

GOAL 16: MINING IN NEW BRUNSWICK

New Brunswick will reconsider the potential for the mining industry to serve as a critical source of GDP growth.

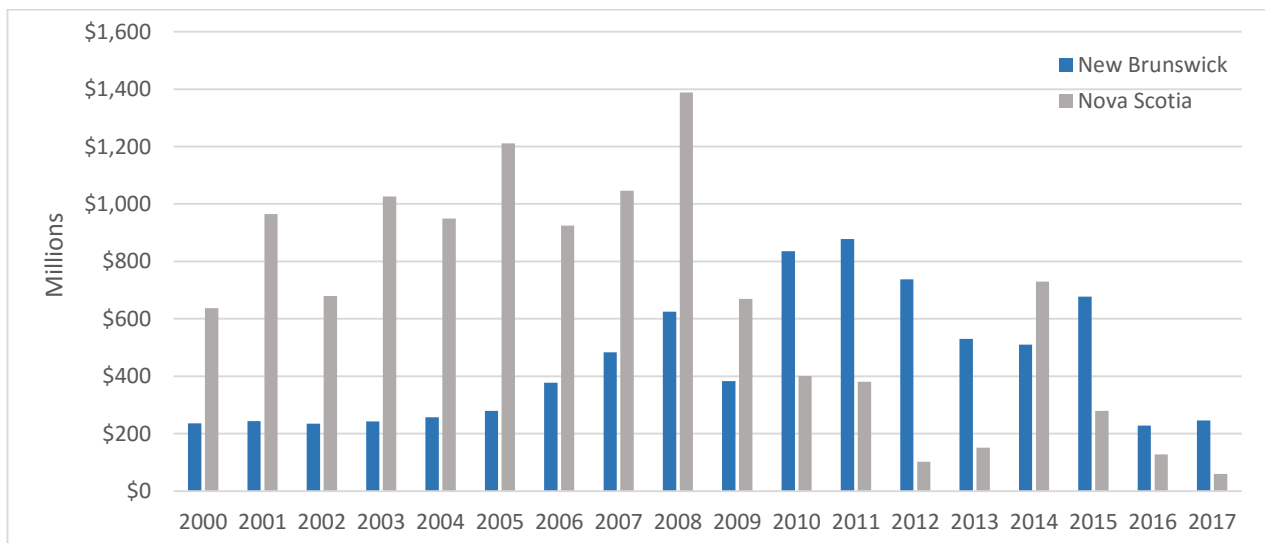
Status: UNCERTAIN

Current Situation

In 2011, the Fraser Institute praised New Brunswick's mining industry for its stability and qualified labour force, officially recognizing the province as the top mining jurisdiction in the world.¹ New Brunswick has a long history of mining, which earned the province an international reputation for fair regulation, complementary infrastructure, and an attractive taxation system. In addition, the extraction of potash, shale gas, and metal ores employed thousands of workers and generated a large amount of GDP. The province's current growth strategy stands in stark contrast to this economic history, however, as mining (including oil and gas extraction) is no longer considered a potential sector for GDP growth. Over the last decade, mining production has fallen by 75%, and it faces further limitations brought about by a struggling market and the provincial government's natural gas moratorium.

It is recommended that New Brunswick reconsider the importance of mining as a critical source of GDP growth. Reinvigorating the province's mining industry could stimulate economic development and sustain higher levels of investment and employment. This could be accomplished, for instance, through the operation of more mines, such as the proposed Sisson Project open-pit Tungsten mine in the Nashwaak River Valley (which is the only mining project referenced within the provincial growth plan). If environmentally approved, the Tungsten mine could generate investments of at least \$500 million over 27 years while creating numerous jobs for the province.

Figure 1: Mining and Oil & Gas Extraction (NB and NS)



¹ Wilson, Alana, Fred McMahon, and Miguel Cervantes. "Fraser Institute Annual: Survey of Mining Companies 2012/2013." Fraser Institute. <https://www.fraserinstitute.org/sites/default/files/mining-survey-2012-2013.pdf>.

