

highlights

a weekly digest of recently released British Columbia statistics

Migration

- **Net migration to BC from all sources totaled 3,198 persons in the third quarter of 2001.** Despite this increase, there was a net outflow (-1,833) of people from BC to the rest of Canada. This was down from a net outflow of 3,470 in the third quarter of 2000. For the first time since late 1998, BC gained people (+119) from Ontario. However, the province continued to lose people to Alberta (-3,003). The main sources of interprovincial migrants were Saskatchewan (+360), Manitoba (+292) and Quebec (+227). International migration weakened in the third quarter, largely as a result of a drop in the number of non-permanent residents (-1,582), possibly stemming from the September 11th attacks. *Source: BC STATS*

Prices

- **BC's consumer price index (CPI) edged up 0.3% (year-over-year) in November, giving the province its lowest inflation rate in more than two years.** Energy prices were down 5.9% from their peak last fall. Excluding energy, the CPI increased a relatively modest 0.8%. Food prices (+3.7%) were the driving force behind this growth. Prices for products other than food and energy rose just 0.2%. The cost of transportation saw a 4.7% decline in November compared to the same month of last year, while shelter prices increased 1.0%. The inflation rate in both Vancouver and Victoria was 0.3%. Canada's inflation rate was 0.7% in November. *Source: Statistics Canada*

The Economy

- **Shipments by BC manufacturers fell 0.9% (seasonally adjusted) in October, marking the fifth straight monthly decline.** Shipments were down in 13 of the 19 industries for which BC

data is published. Durable goods manufacturers shipped 3.8% less than in September but shipments of non-durable goods were up 3.3%. The forest sector had mixed results. Wood shipments fell 7.6%, as the industry continued to be buffeted by mill closures and production cut-backs in the face of uncertainties around the softwood lumber dispute. However, the value of paper shipments was up (+9.8%) in October. Food shipments also rose (+4.3%). In other industries, computer products bounced back (+17.6%) after a dismal showing in August and September, but shipments of electrical and electronic products fell more than twenty percent (-21.6%) for the second month in a row. Canadian manufacturing shipments were down 2.9% in October, as shipments fell in six provinces. Manufacturers in Manitoba (+1.4%) and PEI (+1.1%) made modest gains. *Source: Statistics Canada*

- **Exports of BC products were down in October for the fifth straight month, falling to 14.6% below the October 2000 level.** The drop in the value of exports reflected widespread weakness in the province's export sectors. International shipments of forest products, BC's dominant export commodity, fell 10.3%. Energy (-35.3%), industrial goods (-29.9%) and automotive product (-25.4%) exports also plunged. However, consumer goods edged up (+0.8%), and exports of agriculture and fish products increased 21.3%. Canadian exports dropped 11.2% in October as exports slumped in most provinces. Newfoundland (-38.3%) and Alberta (-23.4%), where high energy prices had been fueling export growth, posted substantial declines. *Source: Statistics Canada*

- **Retail sales in the province rose 0.5% (seasonally adjusted) between September and October.** Canadian sales were up 1.7%, as

Did you know...

Santa will slide down (and up) about 1.3 million chimneys in BC on Christmas Eve. Besides leaving presents (or lumps of coal) in stockings and under trees, the jolly old elf will be kept busy drinking 303,000 litres of milk and sampling the more than 2 million cookies left out for him that night.

cash register receipts bounced back to pre-September levels in virtually every province. BC's 0.5% increase was the weakest in the country, but the province had fared better than other parts of Canada in September, when retail sales dropped 0.4% here and 1.5% nationally.

Source: Statistics Canada

- **Sales by wholesalers were 1.2% higher (seasonally adjusted) in October than in September.** Canadian sales fell 0.9%, largely due to weakness in Ontario and two of the three prairie provinces.

Source: Statistics Canada

- **Following strong growth in October (+4.7%, seasonally adjusted), department store sales in BC were flat (+0.1%) in November.** Across the country sales dropped 1.7% after the strongest performance this year in October (+5.4%). Throughout Canada sales were stagnant, with all provinces reporting low growth or declines.

Source: Statistics Canada & BC STATS

- **The number of British Columbians receiving regular employment insurance (EI) in October rose 2.7% (seasonally adjusted) to 62,180.** Across the country, the number of beneficiaries grew 1.3%. The largest increase was in Manitoba (+4.1%) whereas the largest decline occurred in Yukon (-7.3%).

Source: Statistics Canada

Crime

- **Canada was still a safer place to live than the United States in 2000, but Canadians were more vulnerable to property crime than Americans were.** The number of homicides in Canada in 2000 was 542 or 1.8 per every 100,000 people. In the United States there were 15,517 homicides or 5.5 per 100,000 people. Aggravated assaults (including attempted murder and assault with a weapon in Canada) were also more common in the United States, with a rate of 324 assaults per 100,000 people as opposed to 143 in Canada. On the other hand Canadians were more likely to be victims of break and enter, arson and motor vehicle theft. The rate of vehicle theft in Canada was 521 and only 414 in the US.

