British was calmed somewhat in 1818 by a "joint occupancy" agreement. An active campaign to establish trading posts at strategic locations was waged by the Hudson's Bay Company (which had amalgamated with the North West Company in 1821) to check American intrusion and to legitimize the British territorial claim. The "Oregon question", however, was settled (to the advantage of the Americans) by the treaty of 1846, which extended the eastern boundary westward along the 49th parallel.

In order to assert British sovereigntv. Vancouver Island was established as a British colony in 1849. Nine years later gold was discovered in the Fraser and Cariboo areas, attracting thousands of fortune-seekers, most of them Americans. On the instigation of the Governor of Vancouver Island, James Douglas, the British Columbia mainland was proclaimed a colony in 1858. Douglas was made governor of both colonies, which were eventually united in 1866. British Columbia was gradually being transformed from a commercial outpost to a link in the chain of the British Empire.

The interior of B.C. was opened up by the Cariboo Trail, a 645-km (400 mile) wagon road 5.5m (18 feet) wide, joining Yale (at the head of the Fraser River navigation) to Barkerville. Built between 1861 and 1868, the road plied through mountains and across raging rivers and deep ravines. Prior to its construction, the only way into the interior was along forest trails and canoe routes. The great mountain barrier between the colony and the east remained, however, isolating B.C. from its sister British colonies.

Meanwhile, the dream of a transcontinental link by road or rail persisted and soon became the key for union with the Canadian Confederation. A determined pro-Canada group was led by an eccentric journalist with the adopted name of Amor de Cosmos. A delegation from B.C. eventually went to Ottawa in 1870 and in 1871, the union was sealed. A cornerstone of entry into Confederation was the promise of a transcontinental railway.

At the time of its entry into the Canadian Confederation in 1871. British Columbia's population was largely native Indian and British. But the coastal enclave was also attracting people from across the Pacific. The Chinese first came to mine for gold in 1859. Thousands came in the 1880s to work as labourers in the building of the Canadian Pacific Railway. The Japanese began to arrive in the 1890s, becoming merchants and fishermen. Government policy restricted Asian immigration and these two groups encountered much discrimination over the years. During the Second World War, many Japanese were interned and their property confiscated.