Data: Figure 1	New Brunswick Value of Exports	Nova Scotia Value of Exports
2000	\$ 235,559,923	\$ 637,515,773
2001	\$ 243,721,747	\$ 964,402,692
2002	\$ 234,866,527	\$ 679,469,084
2003	\$ 243,050,431	\$ 1,026,243,990
2004	\$ 257,066,239	\$ 948,797,112
2005	\$ 278,874,897	\$ 1,211,507,954
2006	\$ 376,888,569	\$ 924,431,953
2007	\$ 483,360,004	\$ 1,045,954,665
2008	\$ 624,646,333	\$ 1,388,868,660
2009	\$ 383,005,004	\$ 669,176,484
2010	\$ 835,937,746	\$ 401,149,537
2011	\$ 877,335,001	\$ 380,505,911
2012	\$ 737,115,659	\$ 102,472,282
2013	\$ 530,215,405	\$ 151,470,428
2014	\$ 510,336,134	\$ 729,932,218
2015	\$ 677,637,532	\$ 278,844,697
2016	\$ 228,185,869	\$ 127,775,214
2017	\$ 245,784,681	\$ 59,327,474

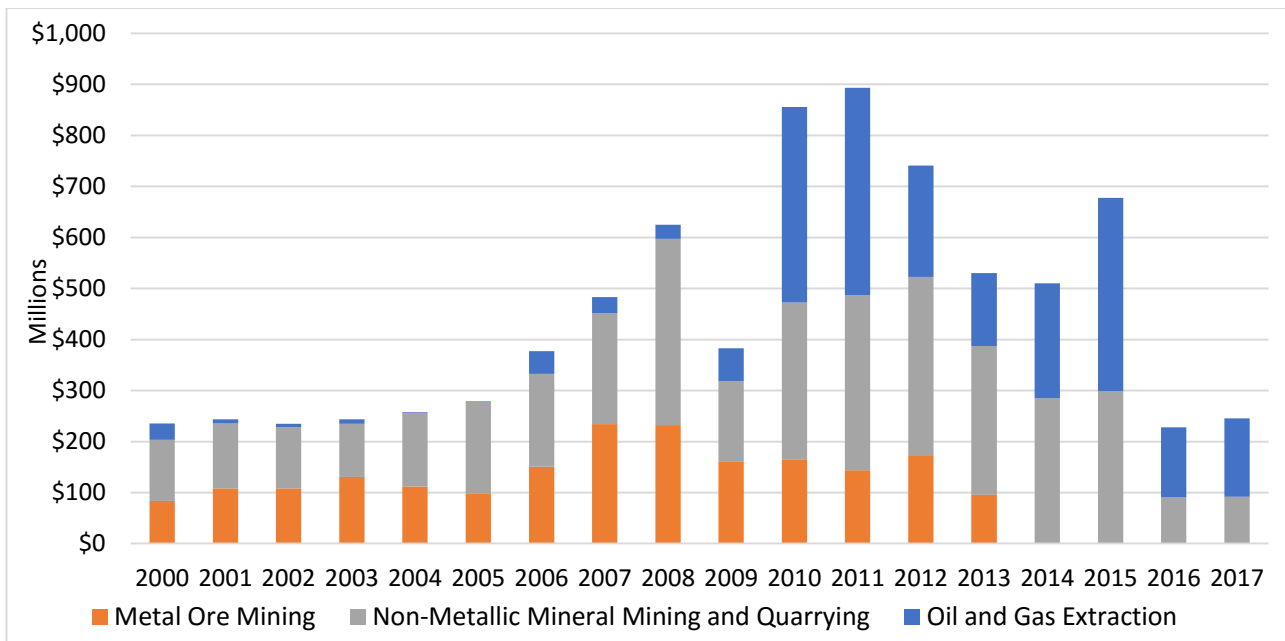
Source: Statistics Canada (Trade Data Online), CPI Values: Table 18-10-0005-01 (formerly CANSIM 326-0021)
 *Values in 2017 dollars

What This Means

From 2010 to 2017, the total export value of New Brunswick's mining products decreased by nearly 75%. This negative trend has more recently been amplified by the 2013 closure of Bathurst's *Xstrata Zinc* mine, as well as the 2016 fracking moratorium, which affected the shale gas industry. Both New Brunswick and Nova Scotia hit their respective exportation lows in 2016 and 2017, which shows that this trend is affecting more Atlantic provinces than just New Brunswick.

