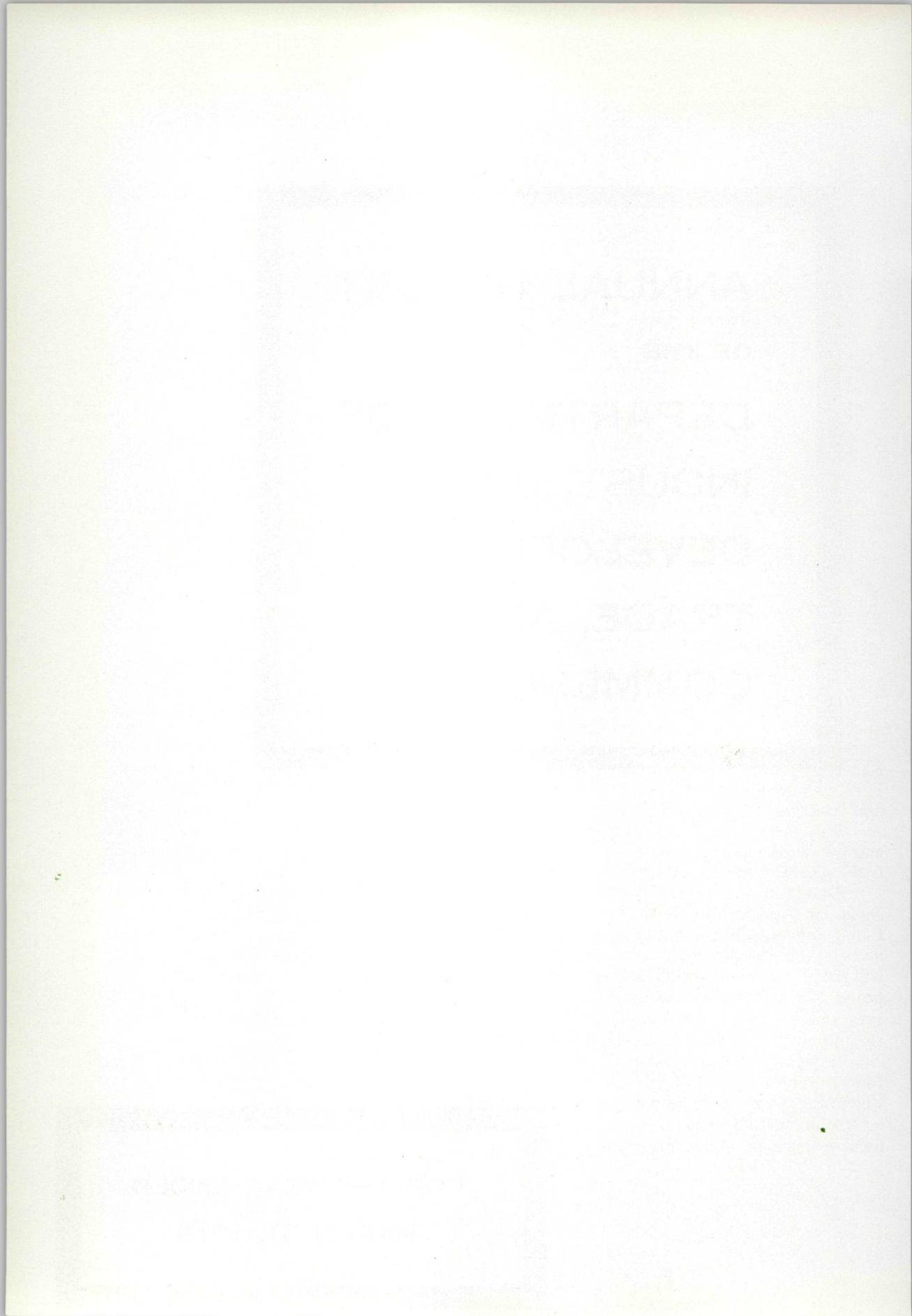


ANNUAL REPORT
OF THE
DEPARTMENT OF
INDUSTRIAL
DEVELOPMENT,
TRADE, AND
COMMERCE

FOR THE YEAR ENDED
MARCH 31, 1974





*To the Honourable WALTER S. OWEN,
Q.C., LL.D.,
Lieutenant-Governor of British
Columbia.*

MAY IT PLEASE YOUR HONOUR:

I beg to submit the Report of the Department of Industrial Development, Trade, and Commerce for the fiscal year ended March 31, 1974.

GARY V. LAUK
*Minister of Industrial Development,
Trade, and Commerce.*

*To the Honourable GARY V. LAUK,
Minister of Industrial Development, Trade, and Commerce,
Victoria, British Columbia.*

SIR: I have the honour to submit herewith the Report of Industrial Development, Trade, and Commerce for the fiscal year ended March 31, 1974.

Inasmuch as 1973 was a year of reorganization and transition for the Department, this Report will reflect this transition by recording the activities of the Department from January 1, 1973, to March 31, 1974, in order to bridge the gap between calendar year and fiscal year reporting. It is intended that all future Annual Reports will be on a fiscal year basis.

This Report highlights the performance of the Provincial economy and examines trends and events of economic importance. The industrial and economic well-being of the Province is the record of the Department and the Government's role.

During the year, record gains were made in export trade, with the increase in shipments to Japan far above that to all other countries. It was also a record year for new jobs and for the fishing industry. Significant advances were made in the Gross Provincial Product and in capital investment in the Province. Many projects announced and started during the year in all regions will produce a rise in over-all business activity in coming years. Despite the weight of the universal problem of inflation and threatened energy shortages, progress in the Province was high. However, continued world demand for British Columbia's commodity-based items will likely see consistent though moderated increases in future expansion.

Expansion will be guided by the work of the Department's Economic Policies Branch, formed toward the end of 1973. This Branch will be responsible for drafting detailed policies which will subsequently be published by the Minister.

Additional information is contained in the body of this Report recording progress for the fiscal year ending March 31, 1974.

