

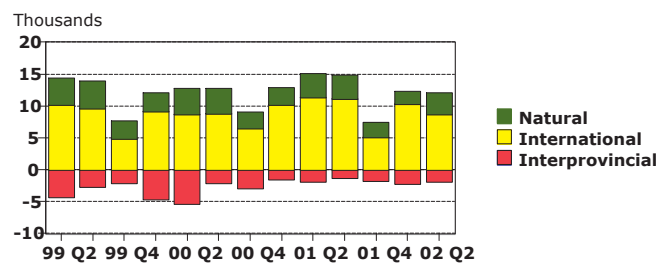


## B.C.'s population grows slowly

**P**reliminary estimates by Statistics Canada and B.C. Stats indicate that British Columbia's population grew at an annualized rate of 1% in the second quarter of 2002. When complete information becomes available, this could increase to as much as 1.2%. B.C.'s current rate is below those of Alberta (1.8%) and Ontario (1.5%), provinces where economic growth is stronger. B.C.'s population growth is on a slowly rising trend, which started from a low of 0.6% annualized at the end of 1998. Current growth in population remains well below the 3% annual rate of the early to mid-1990s.

### B.C. population slowly grows

**Components of Net Population Change  
British Columbia, Quarterly**



Source: Statistics Canada and B.C. Stats.

International immigration continues to be the largest element of population growth in B.C., adding a net 8,700 residents in the second quarter. Natural population increase (births minus deaths) added another 3,400. Inter-provincial migration flows led to a net loss of 1,800 B.C. residents to other provinces, primarily Alberta, but also Ontario. On balance, population grew by an estimated 10,300 persons in the second quarter, for a total mid-year figure of 4,141,300.

Net international immigration to B.C. in the first half of 2002 is down by some 1,500 people from same period last year, mostly due a smaller in-flow of temporary residents from abroad. Natural population gains in the first half this year are down by about 1,000, mostly due to fewer births. Net inter-provincial migration from B.C. in the first half is up by some 600, as more people left than arrived.

B.C.'s population is forecast to grow by 1% in 2002 and 1.2% in 2003. More robust population growth awaits improvement in international relations and stronger economic growth in B.C. Natural population increase is very likely to remain on a slow downward trend for years to come since the mid- to late-baby-boom generation has passed its most fertile years.

### **Incorporation and bankruptcy trends revealing**

New business incorporations in B.C. were up in the second quarter, continuing a slow rise from 10-year lows reached in mid-2001 during the investment-led recession. The rise reflects an increase so far this year in the number of self-employed workers. Despite higher incorporations, both the number of small businesses in B.C. (excluding self-employed workers) and the number of employees of small businesses were virtually unchanged from the levels of the past few years.

Business bankruptcies, much more rare than incorporations, continued on an upward trend in the second quarter, and are now at their highest point in at least the past decade. In contrast, consumer bankruptcies continued to trend slowly downward from the decade-high level reached in 2001.

Incorporation and bankruptcy trends illustrate that the consumer sector is leading B.C.'s economy out of last year's recession, which was led by the business sector. Business conditions remain generally weak in B.C. except in the markets that households and consumers are most interested in: Housing, automobiles, furniture and equipment. Retail sales, housing sales and housing construction are forecast to grow robustly in 2002 and 2003, while corporate profits and capital expenditures remain weak.

### **Tourism trends still weak**

Although tourism indicators showed some positive signs in June and July, trends in tourism remain mostly downward so far this year. The number of travellers entering Canada via B.C. grew 2.7% from May to June, after adjusting for seasonal influences. However, year-to-date international entries are down 9.4% from the same period in 2001. Even without the impact of 9/11, international entries are still on a downward trend from pre-recession highs reached in late 2000.

Total room revenues in B.C. fell 1.4% from April to May, seasonally adjusted. In the Mainland/Southwest region, room revenues were down by 1.5% as trade and convention business in Vancouver continued to slide. In the Northeast region, room revenues dropped sharply in May, as the number of transient non-resident workers fell. Room revenues increased in May in the Cariboo, Kootenay and North Coast regions.

Vancouver Airport traffic jumped by about 15% from June to July (unadjusted), although year-to-date traffic is down some 10% from a year earlier. Ferry traffic in B.C. also increased in June, but remains more or less on par with 2001 levels. Passenger vehicle traffic on the Coquihalla Highway rose sharply in July and continues on a long-term, slow growth trend.

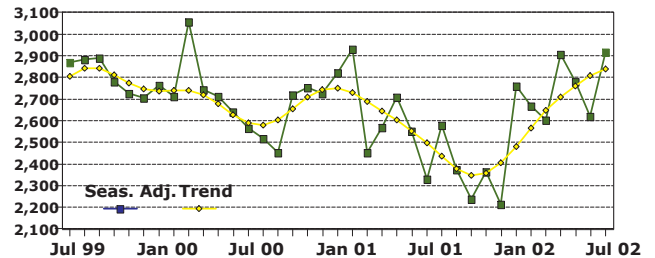
## Interior lumber production on the rise

Total production of sawn lumber in B.C. increased 11.3% from June to July after adjusting for seasonal influences. July's increase in lumber production follows drops of -5.8% from May to June and -4.3% from April to May. The United States imposed severe duties on softwood lumber imports from B.C. (and Canada) in late May. July's higher production reflects strong demand from the construction sector and a continuing high level of U.S. housing starts. July's gain puts year-to-date production, which had been down from last year's recession level, up nearly 5% from the same period in 2001.

Seasonally adjusted lumber production increased in July in both the coastal and interior regions of B.C. However, the U.S. softwood lumber duties have hit the higher-cost coastal producers much harder than the more efficient interior operators, who produce about five times as much lumber. Year-to-date production in the coastal region is down 20% from the same period in 2001, but interior production is up 11%. The trend toward higher production in the interior is consistent across the northern, central and southern parts of the region.

## B.C. lumber production moving up

**Lumber Production, B.C., Monthly  
Cubic Meters Dry (\$millions)**



Source: Statistics Canada and CUCBC Economics.