

highlights

a weekly digest of recently released British Columbia statistics

Immigration

- **There were 9,290 immigrant landings in BC during the first quarter of 2001, an increase of 8.1% over the number who came to the province in the first three months of last year.** However, the proportion of immigrants to Canada who stated that BC was their destination dropped from 19% to 16% between the two periods. Despite this, BC was the second most common destination for immigrants, behind Ontario, which received 34,508 people, and ahead of Quebec where 8,062 landed. Canadian immigrant landings totalled 57,970 in the first quarter.

Most (54%) immigrant landings were in the Assisted Relatives or Other Independents classes, while 32% were in the Family class. BC was also the most popular province for business immigrants, although the number arriving under the Business Immigration Program has been declining recently. During the first quarter of 2001, BC attracted 29% of all entrepreneur immigrants and 22% of all investor/self-employed immigrants that came to Canada. By contrast, the province received a much lower share of refugees. During the first quarter of this year, 486 refugees arrived in BC, representing less than 7% of the total for Canada.

Asian immigrants represented 76% of all landings in BC, and the top five source countries were all in Asia. China Mainland provided the largest number of people, followed by India, Philippines, South Korea and Taiwan.

Source: BC STATS

The Economy

- **Manufacturing shipments in BC fell 0.5% between March and April (seasonally adjusted).** The drop in the value of shipments was the fourth in as many months. Shipments were down in six provinces including BC, with the larg-

est decreases seen in Saskatchewan (-7.2%), Alberta (-3.6%) and Quebec (-3.6%). Overall, Canadian shipments dropped 0.6%.

BC shipments of non-durable goods fell 5.0% in April, the largest decrease since October last year. The decline was largely due to a sharp drop in paper manufacturing (-11.8%), which was only partly offset by an increase in food shipments (+1.1%). The value of goods shipped by the clothing (-12.1%), leather and allied (-6.4%) and printing and related (-5.6%) industries also fell.

On the durable goods side, shipments rose 2.8%, ending a three-month long decline. Increases were seen in six of the major groups in this sector, including the largest industry, wood product manufacturing (+3.4%). Shipments also rose for transportation equipment (+9.6%), computer and electronic products (+5.1%) and electronic equipment, appliance and component manufacturing (+2.5%).

Source: Statistics Canada

- **Exports of BC products increased 27.3% year-over-year in April, mainly because international shipments of energy products jumped 304.6% as electricity and natural gas exports soared.** Energy exports topped the \$1 billion mark in April, accounting for nearly a third (31%) of the total. They typically make up about 10% of BC's exports. Increases were also seen in international shipments of agricultural and fishing products (+8.5%), consumer goods (+7.6%) and machinery and equipment (+6.6%). Forest products, which accounted for 40% of total exports, were down 4.4% in April. Automotive products (-11.2%) and industrial goods (-7.5%) exports also fell. Among the provinces, only Manitoba (-10.1%) and Newfoundland (-9.4%) recorded year-over-year declines. The greatest increases were seen in Alberta (+37.7%) and Nova Scotia (+28.4%), in both cases largely due to strong exports of energy

Did you know...

In the first five months of this year, there were 5.76 million visits made to BC provincial parks, down 1% from the same period last year. Only 5% of trips were made to campgrounds. The rest were day or boating trips.

products. Nationally, exports increased 8.9%.

Source: Statistics Canada

- **Total exports from the province for January to April this year were also up (+20.1%) compared to the same period in 2000.** Strong increases in exports of energy products throughout the first four months of 2001 (+232.1%) more than offset a 10.3% drop in international shipments of forest products. *Source: Statistics Canada*
- **British Columbia's retail sales fell for the second straight month in April, declining 1.0% (seasonally adjusted).** Across the country, sales were generally weaker in the east, falling in Newfoundland (-3.9%), PEI (-0.3%) and Nova Scotia (-0.3%). All other provinces, except BC, saw increased sales, with the strongest figures reported in Quebec (+3.9%) and New Brunswick (+3.7%). Nationally, sales rose 1.6%. *Source: Statistics Canada*
- **Wholesale sales in BC fell 1.5% in April (seasonally adjusted), dropping to \$3,182 million.** Sales were down in all regions except Saskatchewan (+1.8%), Prince Edward Island (+0.6%) and Nova Scotia (+0.5%). Nationally, sales fell 0.9% as declines were seen in most of the major trade groups. *Source: Statistics Canada*
- **The number of people receiving regular Employment Insurance benefits in BC increased 2.4% in April (seasonally adjusted).** The actual number of recipients rose to 55,500. Nationally, the number declined 1.2% to 495,720, as increases in six regions (+2.2%) were more than offset by declines in the rest of the country. The largest falls were reported in Alberta (-8.6%) and Ontario (-6.0%). *Source: Statistics Canada*

