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Atlantic
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Strategic Regional Development Overview

Atlantic Region



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STRATEGIC REGIONAL DEVELOPMENT OVERVIEW

ATLANTIC REGION

Canada.

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

INTRODUCTION

1. The purpose of this paper is to outline a development framework for the Atlantic Region over the medium term, taking into account the current fiscal environment nationally and provincially. The intention is to provide a framework within which the government can take, or test, decisions from the point of view of Atlantic economic development. This document is not a blueprint for specific action nor is it a detailed development strategy.

BACKGROUND

2. Development programming in the Atlantic Region, as it has taken place under the General Development Agreement concept since 1974, has been at the same time selective but broadly-based. Almost blanket coverage across the region has been effected in the resource sectors. The provision of necessary infrastructure has continued, but has been much more selectively applied to particular economic development opportunities. Industrial development assistance has been fine-tuned through assistance to industrial parks, opportunity identification, planning, industrial commissions, as well as specific assistance for industrial, commercial and urban development projects. Exciting opportunities relating to ocean industries were exploited in Newfoundland as early as 1974. Even with this extensive coverage of the resource areas, the assistance was selectively directed to areas of greatest opportunity for the region. Work in minerals identification and exploration resulted in commercial finds of a number of minerals in three of the four provinces. Fisheries initiatives in Newfoundland have paid off. Forest management practices are in the process of being turned around, and the industrial base has been more diversified.
3. This paper is designed to outline some of the changes in direction that are indicated for the medium-term future in Atlantic Canada. The expressions "comparative advantage" and "selective intervention" are not new. They have been envisaged for the past five years as the culmination of Department of Regional Economic Expansion development directions in the Atlantic Region.

The opportunities outlined below are of provincial, regional, and usually national, significance and many are identified in the General Development Agreements for emphasis over their 10-year time span. Consideration will be given to such important interests as the energy sector, the fisheries sector, ocean industries, significant minerals exploitation opportunities, enhancement of the forestry sector, exploitation of the geographic location of the region -- it is the gateway to the North American continent -- and a greater opportunity to be able to capitalize on progress to date through a strengthened manufacturing sector.

4. This paper will mention factors which impact on the Atlantic economy, well beyond specific DREE program expectations. It is not intended to suggest that DREE should directly participate in their coming to fruition, nor is an attempt made to describe the impact of the activities of other federal departments on the economy of the region. This is primarily a paper which signals areas for DREE development activity in future years.

