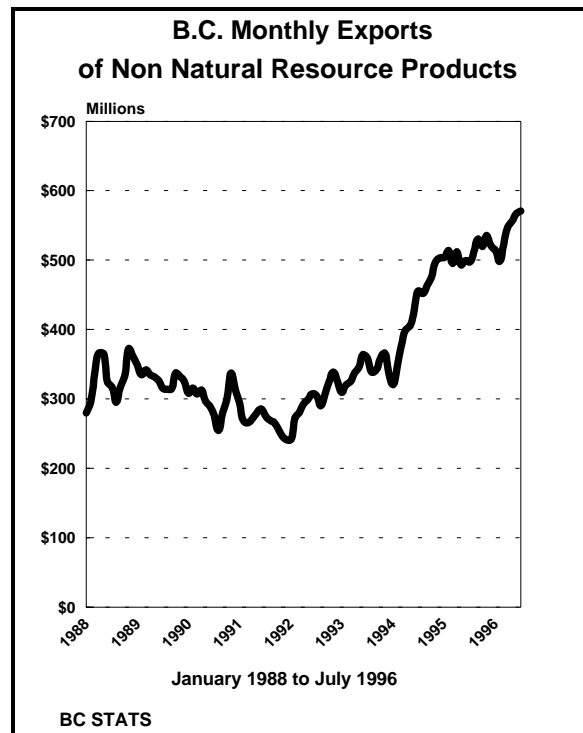


Feature: Beyond Natural Resources – The New Exports

The best trade news for British Columbia in the January to July period of 1996 has been strong export growth for goods that are not produced from natural resources.

Natural resource commodities still very much dominate the province's exports, accounting for 74% of the total in the July year to date period of this year. But they are less dominant than they have ever been before. During the 1990's, exports of products having nothing to do with forestry, mines or fish have grown at faster rates than natural resource exports, producing a healthy diversification of the province's export mix.

Both natural resource and non-natural resource products went into export slumps with the recession of the early 1990's. By 1992 both categories of exports were growing again. Natural resource exports managed a healthy 63% growth between 1992 and 1995. Non-resource exports climbed 71%.

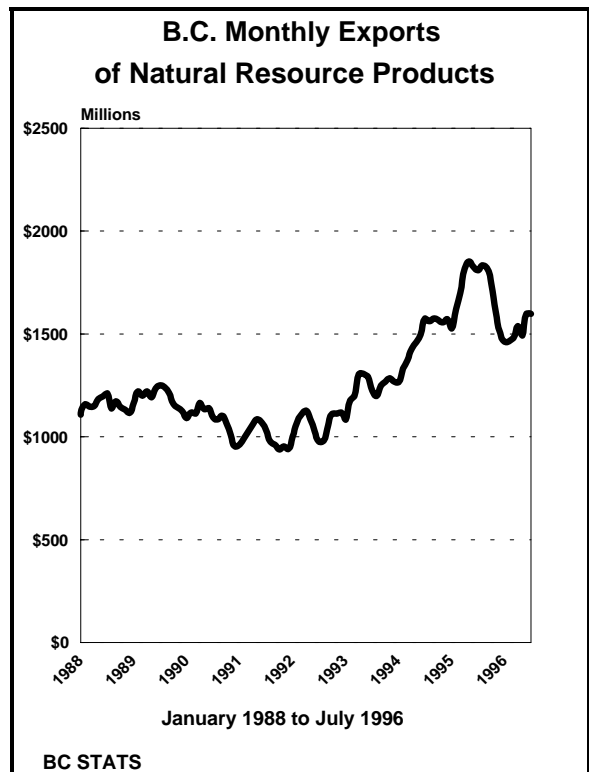


Note - Natural resource products are defined here to include:

- wood and wood products, except furniture or prefabricated buildings
- pulp
- paper
- ore and concentrates
- fishery products (fresh, chilled or frozen)
- coal, petroleum products, natural gas and electricity

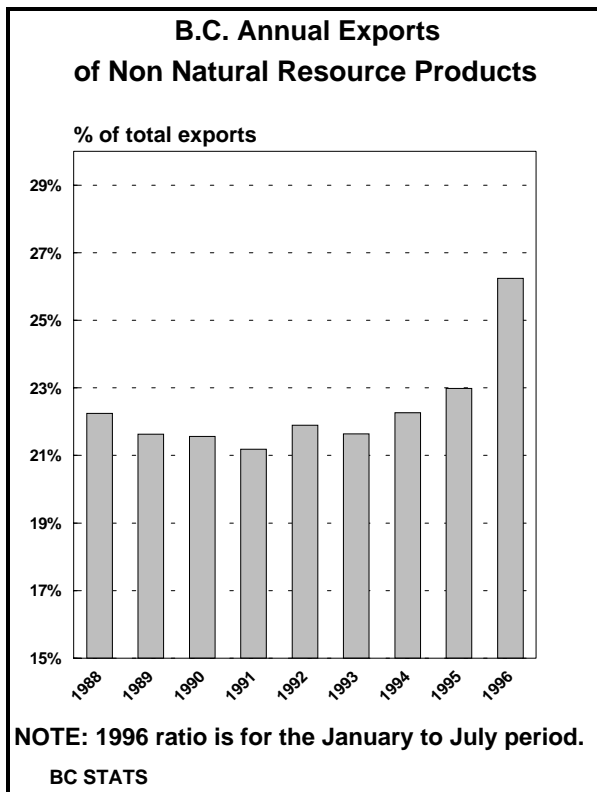
Exports of aluminum and zinc metal are not included because they are produced entirely or largely from imported ores.

