

Commodity boom drives N.L., Saskatchewan to top of GDP growth

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OTTAWA - A new study says Saskatchewan and Newfoundland and Labrador have stepped into a new era of prosperity.

Statistics Canada says the commodity boom offered a unique opportunity for the two provinces to tap into their natural resources as never before.

Driven by export growth - notably that of crude oil - Newfoundland and Labrador's economy led the country in terms of growth in nominal gross domestic product in 2007, at 13.4 per cent.

Saskatchewan followed at 11.4 per cent growth, ahead of Alberta's 8.3.

Newfoundland and Labrador's growth in nominal GDP of 76 per cent between 2002 and 2007 also topped Alberta's gain of 73 per cent.

Saskatchewan posted the third-highest gain over the period, as its GDP advanced 49 per cent.

Newfoundland and Labrador has registered the largest single-decade turnaround in GDP per capita in one decade in Canadian history.

In 1997, it was \$10,000 below the Canada average, and as recently as 2005, it remained below-average. But in 2007, it jumped to \$57,348, more than \$10,000 above the Canada average of \$46,441.

Alberta (\$74,825), Newfoundland and Labrador and Saskatchewan (\$51,327) were the only three provinces where GDP per capita was above average in 2007.

Higher crude-oil prices have been driving the boom in Newfoundland and Labrador and Saskatchewan - the top producers of crude petroleum in Canada after Alberta.

Newfoundland and Labrador's international exports soared 20 per cent the most rapid growth of any province. Between 2002 and 2007, exports doubled to \$12 billion as prices rose for energy products and metals.

Saskatchewan exported \$21 billion to other countries in 2007, a 13 per cent increase over 2006. This placed Saskatchewan behind only Newfoundland and Labrador for the title of fastest growing provincial exports. In addition to crude oil, agricultural products, potash, and uranium have made major gains since 2005.

The study says both Newfoundland and Labrador and Saskatchewan have reversed their long-term trend of a declining population. In the last two quarters of 2007, the number of people moving into Newfoundland and Labrador was the highest that it had been in 30 years. At the same time, out-migration slowed, resulting in the population increasing for the first time in 15 years.

Saskatchewan's population grew 0.8 per cent in 2007, its first increase in over a decade, as the population once again topped a million.



As incomes have risen and population growth has resumed, Newfoundland and Labrador and Saskatchewan consumers have gone on a buying binge, leading provincial growth in retail, housing and auto sales.

http://www.canadianbusiness.com/markets/headline_news/article.jsp?content=b051525A&page=1