

A man in a white long-sleeved shirt and dark jeans is lifting a young child in a mustard-colored sweater and khaki pants into the air. They are standing on a rocky, grassy field with a large, mossy rock formation in the background. The scene is lit with warm, golden light, suggesting late afternoon or early morning. The child has a joyful expression, and the man is seen from behind, looking up at the child.

Budget 2022

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# CHANGE

is in the air

**The Economy**

Newfoundland  
& Labrador

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# Highlights and Expectations



## 2021 Highlights

- ▶ Real GDP in Newfoundland and Labrador increased by 3.5 per cent in 2021. Economic growth stemmed mainly from gains in consumer spending and mineral production, but the ongoing recovery was also aided by rebounds in several private sector service industries that were hard hit by the COVID-19 pandemic-related shutdowns in 2020.

- ▶ High fish, oil and mineral prices helped to boost the nominal value of provincial exports. The real value of exports declined 8.5 per cent, primarily due to lower petroleum and iron ore production.
- ▶ Capital investment increased by 4.2 per cent as non-residential spending rebounded from depressed levels in 2020 due to the COVID-19 pandemic.
- ▶ The labour market rebounded, with total employment increasing 2.9 per cent to 220,100 person years.
- ▶ Household income increased by 3.6 per cent. Gains in labour compensation were partially offset by fewer pandemic-related federal transfers to individuals.
- ▶ Retail sales increased by 10.6 per cent in 2021 to \$10.1 billion.

- ▶ The number of new motor vehicles sold increased by 1.0 per cent.
- ▶ The Consumer Price Index (CPI) rose by 3.7 per cent on an annual average basis.
- ▶ Recent data for the three quarters from April 1, 2021 to January 1, 2022 show renewed population growth of nearly 2,800 people, resulting from positive interprovincial and international migration flows. The province's population was 520,553 as of July 1, 2021, a decrease of 811 from July 1, 2020. Note that the population losses over this period occurred in the two quarters following July 1, 2020.

## Oil and Gas

- ▶ Oil production totalled 94.0 million barrels in 2021, representing a decline of 9.6 per cent from 2020. Despite lower production, the value of oil production rose by 43.2 per cent to \$8.1 billion due to significantly higher crude oil prices.
- ▶ The price of Brent crude oil averaged US\$70.86/barrel, up 68.9 per cent from an average of US\$41.96/barrel in 2020.
- ▶ The Call for Nominations (Parcels) was issued for offshore exploration in the Eastern Newfoundland Region, South Eastern Newfoundland Region, and the Jeanne d'Arc Region.
- ▶ The Call for Bids in the Labrador South Region closed, but no bids were received.

## Mining

- ▶ Mineral shipments from the province were valued at \$6.0 billion in 2021, an increase of 36.4 per cent, largely due to significant increases in iron ore and nickel prices.
- ▶ Exploration expenditures hit a nine-year high, reaching \$127.4 million. Growth was driven by strong gold prices and positive exploration results in Central Newfoundland, which spurred further exploration activity.

## Manufacturing

- ▶ The value of manufacturing shipments totalled \$4.0 billion in 2021, on par with 2020.
- ▶ The suspension of refined petroleum operations at the Come By Chance Refinery was largely offset by a rise in the value of durable goods, which includes fabricated metal products and non-ferrous refined metals such as nickel.

## Fishery and Aquaculture

- ▶ The value of total fish landings reached a record high of \$1.0 billion in 2021, up 78.9 per cent, and total fish landings increased 9.0 per cent to 192,147 tonnes.
- ▶ The volume of aquaculture production totalled 19,635 tonnes, up 84.9 per cent. The corresponding market value increased 96.3 per cent to \$189.3 million.

## Forestry

- ▶ Newsprint shipments increased by 7.7 per cent to 243,803 tonnes in 2021, and the estimated value of shipments in U.S. dollars increased by 21.2 per cent, due to a combination of higher prices and a larger number of shipments.
- ▶ Total lumber production was estimated at 102 million board feet, up 2.0 per cent.

## Agriculture

- ▶ The value of farm cash receipts increased by 15.2 per cent to \$143.3 million in 2021.
- ▶ Crop receipts were up 42.5 per cent to \$24.6 million, partly due to the increased sales of fresh vegetables and fresh fruits, but also due to cannabis sales entering the market.
- ▶ Livestock and livestock products were up 7.4 per cent to \$113.9 million, mainly due to higher receipts for eggs.

## Construction

- ▶ Construction-related investment in the province was estimated at \$5.6 billion in 2021, an increase of 2.3 per cent.
- ▶ Employment in the construction industry averaged 16,200 person years, an increase of 1.3 per cent.
- ▶ Average weekly earnings in the construction industry were \$1,421, an increase of 10.6 per cent.

## Real Estate

- ▶ There were 1,022 housing starts in the province in 2021, an increase of 33.9 per cent.
- ▶ The number of residential properties sold in the province through MLS® increased by 45.5 per cent to a record of 6,811 units, and the average price increased by 9.8 per cent.

## Tourism

- ▶ Non-resident visitation saw a large boost that began in July 2021, when the province re-opened to non-essential travel from the rest of Canada.
- ▶ It is estimated that air and auto visitation reached 181,305 persons in 2021, representing an increase of 57 per cent compared to 2020. The associated non-resident spending reached an estimated \$214.8 million, an increase of 65 per cent.

## 2022 Expectations

- ▶ Real GDP is forecast to increase by 0.5 per cent in 2022, as gains in mineral production and increased tourism spending offset decreased oil production.
- ▶ Most other economic indicators also are expected to show growth as the economic recovery continues, though at a slower pace than experienced in 2021.
- ▶ Employment is forecast to increase by 2.6 per cent. Employment gains are expected to help reduce the unemployment rate

from 12.9 per cent in 2021 to 11.7 per cent in 2022.

- ▶ Capital investment is expected to increase by 4.8 per cent as increased spending on oil projects offsets the completion of construction at the Muskrat Falls Project.
- ▶ Real exports are expected to increase, driven mainly by higher iron ore production, but also by the resumption of activity at the Come By Chance Refinery in the second half of the year.
- ▶ Household income is expected to increase by 3.2 per cent, as higher wages and salaries offset lower federal pandemic-related transfers to persons. This will continue to boost retail sales, which are expected to remain elevated and increase by 3.5 per cent in 2022.
- ▶ The province's population is projected to increase by 0.4 per cent, as continued natural losses are outnumbered by net in-migration.
- ▶ The rate of consumer inflation is expected to remain high in the first half of 2022 before moderating in the second half of the year.

## Oil and Gas

- ▶ Oil production is expected to decrease by 12.4 per cent to 82.3 million barrels.
- ▶ Brent crude prices are forecast to average US\$90.30 per barrel on a calendar year basis.

- ▶ The Terra Nova Floating Production, Storage and Offloading (FPSO) vessel will return from its refit in Spain and resume production before year's end.
- ▶ Cenovus Energy is expected to complete an evaluation for the West White Rose Project by mid-year.
- ▶ The 2022 Call for Bids for the Eastern Newfoundland and South Eastern Newfoundland regions close in November 2022. The issuance of licences is anticipated in January 2023.

## Mining

- ▶ The value of mineral shipments is expected to be \$4.8 billion in 2022, down 20.2 per cent.
- ▶ Exploration activity is expected to continue trending upward, with projects carrying over from last year; interest in accessing new exploration areas remains high. Exploration expenditures are anticipated to be around \$188.8 million.

## Manufacturing

- ▶ The value of provincial manufacturing shipments hinges on the restart of the Come By Chance Refinery later this year.
- ▶ Fabricated metal manufacturing will be supported by the resumption of major projects that were suspended due to the COVID-19 pandemic.



## Fishery and Aquaculture

- ▶ Total fish landings are expected to remain on par with 2021.
- ▶ Aquaculture production is expected to increase in 2022, as gains from both new sites and expansions to existing sites boost output.

## Forestry

- ▶ Tonnage of newsprint shipments is expected to remain similar to 2021, close to the nominal capacity of the newsprint mill.
- ▶ Provincial lumber production is projected to increase 17.6 per cent to approximately 120 million board feet.
- ▶ Burton's Cove Logging and Lumber Ltd. is moving forward on a capital project with a new dry kiln, weight scales and a planer mill. The new planer mill will be commissioned in 2022.

## Agriculture

- ▶ Rising food prices and the return towards pre-pandemic production levels will likely drive farm cash receipts higher for some commodities in 2022.
- ▶ Prices of farm inputs are projected to rise, which will likely result in increased prices for farm products.

## Construction

- ▶ The construction industry will be negatively impacted by the continued

suspension of activity on the West White Rose Project and the end of construction at the Muskrat Falls Project.

- ▶ Total construction-related capital spending is expected to increase by 4.7 per cent to \$5.9 billion.

## Real Estate

- ▶ Housing starts are forecast at 1,090 units, an increase of 6.7 per cent compared to 2021.
- ▶ The Canadian Real Estate Association forecasts residential sales in the province to be 7,241 units, an increase of 6.3 per cent, but still historically high. The average resale price is forecast to rise by 5.4 per cent to \$288,179 in 2022.

## Tourism

- ▶ Resident and domestic travel will continue to play an important role in the tourism industry's recovery.
- ▶ Preliminary scheduled flight filings by airlines indicate that inbound non-stop flights and seat capacity will increase notably in the first quarter of 2022.
- ▶ "Come Home 2022" celebrations are expected to boost travel activity to the province.
- ▶ The cruise ship ban was lifted by the Government of Canada on November 1, 2021, allowing cruise ships back into Canadian waters for the 2022 cruise season.

# GDP and Employment by Industry

**Table 1: GDP and Employment, by Industry**

	GDP 2020e		Employment 2021	
	\$ Millions	% of Total	Person Years, 000s	% of Total
<b>Goods-Producing Sector</b>	<b>11,206.7</b>	<b>38.5</b>	<b>43.7</b>	<b>19.9</b>
Agriculture, Forestry & Logging	98.3	0.3	2.2	1.0
Fishing, Hunting & Trapping	294.7	1.0	3.2	1.5
Mining	2,740.6	9.4	4.3	2.0
Oil Extraction	3,985.2	13.7	3.0	1.4
Support Activities for Oil and Mining	270.8	0.9	2.2	1.0
Manufacturing	992.9	3.4	10.6	4.8
Fish Products	324.1	1.1	3.5	1.6
Other	668.8	2.3	7.1	3.2
Construction	2,172.1	7.5	16.2	7.4
Utilities	652.2	2.2	1.9	0.9

**Table 1: GDP and Employment, by Industry**

	GDP 2020e		Employment 2021	
	\$ Millions	% of Total	Person Years, 000s	% of Total
<b>Services-Producing Sector</b>	<b>17,909.3</b>	<b>61.5</b>	<b>176.5</b>	<b>80.2</b>
Wholesale Trade	564.9	1.9	5.3	2.4
Retail Trade	1,639.2	5.6	31.4	14.3
Transportation and Warehousing	893.9	3.1	8.6	3.9
Finance, Insurance, Real Estate & Business Support Services	4,719.7	16.2	13.6	6.2
Professional, Scientific, & Technical Services	1,109.3	3.8	10.6	4.8
Educational Services	1,848.9	6.4	16.9	7.7
Health Care & Social Assistance	2,917.4	10.0	43.7	19.9
Information, Culture & Recreation	768.7	2.6	6.9	3.1
Accommodation & Food Services	465.9	1.6	11.8	5.4
Public Administration	2,486.5	8.5	19.8	9.0
Other Services	495.0	1.7	7.9	3.6
<b>Total, All Industries</b>	<b>29,116.0</b>	<b>100.0</b>	<b>220.1</b>	<b>100.0</b>

e: estimate

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products and imports. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada, Department of Finance

# Global Economic Environment

According to the International Monetary Fund (IMF), the global economy expanded by 5.9 per cent in 2021, as countries continued to recover from the impacts of the COVID-19 pandemic (see Table 2). In 2020, the pandemic led to a slowdown in manufacturing, disrupted supply chains,

**Table 2: Real GDP Growth (per cent)**

	2020	2021e	2022f
World	-3.1	5.9	4.4
China	2.3	8.1	4.8
United States	-3.4	5.7	3.7
India	-7.3	9.0	9.0
Japan	-4.5	1.6	3.3
United Kingdom	-9.4	7.2	4.7
Euro Area	-6.4	5.2	3.9
Germany	-4.6	2.7	3.8
France	-8.0	6.7	3.5
Italy	-8.9	6.2	3.8
Spain	-10.8	4.9	5.8
Canada	-5.2	4.6	4.1

e: estimate; f: forecast  
Source: International Monetary Fund (January 2022); others available upon request.

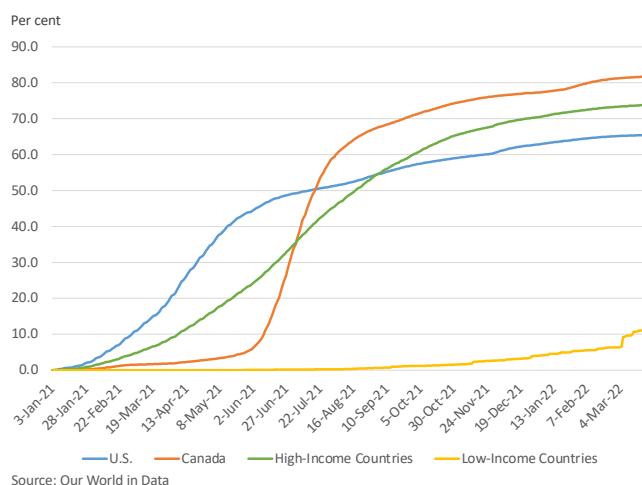


and brought several service industries to a near halt, most notably tourism and travel. Recovery-led growth occurred in all regions in 2021, as economies managed to deal with the ongoing pandemic without the need for wide-scale economic shutdowns. As a result, significant real GDP growth occurred in both developed countries (+5.0 per cent) and developing countries (+6.5 per cent).

The provision of vaccines accelerated in 2021 (see Figure 1). It was expected that rising vaccination rates in many developed countries would usher the return to pre-pandemic operations in the second half of the year;

Cargo Ship Leaving St. John's Harbour  
St. John's Port Authority

**Figure 1: Share of People Fully Vaccinated Against COVID-19 (through March 24, 2022)**



however, the pace of economic expansion slowed as vaccination rates plateaued and the emergence of new, more transmissible variants of the COVID-19 virus brought new waves of infections. In particular, the emergence of the highly contagious Omicron variant in late 2021 led the IMF to downgrade its 2022 economic forecasts. As of late March, about 74 per cent of the population in high-income countries were fully vaccinated. This proportion was 11.1 per cent for low-income countries. In addition to potential disruptions and public health crises, there is a risk that new variants will develop in countries with low vaccination rates and spread around the world.

High and broad-based inflation emerged last year, largely due to rising energy prices and higher prices for goods, such as food and automobiles, spurred by pandemic-related supply shortages. More recently, rising costs associated with labour, particularly in the United States (U.S.), have also been observed. As elevated inflation has persisted beyond initial expectations, most central banks have scaled back or ended their asset purchase

programs, while several of them have initiated increases in their target rates (i.e., United Kingdom, Poland, South Korea, Canada and U.S.). The recent escalation of energy prices, following the Russia-Ukraine conflict, may accelerate interest rate hikes to control inflation.

Most countries have not re-introduced the more severe health restrictions that were implemented at the onset of the COVID-19 pandemic. This, coupled with the quick drop in the number of Omicron cases where it had initially spread, has led to economic activity rebounding faster. In 2022, the world economy is expected to continue to grow, with a projected 4.4 per cent increase in real GDP.

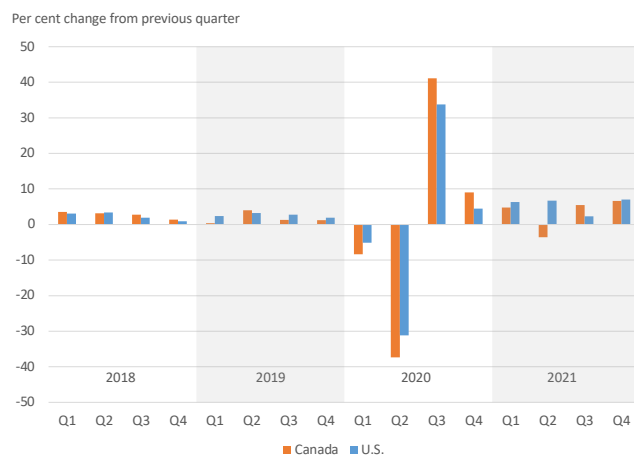
The world economic outlook could change given the escalation of the Russia-Ukraine conflict. In response to Russia's invasion of Ukraine on February 24, 2022, numerous countries imposed extensive trade and financial sanctions on Russia. These sanctions are having a devastating impact on the Russian economy, as well as wide-ranging implications for global commodity markets. Russia is the world's second largest oil exporter and supplies about a third of Europe's natural gas supply, and is an important exporter of aluminum, palladium, platinum, nickel and cobalt. In addition, Ukraine and Russia account for about a third of the world's traded wheat and are significant potash producers. The region also produces key rare earths and gases, and accounts for nearly half of the world's output of neon, a raw material involved in the manufacturing of semiconductors. All of these commodities are vital to the global economy and supply chains. Prices for several commodities including

oil, nickel, natural gas, wheat and potash, increased rapidly in the days following the invasion. Sanctions did not initially extend to the energy sector, but in early March, the U.S. banned the importation of Russian oil, causing Brent crude to temporarily surpass US\$130 per barrel and natural gas to hit record values. Uncertainty about the likely outcomes of the conflict and the resulting implications for commodity prices and the global economy continue. Until a resolution to the conflict is found, all economic forecasts for 2022 come with significant uncertainty.

## United States

Real GDP in the U.S. declined in the first half of 2020, but has posted gains in every quarter since (see Figure 2). At seasonally adjusted annual rates, real GDP growth was in excess of 6.0 per cent in three out of four quarters in 2021. Overall, it increased 5.7 per cent in 2021, with elevated gains recorded in consumption expenditures (+7.9 per cent) and private investment (+9.6 per cent). Investment was up in both residential and non-residential categories. The U.S. housing sector remains buoyant with record-breaking housing prices.

**Figure 2: Quarterly Annualized Real GDP Growth**



Source: U.S. Bureau of Economic Analysis; Statistics Canada

The U.S. unemployment rate fell to a historical low of 3.5 per cent in February 2020, before rising dramatically to 14.7 per cent in April 2020, at the peak of the COVID-19 pandemic shutdowns. It then gradually declined to 3.8 per cent in February 2022. Employment and the labour force participation rate have both rebounded from the sharp declines recorded during spring 2020, but have not fully recovered to pre-pandemic levels. Employment averaged 142.2 million jobs in 2021, an increase of 2.8 per cent from 2020, but still was 3.2 per cent below 2019. Wages and salaries increased markedly throughout the year, partly due to a low basis of comparison in 2020 and a tighter labour market.

The U.S. inflation rate increased from nearly 2.0 per cent at the start of 2021 to 7.9 per cent in February 2022, the highest 12-month increase in 40 years. This resulted from a sharp rebound in energy prices, combined with pandemic-related supply constraints. The price of manufacturing inputs (e.g., crude oil, lumber and iron ore) rose substantially during the pandemic. Ongoing supply chain issues have also aggravated the scarcity of certain goods. For example, supply chain issues related to microchips severely hampered automobile manufacturing and sales. While the Federal Reserve initially expected these inflationary pressures to be transitory, its inflation expectations were subsequently revised upward. The Federal Reserve has ratcheted back bond purchases under its quantitative easing program, and on March 17, 2022, it raised the federal funds target rate by 0.25 percentage points to between 0.25 per cent and 0.5 per cent. Prior to this, the target rate had been unchanged since March 2020.

According to the First Quarter 2022 Survey of Professional Forecasters from the Federal Reserve Bank of Philadelphia, the median forecast for real GDP growth in the U.S. for 2022 is 3.7 per cent, decelerating the growth rate toward its long-term average. The labour market is expected to continue to improve, with the unemployment rate predicted to decrease to 3.7 per cent. Elevated inflation is expected to continue in the first half of the year.

## Canada

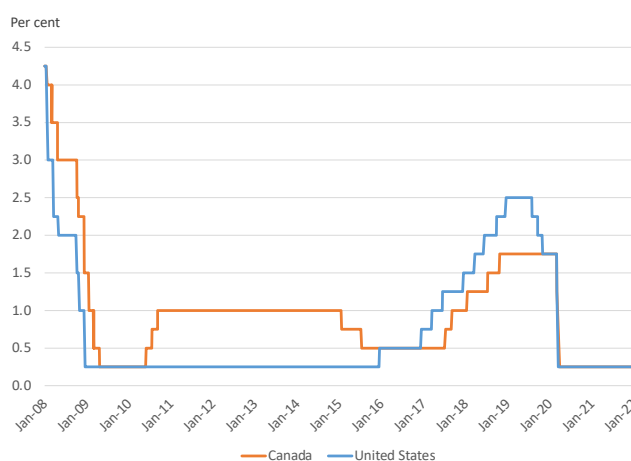
After falling dramatically in the second quarter of 2020, Canada's real GDP rebounded sharply. In 2021, real GDP increased 4.6 per cent, after a COVID-19 pandemic-induced decline of 5.2 per cent in 2020. This was primarily driven by consumption, as household final consumption expenditure increased by 5.2 per cent. The savings rate decelerated to 6.4 per cent of disposable income in the last quarter of 2021, after five consecutive quarters above 10 per cent, though still well in excess of the pre-pandemic trend of 2.0 per cent. This suggests that consumers' spending patterns are progressively returning to normalcy, as evidenced through higher spending on food and beverage services and clothing.

Employment in Canada was up by 4.8 per cent in 2021, with an increase in both the goods-producing sector (+3.0 per cent) and the services-producing sector (+5.3 per cent). The seasonally adjusted unemployment rate reached a high of 13.4 per cent in May 2020, but fell back to 5.5 per cent by February 2022. Labour force participation was also depressed by the pandemic, but the latest

seasonally-adjusted rate has showed recovery to pre-pandemic levels.

Similar to other central banks in advanced economies, the Bank of Canada decreased its overnight target interest rate several times in March 2020 in response to the weakening economy, and interest rates remained at record lows for an extended period of time. The Bank of Canada also initiated a quantitative easing program to purchase government securities to ease the strain on government bond markets and to increase market liquidity. In February 2022, the monthly inflation rate reached 5.7 per cent, the highest since September 1991. This is partially due to normal rebounds from depressed prices in 2020, and partially due to rising prices for commodities and manufacturing inputs. Energy prices have recovered and surpassed their pre-pandemic levels. In response to the stronger economy and rising inflation, the scale of quantitative easing was gradually reduced until net asset purchases ended in October 2021. On March 2, 2022, the Bank of Canada announced an increase in its overnight target rate as inflation persists well above its target range. This

**Figure 3: Central Bank Rates**



Note: U.S. rate is upper bound of the target range.  
Source: Bank of Canada; U.S. Federal Reserve

marks the first rate increase for the Bank of Canada since the beginning of the pandemic.

