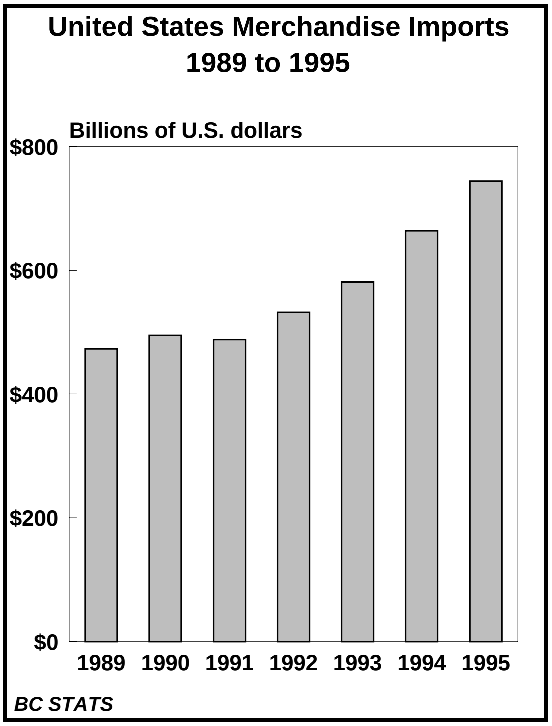
# Feature: Competing for Share in the U.S. Market




Trade statistics from the United States Department of Commerce provide a detailed record of what that country imports, and from whom. They show a rapid growth of U.S. imports between 1991 and 1995, accompanied by reshuffling of trading partners supplying the world's largest market.

Canada outstripped Japan as the largest exporter to the United States. China became more important and Germany less, reflecting the general shift of world trade from the Atlantic to the Pacific.

United States imports from British Columbia rose strongly between 1991 and 1995, after having dropped off with the recession of the early 1990's. Between 1991 and 1995 there was a 69% rise from $US 5.8 billion to $US 9.9 billion. The effect on the province's share of the total U.S. import market was less dramatic than might be expected because it occurred as the value of the total market increased by 52%. It brought the province's share of the market back up to the 1.33% it had been in 1989. The recovery was a considerable success for the province's exporting community, given the steady increase in international competition over that period.

The rate of increase in the value of U.S. imports from British Columbia during this period was exceeded by only 7 of the top 20 international exporters to the U.S. market. One of these was Mexico, whose exports to the United States grew 97.8%. The others were rapidly industrialising Asian economies. The strongest performances among these were for Malaysia and China, with 186.5% and 140.1% growth, respectively. Other Canadian provinces (taken as a whole) managed a very respectable 58.5% growth in exports to the U.S. market.

Although the value of U.S. imports from British Columbia is small in relation to imports from Japan, Mexico, or Ontario, for example, it is greater than imports from all but 14 of the more than 200 countries with which the United States traded in 1995. The province's 1.33% of the total U.S. import market ranked just after Hong Kong with its 1.38% share, and just before oil rich Venezuela with 1.31%.

## United States Merchandise Imports

| Country | 1991 | 1995 | Change 1991 - 1995 | 1991 | 1995 |
|---|---|---|---|---|---|
| | (US$ '000,000) | | | (per cent share) | |
| Canada | 91,141 | 145,119 | 59.2% | 18.7% | 19.5% |
| Japan | 91,583 | 123,577 | 34.9% | 18.8% | 16.6% |
| Mexico | 31,194 | 61,705 | 97.8% | 6.4% | 8.3% |
| China | 18,976 | 45,555 | 140.1% | 3.9% | 6.1% |
| Germany | 26,229 | 36,847 | 40.5% | 5.4% | 5.0% |
| Taiwan | 23,036 | 28,975 | 25.8% | 4.7% | 3.9% |
| United Kingdom | 18,519 | 26,891 | 45.2% | 3.8% | 3.6% |
| South Korea | 17,025 | 24,184 | 42.0% | 3.5% | 3.3% |
| Singapore | 9,976 | 18,564 | 86.1% | 2.0% | 2.5% |
| Malaysia | 6,103 | 17,484 | 186.5% | 1.3% | 2.4% |
| France | 13,361 | 17,177 | 28.6% | 2.7% | 2.3% |
| Italy | 11,788 | 16,498 | 40.0% | 2.4% | 2.2% |
| Thailand | 6,125 | 11,351 | 85.3% | 1.3% | 1.5% |
| Hong Kong | 9,286 | 10,294 | 10.9% | 1.9% | 1.4% |
| Venezuela | 8,229 | 9,711 | 18.0% | 1.7% | 1.3% |
| Brazil | 6,727 | 8,816 | 31.1% | 1.4% | 1.2% |
| Saudi Arabia | 10,978 | 8,233 | -25.0% | 2.2% | 1.1% |
| Switzerland | 5,585 | 7,596 | 36.0% | 1.1% | 1.0% |
| Indonesia | 3,239 | 7,437 | 129.6% | 0.7% | 1.0% |
| Philippines | 3,472 | 7,007 | 101.8% | 0.7% | 0.9% |
| other | 75,657 | 110,484 | 46.0% | 15.5% | 14.9% |
| **Total** | **488,229** | **743,505** | **52.3%** | 100.0% | 100.0% |
| **B.C.** | 5,830 | 9,878 | 69.4% | 1.2% | 1.3% |
| **other Canada** | 85,311 | 135,241 | 58.5% | 17.5% | 18.2% |

