

highlights

a weekly digest of recently released British Columbia statistics

Private & Public Sector Investment

- **Public and private sector investment in BC is forecast to fall 1.2% during 2002.** The drop in planned investment is largely due to a predicted 3.0% decline in spending by the private sector, reflecting lower planned investment in both machinery and equipment (-4.6%) and construction (-1.8%). However, public sector spending is expected to rise 4.6%, with spending on both infrastructure (+5.4%) and machinery and equipment (+3.0%) increasing over the 2001 level. Federal, provincial and local governments account for about half of all public sector investment, with the remainder coming from health, education and other industries. The federal government intends to increase its investment in structures and equipment 30.7%, enough to offset a sharp decline (-22.7%) in planned investment by the provincial government. It is anticipated that local government investment will rise 4.5% this year. Among industries, the biggest declines are expected to be in primary industries (-19.7%) and manufacturing (-10.6%). Spending on residential projects (+6.6%) is forecast to pick up substantially.

Source: Statistics Canada

- **Overall, private and public sector investment in Canada is forecast to be relatively weak during 2002, falling 1.0%.** A 7.7% drop in planned spending in Alberta, together with decreases in Manitoba (-1.9%), Newfoundland (-1.5%) and BC (-1.2%) is expected to offset growth in the rest of the country, led by Saskatchewan (+9.3%) and Nova Scotia (+8.8%).

Source: Statistics Canada

The Economy

- **Total wages, salaries and benefits earned by BC workers rose 2.2% during 2001.** The in-

crease in labour income was the smallest since 1998. Nationally, labour income was up 4.2% from 2000, with the strongest gain occurring in Alberta (+7.9%). BC's 2.2% growth was the lowest of any province, although workers in Yukon (+0.5%) recorded an even smaller increase in their pay packets. Labour income accounts for about 55% of total GDP (unadjusted for inflation).

Source: Statistics Canada

- **Exports of BC products fell 3.4% (seasonally adjusted) in December despite a slight improvement (+1.5%) in the value of shipments to the United States.** Exports to the rest of the world were off 13.3%. Overall, exports of energy products were down substantially (-18.2%), while international shipments of machinery and equipment fell 8.1% from the November level. Exporters of industrial and consumer goods (-4.5%) also shipped less to the US and overseas. However, forest sector exports picked up (+2.7%) in December.

Source: BC STATS

Agriculture

- **Cash receipts from farming operations in the province climbed 9.8% last year, as receipts from both crop (+12.6%) and livestock (+5.7%) operations rose.** Total receipts reached \$2.3 billion. Potato (+52.5%) and vegetable (+33.0%) producers fared particularly well. Receipts from sales of floriculture and nursery products, the province's most important cash crop, rose 6.5% to just under \$410 million. Livestock receipts were up for the sixth straight year, led by a 9.9% increase in cattle sales. Sales of most livestock products except turkeys (-8.8%) increased in 2001. Across the country, farm cash receipts jumped 9.7%, as farmers in all provinces made gains.

Source: Statistics Canada

Did you know...

BC is Canada's second-biggest producer of vegetables. Last year, sales reached \$310 million, second only to Ontario, where farmers sold \$875 million worth of vegetables.

Aquaculture

- **Aquaculture sales in the province totalled \$296.3 million in 2000, down slightly (-1.0%) from the \$299.4 million level reached in the previous year.** Canadian sales rose (+11.2%) from \$621.4 million to \$691.3 million. Last year, Canada exported \$401.6 million of farmed Atlantic salmon. Of this total, \$387.0 million was sent to the US (\$109 million to California, 108 million to Washington, and the remainder to other states). Taiwan was the second biggest importer of farmed Atlantic salmon, purchasing \$10.0 million worth of the product. Atlantic salmon is the most important species farmed in BC.

