

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 1972. World markets strengthened in the last half of the year and inventories accumulated by some Canadian producers began to decrease. The value of mineral production in 1972 increased 7% compared with an increase of 4% the previous year.

Canada's mineral production in 1972 was valued at \$6,403 million compared with \$5,968 million in 1971 and \$5,722 million in 1970. Metal mines showed a decrease in output and non-metal mines showed a slight increase; however, the large increase in the production of mineral fuels more than offset these changes.

Canada produces about 60 different minerals from domestic deposits. The 10 leading minerals comprised 82% of the total output by value in 1972 compared with 83% in 1971 and 82% in 1970. The 1972 value for the 10 leading minerals totalled \$5,270 million. Individual values were: petroleum \$1,569 million, copper \$806 million, nickel \$717 million, iron ore \$489 million, zinc \$475 million, natural gas \$397 million, natural gas by-products \$251 million, cement \$209 million, asbestos \$206 million and coal \$151 million. The first four accounted for 56% of the total value of mineral production in 1972 compared to 58% the previous year (Tables 12.1 - 12.5).

Canada produces nearly all the minerals needed for modern economies although a few, such as manganese, chromium, bauxite and tin, are imported from lower-cost sources.

The strength of Canada's mineral industry is based on export sales. About 85.9% of the total mineral production was exported with crude minerals comprising 59.7% of the total mineral exports. Apparent consumption of minerals in Canada ranged from 28.6% for copper to 3.9% for nickel.

Exports of minerals and fabricated mineral products have led to several periods of sustained expansion in the Canadian economy in the past and they have been a major factor in the recent increase in Canada's export trade. In 1972 these exports were valued at \$5,499.8 million or 28.2% of the \$19,500.1 million total of merchandise exports. This proportion is typical of the past decade and has been maintained despite the sharp increase in Canada's automobile trade with the United States in the late 1960s. Increased demand in the United States was the main factor in the increase in Canada's exports. The major consumers of Canada's exports of mineral products were: the United States 64%, Britain 9.7%, Japan 9.1% and the European Economic Community 7%. Comparable percentages for 1971 were: United States 59%, Britain 12%, Japan 9% and EEC 8%. Exports to Britain and the European Economic Community continued to decline while the United States remained Canada's most important export customer.

Mineral production is divided into four sectors: metallics, non-metallics, mineral fuels and structural materials. The contribution of each of these groups to the total value of production in 1972 was as follows (1971 figures in parentheses): mineral fuels 37% (34%), metallics 46% (49%), non-metallics 8% (8%) and structural materials 9% (9%). The value of mineral fuels production increased with the continued rise in export sales. Structural materials are sold mainly in the domestic market where the demand is more stable.

Canada leads the world in mineral exports and ranks third in mineral production behind the United States and the Soviet Union. The mineral industry has always been a major factor 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 presented a mixed picture in 1972. The price index for ferrous metals, iron ore, ferro-alloys and additives showed a decline of 8.1% during the year. Non-ferrous metals, after declining from their peak value in 1970, registered a slight gain in 1972 as non-metallic mineral prices continued to increase, but at a slower rate than in the previous year. An over-supply of ferrous metals during most of the year brought about a reduction in prices, particularly for ferro-alloys. A strengthening of world demand for non-ferrous