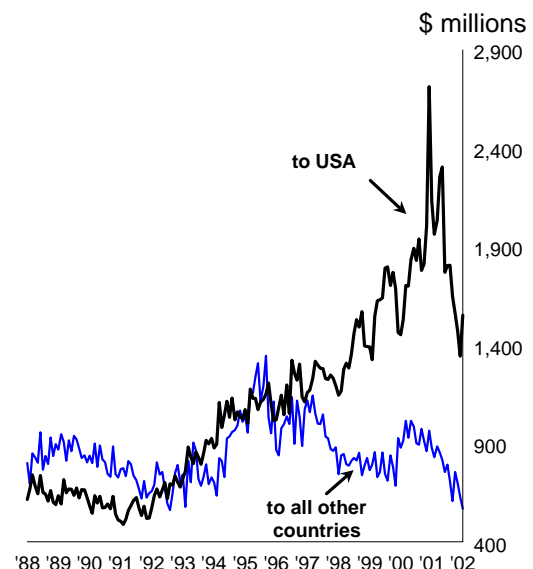


Exports ♦ January 2002

- In January, the value of exports dropped 30% from the same month last year. This was the eighth straight month where there was a year-over-year decline in the value of exports. The continuing nosedive in exports of energy products, particularly electricity, is the main contributor to the decline. Much of the fall in energy exports is price driven as electricity prices have returned to normal after record-breaking levels in late 2000 and early 2001. However, energy is only part of the story as exports of other commodities continue to lag behind the pace set a year ago.
- Weak demand for pulp and paper products has affected the value of exports for several months and nothing changed in January as the value of exports was down 38% from January 2001. Exports fell to the United States (-28%), Japan (-69%) and the European Union (-46%).
- The value of exports of metallic mineral products fell almost 52% in January year-over-year. Copper ores and concentrates were down 73% and unwrought aluminum fell 32%. The bulk of the decline in exports of metallic mineral products was due to reduced shipments to Japan (-79%).
- Solid wood exports showed some improvement, posting a 4% gain compared to the same month in 2001. Most of the growth was in exports of products like plywood and oriented strandboard.
- BC exports to the United States dropped 27% in January compared to a year earlier. The fall in the price of electricity and natural gas was the main reason for the decline.
- Exports to most of British Columbia's other major trading partners also fell. Trade to Japan (-47%), the European Union (-31%) and the Pacific Rim excluding Japan (-24%) all experienced significant drops. The continuing economic doldrums occurring in Japan and other Asian countries has contributed to a drop in demand for BC raw materials such as coal, minerals and forest products. The drop in demand for pulp and paper was the driving force behind the reduction in shipments to the European Union.

Falling commodity prices have resulted in a drop in the value of BC origin exports



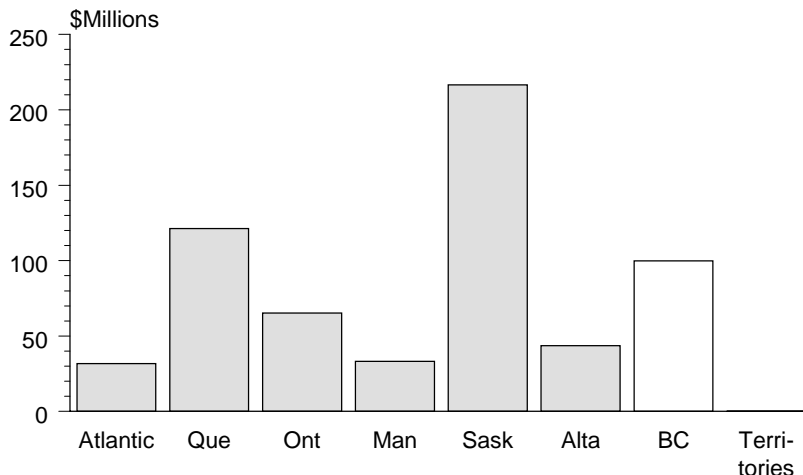
Canada Seeks to Increase Trade With India

India's economy ranks as the fourth largest in the world,¹ making it an attractive trade partner. This is why the Canadian government has set a goal of doubling the bilateral trade between Canada and India by 2003. In April, International Trade Minister Pierre Pettigrew will lead a trade mission to India to make progress toward this goal.

Canada wants to double its bilateral trade with India by 2003

In 2001, Canada imported \$1,153.8 million worth of goods from India and exported \$611.5 million, for a total of almost \$1.8 billion in trade. British Columbia exported almost \$100 million worth of merchandise to India in 2001, accounting for 16% of all Canadian exports to that country. British Columbia ranked third amongst the provinces in terms of the value of exports to India in 2001, but with the exception of Saskatchewan (1.8%), exports to India accounted for less than half a percent of total provincial exports. For Canada as a whole, exports to India represent only 0.2% of total exports.