Deep Dive

Figure 2: Mining and Extraction Exports (NB)



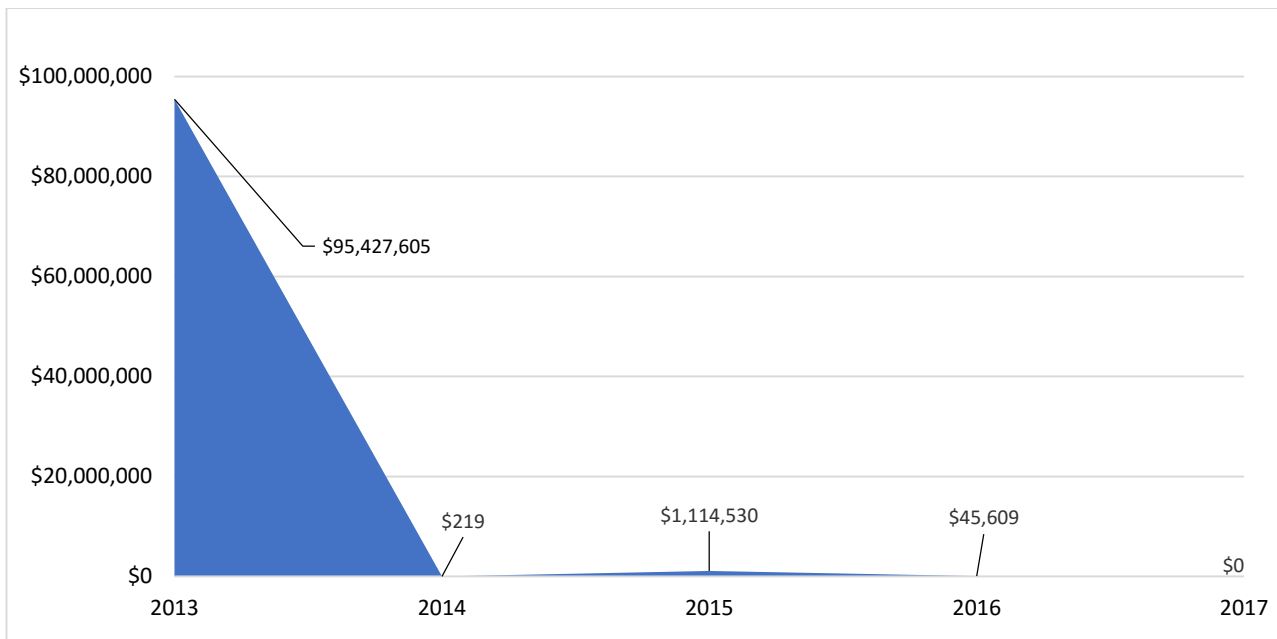
Data: Figure 2	Oil and Gas Extraction Export Value	Metal Ore Mining Export Value	Non-Metallic Mineral Mining and Quarrying Export Value
2000	\$ 32,081,427	\$ 83,854,780	\$ 119,623,716
2001	\$ 8,007,286	\$ 108,308,627	\$ 127,405,833
2002	\$ 7,242,067	\$ 107,851,079	\$ 119,773,381
2003	\$ 8,424,416	\$ 130,674,084	\$ 104,196,042
2004	\$ 1,812,471	\$ 112,081,137	\$ 143,243,305
2005	\$ 1,385,965	\$ 97,734,353	\$ 179,429,851
2006	\$ 44,394,567	\$ 150,781,271	\$ 181,738,262
2007	\$ 31,306,326	\$ 234,485,055	\$ 217,615,267
2008	\$ 27,362,269	\$ 232,390,171	\$ 364,893,907
2009	\$ 64,883,040	\$ 160,308,660	\$ 157,813,339
2010	\$ 383,650,207	\$ 164,901,078	\$ 307,389,043
2011	\$ 406,361,678	\$ 144,010,430	\$ 342,779,308
2012	\$ 218,104,829	\$ 173,043,746	\$ 349,679,271
2013	\$ 142,969,701	\$ 95,427,605	\$ 291,826,441
2014	\$ 225,464,967	\$ 219	\$ 284,890,580
2015	\$ 378,535,024	\$ 1,114,530	\$ 297,974,556
2016	\$ 137,912,059	\$ 45,609	\$ 90,216,185
2017	\$ 154,101,968	\$ 0	\$ 91,682,713

