

FOCUS ON ATLANTIC CANADA

For a closer look at the significance of the opening of markets to Canada, one need only look at the experience of the Atlantic provinces over the past few years. The early 1990s were difficult economic times throughout Canada, particularly so in the Atlantic provinces. The post-recession, latter-half of the decade saw a return to solid growth and business opportunity. According to Statistics Canada, the economy of Atlantic Canada grew by 10 percent in the 1990s, while employment increased by 80,000.

While we might wish to point to one or two explanations for the rebound, such as the general resurgence of markets and investment across North America, a variety of other factors have contributed to this turnaround. These include the upgrading of work-force skills, growth of the information technology (IT) sector, development of offshore petroleum fields and investment in infrastructure. Such factors, combined with the opening of new markets under the NAFTA and the WTO have created new manufacturing and service opportunities throughout the region.

■ The focus on Atlantic Canada is intended to be the first in a series of regional focuses. It is our intention to highlight the performance of other regions of Canada in future reports.

The Atlantic Economy is Changing

When thinking of the economy of the Atlantic provinces, Canadians west of Quebec City have traditionally tended to envisage hundreds of thousands of Atlantic Canadians earning their livelihoods from the sea, farms, mines or forests. The new reality is that innovative Easterners, who may have come from those traditional backgrounds, and other investors are embarking upon new endeavours in areas that would not be considered as traditional Atlantic Canada economic activities. For instance, many new opportunities have come in high-skill and knowledge-based fields, such as aerospace/defence industry production, telecommunications, distance education, geomatics research, marine biotechnology, Internet-based and multimedia services, music and sound recording.

It is also not generally appreciated that Eastern Canadians have been successful at diversifying traditional industries. The shortage of groundfish has resulted in more emphasis on product quality, high-value shellfish and aquaculture, all of which have contributed to the remarkable continuing strength in fisheries' exports. The positive impact of offshore energy field exploration and development goes beyond the petroleum exports themselves to affect manufacturing and services capabilities in the region. Another traditional sector, forestry, has seen export growth and diversification in high-value building components and pre-fab housing, as well as in fine papers and other consumer paper products.

In the early 1990s, Prince Edward Island had no aerospace industry. Since the closure of the former Canadian Forces Base Summerside in 1989, its airport and other assets have been used to build the nucleus of such an industry. By mid-1999, approximately 340 Islanders were employed in full-time, year-round, high-skill, well-paying jobs making aircraft interior components, engine turbines and other precision-machined products. Some firms also have secured long-term repair, overhaul and maintenance contracts for products made by other aerospace companies. This industry's sales now account for roughly one-fifth of PEI's exports, and these firms, together with Nova Scotia's aerospace companies, are developing a solid cluster in the region. In fact, the aerospace industry has grown so rapidly that the demand for skilled labour in PEI has begun to surpass the supply. In response, the Aerospace and Industrial Technology Centre in Slemmon Park, PEI was officially opened in May 1999 to provide specialized training in order to create a larger pool of skilled workers who can assist in the industry's growth. Since the opening of the Centre, two firms have announced new investment that is expected to result in the creation of approximately 200 new high-skill jobs in PEI over the next four years.

New Brunswick business and government leaders decided in the early '90s to position that province as the premier North American location for knowledge- and technology-based companies. They developed a world-class telecommunications system and together with the federal government provided computer and technology education for kindergarten through college levels. They also fostered an increased awareness and facility for the everyday use of technology by average