

# Canadian Arctic to lead national growth

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Reindeers crossing a lake in Quebec's tundra, in 2011. Canada's northern territories will lead the nation in growth in the next two years, buoyed by high commodities prices and a ramping up of new mines, a report said Wednesday.

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The Conference Board of Canada in its Territorial Outlook study forecast real gross domestic product in the Yukon, Northwest Territories and Nunavut to collectively grow by more than seven percent in both 2012 and 2013, outpacing the Canadian average of 2.1 percent this year.

It points to an Arctic exploration boom with spending topping \$700 million last year, several large projects proposed for this decade, and expanded production of gold, silver, copper, diamonds, iron ore, and [rare](#)

[earth elements](#), along with new railways, power plants and ports.

"While the global economy is facing challenges that dampen the outlook for many Canadian industries and provinces, demand for metals and non-metals is expected to hold up," said Marie-Christine Bernard, the report's lead author.

A relatively stable Canadian economy, low financing rates and an elevated Canadian dollar should also help convince business leaders to keep boosting capital investments, the report said.

Mining companies, however, must contend with environmental concerns, such as a planned rail route crossing environmentally sensitive hunting grounds used by nearby communities, harsh Arctic conditions -- a kitchen fire forced the evacuation of 300 workers at Agnico-Eagle's Meadowbank gold mine last year -- and a skilled labor shortage.

The Northwest Territories' diamond production declined last year but is expected to rebound as demand outstrips supply.

The report notes that not all the mining projects have the green light for development, but have made sufficient progress to be included in the board's analysis.

Avalon Rare Metal's Nechalacho rare earth elements project near Thor Lake, for example, is now ranked as the largest rare earth deposit outside of China, but production will not start until 2015.

The outlook also assumes EU nations will not default on sovereign debt, the US economy will grow at a modest pace, and both Latin America and the Asia-Pacific region will only experience a slight dip in growth.

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