

## Feature: Forty Years Later, Forestry Exports As Important As Ever

There has been much change in British Columbia's export mix since the 1950s, but one feature has remained consistent. Lumber and pulp are still the province's two key export items and, remarkably, are no less important in the export mix of the 1990s, than they were in the 1950s.

Together, lumber and pulp made up 49 per cent of provincial exports in 1956. This ratio has moved up and down since then, but with no persistent trend to increase or decrease. In 1976 and 1994, for example, it was at 49 per cent again, having dipped as low as 40 per cent in the years between. In 1996 it was down again, to 43 per cent.

There were commodities included in the export mix of the 1950s that have disappeared, or all but disappeared, in the export mix of the 1990s. Examples are whale oil, furs and asbestos. But most products exported forty years ago are still being exported today, often in the same or greater physical volumes than the 1950s.

The *relative* importance of many of these traditional exports has diminished, because they have grown less quickly than the total volume of exports. Total exports have expanded very rapidly as new products have been added to the export mix. Lumber and pulp are the important exceptions among traditional exports that have, up to now at least, kept pace with the overall growth of provincial exports.

Because the value of new exports has increased more rapidly than exports of most traditional resource commodities, the province has generally become less dependent on natural resources over the past forty years. In 1956 about 90 per cent of exports were concentrated in forestry, fishery and mineral products. By the mid

1990s, this had dropped to about 80 per cent. While still high, the ratio has been falling faster than ever before during the 1990s, as a rapidly globalising world economy has encouraged new export oriented production in the province.

### Some Resource Exports Fade From Prominence

Although lumber and pulp are still as prominent in the province's export mix as they were in the 1950s, other forestry products are not. Wooden shakes and shingles, for example, were a very significant 4 per cent of total exports in 1956, but have dropped to just 1 per cent in 1996. Like most relative export declines, this mainly reflects faster growth in the value of other export commodities. However, this may be changing in the 1990s as production has begun to be restrained by dwindling supplies of red cedar logs.

Limited natural resource supplies have also restrained export growth for canned salmon. This product comprised 2 per cent of all British Columbia's exports in 1956, but only 0.5 per cent in 1996.

The story is quite different for salmon shipped in fresh or frozen form. This export category accounted for about the same 1 per cent of total exports in both 1956 and 1996. Dwindling stocks of ocean caught fish have not constrained export growth to the same extent because much or most salmon exported in this form are the product of fish farms that have sprung up along the British Columbia coastline in the 1990s. In the 1950s these exports were produced entirely from the open ocean fishery. The value of fresh and frozen

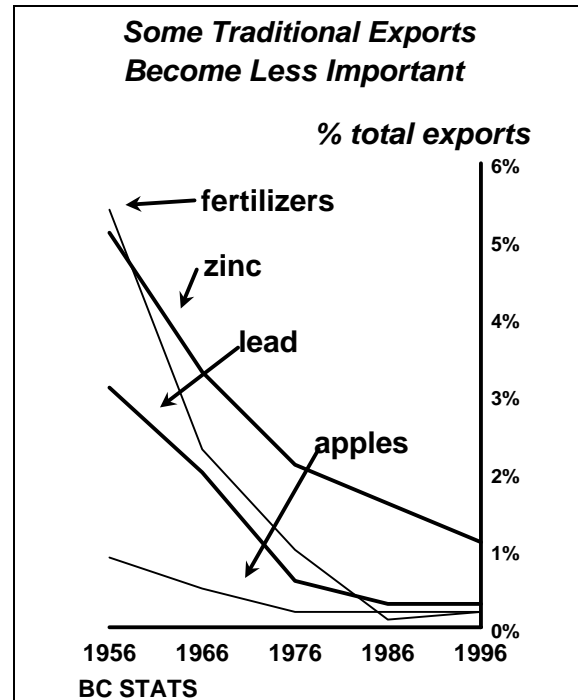
salmon exports were also boosted by rising prices during much of this decade.

