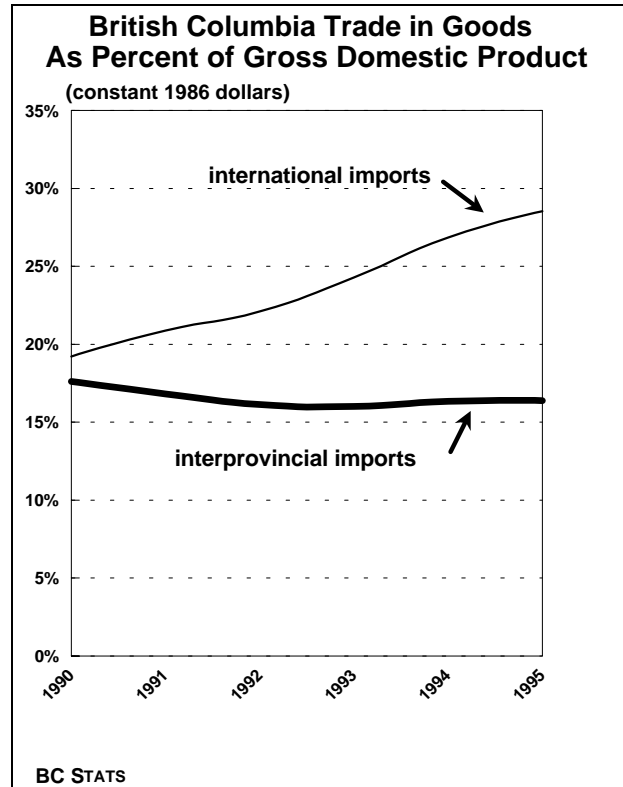
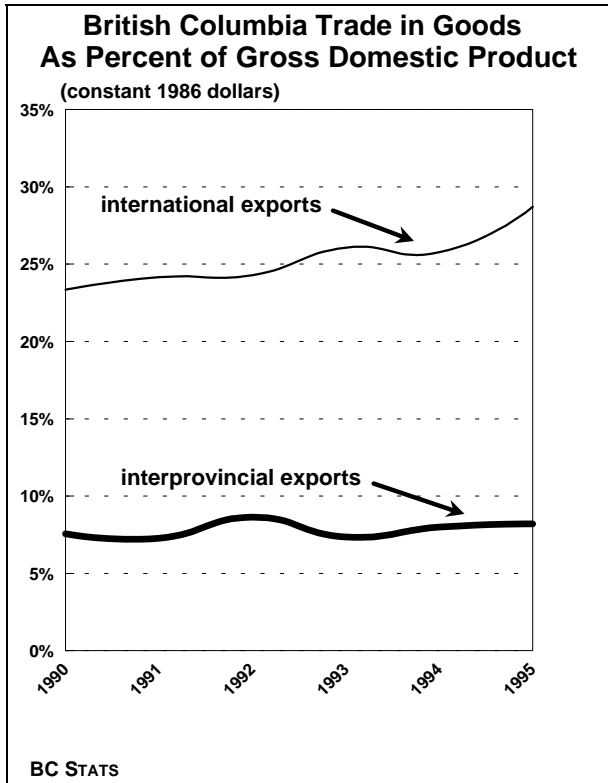


