



MINERAL PRODUCTION

The Global Recession Reduced Canada's Mineral Production in 2009

The global recession of 2008/09 hammered Canada's mineral production¹ in 2009. The total value of minerals produced in Canada dropped to \$32.2 billion, a 31.5% decrease from \$47.0 billion in 2008.² The three major mineral categories – metals, nonmetals, and coal – all experienced reduced production volumes and lower product prices. Metallic mineral production in 2009 fell to \$16.2 billion, a decrease of 28.5%, while nonmetallic mineral production dropped 40.9% to \$11.5 billion. The 2009 value of coal production declined 8.9% to \$4.5 billion from \$5.0 billion in 2008.

Metals

Most major metal commodities experienced a loss in value in 2009 with only a few exceptions such as gold and uranium. Decreased product demand and lower market prices had major impacts on total values for nickel, copper, iron ore, and cobalt.

The value of nickel production declined sharply from \$5.7 billion in 2008 to \$2.2 billion in 2009. Two major factors accounted for the drop in nickel values: first, average world market prices declined from \$23.2/kg in 2008 to \$17/kg; and second, the quantity produced dropped by nearly 50% from 246 million kg to 132 million kg.³ Xstrata closed its Sudbury operations and suspended production at two other mines. Vale Inco suspended operations at three mines and its production also dropped due to a strike by miners at both Sudbury and Voisey's Bay from July 2009 onward.⁴ These events played a large part in Canada's reduced nickel production.

The total value of copper dropped from \$4.3 billion to \$2.8 billion. The quantity produced declined from 584 million kg to 480 million kg, while prices dropped from \$7.4/kg to \$5.8/kg.

Iron ore production volumes dropped only marginally, but its total value declined from \$4.1 billion to \$3.2 billion due to reductions in negotiated prices.

The production value of zinc decreased marginally from \$1.4 billion to \$1.2 billion. The volume declined by only 4.6% and prices dropped from \$2.00/kg to \$1.85/kg.

Gold and uranium were the only bright spots for Canadian metal production in 2009. The quantity of gold produced increased only marginally; most of the value increase arose due to a price improvement from \$29.9/gram to \$35.2/gram. Uranium saw an increase in its production value, up from \$954 million to \$1392 million on the strength of increased volumes (which rose from 8.7 million kg to 10.1 million kg) and higher prices.

Nonmetals

Nonmetallic mineral production by value soared in 2008, reaching \$19.4 billion, up from \$11.6 billion in 2007, but 2009 saw the value drop back to 2007 levels with a total of \$11.5 billion. Potash, elemental sulphur (both used mostly for fertilizers), and diamonds drove the 2008 increase, but also contributed significantly to the 2009 decrease.

In 2008, potash was the top-ranked commodity in Canada by value of production due to higher prices, showing a notable increase in value that was up 172.2% to \$7.7 billion, even with a 6.4% decrease in volume, but in 2009, potash prices fell steadily from near US\$900/t to \$400/t. Many potash mines were temporarily closed in 2009; the quantity produced declined from 10.4 Mt to 4.3 Mt while the value dropped to \$3.4 billion. This potash value accounted for 29.5% of 2009 Canadian nonmetallic mineral production. Canada continues to rank first in the world for potash production.

Canadian diamond production in 2009 recorded a 29% decrease in value with production volumes declining from 14.8 million ct to 11.0 million ct. Diamonds contributed 14.7% of the total value of nonmetallic mineral production in Canada in 2009.

Due to record prices, the production value of elemental sulphur leapt 842.4% to \$2.1 billion in 2008, pushing it to the eighth-ranked commodity in Canada. While its production volume declined slightly in 2009, market prices declined precipitously, resulting in a huge decline in total value from \$2116 million to \$23.9 million.

Salt bucked the nonmetal value trend in 2009. Its production volume increased marginally, but the total value increased 23.6% from \$537.3 million to \$664.1 million.

Coal

At \$4.5 billion in production, coal was the top-ranked Canadian commodity in 2009, even though its total value declined (from \$5.0 billion to \$4.5 billion) along with production volumes (from 67.8 Mt to 62.6 Mt).

Provincial and Territorial Perspectives

Nine of the thirteen provinces and territories recorded decreases in their overall value of mineral production in 2009 while four showed marginal increases.⁵ But declines were much greater in the nine than the small gains in the four.

Quebec, P.E.I., Nova Scotia, and the Yukon registered increased mineral values with Nova Scotia up 6.4% compared to 2008 and the Yukon up 20.9%.

Of the other nine provinces and territories, three saw drops of over \$3 billion each: Newfoundland and Labrador (a 56.9% drop from 2008), Ontario (33.7%), and Saskatchewan (41.8%), while British Columbia and Alberta saw total mineral production revenues decline by over \$1.5 billion in each province (B.C. by 22.5% and Alberta by 49.0%). New Brunswick, Manitoba, and the Northwest Territories also registered declines in their value of mineral production.

Ontario and Quebec led mineral value production at \$6.3 billion and \$6.2 billion, respectively. B.C. and Saskatchewan followed with \$5.7 billion and \$5.0 billion.

Table 1 provides volume and value details for all provinces and territories.

¹Production is based on shipments.

²Unless otherwise indicated, all values are in current Canadian dollars.

³In the text following, comparisons in volume and value are from 2008 actual data and 2009 preliminary data.

