

Introduction

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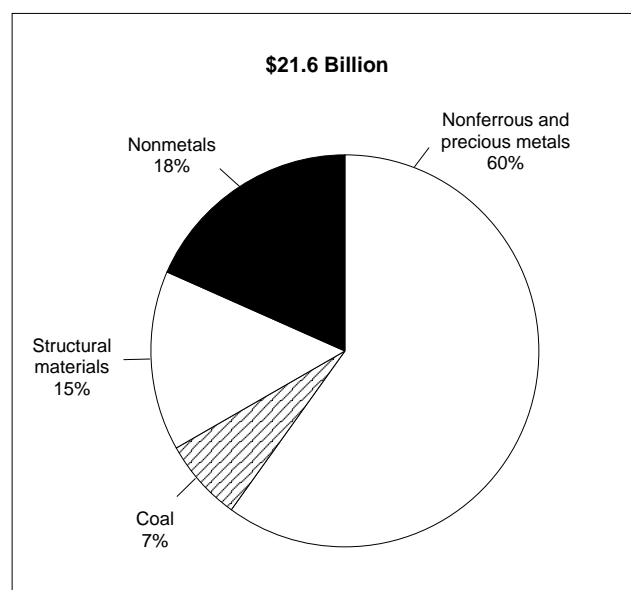
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This outlook for the major nonferrous metals was prepared by staff of the International and Domestic Market Policy Division in early November 2000 and reflects the market conditions and expectations at that time.

Canada's economy registered strong growth in 1999 and is expected to continue to grow over the near-term forecast period. Overall real Gross Domestic Product (GDP) increased by 4.5% in 1999. The total value of mineral commodities produced in Canada, including metals, nonmetals, structural materials and mineral fuels, increased by 20.6% to reach an estimated \$53.5 billion in 1999, its highest value

Figure 1
Value of Mineral and Metal Production, 1999

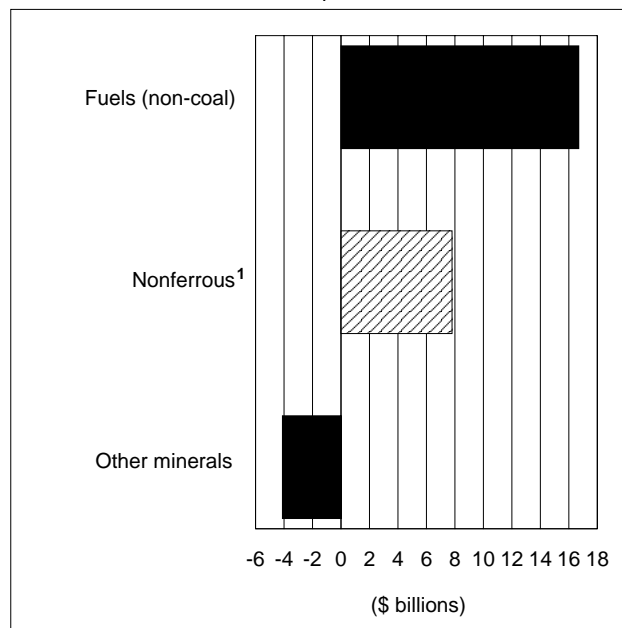


Source: Natural Resources Canada.

ever. In 1999, the value of the nonferrous metals produced in Canada included in this publication was \$12.4 billion.

Exports of crude minerals, coal, smelted and refined outputs, and mineral products contributed \$44.0 billion (an increase of 11.1% over 1998) to the value of Canada's total domestic exports of \$330.0 billion. Metallic mineral and mineral product exports accounted for 76.1% (\$33.5 billion) of the total non-fuel (including coal) value; nonmetal exports accounted for 16.7% (\$7.4 billion), structural materials for 2.5% (\$1.1 billion), and coal for 4.6% (\$2.0 billion). The United States remained Canada's principal trading partner with exports to that destination valued at \$34.7 billion, followed by the European Union (\$3.3 billion) and Japan (\$1.9 billion).

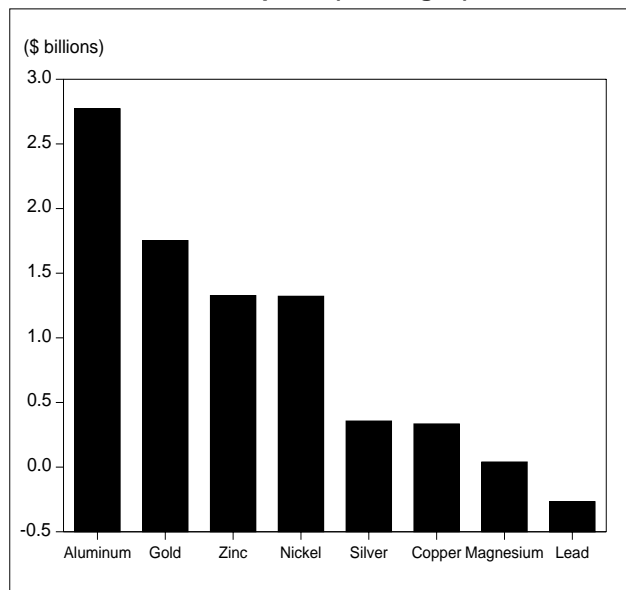
Figure 2
1999 Net Export Earnings
Mineral Commodities = \$20 Billion



Source: Natural Resources Canada.

¹ Includes aluminum.

Figure 3
1999 Net Value of Exports (All Stages)



Source: Natural Resources Canada.

In the first six months of 2000, GDP grew by an annualized 4.9%. Overall, Canada's economic growth is expected to be higher than previously expected in 2000, mainly because of stronger investment in both residential construction and machinery and equipment. The Canadian economy is projected to expand by about 4.7% in 2000 and by 3.5% in 2001.

The mining industry remains a vital contributor to Canada's economy. The mining and mineral processing industries directly employed 386 036 Canadians in 1999, a 1.8% increase over the 1998 level of 379 277. Direct employment in metal mining, non-metal mining, quarrying and coal mining was estimated at 52 297, down by over 2600 from the 1998 level of 54 903. Moreover, the mine closures that did occur in 1999 and those expected to occur in 2000 will have further dampening effects on mining employment. Employment in smelting and refining, estimated at 59 727 in 1998, increased to 60 048 in 1999. The major gain in total employment occurred in the mineral manufacturing industries as employment rose from 264 646 in 1998 to 273 690 in 1999, an increase of 3.4%.

Nonferrous metals are the second most important sector in terms of value of Canadian mineral production after non-coal fuels (crude oil, natural gas and uranium). With a total value of \$7.9 billion in 1999, nonferrous metals (excluding aluminum, which is not mined in Canada) accounted for 36% of the value of non-fuel mineral production. When aluminum production is added, the value of Canada's nonferrous metal production increases to an estimated \$13 billion.

In 1999, nonferrous metals generated a net trade surplus equivalent to about 50% of that of mineral fuels (excluding coal). Canada's overall merchandise export surplus was due in large part to the net surplus generated by the Canadian mining industry. Non-coal fuel minerals generated a net surplus of \$16.7 billion. Nonferrous metals (including scrap), with exports of \$16.5 billion and imports of \$8.7 billion, generated a net Canadian trade surplus of \$7.8 billion. Other mineral products generated a combined net trade deficit of \$4.1 billion.

Reviews and forecasts for aluminum, copper, gold, lead, magnesium, nickel and zinc are included in the following pages. Trade tables covering 1998, 1999 and the first nine months of 2000 are also provided.

We would appreciate your feedback, and encourage you to contact the specialists directly with your comments by telephone, facsimile or electronic mail.

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