Feature: B. C. Products Find Better Markets Abroad Than In Canada



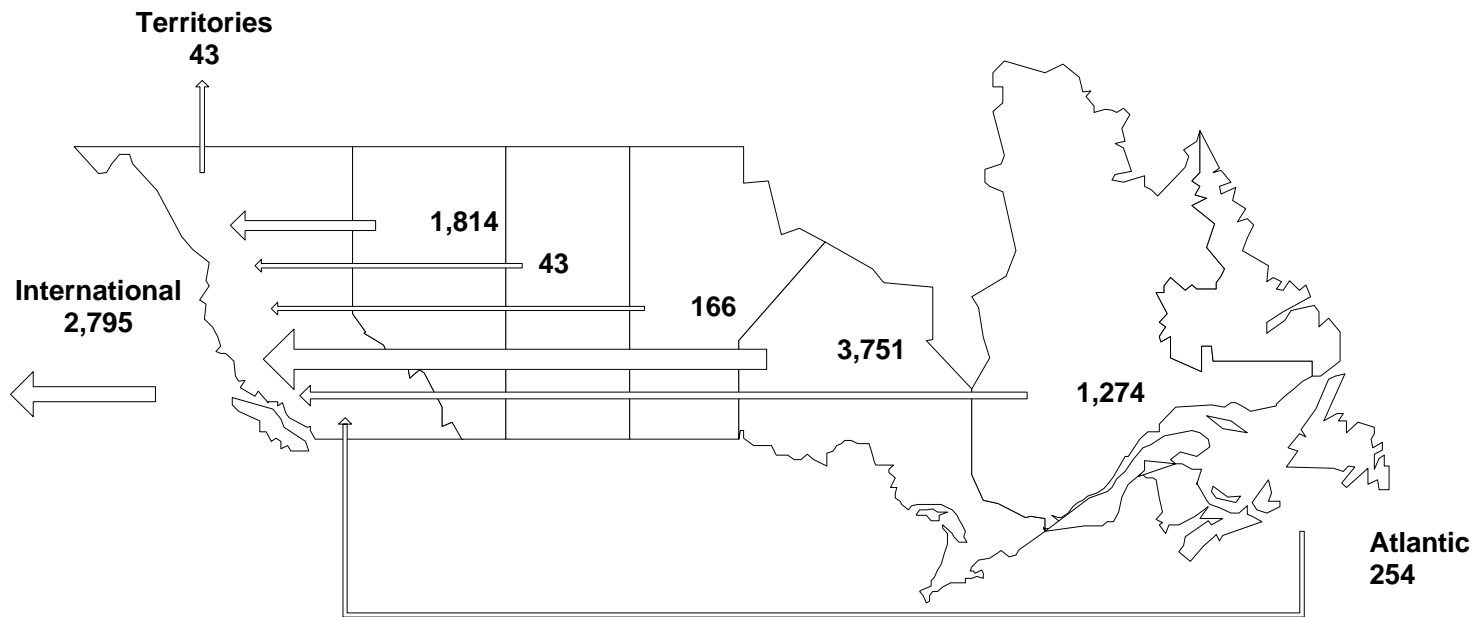
British Columbia's *international* exports and imports have both grown strongly in the 1980's and 1990's, moving up with a rising tide of international trade that has affected most of the world. Like other provinces and most countries, British Columbia has seen both its international imports and international exports accounting for steadily expanding portions of gross domestic product.

The same cannot be said for its *interprovincial* trade. British Columbia's exports to other provinces have remained at about 7% to 8% of gross domestic product since the mid-eighties. Imports from other provinces have remained at about 17%. Over the same period, international exports grew from 24% to 29%, and international imports grew from 16% to 29%.

Wrong Products To Sell In Canada

British Columbia exports relatively little to other provinces because most of its industrial production is concentrated in commodities that are widely available in other parts of Canada. Shipping British Columbia forestry or mineral products to the big eastern markets is often a matter of 'coals to Newcastle'. Producers in those provinces compete with British Columbia suppliers in both international and interprovincial markets.

**1995 British Columbia
Net Interprovincial and International Merchandise Trade Flows
(\$ millions)**



**1995 Interprovincial Trade in Goods (Merchandise)
(\$ millions)**

| | Importers | | | | | | | | | | | | |
|----------------------------|-----------|------|--------|-------|--------|--------|--------|-------|--------|--------|-------|------|-----|
| | Nfld | PEI | NS | NB | Que | Ont | Man | Sask | Alta | BC | Yukon | NWT | |
| Exporters | Nfld | - | 5 | 48 | 49 | 254 | 151 | 2 | 2 | 4 | 10 | 0 | 1 |
| | PEI | 44 | - | 52 | 93 | 70 | 158 | 2 | 2 | 8 | 4 | 0 | 0 |
| | NS | 296 | 111 | - | 477 | 551 | 435 | 24 | 24 | 124 | 95 | 1 | 9 |
| | NB | 168 | 149 | 852 | - | 1,012 | 426 | 19 | 15 | 43 | 279 | 1 | 2 |
| | Que | 596 | 137 | 1,017 | 1,256 | - | 12,361 | 711 | 722 | 2,061 | 1,921 | 32 | 88 |
| | Ont | 823 | 260 | 1,740 | 1,245 | 13,203 | - | 1,573 | 1,421 | 5,244 | 4,647 | 74 | 176 |
| | Man | 35 | 10 | 45 | 57 | 498 | 1,054 | - | 453 | 596 | 390 | 6 | 14 |
| | Sask | 16 | 5 | 24 | 18 | 318 | 1,799 | 363 | - | 1,036 | 327 | 6 | 6 |
| | Alta | 404 | 14 | 118 | 102 | 1,762 | 3,978 | 1,017 | 1,406 | - | 3,553 | 36 | 198 |
| | BC | 21 | 10 | 36 | 67 | 647 | 896 | 224 | 284 | 1,739 | - | 73 | 19 |
| | Yukon | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | - | 0 |
| | NWT | 0 | 0 | 0 | 0 | 6 | 155 | 1 | 2 | 19 | 30 | 0 | - |
| Interprov. Exports | 526 | 433 | 2,147 | 2,966 | 20,902 | 30,406 | 3,158 | 3,918 | 12,588 | 4,016 | 19 | 213 | |
| Interprov. Imports | 2,403 | 701 | 3,932 | 3,364 | 18,321 | 21,413 | 3,936 | 4,331 | 10,874 | 11,275 | 229 | 513 | |
| Net Interprovincial | -1,877 | -268 | -1,785 | -398 | 2,581 | 8,993 | -778 | -413 | 1,714 | -7,259 | -210 | -300 | |
| Net International | 123 | 2 | -865 | 100 | 1,960 | -4,427 | -405 | 2,392 | 7,939 | 2,795 | -42 | 275 | |
| Total Net | -1,754 | -266 | -2,650 | -298 | 4,541 | 4,566 | -1,183 | 1,979 | 9,653 | -4,464 | -252 | -25 | |