Source: Statistics Canada

- **BC's youth incarceration rate was the lowest in the country in 1999/2000.** On an average day, 1 out of every 1,000 youths in BC was incarcerated.

Source: Statistics Canada

Visitor Entries

- **In October, international visitor entries to BC continued to slump, falling 0.7% (seasonally adjusted).** Total entries from the United States declined 0.9% with same-day trips dropping 13.5%. Overnight visits from Americans gained 12.2% from September levels, but are still far below the monthly average for this year. International visitor entries remained flat (0.0%) with an increase from European countries (+3.7%) offsetting declines from both Asian (-3.5%) and Oceanic (6.1%) countries. Canadian re-entries continued to tumble, slipping 9.3%. Seasonally adjusted re-entries totaled just 526,000, the lowest number in over a decade.

Source: Statistics Canada

Letters to Santa

- **Children from across Canada are keeping the post office busy.** More than a million letters are mailed to Santa at his Canadian address (North Pole HOH OHO). About 16,000 volunteer elves help ensure that they all get a reply.

Source: Canada Post

The next issue of highlights will be released January 4, 2002.



Merry Christmas and Happy New Year from all of us at BC STATS!

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Is Trade Threatened by Security?

Canada and the United States share the longest undefended border in the world, but after the September 11th terrorist attacks in Washington and New York there has been a considerable increase in security measures related to movement between the two countries of both people and goods. This has resulted in long line-ups at border crossings and significant delays in the movement of merchandise. A recent anti-terrorist bill enacted by the United States that pledges to triple border patrols and customs and immigration officials at the Canada/United States border may help speed movement through customs, but crossing the border will inevitably be slower compared to the time prior to the attacks. This slowdown could have serious consequences for trade between the two countries.

Increased border security in the wake of the events of September 11th could threaten cross-border trade

Canada exported \$334.1 billion of commodities to the United States in 2000, and imported \$229.6 billion of goods from the US, for a gross trade value of \$563.8 billion. The British Columbia portion of this was \$22.2 billion in exports and \$13.3 billion in imports,¹ for a gross trade value of \$35.5 billion. For both BC and Canada as a whole, the United States is by far the largest trading partner, both for exports and imports.

Top 5 Export Destinations, 2000 (\$Cdn Billions)

From BC		From Canada	
United States	\$22.2	United States	\$334.1
Japan	\$4.8	Japan	\$9.1
South Korea	\$0.9	UK	\$5.4
China	\$0.7	China	\$3.3
Italy	\$0.6	Germany	\$3.0
Total	\$33.4	Total	\$385.4

The United States is the largest destination for BC and Canadian exports...

Top 5 Import Origins, 2000 (\$Cdn Billions)

Through BC		To Canada	
United States	\$13.3	United States	\$229.6
Japan	\$6.4	Japan	\$16.6
China	\$3.0	UK	\$13.0
South Korea	\$1.5	Mexico	\$12.1
Taiwan	\$1.0	China	\$11.3
Total	\$30.8	Total	\$356.8

...and the largest source of BC and Canada imports

¹ Imports to BC are goods entering the province, whether or not they are eventually consumed in BC.

The United States was the destination of 66% of British Columbia's goods exports in 2000. For Canada as a whole, the figure is even greater; 87% of commodity exports went to the United States. Imports from the US accounted for 43% of all imports into BC and 64% of all imports into Canada. Although British Columbia is not quite as reliant on trade with the United States compared to Canada as a whole, clearly transactions with the Americans are critically important to the economy of the province.

And contrary to President Bush's proclamation that Mexico is the United States' most important trading partner, Canada is the most significant destination for American exports and the largest source of imports into the US. In 2000, 23% of American exports were shipped to Canada and 19% of imports originated in Canada. In short, the United States is Canada's most important trade partner and Canada is the United States' most important trade partner.

The President got it wrong—Canada is the United States' most important trade partner

**Top 5 US Export Destinations & Import Origins, 2000
(\$US Billions)**

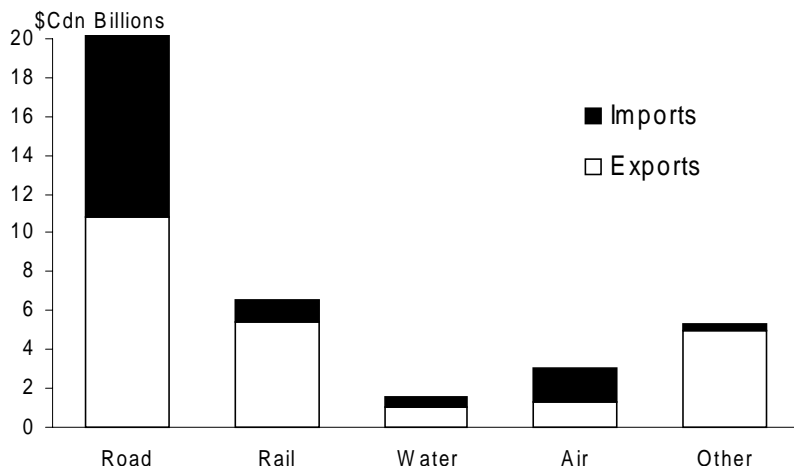
Exports		Imports	
Canada	\$176.4	Canada	\$229.2
Mexico	\$111.7	Japan	\$146.6
Japan	\$65.3	Mexico	\$135.9
UK	\$41.6	China	\$100.1
Germany	\$29.2	Germany	\$58.7
Total	\$780.4	Total	\$1,216.9

