

# Introduction

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This outlook for the major nonferrous metals was prepared by staff of the Nonferrous Division in early December 1998 and reflects the market conditions and expectations at that time.

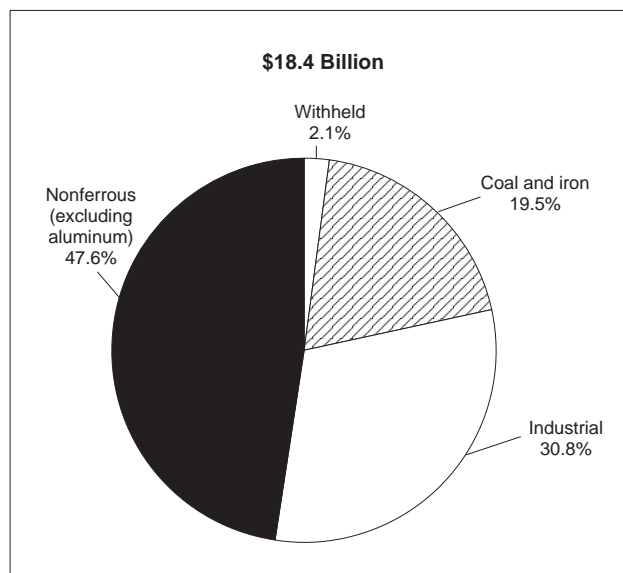
Canada's overall Gross Domestic Product (GDP) increased by 3.9% in 1997, up strongly from the 1.6% growth registered in 1996. The mineral industry accounted for 3.8%, or \$26.2 billion, of Canadian GDP, up by 4.1% from the previous year.

Mineral exports continued to perform well although, in the later stages of 1997, falling prices for most minerals and metals had a negative effect on Canadian producers and the value of their exports. Nevertheless, exports of minerals and mineral products increased 5.4% to \$72.8 billion, resulting in a trade surplus for

these products of \$7.4 billion. With a significant amount of Canadian nonferrous metals 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. One concern for the export sector is the continued weak economic situation in Japan and South-east Asia where weak markets and sinking currencies are hindering Canada's exports (especially for exports of raw materials such as lumber and aluminum).

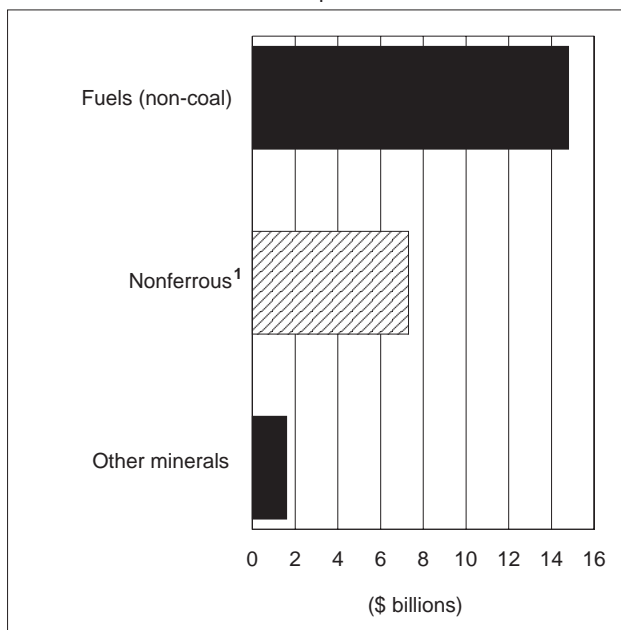
In the first six months of 1998, GDP grew by an annualized 3.0%. Slower growth in the United States and the effects of the weakness in Asian markets are expected to have a dampening effect on Canadian exports and cause growth to moderate during the latter part of 1998 and into 1999. Despite these moderating effects, Canada's economy is expected to finish the year with an average growth of just under 3.0%. Government fiscal policies aimed at reducing deficits

**Figure 1**  
1997 Canadian Mine Production



Source: Natural Resources Canada.

**Figure 2**  
1997 Net Export Earnings  
Mineral Commodities = \$21.1 Billion



Source: Natural Resources Canada.

<sup>1</sup> Includes aluminum.

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.

The mining industry remains a vital contributor to the Canadian economy. In 1997, the mining and mineral processing industries directly employed some 368 000 Canadians. Of these, 64 400 were employed in mining, 59 100 in smelting and refining, and nearly 245 000 in the manufacture of mineral and metal products.

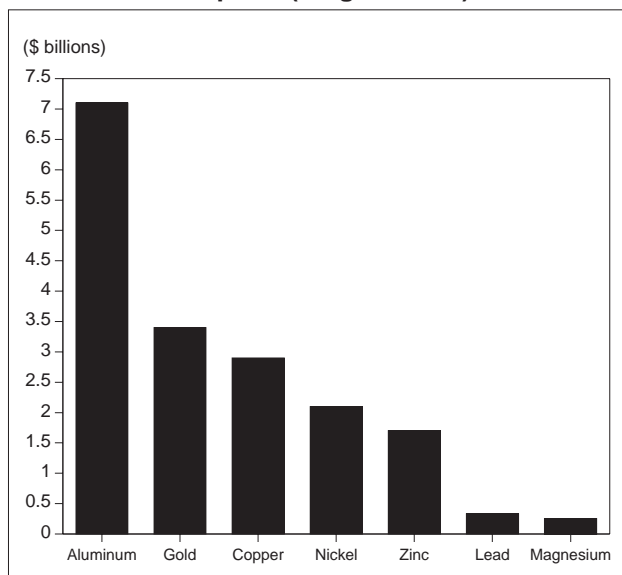
Nonferrous metals are the second most important sector in terms of value of Canadian mineral production after non-coal fuels (crude oil, natural gas and uranium). With a total value of \$8.8 billion in 1997, nonferrous metals (excluding aluminum, which is not mined in Canada) accounted for 51% of the value of non-fuel mineral production. When aluminum production is added, the value of Canada's nonferrous metal production increases to an estimated \$13.9 billion.

In 1997, nonferrous metals generated a net trade surplus equivalent to about 50% 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 \$14.8 billion. Nonferrous metals (including scrap), with exports of \$20.7 billion and imports of \$13.4 billion, generated a net Canadian trade surplus of \$7.3 billion. Other mineral products generated a combined net trade surplus of \$1.6 billion.

Nonferrous and precious metals (aluminum, copper, gold, nickel and zinc) are reviewed in the following pages. Trade tables covering the period 1996-98 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**  
**1997 Value of Exports (Stages I to IV)**



Source: Natural Resources Canada.