***BC STATS***

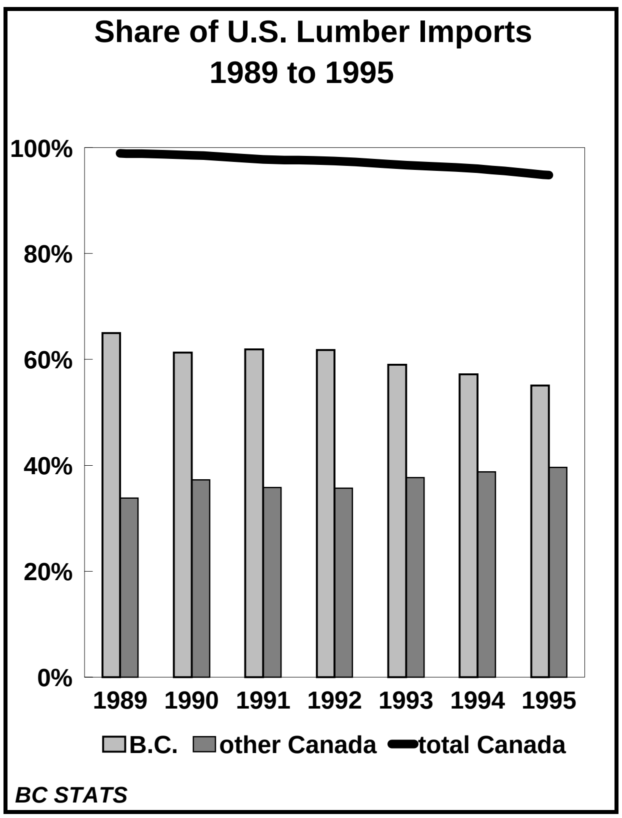
Source: U.S. Department of Commerce

### Forest Products

**Lumber** continues to be the single most important American import from British Columbia by a wide margin. In 1995 it accounted for 29% of U.S. imports from the province. Pulp was the next most important, accounting for 12%.

Since the late 1980's the British Columbia share of United States lumber imports has been falling. From 65% in 1989, it dropped to 55% by 1995. This lost market share has been taken up more by other provinces, than by foreign competitors. The share of total U.S. lumber imports claimed by other provinces rose from 34% in 1989, to 40% in 1995. There was a net drop for Canada as a whole, from 99% in 1989, to 95% in 1995.

Among the international producers claiming shares of the U.S. lumber market were NAFTA partner Mexico and NAFTA hopeful Chile. The Mexican share reached 1% in 1995. Chile's 1995 share rose to 2%. Other international suppliers to the U.S. lumber market include Brazil and New Zealand, both with 1% shares in 1995. While the shares of non-Canadian suppliers are as yet still small, they have been growing. They open the possibility that Canadian lumber producers may find their dominant share in the United States increasingly contested by competitors from further afield.

