

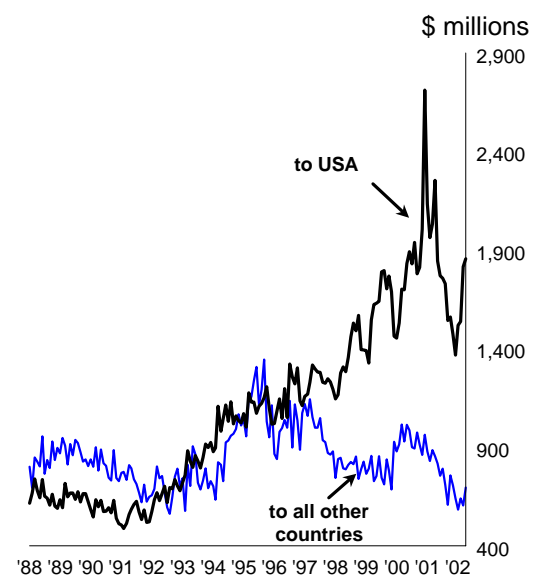
Exports ♦ April 2002

- The value of BC origin exports is down 22% year-to-date compared to the first four months of 2001. Significantly lower prices for energy products and other commodities are the main reason for the decline. The value of exports of both natural gas (-55%) and electricity (-95%) have dropped sharply due to the fall in price. Record high prices recorded in late 2000 and early 2001 are giving way to prices closer to historical levels.
- BC origin exports of pulp and paper are well off the pace from last year, down 28% year-to-date. Shipments to the United States (-18%), Japan (-45%) and the European Union (-42%) are all well below last year's levels.
- The value of exports of metallic mineral products continues to lag behind last year, having dropped 29% year-to-date. Exports of copper ores and concentrates (-46%) and unwrought aluminum (-28%) are responsible for most of the decline. The bulk of the decline in exports of metallic mineral products was due to reduced shipments to Japan (-57%).
- Shipments to Japan are down for virtually all other commodities as well due to continuing economic difficulties in that country. The total value of exports to Japan has fallen 34% compared to the first four months of 2001.
- Exports of solid wood products are up 10% over the value recorded in the first four months of 2001 with exports

to the US leading the way, jumping almost 22%. Despite the softwood lumber dispute, BC origin exports of softwood lumber to the US are up 25%. This is partly due to higher lumber prices, but may also be the result of Canadian lumber companies taking advantage of a loophole in American trade law that allowed a short period of duty-free shipments before the countervailing and anti-dumping duties kicked in. It is likely that the figures for lumber exports in May will be significantly higher as a result of the duty-free period, but in June, shipments will probably experience a decline.

- The value of shipments to Canada's NAFTA partners Mexico (-21%) and the US (-20%) is down compared to the first four months of 2001.

Exports are down compared to last year due to lower prices for energy and other commodities



Team Canada Promotes Trade with Mexico

Team Canada, led by International Trade Minister Pierre Pettigrew, visited Mexico in the first week of June with the goal of promoting stronger business relations between Canada and Mexico. As a participant in the North American Free Trade Agreement (NAFTA), Mexico is already an important trade partner for Canada. In 1999 (the last year for which international trade data is available), Canada ranked second behind only the United States, the other signatory to NAFTA, in terms of a destination for Mexican exports. As a source of Mexican imports, Canada ranked fourth behind the US, Germany and Japan. However, in relation to the US, all other countries pale in comparison with respect to a trade relationship with Mexico. The US received over 85% of Mexican exports in 1999, compared to only 4% for second ranked Canada. The US was responsible for over 76% of Mexican imports, while second ranked Germany was far behind, at just under 4%. Japan was the source of just over 3% and Canada, around 2% of Mexico's imports.

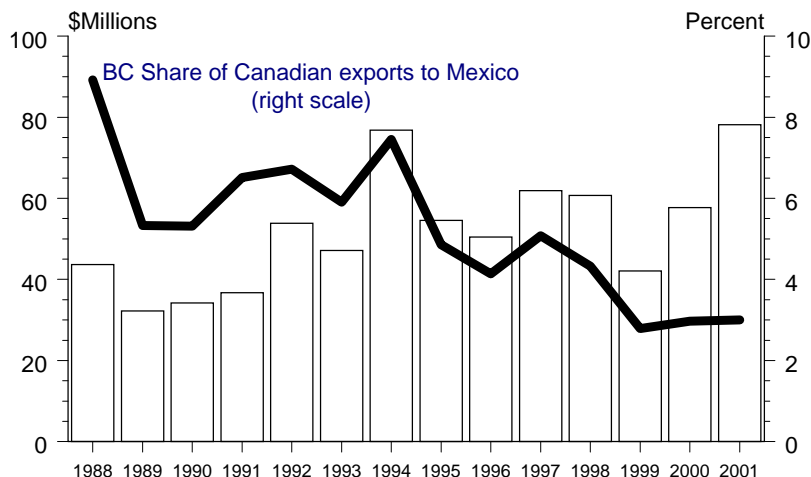
Nevertheless, Mexico is still an important trade partner for Canada, ranking sixth as a destination for Canadian exports and fourth as a source of Canadian imports.¹ For British Columbia, Mexico holds less importance in terms of trade, ranking only 18th for BC exports. In fact, since NAFTA came into effect in 1994, exports from BC have experienced relatively little growth and have steadily declined as a percentage of total Canadian exports.

