BRITISH COLUMBIA

BC STATS Infoline

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highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's unemployment rate rose slightly, to 7.2% in July (seasonally adjusted).** The increase occurred due to a combination of a rise in the number of people in the labour force (+0.1%), and a fall in the total number employed (-0.1%).

  Across the country, unemployment rates rose in six of the ten provinces. The largest jump was posted in PEI (+1.6 percentage points to 11.6%), followed by New Brunswick (+1.4 percentage points to 11.9%). The province with the lowest unemployment rate, Alberta, saw a decline last month as a 0.5% contraction in the labour force more than offset a 0.4% fall in employment, to reduce the unemployment rate to 4.4%. Nationally, the jobless rate remained unchanged at 7.0% for the fifth straight month. *Source: Statistics Canada*

- **Women in the province bore the brunt of July's higher unemployment rate.** The jobless rate for women rose to 6.7% last month, largely because the number of women in the labour force grew 0.9%, while there was no corresponding increase in employment. The number of women with jobs was unchanged from June. In contrast, the male unemployment rate fell to 7.7%. This occurred because a 0.5% decrease in the number of men available for work was more than enough to offset a 0.2% fall in employment. *Source: Statistics Canada*

The Economy

- **The value of building permits issued by BC municipalities fell for the second straight month in June.** Total permits decreased 9.2% to $416.4 million, as declines were registered in both the non-residential (-11.3%) and residential (-7.5%) sectors. The fall in the non-residential permits occurred despite a rise in the largest component of the non-residential sector, commercial permits (+1.2%), which was more than offset by decreases in both industrial (-26.4%) and institutional (-24.8%) permits. Compared to the first six months of the previous year, however, building permits in BC were up 18.7%, with gains posted in both the residential (+27.1%) and non-residential (+10.4%) sectors.

  Nationally, the value of building permits rose slightly (+0.2%) in June, as gains were posted in four regions. The greatest increase by far was in PEI (+1,145.7%), however, the value of permits in that province accounted for only 1.7% of the national total of $3.3 billion. NWT saw an increase of 64.3%, followed by Manitoba (+12.7%), and Ontario (+12.6%). *Source: Statistics Canada*

- **Over the first half of 2001, BC municipalities issued $2.2 billion in building permits, up 18.6% compared to the first six months of last year.** The rise came as an increase was posted in both the residential (+27.1%) and non-residential (+10.3%) sectors. Institutional permits made the greatest gains (+46.7%) in the non-residential area, although commercial (+0.4%) and industrial (+0.2%) permits also increased slightly. Nationally, permits rose 9.1% to $10.9 billion between January and June this year compared to the same period in 2000. *Source: SC Catalogue 64-001*

- **New housing prices continued to rise in Vancouver and Victoria in June, suggesting that the long running downward trend may finally be coming to an end.** The new housing price index rose 0.4% (year-over-year) in Vancouver to 83.6 (1992=100), the second straight month to see a rise. The increase occurred as the cost of contractor's selling prices rose (+0.4%). Land prices in the city remained unchanged. New housing in Victoria also increased (+0.4%) for the fourth consecutive month.

Report Attack of the Canadian Tomatoes

Did you know...
Last year British Columbian chickens produced 65.2 million eggs; 12% of the national total.

Of the 21 urban areas surveyed in Canada, only one, Sudbury-Thunder Bay, saw a fall (-1.3%) in the cost of new housing in June. The largest increase occurred in Ottawa-Hull (+14.6%), followed by Montreal (+5.8%). Nationally, the cost of new housing rose 2.9% compared to the previous year.
Statistics Canada

- **BC's help-wanted index (1996=100) fell 1.6% in July (seasonally adjusted and smoothed).** The index, compiled from the number of help wanted ads in 22 newspapers in 20 major metropolitan areas, gives an indication of companies' intentions to hire new workers. Declines were seen in seven of the ten provinces, with the largest drops posted in Quebec (-5.2%) and Ontario (-4.6%). Nationally, the index fell 3.7%. *Source: Statistics Canada*

Crime

- **A recent survey of British Columbians found they were more likely to be victims of violent and household crime (such as vandalism and theft), than people in the rest of he country.** There were 114 incidents of violent crime per 1,000 population aged 15 and over in BC in 1999; the highest rate in Canada. Similarly, the rate of household crimes was greater than in any other province at 319 per 1,000 households, compared to a national average of 218. Theft of household property in the province accounted for 103 incidents per 1,000 households, vandalism, 87, break and enter, 71 and motor vehicle theft, 58.