Source: Statistics Canada

Travel

- **Canada's international travel deficit dropped to its lowest level since 1986 in the fourth quarter of 2001.** The driving force behind this was a decline in spending by Canadians outside the country (-9.0%, seasonally adjusted) which outweighed lower expenditures by foreigners travelling in Canada (-2.8%). Canadian spending in the US fell 9.9%, whereas US residents spent 0.5% less in Canada.
- **The international travel deficit fell from \$2.1 billion in 2000 to \$1.3 billion in 2001.** Receipts from foreigners topped \$16.3 billion, a new record. A large decline in Canadian spending in the US (-5.4%) combined with an increase in US resident spending in Canada (+5.9%) brought Canada's travel deficit with the US down to \$502 million. The deficit with the US was \$1.7 billion in 2000.
- **Overnight travel from the US to Canada increased 1.4% in the third quarter of last year, relative to the same period of 2000.** However, the number of Americans travelling to Canada by plane dropped 3.0%. Canadian overnight travel to the United States was harder hit by the events of September 11th, dropping 6.9%. There was a 17.4% decline in the number travelling by plane and a 3.7 decrease in those driving across the border. Business travel was down the most, falling 21.9% for travel from the US to Canada and 27.2% for Canadians travelling to the United States. Canadians increased travel overseas in the third quarter of 2001

Source: Statistics Canada

Source: Statistics Canada

Source: Statistics Canada

Investment in Information & Communication Technologies

- **During the last two decades, Canadian business investment in ICT (computer hardware, software and telecommunications equipment) grew at an average annual rate of 16.2% (adjusted for price changes).** These assets accounted for 6.4% of the \$1.3 trillion of total fixed capital investment in Canada in 2000, up from 3.9% in 1981. The rapid growth of ICT investment since the early 1980s was unmatched elsewhere in the economy. Investment in all assets grew at an average annual rate of 3.6% during this period, with spending on structures rising just 0.8%.

Source: SC, Catalogue 11F0027MIE

The Nation

- **After stalling in the third quarter (-0.1%), the Canadian economy rebounded at the end of last year, with real GDP expanding 0.5% (seasonally adjusted).** The fourth-quarter growth was fuelled by domestic demand for goods and services (+0.2%), much of which was consumer driven. Personal expenditures rose 1.0%, enough to offset the effect of a decline (-3.3%) in business investment. The government sector also boosted the economy, with spending on goods and services growing marginally (+0.4%) while investment in fixed capital rose 4.5%. Exports were down (-0.8%), but imports fell even more (-4.2%), so the net effect on the trade balance was positive. This also helped boost the country's overall economic performance. The news was not all good, however. Corporation profits fell (-5.6%, unadjusted for inflation) for the third quarter in a row, while income from interest and investments continued to drop (-4.2%).

Source: Statistics Canada

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Team Canada Scouts Russia and Germany for New Trade Ties

Prime Minister Jean Chretien will lead a Team Canada trade mission to Russia and Germany from February 13–21 [*editor's note: this article was written in Nov. 2001*] in an effort to promote Canadian businesses and develop new trade ties in those markets. This is the seventh such mission since 1994 and, according to the Department of Foreign Affairs and International Trade, these trade junkets have resulted in approximately \$30.2 billion worth of new business to Canada.

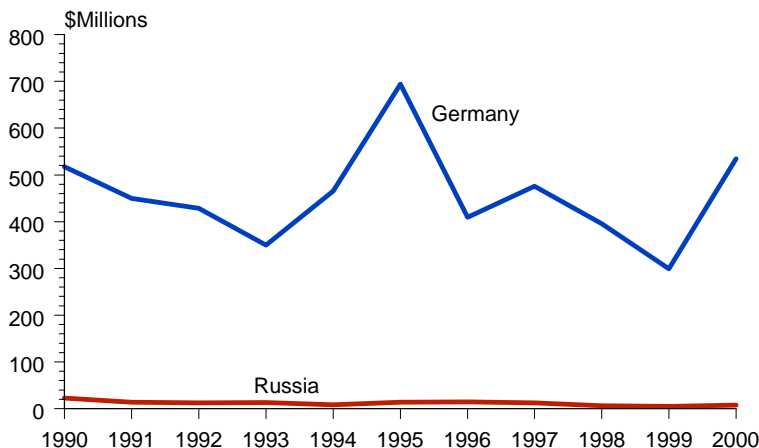
Team Canada missions have brought in \$30.2 billion in new business