After several months of disruptions in the construction industry at the onset of the COVID-19 pandemic, recovery in Canada's residential housing sector maintained momentum in 2021. Housing starts were up 24.8 per cent in 2021, while average selling prices for residential properties increased to record levels. This was especially evident in larger urban areas such as Toronto, Ottawa and Montreal and was primarily the result of historically low mortgage rates.

In 2020, a series of federal economic and social support measures were initiated to support households and businesses throughout the pandemic. Direct fiscal support was concentrated in two temporary programs: (1) the Canada Emergency Response Benefit (CERB) to supplement lost income to workers, and (2) the Canada Emergency Wage Subsidy (CEWS) to subsidize payroll to aid businesses with their retention of employees. Due to this unprecedented level of support, the Federal Government's debt-to-GDP ratio returned to that of the late 1990s, with a combined deficit of about half a trillion dollars over the 2020-21 and 2021-22 fiscal years. These pandemic-related support programs were either phased out throughout the 2021-22 fiscal year or transitioned to different programs to adapt to the evolving situation. The rebound in employment and resulting jump in wages and salaries partially offset income losses from the discontinuation of federal support programs and allowed the economy to continue to expand. As of the fourth quarter of 2021, the share of disposable household income from

government transfers declined below 20 per cent, which is the situation that prevailed prior to the COVID-19 pandemic.

Economic recovery and expansion in 2022 are expected to continue, although at a lesser pace than in 2021 and with varying rates across provinces (see Table 3). The latest average of forecasts by Canadian banks and the Conference Board of Canada expects Canadian real GDP to grow by 4.1 per cent in 2022, with the highest rate in Alberta and lower growth rates in the Atlantic provinces. The slower momentum in these provinces is partly due to more successful containment of the spread of the COVID-19 virus, which led to less severe reductions in some service industries during the pandemic than elsewhere in Canada. The return of out-of-province tourists in this region is expected to be an important driver of growth.

**Table 3: Real GDP Growth Rate (per cent), by Province**

	2021e	2022f
Newfoundland and Labrador	3.5	0.5
Prince Edward Island	3.1	2.8
Nova Scotia	3.7	2.7
New Brunswick	3.4	2.6
Quebec	5.9	3.3
Ontario	4.2	4.2
Manitoba	3.9	3.6
Saskatchewan	3.5	3.9
Alberta	5.6	4.9
British Columbia	4.8	4.3
Canada	4.6	4.1

e: estimate; f: forecast  
Source: Department of Finance; Average of Canadian Major Banks; Conference Board of Canada; Statistics Canada



# Provincial Economic Overview



**T**he Newfoundland and Labrador economy showed encouraging signs of recovery in 2021. Indicators such as consumer spending, exports and real estate activity rebounded and surpassed pre-pandemic levels. Other indicators, such as the labour market, showed significant improvement throughout the year, but remained below levels recorded before the COVID-19 pandemic began. Private sector service industries (i.e., retail outlets, hotels, bars, restaurants and recreation facilities)

continued to recover, particularly those tied to consumer spending and the tourism sector. Additionally, crab, oil and mineral prices helped to boost the nominal value of provincial exports.

## Gross Domestic Product (GDP)

Expenditure-based GDP is comprised of consumption, investment, government spending, and net exports (i.e., exports less imports). Overall, Newfoundland and Labrador's real GDP increased by 3.5 per cent in 2021 (see Table 4). Economic growth stemmed mainly from gains in consumer spending and mineral production; however, the ongoing recovery was also aided by rebounds in several private sector service industries that were severely impacted by pandemic-related shutdowns in 2020.

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Mine at Night  
Iron Ore Company of Canada

**Table 4: Provincial Economic Indicators**

	2020	2021e	2022f	2023f	2024f	2025f	2026f
GDP at Market Prices (\$M)	31,580	38,509	39,906	38,703	39,450	39,965	41,367
% Change	-10.7	21.9	3.6	-3.0	1.9	1.3	3.5
% Change, real	-5.4	3.5	0.5	3.4	2.6	1.1	2.3
Final Domestic Demand* (\$M)	32,859	35,219	36,719	37,670	37,999	39,065	39,595
% Change	-6.9	7.2	4.3	2.6	0.9	2.8	1.4
% Change, real	-8.1	4.1	1.4	1.1	-0.7	1.0	-0.3
Household Income (\$M)	26,691	27,662	28,542	29,036	29,889	30,715	31,419
% Change	1.9	3.6	3.2	1.7	2.9	2.8	2.3
% Change, real	1.7	0.0	-0.7	0.0	1.2	0.6	0.6
Household Disposable Income (\$M)	18,015	18,611	19,132	19,422	19,896	20,534	21,008
% Change	4.3	3.3	2.8	1.5	2.9	2.7	2.3
% Change, real	4.1	-0.3	-1.1	-0.2	1.2	0.6	0.7
Retail Sales (\$M)	9,124	10,094	10,446	10,497	10,636	10,868	11,075
% Change	1.4	10.6	3.5	0.5	1.3	2.2	1.9
% Change, real	1.0	6.4	0.4	-0.5	0.0	0.6	0.7
Consumer Price Index (2002=100)	139.6	144.7	150.4	153.0	155.6	158.9	161.5
% Change	0.2	3.7	3.9	1.7	1.7	2.1	1.6
Capital Investment (\$M)	7,236	7,537	7,901	8,544	8,574	9,212	9,314
% Change	-20.9	4.2	4.8	8.1	0.4	7.4	1.1
% Change, real	-21.6	-0.1	1.6	7.9	-1.1	5.5	-0.6
Housing Starts	763	1,022	1,090	1,040	1,103	1,154	1,196
% Change	-19.3	33.9	6.7	-4.6	6.1	4.7	3.6
Employment ('000s)	214.0	220.1	225.9	226.6	230.0	231.6	231.6
% Change	-5.7	2.9	2.6	0.3	1.5	0.7	0.0
Labour Force ('000s)	249.1	252.7	255.8	256.1	257.8	258.7	258.3
% Change	-3.7	1.4	1.2	0.1	0.7	0.3	-0.1
Unemployment Rate (%)	14.1	12.9	11.7	11.5	10.8	10.5	10.3
Participation Rate (%)	55.9	56.7	57.1	57.0	57.2	57.3	57.1
Population ('000s)	521.4	520.6	522.8	522.9	523.5	523.8	524.1
% Change	-0.4	-0.2	0.4	0.0	0.1	0.1	0.1

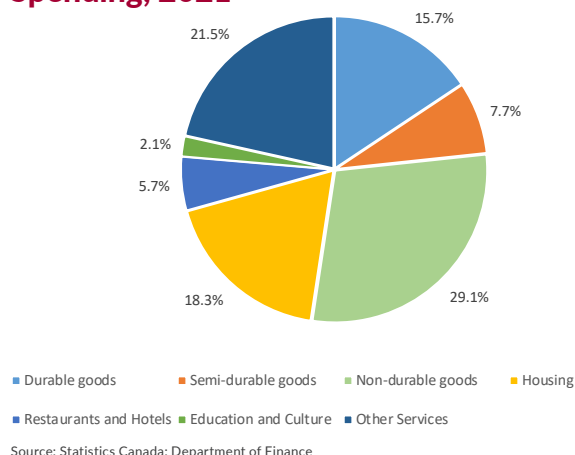
\* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

e: estimate; f: forecast, Department of Finance, April 2022  
Source: Statistics Canada; Department of Finance

## Consumer Spending

Consumer spending consists of expenditures on all goods and services within an economy (see Figure 4). In 2021, the majority of

**Figure 4: Components of Consumer Spending, 2021**



indicators of consumer spending in the province returned to, or surpassed, pre-pandemic levels. Retail sales, which typically account for about 55 per cent of total consumer spending, were strong in 2021, totalling \$10.1 billion. This was a 10.6 per cent increase compared to 2020, as strong retail sales in the second half of 2020 continued throughout 2021. The increase in retail sales was widespread across most store types, with ‘Miscellaneous store retailers’ (+23.2 per cent), ‘Clothing and clothing accessories stores’ (+22.5 per cent), and ‘Gasoline stations’ (+19.8 per cent) leading growth.<sup>1</sup> The number of new motor vehicles sold in 2021 was up 1.0 per cent compared to 2020, largely due to lower sales in 2020 because of the pandemic.

However, compared to 2019, sales of new motor vehicles were 6.6 per cent lower due to shortages of new vehicles, which limited sales in the second half of 2021. In the service sector, sales at food services and drinking places were up 19.6 per cent in 2021 compared to 2020, reflecting the loosening of COVID-19-related health restrictions on travel and in-person dining. However, sales in this sector last year remained 3.3 per cent below pre-pandemic levels recorded in 2019. In real terms (adjusted for inflation), total consumer spending is estimated to have increased by 6.7 per cent in Newfoundland and Labrador in 2021.

## Exports

The nominal value of Newfoundland and Labrador exports rebounded in 2021. The total value of international exports increased 38.1 per cent in 2021 compared to 2020, mainly the result of higher commodity prices for oil, iron ore and nickel. The seafood sector also experienced strong growth last year led by the value of crab exports, which more than doubled due to record prices. The nominal value of oil production was 43.4 per cent higher in 2021, as higher oil prices more than offset lower production volumes. Compared to 2019, the value of oil production was 0.9 per cent lower. The value of manufacturing sales in the province was virtually unchanged in 2021 compared to 2020, and remained significantly lower (-45.3 per cent) than in 2019. This largely

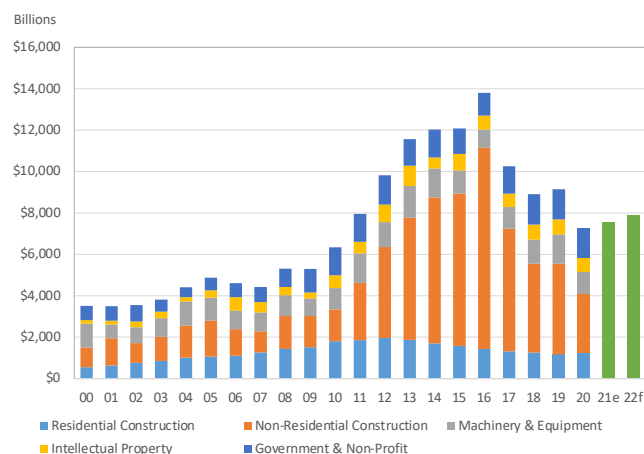
<sup>1</sup> The Miscellaneous store retailers subsector comprises establishments primarily engaged in retailing a specialized line of merchandise in specialty stores, such as florists, office supplies stores, stationery stores, gift, novelty and souvenir stores, used merchandise stores, pet and pet supplies stores, cannabis stores, art dealers and manufactured (mobile) home dealers.

reflects the Come By Chance Refinery being shut down for the entire year. The real value of total exports declined 8.5 per cent in 2021, due mostly to lower oil and iron ore production.

## Capital Investment

Capital investment in Newfoundland and Labrador was \$7.5 billion in 2021, an increase of 4.2 per cent from the previous year (see Figure 5). Non-residential investment

**Figure 5: Capital Investment**



e: estimate; f: forecast  
Source: Statistics Canada; Department of Finance

spending rebounded from depressed levels in 2020 brought on by suspended construction activity due to COVID-19 pandemic containment measures. In particular, increased spending at the Voisey's Bay underground mine project and the Muskrat Falls Project offset lower spending on all four of the province's oil projects. The increase in non-residential spending was partially offset by a decline in residential investment. This decrease in residential spending was mainly due to a decline in renovation expenditures. Although spending on renovations was down, residential investment on new construction

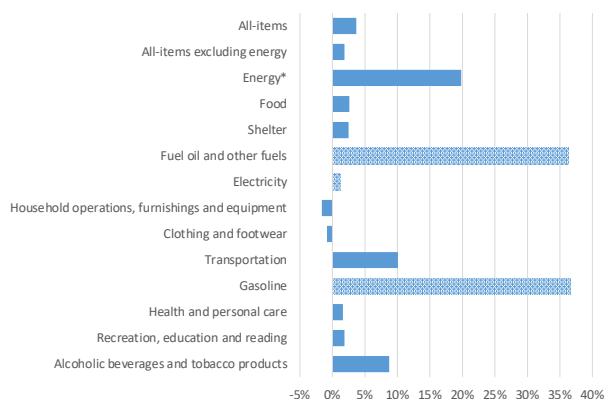
increased 24.9 per cent in 2021 as housing starts increased.

## Inflation

In 2021, the COVID-19 pandemic remained a key factor affecting the prices of goods and services. Inflationary pressures stemmed from a combination of widespread global supply chain constraints and pent-up consumer demand as economic activity resumed, made possible by widely available COVID-19 vaccines and fewer public health restrictions. Consumers were able to go out to shop, dine and travel more often than in 2020 and more people returned to work. At the same time, the global economy struggled with significant supply chain disruptions throughout 2021, including input shortages, production bottlenecks, shipping backlogs at key ports, higher transportation costs, and delivery delays. These constraints limited the global and local supply of goods and services and contributed to higher prices.

The Consumer Price Index (CPI) for Newfoundland and Labrador rose 3.7 per cent on an annual average basis in 2021. The high inflation was mainly due to higher energy prices (+19.8 per cent), particularly gasoline (+36.6 per cent) and fuel oil and other fuels (+36.3 per cent). Excluding energy, the annual average CPI rose 1.8 per cent in 2021, a faster pace than in 2020 (+1.1 per cent) and 2019 (+1.2 per cent), but equal to 30-year average provincial inflation rates. Prices for other items have also increased, such as transportation (+10.1 per cent), food (+2.6 per cent) and shelter (+2.5 per cent) (see Figure 6).

**Figure 6: Per cent Change in Consumer Price Index, 2021**



Note: The special aggregate 'Energy' includes: electricity, natural gas, fuel oil and other fuels, gasoline, and fuel, parts and accessories for recreational vehicles. Components in hatch pattern are subcomponents of the preceding component.  
Source: Statistics Canada; Department of Finance

## Labour Market

The labour market in Newfoundland and Labrador rebounded in 2021. For that year, total employment increased to 220,100 person years, up 2.9 per cent compared to 2020. Employment gains were concentrated in full-time employment, which increased 3.6 per cent. Part-time employment decreased 0.9 per cent. On a sector-wide basis, employment in the goods-producing sector increased by 2,500 person years, or 6.1 per cent, and increased by 3,600 person years, or 2.1 per cent, in the services-producing sector. Industries that saw the highest employment growth included 'Manufacturing' (+21.8 per cent), 'Information culture and recreation' (+16.9 per cent) and 'Public administration' (+15.8 per cent).<sup>2</sup> Notable employment gains were also recorded in 'Professional, scientific and technical services' (+11.6 per cent) and 'Healthcare and social assistance' (+9.0 per

cent). These gains were partially offset by employment losses in industries such as 'Utilities' (-26.9 per cent), 'Accommodation and food services' (-24.4 per cent) and 'Other services (except public administration)' (-21.8 per cent).<sup>3</sup> Despite overall gains for the year, total employment remained 3.0 per cent lower than in 2019, as pandemic-related restrictions continued to restrain economic activity in industries dependent on tourism spending.

The province's labour force also increased in 2021, up 1.4 per cent to 252,700 persons. However, like employment, it remains below pre-pandemic levels (down 3.0 per cent compared to 2019). These gains resulted from people re-entering the labour force after a significant decline in 2020 due to pandemic-related shutdowns. Newfoundland and Labrador's aging population continued to have an impact on labour force participation; however, it was not enough to offset labour force gains spurred by the pandemic recovery. Since the increase in employment was larger than that of the labour force, the unemployment rate in 2021 decreased to 12.9 per cent after reaching 14.1 per cent in 2020.

Average weekly earnings (including overtime) in the province were \$1,098.72 in 2021, a modest increase of 0.2 per cent from the previous year, despite the increase in employment. A large share of employment gains were in lower-paying service industries in the private sector, which were the most

<sup>2</sup> 'Public administration' comprises establishments primarily engaged in activities of a governmental nature, that is, the enactment and judicial interpretation of laws and their pursuant regulations, and the administration of programs based on them. Legislative activities, taxation, national defence, public order and safety, immigration services, foreign affairs and international assistance, and the administration of government programs are activities that are purely governmental in nature. Both federal and provincial public sector employment increased in 2021.

<sup>3</sup> 'Other services (except public administration)' comprises establishments, not classified into another sector, primarily engaged in: repairing or performing general or routine maintenance on motor vehicles, machinery, equipment and other products to ensure that they work efficiently; providing personal care services, funeral services, laundry services and other services to individuals, such as pet care services and photo finishing services; organizing and promoting religious activities; and supporting various causes through grant-making, advocating (promoting) various social and political causes and promoting and defending the interests of their members. Private households are also included.

impacted by the pandemic-related shutdowns in 2020. For comparison, the Canadian average weekly earnings were \$1,130.56 in 2021. Household income increased by 3.6 per cent in 2021 as gains in labour compensation were partly offset by fewer pandemic-related federal transfers to individuals.<sup>4</sup>

## Population

Newfoundland and Labrador's population was 520,553 as of July 1, 2021, a decrease of 811 from July 1, 2020. This population decrease was driven by natural population decline (fewer births than deaths), partly offset by gains from net international and interprovincial migration. Losses from natural population changes accelerated for the fifth consecutive year, reflecting the province's aging population and low fertility rates. As a result, natural population change was -1,933 persons. While the birth-to-death ratio for Newfoundland and Labrador (0.6) was the lowest of all provinces, each of the Atlantic provinces recorded a ratio below 1.0, meaning deaths outnumber births each year.

Net in-migration totalled 1,122 persons last year as interprovincial (+785) and international (+337) migration both contributed positively to population gains. Net interprovincial in-migration was concentrated in residents moving to the province from Ontario and Alberta.

Note that the population losses over the July 1, 2020 to July 1, 2021 period occurred in the two quarters following July 1, 2020. Recent data for the three quarters from April 1, 2021 to January 1, 2022 show renewed population growth of nearly 2,800 people, resulting

from positive interprovincial and international migration flows.

## Economic Outlook

Real GDP is forecast to increase by 0.5 per cent in 2022. Most other indicators are also expected to show growth as economic recovery continues, though at a slower pace than seen in 2021. In particular, gains from increased iron ore production and tourism spending are expected to be partially offset by lower oil production as well as the end of the development of the Muskrat Falls Project. Real exports are expected to increase, driven mainly by higher iron ore production, and operations are expected to resume at the newly converted refinery in Come By Chance in the second half of the year. Positive announcements and prospects concerning major oil projects (i.e., Terra Nova, Bay du Nord, and West White Rose) should increase business and consumer confidence. Additionally, the tourism industry is expected to receive a boost from the "Come Home 2022" campaign announced in late 2021. All of these factors are expected to result in a 2.6 per cent increase in employment in 2022. Employment gains are expected to help lower the unemployment rate from 12.9 per cent in 2021 to 11.7 per cent in 2022.

Household income is expected to increase by 3.2 per cent in 2022 following a 3.6 per cent increase in 2021, as higher wages and salaries from the continued rebound in employment levels offset lower federal pandemic-related transfers to persons. Employment growth will continue to boost retail sales, which are expected to remain elevated and increase by

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<sup>4</sup> Household income refers to most of the monies received by all household members, before income taxes and deductions, during a specified reference period. It includes earnings such as wages and salaries, as well as transfers such as employment insurance benefits and pension income.

3.5 per cent in 2022. The rate of consumer inflation is expected to remain high in the first half of 2022 before moderating in the second half of the year, as some of the temporary factors (e.g., global supply chain issues, rising energy prices) that led to higher prices begin to subside. However, some uncertainty remains in this respect due to Russia's recent invasion of Ukraine, particularly about energy prices.

The province's population is projected to increase by 0.4 per cent, with natural losses (more deaths than births) being offset by significant net in-migration.

Finally, capital investment is expected to increase by 4.8 per cent in 2022, as higher spending on oil projects will be mitigated by the completion of construction at Muskrat Falls.

There are reasons for optimism in the long term with opportunities in the oil and gas, mining, and aquaculture industries forecast to increase economic activity. Equinor continues with design work on the province's fifth offshore oil project, Bay du Nord, as recent additional discoveries in the area may increase both the size of the production facility and total recoverable resources. There is also substantial oil and gas exploration potential for new discoveries and tieback opportunities for existing projects in Newfoundland and Labrador's offshore. Cresta Fund Management purchased a controlling stake in the idled Come By Chance Refinery in 2021 and rebranded it as Braya Renewable Fuels. The company plans to convert the refinery to produce low greenhouse gas emission fuels, such as diesel and aviation fuels made from plant-based oils.

Newfoundland and Labrador has an abundance of renewable energy resources

that positions the province well to meet its net-zero commitments, address climate change, and to grow clean energy jobs and economic development. The five-year Renewable Energy Plan "Maximizing our Renewable Future: A Plan for the Development of the Renewable Energy Industry in Newfoundland and Labrador" was released in December 2021, and provides a sustainable long-term vision for Newfoundland and Labrador to maximize its renewable energy future. The plan has four specific focus areas, all with short-term (within one year), medium-term (within two years) and long-term (two to five years) actions for each: Energy Uses and Markets; Regulatory Framework; Partnerships, Innovation and Industry Support; and, Training and Jobs.

In the mining sector, Tacora Resources Inc. continues to ramp up iron ore production at the Scully Mine in Western Labrador. The Beaver Brook Antimony Mine Inc. resumed mining operations in September 2021. In addition, Marathon Gold is progressing with its Valentine Gold Project in Central Newfoundland.

In the aquaculture sector, Grieg NL Seafarms Ltd. and Mowi Canada East continue to develop opportunities that should lead to a considerable expansion in production over the next five years and increase the size of the seafood sector.

Government also continues to work proactively with the technology and film and television sectors to create more opportunities and accelerate growth within those industries.

# Oil and Gas

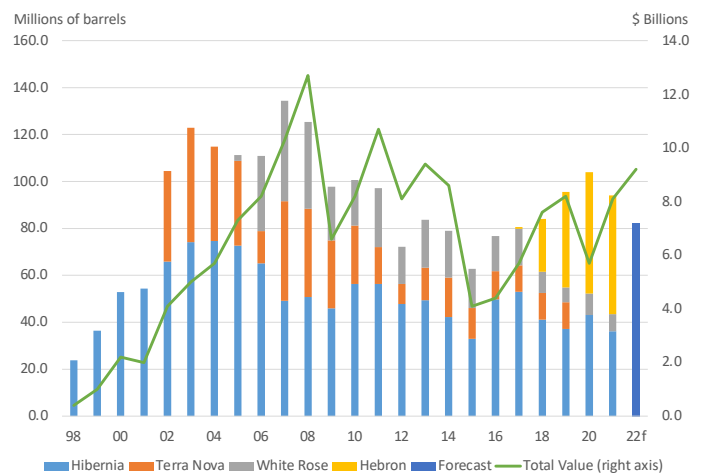
Newfoundland and Labrador's oil and gas and related service industries contributed \$4.3 billion to provincial nominal GDP in 2020 (most recent data available), accounting for 14.6 per cent of the total. Direct employment in the industry was approximately 5,200 person years and represented 2.4 per cent of total employment in the province in 2021.