The scope of trade between Canada and the United States underscores the importance of keeping traffic at the border moving. There have been suggestions that the two countries should coordinate their immigration and trade policies thereby creating a North American perimeter and eliminating the need for enhanced security at the Canada/US border. There are fears in Canada that this would take away from Canada's sovereignty and that many of the decisions pertinent to this country would then be made in Washington, rather than Ottawa. It is more likely that Canada and the United States will continue to have separate policies in these areas, but that in future, there will be much more co-operation and further co-ordination of security measures.

It is crucial that something is done to prevent the border from becoming a significant hurdle to trade. In British Columbia, in 2000, almost \$20.4 billion worth of merchandise was shipped to and from the United States by road (\$10.8 billion in exports and \$9.5 billion in imports), representing over half (55%) of the

province's trade in commodities with the United States. However, it is not only goods shipped by truck that are being affected. Delays at airports and seaports are also a problem as increased security concerns are affecting these entry points as well.

Most goods traded between BC and US travel by road



In 2000, the types of goods exported to the United States from British Columbia were mostly energy products and forest products. The leading commodity exported from BC to the US was softwood lumber with exports valued at \$4,619.9 million. Natural gas was second at \$2,590.2 million, and electrical energy, at \$1986.6 million, was third. Since the energy commodities are transported via pipeline and transmission wires, trade is unlikely to be affected by increases in security at the border. In fact, the desire of the United States to move away from its reliance on OPEC nations for fuel and to find alternative energy sources may actually result in increased trade in these commodities. However, lumber and other commodities that have to be transported by land, water or air could definitely be affected by tighter border security.

It is not only trade in goods that is a cause for concern, but also trade in services. Tourism is a prime example of an industry that exports services and is suffering negative repercussions from enhanced security measures at the border. Long line-ups are discouraging people from making the trip north or south. This has particularly affected those businesses on both sides of the border that depend on cross-border shoppers and people making day-trips. Another service that could experience a downturn is the transportation and storage sector, which could lose business if the volume of goods traded across the border declines.

While security is of paramount concern at a time like this, there has to be some trade-off to ensure that it does not result in a crippling of the economy. Canada and the US will need to work together to ensure both the free movement of goods and a secure environment for their citizens.

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

Infoline

December 21, 2001

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BC at a glance . . .

POPULATION (thousands)	Oct 1/01	% change on one year ago
BC	4,102.8	0.9
Canada	31,156.4	1.0
GDP and INCOME	2000	% change on one year ago
<i>(BC - at market prices)</i>		
Gross Domestic Product (GDP) (\$ millions)	127,564	5.8
GDP (\$ 1997 millions)	124,464	3.9
GDP (\$ 1997 per Capita)	30,664	3.1
Personal Disposable Income (\$ 1997 per Capita)	25,195	2.8
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Oct	2,711	-11.8
Merchandise Exports (raw) Oct	2,329	-14.6
Retail Sales (seasonally adjusted) Oct	3,179	5.6
CONSUMER PRICE INDEX	Nov '01	% change on one year ago
<i>(all items - 1992=100)</i>		
BC	114.9	0.3
Canada	115.8	0.7
LABOUR FORCE (thousands)	Nov '01	% change on one year ago
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,103	-0.4
Employed - BC	1,924	-2.0
Unemployed - BC	179	22.0
		Nov '00
Unemployment Rate - BC (percent)	8.5	7.0
Unemployment Rate - Canada (percent)	7.5	6.9
INTEREST RATES (percent)	Dec 19/01	Dec 20/00
Prime Business Rate	4.00	7.50
Conventional Mortgages - 1 year	4.60	7.70
- 5 year	7.10	7.95
US/CANADA EXCHANGE RATE	Dec 19/01	Dec 20/00
<i>(avg. noon spot rate)</i> Cdn \$	1.5742	1.5219
US \$ <i>(reciprocal of the closing rate)</i>	0.6350	0.6564
AVERAGE WEEKLY WAGE RATE	Nov '01	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	650.84	1.2
Canada	638.14	2.5
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.bankofcanada.ca		

No highlights next week

- The **2001 Index to Infoline Reports** will be sent out next week.
- Highlights will resume on January 4, 2002.



Released this week by BC STATS

- Earnings & Employment Trends, November 2001
- Business Indicators, December 2001
- Current Statistics, December 2001
- Consumer Price Index, November 2001
- Migration Highlights, Third Quarter 2001

Next week

- No subscription releases