Germany is already a significant market for Canadian goods, but Russia is perhaps where more opportunities exist since that market is largely untapped. These European markets have traditionally been less important for BC compared to other provinces, due mainly to Europe's relative proximity to Eastern Canada. Russia's potential as a trade partner with Western Canada is also limited due to the fact that it already has a wealth of natural resources, which are the main exports of the western provinces.

In 2000, Canada traded \$195.2 million worth of goods with Russia, of which \$7.6 million, or a mere 4%, originated in British Columbia. This is compared to \$3 billion worth of trade to Germany, with \$534.4 million originating in BC (18%).

While Germany was the fifth ranked destination in terms of value of Canadian exports in 2000, Russia barely cracked the top 50, ranking only 43rd. For exports originating in BC, Germany was ranked as the sixth most important destination and Russia was 46th.

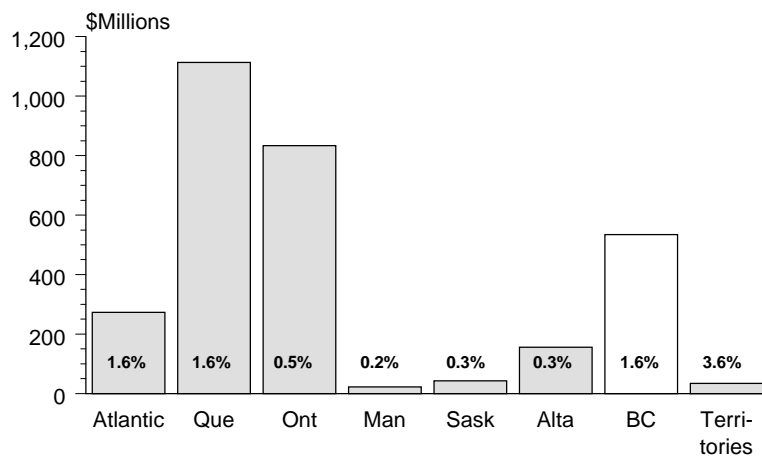
BC's exports to Russia have been insignificant, but Germany has been an important export destination



In 2000, Germany was the sixth most significant destination for BC origin exports

* Note: Prior to 1993, data for Russia is for the entire former USSR

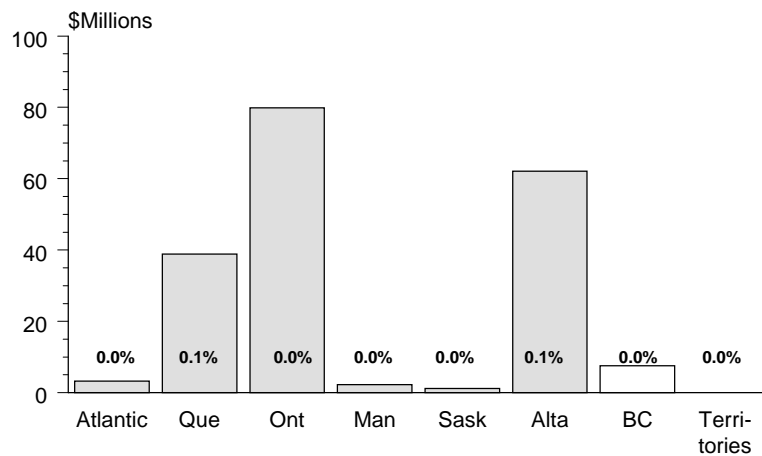
Among the provinces, BC ranks third in terms of value of exports to Germany



In 2000, exports to Germany comprised 1.6% of total BC origin exports, the same as Quebec and the Atlantic Provinces and second only to the Territories