There are four developed oilfields in the province's offshore area. Hibernia, White Rose (including North Amethyst) and Hebron are currently producing oil, while Terra Nova is expected to resume production by the end of 2022. Oil production totalled approximately 94.0 million barrels (MMbbls) in 2021, representing a decline of 9.6 per cent or 9.98 MMbbls compared to 2020 (see Figure 7). While production was lower for all projects, the largest decline was recorded at Hibernia.

Despite lower production, the value of oil production rose by 43.2 per cent to \$8.1 billion due to significantly higher crude oil



**Figure 7: Offshore Oil Production**



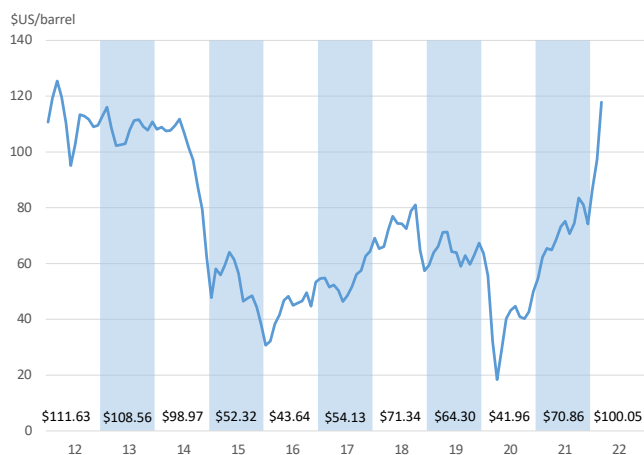
f: forecast  
Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

Hebron Oil Project  
ExxonMobil Canada



prices. The price of Brent crude oil averaged US\$70.86/barrel in 2021, up 68.9 per cent from an average of US\$41.96/barrel in 2020 (see Figure 8). As of March 28, 2022, Brent prices stood at US\$114.50 per barrel.

**Figure 8: Brent Crude Oil Prices, Monthly**



Note: Average annual Brent crude prices included for each year. The average price for 2022 is from January 1 to March 28.

Source: U.S. Energy Information Administration

## Hibernia

Hibernia oil production totalled 36.2 MMbbls in 2021, a decrease of 16.1 per cent or 7.0 MMbbls relative to 2020. In response to the COVID-19 pandemic, the Hibernia Management Development Corporation suspended drilling at the end of May 2020, requiring production to rely on existing wells. There were no capital investments devoted to new well development in 2021; however, drilling is set to resume by the end of 2022. The Hibernia oilfield had an estimated 432 MMbbls of recoverable reserves remaining as of December 31, 2021, and is expected to continue producing until at least 2040. As of December 31, 2021, there were 1,109 people working on the Hibernia project in the province, of whom 96 per cent were Newfoundland and Labrador residents.

## Terra Nova

Oil production at Terra Nova halted in December 2019, when the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) issued the project a Notice of Non-Compliance and an Order to Suspend production-related operations. As of December 31, 2021, there were 720 people working on the Terra Nova project in the province, of whom 95 per cent were Newfoundland and Labrador residents.

On September 8, 2021, Suncor Energy announced that an agreement had been finalized with the Terra Nova project co-owners, Cenovus Energy and Murphy Oil Corp., to restructure ownership and move forward with the Terra Nova Asset Life Extension (ALE) project. The agreement includes government support of up to \$205 million from the Oil and Gas Industry Recovery Assistance Fund, on a matching contribution basis, to support local work related to the ALE project, as well as royalty relief valued at \$300 million.

On January 5, 2022, the Terra Nova Floating Production, Storage and Offloading (FPSO) vessel arrived at Navantia's dry dock in Ferrol, Spain after a four-week voyage across the Atlantic Ocean. Navantia's life extension activities on the vessel include structural work on the hull, in addition to the maintenance and renovation of the topsides facilities and rotating equipment. The contract was originally due to start in early 2020, but progress was stalled due to the COVID-19 pandemic and low oil prices. Once

Navantia concludes its work in 2022, the Terra Nova FPSO will return to the province's offshore and production will resume before the end of the year. The Terra Nova project had an estimated 81 MMbbls of recoverable reserves remaining as of December 31, 2021.

## White Rose

The White Rose field and its satellite areas (i.e., North Amethyst, South White Rose and West White Rose) produced 7.3 MMbbls in 2021, a decrease of 20.9 per cent, or approximately 1.9 MMbbls compared to 2020. It is estimated that the remaining recoverable reserves for the White Rose project (including North Amethyst and extensions) totalled 151.2 MMbbls as of December 31, 2021. There were 887 people working in the province on the White Rose project (including the West White Rose development) as of December 31, 2021, of whom 95 per cent were residents of Newfoundland and Labrador.

In May 2017, the Government of Newfoundland and Labrador and Husky Energy (now Cenovus Energy) announced that the company would move forward with the development of the West White Rose project. This project was estimated to cost \$3.2 billion and was to be developed through a fixed drilling platform consisting of a concrete gravity structure (CGS) and an integrated topsides module tied back to the SeaRose FPSO. An estimated 5,000 person years of direct employment was expected during the construction period. In May 2018, construction of the CGS began at

the graving dock in Argentina. Fabrication of the accommodations module and topsides appurtenances (flare boom, helideck and lifeboat stations) was completed in Marystown.

On March 22, 2020, construction activities related to the West White Rose project were suspended due to on-site safety considerations regarding COVID-19. Construction has not resumed; however, there have been a number of developments relevant to the project. On January 4, 2021, Husky Energy and Cenovus Energy merged into a combined company that will operate as Cenovus Energy with its headquarters in Calgary, Alberta. On September 8, 2021, Cenovus Energy and Suncor Energy announced that they have entered into a conditional agreement to increase Suncor's interest in White Rose, subject to a restart decision on the West White Rose project. Cenovus Energy will complete an evaluation for the West White Rose project by mid-2022. Should the findings support a restart decision, Suncor has agreed to increase its interest in the White Rose offshore field by 12.5 per cent.

At the time of initial project sanction, the West White Rose project was expected to produce approximately 75,000 barrels of oil per day at peak production and create an estimated 250 permanent jobs once the platform is operational.

## Hebron

In 2021, Hebron oil production totalled 50.6 MMbbls, down 2.1 per cent or 1.1 MMbbls from 2020. As of December 31, 2021, the project had an estimated 541 MMbbls of recoverable reserves remaining and there were 1,260 people working on the Hebron project in the province, of whom 95 per cent were Newfoundland and Labrador residents.

## Bay du Nord

In July 2018, the Government of Newfoundland and Labrador, Equinor Canada and Husky Energy announced a framework agreement for the development of the Bay du Nord project. Located in the Flemish Pass Basin, about 500 km from St. John's and at approximately 1,170 metres of water depth, it would be the first deep-water development in the province's offshore area. Bay du Nord was initially reported to have a reserve estimate of 300 MMbbls of recoverable oil, with an expected field life between 12 and 20 years. In March 2020, Equinor announced a decision to defer the Bay du Nord project due to low oil prices and uncertainty surrounding the economic impacts of the COVID-19 pandemic.

Since the original configuration and subsequent deferral, several discoveries have improved the oil resources that may be included in the Bay du Nord project development. In October 2020, a Significant Discovery Licence was issued to Equinor and Husky Energy following the successful Harpoon exploration well drilled in 2013.

Also, in October 2020, Equinor confirmed separate discoveries at the Cambriol well and the Cappahayden well. Equinor has indicated that the new discoveries altered its plans and the development concept will be redesigned to integrate them into the project. The West Hercules semisubmersible drilling rig, part of an Equinor drilling campaign, is also scheduled to drill a pair of exploration wells on the Sitka and Cambriol Central prospects in summer 2022.

On June 22, 2018, Equinor submitted the Bay du Nord Development Project description to the Impact Assessment Agency of Canada (IAAC). In August of 2021, the IAAC supported and recommended the project's approval, stating in the executive summary of its Environmental Assessment Report on the project, "the Agency concludes that the Bay du Nord Development Project is not likely to cause significant adverse environmental effects, taking into account the implementation of mitigation measures." The decision statement was due to be released on December 6, 2021. However, on December 6, 2021, the federal Minister of Environment and Climate Change announced the decision period would be extended by 90 days, and on March 4, 2022, it was announced the decision period was extended by a further 40 days.

## Exploration

Exploration drilling programs have the potential to create additional activity in the offshore area. Exploration work commitments in the Newfoundland and

Labrador offshore are approximately \$3.2 billion as of January 2022.<sup>5</sup>

Project descriptions for a number of other future exploration drilling programs in the offshore area have been submitted to the IAAC. Three IAAC applications were approved in 2021 and one application is still in progress. In addition, environmental assessments for the following exploration drilling programs were completed and approved:

- ▶ In 2021, the China National Offshore Oil Corporation (CNOOC) contracted the drillship Stena Forth to complete one well in the Flemish Pass Basin. Initial drilling on the Pelles A71 well began in April and terminated in July. The well was not successful, and as a result, CNOOC relinquished the land pertaining to that exploration licence as of January 15, 2022. The company remains the interest holder for the second exploration licence.
- ▶ Equinor currently holds four exploration licences, two in the Flemish Pass Basin and two in the Jeanne d'Arc Region. On October 29, 2020, Equinor announced two oil discoveries at its Cappahayden and Cambriol prospects in the Flemish Pass Basin. The exploration licences for these prospects are owned by Equinor (60 per cent) and its partner BP Canada Energy Group ULC (40 per cent). Equinor has contracted the West Hercules semisubmersible drilling for exploration

work at the Sitka and Cambriol Central locations in 2022.

- ▶ ExxonMobil Canada Ltd.'s exploration drilling program in the Jeanne d'Arc and Flemish Pass Basin areas includes the possibility of drilling up to 18 wells across three exploration licences by 2030 (based on its federal environmental assessment application).
  - On October 24, 2021, ExxonMobil announced an agreement was signed with Qatar Energy, that will see Qatar Energy hold a 40 per cent participating interest in exploration licence 1165A, where ExxonMobil plans to complete the Hampden K-41 exploration well using the Stena Forth drillship. ExxonMobil will hold the remaining 60 per cent stake in the licence. This represents Qatar Energy's first entry into the Canadian offshore.
  - ExxonMobil has a funding agreement in place with the Province, under the Offshore Exploration Initiative, specific to exploration drilling that could result in Provincial Government funding of \$30 million for a second well and \$50 million for a third exploration well.

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<sup>5</sup> Note: Financial work commitments do not necessarily represent how much companies will actually spend on programs related to exploration licences. Companies are not compelled to spend to the limit of total work commitments, but instead to put down a deposit and undertake exploration (i.e., seismic and/or drilling) activities according to a schedule under the licensing regulations in order to retain licences. However, companies also have an option to extend a licence period by paying a refundable deposit.

## Offshore Exploration Initiatives

Geoscience data for the province's offshore areas are used to carry out independent resource assessments ahead of the closure of a bidding round in the scheduled land tenure system. This offers an opportunity for the industry to learn more about the oil and gas potential of the blocks that are on offer and further allows for a full evaluation of all the offshore basins. The data collected are available for licensing by the industry.

On October 5, 2021, the C-NLOPB announced the launch of a new map-based Data and Information Hub, created and developed to modernize access to technical information housed by the C-NLOPB. Stakeholders will now be able to locate and download technical information from one location, increasing the amount of technical information available and the speed with which it can be obtained.

On December 30, 2021, the Province announced an Offshore Exploration Initiative eligibility amendment granting qualified operators an additional year of drilling to December 31, 2023. This initiative allows all future bid deposit forfeitures to be reinvested through cost reimbursement, resulting in an injection of potentially hundreds of millions of dollars in support of growth in the offshore petroleum industry.

## Calls for Nominations

On September 28, 2021, the C-NLOPB issued a Call for Nominations (Parcels) for offshore exploration in the Eastern Newfoundland, South Eastern Newfoundland and Jeanne d'Arc regions. This Call for Nominations will assist the C-NLOPB in selecting parcels to be included in the subsequent 2022 Calls for Bids, which are scheduled to be announced in spring 2022.

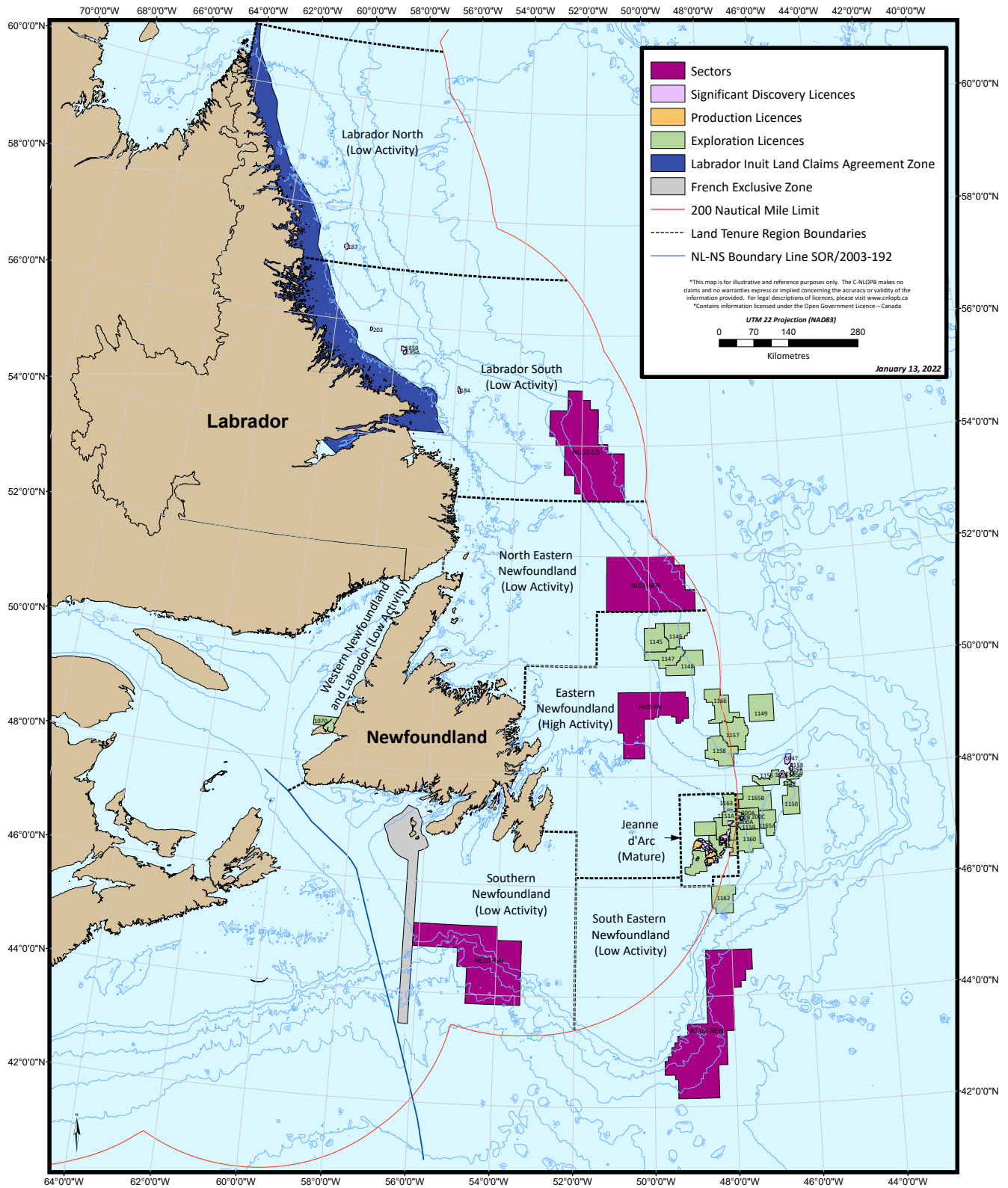
On January 14, 2022, the C-NLOPB issued a Call for Nominations (Areas of Interest) in the Eastern Newfoundland Region. This Call for Nominations will assist the C-NLOPB in selecting a sector for introduction into the scheduled land tenure system for April 2022.

## Calls for Bids and Results

On September 29, 2021, the C-NLOPB announced its intention to close the Call for Bids in the Labrador South Region on December 22, 2021, conditional on the completion and public release of the Labrador Shelf Offshore Area Strategic Environmental Assessment Update. The update was released on December 14, 2021, after which the C-NLOPB announced that no bids were received for the Labrador South Region.

The C-NLOPB also announced updates to the Scheduled Land Tenure timing. The timing of four active Low Activity Sectors was modified (see Figure 9 for more details). The Call for Bids in the high activity Jeanne

# Map 1: Status of Licensing Rounds



Any sector, parcel or licence depicted on this map beyond 200 nautical miles off the coast of Newfoundland and Labrador is not represented by the Board to reflect the full extent of Canada's continental shelf beyond 200 nautical miles. Canada has filed a submission regarding the limits of the Outer Continental Shelf in the Atlantic Ocean with the Commission on the Limits of the Continental Shelf, the review of which is pending. Any call for bids based on a sector or parcel identified in this map and any licences issued in those areas will be subject to approval as a Fundamental Decision under applicable legislation. The boundaries of sectors, parcels or licences in areas beyond 200 nautical miles may be revised to reflect the limits of the Outer Continental Shelf established by Canada. All interest holders of production licences containing areas beyond 200 nautical miles may be required, through legislation, regulation, licence terms and conditions, or otherwise, to make payments or contributions in order for Canada to satisfy obligations under Article 82 of the United Nations Convention on the Law of the Sea.

**Figure 9: Land Issuance Rounds Timeline**

- Call for Nominations (AOI) Open
- Call for Nominations (AOI) Close
- Sector Identification
- Call for Nominations (Parcels) Open for Six Weeks
- Call for Bids Open
- Call for Bids Close
- Issuance of Licences

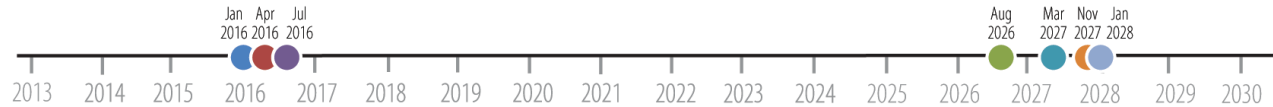
**2020 Eastern Newfoundland (High Activity, 2-yr cycle)**



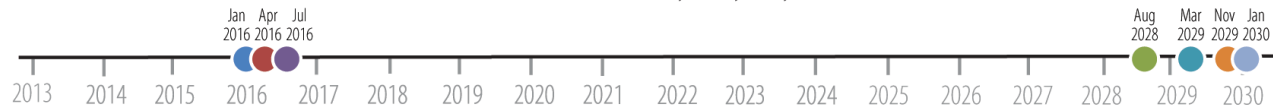
**2017 South Eastern Newfoundland (Low Activity, 4-yr cycle)**



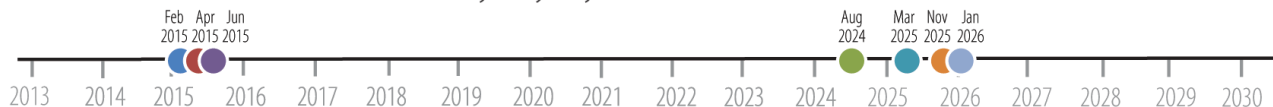
**2016 Southern Newfoundland (Low Activity, 4-yr cycle)**



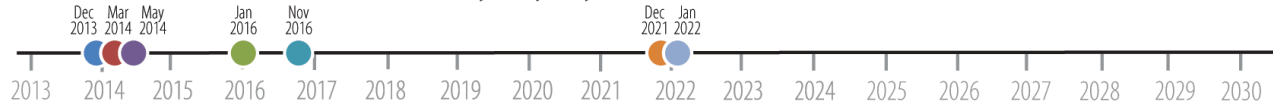
**2016 North Eastern Newfoundland (Low Activity, 4-yr cycle)**



**2015 Labrador South (Low Activity, 4-yr cycle)**



**2013 Labrador South (Low Activity, 4-yr cycle)**



d’Arc Basin will be suspended for 2021 due to a lack of industry interest. The decision to proceed with a future Call for Bids in the Jeanne d’Arc Region will be assessed on an annual basis, in accordance with the C-NLOPB’s Scheduled Land Tenure System.

## 2022 Outlook

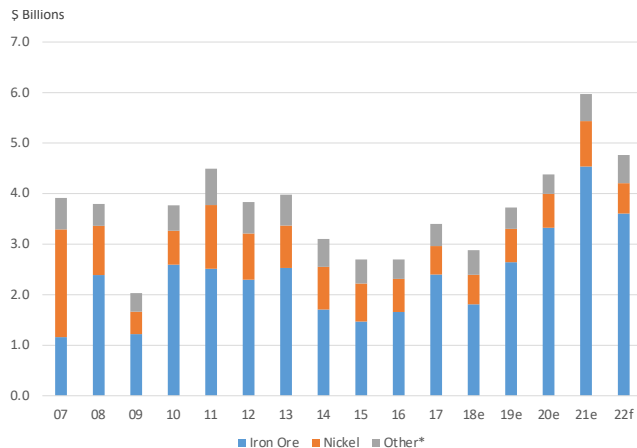
- ▶ Oil production is expected to decrease 12.4 per cent to 82.3 MMbbls in 2022.
- ▶ The Terra Nova FPSO will return from its refit in Spain and resume production before the end of the year.
- ▶ Cenovus Energy is expected to complete an evaluation for the West White Rose project by mid-2022.
- ▶ Brent crude prices are forecast to average US\$90.30 per barrel on a calendar year basis (US\$86.00 per barrel for fiscal year, 2022-23).
- ▶ Three exploration wells are expected to be drilled on the Sitka, Cambriol Central and Hampden prospects in the Flemish Pass Basin.
- ▶ The 2022 Call for Bids for the Eastern Newfoundland and South Eastern Newfoundland areas close in November 2022. The issuance of licences are anticipated in January 2023.



