

## The Pulp and Paper Industry

Pulp and paper is Newfoundland's most important forest industry. Most of the available timber resources of the island (some 11,000 square miles out of an estimated total 15,000) are held by two companies which operate large mills -- one at Corner Brook, on the west coast, and one at Grand Falls, about twenty-two miles from the port of Botwood on the east coast. The remainder of the forest area is largely taken up by small operators of more than 800 saw mills, chiefly for local use and by the government-held three-mile coastal strip reserved for the inhabitants.

The exports of pulp and paper accounted, in the decade before the war, for about one-half of Newfoundland's total export income, with the U.K. as the main market. During the war, the market in the U.S. was expanded, and new markets opened in Latin America and Australia. The competitive position of this industry in Newfoundland is good: it is situated close to water transportation and has an ample supply of timber. Even during the depression, the pulp and paper industry was able to maintain its production, and has since increased its output substantially. It employs some 10,000 in Newfoundland.

The development of thriving new communities connected with the pulp and paper industry has been an important factor in stimulating local manufacturing, agriculture and service industries. The standard of living achieved in these communities is considerably higher than the general average in Newfoundland, which has in the past been adversely affected by the relative instability of the markets for its other basic industries, fishing and mining.

## The Mining Industry

Newfoundland has considerable mineral resources, but few of them have to this date proved of commercial value. Mining is nevertheless one of its major industries and provides a significant share of its total exports. The centres of the industry are at Bell Island, on the east coast, and at Buchans, in the interior.

At the Bell Island mines are worked one of the world's largest deposits of red hematite iron ore, of good quality, but relatively costly as a source of high-grade steel, due to its phosphorus content. There is no local processing or smelting, and the principal markets have been the steel industry at Sydney, Nova Scotia and, save for wartime interruptions, Germany. Since the war, substantial quantities have been marketed in the United Kingdom -- where long-term prospects for Newfoundland iron remain uncertain, due to exchange difficulties.

The led-zinc-copper deposits of the Buchans area have contributed to Newfoundland's mineral exports since the opening of the mines in 1927. The ore body now being worked is limited, and failing future discoveries, may be exhausted during the next decade.

Fluorspar and limestone, used by the aluminum and steel industries in Canada and the United States, are produced by smaller mining developments. With the exception of limestone, all mineral output in Newfoundland is exported.

Much of Newfoundland has yet to be thoroughly explored for mineral deposits, and the future may disclose further important mineral wealth.

## Economic Prospects

The high wartime levels of income in Newfoundland have continued into the initial post-war period, due principally to the sustained demand abroad for the basic exports of the fishery, forests and mines. At the same time, however, the increased price of imports has contributed to a steep rise in the cost of living, and has created a considerable measure of inflationary pressure.