

A Detailed Analysis of Productivity Performance in Newfoundland and Labrador, 1997-2010: the Role of the Oil and Gas Sector

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Propelled by the oil and gas sector, Newfoundland and Labrador's economy experienced impressive growth in recent years. During the 1997-2010 period, real GDP in Newfoundland and Labrador's business sector increased at nearly twice the rate of Canada's, while the province's labour productivity growth was more than three times greater than Canada's. By 2010, its labour productivity level was significantly above the national average. This paper provides a detailed analysis of Newfoundland and Labrador's labour, capital and multifactor productivity performance and the factors behind this performance. It documents the province's shift to high-productivity oil extraction activities as the main factor responsible for its remarkable productivity growth, also acknowledging the positive spill-over effects that this shift has had on Newfoundland and Labrador's economy as a whole.