# Mining



**Figure 10: Value of Mineral Shipments**



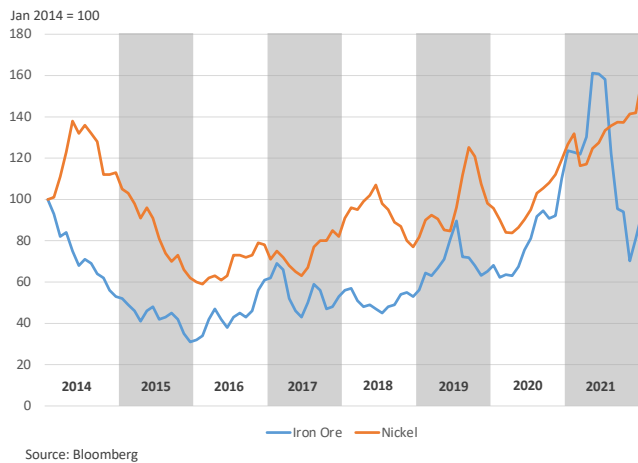
\*Note: 'Other' includes antimony, copper, cobalt, gold, silver, barite, dolomite, fluorspar, gypsum, limestone, peat, pyrophyllite, sand & gravel, stone aggregate and dimension stone.  
 e: estimate, f: forecast  
 Source: Department of Industry, Energy and Technology; Natural Resources Canada

Mineral shipments from Newfoundland and Labrador were valued at \$6.0 billion in 2021, an increase of 36.4 per cent over 2020 (see Figure 10). This growth was largely due to significant increases in iron ore, nickel and copper prices. Increased production volumes for copper and nickel also contributed to the gains. Total mining-related employment increased 17.6 per cent to 8,114 person years in 2021. Several mines recorded small increases in employment, but the majority were linked to construction employment at the Voisey’s Bay Mine Expansion Project, which continued to advance.

Prices for iron ore and nickel, two of the province’s key minerals, increased notably in 2021 (see Figure 11). Iron ore prices rose significantly in the second half of 2020 and this continued into 2021, reaching a peak of US\$239/tonne in May. This was primarily due to record global demand for steel inputs and limited seaborne iron ore

Conveyor Belt at Tacora Resources’ Scully Mine  
 Tacora Resources Inc.

**Figure 11: Mineral Price Indices**



supply. Prices declined in the second half of the year due to reduced steel production in China. For the year as a whole, iron ore prices averaged US\$156.02/tonne in 2021, up 48.7 per cent from an average of US\$105/tonne in 2020. Nickel prices rose throughout 2021, driven by higher demand for stainless steel, particularly from China and Indonesia. Overall, nickel prices averaged US\$8.38/pound in 2021, up 33.8 per cent from an average of US\$6.26/pound in 2020.

## Iron Ore Company of Canada

The Iron Ore Company of Canada (IOC), located near Labrador City, is one of Canada's largest iron ore producers. Total production in 2021, including concentrate and pellets, was 16.6 million tonnes, 6.5 per cent less than 2020. Despite lower production, IOC benefited from historically high iron ore prices, especially in the first half of the year. In the first nine months of 2021, IOC generated net after-tax cash of US\$1,259 million with capital expenditures of US\$170 million. Employment at the mine

was 2,035 person years in 2021, 4.0 per cent higher than in 2020.

## Vale Newfoundland and Labrador

Vale Newfoundland and Labrador (VNL) operates the Voisey's Bay nickel mine on the northeast coast of Labrador and the nickel processing facility in Long Harbour. Currently, all nickel mined at Voisey's Bay is shipped to Long Harbour for processing. The volume of nickel produced at Voisey's Bay rose by 6.7 per cent to 38,100 tonnes in 2021. The value of the nickel shipped rose by 33.6 per cent, the result of higher volume and nickel prices. Copper production from the mine grew by 13.5 per cent to 20,200 tonnes.

In June 2021, the Voisey's Bay Mine Expansion Project produced its first ore from the Reid Brook deposit, one of two underground mines being developed. The project, which began in 2018, is designed to extend the life of the mine to 2034, providing a replacement source of ore for the Long Harbour Processing Plant, after ore from the existing open-pit mining operations is depleted.

On November 1, 2021, Vale announced that the Interek Group plc, a leading assurance, inspection, product-testing and certification company, indicated that the low-carbon footprint of the Long Harbour nickel rounds positions Vale favourably in the growing electric vehicle supply chain. The hydrometallurgical facility uses aqueous solutions to recover nickel, a process that

results in low greenhouse gases and high recovery rates of valuable by-products such as cobalt.

Employment for all aspects of the Voisey's Bay Project was estimated to be 3,566 person years in 2021, up 28.2 per cent over 2020, as construction activity associated with the underground mine increased.

## **Tata Steel Minerals Canada Ltd.**

Tata Steel Minerals Canada Ltd. (TSMC) operates a high-grade iron ore project in the Menihek region of Labrador and northern Quebec, with deposits on both sides of the border. This operation is a joint venture between Tata Steel of India and the Government of Quebec.

TSMC has primarily been a direct shipping ore (DSO) project; however, since completion of its \$700 million wet processing facility in 2020, the company now produces both concentrate and DSO. Wet processing has enabled TSMC to operate year-round. The project generated 310 person years of employment in 2021, up 53.5 per cent from 2020.

## **Tacora Resource Inc.**

Tacora Resources Inc. (Tacora) is an iron ore mining and processing company that reactivated the Scully Mine near Wabush, Labrador, in 2018. Although the company made its first shipment of iron ore concentrate in 2019, it continues ramping up to full production capacity. Production capacity is expected to be 6.5 million tonnes

per year at full operation, with a projected mine life of 26 years. The operation generated an estimated 384 person years of employment in 2021, up 20.8 per cent over 2020.

## **Other Mines**

Rambler Metals and Mining Canada Ltd. owns and operates the underground Ming copper-gold mine and the Nugget Pond Mill on the Baie Verte Peninsula, as well as a year-round bulk storage and shipping facility in Goodyear's Cove. Although the Ming mine and the Nugget Pond processing facility remained operational throughout the COVID-19 pandemic, production was reduced as policies, safety protocols and supply chain issues impacted operations. Gold production declined by 36.0 per cent to 1,805 ounces in 2021, and copper production declined by 9.3 per cent to 3,418 tonnes. The mine generated an estimated 208 person years of employment in 2021, up 6.7 per cent from 2020.

Anaconda Mining Inc. (Anaconda) began gold production at its Point Rouse project near Baie Verte in 2008. This project consists of the Pine Cove open pit mine, the Pine Cove mill and tailings facility, a deep-water port, the Stog'er Tight mine, the Argyle deposit, and approximately 15,000 hectares of prospective gold-bearing property. Mining at the Argyle deposit began in October 2020 and, along with low-grade stockpiles, represents the remaining ore reserves for the Point Rouse project. Gold production was 12,054 ounces in 2021, 34.0 per cent lower than in 2020. In November 2021, Anaconda announced an

expanded mineral resource estimate for the Point Rousse project, showing over 100,000 ounces of gold. The mine generated an estimated 105 person years of employment in 2021, up 10.5 per cent over 2020.

Atlantic Minerals Limited (AML) is located in Lower Cove on the Port au Port Peninsula and is a producer of chemical grade high calcium limestone, dolomite and construction aggregates. AML's products meet a wide range of industrial and agricultural specifications and are distributed throughout Canada, United States, South America and Europe. AML has over one billion metric tonnes of resources, including proven reserves of over 50 million tonnes of high-calcium limestone and 70 million tonnes of dolomite, with remaining reserves suitable for construction aggregates. The site currently generates approximately 90 person years of employment annually.

The Canada Fluorspar Inc. (CFI) fluorspar mine includes three pits, a mill and a marine terminal located in St. Lawrence. CFI made its first commercial shipment in August 2018. At full operation, the project was expected to produce up to 200,000 tonnes of fluorspar concentrate per year. CFI generated an estimated 257 person years of employment in 2021, down 25.7 per cent from 2020. On February 22, 2022, CFI filed for interim receivership. The mine has retained a limited number of employees while in a care and maintenance mode. The Supreme Court of Newfoundland and Labrador appointed Grant Thornton Limited as Monitor/Interim Receiver. The Provincial Government and Bridging Finance Inc. have since provided

funds to allow the Monitor to coordinate a sale or restructure the investment. This 30-day, court ordered process is due to end on April 17, 2022.

Barite Canada (BarCan), formerly known as Barite Mud Services Inc., is a Newfoundland and Labrador-based company that is recovering barite from tailings produced at the former American Smelting and Refining Company's base metal mine in Buchans. In 2021, BarCan completed a multi-million dollar capital improvement program to enhance recoveries, reliability, economics and safety. The project generated an estimated 22 person years of employment in 2021.

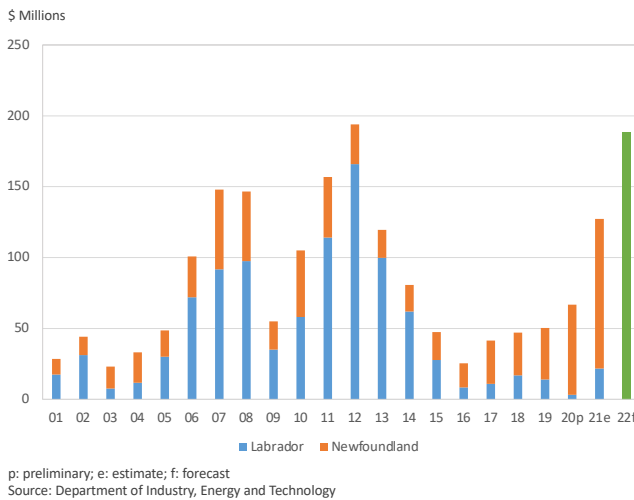
In September 2021, the Beaver Brook Antimony Mine near Glenwood resumed underground mining operations after almost a year in a care and maintenance mode due to the COVID-19 pandemic. The project employed about 10 people during care and maintenance, but returned to an estimated 105 person years of employment once mining resumed.

The province's construction aggregate industry (i.e., producers of gravel, sand, crushed stone, or other mineral material used in the construction industry) shipped approximately 6.3 million metric tonnes of aggregate valued at \$29.7 million in 2021, on par with 2020. The sector generated 557 person years of employment, also on par with 2020.

## Exploration and Development

Exploration expenditures hit a nine-year high in 2021, reaching \$127.4 million. Growth was driven by strong gold prices and positive exploration results in Central Newfoundland, which spurred further exploration activity (see Figure 12).

**Figure 12: Mineral Exploration Expenditures**



Marathon Gold Corporation is a gold exploration and development company advancing its Valentine Gold Project in Central Newfoundland. The company released a new feasibility study in March 2021, estimating \$662 million in capital spending over a 13-year mine life. Construction is anticipated to commence in 2022 and last 22 months. First production was expected in October 2023, but in late 2021 the company announced that the project start date had been delayed several months. Once production commences, the project expects to average 173,000 ounces of gold per year. Marathon expects to employ an annual average of 404 person

years during the project’s construction phase and 426 person years during operations.

Maritime Resources Corp. is an exploration and mining company with its key asset, the once-producing Hammerdown gold mine, located in the Baie Verte mining district. It has additional deposits, Orion and Whisker Valley, in the same district. The Hammerdown Gold Project was released from environmental assessment in May 2021. Work on a feasibility study is expected to be completed this year. Early site-clearing activities are underway and the company plans to make a construction decision in 2022. The project has an estimated mine life of nine years with production averaging 57,900 ounces of gold per year.

Matador Mining Ltd. is pursuing a gold exploration program at the Cape Ray Gold Project located near Port aux Basques. The company announced in December 2021 that it had completed the largest exploration program to date in the history of the Cape Ray Gold Project. The exploration program is expected to continue in 2022. The project is currently under environmental assessment and is required to submit an Environmental Impact Statement. Once fully permitted, the project is expected to have a seven-year mine life, averaging 88,000 ounces of gold during the first four years and 124,000 ounces of silver per year. Construction employment is estimated at 300 person years and operational employment is anticipated to be approximately 180 person years annually.

Search Minerals Inc. continued to conduct exploration of the Port Hope Simpson Critical Rare Earth Element district in southeastern Labrador. In June 2021, Search Minerals was selected to participate in the Government of Canada's Accelerated Growth Service initiative, which will provide the company with access to a team of experts to advance its project in Labrador and help establish a stable and secure rare earth element supply chain. Search Minerals is working on a preliminary economic assessment on the combined Deep Fox/Fox Trot project, with completion of the study expected in late March 2022.

To encourage mineral exploration in Newfoundland and Labrador, the Government of Newfoundland and Labrador provides funding to the mineral exploration industry through the Mineral Incentive Program. This Program includes the Prospector Assistance and Junior Exploration Assistance grants, and provides funding for the Matty Mitchell Prospectors' Resource Room. The Mineral Incentive Program invested an estimated \$1.7 million into mineral exploration in the province in 2021.

## 2022 Outlook

- ▶ Pandemic-related disruptions are anticipated to decline in 2022, allowing companies to reduce operational protocols and supply chain issues are expected to ease.

- ▶ The value of mineral shipments is expected to be lower in 2022 compared to 2021, due mainly to lower iron ore prices in comparison to 2021.
- ▶ The price of iron ore was US\$138.25/tonne on March 25, 2022, below the highs seen in the first half of 2021, but higher than the December 2021 average of US\$106/tonne. The price of nickel has risen sharply in the first three months of 2022, reaching \$16.09/pound as of March 25, 2022.
- ▶ The Voisey's Bay Mine Expansion Project will continue, with the start of production at Eastern Deeps (i.e., the second of the two underground mines under construction) expected later this year.
- ▶ The Valentine Gold Project was released from further environmental assessment on March 17, 2022.
- ▶ Mineral exploration activity is expected to continue trending upward, with projects carrying over from last year, and interest in accessing new exploration areas remains high. Exploration expenditures are anticipated to be around \$188.8 million in 2022.

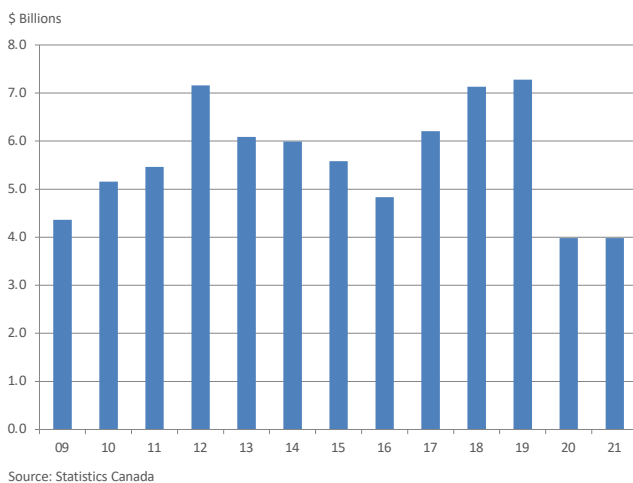
# Manufacturing



Newfoundland and Labrador’s manufacturing sector produces a wide variety of goods, with manufacturers located in both rural and urban areas of the province. Manufacturing output is generally concentrated in refined petroleum, food processing (primarily seafood), fabricated metal manufacturing, non-ferrous metal production and processing, and newsprint. The value of manufacturing shipments totalled \$4.0 billion in 2021, on par with 2020 (see Figure 13). The lost value due to the suspension of refined petroleum operations at the Come By Chance Refinery was largely offset by a rise in the value of durable goods, which includes fabricated metal products and non-ferrous refined metals such as nickel.

Employment in the manufacturing sector averaged approximately 10,600 person years in 2021, up 21.8 per cent compared to 2020, representing 4.8 per cent of total employment in the province. Employment increased in most manufacturing industries in 2021. Non-durable goods manufacturing

**Figure 13: Manufacturing Shipments**



Long Harbour Nickel Processing Plant  
Vale

employment increased 24.1 per cent and durable goods manufacturing increased 17.2 per cent, compared to 2020.<sup>6</sup> Labour income in the industry increased by 6.1 per cent in 2021, compared to 2020, due to an increase in wages in both the durable and non-durable goods sectors. Average weekly earnings in the manufacturing sector increased by 3.3 per cent in 2021.

Locally manufactured products are shipped throughout the province, elsewhere in Canada and to international markets. The value of international manufacturing exports from Newfoundland and Labrador was approximately \$2.7 billion in 2021, an increase of 11.8 per cent from 2020. This increase was primarily due to gains in the value of non-ferrous metal production, stemming from higher nickel prices, in addition to higher values of seafood product exports, particularly snow crab. The United States remains the largest export market for Newfoundland and Labrador manufacturers, representing 52.7 per cent of international manufacturing exports in 2021.

Refined petroleum products usually account for the largest portion of the province's manufacturing output. However, production at the oil refinery in Come By Chance was suspended on March 30, 2020, and, as a result, the value of international refined petroleum exports from Newfoundland and Labrador fell 96.9 per cent to \$21.9 million in 2021, compared to 2020. Although

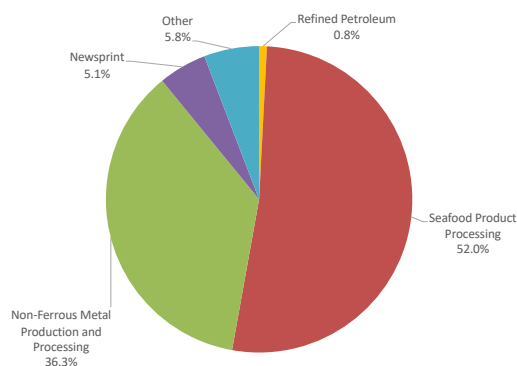
the refinery did not restart crude oil processing, NARL Marketing did continue to supply its local fuel customer market with available inventories and shipments from suppliers outside the province. Other fuel product suppliers also have relied solely on shipments from outside the province. On January 15, 2021, a funding arrangement was announced between the Government of Newfoundland and Labrador and NARL Refining to keep the refinery in a warm-idle mode, mitigate restart costs, and support employment until a future restart. In late 2021, Cresta Fund Management purchased a controlling stake in the idled Come By Chance Refinery and rebranded it to Braya Renewable Fuels. The company is spending US\$300 million to convert the refinery for processing of low-emission renewable fuel production. Production is anticipated to begin later in 2022, and once it does, the refinery will produce sustainable aviation and renewable diesel fuels from feedstocks that could include options such as plant-based oils, animal fats and used cooking oils. The refinery is strategically located along Atlantic shipping routes, with access through the nearby marine terminal in Placentia Bay. This allows for easy shipment of raw materials to the site and transportation of the final products to markets in Europe, Canada and the United States. The company anticipates that production employment will consist of 200 jobs.

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<sup>6</sup> The distinction between non-durable goods and durable goods is based on whether the goods can be used only once or repeatedly or continuously over a period of considerably more than one year. Examples of consumer-durable goods include automobiles, bicycles, books, household goods (e.g., home appliances, consumer electronics, furniture, tools), sports equipment, jewelry, medical equipment, and toys. Examples of non-durable goods include fast-moving consumer goods such as cosmetics and cleaning products, food, condiments, fuel, beer, cigarettes and tobacco, medication, office supplies, packaging and containers, paper and paper products, personal products, rubber, plastics, textiles, clothing, and footwear.



**Figure 14: Distribution of International Manufacturing Exports by Industry, 2021**



Source: Statistics Canada

Fish processing plays a significant and historic role in Newfoundland and Labrador’s manufacturing industry. The value of international seafood product exports totalled approximately \$1.4 billion in 2021, up 62.1 per cent from 2020 due to higher export values for key species, particularly snow crab. Market prices for snow crab hit a historical high in 2021, as lower global supply and increased consumer demand for snow crab put upward pressure on market prices. Markets in the United States and China purchased 83.2 per cent of the province’s seafood product exports in 2021 (see **Fishery and Aquaculture**).

In recent years, fabricated metal manufacturing in the province has fluctuated with major project construction activity. In 2021, fabricated metal manufacturing employment was up, as some construction activity resumed after the suspension of several major projects in 2020 in response to the COVID-19 pandemic.

Vale Newfoundland and Labrador (VNL) owns and operates the nickel processing plant in Long Harbour. The facility processes nickel concentrate that is sourced from the

Voisey’s Bay mine in Labrador. While the plant primarily processes nickel, it also produces cobalt and copper as by-products. In 2021, the value of international exports of non-ferrous metal production and processed products from Newfoundland and Labrador increased by 85.6 per cent from 2020. This increase was the result of higher prices for nickel and the continued ramp up in production at the nickel processing facility. Currently, the Long Harbour nickel processing facility employs about 900 people (see **Mining**).

The volume of newsprint shipped from Corner Brook Pulp and Paper Limited was up in 2021, increasing 7.7 per cent compared to 2020. The associated value of shipments rose by 21.2 per cent over the same period due to a combination of higher shipment volumes and higher prices. The COVID-19 pandemic did not hinder normal operations (see **Forestry**).

## 2022 Outlook

- ▶ The value of provincial manufacturing shipments hinges on the restart of the Come By Chance Refinery later this year, which is being converted to produce low-emission fuels.
- ▶ Provincial newsprint shipments are expected to remain at similar levels to last year in 2022.
- ▶ Relatively high lumber prices should boost the value of production for wood products.
- ▶ Fabricated metal manufacturing should be supported by the resumption of major projects that were suspended due to the COVID-19 pandemic.

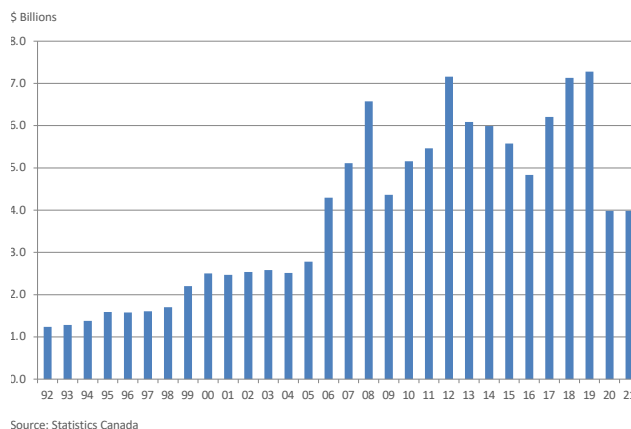
# Special Feature:

## The Manufacturing Sector in Newfoundland and Labrador

Manufacturing is defined as the process of adding value to material resources through processing, fabrication, assembly and/or packaging, and hence transforming those resources into either intermediate goods or finished products. It is an important and expanding industry with links to nearly all sectors of the local economy, including agriculture, seafood harvesting and processing, oil and gas, mining, and construction. There are an estimated 1,700 manufacturing and processing facilities spread across Newfoundland and Labrador (see Map 2). These facilities provide direct employment and income opportunities to the communities and surrounding areas in which they operate. Combined with the spin-off supply and service activities, they are an important driver of economic activity and growth.

