

Feature: Export Emphasis Shifts to Manufactured Goods As Resource Commodities Falter

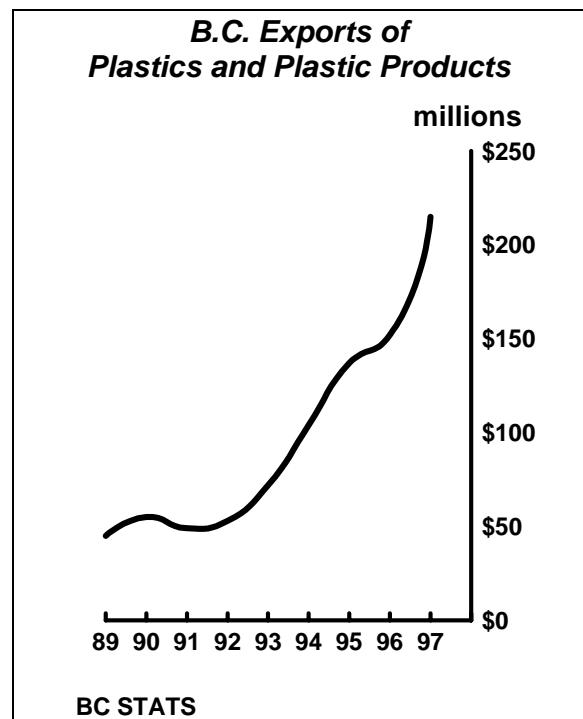
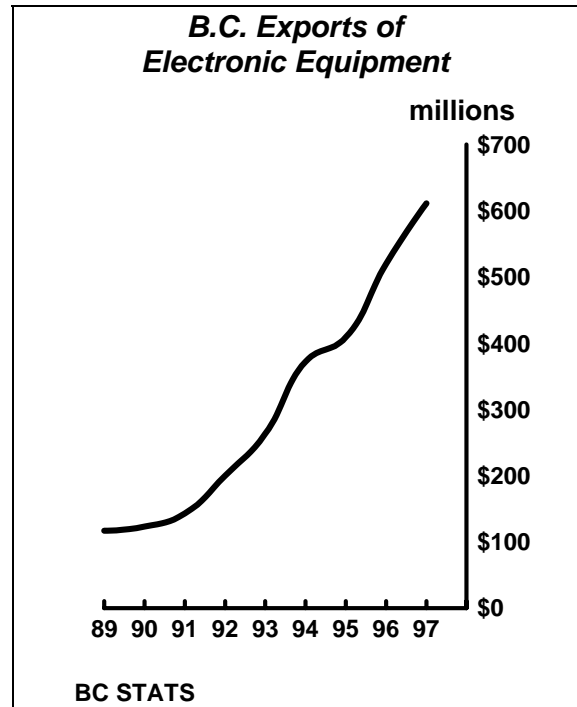
Exports of British Columbia natural resource commodities began to decline in late 1997, with the onset of the Asian economic crisis. Fortunately, as this was happening the province's exporters were shipping record high values of manufactured goods.

An expanding range of British Columbia manufactured products has become available for export in the 1990s as trade liberalisation in North America and world wide has simultaneously imposed trading imperatives, and presented new opportunities. Companies that were already producing these products for local markets have been obliged to become exporters. In other cases, new companies have been created to manufacture products aimed at world markets. The addition of their products to the provincial export mix has considerably lessened British Columbia's dependence on natural resource industries for its economic growth.

Among the fastest growing exports during the 1990s have been electrical and electronic machinery. Exports in this category increased 398 per cent from \$123 million in 1990, to \$611 million in 1997. Most are destined for the United States (\$400 million), but 1997 exports also included significant shipments to Japan (\$42 million) and to Europe (\$31 million). Since 1990, exports of electronic goods have grown fastest to overseas markets.

Electronic products are part of the broader machinery and equipment export category, which has expanded from 6 per cent of total provincial exports in 1990 to 10 per cent in 1997. Machinery and equipment exports have now become more valuable than shipments of coal, metal and metal

ores, fish products, paper, or any solid wood product other than lumber.



Plastic products are another export category that occupies a rapidly expanding portion of the province's export base. Exports of plastic products climbed 291 per cent between 1990 and 1997, from \$55 million, to \$215 million. Most (85 per cent) was shipped to the United States. Other export destinations included a widely diversified market of developed and developing countries.

A growing immigrant business community in greater Vancouver has helped support a 315 per cent growth in apparel product exports from \$44 million in 1990, to \$182 million in 1997. Almost all (93 per cent) went to the United States market, although a significant \$9 million was shipped to Japan.

In general, the most consistent export growth of the 1990s has been for products with no direct link to natural resource production. However, rapid and consistent export growth has also been reported for some value added manufactured products of the forestry industries. Value added forestry exports are particularly cherished by the province's economic planners because they are seen as a means of creating new jobs that can be located in rural resource communities that have suffered from clo-

sures or downsizing of sawmills and pulp mills.

A composite of the most important value added wood products registered 184 per cent export growth between 1990 and 1997, from \$291 million to \$827 million. This was considerably faster than the 106 per cent growth reported for semi-processed lumber exports in that period.

Most value added wood exports (\$616 million) went to the United States. However, shipments to the Japanese market (\$172 million) were also important, and growing faster. While value added wood exports to the United States rose 159 per cent between 1990 and 1997, those to Japan leapt 321 per cent.

Similarly in the pulp and paper industry, export growth was generally stronger for products containing greater value added content. Shipments of non-newsprint paper grew 136 per cent between 1990 and 1997. Contrasting with this, exports of pulp grew just 0.5 per cent, and newsprint exports (containing less value added content than other papers) actually shrank in value by 23 per cent.