  Although British Columbians are more likely to be victims, they are no more likely than other Canadians to report the crime. In 1999, only 37% of victimization crimes in BC were reported to the police, the same as the national average. Victims in Manitoba were the most likely to seek police assistance (44%), followed by those in Saskatchewan (40%) and Alberta (39%).
  Source: SC Catalogue 85-553

- **Despite the higher than average incidence of violent crime in the province, British Columbians generally don't perceive BC as a high crime province.** In 1999, when questioned about how BC compared to other areas in Canada, most (55%) respondents (aged 15 and over) felt crime was lower in their neighbourhood than elsewhere in the country. Sixty-one percent of respondents in Victoria and 47% in Vancouver felt crime was lower than elsewhere in Canada. Also, the majority of people (51% in Vancouver and 62% in Victoria) felt that the local police were doing a good job in these cities. However, less than the national average (62%), felt that the police in Vancouver (49%) and Victoria (59%) were ensuring neighbourhood safety. *Source: SC Catalogue 85-554*

Family Income

- **The median income of families in Vancouver fell behind the national average in 1999.** Despite including an adjustment for inflation, Vancouver families saw their income decrease by 0.8% to $48,100, giving them $500 less than the national average of $48,600. In 1998, the national median income was $48,104, compared to $$48,511 in Vancouver. In Victoria despite falling by 0.2% in 1999, incomes were higher than the Canadian median value by $4,100. Across the country, the highest median incomes were found in Oshawa ($62,500) and Windsor ($62,400). The income of lone parent families was consistently lower than that of families across the country, although single parents in Victoria and Vancouver enjoyed a higher than average income. The national median income for a lone parent was $23,400 in 1999, compared to $26,500 in Victoria and $25,300 in Vancouver.
  Source: SC Catalogue 13C0016

Alcohol Sales

- **British Columbians are spending more on alcohol.** Sales of alcohol rose 3.4% to $4.9 million in the three months ending June 2001, compared to the same three months last year. The largest increase was seen in sales of imported beer, particularly from the US (+230.4%), although sales of beer from Holland (+25.7%), Germany (+22.7%) and Mexico (+15.0%) were also up. Receipts from wine rose (+4.0%), while sales of spirits remained unchanged. The only alcoholic drink to experience a reduction in sales was cider (-7.9%).
  Source: BC Liquor Distribution Branch

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Attack of the Canadian Tomatoes

The trade dispute between Canada and the United States over softwood lumber exports has been well documented, but is only one of several thorny issues facing Canadian exporters. Another battleground in Canada/US trade is the greenhouse tomato industry. American greenhouse tomato growers are making claims that their Canadian counterparts are **dumping** under-priced tomatoes on the American market. A coalition of greenhouse tomato growers in the US has petitioned the US Department of Commerce to impose a duty on Canadian exports of greenhouse tomatoes. The American industry alleges that Canadian greenhouse tomato producers are selling their wares in the US at prices below production cost and that this is inflicting material injury upon the US industry.

Dumping – sale of goods in a foreign market at prices less than received in domestic markets, or below the cost of producing the goods

The US International Trade Commission has ruled that there is a reasonable indication that imports of Canadian greenhouse tomatoes are causing material injury to the American greenhouse tomato industry. As a result, the US Department of Commerce will initiate a formal antidumping investigation.

The title of this article aside, this potential trade action is no joke to Canadian tomato producers. Spurred on by consumer demand, the greenhouse tomato industry has expanded rapidly, particularly in British Columbia and Ontario, and has become a multi-million dollar industry.