Exports of natural resources fell off sharply in the first seven months of 1996 with lower prices for forestry commodities. Exports of non-resource products continued to grow, reaching record monthly levels by the middle of the year.



Up to the mid 1990's, exports of non-resource products generally rose and fell with exports of natural resource products. This meant that the ratio of non-resource exports to total exports changed very little between 1988 and late 1993.

The ratio showed a distinct improvement in 1994, and reached a record level of 23% in 1995. In the first seven months of 1996 it jumped past 26%. Although it can be expected to fall back somewhat towards the end of the year, with the usual annual cycle, it is likely to end 1996 with another record annual average.



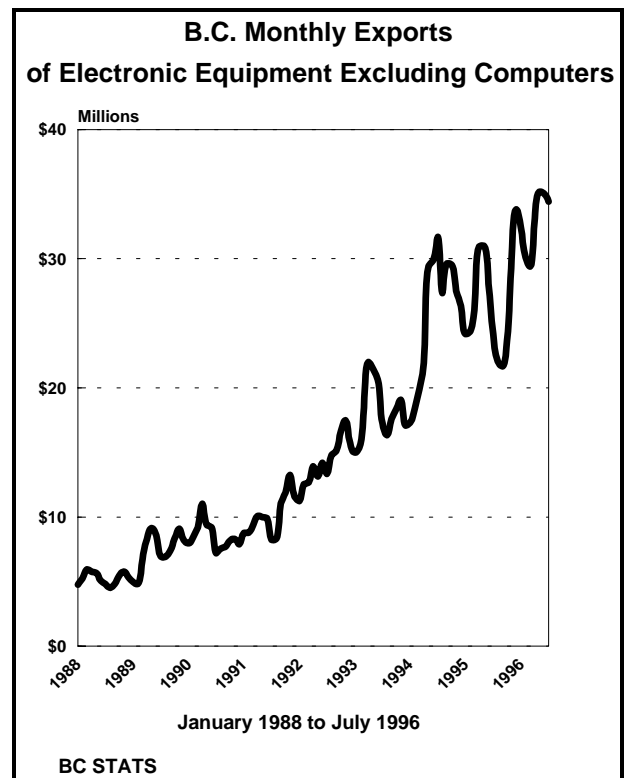
Many of the non-resource exports that have grown so rapidly during the 1990's have been high value secondary manufactured goods, produced in or around urban centers. Combined with growing levels of value added wood products, they have done much to assist the continuing transition of the province

from primary resource processing towards a more diversified economy – one that is less vulnerable to boom or bust cycles of raw material markets.

Some High Performers

The categories of non-resource based products showing the best export growth have included electronic equipment, plastics, apparel and processed meat products.

Monthly exports for these categories have doubled or tripled since 1990, as natural resource exports have risen about 50%.

