

Natural resource indicators, fourth quarter 2020

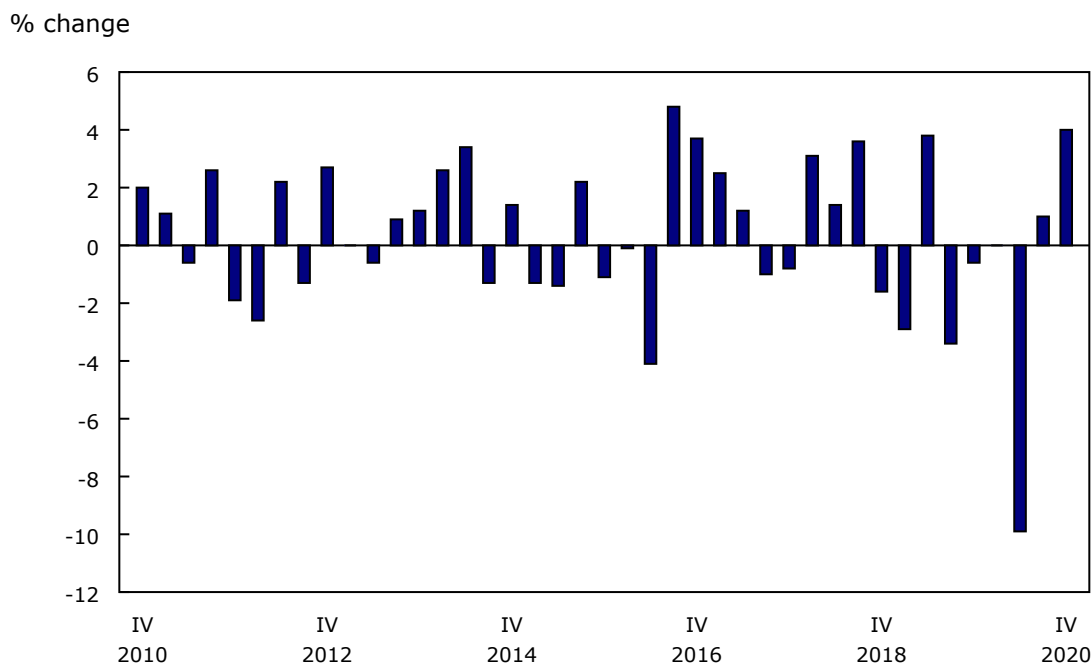
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, March 25, 2021

Natural resources real gross domestic product rises

Real gross domestic product (GDP) of the natural resources sector increased 4.0% in the fourth quarter, after rising 1.0% in the third quarter. Compared with 2019, the sector's real GDP fell 7.3%, the sharpest annual decline since data were first recorded in 2007.

The economy-wide real GDP rose 2.3% in the fourth quarter, but declined 5.4% for the entire year in the wake of the pandemic.

Chart 1
Natural resources real gross domestic product



Source(s): Table [38-10-0285-01](#).

Fourth-quarter growth in natural resources was driven by the energy and forestry subsectors. A 5.5% gain in the energy subsector was largely attributable to increased extraction of crude oil, with production facilities ramping up activities in Alberta. However, in 2020, real GDP of the energy subsector dropped 7.6%, owing to a sharp decline in the second quarter.

Real GDP of the forestry subsector rose 2.4%, reflecting an increase in primary wood products (+7.4%), which were influenced by higher housing investment (+4.3%) and primary sawmill and wood exports (+10.4%) as US housing demand continued to grow. Compared with 2019, real GDP of the forestry subsector fell 6.0% in 2020, as a result of periodic shutdowns of non-essential businesses and weak international demand.



Led by increases in gold, silver and platinum, real GDP of metallic minerals rose 5.9%. Real GDP of non-metallic minerals declined 12.2%, partly owing to a drop in potash mining. Compared with 2019, real GDP of the minerals and mining subsector fell 7.2%, mainly because of weak international demand, the derailment of a train carrying a large amount of potash in British Columbia, and COVID-19 outbreaks at some sites in Saskatchewan in the third quarter.

Exports rise, imports decline

Canada has long been a net exporter of natural resources—export values are generally about double those of imports.