A. L. PEEL
*Deputy Minister of Industrial
Development, Trade, and Commerce*

DEPARTMENT OF INDUSTRIAL DEVELOPMENT, TRADE,
AND COMMERCE

Parliament Buildings,
Victoria, B.C. V8V 4R9

HONOURABLE GARY V. LAUK, *Minister*

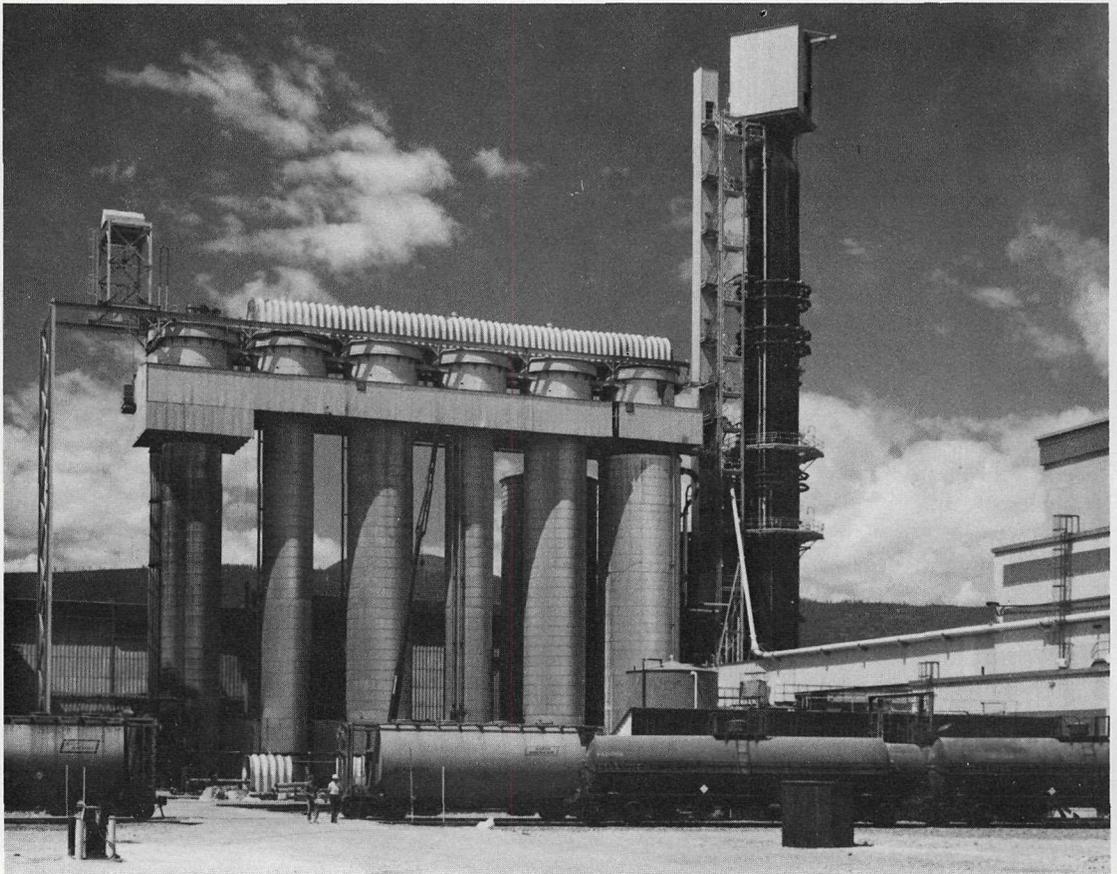
A. L. PEEL, *Deputy Minister*

VANCOUVER OFFICE

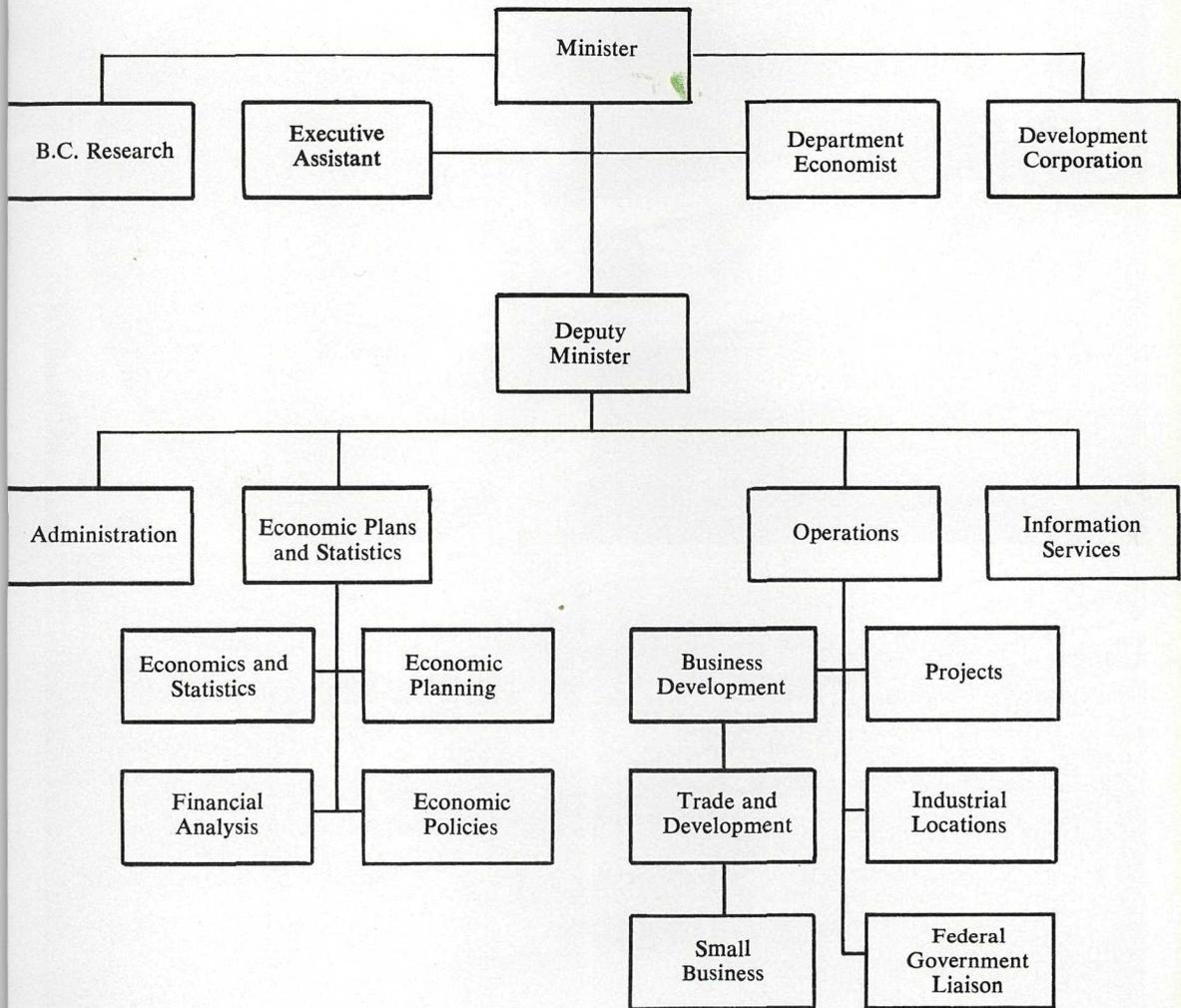
Box 10111, Pacific Centre, Suite 450, 700 West Georgia Street, Vancouver, B.C. V7Y 1C6
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BRITISH COLUMBIA HOUSE