Metallic minerals were less prominent in the province's 1996 export mix than they were in the mix of 1956. For example, exports of zinc metal amounted to more than 5 per cent of total exports in 1956, but only 1 per cent in 1996. Similarly, lead exports went from 3 per cent of total exports to 0.3 per cent. Both of these metals are products of the 92 year old Cominco smelter operations at Trail.

These operations also produced large volumes of fertiliser, much of it for export. In 1956 fertiliser accounted for over 5 per cent of total provincial exports. This ratio gradually shrank over the years as growth in fertiliser shipments failed to keep up with rising exports of other products. The closure of the Kimberly fertiliser operations in 1987 sharply reduced provincial production, so that by 1996 fertiliser exports had shrunk to a relatively minor 0.2 per cent of total exports.

Apples are an agricultural export that has become less important than it once was. At one time one of the trade mark exports identified with British Columbia, like salmon or douglas fir lumber, apples have since become a relatively minor trade commodity. In 1956 apples accounted for 1 per cent of total exports. By 1996, this had shrunken to 0.2 per cent.

Exports that have slipped down the province's export mix over the past forty years have mainly been raw or semi-processed agricultural and natural resource commodities. However, they also include some secondary manufactured products. Heavy industrial trucks are one example.



In the 1980s, British Columbia was home to three substantial truck manufacturing operations, established mainly to serve local resource industry needs. Exports of the truck manufacturing industry amounted to \$137 million in 1986, more than one per cent of total provincial exports in that year. The industry shrank over the years and, by the mid-1990s, only one British Columbia truck manufacturer remained in operation – Western Star Trucks of Kelowna. In 1996, total provincial exports of trucks and parts amounted to \$53 million, or 0.2 per cent of total exports.

Whiskey is another secondary manufactured product that has declined in importance as a provincial export. Whiskey accounted for about 1 per cent of total exports in much of the 1950s and 1960s. But by 1996 whiskey exports fell to negligible amounts with the closure of the province's only major distillery operation.

## **New Exports Replacing Old**

While exports of some secondary manufactured products have shrunk, their loss has been more than made up for by others.

For example, as exports of assembled trucks have fallen off, exports of motor vehicle parts have been rising. Vehicle parts are being produced by manufacturers of plastic products, electronic goods and metal products who have been discovering opportunities for growth within the more liberalised North American trading environment. By far the largest of these is the Toyota wheel plant in Delta.

Dwindling whiskey exports have been more than made up for by exports of non-alcoholic drinks, such as mineral water and soft drinks. In 1996, exports of mineral water and soft drinks amounted to \$55 million, far exceeding the \$2 million of whisky exports in that year. If recent investment trends continue, these may be augmented in the next few years by exports from the rapidly expanding wine industry. Wine exports were a mere \$300 thousand in 1996, but approached \$2 million in the January to October period of 1997.

New exports have also replaced old in agriculture. Cranberries, ginseng and mushrooms have emerged as the up and coming agricultural exports of the 1990s, with 1996 exports of \$26 million, \$10 million, and \$22 million, respectively.

In the mining and energy sector, long term relative export declines for zinc and lead have been balanced by fast growing exports of coal and natural gas. Coal exports rose from 0.3 per cent of total exports in 1956 to 8 per cent in 1996. Natural gas exports were negligible in 1956, but amounted to 2 per cent of total exports in 1996. Natural gas is likely to become a still larger component of the provincial export mix in 1997 and 1998 with the completion of new pipelines and gas processing facilities.

The new export products of the 1980s and 1990s have contributed a great deal to economic growth. Their addition to the province's export mix has helped boost exports from 19 per cent of gross domestic product in 1981, to 28 per cent in 1996.

The increasing importance of exports for economic growth accentuates the need to further extend the range of goods shipped to international markets beyond the traditional natural resource commodities. With forest yields approaching or having already reached maximum sustainable yields for commercially viable timber, it is unlikely that lumber and pulp can continue to support the same export growth they have in the past. Future exports, and the jobs associated with them, will have to come increasingly from non-resource related production.