This has meant that eastern provinces meet most of their needs for the kind of resource products produced in British Columbia from their own resources or by importing them from their immediate neighbours. Ontario consumption of lumber products in 1995, for example, included 53% from its own production, 14% imported from Quebec and only 5% from British Columbia. Similarly for pulp and paper products, 56% was produced within the province. A further 9% was imported from Quebec, and only 1% from British Columbia.

Competition from other provinces is less of a factor for the large scale secondary manufacturing industries concentrated mainly in Ontario and Quebec. Ontario manufacturers of autos, trucks and other transport equipment accounted for over 80% of Canadian output, with another 13% coming from Quebec. Quebec apparel manufacturers accounted for 61% of Canadian output, with another 25% coming from Ontario.

Persistent Interprovincial Deficits

Relatively weak exports to other provinces have left British Columbia with merchandise trade deficits with all other provinces except Newfoundland and Prince Edward Island, in 1995.

Interprovincial trade has not traditionally offered a very attractive proposition for British Columbia. Prior to the introduction of North American free trade in the 1990's, the province sold its natural resource commodities abroad at prices determined by international markets, while being more or less obliged to purchase secondary manufactured products from tariff-protected central Canadian producers. Then, as now, the prospects were poor for balancing its interprovincial imports by selling natural resource products elsewhere in Canada.

The situation has changed in the first half of the 1990's, at least as regards imports from other provinces. North American free trade eliminated many tariff barriers that had existed to protect eastern manufacturing concerns. This allowed international imports to grow rapidly,

surpassing imports from other provinces for the first time in 1987, and widening the gap steadily since then.

However, British Columbia's exports to other provinces have been largely unaffected by free trade and continue to be very low in relation to the size of the provincial economy. In 1995 exports to other provinces accounted for only 8% of British Columbia's gross domestic product. This compared to 14% for Ontario, 16% for Quebec and 20% for Alberta.

If there is to be some improvement in British Columbia's trade balances with other provinces in the future, it will likely be brought about by the diversification of its industrial base that has been well under way in the mid-1990's.

This development has already made itself felt in the province's international trade. Between 1991 and 1995 the portion of international exports concentrated in machinery and equipment increased steadily from 5.5% to 7.9%, and is projected to climb as high as 11% in 1996. It can be anticipated that exports in this category will sooner or later be shipped in greater volumes to eastern Canadian destinations, pulling up the value of the province's exports to other provinces, and improving its trade balances with them.

More Imports From Abroad Than From Other Provinces

Perhaps the most significant trend for British Columbia's changing trade relationship with the rest of Canada, is the displacement of imports from other provinces by imports from other countries. British Columbia imports of cars, trucks and other transport equipment from Ontario, for example, fell 36% between 1991 and 1995, while international imports of these products grew 26%. Imports from Ontario of electronics and communications products fell 37% between 1991 and 1995, while imports from international sources grew 69%.

There have been similar displacements of imports from Quebec. These included a

38% drop in apparel products from Quebec between 1991 and 1995, as international imports rose 54%. Imports of meat, fish and dairy products from Quebec fell 30% over the same years, as international imports rose 67%.

Although merchandise imports from the rest of Canada have been held in check by competition from international imports in the 1990's, they still represent a very significant part of British Columbia's economy. They amounted to twice the value of exports to other provinces in 1995, and were equivalent to 16% of gross domestic product. This compared with Ontario imports from other provinces equivalent to 11% of its gross domestic product, and Quebec interprovincial imports equivalent to 13% of gross domestic product.

Loosest Trade Ties To Canada of Any Province

With its export success in international markets, and an industrial output that is generally ill suited for Canadian markets, British Columbia has developed into the province that is the least reliant of any on interprovincial trade.

Its exports to other provinces amounted to only 15% of its total exports (interprovincial plus international) in 1995, the lowest ratio in Canada. For most other provinces interprovincial trade amounted to more than twice that. The next lowest ratio was for Ontario (21%), where larger interprovincial exports were balanced by extensive international trade in autos and parts with the United States.

The concentration of British Columbia's trade in international markets is very apparent in the portions of total exports destined for particular markets. In 1995 42% of total exports (international plus interprovincial) were destined for the United States, and 21% for Japan.

The largest portion destined for any province went to Alberta (7%), with which there is a large cross border trade, as would be expected between neighbouring provinces.

After Alberta, all other export flows were relatively minor by comparison. South Korea and Ontario were the destinations for about 3% each. Another 2% each went to Germany, China and Quebec.