1-3 Regent Street, London S.W. 1 Y, 4 N S, England (telephone 01-930-6857)
Rear-Admiral M. G. Stirling, RCN (Rtd.), Agent-General

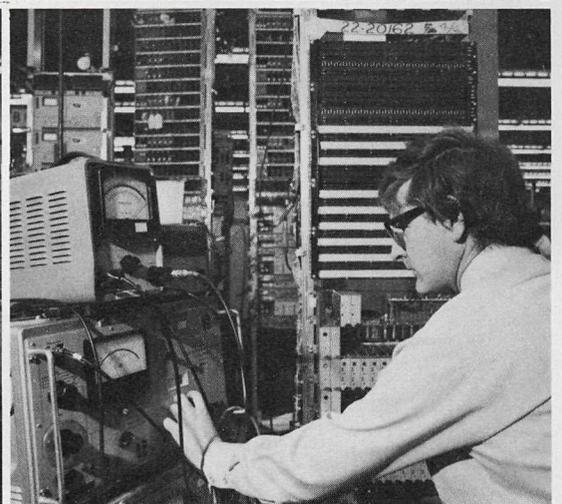
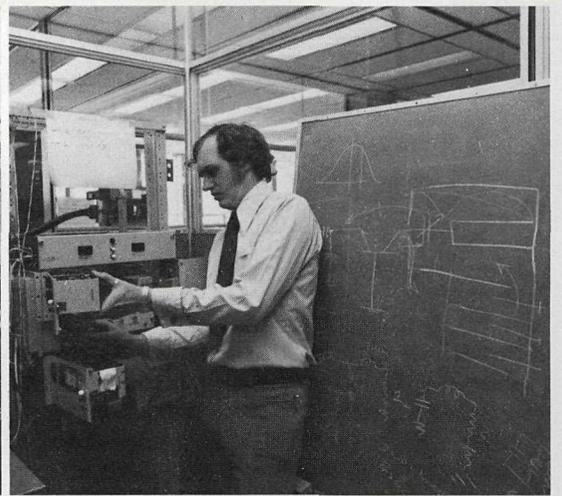
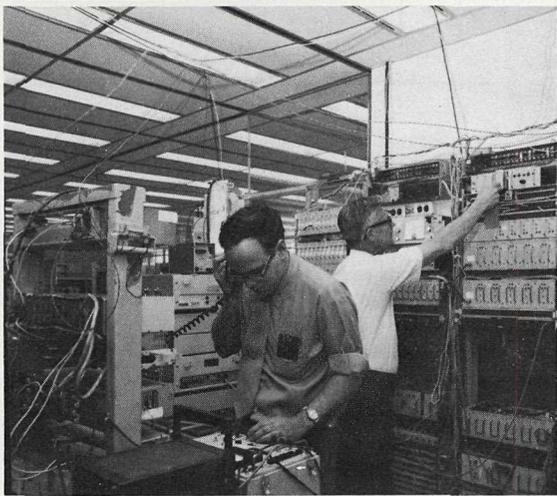
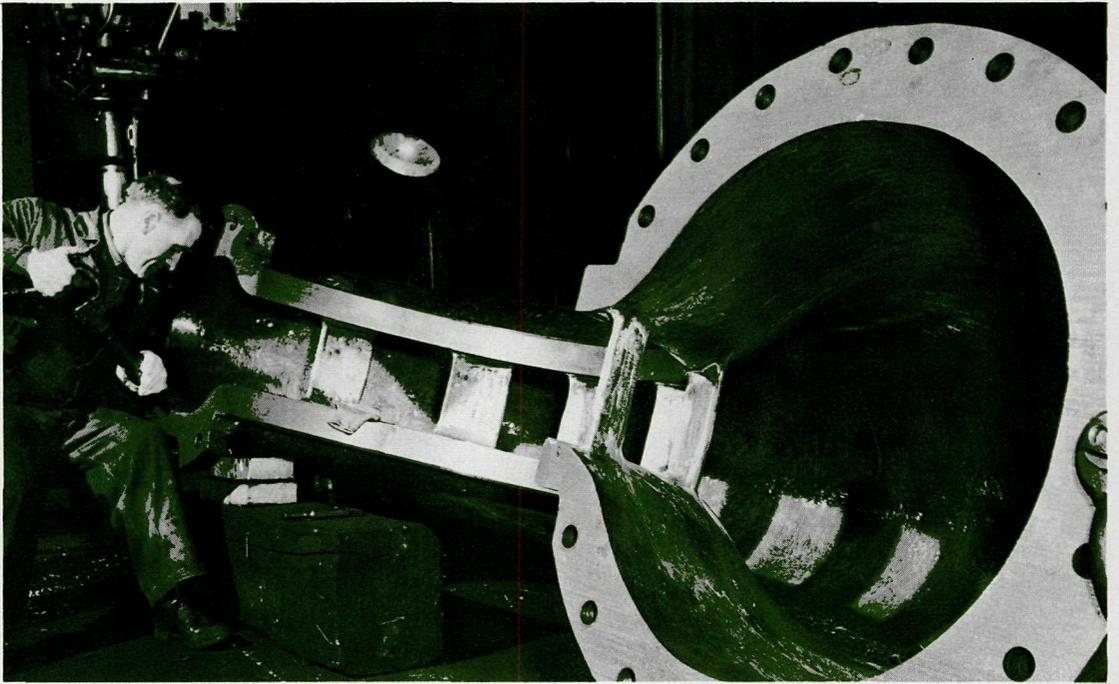


