

# Introduction

**Aleksander Ignatow**

Director, Nonferrous Division

Telephone: (613) 992-3834

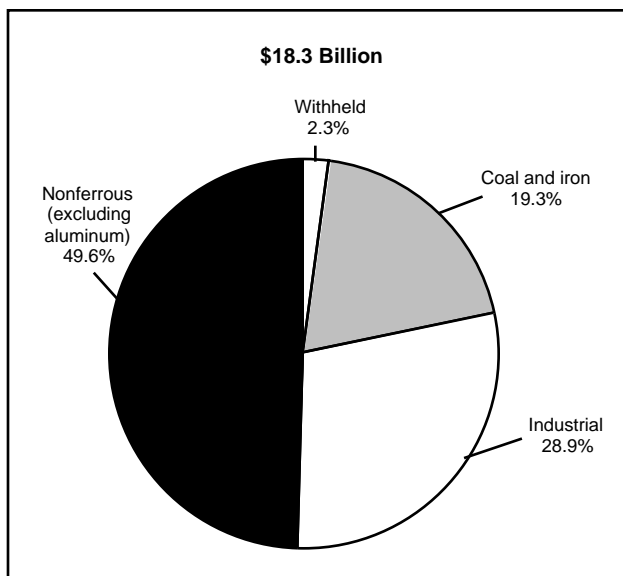
Facsimile: (613) 943-8450

E-mail: [aignatow@nrcan.gc.ca](mailto:aignatow@nrcan.gc.ca)

**T**his outlook for the major nonferrous metals was prepared by staff of the Nonferrous Division in late October 1997 and reflects the market conditions and expectations at that time.

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 \$9.1 billion in 1996, nonferrous metals (excluding aluminum, which is not mined in Canada) accounted for close to 50% 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 \$13.8 billion.

**Figure 1**  
1996 Canadian Mine Production

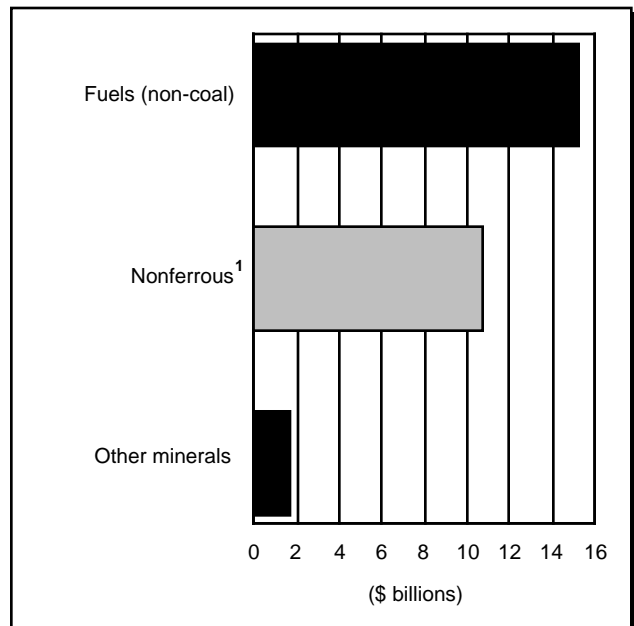


Source: Natural Resources Canada.

In 1996, nonferrous metals generated a net trade surplus equivalent to 70% of that for 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 \$15.2 billion. Nonferrous metals, with exports of \$18.2 billion and imports of \$7.6 billion, generated a net Canadian trade surplus of \$10.7 billion. Other mineral products generated a combined net trade surplus of \$1.7 billion.

The Canadian economy, benefitting from low interest rates and low and stable inflation, is growing strongly, and the economic environment is the most positive it has been for the last 25 years. Government fiscal policies aimed at reducing deficits, and debt and monetary policies aimed at keeping inflation under control, have contributed to this environment and provide a sound basis for continued strong growth in Canada.

**Figure 2**  
1996 Net Export Earnings  
Mineral Commodities = \$28.1 Billion



Source: Natural Resources Canada.

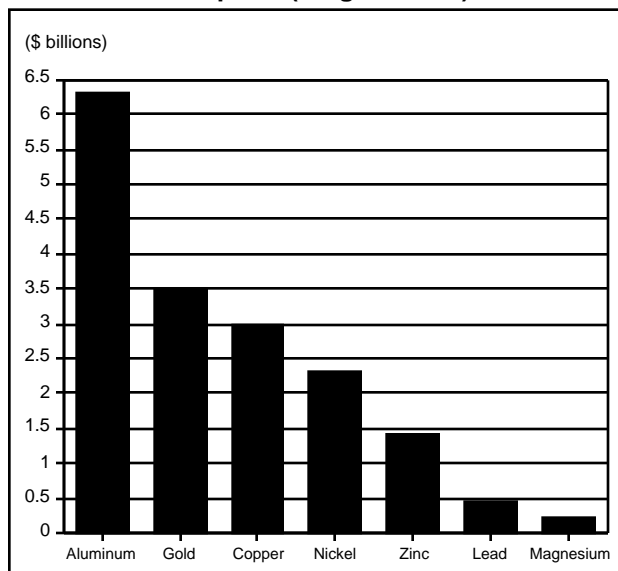
<sup>1</sup>Includes aluminum.

With a significant amount of Canadian nonferrous metal exports destined for the United States, the continued strong growth in U.S. markets has translated into strong demand for Canadian nonferrous metals and their products. Likewise, after a couple of disappointing years in Europe, the return to economic growth is providing strength in demand for nonferrous metals and better prices. One concern for the export sector is the economic situation in Japan and Southeast Asia, where weak markets and sinking currencies are hindering Canada's exports (especially for exports of raw materials such as lumber and aluminum).

Nonferrous and precious metals (aluminum, copper, gold, lead, magnesium, nickel and zinc) are reviewed in the following pages. A general economic review of the year and trade tables covering the 1995-97 period follow these commodity reviews.

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

**Figure 3**  
**1996 Value of Exports (Stages I to IV)**



Source: Natural Resources Canada.