Among the provinces, BC ranks third in terms of value of exports to India



BC ranked third in terms of exports to India, but those exports accounted for only 0.3% of all BC origin exports in 2001

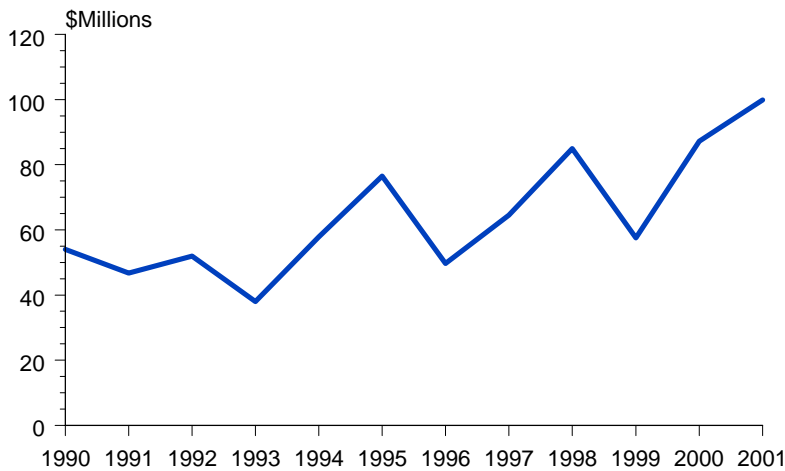
There are several reasons for the relatively low level of trade with India, including economic and political issues. Since 1991 India has been undergoing economic reform, which has made it a more desirable trading partner. These reforms include reductions and simplification of tariff and tax rates, as well as elimination or changes to regulations that have made foreign direct investment easier. As India continues its economic reforms, it is likely that trade with Canada will increase. This is assuming that there are no further political barriers to trade such as that which existed after India performed nuclear tests at Pokhran in May 1998. Canada, along with other Western nations, imposed trade sanctions against India in protest over the nuclear testing. These sanctions were lifted in March 2001.

¹ Government of Canada, Department of Foreign Affairs and International Trade, *South Asia Trade Action Plan*, November 2001, p. 5.

**2001 Exports to India
- Selected Commodities -**

	BC		Canada		BC Percent of
	(\$,000)		(\$,000)		Canadian Exports
SOLID WOOD PRODUCTS	742	1%	1,850	0%	40%
Lumber (softwood)	620	1%	620	0%	100%
Selected Value Added Wood Products	43	0%	177	0%	24%
other	79	0%	1,054	0%	8%
PULP AND PAPER PRODUCTS	45,312	45%	145,354	24%	31%
Pulp	43,444	44%	62,348	10%	70%
Newsprint	774	1%	79,447	13%	1%
Paper, Paperboard - exc. Newsprint	1,081	1%	1,393	0%	78%
other	13	0%	2,166	0%	1%
AGRICULTURE AND FOOD OTHER THAN FISH	10,985	11%	169,062	28%	6%
Fruit and Nuts	88	0%	88	0%	100%
Vegetables	10,678	11%	167,010	27%	6%
other	218	0%	1,964	0%	11%
FISH PRODUCTS	0	0%	109	0%	0%
METALLIC MINERAL PRODUCTS	18,241	18%	21,237	3%	86%
Copper Ores and Concentrates	16,754	17%	16,754	3%	100%
Molybdenum Ores and Concentrates	1,148	1%	1,148	0%	100%
other	339	0%	3,335	1%	10%
ENERGY PRODUCTS	0	0%	38	0%	0%
MACHINERY AND EQUIPMENT	22,155	22%	148,294	24%	15%
Motor Vehicles and Parts	0	0%	164	0%	0%
Electrical/Electronic/Communications	5,800	6%	58,364	10%	10%
other	16,355	16%	89,766	15%	18%
PLASTICS AND ARTICLES OF PLASTIC	46	0%	3,761	1%	1%
APPAREL AND ACCESSORIES	0	0%	141	0%	0%
ALL OTHER COMMODITIES	2,388	2%	121,636	20%	2%
GRAND TOTAL	99,868	100%	611,482	100%	16%

BC origin exports to India have doubled since 1990



BC commodity exports to India have been trending upward over the last decade

Since 1990, BC origin exports to India have almost doubled and as Canada explores further trade ties, these numbers should increase further. These figures exclude trade in services and therefore understate the real value of trade with India. Canada has significant exports of financial, engineering and computer software services to India and it is likely that these areas will experience strong growth as well.

BC origin exports to India vary from resource materials to machinery to high tech optical equipment. In 2001, the top export was pulp, comprising over 43% (\$43.5 million) of total BC exports to India. Copper and molybdenum ores and concentrates (\$17.9 million) were the next biggest export, making up just under 18% of the total. Rounding out the top five were optical and photographic instruments (\$13.8 million), vegetables (\$10.7 million) and electrical machinery and parts (\$5.8 million). These five commodity categories represent over 90% of all exports to India from BC.

The mission to India will attempt to promote trade in areas where Canada has proven ability, particularly information, telecommunication, energy and environmental technologies. However, high tech products and services are not the only sectors that hold promise with regard to increased trade with India. Agricultural and food products are in demand as well, particularly processed food and machinery for grain handling, storage and transportation. The latter will help India make the most out of their own domestic food resources.