ORGANIZATION OF THE DEPARTMENT OF INDUSTRIAL
DEVELOPMENT, TRADE, AND COMMERCE



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The ECONOMY'

In 1973, British Columbia recorded the most substantial economic gains in recent history, well above the average increase attained in the rest of Canada. Many factors were responsible, particularly strong demand of the United States, Japan, the European Economic Community, and others for the products of British Columbia industries.

New jobs were created at a record pace. At the same time, production losses due to labour-management disputes were relatively small, primarily because 1973 was an off-year for contract negotiations.

Excellent gains in output and sales were realized during the year in forest industries, fishing, agriculture, mining, power generation, manufacturing, and construction. This was reflected in retail sales, gasoline consumption, foreign trade, transportation, power consumption, tourist expenditures, personal income, and capital investments. Capital investment jumped by 10.3 per cent between 1972 and 1973.

The Gross Provincial Product climbed to an estimated \$13.8 billion, an increase of 1.9 billion or 16 per cent over the 1972 level. Inflation accounted for a significant part of the increase (the GNP implicit price index rose about 7 per cent in 1973), but the real gain was still the largest, in both absolute and relative terms, realized in the past decade.

Inflationary pressures in the Province increased during 1973 with the consumer price index rising by 6.8 per cent and the general wholesale price index by 21.2 per cent. However, these increases compared reasonably well with those registered in most industrial nations.

The Provincial population increased 3 per cent in 1973 with residents of other provinces attracted to the many new job opportunities arising from rapid economic expansion. In comparison, the total Canadian population rose only 1.2 per cent.

A sharp rise in average income, combined with an increasing work force and higher prices, led to a record level of retail sales.

Unemployment remained a serious domestic problem during the year, largely because British Columbia tends to draw so many people from other parts of the nation. However, 58,000 new jobs were created during the year, while the labour force grew by an average of 52,000 people. As a result, the average annual unemployment rate declined from 7.6 per cent

in 1972 to 6.5 per cent of the labour force.

Exports through British Columbia customs ports climbed to a record \$4.65 billion, 43 per cent more than in 1972. Price increases accounted for part of the gain, but the volume of shipments rose substantially as well, particularly wood products, pulp, metal ores and concentrates, fish and fish products, grains, natural gas, and coal. While gains were widespread and affected virtually every foreign market, exports to Japan rose at a phenomenal rate.

Imports also reached a new high of \$2.0 billion. The United States accounted for most of the increase, while purchases from Japan, Australia, the United Kingdom, and the balance of the European Common Market declined slightly from previous highs.

The value of shipments of manufactured goods from British Columbia plants jumped to \$6.0 billion for the year, an increase of 26 per cent over 1972. Although increases occurred in all manufacturing sectors, almost two-thirds of the gain was attributable to the forest industries.

Mineral production was well above last year as a number of large properties completed their first full calendar year of operations. Prices were up sharply as well for most minerals, resulting in the value of mineral production nearing \$1 billion for the first time. Copper concentrates and coal accounted for the major part of the increase.

The fishing industry also experienced its most successful year ever in 1973, with the wholesale marketed value of fish and fish products exceeding \$200 million.

Output in the agriculture sector was only moderately higher in most product groups; however, greatly increased prices for live stock, dairy products, field crops, and various fruit and vegetables boosted farm cash receipts to the \$323 million mark.

The outlook for 1974 is clouded by the current world-wide energy crisis and continued inflationary pressures and shortages of key materials. A more moderate rate of expansion was anticipated for 1974 as the rapid growth of the past 12 to 18 months likely could not be sustained. However, it remains to be seen how much impact a fuel shortage will have on industrial production and ultimately on the demand for British Columbia products.

8 INDUSTRIAL EXPANSION

During 1973 the level of private and public investment in British Columbia reached nearly \$4.4 billion compared with \$3.75 billion in 1971 and 1972. On a *per capita* basis, investment spending averaged \$1,887 per person, compared with a Canadian ratio of \$1,511 per person.

Utilities grew the most with expenditures of \$1,040 million. Manufacturing ranked next at \$595 million. Investment in other business sectors were primary industries and construction, \$585 million; trade, finance, and commercial services, \$470 million.

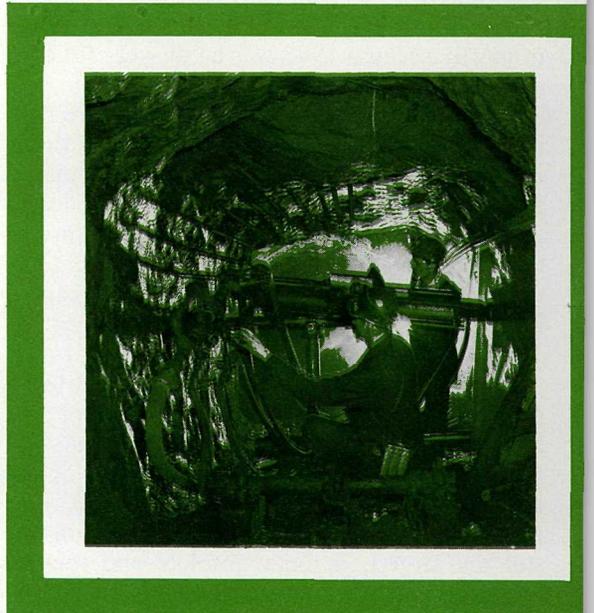
Large-scale investments in the electric power, telephones, marine transport, and pipe-line transport industries accounted for the substantial level of spending in the utilities sector. B.C. Hydro and Power Authority awarded powerhouse construction contracts for the new Kootenay Canal and Mica Creek Generating Stations and B.C. Telephone Company recorded a capital expansion programme totalling over \$165 million.