Output in the manufacturing industry is generally measured by the value of manufacturing shipments. The value of manufacturing shipments from Newfoundland and Labrador increased from \$1.2 billion in 1992 to a recent peak of \$7.3 billion in 2019, averaging an annual growth of 6.8 per cent (see Figure 15). Refined petroleum, food processing (primarily seafood), non-ferrous metal production and processing (nickel), and newsprint have historically been the largest sectors of manufacturing output in the province.

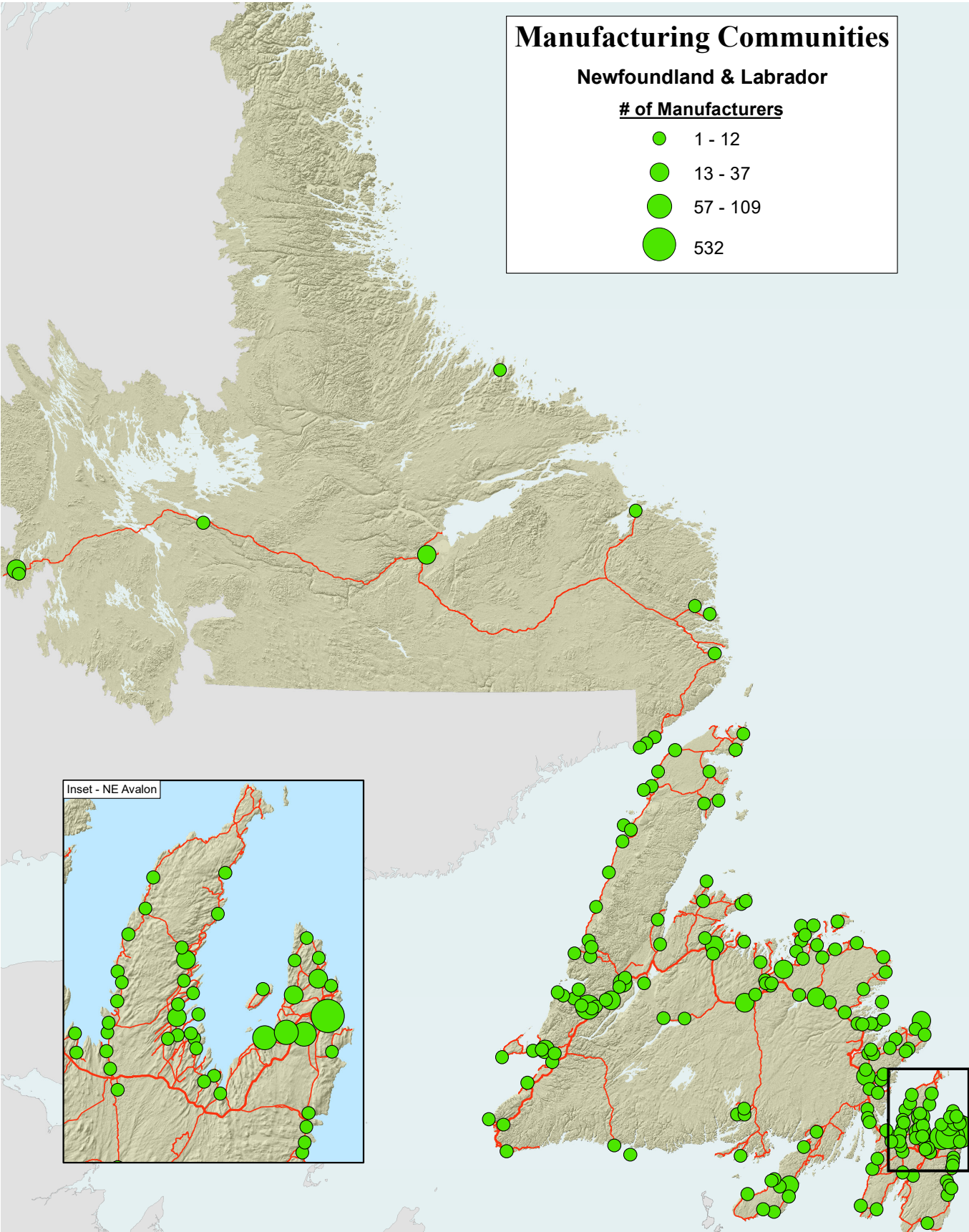
**Figure 15: Manufacturing Shipments**



Since 2019, manufacturing shipments have been lower, primarily as a result of the impact of the COVID-19 pandemic that resulted in a suspension of operations at the oil refinery in Come By Chance. However, the refinery was sold in late 2021 and is in the process of being converted to produce renewable diesel and sustainable aviation fuel made from feedstocks that could include options such as plant-based oils, animal fats and used cooking oils. The newly converted facility is anticipated to begin production later in 2022.

Manufacturing sector real GDP was \$790.2 million in 2020 (latest data available), representing 2.6 per cent of total provincial real GDP. Over the 1997 to 2019 period, real GDP in the sector increased by 20.5 per cent to a recent peak of \$849.8 million in 2019, or by an annual average of 0.8 per cent, followed by a decrease of 7.0 per cent

**Map 2: Manufacturing Communities**



Source: Department of Finance

in 2020 (see Figure 16). Historically, seafood product preparation and packaging and petroleum manufacturing have been the two single largest contributors, while the 'Other manufacturing' sub-sector consistently has been a significant contributor as well.<sup>7</sup>

**Figure 16: Real GDP by Manufacturing Sector**

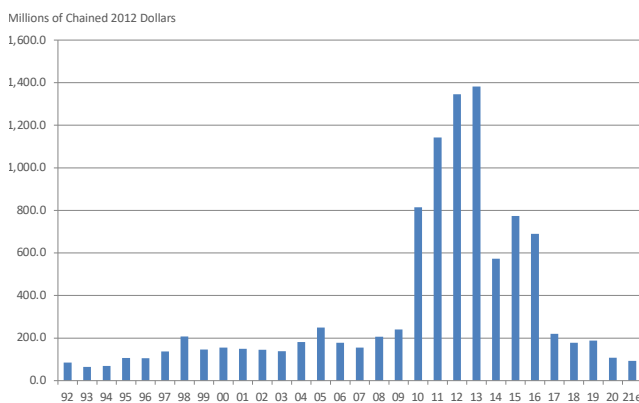


Source: Statistics Canada, Department of Finance

Capital investment in the manufacturing industry leads directly to increased production capacity and to the competitiveness of the industry by adopting new technology in the production process. It is also an important indicator of both current and potential future economic growth, as well as a barometer of business confidence. Capital investment also enables manufacturing firms to achieve industry-wide standardization, which, in turn, facilitates trade and technology transfer and opens new markets. Encouraging local companies to invest more in advanced technology will lead to stronger output, productivity, and employment growth across the economy.

In real terms, manufacturing investment in Newfoundland and Labrador remained relatively steady from 1992 to 2009, averaging around \$150 million annually. In 2010, work began on the Long Harbour nickel processing facility, and in 2011 there were a number of upgrades completed at the Come By Chance Refinery. As a result, manufacturing investment hit a peak of around \$1.4 billion in 2013, and subsequently fell as those developments were completed. Capital investments in the industry in 2020 and 2021 were further depressed due to the pandemic.

**Figure 17: Manufacturing Investment**



Source: Statistics Canada, Department of Finance  
e: estimate

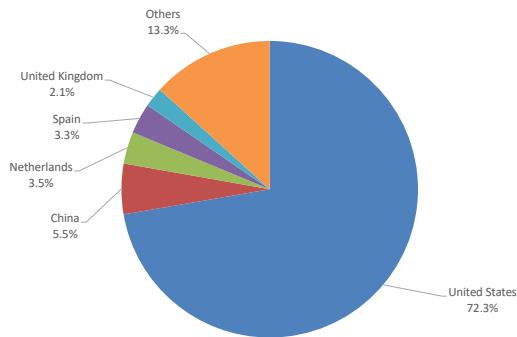
The manufacturing industry in the province relies heavily on international export markets, reflecting the fact that the value of manufacturing has been dominated by refined petroleum, fish, and newsprint, which are mainly sold in international markets. Trade flows are impacted by commodity prices, the supply of raw materials or natural resources, changes in market demand, and the ability of local manufacturers to compete

<sup>7</sup> The 'Other manufacturing' sub-sector includes a number of categories, the largest of which are: Breweries; Cement and concrete product manufacturing; Soft drink and ice manufacturing; Meat product manufacturing; Miscellaneous food manufacturing; Bakeries and tortilla manufacturing; Dairy product manufacturing; Ship and boat building; Agricultural, construction and mining machinery manufacturing; Household and institutional furniture and kitchen cabinet manufacturing; and Sawmills and wood preservation.

in terms of cost, quality and innovation. International exports are also sensitive to fluctuations in currency exchange rates. As such, the composition and direction of trade flows vary considerably over time.

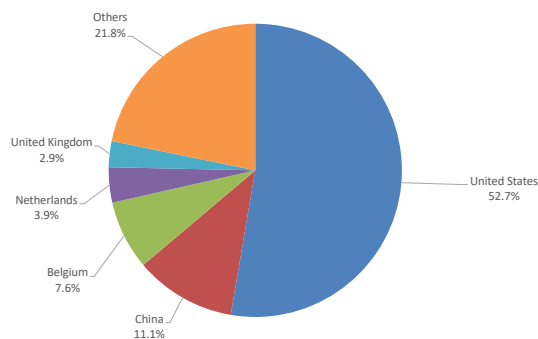
The largest export market for products manufactured in the province continues to be the United States, although its market share has decreased from 72.3 per cent of all manufacturing exports in 2010 to 52.7 per cent in 2021 (see Figures 18 and 19).

**Figure 18: Distribution of International Manufacturing Exports by Country, 2010**



Source: Trade Data Online

**Figure 19: Distribution of International Manufacturing Exports by Country, 2021**



Source: Trade Data Online

Increasing seafood product exports to the U.S. over the past decade have been offset by lower refined petroleum exports over the last few years due to the suspension of operations at the oil refinery in Come By Chance. As the U.S. market share has decreased, the market shares of countries such as China and Belgium have increased, from 5.5 per cent to 11.1 per cent exported to China and from less than 1.0 per cent to 7.6 per cent to Belgium. These increases for both China and Belgium can be mainly attributed to higher refined nickel exports; however, there has also been an increase in newsprint exports to China over the past two years.

Not only does the manufacturing industry contribute to the production of essential goods, it contributes to the economic growth of the province, particularly in the many rural communities in which manufacturers operate. The industry continues to evolve and adapt, and there remains potential opportunities for advancement in many areas. Capital investment in innovation and new technologies in the sector will play an important role in driving productivity, competitiveness and growth in the future.

## Local Manufacturing Company Profiles



**Browning Harvey Ltd.**

Location in NL: St. John's

- ▶ Manufactures: Carbonated Soft Drinks & Water
- ▶ Number of Employees: 280
- ▶ Markets: Newfoundland and Labrador
- ▶ Brands: Pepsi, Crush, Schweppes, Bubly, Aquafina



**Western Newfoundland Brewing Company**

Location in NL: Pasadena

- ▶ Manufactures: Craft Beer and Spritzers
- ▶ Number of Employees: 3
- ▶ Value of Manufactured Goods: \$200,000
- ▶ Markets: Newfoundland and Labrador



**Labrador Fishermen's Union Shrimp Company Limited**

Locations in NL: L'Anse au Loup, Mary's Harbour, Charlottetown, Pinsent's Arm, Cartwright

- ▶ Manufactures: Cod, Turbot, Halibut, Herring, Mackerel, Capelin, Scallop, Whelk, Crab, Shrimp
- ▶ Number of Employees: 1,000
- ▶ Value of Manufactured Goods: > \$40,000,000
- ▶ Markets: United States, Portugal, Canada, Asia, Europe, United Kingdom



**Western Steel Works Inc**

Locations in NL: Corner Brook and Deer Lake

- ▶ Manufactures: Fire Pits, Signs (Steel and Aluminum), Clocks, Bobsleds, Camp Stoves, Septic Tanks, plus custom fabrication and manufacturing work
- ▶ Number of Employees: 12
- ▶ Value of Manufactured Goods: \$120,000
- ▶ Markets: Newfoundland and Labrador, Canada, United States

# Fishery and Aquaculture



The Newfoundland and Labrador fishery had an exceptional year in 2021, with record-breaking values for both total fish landings and seafood exports. The recovery of the foodservice industry created a surge in orders from restaurants, which, combined with the increased retail demand experienced since the beginning of the COVID-19 pandemic, led to tight market conditions. This resulted in record prices for some key species and seafood products. Employment in the industry grew for the first time in nearly 20

years, with 17,234 people employed in 2021, compared to 15,806 in 2020.

## Wild Fisheries

The wild fishery refers to the harvest of naturally occurring fish in marine environments. The most recent stock assessments indicated that some of the province's groundfish stocks continue to show signs of growth, which appears to be largely driven by warmer water temperatures. While the northern cod stock has not fully recovered, recent assessments indicate that the stock is above levels observed during the 2000s. In the coming years, growth in future groundfish landings is expected to be fueled by other groundfish stocks, such as halibut and redfish.

The value of total fish landings reached a record \$1.0 billion in 2021, up 78.9 per cent in comparison to \$578.1 million in 2020. While raw material prices increased for several key species in 2021, the significant rise in landed value was primarily the result

of an increase in snow crab prices. The volume of fish landings increased 9.0 per cent to 192,147 tonnes in 2021, largely the result of higher landings of snow crab and flounders (see Table 5 and Figure 20).

**Table 5: Landings and Landed Value by Species**

Species	2020 Revised		2021 Preliminary		2020/2021 Comparison	
	Volume (tonnes)	Value (\$000s)	Volume (tonnes)	Value (\$000s)	% Volume	% Value
Snow Crab	29,372	223,258	38,376	612,324	30.7%	174.3%
Shrimp	32,913	128,971	35,993	137,829	9.4%	6.9%
Lobster	4,452	43,681	4,805	82,123	7.9%	88.0%
Other Shellfish	29,842	60,334	39,956	76,345	33.9%	26.5%
<b>SHELLFISH</b>	<b>96,579</b>	<b>456,244</b>	<b>119,130</b>	<b>908,621</b>	<b>23.3%</b>	<b>99.2%</b>
Turbot	9,527	47,068	8,451	45,909	-11.3%	-2.5%
Cod	12,771	18,784	12,168	17,855	-4.7%	-4.9%
Flounders	14,640	23,117	15,860	27,058	8.3%	17.0%
Redfish	4,361	5,077	4,202	7,045	-3.6%	38.8%
Other Groundfish	1,854	7,417	2,211	8,068	19.3%	8.8%
<b>GROUNDFISH</b>	<b>43,153</b>	<b>101,463</b>	<b>42,892</b>	<b>105,935</b>	<b>-0.6%</b>	<b>4.4%</b>
Capelin	23,986	14,753	22,333	13,736	-6.9%	-6.9%
Herring	8,449	2,943	6,852	2,387	-18.9%	-18.9%
Mackerel	4,015	2,487	602	373	-85.0%	-85.0%
Other Pelagics	28	218	338	2,193	1,107.1%	906.0%
<b>PELAGICS</b>	<b>36,478</b>	<b>20,401</b>	<b>30,125</b>	<b>18,689</b>	<b>-17.4%</b>	<b>-8.4%</b>
Harp Seals (Number)	395	11	26,446	740	6,595.2%	6,627.3%
<b>TOTAL</b>	<b>176,210</b>	<b>578,119</b>	<b>192,147</b>	<b>1,033,985</b>	<b>9.0%</b>	<b>78.9%</b>

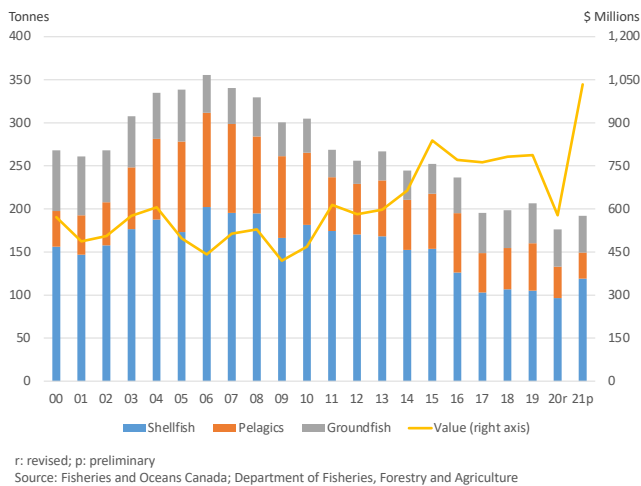
Source: Fisheries and Oceans Canada and the Department of Fisheries, Forestry and Agriculture  
Date: February 2022

Notes:

- Species components may not sum due to independent rounding.
- Total volume excludes number of seals.
- Flounders includes: American plaice, yellowtail flounder, greysole/witch, winter flounder.
- Other Shellfish: Whelk, clams, sea cucumber, other crustaceans, other molluscs.
- Other Groundfish: Pollock, hake, halibut, haddock, skate, monkfish, lumpfish roe and other miscellaneous groundfish.
- Other Pelagics: Tuna and other miscellaneous pelagics.



**Figure 20: Wild Fishery Landings**



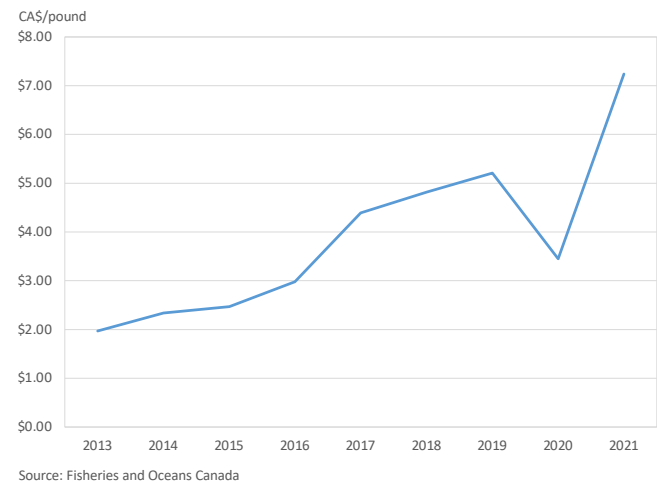
## Shellfish

In 2021, the shellfish category continued to account for the majority of both the volume of fish landings (62.0 per cent) and landed value (87.9 per cent) in the wild fishery. The volume of shellfish landings increased by 23.3 per cent to 119,130 tonnes, largely due to an increase in snow crab and other shellfish landings.<sup>8</sup> The corresponding landed value for shellfish nearly doubled, increasing by 99.2 per cent to \$909 million in 2021. This was due to considerably higher raw material prices for snow crab and lobster.

The snow crab Total Allowable Catch (TAC) increased from 29,551 tonnes in 2020 to 38,186 tonnes in 2021, due to a stock assessment completed in February 2021 that indicated that the snow crab resource was stable and increasing in some areas. As a result, snow crab landings rose 30.7 per cent to 38,376 tonnes in 2021. The corresponding landed value of snow crab saw a significant

increase of 174.3 per cent to an all-time high of \$612 million. This was due to a significantly higher landed price, which averaged a record \$7.60/pound in 2021 compared to \$3.50/pound in 2020.

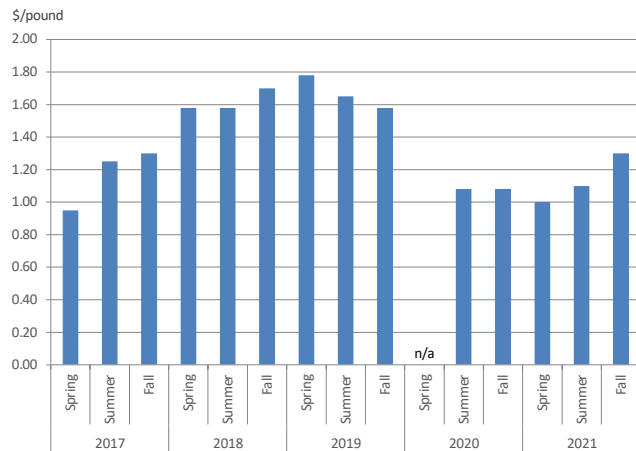
**Figure 21: Snow Crab Average Landed Price**



Shrimp landings rose 9.4 per cent to 35,993 tonnes in comparison to 2020, likely the result of an increase in the TAC for northern shrimp. The value of shrimp landings increased by 6.9 per cent to \$138 million. The minimum landed price paid to harvesters for inshore shrimp increased from \$1.08/pound in both the summer and fall fisheries of 2020, to \$1.10/pound in the summer fishery and \$1.30/pound in the fall fishery of 2021 (see Figure 22).

<sup>8</sup> Other shellfish includes whelk, clams, sea cucumber, other crustaceans, and other molluscs.

**Figure 22: Minimum Landed Price Paid to Harvesters Inshore Shrimp**



Source: Fish Food & Allied Workers Union

## Groundfish

Groundfish accounted for 22.3 per cent of the total volume of fish landings and 10.2 per cent of total landed value in the province in 2021. Total groundfish landings decreased 0.6 per cent to 42,892 tonnes in 2021, as higher flounder catches were offset by lower catches for turbot and cod. The corresponding landed value increased 4.4 per cent to \$106 million, primarily due to higher raw material prices for flounders.

## Pelagics

Pelagics accounted for approximately 15.7 per cent of the volume of total fish landings and 1.8 per cent of total value in 2021. Pelagic landings decreased by 17.4 per cent to 30,125 tonnes in 2021, due to lower catches of mackerel (down 85.0 per cent), capelin (down 6.9 per cent) and herring (down 18.9 per cent). This decline is largely due to lower TACs for mackerel and capelin. The corresponding landed value decreased by 8.4 per cent to \$19 million.

## Harp Seals

The harp seal fishery returned to pre-pandemic levels in 2021, after not opening in 2020 due to the COVID-19 pandemic. The number of seals harvested was 26,446 in comparison to 32,637 in 2019. The landed value of the seal harvest for 2021 was \$740,397, compared to \$707,800 in 2019.

## Aquaculture

Aquaculture production in the province is comprised of salmonids (i.e., Atlantic salmon and steelhead trout) and shellfish (i.e., blue mussels and oysters). The volume of aquaculture production totalled 19,635 tonnes in 2021, up 84.9 per cent from 10,619 tonnes in 2020. This increase is the result of higher production volumes for both salmonids and shellfish, following lower levels in 2020 due to the COVID-19 pandemic. The corresponding market value increased by 96.3 per cent to \$189.3 million, up from \$96.5 million in 2020 (see Figure 23). Direct employment from aquaculture hatchery and grow-out activities was estimated at 551

**Figure 23: Aquaculture Production and Value (all species)**



r: revised; p: preliminary  
Source: Department of Fisheries, Forestry and Agriculture

persons in 2021, down from the estimated 844 persons in 2020. This decrease is largely the result of the postponement of the Grieg NL SeaFarms Ltd. post-smolt construction project on the Burin Peninsula.

