

Changes In B.C. Share of U.S. Import Market

British Columbia's exports to the United States have continued to grow in the 1990s, as have exports from other parts of Canada. For several important secondary manufactured products, British Columbia's exports to the United States have been growing fast enough to win a growing share of the United States import market.

But for some key resource commodities, exports to the United States from other provinces have grown faster than exports from British Columbia. The result has been that the British Columbia share of the total U.S. import market for these particular resource items has fallen.

A Small Share of A Big Market For Secondary Manufactures

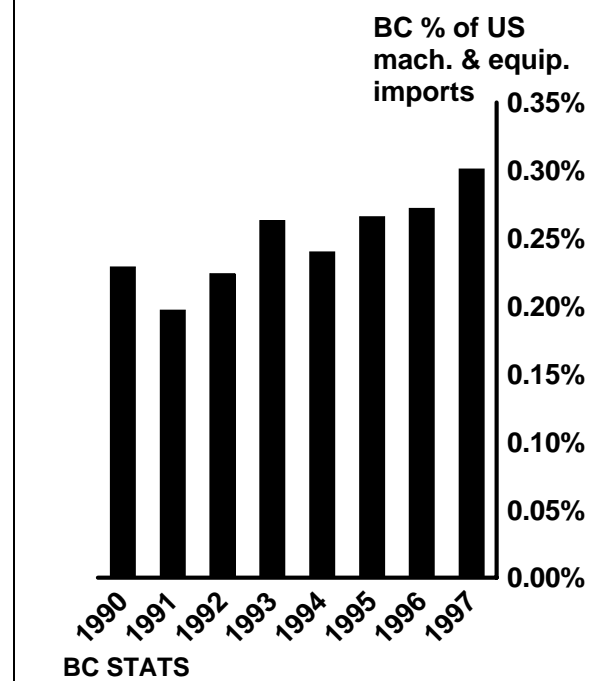
British Columbia has generally claimed far smaller shares of U.S. import markets for secondary manufactured goods and agricultural products than it has for forestry or mineral products. This is still true, but it is slowly changing as British Columbia manufacturers and agriculturists have been expanding their marketing focus to include all of North America and beyond. The enormous size of the U.S. import market offers potentially huge increases in export trade for producers who are able to compete.

British Columbia's share of U.S. imports of machinery and equipment moved from 0.2 per cent in 1990 to 0.3 in 1997. This tiny gain of 0.1 per cent of a \$US 459 billion import market was produced through a 152 per cent jump in British Columbia shipments of machinery and equipment to the United States, from \$US 549 million in 1990, to \$US 1,383 million in 1997.

There were similar gains, very small in terms of percentage of the U.S. market but involving tens of millions of export dollars, for plastic and apparel products.

British Columbia's share of the U.S. import market for plastic products went from 0.6 per cent to 0.9 per cent, with an increase in the value of its shipments to the United States from \$US 41 million in 1990, to \$US 128 million in 1997. Apparel exports went from 0.1 per cent of the U.S. market to 0.3 per cent, as they grew from \$US 33 million in 1990, to \$US 121 in 1997.

Gaining Small Shares In Huge U.S. Market For Machinery and Equipment Products



Agricultural exports to the United States are small as yet, but have been growing and could potentially become much larger. Recent successes have been reflected in the expansion of British Columbia's share of the \$US 2,098 million United States im-

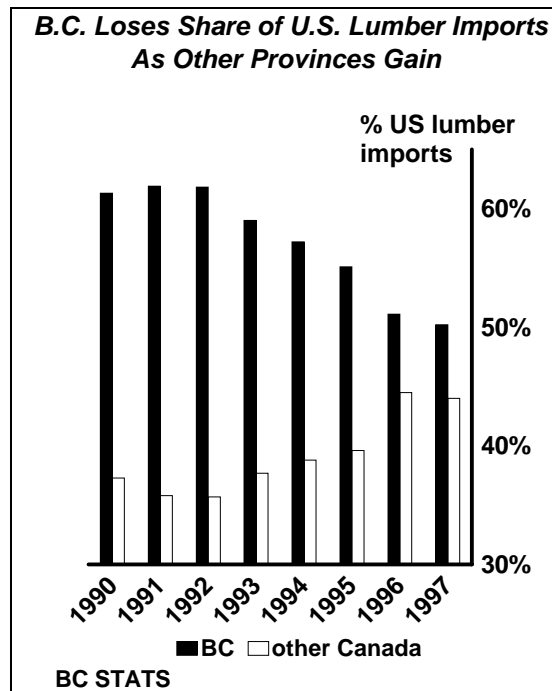
port market for vegetable products, from 0.8 per cent in 1990, to 2.3 per cent in 1997.