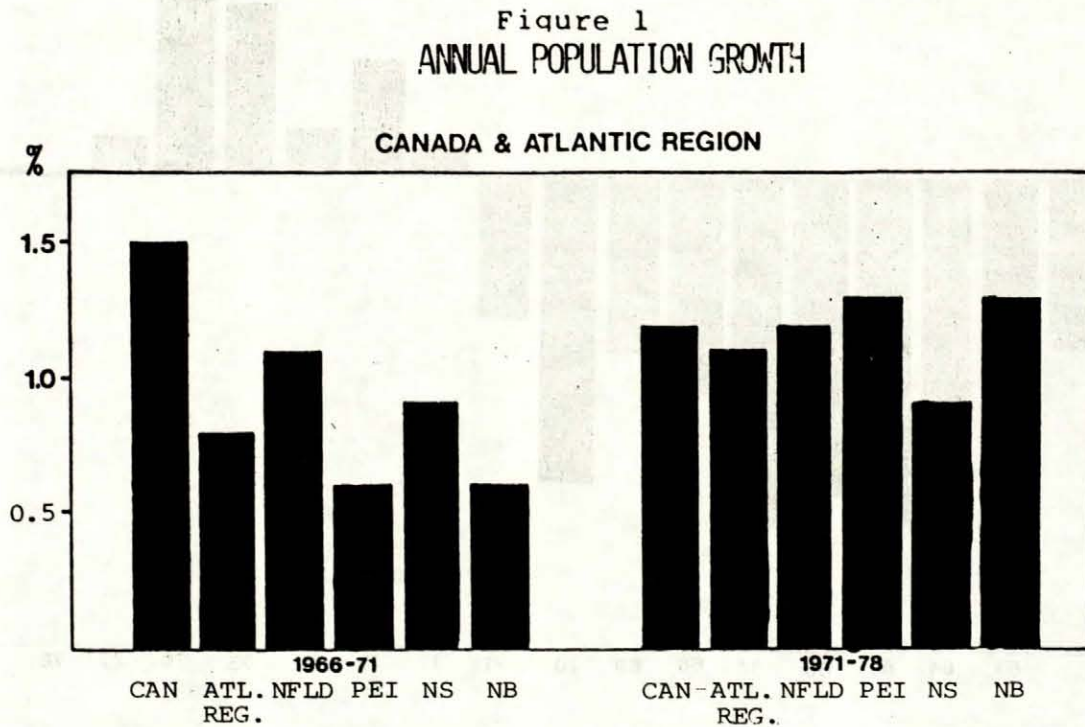
FACTORS

Trends in Economic Circumstances

Atlantic Region

5. The Atlantic Region has traditionally been known for its slow growth and its continuous out-migration. Since the early 1970s, however, this situation has changed as the regional growth rates in output and employment have matched the Canadian rates in spite of the higher national performance resulting from the western oil boom. Moreover the migration trends have been reversed and the region had a net in-migration of some 46 900 over the period, a fact reflected in a very rapidly increasing labour force. This explains to some extent the very high unemployment rates in the region.
6. Overall, the Atlantic Region's growth performance kept pace with the national average growth rates, even though the national rates themselves surpassed those of most other western nations during the 1970s.

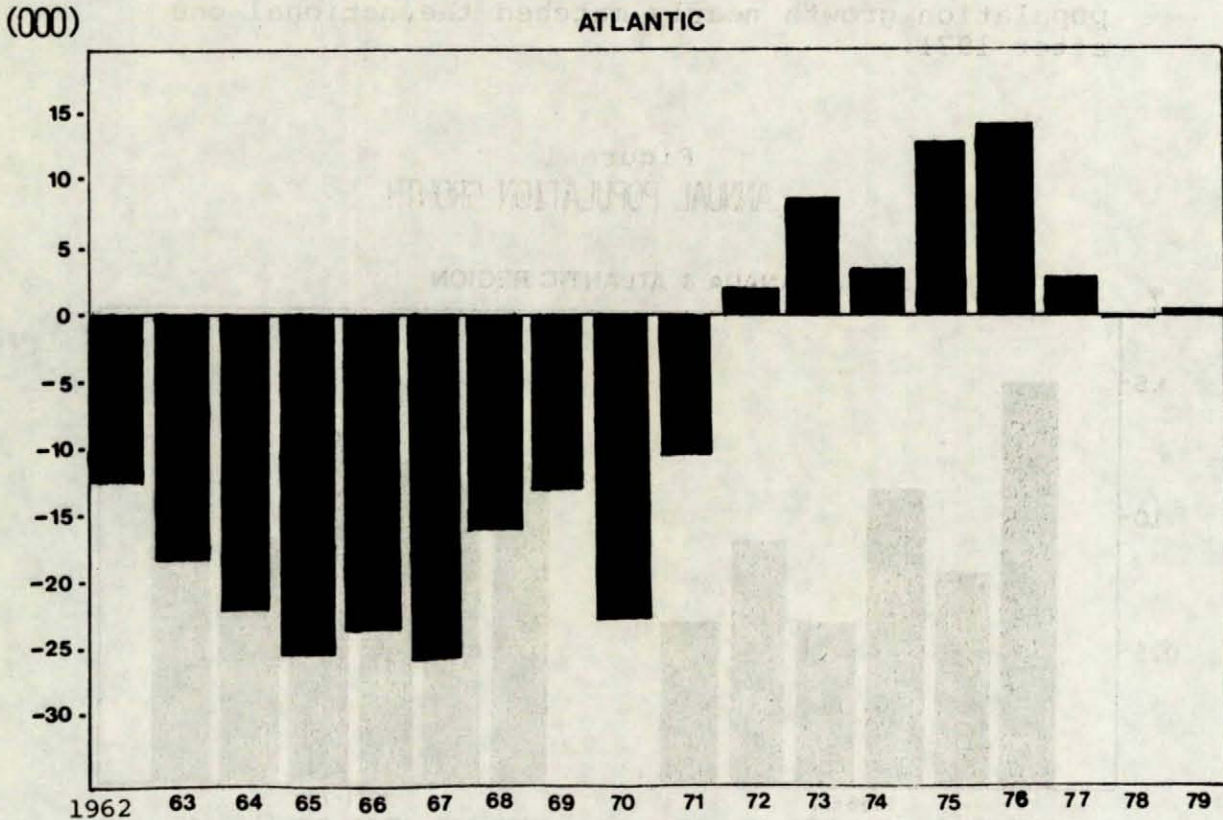
7. By 1979, the Atlantic Region had a population of 2 244 700 people, having increased by 9.1 per cent since 1971. During the same period, Canada's population grew by 9.8 per cent. Figure 1 shows that while the Canadian population grew much faster in the 1966-71 period, the regional population growth nearly matched the national one after 1971.