Salmonid production more than doubled in 2021, due to a rebound after mortality events and market impacts of the COVID-19 pandemic during 2020. Preliminary data indicates that salmonid production increased to 15,904 tonnes, more than doubling in comparison to 2020. This production was valued at \$172.8 million, an increase of 105.5 per cent. The average market price for 8-10 pound wholefish Atlantic salmon was \$4.39/pound in 2021, up 2.9 per cent from \$4.26/pound in 2020.

In 2021, aquaculture shellfish production consisted primarily of blue mussels, with a small amount of oysters produced. Shellfish production was 3,731 tonnes with a production value of \$16.5 million, respective increases of 32.4 per cent and 33.4 per cent over 2020. Mussel prices remained relatively stable over the past year, with fluctuations due to changes in exchange rates. The average price was \$2.02/pound in 2021, up from \$1.94/pound in 2020.

In terms of aquaculture development in the province, the remaining construction phase of the Grieg NL SeaFarms Ltd. land-based facility on the Burin Peninsula was postponed in 2021, due to the high cost of construction material. The company anticipates entering its first fish into the marine cages in 2022.

Mowi Canada East continued its operations with sites on the south coast, while also investigating new technologies and farming practices to combat climate change challenges and improve efficiencies on marine sites. The supply and service sector is experiencing significant investment because of the expansion of the salmonid aquaculture sector over the past five years. The province has seen advancements, such as net cleaning and remotely operated underwater vehicle maintenance and inspections. With the anticipated growth of the aquaculture industry, additional opportunities will arise for service and supply companies.

Cooke Aquaculture Inc. (Cold Ocean Salmon Inc.) continued with steady production of salmon and steelhead trout, on the south coast of the province. The company provided direct employment for over 100 persons and also many indirect jobs through the use of service and supply companies in the province. Cold Ocean Salmon Inc. is experiencing success with the use of cleanerfish on its marine sites and is continuing to invest in research and development to better support its operations.

## Processing and Marketing

In 2021, there were 92 licensed fish processing plants in the province. Of these, 69 were primary, five were secondary, five were aquaculture, and 13 were in-province retail establishments. This compares to 91 licensed fish processing plants in 2020. Preliminary data indicate that seafood production

increased to approximately 93,700 tonnes in 2021 (excluding aquaculture), up 5.8 per cent over 2020, reflecting higher landings.

In 2021, the value of Newfoundland and Labrador’s international seafood product exports hit a record high of approximately \$1.4 billion, up 61.0 per cent over 2020 and 52.8 per cent over 2019. The United States remained the largest export market for seafood products, representing 69.7 per cent of total export value (up from 57.8 per cent in 2020), while China accounted for 13.5 per cent (down from 18.2 per cent in 2020). Other markets include the United Kingdom (3.8 per cent), Japan (2.5 per cent) and Denmark (1.7 per cent).

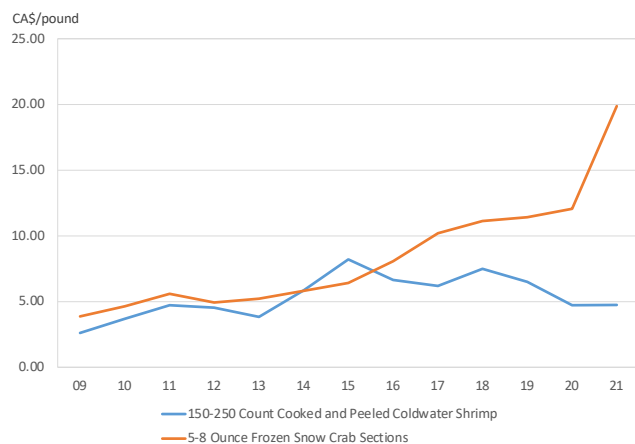
Market prices for snow crab hit a historical high in 2021. Lower global supply and increased consumer demand for snow crab put upward pressure on market prices. The average market price for 5-8 ounce snow crab sections was a record \$19.87/pound in 2021, up from the previous record of \$12.05/pound

in 2020. Market prices for inshore shrimp remained on par with the previous year. The price of cooked and peeled inshore shrimp averaged \$4.74/pound in 2021, compared to \$4.73/pound in 2020 (see Figure 24).

The Atlantic Fisheries Fund (AFF), which is cost-shared between the Government of Canada and the Atlantic provinces, is intended to support innovation in the fish and seafood sector in Atlantic Canada. The AFF spans a seven-year time frame. The fund is already providing substantial economic benefits to the province’s fish harvesters, fish processors and aquaculture companies. Since the program began in 2017, 286 projects have been announced with investments of over \$65.6 million from federal and provincial governments. In the 2021-22 fiscal year, AFF approved 56 projects with investment of nearly \$8.0 million.

The United Kingdom withdrew from the European Union on January 1, 2021. Prior to this, on November 21, 2020, the Government of Canada announced that it had reached the Canada-United Kingdom Trade Continuity Agreement (CUKTCA), which preserves preferential access gained through the Canada-European Union Comprehensive Economic and Trade Agreement. On April 1, 2021, CUKTCA entered into force, preserving preferential market access for Canadian producers.

**Figure 24: Shrimp and Snow Crab Average Market Prices**



Source: Urner Barry, Gemba Seafood Consulting A/S, Bank of Canada

## 2022 Outlook

- ▶ Total fish landings in Newfoundland and Labrador are expected to remain on par with 2021.
- ▶ Aquaculture production is expected to increase in 2022 as gains from both new sites and expansions to existing sites boost output.
- ▶ St. John's is set to host the Aquaculture Canada & World Aquaculture Society (WAS) North America 2022 in-person conference from August 15 to 18, 2022, at the St. John's Convention Centre. The conference is a partnership between the Aquaculture Association of Canada (AAC), WAS, and the Newfoundland Aquaculture Industry Association (NAIA), and will bring together key global aquaculture players.
- ▶ The successful applicant of an Expression of Interest, issued by the Department of Fisheries, Forestry and Agriculture seeking proposals for aquaculture production in the Bays West area, will be awarded in 2022. This project will establish a marine salmon farming operation in what is being called the Bays West area, which ranges from the western edge of Bay d'Espoir to Burgeo and then on to Port aux Basques. Expanded aquaculture production in this area is expected to create employment and economic activity through production of 15,000 to 20,000 tonnes of Atlantic salmon.

# Forestry

The provincial forestry sector performed well in 2021, with a market value of approximately \$470 million, up 10.3 per cent compared to 2020, driven by record high lumber prices and newsprint price increases implemented by North American producers. Despite this, the forestry sector still faces challenges, brought on by Annual Allowable Cut (AAC) reductions in areas with high forestry activity and an expanding spruce budworm infestation. AACs have been reduced due to competing land use values—such as cabin development, agriculture development and wildlife habitat restrictions—which, in turn, have reduced the forested land available for commercial timber production. In recent years, the spruce budworm population on the island portion of the province has been increasing and, although the province has an aggressive control program in place, there is potential for merchantable timber losses.



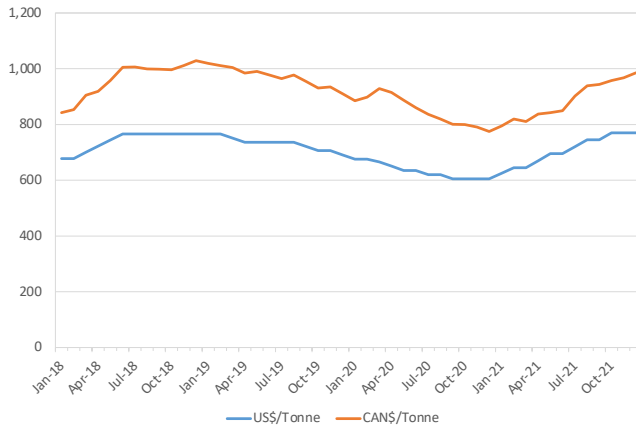
## Newsprint

In spite of a long-term decline in demand, the average price of newsprint increased to US\$708/tonne in 2021, compared to US\$633/tonne in 2020 (see Figure 25). Newsprint mills continued to control inventories as North American demand further declined by 6.5 per cent to 1.6 million tonnes. However, these price increases in 2021 have led some mills to consider restarting idled machines, which would add capacity to an already strained market.

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Shaving Storage at Burton's Cove Logging and Lumber Ltd.  
Department of Fisheries, Forestry and Agriculture

**Figure 25: North American Newsprint Prices**



Source: PPI Pulp and Paper Week

Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Inc., owns and operates the only newsprint facility in the province, located in Corner Brook. CBPPL currently operates two paper machines with a total annual production capacity of 245,000 tonnes. Between its paper mill, power plants and forest operations, CBPPL employs close to 400 full-time and casual workers. Newsprint shipments increased by 7.7 per cent to 243,803 tonnes in 2021, and the estimated value of shipments increased by 21.2 per cent, due to a combination of higher prices and higher shipments. The COVID-19 pandemic did not interrupt normal operations.

Enhancements to the Port of Corner Brook were completed in 2020, and included the installation of a crane for loading and unloading container ships. The facility benefited CBPPL by reducing its dependence on ground transportation, in addition to lowering transportation costs to international markets.

The value of Newfoundland and Labrador international newsprint exports was virtually unchanged in 2021 (+0.4 per cent), compared to 2020. The United States, India and China accounted for nearly two-thirds of international shipments.

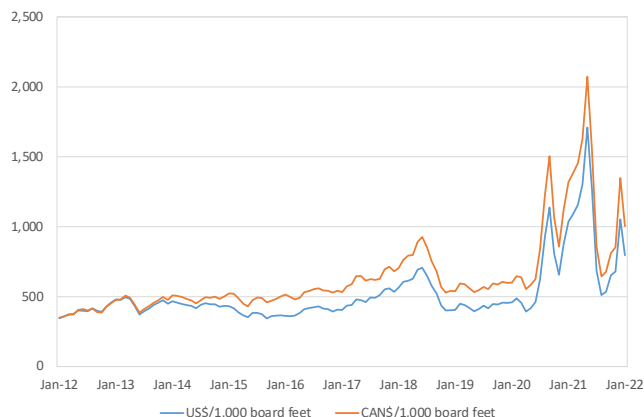
## Lumber

Newfoundland and Labrador's lumber is produced primarily by three large integrated sawmills: Sexton Lumber Co. Ltd, Burton's Cove Logging and Lumber Ltd., and Cottles Island Lumber Company Ltd. Together, they generally represent nearly 95 per cent of the province's lumber production. Total production was estimated at 102 million board feet in 2021, up 2.0 per cent from 2020. While national supply chains were interrupted during the COVID-19 pandemic, there were no interruptions to local production. Output has increased annually over the last nine years, reflecting capacity improvements and better export opportunities. Additionally, local sawmills also benefited from elevated lumber prices. Consequently, the value of international exports of lumber almost doubled in 2021 compared to 2020.

Lumber prices increased markedly during the pandemic, from US\$459 per thousand board feet in January 2020 to a record-breaking peak of US\$1,709 in May 2021. Since then, prices have declined toward pre-pandemic levels, although not without substantial volatility. In 2021, lumber prices averaged US\$973 per thousand board feet, a US\$332 increase over 2020 (see Figure 26). On the supply side, some North American sawmills paused or slowed down operations due to COVID-19-related constraints, aggravated by recurring shipping bottlenecks. On the demand side, there was a considerable increase in home renovations and remodeling, reflecting a substitution of household expenditures from spending on services and travel to home improvements since the pandemic began. The combination of the increased demand and the contraction in supply caused the price spike in the second

half of 2020 and into the first half of 2021. Markets returned to normal once supplies rebounded in the second half of 2021.

**Figure 26: Lumber Prices**



Note: Price is for Kiln Dried Eastern Spruce-Pine-Fir # 1&2 2x4 R/L - Delivered Great Lakes  
Source: Random Lengths Weekly Pricing; Department of Industry, Energy and Technology; Bank of Canada; Department of Finance

When the AbitibiBowater newsprint mill in Grand Falls-Windsor ceased operations in 2009, lumber production in Central Newfoundland decreased considerably. After years of investments, the timber resource in the Central Region has been fully allocated. Recent investments include: installation of a second saw line to process smaller diameter logs by Cottles Island Lumber Company Ltd.; and installation of a third saw line and planer mill upgrades by Sexton Lumber Co. Ltd. Opportunities still exist for the development of timber resources in the central part of Labrador and the Northern Peninsula, where commercial allocation is not fully utilized.

While the ongoing Canada-U.S. softwood lumber trade dispute remains a concern for Canadian lumber exporters, Newfoundland and Labrador sawmills continue to benefit from the “Atlantic Exclusion.” The U.S. Department of Commerce announced in November 2017 that lumber produced and originating from Nova Scotia, Prince Edward

Island, and Newfoundland and Labrador would be excluded from paying countervailing and anti-dumping duties. This decision has been beneficial for the provincial sawmill industry by allowing unrestricted access to the U.S. market.

## 2022 Outlook

- ▶ North American newsprint demand is expected to continue its decline, but as mill inventories continue to decrease, annual average newsprint prices are expected to increase to US\$740 in 2022.
- ▶ Newsprint shipments from Newfoundland and Labrador are expected to remain similar to 2021 (i.e., close to the nominal capacity of the newsprint mill).
- ▶ North American lumber prices remain at elevated levels, but far from their recent record-breaking peaks. Prices are expected to decline toward their long-term average after this coming spring, as mill inventories improve along with fewer backlogs in supply chains.
- ▶ Provincial lumber production is projected to increase to approximately 120 million board feet. Burton’s Cove Logging and Lumber Ltd. is moving forward on a capital project that includes a new dry kiln, weight scales and a planer mill. The new planer mill will be commissioned in 2022.
- ▶ The Province continues to partner with the Federal Government on a Spruce Budworm Early Intervention strategy.

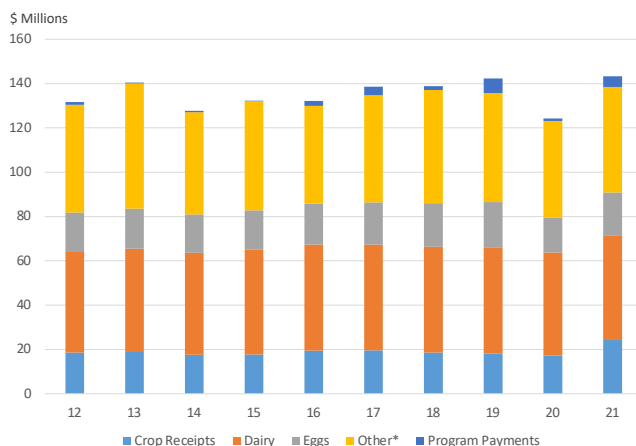


# Agriculture



The agriculture industry in Newfoundland and Labrador is diverse, with operations ranging from small organic farms to large dairy and poultry farms. Livestock and livestock products—which include products such as dairy, eggs, fur, poultry, hogs, cattle and sheep—generally account for over 80 per cent of the total value of farm products. The remainder comes from crops and program payments, such as crop insurance.

**Figure 27: Farm Cash Receipts**



\* Includes cattle, calves, sheep, lambs and miscellaneous livestock and livestock products.  
Source: Statistics Canada; Department of Finance

The value of farm cash receipts (sale of farm products) rebounded in 2021, increasing by 15.2 per cent to \$143.3 million, following a slowdown in 2020 due to the COVID-19 pandemic (see Figure 27). Crop receipts were up 42.5 per cent to \$24.6 million, partly due to the increased sales of fresh vegetables and fresh fruits, but also due to cannabis sales entering the market. Livestock and livestock products were up 7.4 per cent to \$113.9 million, mainly due to higher receipts for eggs (+22.2 per cent). The value of fur sales was not included in farm cash receipts for 2020

Locally Grown Peppers  
Department of Fisheries, Forestry and Agriculture

and 2021, as auction houses were negatively impacted by restrictions related to the COVID-19 pandemic.

Minks are typically pelted late in the year and sold early in the next; therefore, pelts from 2020 were sold in 2021. In 2020, mink pelt production increased to 196,100 pelts, up 16.7 per cent over 2019. Auction house reports indicated that prices were up significantly in 2021; however, it is unknown how many pelts were sold from Newfoundland and Labrador and how many were carried over in inventory.

The volume of chicken produced in the province was 16.6 million kilograms in 2021, up 4.9 per cent from 2020. Farm Product Price Index data show that retail chicken prices increased by 6.3 per cent during the year, contributing to an increase in the value of farm cash receipts.

Monthly data on milk production indicate that the volume of milk sold by farms held steady near 48.7 million litres during 2021, compared to 2020. The value of milk also remained steady, near \$46.9 million, in 2021.

Agriculture-related program payments increased by \$3.7 million due to increases to both the Dairy Direct Payment Program (+\$2.9 million) and the AgriStability program (+\$0.9 million). The Dairy Direct Payment Program, first introduced in 2019, provides support to dairy producers as a result of market access commitments made under recent international trade agreements, namely the Canada–European Union Comprehensive Economic and Trade Agreement and the

Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The AgriStability Program, first introduced in 2008, is a voluntary program that provides support when farmers experience large margin declines.

## **Government Supports**

In addition to funding programs, there are numerous initiatives offered by the Provincial Government to improve the agriculture industry in Newfoundland and Labrador. The following highlights some of the ongoing initiatives to improve the provincial agriculture industry:

### **Provincial Beef Industry Enhancement Initiative**

Under this initiative, 21 beef farmers in the province each received 10 registered female beef cattle. Farmers use them as breeding stock to produce more high-quality progeny, thus improving the production and quality within the provincial beef sector. Prior to this program, the number of beef cattle in the province was estimated at 400 head.

### **Development of Regional Abattoirs**

Three proponents received funding to develop regional abattoirs in the Western, Central and Eastern parts of the province. In order to market meat products, producers are required to process their livestock in a licensed facility. The facilities funded under this program are strategically located to allow existing producers to conveniently access abattoir services. One abattoir in the Western area of the province is operational, while the

other two are undergoing environmental assessments.

### **Provincial Honey Bee Development Program**

Funding from this program was provided to 15 provincial beekeepers and the Newfoundland and Labrador Beekeeping Association (NLBKA). Beekeepers received funding for items and equipment that encourage sustainability and colony expansion of local honeybees. The NLBKA received funding to organize and offer several education workshops for provincial beekeepers on basic beekeeping, the Varroa Action Plan, and queen-rearing and nucleus production.

### **Large-Scale Potato Development**

Under this program, 700 acres were developed and offered through a Request For Proposals process at two sites on the West Coast of the province, and one site in the Central area. Three Agricultural Areas of Interest were developed and prepared for large-scale agriculture production. Three proponents were successful in obtaining these areas through the Request For Proposals process. The proponents recently completed their first growing season.

### **Regional Vegetable Cold Storage Program**

Two proponents received funding under this program—one in Labrador and one on the island portion of the province. Both facilities are complete and will be utilized for the first time at harvest time this year. These cold storage facilities will significantly increase

producers ability to extend their market period and will enable production expansion.

### **Modernization of the Centre for Agriculture and Forestry Development**

The Centre for Agriculture and Forestry Development in Wooddale purchased equipment to modernize the existing facility. Purchases included new equipment, as well as necessary equipment upgrades. This equipment has improved the Centre's ability to support ongoing and future activities for both the agriculture and forestry sectors, including the Provincial Seed Potato Program, the Vegetable Transplant Program, and the Provincial Silviculture Program.

### **Regional Equipment Banks**

This initiative supports new farm entities during their development stage by making basic farm equipment available for use on their farms until they are financially able to purchase their own equipment. Several new pieces of farm equipment were purchased for equipment banks, such as fertilizer spreaders, moldboard plows and disc harrows. Administrative planning is currently underway for this program and it is anticipated that it will be operational for the next growing season.

### **Agricultural Roads**

This initiative supported the construction of roads and bridges to provide access to Crown-owned Areas of Interest that will be made available to new and existing farmers. In total, approximately 21 kilometres of roads and bridges have been constructed under this initiative.

## **Agricultural Virtual Market Opportunities**

This program supported farmers to sell directly to consumers via an online marketplace. In July 2021, the Western NL Food Hub was established with assistance from the Canadian Agricultural Partnership, bringing together 24 local farms and 415 registered customers. This investment enhances consumer access to local agricultural products and increases domestic market opportunities for farmers.

## **Vegetable Transplant Program**

This program was established in 2018 to provide eligible commercial farmers with high-quality vegetable transplants in an effort to diversify the current provincial crop profile, expand vegetable production area, and demonstrate the enhanced productivity realized by utilizing transplants. The program has been a success with farmers, as program offerings increased from 1.7 million transplants in 2019 to 4.7 million in 2021.

## **2022 Outlook**

- ▶ Prices of farm inputs are projected to rise, which will likely result in increased prices for farm products.
- ▶ Rising food prices and the return to pre-pandemic production levels will drive farm cash receipts higher for some commodities.

- ▶ The province's competitiveness in mink production, in conjunction with improved market conditions, will bode well for this industry.
- ▶ Two of the three proponents to develop the first abattoirs in the history of the province continue to undergo environmental assessments, while the other is already operational.

# Construction



The construction industry contributed an estimated \$2.2 billion to nominal GDP in 2020 (latest year available), accounting for 7.5 per cent of the provincial total. Employment in the industry was 16,200 person years in 2021, representing 7.4 per cent of total provincial employment.

Activity in the construction industry, particularly the non-residential sector, is closely tied to major project development.

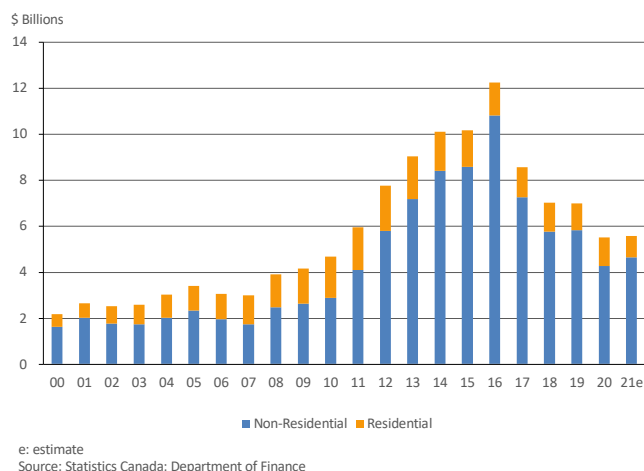
As such, activity can fluctuate significantly

from year to year depending on major project timelines. In 2021, the construction industry was negatively impacted by the winding down of the Muskrat Falls hydroelectric development and the suspension of the West White Rose expansion project.

## Construction Related Investment

Construction-related investment spending in the province was estimated to be about \$5.6 billion in 2021, an increase of 2.3 per cent from the previous year (see Figure 28). Non-residential investment expenditures—which account for about 80 per cent of construction-related investment in the province—totalled an estimated \$4.7 billion in 2021, an increase of 10.6 per cent compared to 2020.