Solid Wood Products

In the first three years of this decade, British Columbia was the source of between 61 and 62 per cent of all United States imports of softwood lumber. By 1997 the province's share of this market had fallen to 50 per cent. During this period there were significant increases in the production of solid wood products in Quebec, Alberta, Ontario, and New Brunswick, while production levels in British Columbia remained relatively stable.

Competition in the U.S. market comes more from other provinces than from other countries. Producers in Quebec and Alberta increased their softwood lumber exports to the United States by 468 per cent and 294 per cent respectively between 1990 and 1997. Producers in Atlantic Canada, where export quotas of the Canada-USA Softwood Lumber Agreement do not apply, increased shipments to the United States by 706 per cent, rising from \$83 million in 1990, to \$440 million in 1996 and \$669 million in 1997. By contrast, British Columbia's much larger softwood lumber exports to the United States rose a more modest 159 per cent between 1990 and 1997, from \$1,964 million to \$5,077 million.

At this rate of increase British Columbia's lumber exports to the United States have not kept pace with the expanding U.S. market for imported lumber. Total U.S. softwood lumber imports grew 177 per cent between 1990 and 1997, from \$US 2,530 million to \$US 7,004 million.



Most of the increased U.S. demand for imported lumber has been met by other provinces. Their collective share of U.S. lumber imports increased from 37 per cent to 44 per cent between 1990 and 1997. Much smaller, but growing portions of the U.S. market for imported lumber have gone to international competition. Mexico, Chile and Brazil each claimed a 1 per cent share in 1997.

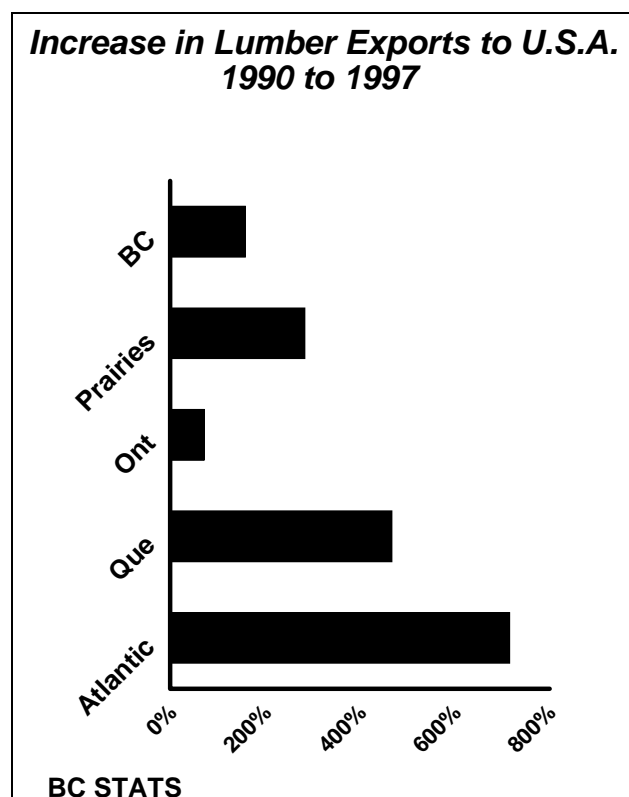
British Columbia also lost share in the United States market for other types of solid wood products. Shakes and shingles from British Columbia went from 92 per cent of U.S. imports in 1990, to 83 per cent in 1997. The 9 percentage points lost were mainly claimed by other provinces, who increased their collective share from 8 per cent to 17 per cent. There was a similar pattern for softwood plywood. British Columbia's share slipped from 54 per cent in 1990, to 50 per cent in 1997. Other provinces increased their collective share from 2 per cent to 4 per cent.