PROFILE OF MEXICO

- **Capital** Mexico City
- **Government** Federal republic
- **Language** Spanish
- **Currency** Mexican peso
- **Area** 1,972,500 sq. km
- **Population** 97.5 million (2000)
- **Work force** 41 million (1999)
- **GDP** US\$557 billion (2001)
- **Annual real GDP growth** 0%
- **GDP Per Capita** US\$5,300

Source: U.S. Department of State

Free trade with Mexico has had little effect on BC exports

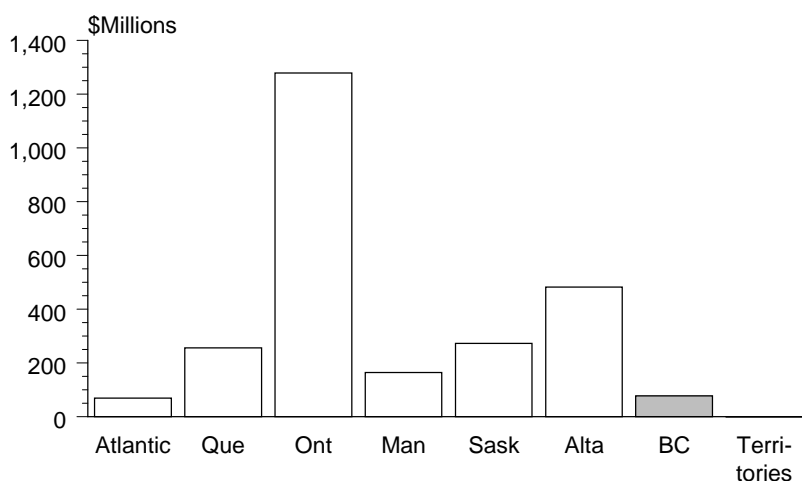


NAFTA has had less effect on BC with regard to trade with Mexico compared to most other provinces

¹ It should be noted that there is significant disagreement between Statistics Canada's figures and that of the Mexican statistical agency. Apparently there is a tendency to record the US as a final destination for Canadian exports to Mexico, thereby substantially underestimating the value of those shipments. As such, the data expressed in this report should be viewed with caution.

Only \$78.2 million worth of goods were exported from BC to Mexico in 2001, which is about 3% of the Canadian total of \$2.6 billion. British Columbia ranked sixth among the provinces ahead of only the Atlantic Provinces and the Territories with regard to exports to Mexico. Only 0.3% of British Columbia's total exports were destined for Mexico in 2001. This is up only slightly from 1990 when the figure was 0.2%.

BC ranks sixth among provinces for value of exports to Mexico



In 2001, BC ranked sixth among the provinces for value of exports to Mexico and as a destination for BC exports, Mexico ranked 18th

Ontario leads the way, having shipped almost \$1.3 billion worth of goods to Mexico in 2001. The majority of these commodities were vehicles and vehicle parts. Despite the fact that almost half of Canada's exports to Mexico originated in Ontario, Mexico was the destination of less than one percent of Ontario exports. For both Ontario and Canada as a whole, only 0.7% of total exports were shipped to Mexico.

Alberta shipped just under half a billion dollars of goods to Mexico in 2001, or about 0.8% of the province's total exports. Agricultural products such as beef and wheat were the most significant exports.

Of all the provinces, Saskatchewan shipped the largest percentage of its total exports (2.3%) to Mexico. Over three-quarters of those exports were comprised of either wheat, or rape or colza seeds.

Machinery and equipment comprised approximately 46% of Canada's exports to Mexico, with motor vehicles and parts responsible for over half that, or 24% of total exports. Agricultural and food products made up 36% of total exports, with rape or colza seeds, beef and wheat making up a significant portion of that figure. With most of the automotive manufacturing in Canada taking place in Ontario, and much of the agricultural production occurring in the Prairie provinces, it is not particularly surprising, then, that BC has fewer exports to Mexico.