Among significant transportation projects, major terminal facilities were started at the ports of New Westminster, Prince Rupert, and Vancouver.

Investments in the wood industries totalled over \$220 million and led capital spending by British Columbia manufacturers. Expenditures in the paper and allied industries at approximately \$155 million followed.

Projects completed in other manufacturing industries resulted in net additional factory space of some 1.8 million square feet. Investment activity in primary industries and construction was led by a \$12.5 million environmental control addition to the Fort Nelson gas-processing plant of Westcoast Transmission. New office towers and hotels in the Greater Vancouver area accounted for a substantial rise in spending by trade, finance, and commercial services.

In 1974, utilities are again expected to absorb the major share of investment funds. B.C. Hydro and Power Authority is anticipated to switch its ninth generating unit into service, a

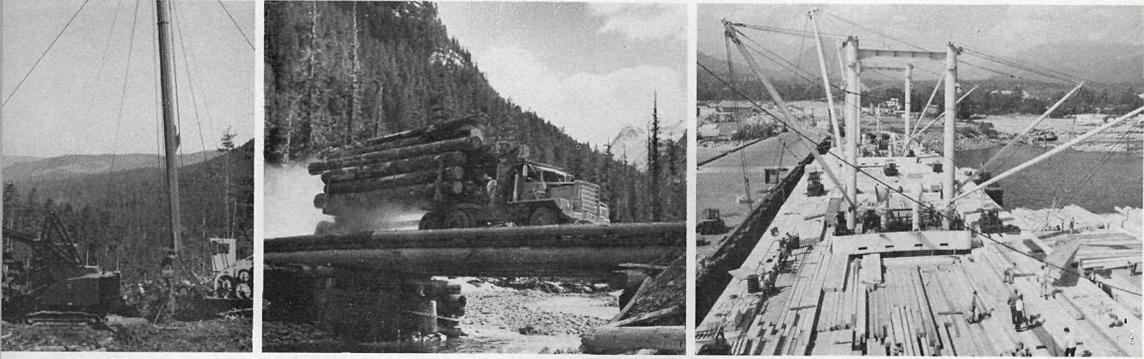


facility of 275,000-kilowatt capacity, at the Peace River hydro-electric project, and a 150,000-kilowatt unit at the Burrard Thermal Generating Station. B.C. Telephone forecasts capital improvements totalling over \$190 million in 1974.

Westcoast Transmission is submitting a proposal to the National Energy Board for pipeline extensions valued at \$15.4 million. In other transportation industries, a \$24 million expansion is being planned at the Vancouver International Airport.

The most substantial investment proposal announced in the manufacturing industries is a \$50 million expansion to the refinery of Chevron Canada Ltd. at Burnaby, which would include environmental control installations.

At year-end, redevelopment activity was reported for the reopening of various metal mines previously closed because of unfavourable price and market conditions.



EXTERNAL TRADE

Price gains and strong domestic and foreign demand combined to produce a substantial advance in the value of trade through British Columbia customs ports in 1973. Export shipments reached \$4.65 billion (62 per cent of British Columbia origin), compared with \$3.3 billion in 1972, while imports are estimated at \$2 billion, a gain of 14.9 per cent over 1972.

Significant advances in exports included fish products, lumber and related wood products, pulp, copper and other metals in ores and concentrates, coal, wheat and other grains and oilseeds. Import classes of major importance were food, iron and steel, machinery, and fabricated metal products and industrial equipment.

Export advances were registered in practically every foreign market in 1973. The most important value gains were made in shipments to Japan, the United States, Britain, other Western Europe, and China.

The demand for most Western Canadian exports to the United States accelerated to a total of \$1,685 million (1972, \$1,383 million). Lumber led the way, followed by natural gas and petroleum; pulp, paper, and allied products; and metals in ores and concentrates (mainly copper, lead, and zinc).

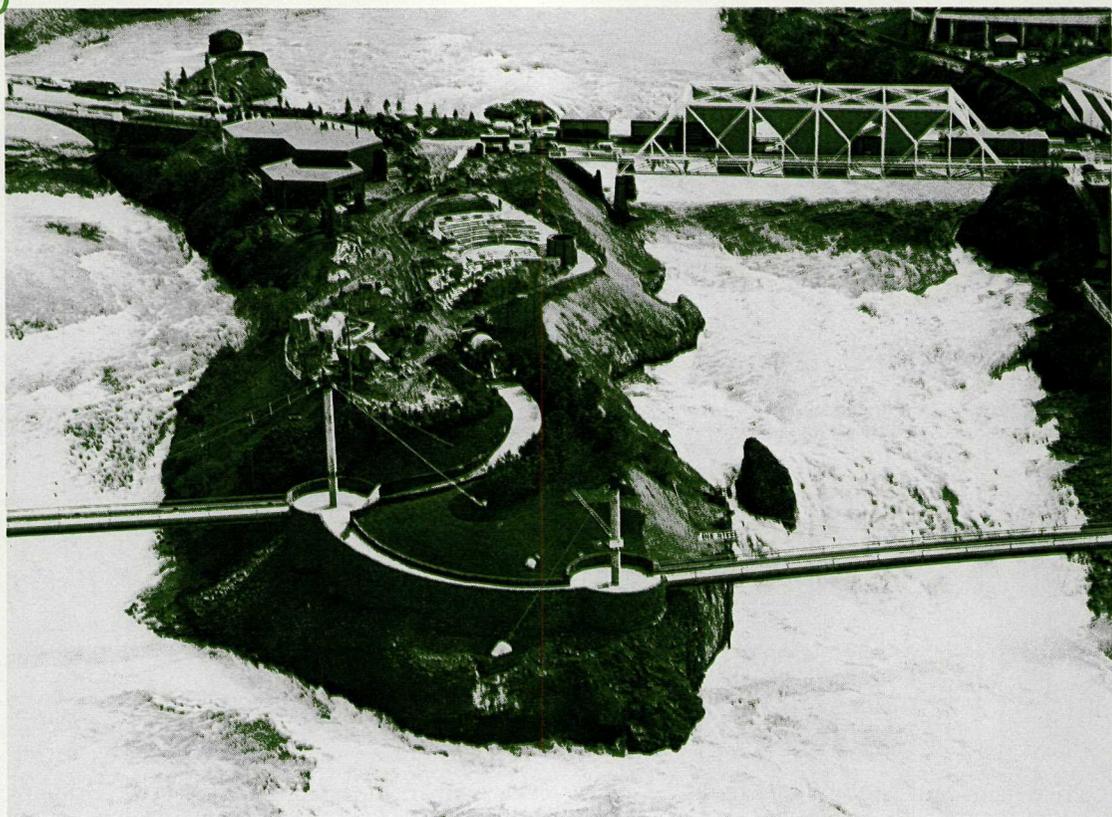
Exports to Japan increased at a phenomenal rate from \$789.9 million in 1972 to \$1,508.0 million in 1973. These gains were spread over the full range of products, but the big value exports were copper concentrates, barley, wheat,