8. Migration has been the dominant factor explaining the rapid population growth of the Atlantic Region. From a net out-migration of 170 000 in the 1961-71 period, the Atlantic Region experienced a net in-migration of 46 900 in the 1971-79 period as shown in Figure 2. The three Maritime provinces completely reversed their migration pattern while Newfoundland reduced its out-migration to a considerable extent.

Figure 2

TOTAL NET MIGRATION



9. While no single factor can explain the reversal of migration patterns, the relative prosperity of the region and its high level of employment creation undoubtedly contributed to it. The increased level of unemployment insurance benefits and the factors associated with high housing and other living costs in central Canada would also have had some influence.
10. The changing shares of output and employment in the Atlantic Region since 1971 are summarized in the following table.

	Real Domestic Product by sector <u>Atlantic Region</u>		Employment by Industry <u>Atlantic Region</u>	
	<u>Percentage Distribution</u>			
	<u>1971</u>	<u>1979</u>	<u>1971</u>	<u>1979</u>
Agriculture	1.5	1.4	4.0	2.5
Fishery	1.6	1.4	((
Forestry	1.2	1.1	(6.7	(5.6
Mining	4.6	4.0	((
Manufacturing	12.5	14.3	14.2	14.4
Construction	10.9	8.2	7.5	7.5
Utilities	2.8	5.0	((
T.C.*	7.1	6.0	11.5	9.9
Trade	12.7	13.5	19.2	18.8
FIRE*	10.6	12.3	3.5	4.3
CBPS*	20.7	20.0	26.0	28.4
Public Admin.	<u>13.8</u>	<u>12.8</u>	<u>7.5</u>	<u>8.5</u>
Total	100.0	100.0	100.0	100.0

*TC - Transportation and Communications

*FIRE - Finance, Insurance and Real Estate

*CBPS - Community, Business and Personal Services

11. The table shows no dramatic shifts in the relative importance of individual sectors since 1971, except for "utilities" which increased its share of total output.

Atlantic Development Strengths

12. The principal development strengths in the Atlantic Region over the medium term are resource-based and related to the resource industries as well as being linked to the advantage of geographic location. Growth will occur in other areas but the main engines of development will be based on resources or geographic advantages which place the Atlantic Region in a strong competitive position in both national and international markets.
13. Cautious optimism is expressed for growth in the fish processing, minerals and forest-based industries, all traditionally important sectors in the Atlantic Region. In addition, a new sector

with significant growth potential, described here as "ocean industries" is emerging in the Atlantic Region. The DREE effort in the ocean industry sector will be directed towards the exploitation of the industrial benefits accruing from it. The location of the Atlantic Region has given rise to changing economic advantage, having been affected by changing comparative advantages in transportation, and its proximity to the eastern Arctic.

