

Chapter 12

Mines and minerals

12.1 Canada's mineral industry

12.1.1 Review of the industry

The Canadian mineral industry experienced moderate growth during 1971 after strong growth in 1970. Disturbed world markets forced Canadian producers to add to their inventories for some commodities, while fuels, potash and asbestos expanded both sales and production. Growth of mineral production in 1971 was 4% compared with 21% the previous year.

Canada's mineral production in 1971 was valued at \$5,968 million compared with \$5,722 million in 1970 and \$4,734 million in 1969. Physical volume contributed to the rise in production with an increase in mine output of about 5%. There was strong growth in the fuels sector in 1971.

Canada produces about 60 different minerals from domestic deposits. The ten leading minerals comprised 83% of total output by value in 1971 compared with 82% in 1970 and 79% in 1969. The 1971 value for the ten leading minerals totalled \$4,974 million with individual values at: petroleum, \$1,357 million; nickel, \$800 million; copper, \$760 million; iron ore, \$555 million; zinc, \$418 million; natural gas, \$343 million; asbestos, \$204 million; natural gas by-products, \$193 million; cement, \$191 million; and sand and gravel, \$153 million. The first four accounted for 58% of the total value of mineral production in 1971 compared to 59% in 1970 (Tables 12.1-12.5).

Canada produces nearly all the minerals needed for modern economies. A few items, such as manganese, chromium, bauxite and tin are imported from lower-cost sources. Canada is the world's largest producer of asbestos, nickel, zinc and silver, is second in potash, molybdenum, gypsum and sulphur, and is among the leaders in production of titanium concentrates, platinum, aluminum, gold, copper and iron ore.

The strength of Canada's mineral industry is based largely on export sales. Apparent consumption of domestic minerals is equivalent to proportions of mineral output ranging from 6% for potash and nickel to about 23% for iron ore and about 41% for copper. Minerals and fabricated mineral products exported in 1971 represented 84% of total mineral production value.

Exports of minerals and fabricated mineral products have led several sustained booms in the Canadian economy in the past and they have been a major factor in the recent surge in Canada's export trade. In 1971, these exports were valued at \$5,039 million or 28% of the \$17,744 million total of merchandise exports. This proportion is typical of the past decade or so, but it has been maintained despite the sudden and very large increase in Canada's automobile trade with the United States in the late 1960s. The level of mineral exports was less in 1971 than in 1970 due to weakened United States demand. Shipments to the European Economic Community (EEC) and Britain are significantly lower than formerly. Proportions shipped in 1971 to different markets (with dollar values in parentheses) were: United States, 59% (\$2,989 million); Britain, 12% (\$595 million); Japan, 9% (\$443 million); and EEC, 8% (\$386 million). Comparable percentages for 1970 were: United States, 55%; Britain, 14%; Japan, 8%; and the EEC, 11%. Japan purchased 11% more from Canada in 1971 than in 1970 and the EEC, 31% less.

In 1971, the contribution by value of the various classes of products to the total value of production was as follows (1970 figures in parentheses): fuels 34% (30%); metallics 49% (54%); non-metallics 8% (8%); and structural materials 9% (8%). The slight shift in significance of the classes reflects the relative stability of the demand for domestic structural materials, the continued easing of prices in some non-metallics, the strong growth in exports of fuels and the reduced production of metallics.

Canada leads the world in mineral exports, and ranks immediately behind the United States and the Soviet Union in mineral production. This sector has always been most important in Canada's economic development and is still the main force in the northward advance of Canada's frontiers of population and economic activity.

Prices for minerals presented a mixed picture in 1971. For copper and nickel, which bulk