coal, lumber, rapeseed, and flaxseed. Britain's entry into the Common Market has not apparently hampered exports through British Columbia customs ports and a gain of \$113 million to a total of \$301.6 million was registered.

The value of imports through British Columbia ports, at over \$2 billion, exceeded 1972 by an estimated \$260 million. This gain resulted from increased demand and general increase in the price (average 6.8 per cent) of imported goods.

The United States dominated the advance in imports (\$1,126.4 million), while imports from other major suppliers (such as Japan, United Kingdom, West Germany) declined slightly in value compared with 1972. Prospects for trade in 1974 suggest continued growth, but at a slower pace than in 1973.

Cutbacks in deliveries of Middle East oil to the United States, Japan, and Western Europe could hamper economic expansion and therefore affect exports to these markets in 1974. Worldwide inflation and continued problems with the international monetary system also continue as problems. Despite this, British Columbia's exports are expected to increase in 1974, because of worldwide demand for such commodities as fish products, pulp, lumber, newsprint, coal, natural gas, copper, lead, zinc, aluminum, and molybdenum.



EXPO 74

British Columbia's participation in Expo '74 at Spokane, Wash., was announced toward the end of 1973 by the Honourable Gary V. Lauk, Minister of Industrial Development, Trade, and Commerce. The British Columbia Pavilion is on a unique island setting. In design and surroundings it will "symbolize British Columbia's place in the world. In the midst of a vast complex of industrial and commercial exhibits, it will be a place where nature still has precedence over man. It will be a quiet place, a place to stop, relax, and renew one's acquaintanceship with the natural world."

The building itself consists of three interlocked hexagons. The main part of the exhibit is a series of audio/visual presentations. Entering the pavilion, the visitor is first presented with a kaleidoscope view; a tunnel of mirrors which reflects images from various parts of the display.

Continuing, the visitor passes through five

separate viewing areas, which combine double and single slide projection, real and mirrored views of the natural setting of the island, tabletop and floor-level views from overhead film and slide projectors, and, finally, a theatre with a seven-image screen.

These areas present the nature of British Columbia in several ways, from microscopic views of plants and insects to aerial views of the landscape.

Leaving the theatre, the visitor will again move outdoors and may then proceed to an enclosed exhibition area where British Columbia artists, including native carvers, weavers, and dancers, will be featured in displays and demonstrations.

The display has been designed so that, with minor alterations, it can be removed and later travel throughout British Columbia for use in schools and for display to the general public.

GENERAL' AFFAIRS

While still maintaining a full range of services to existing and prospective industry in the Province during 1973, the Department of Industrial Development, Trade, and Commerce commenced a major reorganization programme.

The updated objectives of the Department are to stimulate spatially ordered economic development in the Province; to broaden the economic base, particularly in the area of creating jobs through added value in processing; to develop dynamic and flexible economic strategies which relate to British Columbia's strategic position in Pacific and world trade as well as trade within the region of Western Canada.

Reorganization resulted in formation of two main divisions within the Department—Economic Plans and Statistics, and Operations. These two bodies report to the Deputy Minister. The Deputy Minister, the Minister's Executive Assistant, the B.C. Research Council, and the Crown British Columbia Development Corporation all reports to the Minister.

The Economic Plans and Statistics Division compiles and analyses all statistical data; acts as liaison with Statistics Canada; initiates and conducts market studies, and provides statistical services to all other components within the Department.

It is envisioned that this group will provide the principal source of all statistical information on past and present activities.

Also under *Economic Plans and Statistics* are the Economic Planning, Financial Analysis and Economic Policies branches.

Economic Planning processes statistics and general information into specialized technical data and economic strategies for guidance in project planning and development of likely key areas such as base metals and processing, forest products, and manufacturing.

Financial Analysis provides profiles of successful business projects for the business community of the Province. It is responsible for producing regular reports of activities of financial institutions and providing advice and assistance to business projects.

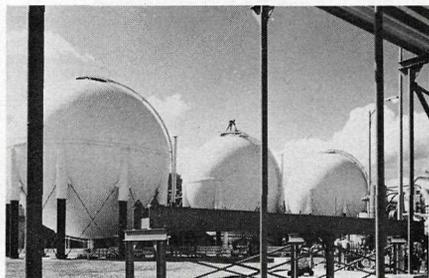
Economic Policies is responsible for drafting detailed policies to be published by the Minis-

ter. When fully staffed, the group will carry out analysis of the policies of other governments to determine their possible impact on the British Columbia economy.

The Department's second main division, Operations, has one group responsible for business development and includes a new group responsible for small businesses. It works closely with the Development Corporation of British Columbia. A second group, for Projects and Industrial locations, is also included in the Operations Division.