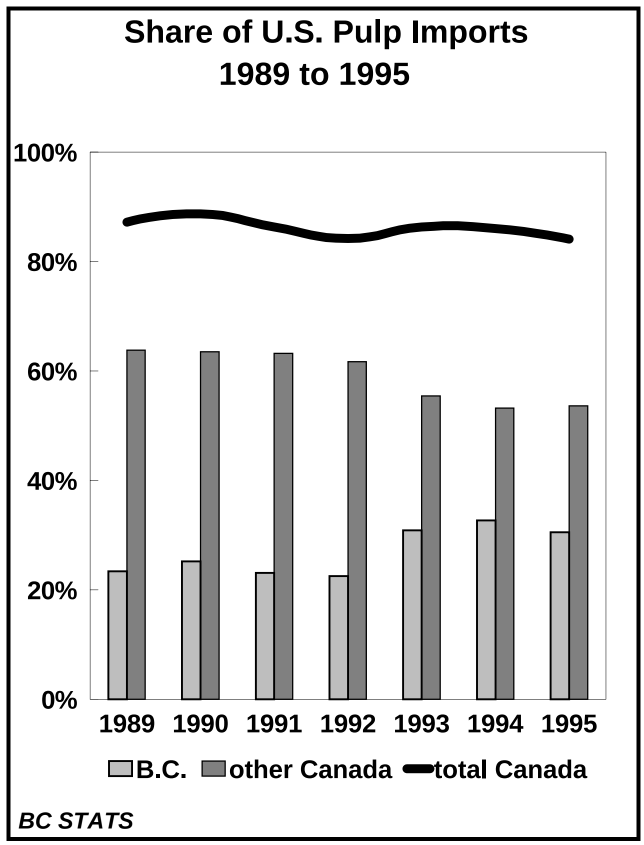



British Columbia **pulp** producers have made gains in the U.S. market in recent years, expanding their share of U.S. imports. In 1991 the British Columbia share of all pulp imported into the United States was 23%. By 1995, this was expanded to 31%. The increase in actual dollar terms was $US 647 million.

In a reverse of the situation for lumber, the British Columbia gain in market share for pulp was won as other provinces were losing market share. The share claimed by other provinces (taken as a whole) fell from 63% in 1991, to 54% in 1995.

The total Canadian share has ranged between 86% and 84% since 1991, showing no persistent trend to rise or fall.

Most of the market not claimed by Canadian producers was held by Brazil, with 12% in 1995. South Africa and Chile both held 1% of the market.




For the important **value added wood category of 'siding, moulding and other milled wood'**, British Columbia still maintains a dominant position in United States imports. However, it can no longer claim to supply most U.S. imports of these products, as it could in 1991 and earlier years. The provincial market share declined from 60% in 1989 to 43% in 1995.

The main competition for these products has come from foreign competitors, particularly Mexico. Mexico's sales into the U.S. market were growing well before its entry to NAFTA in 1994, and have actually fallen since. Nonetheless, the relative security from trade barriers that comes with NAFTA membership may encourage Mexican suppliers to expand their future marketing efforts in the United States and Canada

Chile has also begun to emerge as a serious competitor in the U.S. market for siding and moulding products. Between 1989 and 1995, its share of the U.S. market for siding, moulding and other milled wood rose steadily from 1% to 12%. Chilean accession to NAFTA, if and when it comes, could bring further penetration of North American markets.

Other competitors for wood moulding products include New Zealand and Indonesia with 3% and 2% shares of the U.S. import market, respectively. These countries also supplied $1.6 million and $1.8 million, respectively, to the Canadian market in 1995.

## Other Natural Resource Products

The United States relies on British Columbia as an important source for a number of fish, energy and mineral products.

In 1995, 50% of U.S. imports of fresh salmon, and 16% of preserved salmon (canned or smoked) came from British Columbia.

Natural gas from British Columbia supplied 10% of the U.S. import market, up from 8% in 1991. The remaining 90% was virtually all supplied from Alberta and other provinces.

Imports of electricity from British Columbia dropped to only 5% of total U.S. electricity imports in 1995, down from 21% in 1991. As with natural gas, the only other significant suppliers are other Canadian provinces. British Columbia's loss of market share came as the total value of U.S. imports of electricity rose from $US 487 million in 1991, to $US 856 million in 1995.

International competition in the U.S. import market has been particularly strong for metallic mineral products. Market shares for these very standard commodities can shift easily in response to changes in exchange rates or the opening of new mines or smelters. A significant volume of trade one year, can drop to nothing at all the next.

Zinc and aluminum metal have been the most important metallic mineral products in terms of actual dollar values imported from B.C. into the U.S. market. For neither commodity has there been any persistent trend to larger or smaller share for British Columbia producers. The 1995 British Columbia share for zinc and aluminum metal were 14% and 1%, respectively.

## Manufactured Goods

Although manufactured goods remain a small part of total U.S. imports from British Columbia, they have been growing much faster than imports of other products. While overall U.S. imports from British Columbia grew a healthy 69% between 1991 and 1995, imports of manufactured products grew at almost twice that rate. Imports of B.C. manufactured machinery and equipment were valued at well over $US 1 billion in 1995, up 120% from 1991. Plastic products were up 125%, and apparel was up 151%.

The market shares won by increased exports of manufactured goods to the United States were very small, but still significant given the enormous size of the market. For example, exporters of electrical and electronic equipment expanded their share of U.S. imports only from 0.1% to 0.2% between 1991 and 1995. But this represented a 162% increase from $US 81 million to $US 212 million. Exporters of motor vehicles and parts to the U.S. expanded their share from 0.1% to 0.3%. This was achieved with a 189% increase, as U.S. imports from British Columbia went from $US 100 million in 1991 to $US 289 million in 1995.

Plastic products and apparel both gained an extra 0.1% of import market share in the U.S. by increasing the value of their shipments by $US 45 million and $US 56 respectively between 1991 and 1995.