Source: Statistics Canada (Trade Data Online)

*Values in 2017 dollars

The closure of Bathurst's Zinc Mine in 2013 had a large impact on New Brunswick's mining industry. Over the 5 years since this closure (2013-2017), metal ore mining completely disappeared from the province, as did mining for iron, gold, and silver. Although mining for other metal ores (including copper, zinc, lead, and nickel) continued after the Bathurst mine closed, it disappeared in 2016. Meanwhile, the oil and gas extraction industries have become more volatile, possibly because of fluctuations in international prices and the implementation of a provincial fracking moratorium.

Figure 3: Metal Ore Mining (NB)

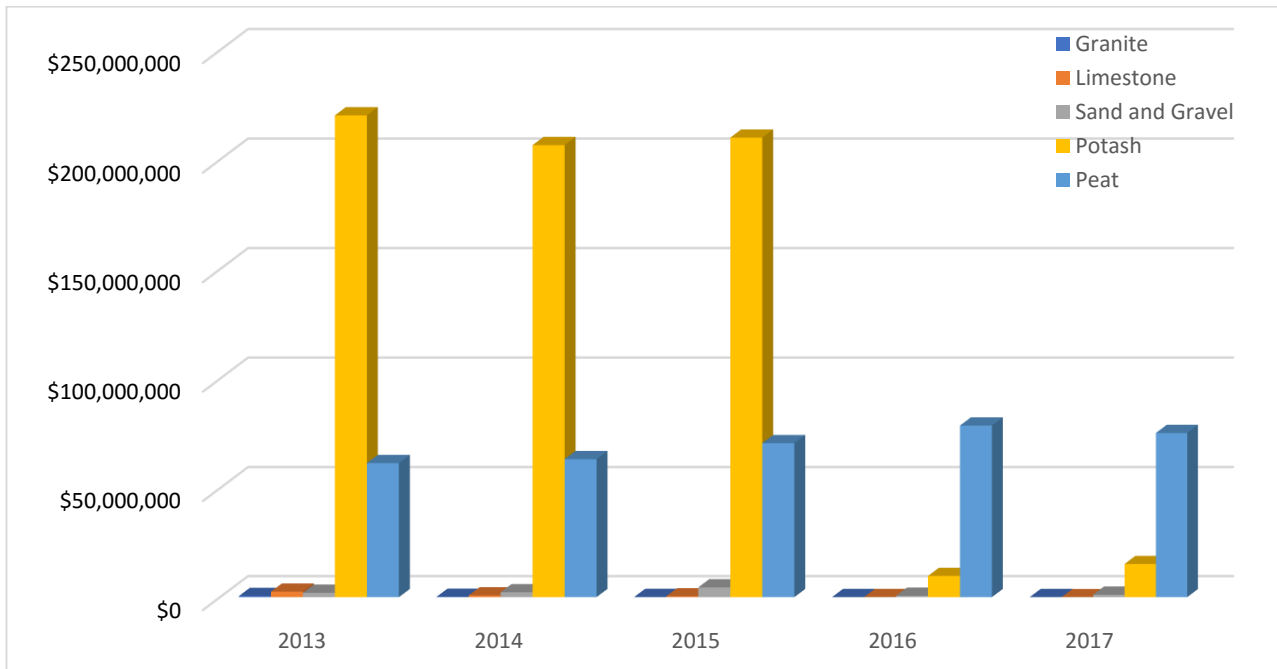


Data: Figure 3	2013	2014	2015	2016	2017
Metal Ore Mining Value of Exports	\$95,427,605	\$219	\$1,114,530	\$45,609	\$0

Source: Statistics Canada (Trade Data Online)

*Values in 2017 dollars

Figure 4: Non-Metallic Mineral Extraction (NB)