In the promotion of its services to businessmen, the Business Development group organizes trade missions; plans and sponsors visits by groups of British Columbia manufacturers to prime export markets, trade fairs, and shows; provides assistance to individual companies who wish to participate; arranges and sponsors visits of officials whose companies may be potential buyers; provides technical assistance and marketing assistance to companies expanding or diversifying; counselling assistance by experienced members of the Department; and introduces new programmes designed to encourage the expansion and growth of secondary manufacturing in the Province.

Information Services was formed in 1973. It is responsible for handling questions that arise from calls, letters, and visits to the Department; arranges speakers for meetings, display units for trade fairs and newsletters and departmental publications; co-ordinates advertising and publicity and press conferences.



OPERATIONS

The year 1973 was one of reorganization, planning, and implementation of specific activities. With the changing of the division's name from Trade and Industry to "Operations," the development of a much more aggressive role started to take shape.

The objectives of the Operations Division are described as follows:

- (1) To develop plans and programmes and carry out their implementation, which will assist the growth of existing industrial establishments within the Province:
- (2) To develop plans and programmes and carry out their implementation to encourage the establishment of new industries within the Province:
- (3) To work closely with the communities of the Province and to assist them in their planned industrial development:
- (4) To provide an open line of communication between industry and the Department by way of personal contact between Department officers and industrial establishments:
- (5) To obtain, through personal visits by Department officers, an intimate knowledge of the productive capacity of the industrial establishments located in the Province:
- (6) To develop programmes designed to encourage the establishment of small businesses and assist in their growth within the Province:
- (7) To provide the leadership and action in carrying out the recommendations connected with programmes jointly sponsored by the Provincial and Federal Governments, with specific attention directed to those programmes associated with the Department of Regional Economic Expansion.

In order to achieve these objectives, the Operations Division has been divided as follows:

- (1) Business Development, which includes trade and industry development and small business assistance:
- (2) Projects, which includes major long-range industrial development activities:
- (3) Industrial Sites, which includes the selection of suitable properties, design of facilities, and development of specifications for industrial sites throughout the Province:
- (4) Federal Government Liaison, which includes the planning, organizing, coordinating, and the development activities which are identified and financed through joint co-operation between Provincial and Federal Governments.

In response to the reorganization programme, the role of the Vancouver Office has been upgraded. Its initial objectives have been concentrated on improving the communication between the Department and the industrial community and obtaining first-hand knowledge of the productive capabilities of the Province's industry and of the problems of development which face both industry and communities.

During the year, Department personnel operating out of the Vancouver office made 1,400 visits to industries in the Province and responded to an additional 1,200 inquiries through interviews held in the Vancouver office. In the same period, Department personnel made 300 visits to the communities of the Province, contacting elected and appointed officials in every corner of British Columbia.

As the first step in assisting existing industries to expand, company representatives were sent to foreign market areas and foreign buyers were brought into the Province. Although the initial efforts were limited by staff shortages, representatives of the oyster industry were able to assess the oyster-seed market in France, and 10 foreign buyers from New Zealand, the Philippines, Guyana, Brazil, Sweden, and other countries were brought to British Columbia to attend the Pacific Sawmill Equipment Exhibition and discuss equipment purchases with the manufacturing companies. It is estimated that equipment orders valued at \$1 million were received, partially as a result of the Department's effort, and valuable contacts were developed.

An on-the-site study was prepared to identify the market opportunities for logging, sawmill, and plywood equipment in Malaysia. Following the completion of this study, a seven-com-

pany mission was organized and departed in January 1974.

Planning is under way for 1974 for a 10-man mission to attend the Hanover and Milan Trade Fairs in search of joint venture and licensing agreement opportunities.

A five-company mission visited Australia in March 1974, to determine the opportunities for sale of prefabricated kitchen cabinets in that

country.

A 10-company mission is planned for June 1974 to Japan to identify opportunities for prefabricated housing and components.

With the increased activity generated by the home offices of the Department, more attention is being paid to the California, Washington, and Oregon markets, and regular visits are made into these areas by Department personnel.



ECONOMICS & STATISTICS

The Economic Plans and Statistics Division performs a wide variety of duties related to economic and industrial development in British Columbia. Along with its other activities, the Branch is responsible, through agreement with Statistics Canada, for meeting the needs of users of 1971 census data in the Province, and functions as the Provincial Census Data Dissemination Centre.

Within the Division are four branches stemming from reorganization—Economics and Statistics, Economic Policies, Economic Planning, and Financial Analysis. The latter two did not become operative in 1973.

During 1973, there was considerable activity for the Economics and Statistics Branch. Staff members carried out a number of research projects for the Department which included a study of sawmill and logging equipment producers, estimates of British Columbia product exports, a survey of hearing impairment to aid the Board of Hearing-aid Dealers and Consultants in establishing policies and regulations, background data related to G.A.T.T. negotiations, steel industry studies, Peace River-Liard task force report, Kootenay task force report, report on Japanese trading companies in British Columbia, petroleum sales survey, negotiations with Department of Regional Economic Expansion (DREE) pertaining to new progress of Federal-Provincial co-operation.

In co-operating with the other Government departments and organizations, the Branch produces studies such as related to Government purchasing policies, Government automobile insurance, papers for the Western Economic Opportunities Conference, and research on a B.C. Merchant Marine.

The Economic Policies Branch did not become operative until late in 1973 when a director was appointed to draft policy statements for approval and publication by the Minister. When fully staffed, the group will carry out analysis of the economic policies of other

governments to determine their possible impact on the British Columbia economy and their relationship to policy considerations in this Province.

The Economic Policies Branch will also prepare policy drafts for study within the Department and will submit position papers on various policy questions for Ministerial consideration.

Further involvement for this group will be with policy-related projects that have important implications for the socio-economic development of the Province. Initially, activity in this area has been largely concerned with liaison and research relating to the economic rights of women in British Columbia.

Economics and Statistics personnel attended or participated in a number of meetings during the year. Among the most significant were:

Federal-Provincial Review of the Pulp and Paper Industry, Ottawa, August 2, 1973.