14. Energy in the Atlantic Region can be cast as either an opportunity or a problem. The region is faced with high energy costs as well as an uncertain supply of foreign crude oil; at the same time the prospects for the development of offshore oil and gas and hydropower in Labrador are more favourable than at any time in the recent past. Coal may also make a contribution as an energy resource.

The Fishery

15. The growth of the fishery sector in the last few years arises out of the introduction of the 200-mile limit. Fish stocks, and resulting quotas, have expanded and some further expansion can be anticipated as foreign fishing fleets are displaced, thereby allowing the domestic industry to increase its share of the resource. The region, by virtue of its location and industrial infrastructure, thus has a comparative advantage to provide the basis for the re-emergence of a dynamic fishing industry.
16. Fish processing has also offered good opportunities to increase incomes and employment. Export revenues are being generated from the sales of increased volumes of processed fish. The main opportunities for the future lie in increasing the value-added of new products now being shipped and in diversifying the range of goods produced. Developments in the processing sector will have to complement those in the harvesting sector if an appropriate balance between harvesting and processing capacity is to be maintained.
17. Canada, as a major fishing nation, is now formulating appropriate strategies to obtain the benefits associated with the fisheries resource. These strategies are of particular importance to

the Atlantic Region. The major problem facing the Canadian fishing industry is the adjustment required to meet new challenges arising from the extension of Canada's fisheries jurisdiction. Basically, the Canadian industry will have to produce a wider range of products of consistent quality and market them in many more countries than at present. During the 1980-1985 period, there will be a substantial shift occurring in Canada's most important market, the United States. In this regard, exports to the United States are predicted to decline in relative terms, although in absolute terms they may increase. Exports to Canada's second most important market, the European Economic Community, are also expected to decline in relative terms. As a result, major marketing efforts will be required in countries that have traditionally bought little or no Canadian fish products. In this regard, Japan and eastern European countries are seen as major potential markets.

18. There will need to be significant adjustments in the fish processing industry in order to increase both the volume of output and broaden the product line of the industry for anticipated markets. These adjustments will have public infrastructure impacts, private sector capital implications and perhaps industry structure effects. Finally, related spinoff opportunities include shipbuilding and ship repair, the provision of fishing gear and equipment and the servicing of the Canadian and non-Canadian fishing fleets as outlined in the section on ocean industries.

Ocean Industries

19. There exists in the Atlantic Region an opportunity to create a nucleus of medium- to high-technology ocean manufacturing and service industries which would be capable of generating permanent employment and income opportunities together with substantial increases in value-added in production and processing in the region's ocean industry sector. The potential of ocean industries, while difficult to predict accurately, appears extremely good.
20. Ocean industry is defined as those establishments which manufacture equipment or provide services

- for all commercial and scientific activities in the oceans. Ocean industry includes: (1) the commercial fishing industry; (2) offshore oil and gas, and minerals; and (3) shipbuilding and repair. Associated with these are such related activities as defence, surveillance, and environmental research and management. Over the medium term, the oil and gas, and the fishing industries will provide the main driving force behind all primary ocean activities, as well as the major demand for specialized equipment and services from secondary industries.
21. The oil and gas exploration off the Atlantic Coast offers potentially huge, but unfortunately as yet not entirely documentable, benefits to the Atlantic provinces. According to recent estimates, the chances are considered to be 50:50 of discovering 3.5 billion barrels of oil and 27 trillion cu. ft. of gas under the Labrador-East Newfoundland Shelf, and 13 trillion cu. ft. of gas under the Scotia Shelf. Various forecasts by the federal Department of Industry, Trade and Commerce estimate that exploration and production activities could lead to significant job creation by 1988 through the investment of as much as \$11 billion. Part of the development approach will be to ensure that as many benefits as possible accrue to Canada and the Atlantic provinces in terms of the Canadian share of this investment and the related substantial employment growth.
 22. The investment associated with the exploration for oil and gas off the Atlantic coast will provide the market for technical and development skills. Exploration companies have traditional sources of supplies and services world-wide. Canadian companies must have access to these markets based on activities in Canadian waters which can lead to future world-wide sales.
 23. Anticipated needs, primarily for new vessels for offshore oil and gas activity and for the fishing industry over the longer term, total billions of dollars. Therefore, strategically located shipbuilding and ship repair centres should be in a position to capitalize on these opportunities. The placement of domestic orders and the locational advantages for ship repairs are to be

