

CHAPTER 10

MINES AND MINERALS

10.1 Canada's mineral industry

Canada leads the world in value of mineral exports and ranks third among the diversified mineral producers in non-fuel mineral production, behind the Soviet Union and the United States. The mineral industry has been a major factor in Canada's economic development and is still the main force in the northward advance of population and economic activity.

The industry is highly diversified, with over 60 different mineral commodities produced. It is also widely distributed, with exploration and mining activities being carried out in all regions of Canada.

On a volume basis, Canada is a world leader in the production of many minerals. It is first in uranium, zinc and nickel; second in asbestos, potash, sulphur and gypsum; third in gold, aluminium and the platinum group metals; fourth in molybdenum, copper, cadmium and lead; and fifth in silver. Except for a few minerals such as tin, manganese, chromium, phosphate and bauxite, Canada produces most of its mineral requirements.

During 1986, the Canadian mining industry produced a record value of \$15.6 billion of minerals (excluding oil and natural gas). Eighty per cent of this production was destined for export markets — the United States, Japan and Western Europe are Canada's major trading partners.

10.1.1 Sectors of production

The Canadian mineral industry as a whole is divided into four sectors: metallic minerals, non-metallic minerals, structural materials and fuels. Of that total, metallic minerals represented 26.4% or \$8.9 billion in 1986; non-metallic minerals (including coal) represented 13% or \$4.4 billion; structural materials, 6.5% or \$2.2 billion; and fuels, 54% or \$18.3 billion. The non-fuel sector (including coal) of the mineral industry increased in value by 1% to \$15.6 billion in 1986, compared with \$15.4 billion in 1985; the fuel sector (excluding coal) declined 37.5% from

\$29.3 billion in 1985 to \$18.3 billion in 1986. The overall total value of all sectors of the industry in 1986 was \$33.9 billion compared with \$44.7 billion in 1985.

In terms of the total value of output, Alberta contributed the largest share in 1986 at 51.5%. Ontario was second with 14.2%, followed by British Columbia, 9.9%, Saskatchewan, 7.6% and Quebec, 6.7%. In considering non-fuel mineral output by province, Ontario led with 34.0%, followed by Quebec, 16.4%, British Columbia, 11.9%, Alberta, 8.5%, Saskatchewan, 7.7%, Newfoundland, 5.5% and Manitoba, 4.8%.

In terms of real output measured by gross domestic product in 1981 dollars (a measure of physical volume of output), the non-fuel mining industry is estimated to have increased from \$6.1 billion in 1985 to \$6.2 billion in 1986. The total output from primary metal industries including non-ferrous smelters and refineries and crude steel industries is estimated to have decreased from \$3.9 billion in 1985 to \$3.8 billion in 1986, while metallic and non-metallic semi-fabricating and fabricating industries increased from \$8.2 billion to \$8.5 billion. The value of output in 1981 dollars for the industry as a whole, including mining and mineral manufacturing, totalled \$18.6 billion in 1986, up from \$18.3 billion in 1985 and represented 5.2% of the total output of the economy.

While value of output for non-fuel minerals increased in 1986 and metal prices showed some improvement, the industry continued to suffer from surplus capacity, sluggish demand and low profits. Cost-cutting remained a priority throughout the year. Employment in metal mines, non-metal mines and structural materials continued to drop from a peak level of 101,000 in 1981 to 78,000 in 1985 and an estimated 77,000 in 1986. Employment in smelting and refining and crude steel industries remained about the same as in 1985 at 77,000, down from the 1981 peak level of 95,000. Mineral manufacturing employment, on the other hand, increased to an estimated 224,000 in 1986, from 217,000 in 1985.