**Figure 28: Construction Related Investment**



The increase in non-residential spending was partially offset by a decline in residential construction investment, which was down 26.3 per cent in 2021. This decrease in residential spending was mainly due to a decline in renovation expenditures, which fell by 37.0 per cent. Although spending on renovations was down, expenditures on new dwellings increased by 24.9 per cent, which is consistent with the increase in housing starts in 2021 (see **Real Estate**).

The construction industry continues to benefit from a five-year plan announced in 2017 that consists of nearly \$3 billion for new and existing public infrastructure (e.g., schools, roads, healthcare facilities). This plan is expected to contribute an average of \$580 million in annual GDP and 5,100 person years of employment per year.

Some examples of construction activity under this program include:

- ▶ A multi-year provincial road plan;

- ▶ The Corner Brook Acute Care Hospital, which will be connected to the existing 145-bed long-term care facility;
- ▶ A new Adult Mental Health and Addictions Facility in St. John's, which will include a 102-bed hospital, a parking garage for 1,000 vehicles, and a new 60-bed hostel; and,
- ▶ New schools in Bay Roberts, Gander, Paradise and St. Alban's.

Developments in the oil and gas industry have a substantial impact on construction activity in Newfoundland and Labrador. In particular, Husky Energy (now Cenovus Energy) initiated the development of its \$3.2 billion West White Rose project in late 2017, with a significant amount of work carried out in the province. However, construction-related activities for the West White Rose project have been suspended since March 2020. On December 3, 2020, the Provincial Government announced funding of \$41.5 million (under the \$320 million Oil and Gas Industry Recovery Assistance Fund) to maintain jobs in the near term and to protect the option of re-starting the West White Rose Project. Cenovus Energy will complete an evaluation of the project by mid-2022 (see **Oil and Gas**).

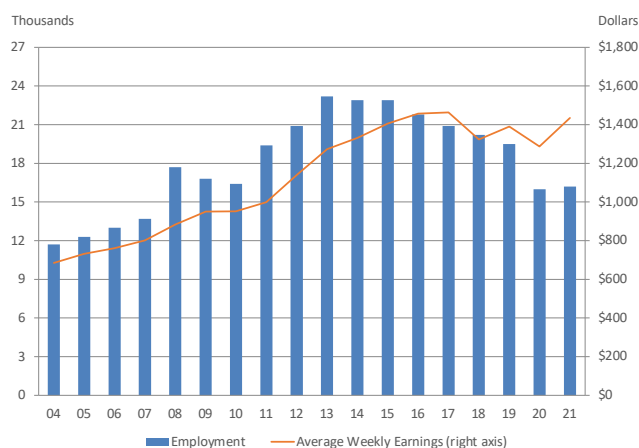
The construction industry also benefits significantly from developments in the mining industry. In particular, work on Vale Newfoundland and Labrador's \$2 billion underground mine development at Voisey's Bay has been ongoing since the project was

announced in June 2018. As of November 25, 2021, Vale reported that the project was 72 per cent complete. The project is expected to be completed by the end of 2022 (see **Mining**).

## Employment and Wages

In recent years, construction employment has been declining from a peak of almost 23,000 person years annually during the 2013 to 2015 period, due to lower construction investment and the winding down of major projects (see Figure 29). However, employment in the construction industry still averaged 16,200 person years in 2021, an increase of 200 compared to 2020. Despite lower employment in recent years, average wages remained high. Average weekly earnings (including overtime) in the construction industry were estimated at \$1,421 in 2021, an increase of 10.4 per cent compared to 2020.

**Figure 29: Construction Employment and Wages**



Source: Statistics Canada; Department of Finance

## 2022 Outlook

- ▶ Total construction-related capital spending is expected to increase by 4.7 per cent to \$5.9 billion.
- ▶ The Province's five-year, \$3 billion infrastructure plan will remain an important contributor to the industry.
- ▶ The construction industry will be negatively impacted by the continued suspension of activity on the West White Rose Project and the end of construction at the Muskrat Falls Project.

# Real Estate

The housing market in Newfoundland and Labrador was strong in 2021, following a slow year in 2020 due to the pandemic. The number of homes sold reached historically high levels in 2021, with July recording the highest number of sales of any month on record. New home construction was also significantly higher compared to 2020, and house prices continued to rise. In the residential rental market, vacancy rates dropped significantly in most urban areas of the province and average rents increased. In the commercial sector, office vacancy rates remained high, reflecting an abundance of supply and stagnant demand.



## Housing Starts

The construction of new homes rebounded in 2021, after a subdued number of housing starts in 2020. There were 1,022 housing starts in the province last year, an increase of 33.9 per cent compared to 2020. Single-detached housing starts (which typically account for the vast majority of total starts in the province) increased by 22.4 per cent, from 606 to 742 units, while multiple starts (e.g., semi-detached homes, row homes, apartments and condominiums) increased by 78.3 per cent, from 157 units in 2020 to 280 units in 2021 (see Figure 30).

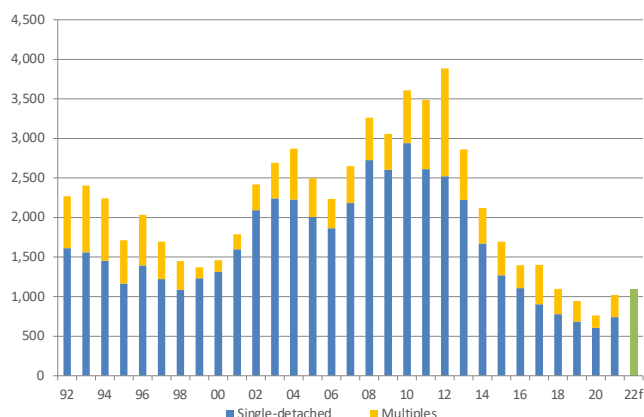
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New Home Construction, St. John's  
Department of Finance



Housing starts increased in both rural and urban areas of the province. Rural housing starts increased by 52.8 per cent in 2021, from 254 to 388 units, while urban housing starts increased by 24.6 per cent, from 509 to 634 units. In the St. John's Census Metropolitan Area (CMA), the largest market in the province, housing starts increased from 418 units in 2020 to 544 units. Over the same period, single-detached housing starts increased from 332 to 425 units, while multiple starts increased from 86 to 119 units.

**Figure 30: Housing Starts**



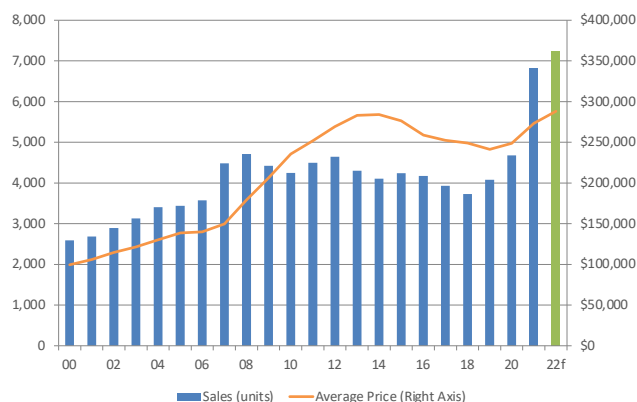
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Source: Canada Mortgage and Housing Corporation; Department of Finance

## Residential Sales and Prices

Real estate sales activity in the province increased dramatically in 2021, as pent-up demand, increased in-migration and historically low interest rates continued to fuel the home sales market. According to the Canadian Real Estate Association's Multiple Listing Service (MLS®), home sales in 2021 were the highest on record, totalling 6,811 units, a sharp rise of 45.5 per cent compared to 2020. Not only was 2021 a record year for home sales, but each month in 2021 set its own sales record with the number of sales

exceeding any previously recorded total for that month. The average MLS® residential price of a home in 2021 also increased, rising 9.8 per cent to \$273,325.

**Figure 31: Residential MLS® Sales and Average Price**

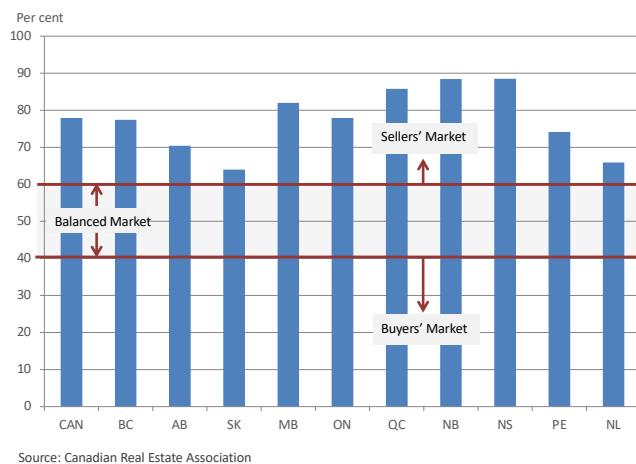


f: forecast  
Source: Canadian Real Estate Association, Department of Finance

Despite the economic slowdowns and health restrictions due to the COVID-19 pandemic, real estate activity has experienced unprecedented growth in the province and throughout Canada over the past year. With home sales rising and the number of properties listed for sale dropping, the sales-to-new listings ratios have increased substantially for each province in the last year. The sales-to-new listings ratio is the ratio of the number of homes sold and the number of new listings entering the market and is commonly used as an indicator of housing market conditions. A housing market is generally considered balanced when the sales-to-new listing ratio falls in the range of 40 per cent to 60 per cent. A ratio below 40 per cent indicates a buyers' market, while a ratio above 60 per cent indicates a sellers' market. As of December 2021, Newfoundland and Labrador was in the sellers' market range with a sales-to-new listings ratio of

65.1 per cent, an increase of 15.8 percentage points (ppt) compared to December 2020. All other provinces were also in the sellers' market range, with sales-to-new listings ratios above 60 per cent (see Figure 32). Overall, the Canadian real estate market had a sales-to-new listings ratio of 77.9 per cent as of December 2021, an increase of 7.7 ppt compared to December 2020.

**Figure 32: Home Sales-to-New Listings Ratio, 2021**

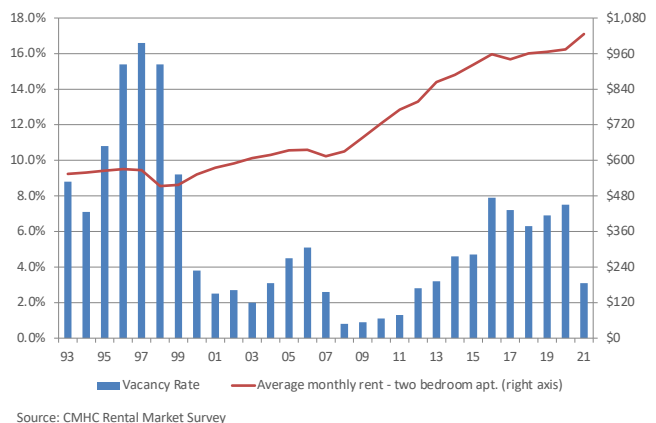


## Rental Market

Residential vacancy rates dropped significantly in urban areas of the province in 2021. According to the Canada Mortgage and Housing Corporation's Rental Market Survey, the residential vacancy rate in Newfoundland and Labrador fell from 7.2 per cent in October 2020 to 3.4 per cent in October 2021.<sup>9</sup> Increased in-migration and a declining inventory of homes for sale contributed to the increase in demand for rental properties. In the St. John's CMA, the vacancy rate dropped from 7.5 per cent in 2020 to 3.1 per cent in

2021, its lowest level since 2012 (see Figure 33). The average monthly rent for a two-bedroom apartment in St. John's increased from \$974 in 2020 to \$1,026 in 2021. As for the other urban areas of the province, the residential vacancy rate was 1.4 per cent in Corner Brook in 2021 (down 1.4 ppt from October 2020), 7.2 per cent in Gander (down 1.2 ppt), and 3.6 per cent in Grand Falls-Windsor (down 6.3 ppt).

**Figure 33: Residential Market Vacancy Rates and Average Rent, St. John's**



The average monthly rent for a two-bedroom apartment in the province in October 2021 was \$926, up from \$891 in October 2020. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia (\$1,255), Prince Edward Island (\$1,055), and New Brunswick (\$969).

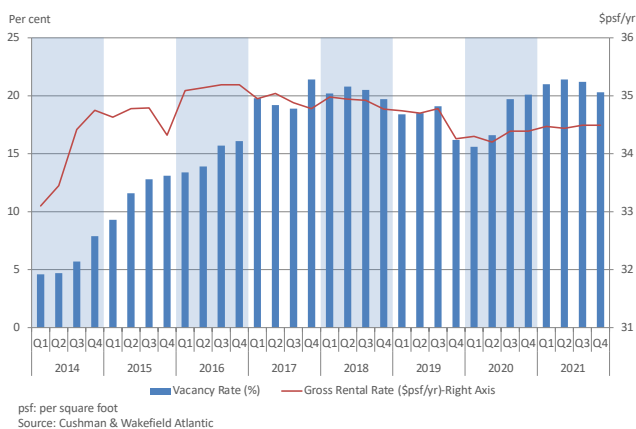
## Commercial

The office vacancy rate for St. John's increased to 21.4 per cent in the second quarter of 2021, before dropping back to 20.3 per cent in the fourth quarter (see Figure 34). The overall

<sup>9</sup> The Rental Market Survey is an annual survey conducted each October in urban areas with populations of at least 10,000 and targets the primary rental market, which only includes rental units in privately initiated apartment structures with at least three rental units.

vacancy rate for 2021 averaged 21.0 per cent, a rise of 3.0 ppt compared to the same period in 2020. The vacancy rate was highest in the downtown area of St. John’s where, in recent years, several major tenants have moved out of the area to newly constructed office spaces in suburban areas. In the fourth quarter of 2021, the vacancy rate in downtown St. John’s was 32.1 per cent.

**Figure 34: Office Vacancy and Rental Rates, St. John’s**



The average gross rental rate for office space rose slightly to \$34.47 per square foot per year in 2021, compared to \$34.32 in 2020. The average rental rate remains high as an increasing share of office space is in new “Class A” buildings, which generally command a higher price than older buildings.

## 2022 Outlook

- ▶ Housing starts are forecast at 1,090 units in 2022, on par with 2021.
- ▶ The surge in home sales is expected to continue.
- ▶ The Canadian Real Estate Association forecasts residential sales in the province to be 7,241 units in 2022, an increase of 6.3 per cent. The average resale price is forecast to rise by 5.4 per cent to \$288,179 in 2022.
- ▶ Any increase in interest rates in 2022—through an increase of the Bank of Canada’s target for the overnight rate, in an effort to control rising inflation—would have a negative effect on the affordability of mortgages for homebuyers.

# Tourism

The tourism sector in Newfoundland and Labrador generates economic activity throughout the province, making it an important contributor to the economy. Tourism consists of both residents engaging in tourist activities within the province and non-resident visitors who arrive by airline, automobile via ferry, and cruise ship.

From 2011 to 2019, tourism expenditures in the province (both resident and non-resident) consistently totalled \$1 billion or more annually. The spread of the COVID-19 virus in early 2020 had a devastating impact on the global travel industry. Non-essential travel was strongly discouraged or prohibited, with many jurisdictions closing their borders to visitors, including Newfoundland and Labrador. As a result, tourism activity in the province was severely impacted, with the province remaining closed to most non-essential travel during the peak season in 2020 and the first half of 2021. Although the industry faces a difficult recovery and its performance remains below 2019 pre-pandemic levels, tourism activity in the province significantly improved in 2021 compared to 2020.

In 2021, as vaccination rates rose and the number of COVID-19 cases fell, global travel activity improved. Travel restrictions were eased and borders were re-opened to non-essential travel. For Newfoundland and Labrador, domestic tourism has been leading the industry's recovery.



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L'Anse aux Meadows  
© Dru Kennedy Photography

Non-resident visitation saw a large boost that began in July 2021, when the province re-opened to non-essential travel from across Canada and fully vaccinated Canadians were allowed to travel to the province without any restrictions. It is estimated that air and auto visitation reached 181,305 in 2021, representing an increase in non-resident visitors of 57 per cent compared to 2020, while the associated non-resident spending reached an estimated \$214.7 million, representing an increase of 87 per cent over 2020. Compared to pre-pandemic levels in 2019, however, air and auto visitation are still 69 per cent and 31 per cent lower in 2021, respectively. Additionally, the associated expenditures are estimated to be 68 per cent lower for air visitation and 28 per cent lower for auto visitation in 2021 than in 2019.

With loosened restrictions, the province experienced a much busier season in 2021 than in 2020, supported by a high level of tourism activity by residents. After the success of the “Stay Home Year” tourism campaign in 2020, Newfoundland and Labrador Tourism launched the “Your Backyard Beckons” campaign in May 2021 to encourage residents to stay and explore the province during the summer. Research conducted by the Department of Tourism, Culture, Arts and Recreation concluded that the campaign was very successful in influencing residents to stay home to support local businesses. It was also noted that residents of Newfoundland and Labrador are very aware of the importance of the tourism industry in the province.

## Air Visitors

Air travel generally makes up the largest segment of provincial non-resident tourism, and accounted for 72 per cent of non-resident visitors and 80 per cent of non-resident tourism spending in 2019. Although non-resident air visitation has not returned to pre-pandemic levels, relaxed travel restrictions in the second half of 2021 led to some gains. Approximately 116,630 non-resident visitors arrived by airplane in 2021, up 51 per cent compared to 2020, but still 69 per cent below 2019 levels.

Boarding and deplaning traffic at the province’s seven major airports was estimated to have reached 824,698 passengers in 2021, an increase of 32 per cent compared to 2020.<sup>10</sup> The easing of travel restrictions and allowing travel from other parts of Canada to the province had a notable impact on air passenger movements in July and August 2021. Airport passenger traffic at the province’s seven major airports more than doubled for the two months combined (+150 per cent) in comparison to the same two months in 2020.

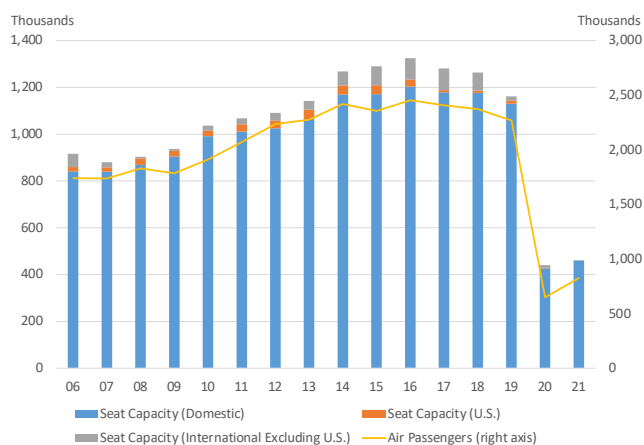
Due to global travel restrictions put in place to curb the spread of COVID-19 and the associated drop in air travel demand, airline and seat capacity have also been severely impacted (see Figure 35). However, inbound non-stop seat capacity increased slightly, by five per cent in 2021 compared to 2020, as many jurisdictions re-opened, travel restrictions eased and some major routes

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<sup>10</sup> The seven major airports are located in St. John’s, Gander, Deer Lake, Stephenville, St. Anthony, Wabush and Goose Bay.

resumed. In May 2021, Air St. Pierre’s St. Pierre–St. John’s route was suspended and, as a result, inbound non-stop seat capacity for the remainder of the year was entirely from domestic origins. Since May 2021, domestic seat capacity to the province has increased every month of the year compared to the same months in 2020.

**Figure 35: Air Passengers and Seat Capacity Newfoundland and Labrador**

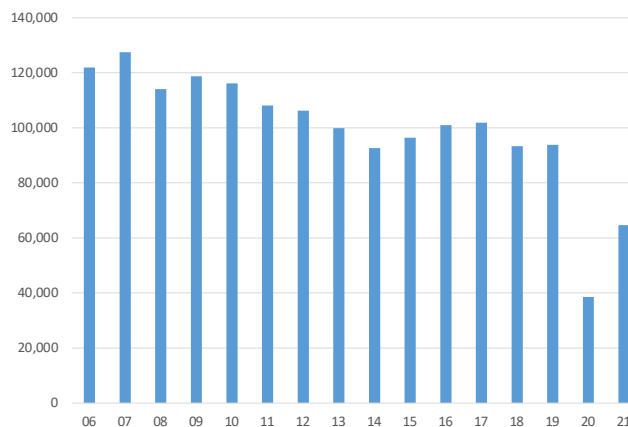


Note: Passengers are boarding and deplaning; seat capacity is in-bound only.  
Source: Department of Tourism, Culture, Arts and Recreation; Department of Finance

## Automobile Visitors

Health and safety measures implemented by Marine Atlantic in 2020 in response to the COVID-19 pandemic, including reduced passenger capacity per crossing, began to ease in 2021. Additionally, the Argentia–North Sydney ferry service, which normally operates between June and September, resumed in July of last year after it was suspended for the 2020 season. Passenger movements on Marine Atlantic ferries increased approximately 48 per cent to 221,596 in 2021 compared to 2020. The number of non-resident automobile visitors traveling to the province was 64,671 in 2021, an increase of 68 per cent compared to 2020, but still 31 per cent lower than pre-pandemic levels in 2019 (see Figure 36).

**Figure 36: Non-Resident Automobile Visitors Newfoundland and Labrador**



Source: Department of Tourism, Culture, Arts and Recreation

## Cruise Ship Visitors

Cruise ship visitation to Canada was prohibited by the Government of Canada during the 2020 and 2021 cruise ship seasons. As a result, there were no cruise ship passenger visits to the province in 2020 or 2021. The cruise ship ban was lifted by the Government of Canada effective November 1, 2021, allowing cruise ships back into Canadian waters for the 2022 cruise season.

## Accommodations

Industries in the tourism and hospitality sector, including accommodation and food services, were severely impacted by the COVID-19 pandemic. As health measures and travel restrictions eased, the boost in tourist activity around the province led to improved accommodation sales. The preliminary provincial accommodation occupancy rate reached 37.0 per cent in 2021, an increase of 10.3 percentage points over 2020. The average daily room rate for January to December reached \$127, an increase of six per cent compared to the same period in 2020.

In 2021, the number of room nights sold reached 1,011,809, an increase of 48 per cent over 2020, while the associated room revenues were up 56 per cent to \$128.7 million. This information indicates that re-opening the province to visitors from the rest of Canada had a positive impact on tourism activity during that time, despite being below levels recorded in 2019. The provincial occupancy rate in 2021 was nine percentage points lower than in 2019, while room night sales and room revenues were 27 per cent and 33 per cent lower, respectively.