stressed. Vessels providing surveillance, safety and defence, and those used for the transport of Canadian resources and the harvesting of the fisheries, seem logical areas for assignment to Canadian yards for construction, refit or repair.

24. Over the longer term, the development approach will be directed toward such ocean industry opportunities as onshore oil/gas base locations for likely offshore developments; production systems for offshore oil/gas, pipelines to shore, general support systems, etc.; Arctic Class vessels such as ice breakers, tankers, and service ships; and gear, instruments, dredging/reclaiming devices, etc., for offshore mining.
25. The successful development of the extensive and diverse ocean potential requires close cooperation of government participants, community interests and the various elements of the private sector in order to derive maximum benefits from the opportunities that the ocean is seen to offer.

Transportation

26. Despite the significant improvements in transportation in recent years, there remain opportunities to improve transportation systems and services and thereby encourage economic development. These opportunities have come about because of the changing circumstances of the Atlantic economy and as a result of innovation in transportation itself. Furthermore, in terms of comparative advantage, the concept of the Atlantic Rim (Gateway) offers a major development opportunity. This concept demonstrates that Nova Scotia, for example, as the closest mainland point to Europe, can serve as a "land pier" to dock and transship cargo headed for and departing from the interior of North America, in particular, Chicago and the American midwest.
27. The most significant impact would result from the increase in warehousing, repacking, assembly or manufacture of goods landed at the port and sent on to points in central North America. Employment potential has been estimated at 5 000 jobs requiring investments of the order of \$500 million. A great deal of complex development work is needed before steps can be taken towards

exploiting the opportunity. Much of the difficulty centres around establishing threshold volumes of shipments from Halifax to individual points in order to justify special rates, investment in infrastructure or changes in existing shipping patterns.

28. Completion of the regional highway grid, with particular emphasis on the Trans-Canada Highway, both in Newfoundland and New Brunswick, would improve transportation, as would the building of roads to resources in Labrador and other resource areas, and the completion of secondary roads in the other provinces. On the water infrastructure side, improved and expanded container facilities will add to the economic advantage of the region as a whole, as might the construction and expansion of selected ports. Improved air transportation infrastructure could enhance the economic vibrancy of the region, particularly in the area of small and developmental airports, as well as in the case of some of the larger ones. While current federal transportation policy dictates that the rail mode has to provide adequate infrastructure and services for traffic offering on its own, government participation in the rail mode may well be required to supplement railway company efforts in Atlantic Canada in the years ahead.

Energy

29. The cost of energy is now expected to increase dramatically through the 1980s, and there is a high probability that supplies of crude oil from foreign sources may become increasingly unreliable. These problems are national in nature, but of particular importance for the Atlantic Region due to its high dependence on fossil fuels for energy generation.
30. It is a matter of strategic importance for the Atlantic Region to acquire alternative sources of energy during the 1980s. As the cost of energy rises, some alternatives become more economically feasible. Major investment decisions will be required to develop secure energy sources at competitive prices. Alternatives include remote area hydro-electric generation such as on the Lower Churchill River in Labrador, discovery and

development of offshore oil and gas, Arctic gas, and coal. Some of these projects, with the passage of time and continuing increases in energy prices, are becoming increasingly attractive on an economic basis, and if pursued, could involve several billion dollars in investment. A nuclear power plant is currently under construction in New Brunswick. Projects on this scale, in addition to increasing energy self-sufficiency, can provide significant employment opportunities to the region during their construction and, depending on the nature of the source, sizeable ongoing employment.