When is a tomato not just a tomato?

One sticking point in the dispute is whether tomatoes grown in a greenhouse should be grouped together with field tomatoes. Canadian tomato growers have argued to the US Department of Commerce that the merchandise subject to investigation should include all tomatoes, fresh and chilled, regardless of whether they were grown in a greenhouse or outside in a field. They suggest that greenhouse tomatoes must compete alongside those grown in a field and therefore pricing of field tomatoes affects that of the greenhouse variety.

The American greenhouse tomato growers have made a compelling argument that tomatoes are all not made the same and cannot simply be compared regardless of how they are grown. They say that there are differences not only in production, cost, pricing and marketing, but also physically. Basically, they argue that the higher cost of production, and consequently higher price of the product, have to be justified in order to market the greenhouse variety of tomato. In essence, the tomatoes sell despite their higher price because they are better tasting and are grown using fewer (if any) pesticides and other noxious chemicals. This, in effect, differentiates them sufficiently from field-grown tomatoes such that they should be classified separately.

However, while it may be true that greenhouse tomatoes and field tomatoes are different, it does not necessarily follow that the quantity and price of field-grown tomatoes do not affect those grown in a greenhouse. If high quantities of field tomatoes flood the market driving prices down, it is not only possible, but also highly likely that some substitution effects will occur. In other words, the price differential between field tomatoes and greenhouse tomatoes will lead some consumers to decide that the merits of the greenhouse variety do not justify the added cost and those consumers will choose instead to buy the field type. As a result, the reduced demand for greenhouse tomatoes will inevitably drive down the price. This, in essence, is the claim of Canadian tomato growers who charge that the Americans are growing tomatoes in such large volumes that it has driven the price down. In fact, Canadian producers have suggested that perhaps Canada should investigate the American field tomato industry for dumping their products on Canadian markets.

Substitution effects mean that despite their differences, field and greenhouse tomatoes still have to compete in the marketplace

Just what is so different about a greenhouse tomato?

In British Columbia, the largest organised group of greenhouse vegetable growers (and in fact, the largest in North America) is the BC Hot House Growers' Association, which has over 55 members.[1] Members of this association market their produce under the BC Hot House brand label.

Hot House tomatoes are grown in glass-covered structures of aluminum and steel in which every aspect of the plant's growth is controlled, from the amount of heat and light to which it is exposed, to the amount of nutrients it gets. One of the selling points for consumers is that these tomatoes are grown without using herbicides and minimal use of pesticides. Herbicides are not necessary because the plants are not grown in dirt, but rather use hydroponics, and therefore weeds are not a problem. Pesticides are used very rarely because most pests are taken care of using natural predators like ladybugs and wasps.

While this method of growing tomatoes tends to produce a better crop yield and, according to many consumers, tastier tomatoes, it is also a more intensive process, and therefore more expensive, which is why greenhouse tomatoes are generally priced significantly higher than field tomatoes.

[1] BC Hot House Growers' Association web site (http://www.bchhga.bc.ca).

Greenhouse tomatoes are a growing industry

In 2000, in British Columbia, the total value of greenhouse tomato production was $73.6 million.[2] For Canada as a whole, the value was $287.7 million. This industry has undergone rapid growth in the last several years and exports have followed this trend.

Exports of Tomatoes to the U.S.

	British Columbia		Canada	
Year	Quantity (Millions KG)	Value Cdn $Millions	Quantity (Millions KG)	Value Cdn $Millions
1988	2.1	$2.7	3.3	$4.3
1989	1.0	$1.3	1.1	$1.3
1990	1.5	$1.6	3.1	$3.9
1991	1.2	$2.2	2.7	$5.2
1992	3.2	$4.0	5.2	$6.8
1993	2.7	$4.9	4.7	$8.3
1994	3.7	$7.5	7.7	$14.4
1995	3.9	$9.2	11.7	$24.6
1996	6.2	$17.9	21.8	$53.0
1997	10.2	$25.5	37.5	$84.6
1998	19.6	$53.2	61.7	$153.0
1999	29.4	$70.6	79.6	$180.1
2000	38.8	$98.2	101.4	$244.0