Goods demanded by Mexico are largely produced outside BC, which is why Mexico is not a more significant trade partner for BC

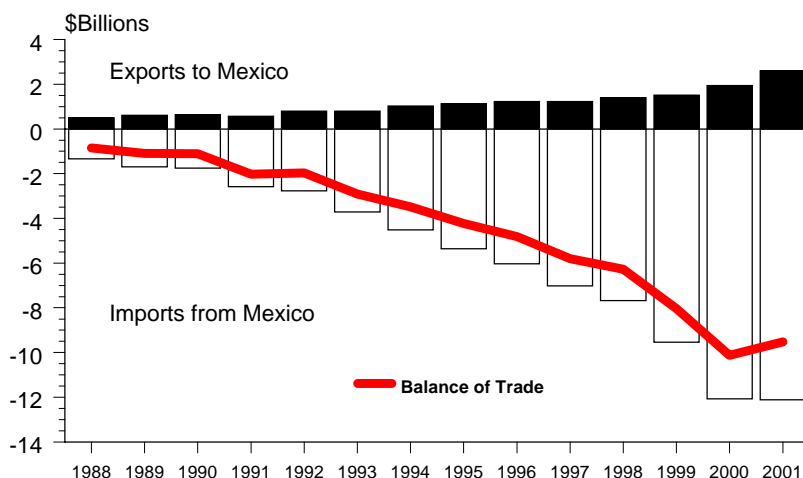
2001 Exports to Mexico - Selected Commodities -

	BC (\$,000)	% of Total	Canada (\$,000)	% of Total	BC Percent of Canadian Exports
SOLID WOOD PRODUCTS	694	1%	4,404	0%	16%
Lumber (softwood)	396	1%	481	0%	82%
Plywood (softwood)	79	0%	83	0%	94%
Selected Value Added Wood Products	0	0%	2,183	0%	0%
other	220	0%	1,656	0%	13%
PULP AND PAPER PRODUCTS	19,522	25%	96,789	4%	20%
Pulp	5,424	7%	34,903	1%	16%
Newsprint	1,071	1%	32,365	1%	3%
Paper, Paperboard - exc. Newsprint	13,011	17%	20,220	1%	64%
other	16	0%	9,301	0%	0%
AGRICULTURE AND FOOD OTHER THAN FISH	10,360	13%	947,208	36%	1%
Fruit and Nuts	3,435	4%	3,496	0%	98%
Vegetables	275	0%	19,704	1%	1%
other	6,649	9%	924,009	36%	1%
FISH PRODUCTS	0	0%	163	0%	0%
METALLIC MINERAL PRODUCTS	9,663	12%	34,799	1%	28%
Copper Ores and Concentrates	9,663	12%	9,663	0%	100%
Unwrought Aluminum	0	0%	24,885	1%	0%
Other Metallic Mineral Products	0	0%	251	0%	0%
ENERGY PRODUCTS	26,393	34%	26,590	1%	99%
Coal	26,393	34%	26,393	1%	100%
other	0	0%	197	0%	0%
MACHINERY AND EQUIPMENT	4,594	6%	1,192,067	46%	0%
Motor Vehicles and Parts	58	0%	635,430	24%	0%
Electrical/Electronic/Communications	636	1%	81,598	3%	1%
other	3,899	5%	475,039	18%	1%
PLASTICS AND ARTICLES OF PLASTIC	158	0%	35,350	1%	0%
APPAREL AND ACCESSORIES	1	0%	1,802	0%	0%
ALL OTHER COMMODITIES	6,784	9%	263,554	10%	3%
GRAND TOTAL	78,168	100%	2,602,726	100%	3%

Over a third of BC's exports to Mexico in 2001 were shipments of coal. Pulp and paper products made up a quarter of BC origin exports to Mexico. Copper ores and concentrates were 12% of shipments. Only a small amount of solid wood products were shipped to Mexico. These commodities are generally considered BC's strengths, yet they comprised only about 5% of total Canadian exports to Mexico.