⁴The strike was ongoing as of mid-February 2010.

⁵In Nunavut, the Jericho diamond mine shut down in 2008; thus, there was no production in 2009.

TABLE 1. MINERAL PRODUCTION BY PROVINCE AND TERRITORY, 2009 (p)

	Metallics	Nonmetallics	Coal	Total	% Share of Production
	(\$'000)				(%)
Newfoundland and Labrador	2 244 081.5	45 714.6	–	2 289 796.1	7.1
Prince Edward Island	–	3 386.0	–	3 386.0	0.0
Nova Scotia	–	380 082.0	–	380 082.0	1.2
New Brunswick	749 602.7	x	x	1 090 375.2	3.4
Quebec	4 624 393.9	1 592 676.7	–	6 217 070.6	19.3
Ontario	3 789 984.1	2 540 162.5	–	6 330 146.6	19.7
Manitoba	1 176 770.9	143 733.3	–	1 320 504.2	4.1
Saskatchewan	1 441 199.2	x	x	5 010 467.2	15.6
Alberta	1 968.6	951 889.9	1 061 690.0	2 015 518.5	6.3
British Columbia	1 828 374.9	588 682.1	3 316 510.0	5 733 567.1	17.8
Yukon Territory	245 016.7	5 943.4	–	250 960.1	0.8
Northwest Territories	50 100.0	1 459 528.1	–	1 509 628.1	4.7
Nunavut (1)	–	–	–	–	–
Total	16 151 492.5	11 455 586.3	4 544 423.0	32 151 501.8	100.0

Sources: Natural Resources Canada; Statistics Canada.

– Nil; (p) Preliminary; x Confidential.

(1) Mineral production of sand and gravel for Nunavut is included in the Northwest Territories.

Notes: Numbers may not add due to rounding. Production is based on shipments. For full details of the methods used in computing the mineral production of Canada, please refer to the Appendix in Statistics Canada catalogue no. 26-202-XIB.

TABLE 3. LEADING MINERALS (INCLUDING COAL) BY VALUE OF OUTPUT IN 2009 (p)

	(\$ billions)
Coal	4.5
Potash (K ₂ O) (1)	3.4
Gold	3.4
Iron ore	3.2
Copper	2.8
Nickel	2.2
Diamonds	1.7
Sand and gravel (4)	1.5
Cement (3)	1.4
Uranium (2)	1.4
Stone (4)	1.3
Zinc	1.2
Salt	0.6

Sources: Natural Resources Canada;

Statistics Canada.

(p) Preliminary.

(1) Excludes shipments to potassium

sulphate plants. (2) Uranium value is

calculated using spot market prices.

(3) Includes exported clinker minus imported

clinker. (4) Excludes shipments of sand and

gravel and stone to Canadian cement, lime

and clay plants.

TABLE 2. PRODUCTION OF CANADA'S LEADING MINERALS, 2009 (p)

	Production 2009 (p)	Change From 2008	Value 2009 (p)	Change From 2008
	(000 tonnes except where noted)	(%)	(\$ millions)	(%)
METALLIC MINERALS				
Gold (kg)	95 697.5	0.8	3 364.9	18.7
Iron ore	31 698.8	-1.3	3 174.2	-21.9
Copper	480.4	-17.7	2 774.7	-35.9
Nickel	131.6	-46.5	2 238.6	-60.8
Uranium (1)	10.1	15.8	1 392.1	45.9
Zinc	672.4	-4.6	1 242.6	-11.8
Other metals	n.a.	n.a.	1 964.4	-40.3
Total metals	n.a.	n.a.	16 151.5	-28.5
NONMETALLIC MINERALS				
Potash (K ₂ O) (2)	4 318.4	-58.4	3 380.3	-55.9
Diamonds (000 ct)	10 946.1	-24.6	1 684.3	-28.9
Sand and Gravel (4)	216 169.7	-10.5	1 487.4	-12.0
Cement (3)	10 950.8	-19.5	1 440.5	-16.9
Stone (4)	135 894.6	-11.5	1 324.0	-11.0
Salt	14 565.7	2.4	664.1	23.6
Other nonmetals	n.a.	n.a.	1 475.0	-62.1
Total nonmetals	n.a.	n.a.	11 455.6	-40.9
FUELS				
Coal	62 615.0	-7.6	4 544.4	-8.9

Sources: Natural Resources Canada; Statistics Canada.

n.a. Not applicable; (p) Preliminary.

(1) Uranium value is calculated using spot market prices. (2) Excludes shipments to potassium sulphate plants. (3) Includes exported clinker minus imported clinker. (4) Excludes shipments of sand and gravel and stone to Canadian cement, lime, and clay plants.

Note: Totals may not add due to rounding.

TABLE 4. TOTAL VALUE OF CANADIAN MINERAL PRODUCTION, 2008 AND 2009 (p)

	2008	2009 (p)	Change
	(\$ millions)		(%)
Metals	22 594.4	16 151.5	-28.5
Nonmetals	19 372.0	11 455.6	-40.9
Total non-fuels	41 966.4	27 607.1	-34.2
Coal	4 986.0	4 544.4	-8.9
Total production	46 952.4	32 151.5	-31.5

Sources: Natural Resources Canada; Statistics Canada.

(p) Preliminary.

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More facts on mining can be found at
www.nrcan-rncan.gc.ca/mms-smm/index-eng.htm