Of particular interest to British Columbia is the need for housing technologies and products. In the wake of the massive January 2001 earthquake in Gujarat, there is a tremendous need to rebuild the million homes that were destroyed or damaged. New government policies have set a target of two million new housing units per year,² which will create a substantial demand for building materials, of which a great deal will have to be imported.

Another area in which BC could offer both expertise and products is the mining sector. There is significant demand for mining technologies in India, as well as minerals such as coal, of which BC has plenty.

One of the focuses of the Canadian trade mission will be on transportation. India's transportation infrastructure is in serious need of upgrading and its current state is hindering economic expansion. The Indian government is currently engaged in building a national highway system, which should offer significant opportunities for foreign investment.

There are some challenges that Canadian companies will face when investing in India. Despite economic reforms, bureaucratic delays and private and public sector corruption still exist. An international group called *Transparency International* suggests that despite having the strongest democratic institutions in South Asia, India still has as much corruption as its neighbours.³ However, there are signs that this is changing. There is increased vigilance in the media, particularly after the deadly earthquake in Gujarat when evidence of corruption regarding lax building codes was exposed. With increased media exposure, there appears to be less appetite to accept corrupt business practices as a fact of life.

As India carries through with its reforms, its economy will likely continue to grow, making it a market that Canada cannot afford to ignore. The products and services that Canada has to offer are a good fit for India's needs, and that should bode well for stronger trade ties between the two countries.

The disastrous earthquake in Gujarat has created demand for building products and construction technology

Corruption in both the private and public sectors is still a concern in India

² Ibid, p. 31.

³ Transparency International, *Global Corruption Report 2001*.

**Recent Feature Articles In British Columbia Origin Exports Release
Listed By Statistical Reference Date of Issue**

01-12	<i>Is "Runaway" Film Production in Canada Harming the U.S. Industry? (released February 2002)</i>	00-07	<i>International Trade In Services Produces B.C.'s Only Trade Surplus (released October 2000)</i>
01-11	<i>Team Canada Scouts Russia and Germany for New Trade Ties (released January 2002)</i>	00-06	<i>Value Added Wood Exports Grow Fast In B.C., But Faster In Rest of Canada (released August 2000)</i>
01-10	<i>Exploring China as a Market for BC's Wood Products (released December 2001)</i>	00-05	<i>What Has Free Trade Meant For B.C.'s International Trade? (released July 2000)</i>
01-09	<i>Is Trade Threatened by Security? (released November 2001)</i>	00-04	<i>British Columbia Shipping Smaller Portion of Canadian Forestry Products (released June 2000)</i>
01-08	<i>Thirst for Energy Powers British Columbia's Exports (released October 2001)</i>	00-03	<i>1990s Brought New Markets and New Products For B.C. Exports (released June 2000)</i>
01-07	<i>International Trade in High Technology Goods and Services (released September 2001)</i>	00-02	<i>United States Continues Substantial Log Exports In 1999 (released April 2000)</i>
01-06	<i>Interprovincial and International Trade in Goods and Services (released August 2001)</i>	00-01	<i>B.C. Goods Export Growth Among Lowest In Canada During 1990s (released March 2000)</i>
01-05	<i>Buy Low, Sell High: Trade in Electricity (released July 2001)</i>	99-12	<i>British Columbia Trade Becoming More Continental Than Global (released February 2000)</i>
01-04	<i>Attack of the Canadian Tomatoes (released June 2001)</i>	99-11	<i>Growing Cross Border Trade In Agricultural Food Products (released January 2000)</i>
01-03	<i>The Softwood Lumber Dispute (released May 2001)</i>	99-10	<i>Trade Imbalances Growing Within NAFTA (released December 1999)</i>
01-02	<i>(no article)</i>	99-09	<i>B.C. Exports Recovering In Some Asian Markets, Still Declining In Others (released November 1999)</i>
01-01	<i>(no article)</i>	99-08	<i>British Columbia Exports to United States Move Increasingly By Truck (released October 1999)</i>
00-12	<i>(no article)</i>	99-07	<i>Export Changes During 1990s Reduce Resource Dependency (released September 1999)</i>
00-11	<i>After Much Economic Diversification, B.C. Exports Are Still Mainly Resource Based (released January 2000)</i>	99-06	<i>British Columbia Losing Dominant Position In World Lumber Markets (released September 1999)</i>
00-10	<i>Ambitious Western Hemisphere Trade Agreement Could Help Shape Canadian Trade In the New Decade (released Dec. 2000)</i>	99-05	<i>September Team Canada Mission To Visit Japan and Australia (released July 1999)</i>
00-09	<i>Trade Growth Tied To Transportation Infrastructure (released November 2000)</i>	99-04	<i>New Export Industries Depend Heavily On Air Freight Services (released July 1999)</i>
00-08	<i>Some Familiar Patterns Developing In Trade Between China and British Columbia (released October 2000)</i>		

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Service Offered for Detailed Trade Statistics

For B.C. government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

Dan Schrier - Trade Statistics

BC STATS

553 Superior Street, Victoria, B.C. V8V 1X4

(250) 387-0376

This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for British Columbia, Canada, the United States and other countries. Tabulations can include information on commodities, countries, U.S. states, years, months, mode of transport, etc.