times the debt load in BC.

Source: Statistics Canada, FMS data

Note to Readers

Net debt figures published by Statistics Canada are based on information in public accounts, budgets and other documents provided by provincial governments. However, the definition of the government sector used by Statistics Canada is broader than that commonly used by provincial governments, and the figures have been adjusted to be consistent with Statistics Canada definitions.

Commodity Sales

- **Canadians spent \$237.9 billion at retail stores in 1997.** A new quarterly retail commodity survey released by Statistics Canada indicates the automotive sector (28.1%) made up the largest amount of consumer purchases. Food and bev-

erage (24.5%); all other goods and services (17.6%); footwear, clothing and accessories (9.6%); home furnishings and electronics (7.1%) were areas of major consumer expenditures.

Source: Statistics Canada

Human Development Index

- **The 1995 Human Development Index (HDI) ranked Canada (0.960) in first place, followed by France (0.946), Norway and the US (0.943) for the industrial countries.** The HDI measures a country's overall achievements in the dimensions of longevity, knowledge and a decent standard of living. Wide disparities in human development range from Sierra Leone (0.185) in the lowest category, to Zimbabwe (0.507) in the medium category.

The world has the resources to eradicate the worst forms of poverty from the planet. It is estimated the total yearly investment to achieve basic education, health, nutrition, family planning and safe water and sanitation for all is roughly \$40 billion or 0.1% of world income. By comparison, the annual expenditure of the cosmetic industry in the US is \$8 billion; perfumes in Europe and US total \$12 billion; cigarettes in Europe, \$50 billion; narcotic drug sales in the world are valued at \$400 billion; and worldwide military spending is estimated at \$780 billion.

Source: United Nations Development Program, 1998

Seasons Greetings

We at BC Stats wish you a Merry Christmas and Happy New Year. The next issue of Info-line, on December 31, will include the 1998 report index. Highlights will resume on January 8, 1999.

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Half a Century of British Columbia Exports, from British Empire to the United States and Asia

Contact: George Dufour / (250) 387-0376

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

During much of its early history British Columbia depended on countries and colonies of the British Empire for its export markets. The United Kingdom was especially important in the early years as the province's largest single export market.

In 1939, as the Second World War was breaking out in Europe, 39 per cent of British Columbia's exports went to the United Kingdom, and another 12 per cent went to other Commonwealth countries or colonies – a combined total of 51 per cent going to what the official statistics of the day listed as 'British countries'. Exports to the United States in the same year amounted to 34 per cent of the total.

Commonwealth/Empire trade was built on extensive commercial contacts established throughout the British Empire. Later, it was strengthened by a series of Commonwealth Preferential Trading Agreements producing a type of informal trading block.

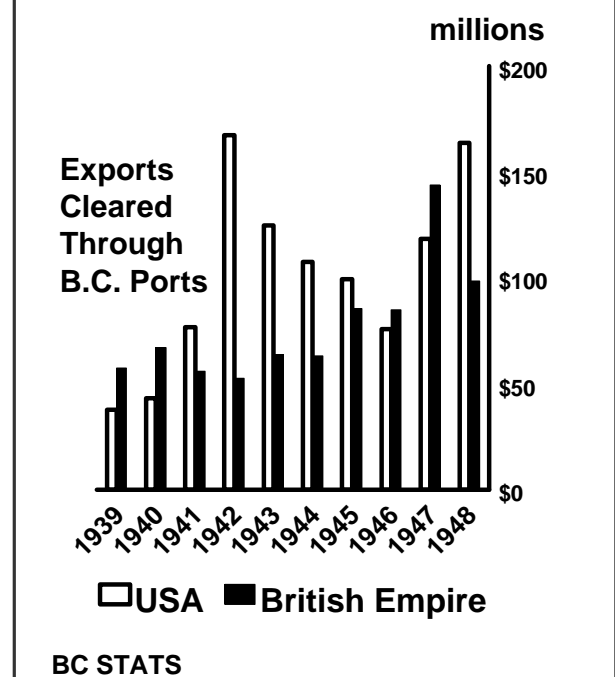
On the whole, this system seems to have served Canada well. The Dominion Bureau of Statistics (long since renamed Statistics Canada) noted in their 1948-1949 Canada Year Book that, 'prior to the War of 1939-45, Canadian exports to the United Kingdom were, normally, twice the value of imports from that country. Under the conditions of currency convertibility prevailing before the War, the surplus on United Kingdom account more than financed the deficit on United States account.'