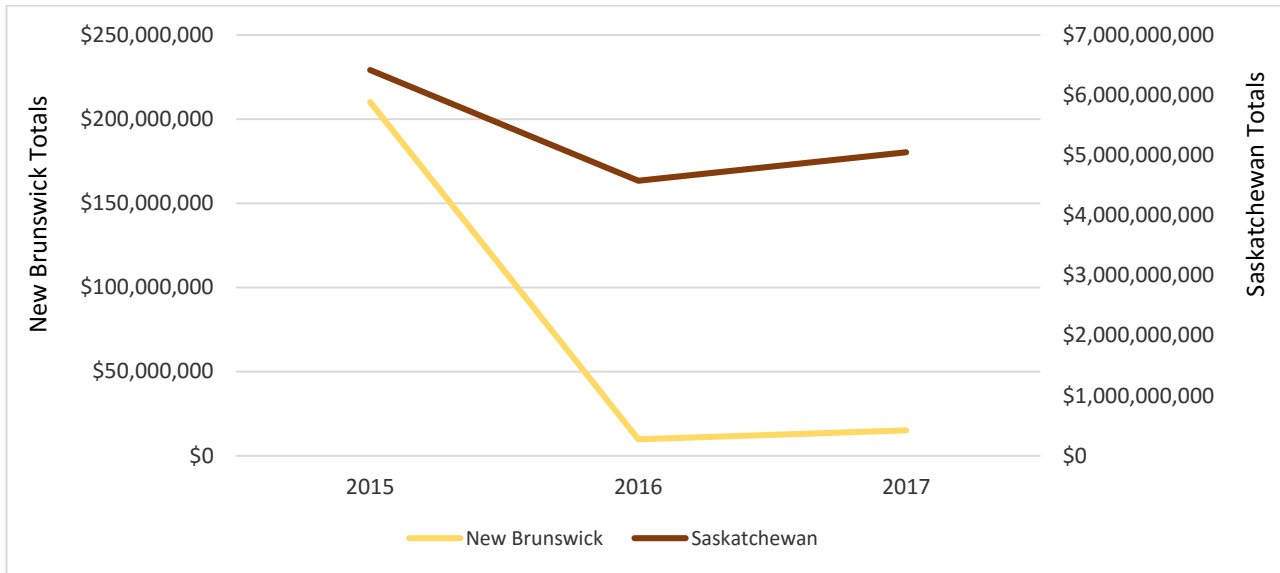
Data: Figure 4	2013	2014	2015	2016	2017
Granite	\$521,266	\$161,914	\$95,918	\$13,896	\$37,740
Limestone	\$2,521,936	\$782,243	\$394,042	\$12,449	\$9,002
Sand and Gravel	\$2,020,671	\$2,251,897	\$4,474,703	\$616,262	\$1,123,298
Potash	\$220,223,048	\$206,630,967	\$210,045,630	\$9,734,457	\$15,171,358
Peat	\$61,448,204	\$63,272,243	\$70,551,316	\$78,600,001	\$75,175,489

Source: Statistics Canada (Trade Data Online)

*Values in 2017 dollars

The non-metallic minerals most commonly mined in New Brunswick are granite, limestone, sand and gravel, potash, and peat, all of which saw diverse patterns of growth from 2013 to 2017. For example, from 2015 to 2017, potash mining decreased by nearly 93% because of a struggling potash market and consequent production suspensions at New Brunswick's major mines. This downward trend appears to have been national, rather than provincial, as Saskatchewan—Canada's largest producer of potash—exhibited a similar pattern in potash exports during the same timeframe. Yet, despite this setback, Canada remains the largest potash producer in the world. Over the same period, sand and gravel mining and peat extraction in New Brunswick remained constant or increased, while there was a decrease in the mining and quarrying of granite and limestone.

Figure 5: Potash Exports (NB and SK)