Source: Statistics Canada

An expanding greenhouse industry combined with soaring demand in the US for greenhouse tomatoes has led to substantial growth in tomato exports to the US

Exports of tomatoes to the United States from BC have skyrocketed from less than 2 million kilograms (kg) in the early nineties, to just under 39 million kg in 2000. The growth of exports from Canada as a whole is even more phenomenal, from around 3 million kg to 101 million in 2000. Although export data specifically related to tomatoes grown in greenhouses is not available, the majority of the tomatoes exported, particularly from BC, are greenhouse grown. There were 37.7 million kg of greenhouse tomatoes produced in BC in 2000, compared to only 1.1 million kg of field tomatoes.[3] The comparable Canadian figures are 182.4 million kg of greenhouse tomatoes and 519.2 million kg of the field variety, of which almost 99 percent were grown in Ontario. Ontario was also responsible for 72 percent of Canadian greenhouse tomato production.

Note that data on tomato production is based on surveys whereas export data comes from administrative sources. This is likely the reason why total BC tomato exports in 2000 exceed total production. In reality there was certainly domestic consumption of BC-grown tomatoes, but it was apparently a small portion of total production.

[2] Statistics Canada, *Greenhouse, Sod and Nursery Industries*, catalogue 22-202.
[3] Statistics Canada, *Greenhouse, Sod and Nursery Industries*, catalogue 22-202, and *Fruit and Vegetable Production, February 2001*, catalogue 22-003.

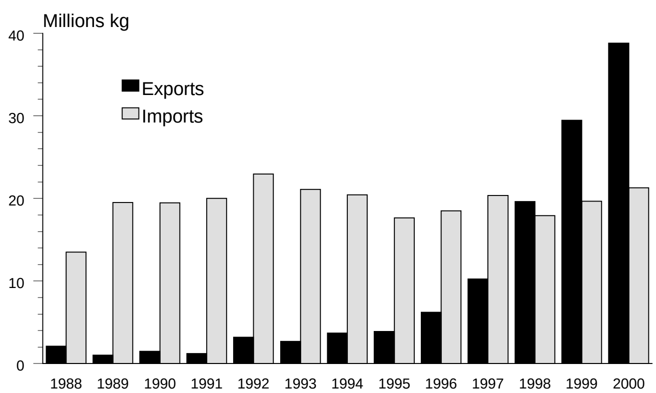
Despite the tremendous growth in tomato exports to the US, the amount of tomatoes imported into Canada from the US is still significantly higher. Over the last decade, annual imports of American tomatoes to BC have averaged around 20 million kilograms. The Canadian figure is approximately 130 million kilograms. In the last three years BC exports of tomatoes have exceeded imports giving BC a trade surplus with the US in tomatoes for the first time. Canada as a whole has always had a significant trade deficit with the US when it comes to tomatoes, at least in terms of quantity. This deficit has diminished rapidly in the last 10 years, from a peak of 134 million kg in 1992 to only just under 40 million kg in 2000.

Imports of Tomatoes from the U.S.

	British Columbia		Canada	
Year	Quantity (Millions KG)	Value Cdn $Millions	Quantity (Millions KG)	Value Cdn $Millions
1988	13.5	$12.0	110.9	$97.4
1989	19.5	$13.7	130.5	$107.1
1990	19.5	$11.3	119.4	$82.3
1991	20.0	$14.7	122.0	$105.6
1992	22.9	$21.2	139.2	$141.2
1993	21.1	$18.2	135.6	$128.7
1994	20.4	$18.2	129.1	$128.2
1995	17.6	$14.6	123.6	$121.7
1996	18.5	$14.4	124.1	$112.4
1997	20.4	$19.3	128.7	$136.3
1998	17.9	$22.9	115.8	$143.2
1999	19.7	$20.0	133.2	$138.4
2000	21.3	$25.1	141.0	$163.3

