



BRITISH COLUMBIA MAINTAINS MODEST ECONOMIC GROWTH, SAYS RBC

TORONTO, January 11, 2008 — British Columbia's economic growth is on track and expected to come in at 2.5 per cent in 2008 and three per cent in 2009, but continues to face long-term pressures on future economic growth, according to a provincial economic outlook released today by RBC.

“Several of British Columbia's key cyclical growth drivers are at turning points, capital spending will likely peak over the next few years, vulnerable exports are being hit, and the pine beetle threat still looms,” said Craig Wright, senior vice-president and chief economist, RBC. “Growth will slow as the balance of risks to the province's economy over the long term has swung more towards the pessimist's camp.”

According to the report, public capital spending is expected to have peaked in 2007 at \$5.5 billion. However, it will remain at around \$5 billion in 2008 but this is not expected to have as positive a growth impact as it has had over the past five years. This softening will also amplify the effects of a slowdown in other critical sectors like forestry and energy. Relative to a \$200-billion economy, there is a record high \$135 billion earmarked for capital projects. However with half the projects already under construction, the remaining proposed projects will represent only modest stimulus for the economy over the next decade.

Exports remain under pressure and were down about six per cent for most of last year, primarily due to the U.S. housing slowdown and soft lumber and natural gas prices. Pulp producers, however, are the noticeable exception to this bleak export picture. A bullish pricing environment and strong global demand will help pulp producers, but excess global capacity coming on stream may dampen prices later in the year.

Across Canada, Alberta leads all provinces with above-average economic growth, followed by Saskatchewan and Nova Scotia. On the opposite end of the scale, and showing a complete turnabout with its mega-projects now in maturation, Newfoundland and Labrador is posting the slowest economic growth rate of 0.5 per cent, and on its heels is P.E.I., as well as Quebec and Ontario with its manufacturing woes. However, a more bullish outlook is in store by the end of this decade for Newfoundland and

Labrador, New Brunswick, Nova Scotia and, in particular, Saskatchewan, where there is a possibility for a triple play of diamond mining, rich uranium deposits and a massive oil strike in the southeastern part of the province.

The RBC Economics *Provincial Outlook* assesses the provinces according to economic growth, employment growth, unemployment rates, personal income growth, retail sales, housing starts and the Consumer Price Index.

According to the report (available online as of 8 a.m. E.S.T., at www.rbc.com/economics/market/pdf/provfcst.pdf), provincial forecast details are as follows:

	Real GDP			Housing starts Thousands			Retail sales			Employment			CPI		
	07	08	09	07	08	09	07	08	09	07	08	09	07	08	09
NFLD.	9.0	0.5	1.0	2.5	2.2	1.9	10.0	6.0	2.0	0.7	0.1	0.3	1.5	1.0	1.2
P.E.I.	1.9	1.2	1.4	0.7	0.6	0.5	9.1	4.5	3.7	1.3	0.4	0.2	1.8	1.3	1.6
N.S.	2.4	3.0	3.5	4.8	4.5	4.1	4.4	4.9	6.5	1.3	1.8	2.0	1.9	1.1	2.0
N.B.	2.5	2.5	2.6	4.1	3.8	3.4	6.7	4.5	4.0	1.9	1.7	0.9	2.0	1.2	1.6
QUE.	1.9	1.7	2.5	49.4	46.9	40.4	4.4	4.0	4.1	2.2	1.2	0.9	1.6	1.1	1.6
ONT.	1.7	1.4	2.6	68.1	66.2	60.2	3.9	3.5	4.7	1.6	1.0	1.1	1.9	1.0	1.7
MAN.	3.4	3.1	2.5	5.7	5.7	5.0	9.0	5.3	3.4	1.5	1.2	1.5	2.2	1.7	1.6
SASK.	4.6	3.8	3.3	5.9	6.1	4.5	12.2	8.5	6.5	2.3	1.6	0.8	3.0	2.4	2.4
ALTA.	4.3	3.9	3.2	48.3	38.6	35.2	9.7	9.0	8.2	4.8	2.0	1.8	5.1	2.9	2.6
B.C.	3.0	2.5	3.0	38.6	35.2	28.5	7.1	6.0	7.5	3.2	1.9	2.6	1.8	1.4	2.2
CANADA	2.6	2.1	2.7	228	210	184	5.9	5.1	5.5	2.3	1.3	1.4	2.1	1.4	1.9

For more information contact:

Craig Wright, RBC Economics, (416) 974-7457
 Derek Holt, RBC Economics, (416) 974-6192
 Amy Goldbloom, RBC Economics, (416) 974-0579
 Jackie Braden, RBC Media Relations, (416) 974-2124