Increases in natural resources export volumes were broad-based in the fourth quarter. Energy exports rose 7.8%, largely because of higher demand for refined petroleum products in the United States. The rise in minerals and mining exports (+6.7%) stemmed largely from unwrought gold, silver and platinum and their alloys; this surge reflected exports of refined gold to the United Kingdom, related to a Brexit-induced period of economic uncertainty. Compared with 2019, export volumes fell 7.4% because of a substantial decline arising from weak international demand in the second quarter.

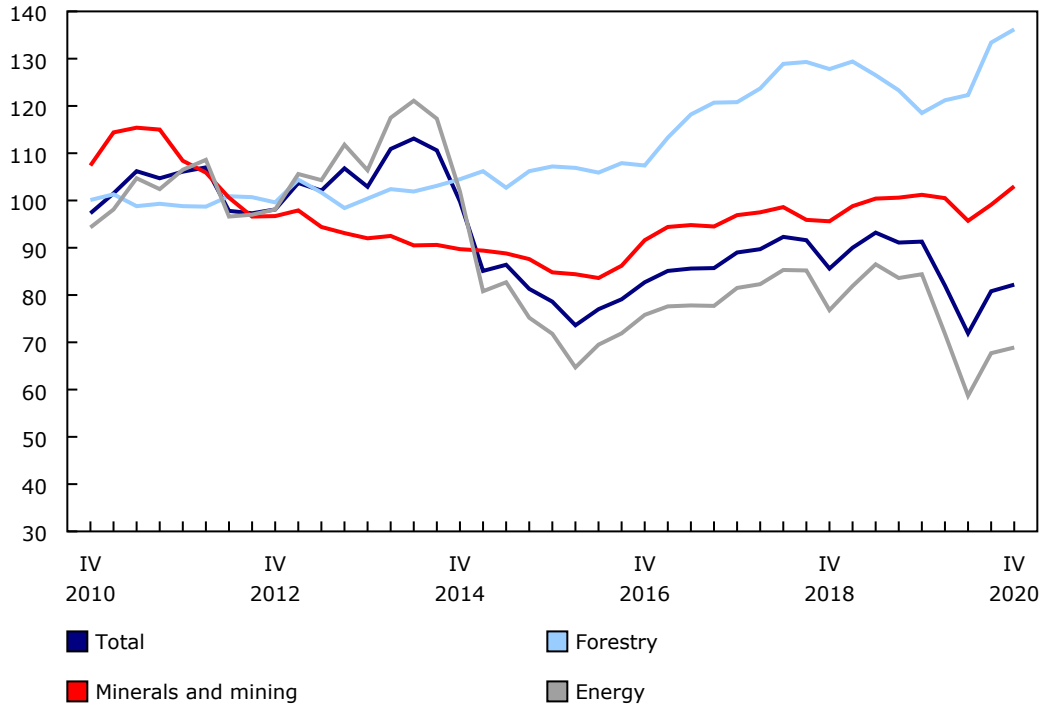
Import volumes were down 5.8% in 2020, owing to a sharp drop in domestic demand in the second quarter. Import volumes fell 8.8% in the fourth quarter, after rising 2.9% in the third quarter.

Natural resource prices and nominal GDP

Natural resource prices rose 1.7% in the fourth quarter, led by refined petroleum products (+4.6%). Refined petroleum product prices had increased 17.7% in the third quarter after a 30.4% drop in the second quarter, reflecting the volatility of crude oil prices on the world market.

Chart 2
Natural resource prices

index (2012=100)