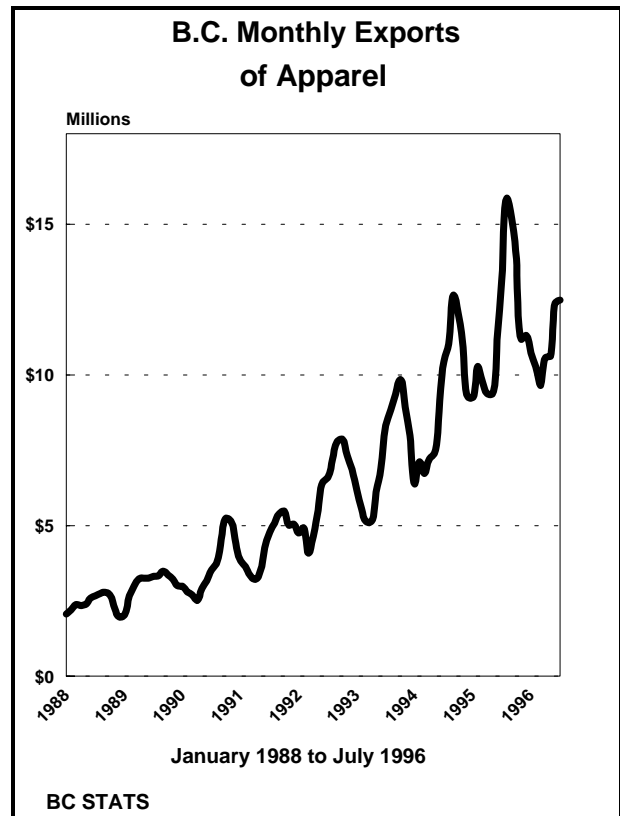
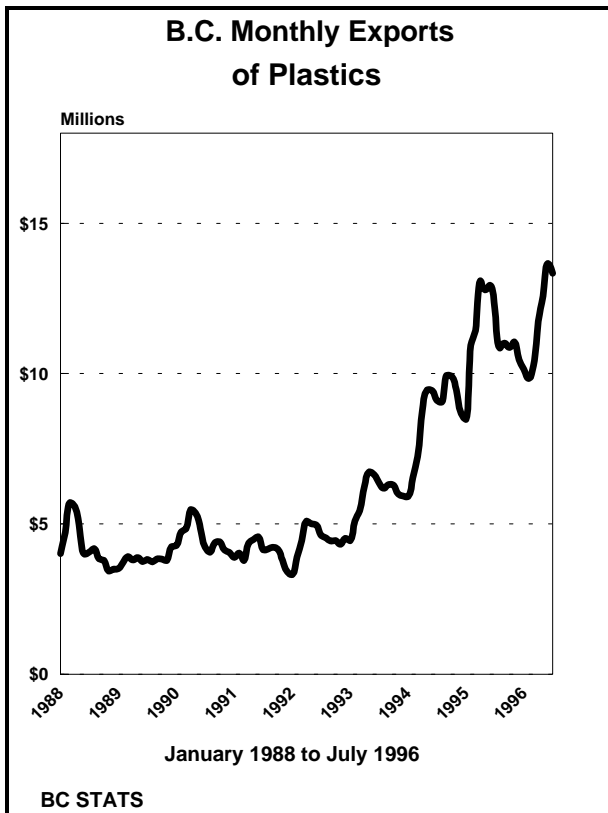


The single most important export success story for non-resource based commodities has been for electronic equipment (excluding computers). Exports of products in this category have grown persistently since at least 1988. They have tripled in value since the beginning of the decade and are now greater in value than many of the province's traditional relatively low value added

exports. For example, they were 44% more valuable than exports of zinc in 1995 and 15% more valuable than exports of fresh or frozen salmon.

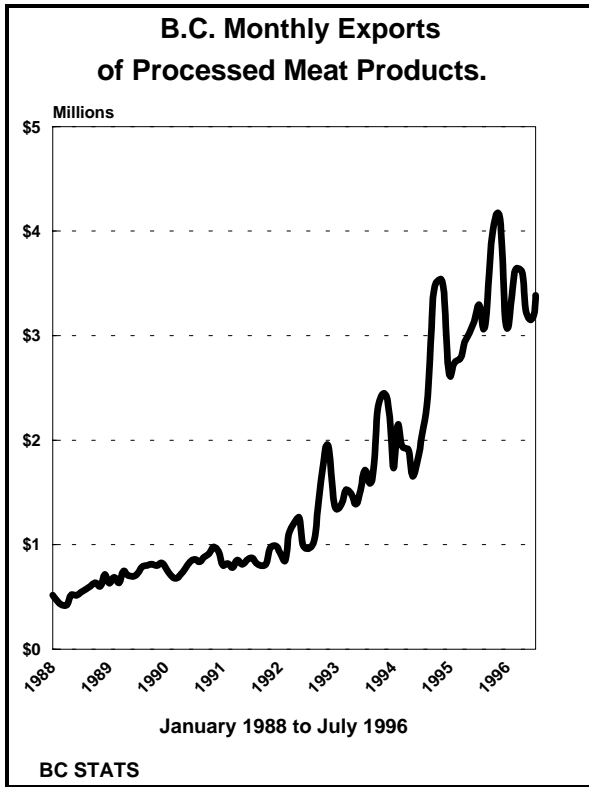
Most electronic product exports have been destined for the United States, but there are also important shipments to Europe, Asia and elsewhere. In 1995 74% went to the U.S., 2% to Japan, 5% to the European Union.

they had developed particular commercial advantage with the assurance that the U.S. market would remain open to them.



Similar to electronic equipment, exports of apparel have been growing since at least 1988. Growth has quickened since 1993, suggesting that the elimination of trade barriers in North America has stimulated exports.

Plastics are another non-resource category for which exports have far exceeded the average rate of growth. Unlike electronic products, plastics exports did not begin to grow strongly until 1993, when the original Canada - U.S.A. Free Trade Agreement had begun to eliminate many U.S. tariffs previously facing Canadian producers exporting to the United States. Perhaps more important, Canadian producers could concentrate in specialty areas for which



Processed meat products are one of a number of food industry categories for which exports have grown dramatically in the 1990's. From monthly exports of under \$1 million in 1992, processed meat exports have more than tripled to over \$3 million in the first seven months of 1996. In 1995, 68% was shipped to the United States and 28% to Japan.

Another food category that has shown remarkable export growth in the 1990's has been bakery products. Exports in this category have tripled from about \$500 thousand monthly in 1993, to \$1.5 million monthly in the first seven months of 1996.