

crude steel industries was about 73,000; while employment in mineral manufacturing industries totalled about 238,000. The minerals sector overall accounted for about 3.1% of total employment in Canada in 1987.

One area of cost cutting for the mining sector has been in capital and repair expenditures. However, in 1987, the downward trend of the past few years was reversed. Total capital and repair expenditures in mining in 1987 were \$3.1 billion, an increase of about 10% over 1986. For the mineral industry overall, total capital and repair expenditures were \$7.4 billion in 1987, down slightly from \$7.5 billion in 1986. The minerals industry accounted for about 5.4% of total capital and repair expenditures in Canada in 1987.

The availability of flow-through share financing continued to be of considerable aid to the mining industry. Flow-through share financing approached \$1 billion during 1987. The success of the program was largely the result of the continuing exploration expenditures associated with the search for gold.

#### 10.1.2 Export sales

Exports of crude and fabricated minerals totalled \$17.9 billion in 1987. This represented 14.7% of total domestic exports. Of the total of all mineral exports, \$10.8 billion or 60.5% was destined for the US, while 15.3% went to the EEC and 8.7% to Japan. Crude minerals accounted for \$6.0 billion of total mineral exports, while refined metals and fabricated minerals accounted for \$11.9 billion. Imports of crude and fabricated minerals totalled \$8.4 billion in 1987. Net exports contributed about \$9.5 billion to Canada's balance of trade.

#### 10.1.3 Leading minerals

The top six commodities in terms of total value of output in 1987 (with 1986 values in brackets) were: gold, \$2.2 billion (\$1.7 billion); copper, \$1.8 billion (\$1.4 billion); zinc, \$1.7 billion (\$1.2 billion); nickel, \$1.3 billion (\$1.0 billion); iron ore, \$1.3 billion (\$1.3 billion) and uranium, \$1.1 billion (\$1.0 billion).

In the non-fuel mineral industry, gold continues to hold the top position with respect to value of output. The value of gold output in Canada increased to a new high of \$2.2 billion in 1987, up \$554 million from 1986. The quantity of gold produced increased from 102 899 kg in 1986 to 117 834 kg in 1987. The continuing success of flow-through share funding in raising capital for exploration, combined with an average gold price of US\$447/oz. in 1987, maintained much of the focus on this commodity. Of particular interest

was the merging of Placer Development Limited; Dome Mines Limited and Campbell Red Lake Mines Limited merged to form Placer Dome Inc., and became the largest gold producer in North America.

Silver staged a comeback in 1987, with the average price at close to US\$7.00/oz. compared to an average price of US\$5.46/oz. in 1986. The value of output in 1987 was \$374 million, up from \$275 million in 1986. Production rose from 1 088 t in 1986 to 1 250 t in 1987.

The price of copper surged on the London Metal Exchange (LME) to a seven-year high of US\$1.45/lb. in 1987. A lower valued United States dollar, tight inventories and stronger than expected demand contributed to shortages that led to higher prices. In 1987, the volume and value of copper output increased by nearly 10% and 30%, respectively.

The volume of zinc output was up to 1.3 million tonnes in 1987, a 35% increase over the nearly 1.0 million tonnes reported in 1986. The value of output also increased in 1987 to nearly \$1.7 billion, up from \$1.2 billion in 1986. A steady decline in zinc metal stocks over the past five years has brought down inventories to a level which should help sustain higher prices.

The volume of lead output increased to 391 000 t in 1987 from 334 000 t in 1986 and the value increased to \$413 million from \$228 million in 1986. The price of lead on the LME averaged about US18¢/lb. in 1986; by May of 1987, the price had risen to more than US34¢/lb. The average price for 1987 was about US27¢/lb. These higher prices were partially attributable to increases in demand combined with supply disruptions.

The volume of nickel output in Canada increased by nearly 15% to 188 000 t in 1987 while value increased by 32% to nearly \$1.3 billion. The price of nickel on the LME reached a five-year high of US\$4.23/lb. on December 30, 1987, up from US\$1.60/lb. at the beginning of the year.

In 1987, Canada's iron ore industry continued to face the harsh realities of an oversupply in international markets. Japan, the biggest iron ore buyer in the world, reduced its imports of iron ore from traditional suppliers such as Canada and the United States in 1987; improvements in Korean and Taiwanese markets helped to offset the Japanese cutbacks. Production of iron ore in Canada remained relatively stable in 1987 with volume of output up by 4% to 37.6 million tonnes, although the value of output was down by 7% to \$1.3 billion.

Molybdenum producers continued to face an oversupply situation in 1987. At the start of the