There is also some similarity in the pattern for value added wood products. These are goods made from sawn lumber. They include, for example, wooden siding, mouldings, prefabricated houses, doors, windows and furniture. United States imports from British Columbia of a selection of value added wood products grew by 116 per cent between 1990 and 1997. This was strong growth compared with many other products, but was slightly below the 122 per cent growth in total U.S. imports of value added wood products from all sources.

The result was that the province's share of U.S. value added wood imports was little changed – 5.9 per cent in 1990 and 5.7 per cent in 1997. More or less maintaining market share in a rapidly expanding and highly competitive market has been a significant achievement. However, other provinces have done better, increasing their collective exports of value added wood products by 347 per cent between 1990 and 1997, and doubling their share of the United States import market from 13 per cent to 26 per cent. Much of this gain was made in furniture exports, which are not a large part of British Columbia's wood industry production.

Several international suppliers of value added wood products have recently been making important inroads into the United States market. China (including Hong Kong) shipped \$US 959 million in 1997, more than twice the \$US 435 million shipped from British Columbia. Chinese wood products shipped to the United States differed greatly from the value added wood products shipped from British Columbia. They included \$US 623 of wooden furniture and \$US 248 million of small objects such as jewellery boxes and marquetry. Italy was another important

source of value added wood products for the United States. Italian producers shipped \$US 648 of valued wood products to the U.S. market in 1997, including \$US 582 of furniture and \$US 44 million of smaller objects. NAFTA partner Mexico shipped \$US 672 million, including \$US 386 million of furniture and \$US 123 million of wooden mouldings and similar products.



**B.C. Penetration of U.S. Import Market
Selected Export Commodities**

	share of total (%)							
	1990	1991	1992	1993	1994	1995	1996	1997
SOLID WOOD PRODUCTS	27.7	28.6	29.9	30.9	29.6	26.7	26.4	25.4
Lumber (softwood)	61.3	61.9	61.8	59.0	57.2	55.1	51.1	50.2
Cedar Shakes and Shingles	92.2	91.5	91.0	90.8	86.1	83.8	84.6	83.1
Plywood (softwood)	53.7	34.1	33.5	52.7	51.0	43.6	41.9	50.3
Selected Value Added Wood Products	5.9	5.8	6.2	5.0	4.7	4.5	4.7	5.7
other	9.1	10.7	8.1	11.3	10.7	12.1	12.2	12.4
PULP AND PAPER PRODUCTS	14.0	12.8	11.7	13.0	13.6	13.9	12.6	10.1
Pulp	25.2	23.1	22.5	30.9	32.7	30.5	29.9	23.2
Newsprint	16.0	15.2	13.0	14.7	14.7	16.0	14.2	9.3
Paper, Paperboard - exc. Newsprint	5.7	6.6	7.3	6.5	6.9	6.2	8.0	9.5
other	2.1	2.5	2.9	3.3	3.5	3.6	3.0	2.1
AGRICULTURE AND FOOD OTHER THAN FISH	1.0	1.2	1.1	1.1	1.1	1.1	1.2	1.1
Fruit and Nuts	1.4	1.4	1.7	1.6	1.9	2.1	1.8	1.6
Vegetables	0.8	1.0	1.3	1.2	1.3	1.5	1.8	2.3
other	1.0	1.1	1.1	1.1	1.0	1.0	1.1	1.0
FISH PRODUCTS	3.3	3.5	3.6	3.9	3.6	3.8	3.4	3.6
Whole Fish; Fresh, Ch'd, Froz. exc Salmon	4.7	6.3	6.7	6.9	6.8	6.1	5.4	5.3
Whole Salmon; Fresh, Chilled, Frozen	40.2	48.1	49.4	51.4	53.0	49.6	37.8	45.6
Salmon; Canned, Smoked, etc.	18.4	15.7	14.8	10.9	15.2	15.6	15.7	14.8
other	1.0	0.9	1.0	1.1	0.9	1.3	1.2	1.1
METALLIC MINERAL PRODUCTS	2.2	2.3	3.4	2.3	2.5	2.1	2.2	2.6
Copper Ores and Concentrates	0.4	0.5	14.7	5.6	20.9	0.0	0.0	1.2
Molybdenum Ores and Concentrates	0.0	10.3	44.8	34.3	33.5	25.6	22.6	8.2
Unwrought Aluminum	1.8	1.3	1.0	0.6	0.9	1.1	0.8	0.6
Unwrought Zinc	10.7	15.3	18.1	15.0	16.7	13.7	15.0	17.9
other	0.7	0.8	1.0	0.7	0.8	0.8	1.0	1.0
ENERGY PRODUCTS	0.6	0.8	0.9	0.8	1.0	0.8	0.7	0.9
Natural Gas	7.3	8.1	7.3	7.3	9.9	10.1	6.9	8.3
Coal	9.4	9.8	0.8	0.3	0.4	0.2	11.5	14.0
Electricity	20.1	21.4	27.6	12.4	10.9	5.4	9.9	16.2
other	0.2	0.3	0.3	0.2	0.2	0.1	0.2	0.1
MACHINERY AND EQUIPMENT	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3
Motor Vehicles and Parts	0.2	0.1	0.1	0.1	0.2	0.3	0.2	0.2
Electrical/Electronic/Communications	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
other	0.3	0.3	0.3	0.4	0.3	0.3	0.4	0.4
PLASTICS AND ARTICLES OF PLASTIC	0.6	0.5	0.4	0.5	0.6	0.6	0.7	0.9
APPAREL AND ACCESSORIES	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3
ALL OTHER COMMODITIES	0.8	0.8	0.8	0.8	1.0	1.0	1.0	0.9
GRAND TOTAL	1.2	1.2	1.2	1.4	1.4	1.3	1.3	1.3

