



BRITISH COLUMBIA EXPERIENCES UNDERWHELMING GROWTH: RBC ECONOMICS

Surge in exports to China is a bright spot

TORONTO, September 12, 2011 — British Columbia's economy continued to produce mixed results in recent months and is forecast to grow at a modest rate of 2.1 per cent in 2011, according to the latest RBC Provincial Economic Outlook. A surge in exports to China was partially offset by weakness in mineral production and retail sales, setting the province up for an underwhelming economic performance this year.

"We remain confident that the pace of activity in British Columbia's economy will pick-up during the second half of 2011 alongside strengthening U.S. and Canadian economies," said Craig Wright, senior vice-president and chief economist, RBC. "However, the rate of overall growth this year is now projected to be slower than previously forecasted."

A dramatic 50-per cent year-over-year increase in B.C.'s exports to China so far this year was echoed in strong gains in exports to South Korea (up 35 per cent) and Taiwan (up 40 per cent). Inroads in exports to China were significant for the province's wood product producers. However, other key industrial sectors in the province, including metal production and mineral mining operations, experienced real output declines in the early part of 2011.

"By branching out of the sluggish U.S. housing market and into non-traditional markets, B.C.'s lumber producers have notably improved their prospects," added Wright.

The employment picture in British Columbia has improved recently, somewhat alleviating concerns that arose this winter when the unemployment rate hit an eight-year high of 8.8 per cent in February. This earlier set-back on the jobs front has likely been a factor restricting retail sales growth in the province – retail sales were the slowest in the country for the first half of this year.

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Looking ahead, British Columbia's economy is forecast to regain some momentum next year, growing at a rate of 2.3 per cent. The referendum results which rejected the harmonized sales tax and reinstated the old provincial sales tax, however, has added downside risk to business investment and job growth in the province.

The [RBC Economics Provincial Outlook](#) assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at <http://www.rbc.com/newsroom/reports.html>.

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