For British Columbia, the trade picture changed rapidly over the course of the War. During 1940, 1941 and 1942, exports to the United States accelerated. By 1941 they exceeded those to the United Kingdom by 83 per cent. In 1942 they shot up very quickly to levels more than three times the value of exports to all British Commonwealth destinations, including the United Kingdom.

After 1942, exports to the United States fell back steadily for four consecutive years, as exports to

the United Kingdom and other Commonwealth destinations were again rising.

In 1940s British Empire Ceases to Be Most Important Export Market for B.C.



Shipments to Commonwealth countries, and particularly to the United Kingdom, continued to rise sharply in the immediate post war period of 1946-1947. One of the main reasons was a Canadian government agreement to extend \$1.25 billion in credit to the United Kingdom for purchases of Canadian goods and services needed for post war reconstruction. This agreement helped push the value of British Columbia exports to Commonwealth and Empire back above the value of exports to the United States in 1946 and 1947.

But this was the last time that Commonwealth ties would be a critical factor in British Columbia's export trade. By the mid 1950s the United States was again firmly established as the province's most important export market, and has remained so ever since.

In 1956, 74 per cent of provincial exports were destined for the United States, more than four times what was being shipped to all 'British countries' combined. The American market was beginning a long period of post war prosperity producing rapidly growing demands for raw materials and food products abundant in Canada.

These demands reconfirmed the then existing belief in Canada that selling natural resource commodities to the world in exchange for manufactured products was the country's natural role in international trade, and the best means of guaranteeing its high standard of living.

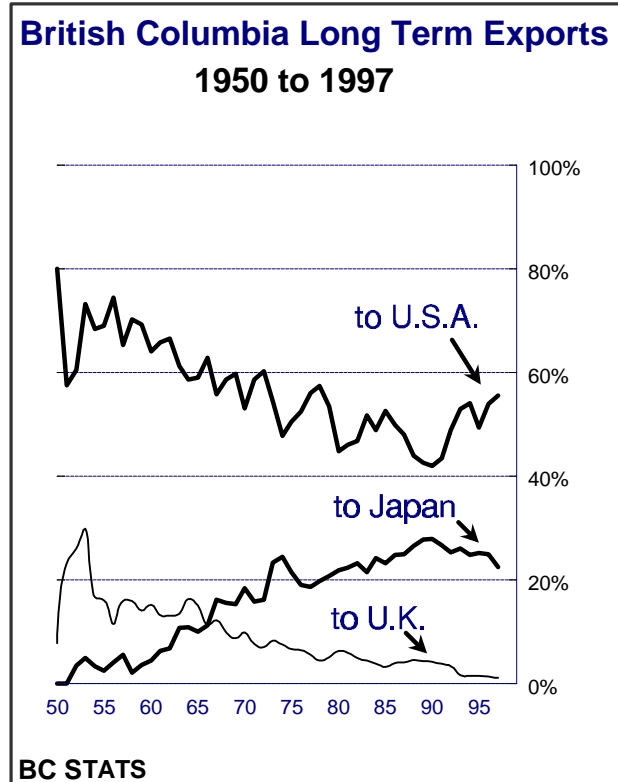
The Dominion Bureau of Statistics declared in 1950 that, 'Canada, with a small population in relation to vast natural resources, has found it profitable to specialize in the production of (natural resource) goods for export and in this way to obtain the means of payment for the heavy importation of commodities, the domestic supplies of which are lacking or insufficient for the country's high standard of living. Large investments on plant and equipment have been combined with Canadian skills and natural resources to produce a relatively small number of more or less basic commodities on a scale very much larger than domestic markets can absorb, even at the low costs thereby achieved.'

Since then, exports of natural resource commodities have become far less important for Central Canada at least. But for British Columbia and some other provinces, heavy reliance on natural resource exports has persisted to the present, although it has been slowly but steadily reduced during the 1990s.

Recently, the arrival on world markets of competing low cost resource commodities from third world countries has imparted a greater urgency to this process, accentuating the need to diversify into a wider variety of secondary manufacturing activities.

