

Plastic Manufactured Products Become Important New Element In Provincial Export Mix

Plastic products have emerged as one of the important new exports through which British Columbia is steadily reducing its reliance on natural resource commodities.

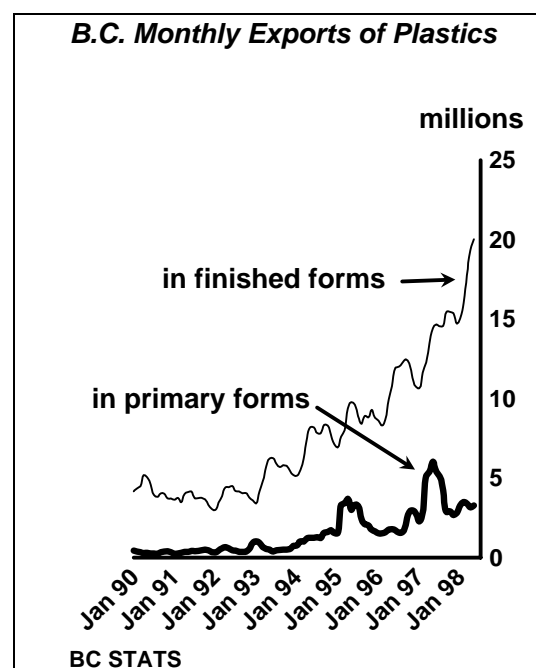
British Columbia exports of plastic manufactured goods grew at an annual average rate of 20 per cent between 1990 and 1997, more than twice as fast as the 8 per cent rate for all British Columbia exports. Exports of these goods also exceeded the 18 per cent average annual growth rate for exports of plastic manufactured products from Canada as a whole.

Plastics manufacturers in British Columbia are mainly located in the lower mainland. Figures provided by the Canadian Plastics Industry Association listed 237 plants in the province as of December 1997, including 70 molders, 36 extruders and 31 fabricators. Only two other provinces were reported as having more plastic industry production plants, Ontario with 2,363 and Quebec with 826. There were 185 reported for Alberta.

With relatively little production of raw materials for plastic, the industry in British Columbia is primarily focused on fabrication of manufactured goods. Provincial plastics exports included 78 per cent manufactured products in 1997, and only 22 per cent primary commodities. By contrast, the plastic exports of oil and gas rich Alberta included 14 per cent manufactured products and 86 per cent primary commodities. Alberta's \$726 million of plastics exports in primary forms exceeded British Columbia's \$47 million by a wide margin, but British Columbia's \$168 million exports of plastics in manufactured form exceeded Alberta's \$117 million by a comfortable margin.

The United States is by far the most important market for plastic products shipped from any province. It was the destination for about 90 per cent of British Columbia exports of plastic manufacture during the 1990s.

British Columbia has been more successful than any other province at finding Asian markets for plastic manufactured products. Nevertheless, exports of these products shipped to Asia have never amounted to more than a small fraction of the provincial total, so that their potential loss, should economic difficulties in that region continue, would be unlikely to seriously harm the industry in British Columbia. British Columbia exports of plastic manufactured products to all of Asia amounted to only \$3 million dollars in 1997, compared to \$153 million shipped to the United States.



Plastic manufactured goods exported from British Columbia are concentrated in a relatively few product categories. Packaging alone accounted for one third (34 per cent). Plates, sheet, film, etc. made up another 18 per cent. Builders ware including windows, tanks, and other building products accounted for another 13 per cent; and tubes, pipes, hoses, connectors, etc. were another 10 per cent. A large miscellaneous category (20 per cent) included items ranging from plastic clothing accessories to house siding material.

Even with the rapid growth in exports of plastic manufactured goods, the indications are that the province is still a net international importer of these products.