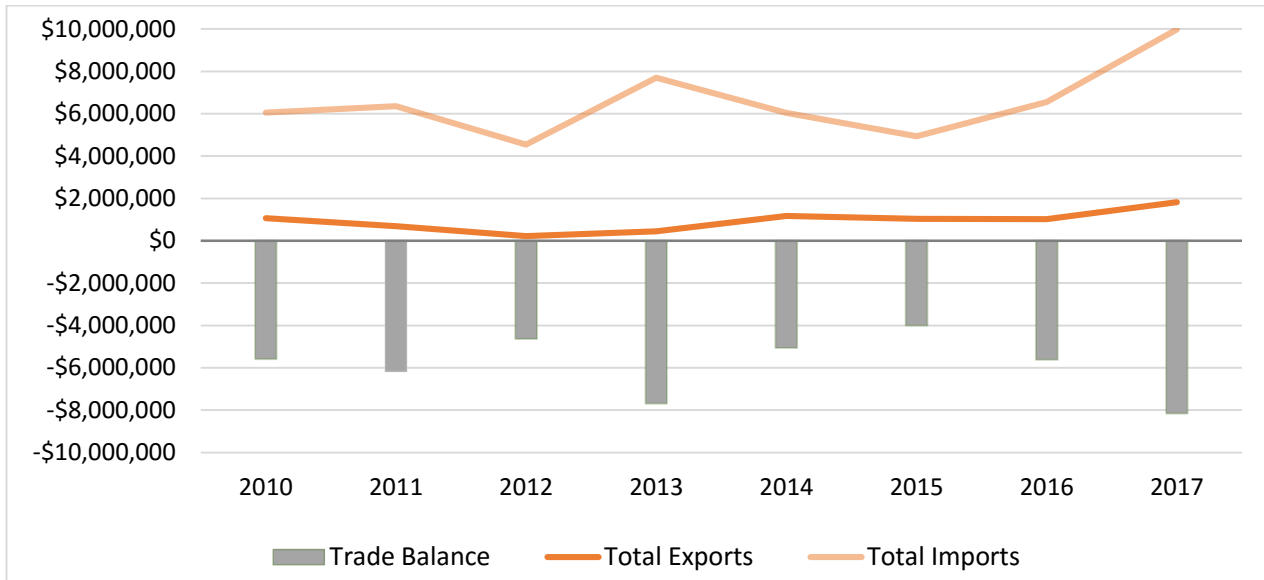
Data: Figure 5	2015	2016	2017
Saskatchewan	\$6,415,960,817	\$4,572,974,000	\$5,047,067,000
New Brunswick	\$210,045,630	\$9,734,457	\$15,171,358

Source: Statistics Canada (Trade Data Online)

*Values in 2017 dollars

The proposal for a Sisson Molybdenum and Tungsten Mine in the Nashwaak Watershed is a key element in the Government of New Brunswick's plan for the economy. Deemed “The Sisson Project,” this open-pit mine is intended to attract long-term investment, create high-paying short- and long-term employment, and strengthen the provincial economy. Extraction of tungsten and molybdenum would benefit New Brunswick's GDP and reduce the trade deficit. As of 2017, Canada's international trade balance for these resources was at a deficit of over \$8 million. The Sisson Project could aid in the reduction of this deficit either by increasing the volume of exports or by keeping the resources in the province and therefore decreasing the volume of imports.

Figure 6: Canadian Tungsten and Molybdenum



Data: Figure 6	Tungsten (Wolfram) Trade Balance	Molybdenum Trade Balance	Total Trade Balance
2010	-\$3,731,658	-\$1,260,604	-\$4,992,262
2011	-\$4,509,345	-\$1,153,983	-\$5,663,328
2012	-\$3,157,264	-\$1,164,491	-\$4,321,755
2013	-\$5,982,779	-\$1,261,684	-\$7,244,464
2014	-\$3,067,758	-\$1,797,620	-\$4,865,379
2015	-\$2,114,144	-\$1,775,791	-\$3,889,935
2016	-\$3,125,414	-\$2,415,503	-\$5,540,917
2017	-\$5,853,942	-\$2,301,247	-\$8,155,189

Source: Statistics Canada (Trade Data Online)

*Values in 2017 dollars

Notes

- Industry and Product Codes:
 - Mining (Except Oil and Gas) *NAICS 212*
 - Oil and Gas Extraction *NAICS 2111*
 - Metal Ore Mining *NAICS 2122*
 - Non-Metallic Mineral Mining and Quarrying *NAICS 2123*
 - Granite Mining and Quarrying *NAICS 212314*
 - Limestone Mining and Quarrying *NAICS 212315*
 - Sand and Gravel Mining and Quarrying *NAICS 212323*
 - Potash Mining *NAICS 212396*
 - Peat Extraction *NAICS 212397*
 - Tungsten *HS Code 810199*
 - Molybdenum *HS Code 810295*
- Potash Exports for Saskatchewan were re-indexed using the national CPI, whereas New Brunswick's exports show the provincial purchasing power.
- Tungsten and Molybdenum values were re-indexed using Canadian CPI values.