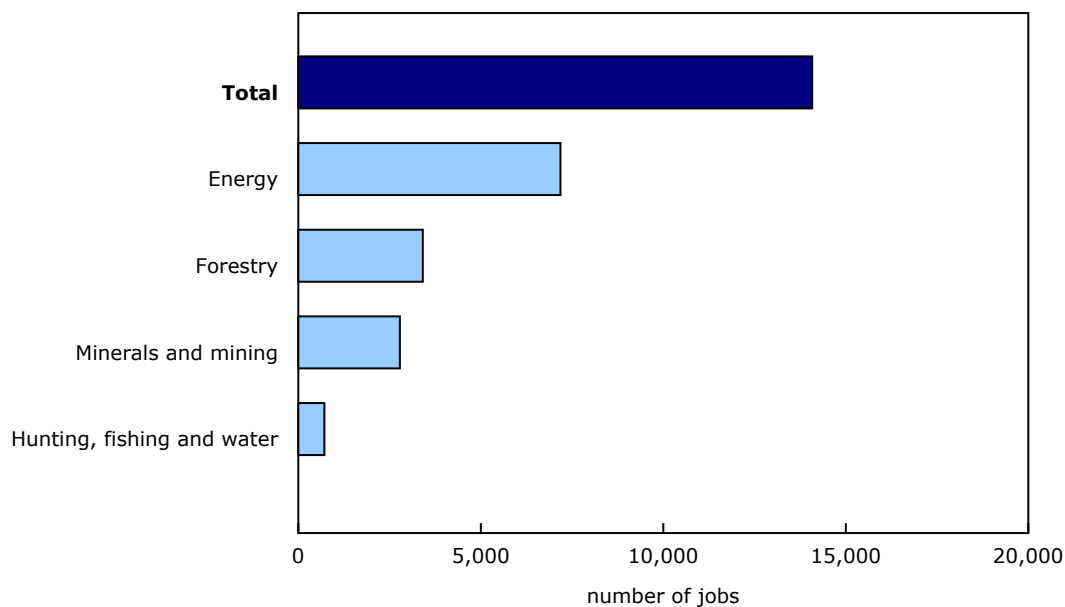
Source(s): Table 38-10-0285-01.

The higher prices boosted growth in natural resources' nominal GDP by 5.7% in the fourth quarter. Expressed as an annual rate, fourth-quarter nominal GDP of natural resources was \$199.6 billion, representing 9.2% of the Canadian economy.

The energy subsector's share of natural resources GDP was the largest, at 59.2% in the fourth quarter, followed by minerals and mining at 24.7%, and forestry at 10.2%. Hunting, fishing and water accounted for the remaining 5.9%.

Employment increases

Chart 3
Employment changes, fourth quarter of 2020



Source(s): Table 38-10-0285-01.

Employment in the natural resources sector rose 2.4% in the fourth quarter, after increasing 3.0% in the third quarter. Job recovery was strongest in the energy subsector (+7,200 jobs), followed by forestry (+3,400) and minerals and mining (+2,800). Compared with 2019, natural resources employment was down 6.3% (-40,000 jobs).

Downstream activities

For analytical purposes, secondary and tertiary processing for the forestry and minerals and mining subsectors are presented separately. Nominal GDP of these downstream activities rose 3.8% to \$8.1 billion. Prices increased 1.3% in the fourth quarter and were up 0.2% for the entire year.

Note to readers

Data on natural resources for the fourth quarter of 2020 have been released along with revised data from the first quarter to the third quarter of 2020.

The natural resource indicators provide quarterly indicators for the main aggregates in the Natural Resource Satellite Account (NRSA), namely, gross domestic product, output, exports, imports and employment. The estimates from this account are directly comparable to the estimates in the Canadian System of Macroeconomic Accounts.

Employment estimates reported in this release align with the following definitions of natural resource subsectors. Consequently, these estimates may differ from those released by the labour productivity program.

Core natural resources: The NRSA defines natural resource activities as those that result in goods and services originating from naturally occurring assets used in economic activity, as well as their initial processing (primary manufacturing).

Downstream activities: Although not part of the core account, natural resources have important downstream effects on other sectors. In general, this production uses a large portion of primary manufactured products as inputs.

Next release

Data on natural resource indicators for the first quarter of 2021 will be released on June 23, 2021.

Available tables: [table 38-10-0285-01](#).

Definitions, data sources and methods: [survey number 1901](#).

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of our website, features an up-to-date portrait of national and provincial economies and their structures.

Additional information can be found in the articles "[The Natural Resources Satellite Account: Feasibility study](#)" and "[The Natural Resources Satellite Account – Sources and methods](#)," which are part of the *Income and Expenditure Accounts Technical Series* ([13-604-M](#)).

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).