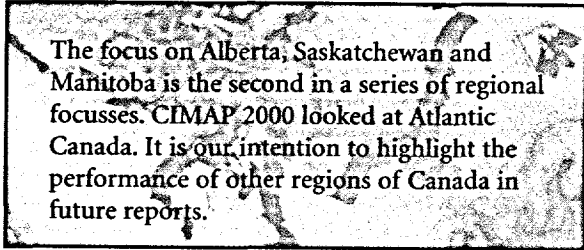


Slowdowns and reduced demand in foreign markets contributed to varying degrees both to the slower growth the Prairie provinces experienced in 1999 and to the re-energized growth they recorded in 2000. The influence of events in foreign markets on the three prairie economies varies by province; the varying impacts are attributable to the share of economic activity in each province generated by



The focus on Alberta, Saskatchewan and Manitoba is the second in a series of regional focusses. CIMAP 2000 looked at Atlantic Canada. It is our intention to highlight the performance of other regions of Canada in future reports.

exports and the product composition of goods sold abroad. Exports of goods and services as a percentage of Saskatchewan's gross domestic product remained relatively constant at about 40 percent over the latter half of the 1990s. Saskatchewan's key exports are cereals, fertilizers, mineral fuel oils and oilseeds. Alberta exported a relatively constant 36 percent of gross domestic product over this same period. While oil, gas and other mineral fuels comprised the major share of foreign sales, exports of chemicals and chemical products, wood products, pulp and paper, electrical equipment, and processed food have increased significantly. For Manitoba, the share of exports of goods and services as a percentage of gross domestic product increased during the late 1990s before leveling off at about 30 percent. Manitoba's export profile reflects the highly diversified nature of its economy. Manitoba's leading exports include aircraft parts, wheat, canola seeds/oil, electrical energy, minerals, buses/public transport passenger vehicles, processed potatoes, lumber and newsprint.

The opening of markets under the NAFTA and the WTO has generated new opportunities for domestic producers and services providers. Efforts to open markets continue at the bilateral, regional and multilateral level. The regional focus attempts to set out some important achievements in reducing barriers to exports by manufacturers and services providers in Alberta, Saskatchewan and Manitoba and to identify some of the remaining obstacles that need to be addressed.

ALBERTA

Overview

After growing by an estimated 3.6 percent in 1999, the Alberta economy rebounded in 2000 with approximately 6.5 percent growth, led by a surge in energy sector investment (up by an estimated 37 percent from 1999). Alberta has had the fastest growing economy in Canada over the past five years, with the annual real rate of growth averaging 4.6 percent.

The province consistently has the highest investment per capita among provinces. A total of \$31.3 billion was invested in 1999, an increase of 50 percent since 1994. During the 1994-1999 period, investment in the manufacturing sector more than doubled. In 1999, real business investment grew by an estimated 13.6 percent over 1998. Business investment is projected to remain around current record levels. Almost \$29 billion in major investment projects have been announced or are currently under construction, including oil sands, pipeline, transportation, utility, commercial and real estate projects.

Alberta's economy is now more diversified and less susceptible to volatile commodity price fluctuations than it was in the 1970s and early 1980s. Alberta's manufacturing sector has grown from 6.3 percent of gross domestic product in 1985 to 10.3 percent in 1998. The services sector is up from 53.8 percent to 67.9 percent. Between 1994 and 1999, shipments by manufacturing industry increased 40 percent to \$35.3 billion. In contrast, the energy sector has declined from 37.2 percent of gross domestic product to approximately 21 percent. This relative decline in the energy sector has been mirrored in Alberta's corporate income tax receipts. In 1985-1986, the energy sector contributed 60.5 percent of corporate income tax revenues. By 1998-1999, this had fallen to 9.6 percent. The agriculture sector's share of the economy has remained virtually unchanged since the mid-1980's. A major structural change is also taking place in Alberta's oil sector, as companies shift their investment plans to oil sands from conventional oil properties. Non-conventional oil production is forecast to rise 81 percent from current levels by 2003. It is expected to account for over 60 percent of Alberta's oil production in 2003, compared to an estimated 44 percent in 1999. The increase is led by projects like Suncor's Project