

# Introduction

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This outlook for the major nonferrous metals was prepared by staff of the Metal Materials Division in November 2004 and reflects the market conditions and expectations at that time.

Canada's economy again registered strong growth in 2003 and is expected to continue to show modest growth over the near-term forecast period. Overall real Gross Domestic Product (GDP) increased by 2.0% in 2003. The total value of all mineral commodities produced in Canada, including metals, nonmetals and mineral fuels (including oil sands mining) reached an estimated \$47 billion in 2003.

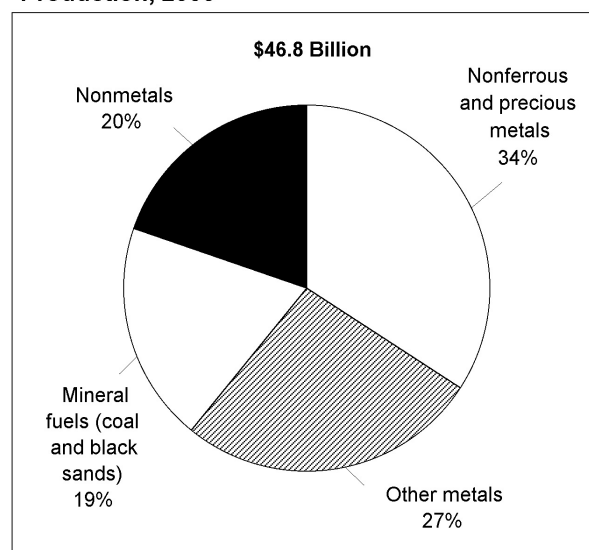
Exports of crude minerals (excluding petroleum and natural gas), coal, smelted and refined outputs, and mineral products contributed \$45.4 billion to the value of Canada's domestic exports in 2003, a 7.8% decline compared with 2002. This represented 12.8% of Canada's total domestic exports of \$354.1 billion. Metallic mineral and mineral product domestic exports accounted for 75.9% (\$35.7 billion) of the total non-fuel (including coal and coke) value, nonmetal domestic exports (including structural materials) accounted for 20.6% (\$9.7 billion), and coal accounted for 3.5% (\$1.7 billion). The United States remains Canada's principal trading partner with domestic exports of non-fuel minerals and mineral products, including coal, to that country valued at \$37.8 billion. Exports to the European Union totaled \$4.9 billion, to Japan, \$1.8 billion, and to Mexico, \$0.3 billion. Canadian imports of non-fuel minerals and mineral products, including coal, decreased by 6.2% to \$45.4 billion, resulting in an overall net balance of merchandise trade (total mineral exports minus total mineral imports) in 2003.

In the third quarter of 2004, the Canadian economy (real GDP) grew by 3.2% annualized, following increases of

3.9% in the second quarter and 2.7% in the first quarter. Domestic demand continues to be rooted in favourable fundamentals – low interest rates, record employment levels, and high commodity prices, personal incomes and corporate profits. Higher interest rates, when they come, will likely slow consumer spending and dampen residential construction activity. Real GDP in Canada is expected to grow by just under 3.0% in 2004 and by about 3.0% in 2005 and 2006.

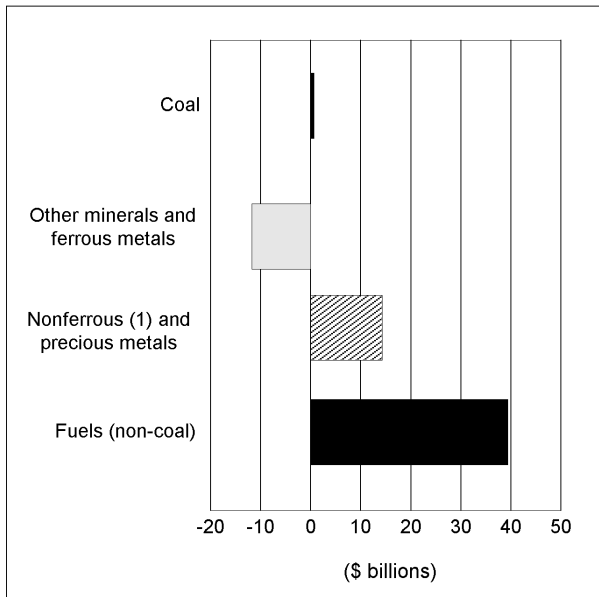
In 2003, nonferrous metals generated a net trade surplus equivalent to about 36% of that of mineral fuels (excluding coal). Canada's overall merchandise export surplus was due in large part to the net surplus generated by the Canadian mining and metals industry. Non-coal fuel minerals generated a net surplus of \$39.4 billion. The major nonferrous and precious metals (including scrap), with exports of \$24.1 billion and imports of \$9.8 billion, generated a net Canadian trade surplus of \$14.3 billion. Other mineral products generated a combined net trade deficit of \$11.8 billion.

**Figure 1**  
**Value of Canadian Minerals and Metals Production, 2003**



Source: Natural Resources Canada.

**Figure 2**  
**Net Export Earnings, 2003**  
 Mineral Commodities Net = \$30 Billion



Source: Natural Resources Canada.  
 (1) Includes aluminum.

Reviews and forecasts for aluminum, copper, gold and nickel are included in the following pages. Trade tables covering 2002, 2003 and the first nine months of 2004 follow these commodity reviews.

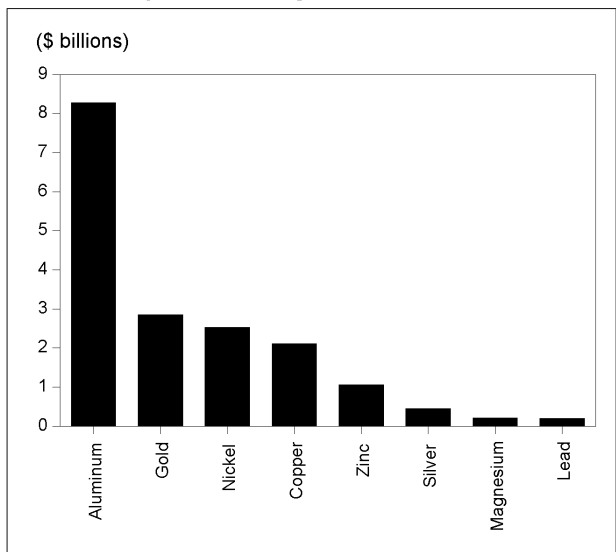
We would appreciate your feedback and encourage you to contact the specialists directly with your comments by telephone, facsimile or electronic mail.

*Note: Information in this article was current as of November 15, 2004.*

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**Figure 3**  
**Value of Exports, All Stages, 2003**



Source: Natural Resources Canada.