One of the historical reasons British Columbia exports have continued to be heavily concentrated in raw and semi-processed resource products is that a lucrative new market was found for these commodities during the late 1950s and

early 1960s. With its post war reconstruction well under way, Japan was emerging as the first Asian economic miracle, and developing a powerful appetite for resource products in the process.



The Japanese economy absorbed ever increasing volumes of forestry, mineral, and fish products from British Columbia through the 1960s, 1970s, and 1980s. British Columbia exports to Japan grew even faster than exports to the United States.

The result was that the portion of total provincial exports destined for Japan increased steadily over those years, as the portion (but not the volume) destined for the United States shrank. This trend continued for 40 years up to the collapse of the Japanese bubble economy in the early 1990s. The Japanese bound portion of total provincial exports rose from 4 per cent in 1956 to 28 per cent in 1990, as the U.S. portion fell from 75 per cent to 42 per cent.

More recently this trend has reversed. Since the early 1990s, the Japanese economy has been plagued by difficulties that have all but stifled economic growth. This has been reflected in British Columbia exports to Japan, particularly in the second half of this decade. The dollar value of

provincial exports to Japan fell from a high of \$6.8 billion in 1995 to \$6.0 billion in 1997. In September year to date it was down 32 per cent from the same months of 1997. The portion of total British Columbia exports shipped to Japan decreased from 28 per cent in 1990 to 22 per cent in 1997. It then shrank to 17 per cent in the September year to date period of this year, as the 'Asian flu' economic crisis took hold.

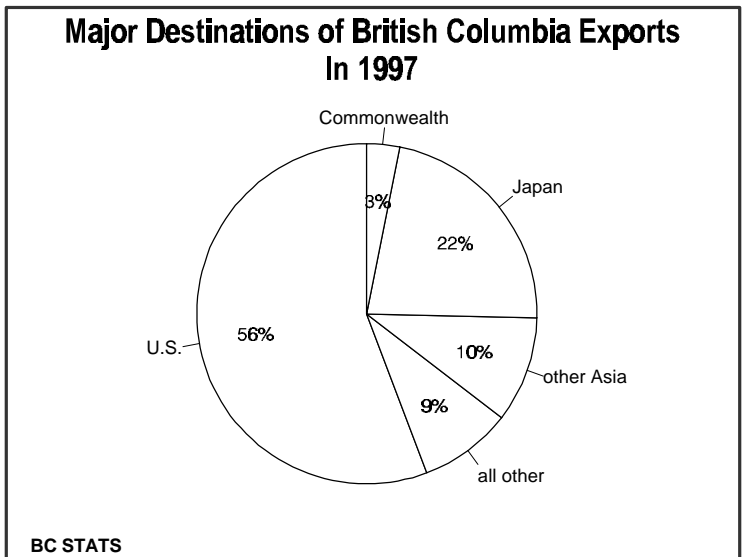
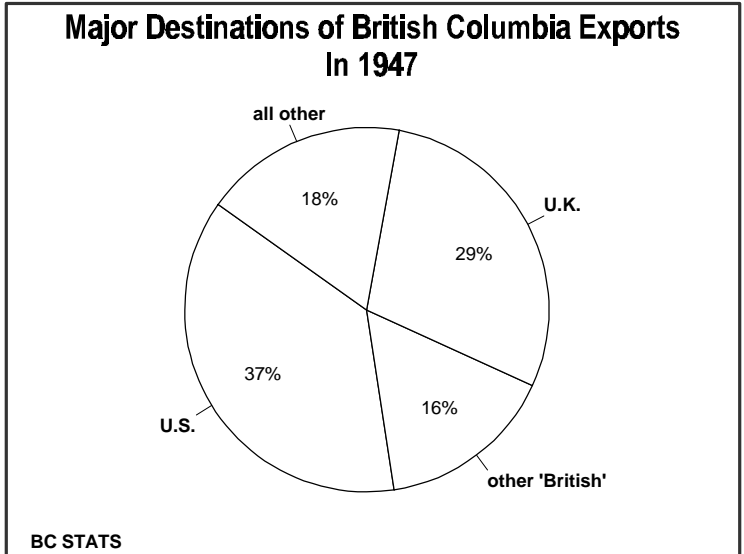
While exports to Japan have slowed during the 1990s, exports to the United States have more than doubled, rising from \$7.0 billion in 1990, to \$14.9 billion in 1997. U.S. demand for B.C. exports has been bolstered by a long period of economic expansion in this decade, a highly valued U.S. dollar, and the trade liberalising effects of the North American Free Trade Agreement. All these factors and more have worked to swing British Columbia's export focus away from Japan and back toward the United States.