* Note: Percentages are portion of province's total exports represented by exports to Germany

Exports to Russia comprise only a small portion of Canadian exports



In 2000, Canadian exports to Russia originated mainly in Central Canada and Alberta

* Note: Percentages are portion of province's total exports represented by exports to Russia

Germany is a highly industrialised country, which is reflected in the types of goods that it exports to Canada—mostly machinery and motor vehicles. With fewer natural resources available within Germany, it is not surprising that the bulk of BC origin exports to Germany are resource-based. Pulp is by far the most significant export from BC to Germany, making up about 64% of total BC origin exports to that country. BC is the source of over half the pulp exported from Canada to Germany. Although exports of machinery and equipment from BC are also significant (16% of total BC exports to Germany), they comprise only 7% of Canadian machinery and equipment exports to that country. The majority of these machinery and equipment exports from BC are either parts for machinery used in printing, or specialised high technology items.

**2000 Exports to Germany and Russia
- Selected Commodities -**

	British Columbia Exports to:				BC Percent of Canadian Exports	
	Germany		Russia		to Germany	To Russia
	(\$,000)		(\$,000)			
SOLID WOOD PRODUCTS	50,366	9%	108	1%	43%	2%
Lumber (softwood)	39,709	7%	0	0%	99%	-
Cedar Shakes and Shingles	324	0%	0	0%	100%	-
Plywood (softwood)	7,683	1%	0	0%	100%	-
Selected Value Added Wood Products	1,867	0%	0	0%	16%	0%
other	783	0%	108	1%	1%	29%
PULP AND PAPER PRODUCTS	343,911	64%	1,633	22%	46%	58%
Pulp	343,582	64%	1,633	22%	51%	65%
Newsprint	0	0%	0	0%	0%	-
Paper, Paperboard - exc. Newsprint	312	0%	0	0%	5%	0%
other	16	0%	0	0%	1%	0%
AGRICULTURE AND FOOD OTHER THAN FISH	2,786	1%	2,361	31%	3%	10%
Fruit and Nuts	197	0%	0	0%	1%	-
Vegetables	247	0%	0	0%	2%	0%
other	2,341	0%	2,361	31%	4%	10%
FISH PRODUCTS	868	0%	162	2%	2%	12%
Whole Fish; Fresh, Ch'd, Froz. exc Salmon	603	0%	0	0%	20%	-
Whole Salmon; Fresh, Chilled, Frozen	167	0%	0	0%	100%	-
Salmon; Canned, Smoked, etc.	98	0%	0	0%	100%	-
other	0	0%	162	2%	0%	12%
METALLIC MINERAL PRODUCTS	715	0%	0	0%	0%	0%
Copper Ores and Concentrates	0	0%	0	0%	-	-
Molybdenum Ores and Concentrates	0	0%	0	0%	-	-
Unwrought Aluminum	0	0%	0	0%	0%	-
Unwrought Zinc	0	0%	0	0%	-	-
other	715	0%	0	0%	0%	0%
ENERGY PRODUCTS	34,464	6%	0	0%	99%	0%
Natural Gas	0	0%	0	0%	-	-
Coal	34,452	6%	0	0%	100%	-
Electricity	0	0%	0	0%	-	-
other	12	0%	0	0%	3%	0%
MACHINERY AND EQUIPMENT	85,073	16%	3,029	40%	7%	3%
Motor Vehicles and Parts	1,356	0%	0	0%	2%	0%
Electrical/Electronic/Communications	17,076	3%	102	1%	11%	1%
other	66,642	12%	2,927	39%	6%	4%
PLASTICS AND ARTICLES OF PLASTIC	158	0%	23	0%	1%	0%
APPAREL AND ACCESSORIES	948	0%	36	0%	20%	2%
ALL OTHER COMMODITIES	15,135	3%	213	3%	4%	1%
GRAND TOTAL	534,423	100%	7,563	100%	18%	4%

For Russia, it is quite a different story. About 40% of BC origin exports to Russia are machinery and equipment. Agriculture and food products account for 31% and pulp makes up 22% of BC exports to Russia. Other resource products such as softwood lumber and coal are a far less significant export to Russia compared to Germany. As stated earlier, Russia's wealth of natural resources is the reason for the lack of demand for these products from elsewhere. Most Canadian exports to Russia originate in Ontario, Quebec or Alberta. The products most in demand from Alberta are machinery and equipment related to agricultural production. There is limited demand for resource products, with the exception of food.