BC STATS

Pulp and Paper

Pulp is British Columbia's second largest export to the United States after lumber. The province continues to be the most important external source of pulp for the United States, shipping more than any other province and more than any country. British Columbia's share of total U.S. pulp imports has moved up and down during the 1990s, but with no consistent trend to increase or decrease. It began at 25 per cent in 1990, moved as high as 33 per cent in 1994, and was down to 23 per cent in 1997.

Most U.S. pulp imports not originating in British Columbia are supplied by other provinces, mainly Ontario, Quebec and Alberta. The collective share of all other provinces in the U.S. import market for pulp was 64 per cent in 1990, and 61 per cent in 1997. Again, there was no consistent trend to either rise or fall. There was a sharp recovery in the market share of other provinces in 1997 coincident with a sharp drop in the British Columbia share. This likely reflects a combination of strikes in British Columbia and new pulp capacity coming on line in Alberta.

International competition to sell pulp in the U.S. market has come largely from Brazil. U.S. pulp imports from Brazil amounted to \$US 270 million (11 per cent of the import market) in 1997. This compared to the \$US 594 million (23 per cent) shipped from British Columbia in that year. Imports from South Africa and Chile added another \$US 45 million (2 per cent) and \$US 25 million (1 per cent), respectively.

International competition to sell newsprint in the United States was on a much smaller scale, with very minor portions of

the U.S. import market being served by the exports of Scandinavia (1 per cent in 1997), Korea (1 per cent), Mexico (0.3 per cent) and Russia (0.2 per cent). The British Columbia share of U.S. newsprint imports has been about 15 per cent throughout most of the 1990s, although it dropped to 9 per cent in 1997. The rest of Canada has generally claimed around 85 per cent during most of the 1990s.

There has been a positive development for British Columbia in its rising share of U.S. imports of paper products other than newsprint. The provincial share of these relatively value-added pulp and paper industry products rose from 6 per cent in 1990 to 10 per cent in 1997. Over the same period, the collective share of other provinces was also rising, although less consistently. It grew from 52 per cent in 1990, to 56 per cent in 1997.

Other Resource Commodities

British Columbia also ranks among the principal suppliers to the United States of several mineral, energy and fish products.

The province shipped 18 per cent of U.S. zinc imports in 1997, up from 11 per cent in 1990. Eight per cent of U.S. molybdenum imports in 1997 originated in British Columbia, as did 8 per cent of natural gas imports; 14 per cent of coal imports; 16 per cent of electricity imports; 15 per cent of canned salmon; and 46 per cent of whole salmon in fresh or chilled form.