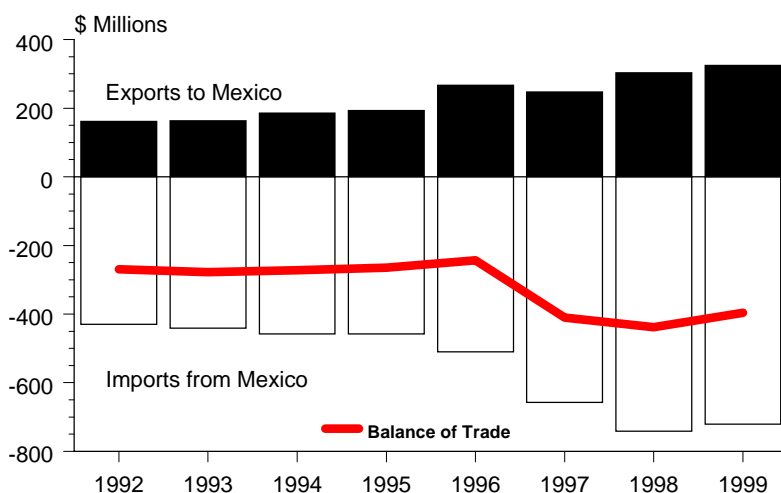
The trade deal may not have had much effect on BC exports to Mexico, but it has certainly led to increased imports from that country. Imports of Mexican goods entering Canada through BC customs ports have jumped by more than three times the value recorded in 1994. For Canada as a whole, both exports and imports have expanded over two and a half times since 1994. However, since imports were substantially larger to begin with, the trade deficit Canada had with Mexico has become even larger.

Canada's commodity trade deficit with Mexico continues to increase



Despite the fact commodity exports have more than doubled since NAFTA was enacted, Canada's trade deficit continues to increase

Canada also has a trade deficit with Mexico for services



Canada's balance of trade in services with Mexico is also in a deficit position, mainly due to tourist and business travel

The implementation of NAFTA has also resulted in increased trade in services between Canada and Mexico, but like commodity trade, Canada has a trade deficit in services.² A substantial portion of Canadian imports of services from Mexico is related to travel (both tourist and business travel). Approximately 80% of Canadian service imports from Mexico were services to travellers.³ This is not very surprising considering that Mexico is a significant destination for Canadian tourists.

Canada's Trade in Services with Mexico

\$ Millions	1997	1998	1999
Canadian Exports	247	303	325
Travel	105	123	144
Commercial Services	108	133	134
Transportation & Government	34	46	47
Canadian Imports	657	741	721
Travel	493	558	574
Commercial Services	96	102	77
Transportation & Government	68	80	70
Trade Balance	-409	-438	-396

Canada has an overall service trade deficit with Mexico, but has a trade surplus with respect to commercial services

Source: Statistics Canada, *Canada's International Trade in Services, 2000*, catalogue 67-203-XPB

Canada has a trade surplus in commercial services, which is mainly due to the significant amount of Canadian direct foreign investment in Mexico. According to the Department of Foreign Affairs and International Trade, in 2000, Canada ranked third in direct foreign investment in Mexico at over \$3.2 billion, while Mexican investment in Canada was only \$132 million. Canadian companies have been involved in consultation for projects in the transportation and energy sectors, and are becoming more involved in health care issues and telecommunication services.

With respect to the Team Canada mission, the federal government identified several areas that it considers priority sectors for expanded trade. Transportation is one area thought to have potential as Mexico looks to further modernise its infrastructure to help drive economic expansion. High technology areas such as aerospace and defence, telecommunications, information technology, and environmental technology are all emerging as sectors with potential for strong growth. The construction industry is a priority of the Vicente Fox administration and could create trade opportunities for Canada. While BC has historically lagged behind the rest of Canada in terms of trade with Mexico, there are opportunities, particularly in high technology and construction, for BC to expand its trade, both in goods and services.

² Note that data for trade in services presented here is on a balance of payments basis, whereas data for trade in goods is on a customs basis. Therefore, the data is not strictly comparable and should not be summed.

³ This does not include passenger fares between international destinations, which is included in transportation services.

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

02-03	<i>Chile Warms Up to Trade With Canada (re- leased May 2002)</i>	00-10	<i>Ambitious Western Hemisphere Trade Agreement Could Help Shape Canadian Trade In the New Decade (released Dec. 2000)</i>
02-02	<i>The Threat of American Protectionism (re- leased April 2002)</i>	00-09	<i>Trade Growth Tied To Transportation Infrastructure (released November 2000)</i>
02-01	<i>Canada Seeks to Increase Trade With India (released March 2002)</i>	00-08	<i>Some Familiar Patterns Developing In Trade Between China and British Columbia (released October 2000)</i>
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 In- ternational 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 Prod- ucts 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 Ex- ports 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 (re- leased July 2001)</i>	99-12	<i>British Columbia Trade Becoming More Con- tinental 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 No- vember 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 Re- source Dependency (released September 1999)</i>
00-11	<i>After Much Economic Diversification, B.C. Exports Are Still Mainly Resource Based (re- leased January 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.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc).

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.