31. The energy question for the Atlantic Region is perhaps the most critical single issue facing the region. The development prospects for the economy of the region will, in large measure, be influenced in fundamental ways as choices are made between alternatives during the 1980s.

Minerals

32. The contribution of the mineral sector to the economy of the Atlantic Region has increased during the 1970s and will continue to increase over the medium term. Newfoundland is and will remain the major mineral producer in the region due to its iron ore production, but its share of regional production will decrease as the mineral sectors of New Brunswick and Nova Scotia grow proportionately faster. Although further processing of metallic minerals in the Atlantic Region remains a possibility, growth of the mineral sector over the medium term will be mainly through increased production of raw materials resulting from increasingly aggressive mineral exploration activity.
33. The value of the Atlantic provinces' mineral production, as a percentage of Canada's total, has decreased from about 8.6 in 1971, to about 7.1 in 1979. If fuels are excluded, however, to provide a more reasonable measure for comparison, the contribution by the Atlantic provinces has actually increased from about 12.5 per cent in 1971 to about 15 per cent in 1979.

34. In New Brunswick, the major opportunities are in base metals development, primarily in northeastern New Brunswick. At present, zinc concentrate is exported in an unprocessed form. Consideration is being given to establishing a zinc smelter for the processing of zinc concentrate. Other opportunities in New Brunswick include the development of several potash prospects. Uranium discoveries near Fredericton have led to considerable prospecting activity and a tin/molybdenum mine is being developed in southwestern New Brunswick.
35. Increased coal production is the major opportunity in Nova Scotia. Interesting amounts of lead, zinc, copper and uranium have also been discovered and this is encouraging a high level of exploration activity.
36. In Newfoundland, there are no new mines under development and none definitely planned. However, the high level of exploration activity there leads to optimism concerning the future expansion of production capacity. For example, higher metal prices have heightened interest in several deposits now considered sub-economic or marginal. These include several copper deposits and a tungsten deposit.

Forest-Based Industries

37. The forest-based industries are an important source of employment in the Atlantic Region. These industries, which include logging, sawing, planing, pulp and paper and other wood industries, contribute 26 000 direct jobs and account for some 4 per cent of total employment in the region. Value-added in the forest industries amounted to \$618 million in 1976, representing approximately 6 per cent of regional domestic product.
38. Although the devaluation of the Canadian dollar has provided some stimulus, the pulp and paper industry in the Atlantic Region has been hard hit in the recent past by the general economic slowdown, competition from new mills in the United States and supply problems. Many of the plants and much equipment in the pulp and paper mills of the Atlantic Region tend to be in need of modernization in order to improve productivity and reduce pollution. Facing strong competition, investments are required to overcome these problems.

39. The situation in sawmills and planing mills is rapidly deteriorating, partly due to their low productivity and high costs but also because of their critical supply problems.
40. The forests in the Atlantic Region have been deteriorating for decades. Overcutting, high-grading, and other resource management shortcomings, coupled with serious budworm infestation, have contributed to a reduction in the volume of harvestable timber, quality deterioration and low profitability for many companies.
41. To protect employment and rehabilitate the forest industry will require aggressive and comprehensive action by government and industry. A number of important initiatives have been mounted in the 1970s, and through these, significant progress in forestry management and rationalization of many of the industries will be achieved.
42. In spite of the rather cautious outlook for forest-based industries in general, there are a few areas where opportunities do exist. For example, in New Brunswick, possibilities exist to develop products and markets to utilize the small-dimension and low-quality lumber which is increasingly prevalent in that province. In addition, the continual increase in the price of oil is making the production of wood for energy an economic proposition.

Support Activities

Introduction

43. In addition to the above sectorally based economic development initiatives, a development framework for the 1980s must look beyond traditional approaches in support of these major initiatives. One such new direction involves the increased development of skills, both for the general labour force and for management, and the development and integration of new technologies into the Atlantic economy. In addition, given that the Atlantic Region has a large export base, considerable efforts must be directed towards improving the marketing skills of firms in the region. The proposed new direction is thus really a call for

increased attention to be paid to the human factor of production as a critical component of development.