Nurses

- **The number of registered nurses in BC rose 0.6% between 1994 and 2000.** There were 27,730 RNs employed in the province, up from 27,575 six years earlier. However, the number of RNs has declined each year since 1997, and the RN to population ratio has remained below the national average over the entire period. In 1994 there were 73.8 nurses per 10,000 people in BC compared to a Canadian average of 80.3. Last year the number had fallen to 68.1 in BC and 75.4 nationally. Nunavut (33.3), BC and Ontario (69.7) had the

lowest ratios in the country, while NWT (102.7) and Newfoundland (100.2) had the highest.

The average age of nurses working in BC increased from 42.4 in 1994 to 44.4 last year. In both years, BC nurses were the oldest in the country. The average age has been rising in all regions, increasing from 41.4 to 43.4 at the national level. *Source: Canadian Institute for Health Information*

The Effect of Smoking on Life Expectancy

- **Smokers are far more likely to die prematurely than are non-smokers.** Of every 100 non-smoking men who were 45 years old in 1995, about 90 will survive to the age of 65, and 55 will live to celebrate their 80th birthday. Male smokers in the same age group have a much lower survival rate. Eighty out of every 100 will survive to the age of 65, but fewer than 30 are likely to become octogenarians. While women have a longer life expectancy than men, 70% of non-smoking women who were 45 years old in 1995 will survive to the age of 80, compared to just 40% of those who smoke. *Source: SC, The Daily*

Trade in Cultural Services

- **Canada exported nearly \$4.5 billion worth of cultural goods and services last year, but imported \$7.5 billion of books, newspapers, recordings, and other cultural goods and services.** Exports of cultural goods reached \$2.4 billion, slightly more than the \$2.1 billion in services sold to other countries. On the import side, the value of goods (\$4.8 billion) was nearly double the value of services (\$2.7 billion). The US is both our biggest customer (purchasing 94% of the cultural goods exported from Canada) and the main provider of cultural products. Last year, 83% of cultural goods imported into the country came from the States. *Source: SC, Catalogue 87-004-XPB*

highlights, Issue 01-25
June 22, 2001

We're Not Out of the Woods Yet!

Introduction

There has been much speculation in the last few years about the increasing employment and GDP associated with the service industries and the general decline in manufacturing and the traditional resource sectors, forestry in particular. While this is true to some extent and a long-term transition may be underway, it is far too soon to write off the forestry sector as a vital contributor to the provincial economy. It is the intention of this article to examine the provincial economy from an input-output (IO) perspective that takes into account the purchases that industries make from each other. For example, changes in lumber sales will have immediate (direct) effects on the sawmill industry, but also less immediate (indirect) effects on the logging industry, the transportation industry, and any other industries which provide inputs to the sawmill industry.

The Traditional Way

The standard way of looking at the economy is to assign GDP, employment or some other measure of activity to each industry as it occurs. This is the perspective taken by the BC Economic Accounts, and it is from this perspective that the observation is generally made that dependence on services is increasing while resource-based industries are in decline.

The IO Way

The IO way of looking at the economy is to assume that final demands are what drive the economy, and that industries that make the goods and services purchased to satisfy those final demands should be allocated to

the industry meeting the final demand. (In economics, the term "final demand" normally includes exports of both goods and services, personal expenditures by tourists, capital expenditures by business and government, and personal expenditures by residents.) When this is done in a consistent way, the results still add up to 100% but they are, in a sense, more meaningful because they take into account the dependence which industries have on each other. In simple terms, these results reveal that many of the service sector jobs would not exist without the resource industries.