No statistics are available to directly estimate the value of imports consumed in British Columbia of plastic goods or any other particular type of product. However, there are import figures that can provide some comparative indicators. For example, the value of plastic manufactured goods entering Canada through Customs Ports located in British Columbia amounted to \$396 million in 1997. This suggests that there is a considerable volume of import traffic that the British Columbia industry might hope to at least partially replace with domestic product. Another import statistic suggesting this is the British Columbia share of total Canadian imports of plastic manufactured products, apportioned on a per capita basis by province. This is estimated at \$563 million for 1997.

For Canada as a whole, imports can be compared directly to exports. Total Canadian imports of manufactured plastic products amounted to \$4,331 million in 1997. Canadian exports of these products came to \$3,747 million, leaving a national trade deficit of \$584 million.

1997 B.C. Exports of Plastic Manufactured Products

| | (\$ millions) | distribution |
|-----------------------------------|---------------|--------------|
| packaging | 56,713,661 | 33.7% |
| plates, sheet, film, etc. | 30,352,332 | 18.1% |
| builder's ware | 22,040,464 | 13.1% |
| tubes, pipes, hoses, etc. | 15,955,682 | 9.5% |
| baths, shower stalls, etc. | 6,850,767 | 4.1% |
| household articles | 2,273,399 | 1.4% |
| other | 33,878,901 | 20.2% |
| total | 168,065,206 | 100.0% |

BC STATS

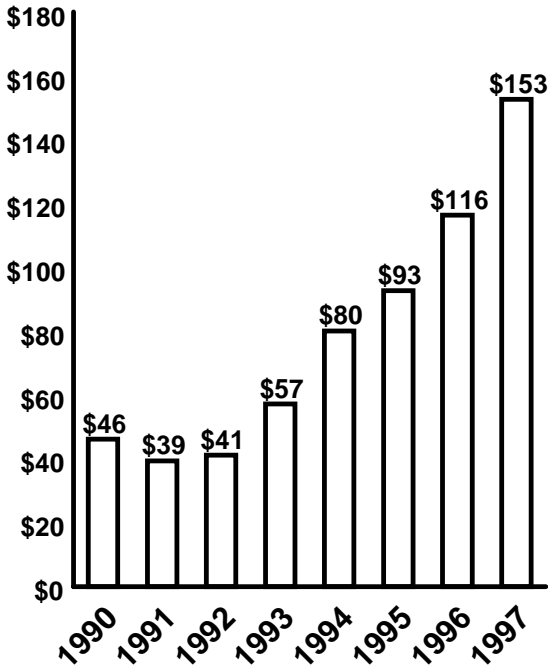
The United States was the source of 83 per cent of Canadian imports of plastic manufactured products in 1997, shipping \$3,595 million of the \$4,331 million imported into Canada from all countries. It was the destination for 92 per cent of total Canadian exports of these goods, \$3,438 million of \$3,747 million.

These figures produce a Canadian 1997 trading deficit with the United States of \$157 million for plastic manufactured products. While not trivial, this figure is still a long way down from the \$505 million of 1990. If the Canadian dollar continues to trade at record low levels against the United States dollar, it would not be impossible for Canada to become a net exporter of plastic manufactured products to the United States by the end of the decade.

So far in this decade, British Columbia manufacturers of plastic products have kept pace with manufacturers in other provinces as they have expanded their share of the vast United States import market. The total Canadian share of U.S.

B.C. Exports of Manufactured Plastic Products to USA

millions



BC STATS

imports of plastic manufactured products has climbed steadily through the 1990s, from 19 per cent in 1990, to 27 per cent in 1997.

British Columbia's share grew from 0.8 per cent of the \$US 10,093 million market in 1990, to 1.1 per cent of the much larger \$US 20,470 million market in 1997. This was achieved through a 233 per cent increase in exports to the United States from \$46 million (Canadian dollars) in 1990, to \$153 million in 1997.

Ontario remains by far the biggest Canadian exporter of plastic manufactured products to the United States. However, it has not experienced as rapid growth in exports over the 1990s as other provinces have. Ontario shipments of plastic manufactured goods to the United States climbed 186 per cent from 1990 to 1997, from \$760 million to \$2,170 million.