Increases in exports to Asian countries other than Japan have provided only a very slight offsetting effect to export losses in the Japanese market. Between 1990 and 1997, exports to these other Asian markets grew from 9 per cent to 10 per cent of total British Columbia exports, while exports to Japan shrank from 28 per cent to 22 per cent.

All Asian markets have suffered serious setbacks from the 'Asian flu' economic crisis that struck the region in late summer of 1997.

Although it is difficult to predict with certainty when the Japanese and other Asian economies will regain their former strength, there is little doubt that they will eventually recover, hopefully on a more stable economic footing. When they do, British Columbia's exports to that region will begin to grow again.

But it is not clear how much this will reverse the 1990s trend to greater concentration of provincial exports in the American market. Growth in Asia will automatically stimulate demand for resource commodities, but not just from British Columbia. Other resource producing provinces and countries can be expected to compete strongly in any reviving Asian markets, and may well win market share from British Columbia producers.



British Columbia exports to the United States will continue to be encouraged by the North American Free Trade Agreement, and by the continued diversification of the provincial economy into more secondary manufacturing activity. British Columbia producers of secondary manufactured goods have so far relied mainly on the United States for their export markets. Overall there has been with very little penetration of Asian or European markets. In all likelihood this will remain the pattern for some time, so that continued diversification of the provincial economy is likely to depend very heavily on maintaining open and relatively congenial trade relations with the United States.



Seasons Greetings



From all the staff at BC STATS a Merry Christmas and best wishes for the New Year to you and your family.

Infoline

December 24, 1998

fax transmission information service from **BC STATS**

also on the Internet at <http://www.bcstats.gov.bc.ca>



BC at a glance . . .

POPULATION (thousands)		
	Oct 1/98	% change on one year ago
BC	4,021.3	0.9
Canada	30,381.1	0.9
GDP and INCOME		
(BC - at market prices)	1997	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	109,347	3.3
GDP (\$ 1992 millions)	98,201	2.2
GDP (\$ 1992 per Capita)	24,775	0.1
Personal Disposable Income (\$ 1992 per Capita)	16,340	-2.3
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Oct	2,925	5.1
Merchandise Exports (raw) Oct	2,251	6.3
Retail Sales (seasonally adjusted) Oct	2,735	-3.3
CONSUMER PRICE INDEX		
(all items - 1992=100)	Nov '98	% change on one year ago
BC	109.9	0.2
Canada	109.0	1.2
LABOUR FORCE (thousands)		
(seasonally adjusted)	Nov '98	% change on one year ago
Labour Force - BC	2,065	1.9
Employed - BC	1,903	3.1
Unemployed - BC	162	-9.8
	Nov '97	
Unemployment Rate - BC (percent)	7.9	8.9
Unemployment Rate - Canada (percent)	8.0	9.0
INTEREST RATES (percent)		
	Dec 16/98	Dec 17/97
Prime Business Rate	6.75	6.00
Conventional Mortgages - 1 year	6.40	6.10
- 5 year	6.80	7.05
US/CANADA EXCHANGE RATE		
	Dec 16/98	Dec 17/97
(avg. noon spot rate) Cdn \$	1.5387	1.4228
US \$ (reciprocal of above rate)	0.6499	0.7028
AVERAGE WEEKLY EARNINGS		
(industrial aggregate - dollars)	Oct '98	% change on one year ago
BC	623.55	1.5
Canada	608.83	2.0
SOURCES:		
Population, Gross Domestic Product, Trade,	} Statistics	
Prices, Labour Force, Earnings		} Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		

1998 Index

Next week's transmission, on December 31, will be a single page index of 1998 Infoline Report titles. Highlights will resume on January 8, 1999.

Released this week by BC STATS

- Exports, October 1998
- Business Indicators, December 1998
- Current Statistics, December 1998

Next week

- No subscription releases