Source: Statistics Canada

BC tomato exports to the US have grown exponentially and now exceed imports



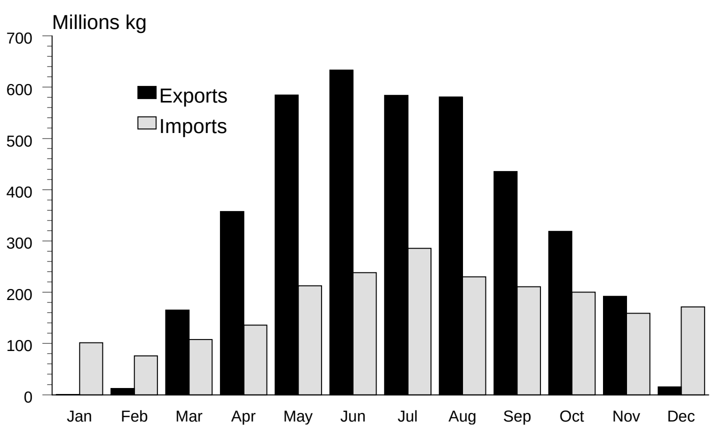
However, since Canadian tomato exports are mostly greenhouse-grown tomatoes, which are priced significantly higher than field-grown tomatoes, the balance of trade in tomatoes has been in Canada's favour for the last three years in value terms. Similarly, BC has had a trade surplus with the US in terms of the value of tomatoes traded for the last five years. The price difference is quite obvious if the value of exports and imports are divided by the respective quantities. In 2000, the unit cost (per kg) of BC exports to the US was $2.53, compared to $1.18 for imports from the US. Some of this difference is due to slight measurement differences in the value of exports versus imports (e.g., which transportation costs are or are not included), but, for the most part, the difference is due to the variation in quality.

Due to the price difference between greenhouse and field-grown tomatoes, Canada has a trade surplus in tomatoes with the US despite shipping fewer tomatoes south than are being shipped north

Tomato trade follows a seasonal pattern

The growing season for greenhouse tomatoes in BC is more or less yearlong, but the prime harvest months are in the summer. This fact is reflected in the seasonality of BC tomato exports to the United States. Imports from the US also follow a seasonal pattern, but to a much lesser extent. This is because most of BC imports come from California and Florida where the growing season is more evenly distributed throughout the year due to the warmer climate.

BC tomato trade with the United States is very seasonal



Trade in tomatoes follows the seasonal pattern of the tomato harvest

Tomato trade is restricted to a select group of states

British Columbia exports tomatoes all over the United States, but over 90 percent of them go to just five states: California, Washington, Connecticut, Texas and Florida. The distribution of states from which BC imports tomatoes is even narrower, with over 98 percent of imports to BC originating in either California or Florida. In fact, just under twice the quantity of tomatoes (by weight) were imported from Florida as all citrus fruit (for which Florida is famous) combined.

Top 5 US destinations for BC tomato exports, 2000

State	Quantity (Millions KG)	Value Cdn $Millions
California	15.0	$38.6
Washington	9.4	$27.8
Connecticut	6.9	$16.7
Texas	2.4	$4.6
Florida	1.3	$2.6

Source: Statistics Canada

Over 90% of BC tomato exports to the US go to just five states

Top 5 US origins for BC tomato imports, 2000

State	Quantity (Millions KG)	Value Cdn $Millions
California	13.7	$15.9
Florida	7.2	$8.5
Arizona	0.3	$0.4
Washington	0.1	$0.1
Oregon	0.02	$0.04

Source: Statistics Canada

Over 98% of BC tomato imports from the US come from either Florida or California

The US receives the bulk of Canadian tomato exports

Internationally, in 2000, Canada exported tomatoes to only four countries: the United States, Hong Kong, Japan and Cuba. BC exported only to the first three of those, and was the lone Canadian supplier to Hong Kong and Japan. BC was responsible for 38 percent of Canadian tomato exports to the US. For both BC and Canada as a whole, the United States represented 99.9 percent of the tomato export market, which underlines just how important this trade dispute is to Canadian tomato growers.