Labour Force Skills

44. In the Atlantic Region, the general levels of educational attainment of the population are approaching national norms. Nova Scotia actually exceeds the national average. However, measures of general education are not good indicators of skills achievement in the work force. Business in the region increasingly requires higher levels of skill and more specialized skills. An important aspect of strategies for development in the 1980s will be to improve the capacity of the educational system and manpower training programs to teach the needed skills to the younger members of the labour force.

Management Skills

45. One of the factors which often explains the difference between a successful firm and a failure, is the skill of management. Today, experts cite poor management as the prime reason for poor productivity and performance. However, although the need for strong management in the private sector is seldom a cause for debate, the means to influence the development of management skills is a controversial subject. In the decade ahead, more effort and a good deal of innovation will be required to create effective programs and perhaps new institutions to meet the need to improve management and thereby support the major initiatives outlined above.

Appropriate Technologies

46. The selection of an appropriate technology for a production or business process may have major impacts on the productivity of a business as well as the competitiveness of the product in terms of quality. In the 1980s, it will become increasingly important to ensure that Canadian businessmen are aware of new technologies emerging in the world. This may require the development of new information systems. The process of adapting innovative technologies to the business enterprise is a difficult process and places heavy demands on

the firm, perhaps requiring temporary access to specialists. Ways and means must be developed to encourage technology adaptation in the region. Last, for those industries playing a major role in the economy of the region, there should be a capability to develop new technologies through research in the region. The sectors which are prime candidates for an Atlantic-based research capability are the fishery, Arctic and marine technologies, forestry and shipbuilding.

Marketing

47. As mentioned earlier, Canada can expect an increase in market competition as a result of declining barriers to trade. The particular tastes and special requirements of the customer, the needs of the distribution system, and knowledge of the motivation for purchasing the product will increasingly become the basis for competition. Generally, marketing skills will become more important to firms desiring to keep domestic markets against foreign competition, or seeking foreign markets. It is generally recognized that many Atlantic firms have less strength in marketing than do their competitors. This may be a function of the smaller size of firms in the region. In the decade ahead, new approaches will have to be developed to strengthen the marketing skills of Atlantic business.

Institutional Environment for Development

48. The operations of DREE in the Atlantic Region require ongoing interaction with institutions in the region. The interface with provincial departments and agencies is particularly active, but also extends to a wide range of representative bodies, business groups and individuals.
49. As the nation has moved to government expenditure constraint, provincial governments in the Atlantic Region have been seriously affected. It is becoming increasingly difficult for the four Atlantic provinces to expect to be able to pursue costly and high-risk economic development initiatives without federal support.

50. In order to realize the development potential of the region, improved cooperative efforts among the provinces will be required. An effective approach to the fishery, ocean industries, transportation and energy, for example, will be most readily facilitated through cooperative efforts within a regional framework.
51. Mechanisms do exist, at least in the Maritime provinces, to permit cooperative approaches to problems and opportunities common to the region. The Council of Maritime Premiers is the most visible example. Without impinging on provincial rights and jurisdictions, it is considered that combined federal/multi-provincial dialogue could facilitate action in many of these important areas.

Provincial Environment for Development

Overview

52. Contrasting the regional perspective are the legitimate rights and aspirations of individual provinces to determine their own economic destiny. The striking of a balance among these equally valid positions will be a challenge for regional development efforts.
53. Over the past two years, the political complexion of three provincial governments in the Atlantic Region has changed. Governments were overturned in two provinces. A change of political leadership took place in Newfoundland with the election of a new leader to the governing party, which was returned to power following a general election. Only in New Brunswick was the same provincial government returned to power.
54. New governments and new political leadership entail consequences for policy-making. New governments attempt to bring fresh and innovative approaches to policy-making. They may be considered more receptive to changing the direction of government policies and programs. The translation of policies into action becomes tempered by fiscal reality. This is particularly true in the area of economic development. With the bulk of financial resources spent to support such essential institutions as hospitals, schools

and universities, economic development programs are launched with care and frequently with federal cost-sharing.