It should be evident that the IO way of looking at the economy is very much "demand driven"—that is, we assume that demands are paramount and that all economic activity occurs in order to meet those demands. However, in recent times we have become more aware of "supply constraints"—there may be demands which cannot be met because there are not enough unharvested trees, or not enough fish in the sea. From our demand-based perspective logging is dependent on demand for logs, either as exports or from the wood-processing industries. The alternate supply-side view would be that sawmills are dependent on logging for the supply of raw materials. However, whichever way this dependence is viewed, the fact remains that these industries depend on each other and neither can exist independently. Perhaps more to the point, the transportation activities that move raw materials to factories and manufactured products to markets cannot occur without those products, and we are certainly nowhere near the point where manufacturing activity is constrained by "shortages" of transportation services.

Some Results

The table below shows the 1996 percent share of provincial GDP and jobs attributable to the integrated forest sector (logging, lumber, value-added, pulp and paper) depending on the attribution assumption made. 1996 was selected because that is the most recent year for which the required IO data is available.

	GDP	Jobs
Direct	9.2	6.7
Direct + Indirect	10.9	8.5
Direct + Indirect + Capital Expenditures	11.2	8.8
Direct + Indirect + Capital Expenditures + Spending of Incomes Earned	17.1	14.6

As noted earlier, the direct share is based simply on activity in the industry itself. The indirect share also counts those activities which supply goods and services to the direct activity; for example, the transportation services that move raw fibre to mills. The Capital Expenditures attribution allocates activities in manufacturing and construction resulting from capital spending by business to those industries doing the spending rather than the industries providing the services or equipment. With this re-allocation, manufacturers of logging equipment become part of the forest sector. Finally, the "Spending of Incomes Earned" allocates activities resulting from spending by residents to the industries in which they earned the income. One implication of this is that employment and GDP generated by millworkers who take their vacations in BC is allocated, not to the tourism sector, but to the forest sector. However, using the same reasoning, the

employment and GDP generated by the hotel manager who buys lumber to build a deck is allocated not to the forest sector, but to tourism.

It is important to note that these re-allocations do not necessarily make the share increase for all industries given that the percent shares will always have to add up to 100 for the entire economy. For example, in going from Direct to Direct + Indirect, the forest sector gains some activity because of the purchases it makes from other industries (such as the chemicals bought by the pulp and paper mills), but it also loses some activity because of the goods and services which it provides to other industries (such as the lumber used for residential construction in BC)—it's just that the former outweighs the latter. The same kind of reasoning applies to the other reallocations—in each case something is gained and something is lost—it just happens that in the case of the forest sector what is gained through reallocation exceeds what is lost.

The figures in the final row of the table mean that one of out every 7 jobs in the province is strongly dependent on the forest sector, and one in every \$6 of GDP is similarly dependent.

Some Historical Results

In 1990 a similar study was carried out by BC Stats, using the IO model available at that time. This model was based on data for the year 1984. It is interesting to compare the results from that study with the situation in 1996, the most recent year for which we have data. Unfortunately, the earlier study did not reallocate Capital Expenditures, so the only comparison we can make excludes this re-allocation. The following table displays both 1996 and 1984 (in parentheses) percent shares for the forest sector under three different allocation assumptions.

Forest Sector Impacts	GDP	Jobs
Direct	9.2 (8.2)	6.7 (7.6)
Direct + Indirect	10.9 (10.4)	8.5 (9.4)
Direct + Indirect + Spending of Incomes Earned	16.5 (16.2)	14.0 (15.4)

In the above table, the Direct share is just a measure of the amount of in-industry activity. The Total share is estimated after all of the re-allocations suggested by the IO way of describing the economy. This can be confirmed by examining the numbers in the Forestry row and comparing with the figures in the table on Page 2.