Labour Force Survey Assessment and Review Project (Statistics Canada), Ottawa, October 16 to 19, 1973.

Foreign Trade Seminar—Pacific Rim markets for food products—Vancouver, March 12–13, 1973. (Sponsored by Department of Industry, Trade and Commerce, Ottawa).

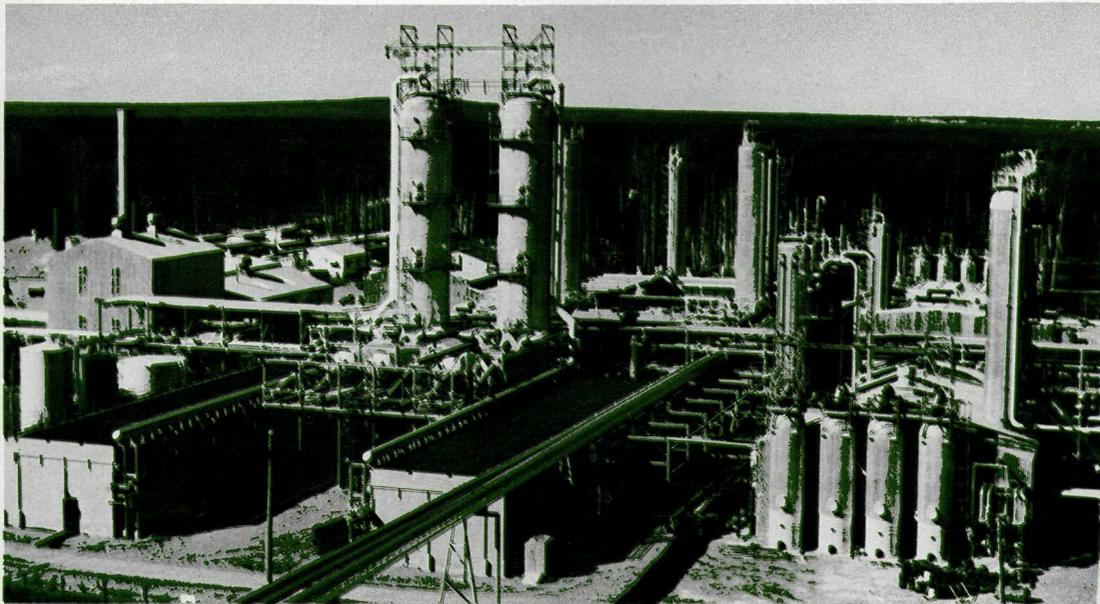
Statistics Canada—Provincial Committee on Provincial Economic Accounts, Ottawa, November 7 and 8, 1973.

Committee on International and Interprovincial Trade Statistics, Ottawa, November 9, 1973.

Construction and Investment Statistics Workshop, Ottawa, November 9, 1973.

Western Economic Opportunities Conference, July 24 to 26, 1973, Calgary.

Eighth Federal-Provincial Conference on Economic Statistics, Montebello, P.Q., May 22 to 26, 1973.



PUBLICATIONS

Following is a list of publications issued by the Department in 1973, with brief descriptions:

Bulletin of Business Activity—A monthly summary and review of current economic and business activities with statistical data showing comparisons to the previous month and the same month of the preceding year. Also contains special articles of current interest and lists new publications as they are released by the Department.

Summary of Economic Activity—Annual summary and review of the economic pattern of the current year and a statistical supplement covering the past 10 years. Issued at the end of the current year.

British Columbia Business Outlook—A study of the prospects for business for the coming year. Issued at the end of the current year.

External Trade Through British Columbia Customs Ports—Annual report providing both detailed and summary tables showing exports and imports through British Columbia customs ports. Includes data by commodity and country and graphs.

British Columbia Preliminary Regional Salary and Wage Rate Survey—Annual study of wage rates for selected occupations and industries in British Columbia. The information is useful for inter-industry salary and wage-rate comparisons.

Industrial Expansion in British Columbia—Quarterly publication listing, and describing projects completed, commenced, and proposed for each quarter on a regional basis. There is also an annual report of the year's activities under the same categories.

Skeena-Queen Charlotte Regional Economic Study—Examines the past and present economic base of this region and suggests the direction of future growth.

The Washington Oregon Market—A study for British Columbia businessmen. An in-depth study of the economic structure of these two states and suggests opportunities for sale of British Columbia products.

Employment and Investment in British Columbia Government Approved Tourist Accommodation—A survey and analysis of the industry. Co-operation of the Travel Department contributed significantly to this study.



B.C. HOUSE

British Columbia again had an official office at the Hanover International Trade Fair, manned by the Commercial Officer from B.C. House in London. This is the largest industrial fair of its kind in Europe, attracting about 500,000 visitors. Assistance was given to businessmen and industrialists thinking of Western Canada as a base for future expansion and investment; useful contacts were established with representatives of Canadian banks and government departments in Germany. A great deal of trade literature was distributed. During the year, requests were dealt with from British Columbia manufacturers interested in the markets of Great Britain and the new EEC, looking for sources of supply, sales prospects, etc. A number of British Columbia businessmen also called at B.C. House, London, seeking advice on contacts and itineraries.

Similarly, inquiries were received from British and European firms wishing to expand their Canadian sales or enter into manufacturing arrangements or joint ventures with British Columbia companies. Unfortunately, the restrictions imposed by the U.K. Government on the

transfer of sterling to the dollar area still in force are a restraining influence on the establishment of new businesses or branch plants in the Province by U.K. industrialists.

Facilities are now available at B.C. House, London, for British Columbia manufacturers to exhibit their merchandise for viewing by importers, buyers, and distributors in the U.K. It is hoped that many manufacturers will take advantage of these facilities to expand their business and to make successful contacts in the trade.

Throughout the year, British and European firms and trade associations, chambers of commerce, banks, and government departments were regularly circulated with trade literature, particularly the monthly *Business Activity Bulletin*.

In September 1972 the Trade Commissioner in London was posted back to Vancouver and since that time the Commercial Officer has been filling in. As a result, usual visits to other areas of Britain and Western Europe were not undertaken.