55. Economic partnership is the basis of the General Development Agreement concept, along with partnership in opportunity identification and program planning. New directions of provincial governments must therefore be recognized in federal economic development intentions in the region. The task becomes more difficult with initiatives that lend themselves to region-wide exploitation.

Organizational and Delivery Implications

56. With a few exceptions, the major development opportunities outlined in this development overview are common to more than one province. Thus, care will be needed in developing agreements in these sectors to ensure harmony with the regional overview. Agreements in many areas such as forestry, pulp and paper, fisheries, ocean industries and transportation will, therefore, be fitted to the greatest degree possible into the regional framework. The delivery system in these sectors will be examined within a multi-province or regional framework to show clearly and precisely internal harmony on subject matter and on delivery arrangements and subsequent evaluation. It would be expected, however, that delivery would continue to be effected on a province-by-province basis, through existing arrangements.
57. In addition, with a development overview, and a development framework established for each of the major initiatives, it will be possible for other federal departments, while in the decision-making process, to ensure support and complementarity in the achievement of the initiatives. The government then will have a regional framework within which to take, or test, decisions from the point of view of Atlantic economic development.
58. The existence of a development overview does not imply mandatory multi-province negotiation or implementation, even on major initiatives. What will be important is the clear testing of proposals in one or more provinces against the

regional framework for compatibility and complementarity. Conversely, with time, multi-province agreements may be contemplated.

59. There will always be important development opportunities that are contained within one province which will be of primary benefit to the economy of that province. These initiatives will continue to be exploited on the basis of their contribution to economic development in the region.
60. The development overview is directed to fostering economic activities which have demonstrated an underlying strength from a resource, location or technological perspective, as well as an ability to compete in the international marketplace. The fishery, forest industries, shipbuilding, inter-modal transportation, minerals and the emerging ocean industry sector are the economic strengths of the Atlantic Region. All of these in turn can, and will, contribute to national economic development and efficiency. This paper is designed as an overview for the moment which will be refined over time with the objective of enabling these economic sectors to realize their full potential, from an Atlantic and a Canadian perspective.
61. At the same time, this objective can be realized only with the full and active participation of the provincial governments, both in the formulation of the overall strategy, and in its refinement and implementation.

RECAPITULATION

62. The Atlantic Region enters the 1980s well-positioned for a decade of modest but solid growth. This is not to imply that the region does not continue to have serious problems and experience considerable disparities when compared to other parts of the country. However, over the medium term the region has a number of significant development opportunities which, with selective intervention by governments and initiative in the private sector, can provide a basis for substantial improvement in its economic circumstances. These development prospects arise out of the dynamics of a changing international and Canadian economic environment. In addition, the

development efforts of the past decade have resulted in the region entering the 1980s with an improved economic and social infrastructure, a strengthened private sector with capacity and opportunity to grow and a population which now approaches national norms in educational achievement. There are, therefore, grounds for cautious optimism for the medium-term prospects of the region.

63. This paper has outlined a framework for the development of the Atlantic Region over the medium term to take advantage of these prospects. Account has been taken of the current fiscal environment, nationally and provincially. The principal focus of the approach demonstrates a requirement for selective intervention to build on provincial and regional strengths in economic partnership with the provinces and the private sector. The principal initiatives for regional economic development intervention are resource-based or closely related to resource industries, or linked to the advantage of geographic location. As well, the important support activities of labour force development and marketing are identified for further planning. The regional character of many of the development initiatives is highlighted.
64. The general tendency of federal government intervention in economic development through DREE has been to focus on the structural causes of inadequate economic growth in the Atlantic Region. Important constraints to development continue to exist in the region and measures to attenuate them are still required. However, it is envisaged that new and challenging development opportunities, many of a region-wide nature, are possible and emphasis will therefore be placed on further developing the area's economic strengths.