If BC is to increase its trade with Russia, it will likely have to be in the areas of machinery and equipment, value added products and high technology. High technology is an area where British Columbia could certainly look to expand trade, as in 2000 there were just over \$200,000 worth of high technology products exported to Russia from BC. As Russia continues to reinvent itself and move toward a more modernised, consumer-oriented society, it should create more demand for technological goods.

Products for which there are currently market opportunities in Russia include computer and engineering systems used for mineral exploration, extraction and smelting, modern environmental equipment, agricultural machinery and equipment, food processing and packing equipment, telecommunications and financial services.

There is a market in Russia for high tech products and machinery and equipment

High technology is also a key sector in Germany. In 2000, approximately \$5.4 million worth of high technology goods were exported from BC to Germany. The proliferation of home computers has been much slower in Germany compared to North America, but there has recently been rapid development in this area, which means there is a significant market for software and Internet applications. E-commerce and electronic finance are growth industries in Germany. Telecommunications is another area where market opportunities abound. In addition to high technology products, more traditional resource-based exports such as energy products (particularly coal) and building materials are in demand in Germany.

Computer software, Internet applications and telecommunications are in demand right now in Germany

The Team Canada missions have helped Canadian businesses find new markets for their products in the past and the mission to Germany and Russia should prove to be no exception. For British Columbia companies, perhaps the greatest opportunities lie with BC's burgeoning high technology sector, as both Russia and Germany have growing markets for high tech products ranging from telecommunications to computer software.

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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		% change on one year ago
<i>(BC - at market prices)</i>	2000	
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)	19,029	3.1
TRADE (\$ millions)		
Manufacturing Shipments (seas. adj.) Dec	2,635	-15.9
Merchandise Exports (raw) Dec	1,971	-46.4
Retail Sales (seasonally adjusted) Dec	3,284	5.9
CONSUMER PRICE INDEX		% change on one year ago
<i>(all items - 1992=100)</i>	Jan '02	
BC	115.4	0.8
Canada	116.2	1.3
LABOUR FORCE (thousands)		% change on one year ago
<i>(seasonally adjusted)</i>	Jan '02	
Labour Force - BC	2,129	1.6
Employed - BC	1,940	-0.2
Unemployed - BC	189	24.8
		Jan '01
Unemployment Rate - BC (percent)	8.9	7.2
Unemployment Rate - Canada (percent)	7.9	6.9
INTEREST RATES (percent)	Feb 27/02	Feb 28/01
Prime Business Rate	3.75	7.25
Conventional Mortgages - 1 year	4.55	7.20
- 5 year	6.85	7.75
US/CANADA EXCHANGE RATE	Feb 27/02	Feb 28/01
<i>(avg. noon spot rate)</i> Cdn \$	1.6083	1.5316
US \$ <i>(reciprocal of the closing rate)</i>	0.6213	0.6510
AVERAGE WEEKLY WAGE RATE		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Jan '02	
BC	656.05	2.4
Canada	644.11	3.1

SOURCES:

Population, Gross Domestic Product, Trade, } Statistics
 Prices, Labour Force, Wage Rate } Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

Released this week by BC STATS

- Business Indicators, February 2002
- Current Statistics, February 2002
- Exports, December 2001
- Earnings & Employment Trends, January 2002

Next week

- Quarterly Regional Statistics, 4th Quarter 2001
- Immigration Highlights, 4th Quarter 2001