The United States is the destination of 99.9% of Canadian tomato exports

Canada is an important market for American tomato producers as well, as approximately 80 percent of all US tomatoes exported in 2000 headed to Canada.[4] Tomatoes exported to Canada amounted to approximately 10 percent of all American tomato production.[5]

[4] US Department of Commerce.
[5] Based on production data from the US Department of Agriculture National Agricultural Statistics Service.

BC tomato growers depend on the US market

Most greenhouse tomatoes produced in BC are exported to the US

For British Columbia tomato growers the American market is particularly crucial. The large majority of tomatoes produced in BC are exported to the US. If the American allegations were true and BC greenhouse tomato growers were dumping their produce in the US market at prices below the cost of production, this would mean that BC tomato growers would be losing money on virtually every tomato they sold.

Lower production costs give BC growers a competitive advantage

A more likely scenario is that greenhouse operators in BC have had a head start on their competitors south of the border and over time have developed efficiencies in their operations such that they have lower production costs than those relatively new to the industry. Also, the climate in BC, while mostly unsuitable for growing field tomatoes, is perfectly suited to growing tomatoes in greenhouses, which means BC growers achieve good crop yields at lower costs for environmental control. As a result of these lower production costs, BC growers have a competitive advantage and can afford to sell their produce at prices lower than their competitors.

American greenhouse tomato growers point to declining market shares, falling prices, and reduced profits as indications that the Canadian industry has been dumping its product in the US market and is inflicting material injury on the US industry. The Canadian industry claims that they are taking advantage of the North American Free Trade Agreement (NAFTA), using their competitive advantage to gain market share in the US. As for falling prices, the Canadians suggest that the abundance of field tomatoes grown in the US has driven prices down for tomatoes in general, including those grown in greenhouses.

While it is beyond the scope of this paper to determine whether or not Canadian greenhouse tomatoes are being dumped in the US market, common sense suggests that the industry could not survive if it was selling its product in its main marketplace at below the cost of production. Unfortunately, even if the US Department of Commerce finds that Canadian tomato growers are not dumping their produce in the US, the Canadian industry can not recoup its legal costs incurred in fighting this battle. This means that no matter what the final decision, Canadian greenhouse tomato growers will incur a financial loss. In the end, as is the case with most trade disputes, it will likely be the consumer that pays as costs endured by the producers are passed on in the form of higher prices.

Infoline

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BC at a glance . . .

POPULATION (thousands)	Apr 1/01	% change on one year ago
BC	4,087.2	0.8
Canada	30,949.9	0.9
GDP and INCOME		
(BC - at market prices)	1999	% change on one year ago
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.) May	3,043	-4.7
Merchandise Exports (raw) May	3,347	17.8
Retail Sales (seasonally adjusted) May	3,145	7.4
CONSUMER PRICE INDEX		
(all items - 1992=100)	Jun '01	% change on one year ago
BC	116.3	2.7
Canada	117.5	3.3
LABOUR FORCE (thousands)		
(seasonally adjusted)	Jul '01	% change on one year ago
Labour Force - BC	2,108	1.2
Employed - BC	1,955	1.2
Unemployed - BC	152	1.3
		Jul '00
Unemployment Rate - BC *(percent)*	7.2	7.2
Unemployment Rate - Canada *(percent)*	7.0	6.8
INTEREST RATES (percent)	Aug 8/01	Aug 9/00
Prime Business Rate	6.00	7.50
Conventional Mortgages - 1 year	6.45	7.90
- 5 year	7.75	8.25
US/CANADA EXCHANGE RATE	Aug 8/01	Aug 9/00
(avg. noon spot rate) Cdn $	1.5334	1.4850
US $ *(reciprocal of the closing rate)*	0.6515	0.6744
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Jul '01	% change on one year ago
BC	638.50	0.4
Canada	631.21	2.9

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

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Next week

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