## Connecting with Travelers

In 2021, the Government of Newfoundland and Labrador continued to promote tourism and engaged travelers through many channels, including award-winning marketing campaigns, social media (e.g., Facebook, Twitter, and YouTube) and Provincial Visitor Information Centres (VICs) located in all regions of the province. In 2020, VICs did not open until the last week of June; however, they opened as scheduled in May 2021 for the operating season. For the May to October period, the province's VICs recorded 43,673 visitors in 2021, up 189 per cent from 15,131 visitors in 2020. September saw more visitors than July, an indication that the province's reopening was impactful.

## 2022 Outlook

- ▶ Resident and domestic travel will continue to play an important role in tourism industry recovery in 2022.
- ▶ Preliminary scheduled flight filings by airlines indicate that inbound non-stop

flights and seat capacity will increase notably in the first quarter of 2022.

- ▶ The cruise ship ban was lifted by the Government of Canada, effective November 1, 2021, allowing cruise ships back into Canadian waters for the 2022 cruise season. While not at pre-pandemic levels, the preliminary schedule for cruise ship visits to Newfoundland and Labrador indicates a busy season for the province's ports.
- ▶ On November 15, 2021, the Province announced that 2022 has been designated as "Come Home 2022" in Newfoundland and Labrador. Specific marketing efforts will be focused on residents and expats, their families and friends, to encourage them to travel to and within the province, creating additional travel potential from this 'celebration of family and friends' through music, festivals and special events to help support the recovery of the province's tourism industry. The Provincial Government has partnered with Marine Atlantic for Come Home 2022 to offer travelers a discount on ferry rates on both the Port aux Basques and Argentia routes for defined periods during the spring and early summer.
- ▶ The continued recovery of the tourism sector is contingent on many factors, particularly COVID-19 and rebuilding traveler and consumer confidence to pre-pandemic levels.

# Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at \$25 million or more.<sup>11</sup> The list includes both public and private projects that are either continuing or beginning in the current year.<sup>12</sup> In many cases, the capital spending figure quoted includes spending from previous years and estimated spending in coming years. Capital costs are estimates, in most cases, based on anticipated spending and may vary from actual spending. Capital spending figures generally include construction costs and soft costs such as engineering, financing, and legal. The inventory was prepared between January and March of 2022.



According to this year's inventory, about \$11.8 billion in major capital spending, on projects valued over \$25 million, is planned or underway in the province. The 'Utilities' category tops the list at \$4.0 billion (see Table 6).

<sup>11</sup> Note that while every effort was made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and, in some cases, protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

<sup>12</sup> In some project descriptions, government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by the Provincial Government of funding approval.

Construction of Corner Brook Acute Care Hospital  
Department of Transportation and Infrastructure



The listing on the following pages is organized by project type (e.g., commercial, health care/personal care, transportation). Key information is included, such as the project name, capital cost, start date, end date and description. When possible, geographic information is also provided, including community and economic zone. A map of the economic zones can be found at: [www.stats.gov.nl.ca/maps/PDFs/EZ\\_NL.pdf](http://www.stats.gov.nl.ca/maps/PDFs/EZ_NL.pdf)

An asterisk (\*) by a project name denotes that the project has a start and end date on a fiscal-year basis (e.g., start/end denoted as 2022/2022 refers to the project starting and ending in fiscal year 2022-23; start/end denoted as 2022/2023 refers to the project starting in fiscal year 2022-23 and ending in fiscal year 2023-24). All other years are reported on a calendar-year basis.

An inventory of major projects is also available on the Economics Division's website at: [www.gov.nl.ca/fin/economics/mp-about/](http://www.gov.nl.ca/fin/economics/mp-about/)

**Table 6: Major Projects (\$ Millions)**

Utilities	4,030.9
Mining and Oil & Gas	2,634.1
Municipal Infrastructure	2,345.2
Health Care/Personal Care	980.7
Transportation	767.7
Industrial/Manufacturing	377.7
Residential	230.0
Other Investment	206.6
Commercial	180.0
Tourism/Culture/Recreation	67.0
Education	24.2
<b>Total</b>	<b>11,844.1</b>

Note: The total value for individual projects may include spending for all years of the project and may not reflect spending for 2022 alone. All projects in US dollars have been converted to Canadian dollars for this table.  
Source: Various, Department of Finance

**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
<b>Commercial</b>				
Commercial/ Apartment Development	30.0	2020/2023	19	KMK Capital Inc. - construction of a six-storey building consisting of 69 residential units, with first floor retail space and two levels of underground parking. (St. John's)
Retail Development	150.0	2017/2025	19	DewCor/Plaza REIT - construction of an additional 590,000 sq. ft. of retail buildings in "The Shoppes at Galway". (St. John's)
Office/Retail Building	30.0	2019/2022	19	ALRE Properties Inc. - construction of a 75,000 sq. ft. office and retail building to replace the parking lot adjacent to the Murray Premises on Water Street. (St. John's)
<b>Education</b>				
School Construction and Renovations*	24.2	2022/2022	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
<b>Health Care/Personal Care</b>				
Hospital*	650.0	2017/2024	8	Construction of a new acute care regional hospital through a design-build-finance-maintain arrangement with the private sector. (Corner Brook)
Hospital Redevelopment*	25.0	2022/2024	19	Redevelopment of the Emergency Department at the Health Sciences Centre. Provincial funds. (St. John's)

**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
Mental Health Infrastructure*	250.0	2018/2024	19	Construction of a new adult mental health and addictions facility through a design-build-finance-maintain arrangement with the private sector. (St. John's)
Health Care Facilities*	55.7	2022/2022	Various	Expenditures for renovations and upgrades to existing health facilities. Includes \$22.0 million for equipment purchases. Provincial funds. (Various)
<b>Industrial/Manufacturing</b>				
Retrofit of Refinery	US\$300.0	2021/2022	19	Braya Renewable Fuels - conversion of the Come By Chance Refinery to produce renewable diesel and sustainable aviation fuel made from feedstocks that could include options such as plant-based oils, animal fats and used cooking oils. (Come By Chance)
<b>Mining and Oil &amp; Gas</b>				
Mine Development	57.2	2022/2023	11	Maritime Resources - development of an open pit and underground mine for the Hammerdown and Orion deposits. The project has an expected nine-year mine life. (Green Bay)
Mine Development/ Expansion	52.1	2018/2022	11	Rambler Metals and Mining Canada Limited - five-year capital plan for the Ming Mine Project. Includes development of the Lower Footwall Zone, which has a projected 20-year mine life. (Baie Verte Peninsula)

**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
Underground Mine	US\$1,700.0	2018/2023	1	Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay including the Reid Brook and Eastern Deeps Deposits. (Voisey's Bay)
Mine Development	305.0	2022/2023	Various	Marathon Gold Corporation - development of an open pit mining and milling operation at the Valentine Gold Project with a 13-year mine life and a 22-month construction and commissioning schedule. (Various)
Mineral Exploration	188.8	2022/2022	Various	Forecasted expenditure prepared by the Department of Industry, Energy and Technology for mineral exploration and deposit appraisal. (Various)
<b>Municipal Infrastructure</b>				
Federal Gas Tax Program*	593.0	2006/2023	Various	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support the national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)

**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
Solid Waste Management Strategy*	324.0	2007/2023	Various	Program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from direct provincial funding (\$3M per year beginning in 2020) in addition to \$172M from the federal/provincial gas tax agreement. (Various)
Investing In Canada Plan*	1,084.5	2019/2027	Various	Program to provide funding to create long-term economic growth, build inclusive communities, and support a low carbon, green economy. Federal, provincial and municipal funds. (Various)
Multi-Year Municipal Capital Works*	184.6	2012/2025	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Capital Works Program*	72.8	2016/2025	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)

**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
New Building Canada Fund - Small Communities Fund / Provincial- Territorial Infrastructure Component*	86.3	2016/2023	Various	Funding for communities with fewer than 100,000 residents, ensuring that small communities can benefit from significant funding supporting economic prosperity. The Provincial-Territorial Infrastructure Component provides funding for projects that are nationally and regionally significant and are predominantly medium and large scale in nature. Federal, provincial and municipal funds. (Various)
<b>Residential</b>				
Condominium/ Apartment Development	120.0	2021/2025	19	KMK Capital Inc. - development of "Tiffany Towers", two 16-storey buildings consisting of a total of 283 residential units as well as a three-level underground parking garage. (St. John's)
Community Development	200.0	2016/2025	19	DewCor/Clayton Developments - construction of phase I of the "Galway Living" residential community containing 500 homes. Consists of single family houses, bungalow townhomes, three-storey executive townhomes, ground-based condominiums, quadrplexes and apartment buildings. (St. John's)
Condominium Development	30.0	2021/2022	19	Extension to the Chancellor Park retirement home - phase III addition 'The Morgan Residence'. (St. John's)

**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
<b>Tourism/Culture/Recreation</b>				
Hotel Expansion	67.0	2021/2023	19	JAG Hotel & multipurpose room expansion. (St. John's)
<b>Transportation</b>				
Asphalt Rehabilitation	28.0	2022/2025	19	St. John's International Airport Authority - includes 11-12 asphalt rehabilitation projects to replace/upgrade airside and groundside asphalt surfaces. (St. John's)
Provincial Roads Improvement Program*	148.9	2022/2022	Various	Includes secondary road/bridge improvement projects in various parts of the province. Federal/provincial cost-shared. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	590.8	2007/2022	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various)
<b>Utilities</b>				
Electric Utility Capital Expenditures	82.0	2022/2022	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	109.7	2022/2022	Various	Newfoundland Power Inc. - capital expenditures to refurbish and serve growth on the electricity system. (Various)

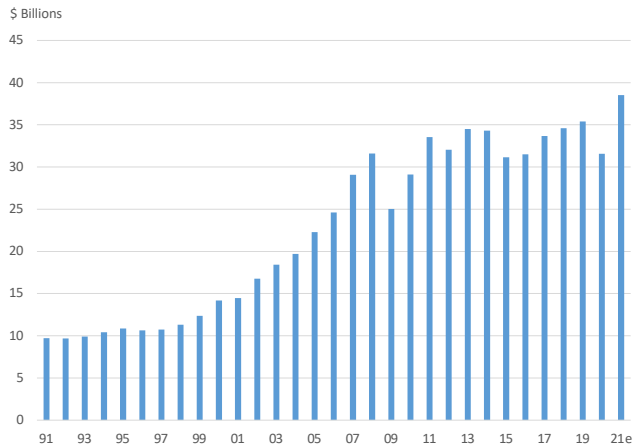
**Table 7: Inventory of Major Capital Projects**

Project:	Capital Cost \$M:	Start/End:	Economic Zone:	Comments (Location):
Lower Churchill Project - Labrador-Island Link	3,721	2013/2022	Various	Nalcor Energy - development of the Labrador-Island Link (LIL). The project is a 900 MW High Voltage dc (HVdc) transmission link between Muskrat Falls in Labrador and Soldiers Pond in Newfoundland. It includes HVdc converters at Muskrat Falls and Soldiers Pond, 1,100 km of overhead transmission line, a submarine cable crossing under the Strait of Belle Isle, and three synchronous condensers at Soldiers Pond. Associated projects include Nalcor's Muskrat Falls Project and Emera's Maritime Link. (Various)
Electric Utility Capital Program	118.2	2022/2022	Various	Newfoundland and Labrador Hydro - annual capital program (including carryovers from the previous year) aimed at upgrading the provincial power grid and meeting electricity demand. Includes several projects focused on improving reliability and upgrading and replacing aging infrastructure. (Various)
<b>Other Investment</b>				
Justice Infrastructure*	206.6	2017/2030	Various	Build of Her Majesty's Penitentiary (HMP) Correctional Facility replacement in St. John's and expansion of the adult correctional facility in Happy Valley-Goose Bay. Provincial Funds. (Various)



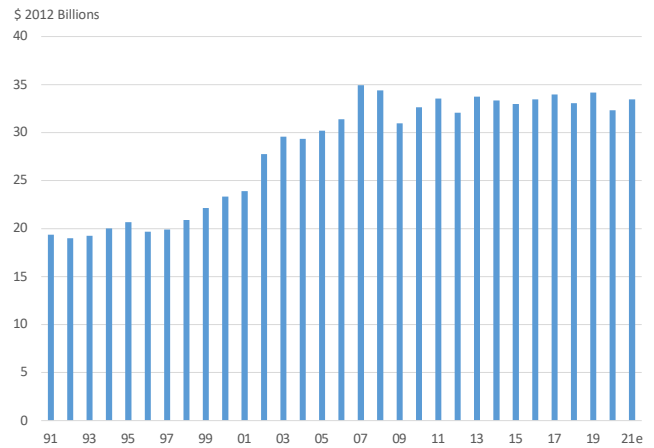
# Statistical Indicators

**Figure 37: Nominal Gross Domestic Product**



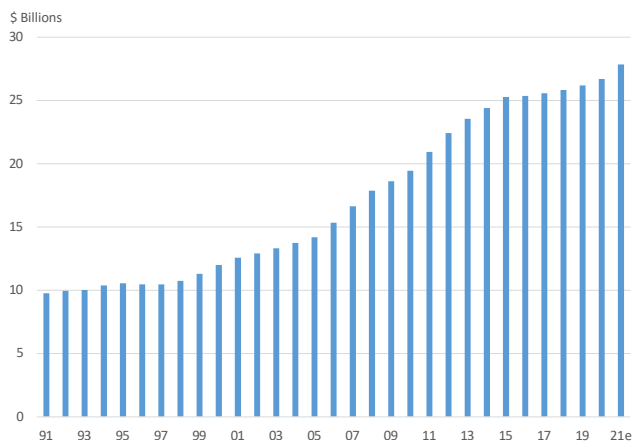
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Source: Statistics Canada; Department of Finance

**Figure 38: Real Gross Domestic Product**



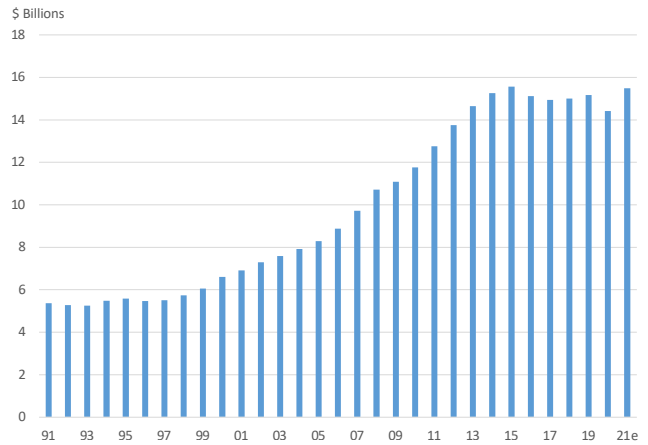
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Source: Statistics Canada; Department of Finance

**Figure 39: Household Income**



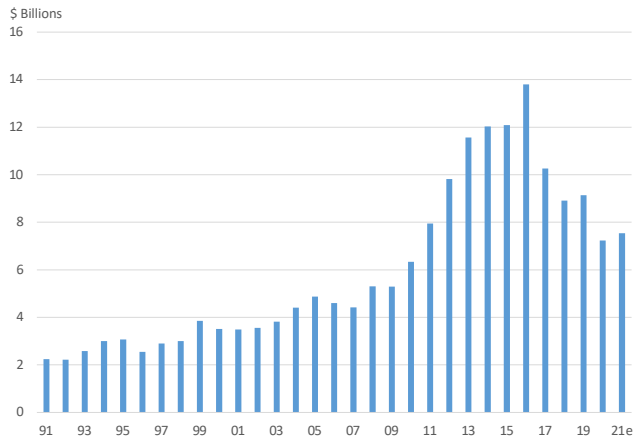
e: estimate  
Source: Statistics Canada; Department of Finance

**Figure 40: Compensation of Employees**



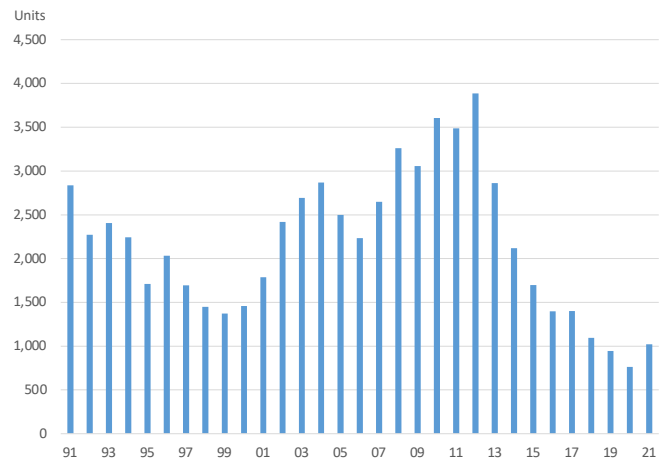
e: estimate  
Source: Statistics Canada; Department of Finance

**Figure 41: Capital Investment**



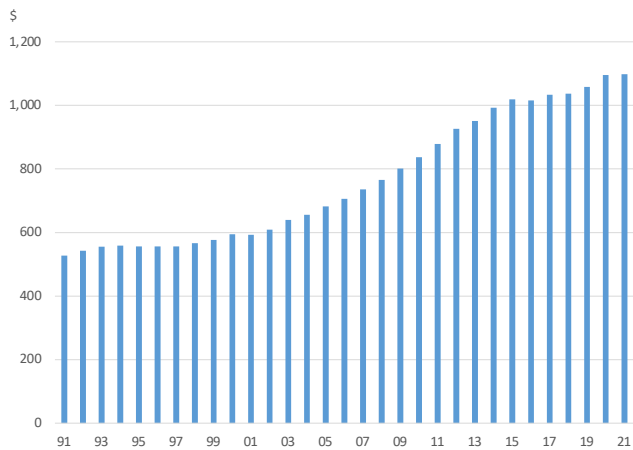
e: estimate  
Source: Statistics Canada; Department of Finance

**Figure 42: Housing Starts**



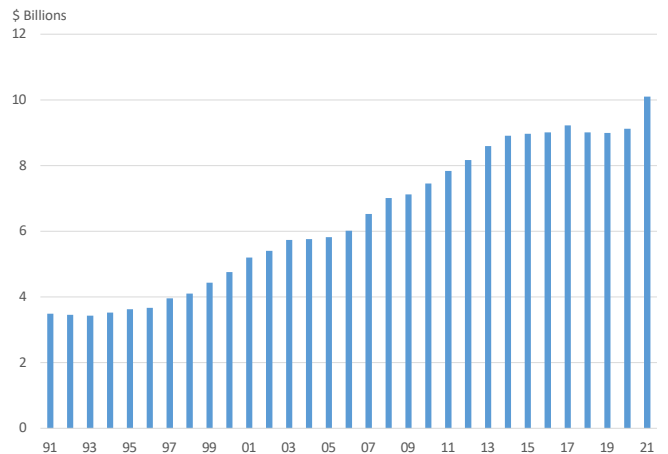
Source: Statistics Canada

**Figure 43: Average Weekly Earnings**



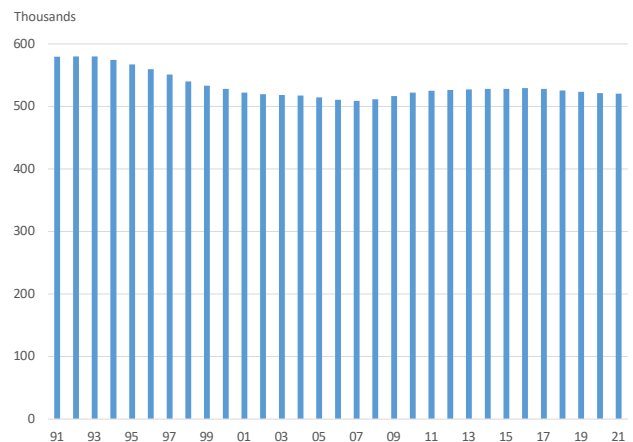
Source: Statistics Canada

**Figure 44: Retail Sales**



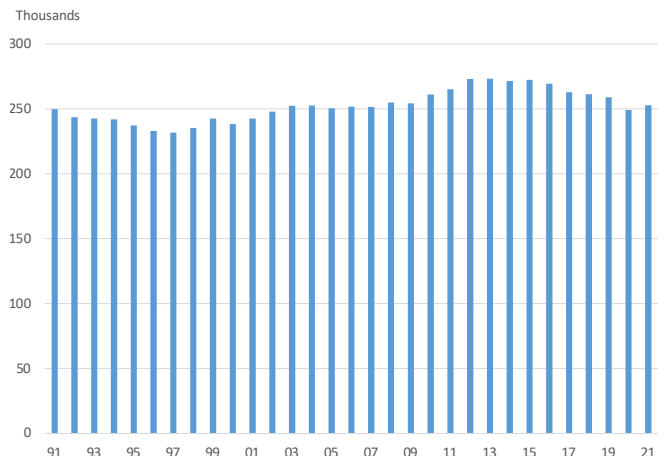
Source: Statistics Canada

**Figure 45: Population**



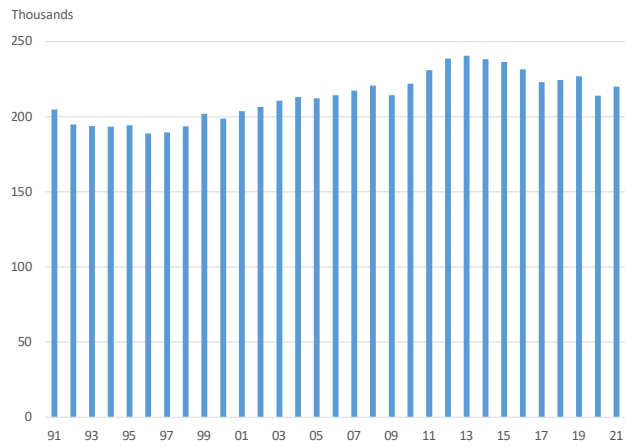
Source: Statistics Canada

**Figure 46: Labour Force**



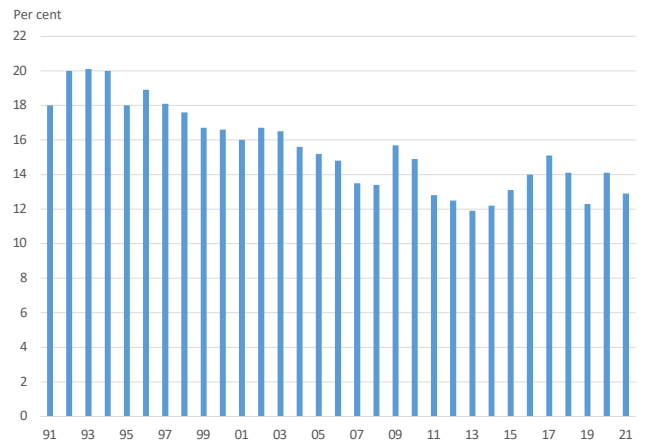
Source: Statistics Canada

### Figure 47: Employment



Source: Statistics Canada

### Figure 48: Unemployment Rate



Source: Statistics Canada