The figures in the above table show that:

- (1) Shares of employment have fallen from 1984 to 1996 for all reallocation assumptions whereas GDP shares have risen over the same period. This probably reflects the technological shifts in the industry which result in fewer jobs but relatively higher wages.
- (2) Even though job shares have declined, the decrease is probably less than many people would have thought.

It can be seen from the above table that the resource sectors increase significantly under this perspective; Tourism essentially holds its own with respect to GDP and loses some ground in the share of employment, and High Tech's shares are reduced because the services that it provides to other industries meeting final demands outweigh the purchases that it makes from other industries in order to deliver its own products to final users. In effect, this analysis views High Tech more as a process that supports other industries rather than a producer of final products itself.

Other Industries

The research on which these results are based was carried out for all industries in the BC economy. There is not space in this brief article to present and discuss them all, but the following table may be of interest for comparison with the forest sector.

Sector	GDP		Jobs	
	Direct	Total	Direct	Total
Mining & Minerals	3.2	5.7	1.2	4.3
Tourism	4.8	4.8	6.8	5.5
High Tech	4.8	2.5	5.6	2.6
Forestry	9.2	17.1	6.7	14.6


Further Work

It may be thought that this research has considered all possible re-allocations of activity. However, in fact there are a least two more ways in which the economy can be “shared out” to the industries that comprise it.

The first of these is one that may not be evident from the foregoing discussion. The IO database and model value all commodities at “producers’ prices” and one implication of this is that the natural way of looking at the economy from an IO perspective allocates the trade and transportation margins associated with the delivery of final products to the trade and transportation industries. But it is certainly arguable that these “downstream marginal activities” should be allocated to the industries that produce the products in the first place.

The second of these is that the public sector, including government and public health and education, make up a significant share of the economy by any of the measures discussed. (Roughly, 16% of both employment and GDP directly, and approximately 37% when the total shares are evaluated as proposed in this article.) But these activities are funded at least partially by taxes paid on incomes earned in industries which meet final demands. It should be possible to allocate to those industries the public sector activities which are funded by them.

Further research will examine these issues.

 fax transmission information service from **BC STATS**

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

<h2>BC at a glance . . .</h2>		
POPULATION (thousands)		% change on one year ago
	Jan 1/01	
BC	4,077.4	0.7
Canada	30,714.7	0.9
GDP and INCOME		% change on one year ago
<i>(BC - at market prices)</i>	1999	
Gross Domestic Product (GDP) (\$ millions)	118,783	4.2
GDP (\$ 1992 millions)	104,323	2.1
GDP (\$ 1992 per Capita)	25,899	1.3
Personal Disposable Income (\$ 1992 per Capita)	16,700	0.0
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Dec	3,155	-4.9
Merchandise Exports (raw) Apr	3,330	27.3
Retail Sales (seasonally adjusted) Apr	3,072	4.6
CONSUMER PRICE INDEX		% change on one year ago
<i>(all items - 1992=100)</i>	May '01	
BC	115.6	2.5
Canada	117.4	3.9
LABOUR FORCE (thousands)		% change on one year ago
<i>(seasonally adjusted)</i>	May '01	
Labour Force - BC	2,118	1.0
Employed - BC	1,974	1.2
Unemployed - BC	144	-0.7
		May '00
Unemployment Rate - BC (percent)	6.8	6.9
Unemployment Rate - Canada (percent)	7.0	6.7
INTEREST RATES (percent)	June 20/01	June 21/00
Prime Business Rate	6.25	7.50
Conventional Mortgages - 1 year	6.70	8.10
- 5 year	7.75	8.45
US/CANADA EXCHANGE RATE	June 20/01	June 21/00
<i>(avg. noon spot rate) Cdn \$</i>	1.5308	1.4730
<i>US \$ (reciprocal of the closing rate)</i>	0.6518	0.6788
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	May '01	
BC	649.78	2.2
Canada	635.08	3.8
SOURCES:		
Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate	} Statistics } Canada	
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm		

Released this week by BC STATS

- Consumer Price Index, May 2001
- Immigration Highlights, First Quarter 2001

Next week

- Business Indicators, June 2001
- Current Statistics, June 2001
- Migration Highlights, First Quarter 2001